



David B. Cohen
Mayor

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April 18, 2006

Honorable Board of Aldermen, Citizens, and Taxpayers:

I hereby submit for your approval, in accordance with Chapter 44, Section 32 of the Massachusetts General Laws, the Fiscal 2007 Budget, totaling \$295,437,277 along with interfund transfers, revolving fund appropriations, and grant acceptances. The General Fund Total is \$255,151,694, the combined Water and Sewer funds total \$35,735,545 and the Community Preservation Act Fund totals \$3,975,923. In addition, this year for the first time I am proposing a new Storm Drain Fund that totals \$574,115.

The bulk of the City's General Fund revenues continues to be generated from property taxes. Eighty-one percent (82%) of projected General Fund revenues are from the property tax and five and five-tenths percent (5.5%) are from other taxes, such as the motor vehicle and hotel/motel excise taxes. The City's second largest source of revenue is state aid, totaling seven percent (7%), an amount equal to the amount in the previous year. All other revenue sources constitute five and a half percent (5.5%) of the City's revenues.

The largest proposed General Fund expenditure is for the School Department, with fifty-six percent (56%) of expenditures. Municipal departments account for twenty-nine percent (29%) of General Fund expenditures. Retirement (8%), Debt and Interest (3%), and State Assessments (2%) are the other major spending categories. For FY07, the General Fund contains a Budget Reserve of \$695,000 to meet unexpected emergencies during the year, and a Wage Reserve to meet the funding needs of unsettled contracts from prior years and for new contract settlements starting in FY07.

The FY07 budget document is substantially different from previous budget books. Special thanks go to Mr. Bob DeRubeis, the Deputy Commissioner for the Parks and Recreation Department, who worked as acting Chief Budget Officer this year. His dedication, experience, and good judgment created a new budget document with significant improvements. This budget presents summarized data about changes in spending and changes to personnel. There is a new table showing line item changes in department budgets, and that information is summarized at an overall department level instead of focusing on individual line item changes in department decisions. There is also a new table showing changes to staffing in the departments. This Full Time Equivalent (FTE) table allows the public to see at a glance how many positions have been added or eliminated in the departments.

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Thanks also go to Ms. Sarah Ecker, a Newton resident with extensive public budget experience. The FY07 budget contains new programmatic descriptions of the work done by the departments. Ms. Ecker volunteered many hours this past winter to work with each department head to write a description of the department's basic operations, a list of accomplishments from the previous year, and a list of goals for FY07. These descriptions will give the public a better explanation of departments' missions and key operational activities. They also respond to the many useful suggestions from members of the Board of Aldermen about enhancing the budget process and giving Board members the information they need to engage in substantive policy discussions with department heads during budget hearings.

For those who still like to see the line by line detail and list of personnel for each department, that information is still contained in long tables at the back of the budget book.

I look forward to working with the Board of Aldermen during the next 45 days to complete the review and approval of the budget. I welcome suggestions from all members of the Newton community, as we conclude the budget process and move into fiscal year 2007.

Very truly yours,

A handwritten signature in black ink, appearing to read "David B. Cohen", with a stylized flourish at the end.

David B. Cohen
Mayor