

CITY OF NEWTON, MASSACHUSETTS
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2002

Net change in fund balances - total governmental funds (page 7)	\$	(9,402,069)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which net capital outlay additions (\$20,976,826) exceeded depreciation (\$4,675,541) in the current period. (see note 5 - page 32)</p>		
		16,301,285
<p>Revenues in the Statement of Activities that do not provide current financial resources are deferred in the Statement of Revenues, Expenditures, and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amounts represents the net change in deferred revenue.</p>		
		6,341,842
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayments of the principal of long term debt consumes financial resources of governmental funds. Neither transactio, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these difference between bond maturities (\$4,884,800) and new debt issuance (\$4,910,000) (see note 8 - page 35)</p>		
		(25,200)
<p>In the Statement of Activities, interest is accrued on outstanding long-term debt whereas in governmental funds interest, is not reported until due. This amount represents the net change in accrued interest payable</p>		
		(405,768)
<p>Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount represents the net change in the following liabilities:</p>		
Compensated absences		(140,949)
Landfill post closure liability		25,000
<p>Internal service funds are used by management to account for health insurance, workers compensation, liability and property insurance activities. The net activity of internal service funds is reported with Governmental Activities</p>		
		(1,167,118)
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Changes in net assets of governmental activities (page 4)	\$	11,527,023