

CITY OF NEWTON
IN BOARD OF ALDERMEN
FINANCE COMMITTEE AGENDA

MONDAY, DECEMBER 13, 2010

7 PM
Room 222

ITEMS SCHEDULED FOR DISCUSSION:

- #259-10 COMPTROLLER transmitting Annual Financial Report for the audit of fiscal year ending June 30, 2010 for Board of Aldermen review/acceptance. [09/13/10 @ 12:26 PM]
- #358-10 HIS HONOR THE MAYOR requesting authorization to appropriate and expend the sum of eight thousand dollars (\$8,000) from Free Cash for the purpose of purchasing a check endorsing machine for the Treasury Department. [11/29/10 @ 3:23 PM]
- #359-10 HIS HONOR THE MAYOR requesting authorization to appropriate and expend the sum of eleven thousand five hundred dollars from Free Cash for the purpose of purchasing a backup server for the Police/Fire Department QED software. [11/29/10 @ 3:23 PM]
- #360-10 HIS HONOR THE MAYOR requesting authorization to transfer the sum of eight thousand one hundred seventy-five dollars (\$8,175) from the FY 11 Budget Reserve to the Law Department accounts for the purpose of purchasing ISYS software and the associated first year licensing fee for the Clerk of the Board's Office and the Law Department. [11/29/10 @ 3:23 PM]
- #361-10 HIS HONOR THE MAYOR requesting authorization to accept and expend a reimbursable grant of sixteen thousand seven hundred dollars from the Massachusetts Historical Commission as part of its Survey and Planning Grant Program for the purpose of funding 60% of the Planning Department staff hours associated with a survey of Newton's oldest buildings. [11/29/10 @ 3:23 PM]

REFERRED TO PROG & SERV, PUBLIC FACIL. AND FINANCE COMMITTEES

- #367-10 HIS HONOR THE MAYOR requesting authorization to appropriate an amount not to exceed five million dollars (\$5,000,000) from bonded indebtedness for the following:
(A) seventy-five thousand dollars (\$75,000) for site plan design work for modular classrooms at Horace Mann, Zervas, and Countryside Elementary Schools
**PUBLIC FACILITIES APPROVED PART A AS AMENDED TO
INCLUDE REVIEW OF BURR AND MASON RICE MODULAR
CLASSROOM DESIGNS ON 12-08-10**

The location of this meeting is handicap accessible, and reasonable accommodations will be provided to persons requiring assistance. If you have a special accommodation need, please contact the Newton ADA Coordinator Kathleen Cahill, 617-796-1125, via email at KCahill@newtonma.gov or via TDD/TTY at (617) 796-1089 at least two days in advance of the meeting date.

(B) installation of up to six modular classrooms at five elementary schools as well as the addition of permanent classrooms and renovations to the core of F.A. Day Middle School. [11/29/10 @ 3:23 PM]

PUBLIC FACILITIES HELD 6-

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

#311-10 HIS HONOR THE MAYOR requesting an appropriation in the amount of three million three hundred thirty-five thousand dollars (\$3,035,000) from bonded indebtedness for the purpose of funding the FY 2011 Capital Improvement Plan projects as follows:

(A) Architectural Design and Engineering/ Next Scheduled Fire Station \$400,000

#311-10 A SPLIT INTO PARTS A-1 AND A-2

PUBLIC FACILITIES APPROVED A-1 @ \$130,000 6-0

PUBLIC FACILITIES HELD 6-0 A-2 @ \$270,000

(C) City Hall Windows – Repair/Replacement	\$125,000
(D) Purchase of Heavy Vehicle Equipment – DPW	\$300,000
(E) Newton Public Schools – Roof Repairs	\$810,000
(F) Newton Public Schools – Masonry Repairs	\$450,000
(G) Newton Public Schools – Boiler Replacements	\$350,000
(H) Newton Public Schools – Roof Top & Exhaust Unit Replacements	\$100,000
(I) Newton Public Schools – Window and Door Replacements	\$500,000

TOTAL **\$3,035,000**

[11/29/10 @ 3:23 PM]

REFERRED TO PUBLIC SAFETY & TRANS. AND FINANCE COMMITTEES

#311-10(B) HIS HONOR THE MAYOR requesting an appropriation in the amount of three hundred thousand dollars (\$300,000) from bonded indebtedness for the purpose of funding the Manet Road Emergency Communications Radio Tower Replacement, which is included in the FY 2011 Capital Improvement Plan. [11/29/10 @ 3:23 PM]

PUBLIC SAFETY & TRANSPORTATION APPROVED 7-0 on 12/08/10

ITEMS NOT SCHEDULED FOR DISCUSSION:

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

#365-10 HIS HONOR THE MAYOR requesting authorization to appropriate and expend the sum of three hundred ninety-five thousand dollars (\$395,000) from the FY 2011 Overlay Surplus Reserve Account for the purpose of funding a Comprehensive Citywide Capital Assessment. [11/29/10 @ 3:23 PM]

REFERRED TO PROGRAMS & SERVICES AND FINANCE COMMITTEES

#362-10 HIS HONOR THE MAYOR requesting authorization to transfer the sum of one hundred forty thousand dollars from the FY 11 Budget Reserve for the purpose of supplementing the unemployment account in the Human Resources Department. [11/29/10 @ 3:23 PM]

REFERRED TO PUBLIC SAFETY & TRANS. AND FINANCE COMMITTEES

- #363-10 ALD. ALBRIGHT & DANBERG proposing a trial of parking meter free Saturdays between Thanksgiving and New Year for the shopping areas to support shopping at local businesses in Newton. [11/15/10 @ 6:30 PM]

REFERRED TO PUBLIC SAFETY & TRANS. AND FINANCE COMMITTEES

- #364-10 HIS HONOR THE MAYOR requesting authorization to appropriate and expend the sum of one hundred eighteen thousand five hundred dollars (\$118,500) from the Reserve for Debt Funded Projects for the purpose of creating a secure entrance in the Police Department lobby. [11/29/10 @ 3:23 PM]

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

- #366-10 HIS HONOR THE MAYOR requesting authorization to appropriate and expend the sum of five hundred thousand dollars (\$500,000) from the Parking Meter Receipts Reserve Fund for the purpose of supplementing the City's annual Chapter 90 Highway Funding Allocation. [11/29/10 @ 3:23 PM]

REFERRED TO PUBLIC FACILITIES, PROG&SERV AND FINANCE COMMITTEES

- #312-10 ALD. LENNON, LAPPIN, SCHNIFFER, SANGIOLO requesting a discussion with the School Committee on its plans to address space needs in the Newton public schools. [10-27-10 @ 11:07 AM]

REFERRED TO PS&T, PUB. FACIL. AND FINANCE COMMITTEES

- #310-10 ALD. DANBERG, ALBRIGHT, BAKER, BLAZAR, CROSSLEY, FISCHMAN, FREEDMAN, HESS-MAHAN, JOHNSON, LINSKY, MERRILL, RICE AND SCHNIFFER requesting that §26-8 and §20-21 of the City of Newton Rev. Ords., 2007, be amended to establish criteria and provisions for requiring removal of snow in all districts by property owners, occupants, and property managers to sidewalks abutting their property and to review and amend enforcement provisions including structure of fines, for snow removal violations. [10/25/10 @ 4:39 PM]

REFERRED TO FINANCE AND APPROPRIATE COMMITTEES

- #311-10 HIS HONOR THE MAYOR submitting the FY'12-FY'16 Capital Improvement Program, totaling \$174,246,135 pursuant to section 5-3 of the Newton City Charter and the FY'11 Supplemental Capital budget which require Board of Aldermen approval to finance new capital projects over the next several years. [10/18/10 @ 5:24PM]

REFERRED TO PROGRAMS AND SERVICES AND FINANCE COMMITTEES

- #307-10 PROGRAMS AND SERVICES COMMITTEE proposing a RESOLUTION to the Interim Director of Health and Human Services to increase the tobacco seller's license fee. [10/25/210 @ 4:34pm]

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

- #264-10 ALD. CROSSLEY, SCHNIFFER & FULLER requesting a discussion of the status of new water meter installations, and to consider payment mechanisms to help customers if they receive an extraordinary, one-time, water bill from an accurate accounting of past usage over an extended period of time. [09/16/10 @ 11:59 am]

- #78-10 ALD. FULLER, GENTILE, FREEDMAN, JOHNSON, DANBERG AND BAKER requesting a review of the elements of the Financial Management Guidelines of January 2008, together with the Mayor's Office, to ensure they meet the current needs of the City. [03/09/10 @ 8:23 AM]

REFERRED TO ZONING & PLANNING AND FINANCE COMMITTEES

- #391-09(2) ALD. DANBERG, MANSFIELD, VANCE & HESS-MAHAN requesting the establishment of a municipal parking mitigation fund whose proceeds, derived from payments-in-lieu of providing off-street parking spaces associated with special permits, will be used solely for expenses related to adding to the supply of municipal parking spaces, improving existing municipal parking spaces, or reducing the demand for parking spaces.

REFERRED TO PROGRAMS & SERVICES AND FINANCE COMMITTEES

- #363-09 ALD. SANGIOLO requesting a discussion to increase the tobacco seller license fee. [09/13/09 @ 1:07 PM]

REFERRED TO PROGRAMS & SERVICES AND FINANCE COMMITTEES

- #125-09 THE POST AUDIT & OVERSIGHT COMMITTEE requesting creation of a public tree protection ordinance and amendment of the current tree ordinance as recommended in the Tree Preservation Ordinance Report. [04/17/09 @ 9:14 PM]
PROG & SERV APPROVED 7-0 (Merrill not voting) on 10/6/10

REFERRED TO PROGRAMS & SERVICES AND FINANCE COMMITTEES

- #87-09 ALD. SANGIOLO, BRANDEL, FREEDMAN AND HESS-MAHAN requesting a Home Rule Petition to allow the City of Newton to require elected officials to contribute a higher percentage rate for health insurance benefits than is required for other employee groups. [03-10-09 @ 9:17 AM]
PROGRAM & SERVICES APPROVED 5-1-1 (Baker opposed; Merrill abstaining; Parker not voting) on 4/15/09
RECOMMITTED TO FINANCE ON 07/12/10

REFERRED TO COMM. PRES., PUB FAC & FINANCE COMMITTEES

- #147-08 COMMUNITY PRESERVATION COMMITTEE recommending that the sum of \$359,400, including \$2,000 for legal costs, be appropriated from the FY'08 Community Preservation Fund's historic resources and general reserves, for a project to rehabilitate and expand storage space for the research library and archives at the Newton History Museum, to preserve the existing collections, and enhance public access to the collections. [04-01-08 @ 4:10 PM]
COMMUNITY PRESERVATION APPROVED 6-0 on 4-29-08
(A) DESIGN FUNDS ESTIMATE \$37,500.00 – BOA APPROVED ON 07/21/08
(B) BALANCE OF PROJECT ESTIMATE \$321,900.00 – HELD
PUBLIC FACILITIES VOTED NO ACTION NECESSARY ON PART B 8-0 on 05/05/10

#207-07(4) ALD. COLETTI proposing that the city's Financial Management Guidelines adopted under board order #207-07 be amended to allow the adjustment of self-funded health insurance plan rates in the event that rates and any accumulated excess resources not meet actual resource requirements. [07-02-08 @12:12 PM]

#207-07(2) ALD. COLETTI proposing that the city's Financial Management Guidelines adopted under board order #207-07 be amended, effective FY10, as follows:
(A) total resources devoted to all forms of employee compensation shall not exceed the estimated growth in total general fund revenue for the following fiscal year;
(B) funds for salary and wage adjustments shall not exceed the difference between total estimated revenue growth and resources needed to fund growth in health/dental and life insurance benefits and growth in the actuarial required contribution for the city's retirement system for each fiscal year;
(C) if collective bargaining contracts are not resolved at the time of budget submission, funds budgeted for such contracts shall be held in "municipal and compensation" reserve. [07-02-08 @12:12 PM]

Respectfully submitted,

Leonard J. Gentile, Chairman

CITY OF NEWTON, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2010

Draft 2/20/10

Draft 12/07/10

To the Honorable Board of Aldermen and Mayor
City of Newton, Massachusetts

In planning and performing our audit of the financial statements of the City of Newton, Massachusetts (City) as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and recommendations regarding those matters. This letter does not affect our report dated November 23, 2010, on the financial statements of the City.

The City's written responses to the matters identified in our audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, the Audit Committee, the Board of Aldermen, Mayor, and others within the organization and should not be used by anyone other than these specified parties.

November 23, 2010

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Draft 2/10/710

CITY OF NEWTON, MASSACHUSETTS

MANAGEMENT LETTER

JUNE 30, 2010

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Comments and Recommendations

Water and Sewer Billings

Comment

Consistent with the prior year, we identified the following deficiencies related to the City's water and sewer billing system:

1. Many water and sewer bills are based on estimates. We identified that some accounts had as many as 12 consecutive estimates and overall approximately 52% of users have multiple estimated bills.
2. Many water and sewer bills were based on "false reads", resulting from a faltering metering system.

During fiscal year 2010, the Water and Sewer Department continued to make a concerted effort to obtain actual readings on accounts that were based on estimates (beginning with accounts with the largest number of consecutive estimates) and accounts where readings appeared abnormal. As a result, the Water and Sewer Department issued approximately \$3,300,000 in abatements during fiscal year 2010, a decrease of approximately \$5,300,000 from fiscal year 2009. The cause of a substantial amount of these abatements is as follows:

1. Overestimates (approximately \$2,600,000)
2. False readings (approximately \$600,000)

It is important to note that the majority of these abatements were made prior to the taxpayer physically paying the bill. Actual cash outflows (i.e., refunds) totaled approximately \$522,000 during the fiscal year.

The installation of new meters and reading devices began in February 2010 and is expected to be completed by April 2012. As of June 30, 2010 approximately 5% of these new meters had been installed. As part of our subsequent audit work, we identified that abatements totaling approximately \$432,000 had been granted for July and August 2010 billings, which is less than the abated amount for the same period of the previous fiscal year by approximately \$87,000. It is imperative that accurate actual readings occur on all accounts at all times to properly bill customers for water and sewer use, which, under the current system, will require Water and Sewer personnel to manually obtain. The current billing system is ineffective and inefficient.

Recommendation

The City is currently in the process of replacing all of the City's meters and implementing a new metering process that will allow the City to remotely obtain a reading from City Hall at any point in time. The implementation of this new system should significantly reduce the need for substantial abatements (once the system is fully operational) since estimates will no longer be required and the ability to identify false readings will be enhanced. We recommend that the new metering system be implemented as soon as possible.

Management's Response

Management is in complete agreement with this recommendation.

Bank Account Reconciliations

Comment

Consistent with prior years, we identified many instances where reconciling items identified on *individual bank account reconciliations* were not investigated and/or resolved timely. Proper internal controls require the timely and appropriate resolution of reconciling items.

We also identified that monthly individual bank account reconciliations for the primary depository accounts and vendor and payroll checking accounts are not completed until 2 to 3 months after the end of the applicable month. Proper internal controls require the timely completion of individual bank account reconciliations.

Recommendation

We recommend that all reconciling items identified on individual bank account reconciliations be investigated and resolved by the subsequent month's bank account reconciliation.

We recommend individual bank account reconciliations be completed no later than 30 days subsequent to the prior month's end.

Management's Response

With the addition to the staff of a new Accounts Receivable Processor position in August, 2010 the primary deposit accounts are now being reconciled daily. As a result, outstanding items on individual bank accounts are being cleared in a timelier manner, usually by the end of the subsequent month, as recommended. It should be noted that some items, while not cleared, have been identified and are awaiting anticipated resolution. Also, the vendor and payroll accounts incurred delays in the last quarter of the fiscal year associated with the withdrawal of Bank of New York Mellon from the municipal government market, necessitating a change of banks to Eastern Bank. This resulted in transitional reconciliation issues which are presently being addressed.

Water and Sewer Enterprise Fund Indirect Costs

Comment

The water and sewer enterprise funds are charged for various indirect costs for interdepartmental services. Based on our audit, we believe the City's indirect cost allocations appear reasonable and appropriate.

The Massachusetts Department of Revenue (DOR) has issued an "Informational Guideline Release" (IGR 08-101) in which the DOR recommends every community with an enterprise fund establish a written, internal policy regarding indirect cost allocations, which are to be reviewed annually. We identified that the City does not have a written policy related to the water and sewer enterprise funds' indirect cost allocations.

Recommendation

We recommend the City implement the recommendations of the DOR as identified in IGR 08-101 by establishing a written internal policy regarding indirect cost allocation, which should be reviewed annually. In addition (and as stated in IGR 08-101), as part of the annual budgeting process, City officials should understand and agree on what indirect costs are appropriated as part of the general fund operating budget and what percentage of these costs should be allocated to the water and sewer enterprise funds.

Management's Response

The Comptroller and Public Works Department Chief of Budget and Finance will document the interdepartmental services cost allocation plan prior to the spring 2011 rate setting review process.

Abandoned Property

Comment

At June 30, 2010, the City's general ledger reports a liability for unclaimed checks totaling approximately \$581,000. However, there are currently no procedures in place to investigate and resolve the status of these unclaimed checks. In addition, a current list of check numbers, check dates, payee names and amounts that support the amount reported on the general ledger is not maintained, which inhibits the facilitation of the resolution of the unclaimed amounts.

In addition, the City has not placed any old outstanding checks into tailings for the past two fiscal years.

Recommendation

We recommend that the Comptroller and Treasurer/Collector's office work together to investigate and identify the check numbers, check dates, payee names and amounts that reconcile to the balance reported on the general ledger.

We recommend that the Treasurer/Collector's office implement procedures to investigate and resolve the unclaimed check amounts.

We recommend that the Treasurer/Collector implement procedures to place old outstanding checks into tailings annually, at a minimum.

Management's Response

Letters, postings, and published notices were issued in fiscal year 2010 for \$97,975.91 of vendor checks deemed abandoned property. Actual designation as such to the Comptroller has been delayed while awaiting a final listing of outstanding checks for both the vendor and payroll accounts from Bank of New York Mellon in conjunction with the transition of these accounts to Eastern Bank during last quarter of fiscal year 2010 and first quarter of fiscal year 2011. Further tailings have also been delayed by the non-maintenance of a name and address database for outstanding checks. Treasury will work with IT and the Comptroller to reestablish and maintain this database for use in the periodic clearing of Eastern Bank checks, annually at a minimum.

Accounts Receivable Reconciliations

Comment

Through the date of this report, improvements were made regarding the timely reconciliation of non-utility accounts receivable balances between the Collector's detailed balances and the general ledger.

However, procedures are not in place to reconcile the Collector's detailed water and sewer accounts receivable balances to the general ledger timely. Effective internal controls require the timely reconciliation of detailed accounts receivable balances to the general ledger. Failure to perform these tasks timely inhibits the safeguarding of assets and does not provide for accurate and timely financial reporting.

Recommendation

We recommend that the City reconcile the Collector's detailed water and sewer accounts receivable balances to the general ledger no later than 30 days after the end of the previous month. We also recommend that the Treasurer/Collector and Comptroller approve (e.g., sign off) each accounts receivable reconciliation.

Management's Response

Monthly reconciliations between the general ledger control totals and MUNIS detail are performed monthly by the Comptroller and Deputy Treasurer for all major receivables, with the exception of the water and sewer receivables. A summary document identifying specific reconciling items is prepared as documentation for the monthly process. Not later than February, 2011 the Comptroller and Deputy Treasurer will extend the monthly process to include water and sewer rate receivables.

Risk Assessment and Monitoring

Comment

When internal controls are *initially* implemented, they are usually designed to adequately safeguard assets. However, over time, these controls can become ineffective due to changes in technology, operations, etc. In addition, changes in personnel and structure, as well as the addition of new programs and services, can add risks that previously did not exist. As a result, all municipalities must periodically perform a risk assessment to anticipate, identify, analyze and manage the risk of asset misappropriation. Risk assessment (which includes fraud risk assessment), is one element of internal control.

The risk assessment should be performed by management-level employees who have extensive knowledge of the City's operations. Ordinarily, the management-level employees would conduct interviews or lead group discussions with personnel who have knowledge of the City's operations, its environment, and its processes. The risk assessment process should consider the City's vulnerability to misappropriation of assets. It should also address operations that involve heightened levels of risk. When conducting the assessment, the following questions should be considered:

- What assets are susceptible to misappropriation?
- What departments receive cash receipts?
- What departments have movable inventory?
- What operations are the most complex?
- How could assets be stolen?
- Are there any known internal control weaknesses that would allow misappropriation of assets to occur and remain undetected?
- How could potential misappropriation of assets be concealed?
- What prior internal control issues could still continue to be problematic?

Once the areas vulnerable to risks have been identified, a review of the City's systems, procedures, and existing controls related to these areas should be conducted. The City should consider what additional controls (if any) need to be implemented to reduce risk.

After risk has been assessed, periodic monitoring of the identified risk areas must be performed in order to evaluate the controls that have been implemented to mitigate the risks. Since control-related policies and procedures tend to deteriorate over time, the monitoring process ensures that controls are fully operational and effective.

Recommendation

We recommend that management develop and implement a risk assessment program to periodically anticipate, identify, analyze, and manage the risk of asset misappropriation. The risk assessment program should be formally documented and become part of the City's financial policies and procedures manual.

We recommend that management develop and implement a monitoring program to periodically evaluate the operational effectiveness of internal controls. The monitoring process should be documented in order to facilitate the evaluation of controls and to identify improvements that need to be made.

Management's Response

Management will explore this recommendation further with the City's auditors and the new Financial Audit Advisory Committee.

Student Activity Funds

Comment

The City maintains student activity funds for several of its schools. Massachusetts General Laws (MGL) Chapter 71, Section 47, which establishes various guidelines related to student activity funds, states the following:

“There shall be an annual audit of the student activity funds which shall be conducted in accordance with procedures as agreed upon between the school committee and the auditor based upon guidelines issued by the department of education.”

An annual audit or agreed upon procedures is not being performed on the City's student activity funds. Based upon the MGL requirement and the inherent risks associated with student activity funds, we believe that the performance of an audit or agreed-upon procedures on the City's student activity funds would be prudent.

It should be noted that the City's general fund does not necessarily have to bear the cost of the audit or agreed-upon procedures engagement, as these activities could be funded from student activity fund resources.

Recommendation

We recommend the City comply with the requirements of MGL Chapter 71, Section 47 by having an audit or agreed-upon procedures performed on their student activity funds.

Management's Response

The school administration works closely with each school's accounting for student activity funds each year including a year end balance and review. The school administration will continue to work with the Comptroller to comply with all management requirements including internal audits of the student activity accounts.

Financial Policies and Procedures Manual

Comment

Although the City adopted top level financial policies during fiscal year 2008, we believe that preparation of a formal policy and procedures manual would improve and standardize the City's financial policies and procedures. Without formalized written policies and procedures, the City is inherently subject to everyday inconsistencies in its operations. It is also difficult to measure performance and efficiencies without a baseline. The number of such inconsistencies can be minimized by the written codification of policies and procedures and insistence on adherence to them.

Such a manual should include policies and procedures relative to all financial functions and processes, including, but not limited to, the following:

- Cash receipts
- Purchase orders
- Cash disbursements
 - Payroll
 - Vendor
- Administration of grants
- Administration of student activity funds
- Personnel (i.e., hiring, payroll and related changes, etc.)
- Month-end and year-end closing procedures

The manual should also clearly define the objectives, responsibilities and authorizations for all employees/job positions.

The use of written policies, procedures, and job descriptions in conjunction with specific assignment of responsibilities would increase supervisory personnel's effectiveness. Such written documents would decrease the time spent on supervision of clerical personnel and in attempts to define job responsibilities on each occasion of employee turnover.

Recommendation

We recommend that the City develop and implement a financial policies and procedures manual.

Management's Response

Management is in complete agreement with this recommendation. The Finance/ Administration working group of department heads will develop a plan for preparation of required documentation between now and June 30, 2011, with the objective of having documentation complete over the course of the next twelve months.

New Accounting and Financial Reporting Requirements for Fund Balances

Comment

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and to clarify the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that will be made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as fund balance associated with loans receivable. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Governments will also be required to classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements will be required.

This Statement also provides guidance for classifying stabilization funds on the face of the balance sheet and requires disclosure of certain information about stabilization funds in the notes to the financial statements.

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

Implementation of this statement will improve financial reporting by:

- Providing fund balance categories and classifications that will be more easily understood
- Eliminating the *reserved* component of fund balance in favor of a *restricted* classification to enhance the consistency between information reported in the government-wide statements and information reported in the governmental funds financial statements
- Requiring governments to classify amounts consistently, regardless of the fund type or column in which they are reported
- Providing disclosures to give users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated
- Reducing uncertainty about which resources can or should be reported in the respective governmental fund types

Given the significance of fund balance amounts (both quantitatively and qualitatively), the fund balance reporting under the new standard will have a significant impact on the City's financial statements.

The City's required implementation date of GASB Statement No. 54 is fiscal year 2011.

Recommendation

We recommend that management familiarize itself with GASB Statement No. 54 to prepare for its implementation. We would be pleased to assist the City with its preparation for implementing the new standards.

Management's Response

The Comptroller will implement GASB statement 54 for June 30, 2011 external financial reporting.

Draft 12/07/10

CITY OF NEWTON, MASSACHUSETTS

**REPORTS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING, COMPLIANCE AND
FEDERAL AWARD PROGRAMS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Draft 12/17/10

Draft 12/07/10

CITY OF NEWTON, MASSACHUSETTS
REPORTS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING, COMPLIANCE AND
FEDERAL AWARD PROGRAMS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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**Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

To the Honorable Board of Aldermen and Mayor
City of Newton, Massachusetts

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of and for the fiscal year ended June 30, 2010 (except for the Newton Contributory Retirement System, the Newton Commonwealth Foundation, Inc., and the Newton Community Farm, Inc., which are as of and for the fiscal year ended December 31, 2009), which collectively comprise the City of Newton, Massachusetts' basic financial statements and have issued our report thereon dated November 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Newton, Massachusetts' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Newton, Massachusetts' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Newton, Massachusetts' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Newton, Massachusetts' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Newton, Massachusetts, in a separate letter dated November 23, 2010.

This report is intended solely for the information and use of management, the Audit Committee, the Board of Aldermen, Mayor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

November 23, 2010

Draft 12/07/10

Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Honorable Board of Aldermen and Mayor
City of Newton, Massachusetts

Compliance

We have audited the compliance of the City of Newton, Massachusetts with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2010. The City of Newton, Massachusetts' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Newton, Massachusetts' management. Our responsibility is to express an opinion on the City of Newton, Massachusetts' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Newton, Massachusetts' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Newton, Massachusetts' compliance with those requirements.

As described in items 10-2 and 10-3 in the accompanying schedule of findings and questioned costs, the City of Newton, Massachusetts did not comply with the requirements regarding eligibility and program income that are applicable to its HOME Investment Partnerships Program. Compliance with such requirements is necessary, in our opinion, for the City of Newton, Massachusetts to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Newton, Massachusetts complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 10-4, 10-5, 10-6, and 10-8.

Internal Control Over Compliance

Management of the City of Newton, Massachusetts is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Newton, Massachusetts' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Newton, Massachusetts' internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 10-1 and 10-7 to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Newton, Massachusetts, as of and for the fiscal year ended June 30, 2010 (except for the Newton Contributory Retirement System, the Newton Commonwealth Foundation, Inc., and the Newton Community Farm, Inc., which are as of and for the fiscal year ended December 31, 2009), and have issued our report thereon dated November 23, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City of Newton, Massachusetts' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The City of Newton, Massachusetts' responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Newton, Massachusetts' responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Audit Committee, the Board of Aldermen, Mayor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

November 23, 2010

Draft 12/07/10

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Federal Grantor/ Pass-Through Grantor/ Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture			
<u>Passed through the State Department of Education:</u>			
Food Distribution Program	10.550	09-207	\$ 86,058
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	09-207	65,629
National School Lunch Program	10.555	09-207	505,627
Total U.S. Department of Agriculture			<u>657,314</u>
U.S. Department of Housing and Urban Development			
<u>Direct Programs:</u>			
<i>CDBG - Entitlement Grants Cluster:</i>			
Community Development Block Grant	14.218	Not Applicable	1,874,176
Community Development Block Grant Recovery (CDBG-R)	14.253	Not Applicable	3,984
Emergency Shelter Grants Program	14.231	Not Applicable	99,146
HOME Investment Partnerships Program	14.239	Not Applicable	1,933,455
Homelessness Prevention and Rapid Re-housing Program (HPRP)	14.257	Not Applicable	436,376
Total U.S. Department of Housing and Urban Development			<u>4,347,137</u>
U.S. Department of Justice			
<u>Passed through the State Executive Office of Public Safety:</u>			
JAG Byrne Memorial Program	16.580	Not available	104
DEA Asset Forfeitures	16.unk	Not available	5,091
Total U.S. Department of Justice			<u>5,195</u>
Institute of Museum and Library Services			
<u>Direct Program:</u>			
Museum for America Grant	45.301	Not Applicable	10,962
U.S. Department of Energy			
<u>Direct Program:</u>			
Energy Conservation Grant (ARRA)	81.128	Not Applicable	57,185

(continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Federal Grantor/ Pass-Through Grantor/ Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Education			
<u>Direct Programs:</u>			
Safe Schools/Healthy Students Grant	84.184L	Not Applicable	1,616,805
School Counseling Demonstration Grant	84.215E	Not Applicable	375,692
Physical Education Grant	84.215F	Not Applicable	133,617
Teaching American History Grant	84.215X	Not Applicable	319,982
<u>Passed through the State Department of Elementary & Secondary Education:</u>			
Title I Carryover Grant (fiscal year 2008)	84.010	305-434-9-0207-J	9,355
Title I Distribution (fiscal year 2009)	84.010	305-111-9-0207-J	174,837
Title I Carryover Grant (fiscal year 2009)	84.010	305-379-0-0207-K	25,654
Title I Distribution (fiscal year 2010)	84.010	305-108-0-0207-K	371,906
Title I School Support (fiscal year 2010)	84.010	323-030-0-0207-K	3,623
<u>Special Education Cluster:</u>			
SPED 94-142 Allocation (fiscal year 2009)	84.027	240-142-9-0207-J	15,342
SPED 94-142 Allocation (fiscal year 2010)	84.027	240-081-0-0207-K	2,919,620
SPED Program Improvement (fiscal year 2009)	84.027	274-255-9-0207-J	25,349
American Recovery and Reinvestment Act - IDEA	84.391	760-066-0-0207-K	1,669,256
<u>Passed through the State Department of Early Education and Care:</u>			
SPED Early Childhood Training (fiscal year 2009)	84.173	26209 NEWTONPUBLICSCH	7,184
SPED Early Childhood Training (fiscal year 2010)	84.173	26210 NEWTONPUBLICSCH	70,803
American Recovery and Reinvestment Act - Early Childhood	84.392	76210 NEWTONPUBLICSCH	67,745
<u>Passed through the State Department of Elementary & Secondary Education:</u>			
Carl Perkins Occupational Education (fiscal year 2009)	84.048	400-037-9-0207-J	18,129
Carl Perkins Occupational Education (fiscal year 2010)	84.048	400-022-0-0207-K	68,450
Safe and Drug-Free Schools (fiscal year 2009)	84.186	331-159-9-0207-J	8,316
Safe and Drug-Free Schools (fiscal year 2010)	84.186	331-108-0-0207-K	30,799
Technical Literacy Grant (fiscal year 2009)	84.318	160-129-9-0207-J	6,748
Technical Literacy Grant (fiscal year 2010)	84.318	160-023-0-0207-K	1,518
Title III - English Language Acquisition (fiscal year 2009)	84.365	180-028-9-0207-J	29,344
Title III - English Language Acquisition (fiscal year 2010)	84.365	180-042-0-0207-K	123,345
Title IIA - Improving Teacher Quality (fiscal year 2009)	84.367	140-086-9-0207-J	95,037
Title IIA - Improving Teacher Quality (fiscal year 2010)	84.367	140-070-0-0207-K	211,913
Total U.S. Department of Education			8,400,369
U.S. Department of Health and Human Services			
<u>Passed through the State Executive Office of Health and Human Services Department of Public Health:</u>			
Public Health Emergency Response (PHER) Grants	93.069	INTF3202P01900419059	72,017
School-Based Medicaid Reimbursement Program	93.778	1951726	272,063
<u>Passed through the State Department Office of Elderly Affairs:</u>			
Title IIIB - Grants for Supportive Services and Senior Centers	93.044	Not available	3,334
Total U.S. Department of Health and Human Services			347,414

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<u>Federal Grantor/ Pass-Through Grantor/ Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Centers for Disease Control and Prevention			
<u>Passed through the State Executive Office of Health and Human Services:</u>			
Public Health Emergency Preparedness Grant	93.996	Not available	<u>22,439</u>
Corporation for National and Community Service			
<u>Passed through the State Department of Elementary & Secondary Education:</u>			
Learn and Serve Grant (fiscal year 2009)	94.004	354-027-9-0207-J	94
Learn and Serve Grant (fiscal year 2010)	94.004	354-023-0-0207-K	<u>2,800</u>
Total Corporation for National and Community Service			<u>2,894</u>
U.S. Department of Homeland Security			
<u>Direct Program:</u>			
Assistance to Firefighters Grant	97.044	Not Applicable	86,827
<u>Passed through the City of Beverly:</u>			
State Homeland Security Training Grant	97.073	Not available	<u>4,387</u>
Total U.S. Department of Homeland Security			<u>91,214</u>
Total			\$ <u>13,942,123</u>
			(concluded)

See notes to schedule of expenditures of federal awards.

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Newton, Massachusetts and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 - U.S. Department of Agriculture

The amount reported for the Food Distribution Program represents non-monetary assistance and is reported in the schedule at the fair market value of the commodities received. The amounts reported for the School Breakfast Program and National School Lunch Program represent cash receipts from federal reimbursements.

Note 3 - U.S. Department of Health and Human Services

The amount reported for the School-Based Medicaid Reimbursement Program represents federal reimbursements related to the Administrative Activity Claims.

Note 4 - Sub-recipients

The City of Newton, Massachusetts provided the following awards to sub-recipients for the fiscal year ended June 30, 2010:

Program Description	CFDA Number	Amount
Community Development Block Grant	14.218	\$ 369,760
Emergency Shelter Grants Program	14.231	99,146
Homelessness Prevention and Rapid Re-housing Program (HPRP)	14.257	436,376
Safe Schools - Healthy Students Grant	84.184L	457,282
Total		\$ 1,362,564

A. Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements of the City of Newton, Massachusetts.
2. There were no significant deficiencies disclosed during the audit of the basic financial statements.
3. No instances of noncompliance material to the financial statements of the City of Newton, Massachusetts, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Two material weaknesses in internal control over major federal award programs disclosed during the audit are reported in the Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133. These items are described in the schedule of findings and questioned costs as items 10-1 and 10-7.
5. The auditors' report on compliance for the major federal award programs for the City of Newton, Massachusetts expresses a qualified opinion on the HOME Investment Partnerships Program and an unqualified opinion on all other major federal award programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule on pages 12-15.

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7. The programs tested as major programs were:

<u>Program Description</u>	<u>CFDA Number</u>
<i>CDBG - Entitlement Grants Cluster</i>	
Community Development Block Grant	14.218
Community Development Block Grant - Recovery (CDBG-R)	14.253
HOME Investment Partnerships Program	14.239
Homelessness Prevention and Rapid Re-housing Program (HPRP)	14.257
<i>Special Education Cluster</i>	
SPED 94-142 Allocation	84.027
SPED Program Improvement	84.027
American Recovery and Reinvestment Act - IDEA	84.391
SPED Early Childhood Training	84.173
American Recovery and Reinvestment Act - Early Childhood	84.392
School Counseling Demonstration Grant	84.215E
Physical Education Grant	84.215F
Teaching American History Grant	84.215X
School-Based Medicaid Reimbursement Program	93.778

8. The threshold used for distinguishing between Type A and B programs was \$418,264.

9. The City of Newton, Massachusetts did not qualify as a low-risk auditee.

B. Findings - Financial Statement Audit

None.

C. Findings and Questioned Costs - Major Federal Award Programs Audit**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT***Material Weakness in the Internal Control over Major Programs*

10-1 HOME Investment Partnerships Program - CFDA No. 14.239; Fiscal year ended June 30, 2010

Condition and Criteria: The City did not comply with the eligibility and program income compliance requirements related to the program. Internal controls should be designed and implemented to ensure that the City adheres to the compliance requirements of federal award programs as outlined in OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133), and OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

Cause: Procedures are not in place to adhere to all of the federal eligibility and program income compliance requirements related to the program.

Effect: Noncompliance with the federal award program's requirements could occur and not be detected and corrected timely.

Auditors' Recommendation: Internal controls surrounding the federal award program must be implemented to adhere to all federal eligibility and program income compliance requirements as prescribed in OMB Circulars A-87 and A-133.

Grantee Response: The City of Newton, as the Representative Member for the WestMetro HOME Consortium, has established internal controls to ensure compliance with the eligibility and program income compliance requirements of the HOME Investment Partnerships Program as outlined in OMB Circular A-133.

Concerning eligibility, the two tested participants with income determinations in question were from two of the twelve member communities, not the City of Newton. The City of Newton, as the Representative Member for the Consortium (as defined in the Mutual Cooperation Agreement for the WestMetro HOME Consortium), is responsible for overall compliance with HOME Program requirements and each member community is responsible for all federal requirements for its projects, including documentation of project eligibility. To ensure that member communities' eligibility determinations for program participants are accurate, member communities must now submit to the City of Newton verification of the source documentation used to determine income eligibility and a record of their calculations on a standard form. This form must be submitted for approval prior to the project being set-up in the U.S. Department of Housing and Urban Development's (HUD) Integrated Disbursement and Information System (IDIS). The City will also conduct eligibility determination training for staff of the member communities, and will continue to conduct annual monitoring of member communities.

As the Representative Member for the Consortium, the City of Newton must establish, account for, and maintain a local HOME Investment Trust Fund account (including federal draw downs and program income, contributions, etc.). With regard to program income, the past practice of the City has been to use program income on-hand from member communities before any additional HOME funds were drawn down for other HOME activities within that member community. As this is not specifically stated in the Consortium's Mutual Cooperation Agreement, it is not allowed and that practice has changed. At the start of FY11, the City of Newton began using any program income on hand in the City's HOME Investment Trust Fund account prior to initiating a drawdown request for additional HOME funds. Program income is used to pay the next eligible program cost (or portion thereof).

Material Noncompliance Related to Major Programs**10-2 HOME Investment Partnerships Program – CFDA No. 14.239; Fiscal year ended June 30, 2010**

Condition and Criteria: Two of the 19 participants tested who received HOME grant subsidies during the fiscal year were not income eligible to receive HOME grant funding based on the income documentation provided.

Cause: Procedures are not in place to ensure that the eligibility statuses determined by the HOME Consortium members are accurate and appropriate.

Effect: HOME grant subsidies were provided to participants who were not income eligible and are subject to disallowance and considered questioned costs.

Questioned Costs: Questioned costs related to this finding total \$73,475. This is considered material to the program.

Auditors' Recommendation: Procedures must be implemented to ensure that the eligibility statuses determined for all participants are accurate, including the ones determined by the HOME Consortium members, and that only income eligible individuals receive HOME grant subsidies.

Grantee Response: As stated in the response to Finding 10-1 above, member communities must submit to the City of Newton on a standard form, verification of the source documentation used to determine income eligibility and a record of their calculations. This form must be submitted for approval prior to the project being set-up in the U.S. Department of Housing and Urban Development's (HUD) Integrated Disbursement and Information System (IDIS). The City will also conduct eligibility determination training for staff of the member communities, and will continue to conduct annual monitoring of member communities.

10-3 HOME Investment Partnerships Program – CFDA No. 14.239; Fiscal year ended June 30, 2010

Condition and Criteria: Program management did not enter the program income into the U.S. Department of Housing and Urban Development's Integrated Disbursement and Information System (IDIS) timely. As a result, there were several instances where the program income was not applied against the grant expenses prior to drawing down additional Federal funds. Additionally, there were several instances where program income earned by HOME Consortium members was reserved for the applicable member's expenses rather than being used to cover other total program expenses.

Cause: Procedures are not in place to ensure that program income is entered into the IDIS system timely to reduce grant drawdowns.

Effect: Program management is not in compliance with the Federal grant program income requirements.

Questioned Costs: There are no questioned costs associated with this finding.

Auditors' Recommendation: Procedures must be implemented to ensure that all program income generated is entered in IDIS timely and is used to cover total program expenses, rather than being reserved for individual HOME Consortium members' expenses.

Grantee Response: Beginning in FY11 HOME program income is receipted in HUD's IDIS within ten days of receipt and as stated in the response to Finding 10-1 above, it is used before any additional HOME funds are drawdown in IDIS. It is not being reserved for the community that earned the program income.

Other Noncompliance Related to Major Programs

10-4 HOME Investment Partnerships Program – CFDA No. 14.239; Fiscal year ended June 30, 2010

Condition and Criteria: Program management provided Federal funds to a first-time homebuyer for down payment assistance (\$49,470), which was subsequently cancelled (i.e., repaid). Federal guidelines require that repayments be made to whichever HOME account they were drawn from and be used for the next eligible HOME project. Program management held onto the repayments and did not use them to reduce the subsequent eligible drawdowns.

Cause: Procedures are not in place to ensure that repayments are used to reduce eligible grant drawdowns.

Effect: Program management is not in compliance with Federal requirements.

Questioned Costs: There are no questioned costs associated with this finding.

Auditors' Recommendation: Procedures must be implemented to ensure that any repayments received are made to the appropriate HOME accounts and are applied against expenses in the next eligible HOME project drawdown.

Grantee Response: The repayment in question was held until that community processed another HOME requisition and the returned funds were used before additional HOME funds were drawdown. Going forward, returned funds will be used to reduce the next eligible grant drawdown(s) regardless of the community origin.

10-5 Community Development Block Grant – Entitlement Grants Cluster – CFDA No.'s 14.218 and 14.253; Fiscal year ended June 30, 2010

Condition and Criteria: Program management did not file the required quarterly "SF-272, Federal Cash Transaction Reports" with the U.S. Department of Housing and Urban Development during the program year for the Community Development Block Grant Recovery (CDBG-R) program.

Cause: Procedures are not in place to submit the required documentation for all programs in the Cluster.

Effect: Program management is not in compliance with federal grant reporting requirements.

Questioned Costs: There are no questioned costs related to this finding.

Auditors' Recommendation: Procedures must be implemented to ensure that the "SF-272, Federal Cash Transaction Reports" are filed with the U.S. Department of Housing and Urban Development in a timely manner for all programs in the Cluster.

Grantee Response: The requirement for submittal of the SF272, Federal Cash Transaction Report for the Community Development Block Grant Recovery was not included in the American Recovery and Reinvestment Act of 1999 or subsequent guidance from the U.S. Department of Housing and Urban Development. Program management checked with the local HUD field office at the time of the audit to confirm the requirement. The field office needed to check with HUD Headquarters and subsequently found out that it is required. Program management completed an SF272 for the first quarter of FY11 and will continue to complete the required report until all funds have been expended and reported.

10-6 Homelessness Prevention and Rapid Re-housing Program (HPRP) - CFDA No. 14.257; Fiscal year ended June 30, 2010

Condition and Criteria: Program management did not file the required quarterly "SF-272, Federal Cash Transaction Reports" with the U.S. Department of Housing and Urban Development during the program year.

Cause: Procedures are not in place to submit the required documentation.

Effect: Program management is not in compliance with federal grant reporting requirements.

Questioned Costs: There are no questioned costs related to this finding.

Auditors' Recommendation: Procedures must be implemented to ensure that the "SF-272, Federal Cash Transaction Reports" are filed with the U.S. Department of Housing and Urban Development in a timely manner.

Grantee Response: As stated in the response to Finding 10-5 above, the requirement for submittal of the SF272, Federal Cash Transaction Report for the Homelessness Prevention and Rapid Re-Housing Program was not included in the American Recovery and Reinvestment Act of 1999 or subsequent guidance from the U.S. Department of Housing and Urban Development. Program management checked with the local HUD field office at the time of the audit to confirm the requirement. The field office checked with HUD Headquarters and subsequently found out that it is required. Program management completed an SF272 for the first quarter of FY11 and will continue to complete the required report until all funds have been expended and reported.

DEPARTMENT OF EDUCATION

Material Weakness in the Internal Control over Major Programs

10-7 Special Education Cluster - CFDA No.'s 84.027, 84.173, 84.391, and 84.392; Fiscal year ended June 30, 2010

Condition and Criteria: The City did not comply with the Davis-Bacon Act compliance requirements related to the program. Internal controls should be designed and implemented to ensure that the City adheres to the compliance requirements of federal award programs as outlined in OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (OMB Circular A-133), and OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments (OMB Circular A-87).

Cause: Procedures are not in place to adhere to the federal Davis-Bacon Act compliance requirements related to the program.

Effect: Noncompliance with the federal award program's requirements could occur and not be detected and corrected timely.

Auditors' Recommendation: Internal controls surrounding the federal award program must be implemented to adhere to the federal Davis-Bacon Act compliance requirements as prescribed in OMB Circulars A-87 and A-133.

Grantee Response: The Newton Public Schools received a federal Special Education American Recovery and Reinvestment Act grant in FY10, with a start date of July 1, 2009. \$75,000 of this \$1.7M grant was reserved to renovate space for a new alternative high school program and an expanded elementary stabilization program for students who would otherwise be placed in out of district settings. In order for students to enter these programs in September, renovations needed to be started and completed within 2 months. For the most part, the district accomplished these renovations using in-house labor. However, some specialty services had to be provided by outside contractors. Pressed by the need to complete renovations in less than two months so that the programs could open by the September 1, the district used contractors who had already been through the city procurement process and therefore had existing city contracts. Using vendors for small jobs who have existing contracts with the city is considered an efficient and cost-effective way of conducting business given the time and effort that is involved in developing RFP's and awarding contracts. Assumptions were made by district personnel that contractors who successfully bid on city issued contracts, therefore were in compliance with all local, state and federal regulations.

In the course of the audit, repeated efforts were made to secure certified payrolls from SRM Plastering, whose labor and material costs equaled \$3,034, and NE School Services, whose costs included materials and labor for window installations, which makes up the balance of the finding. Materials and labor costs were combined on the invoices. When certified payrolls could not be produced, the district offered to remove the costs from the federal grant and pay them with district funds. The city's independent auditors responded that even if we reclassified the installation charges from the grant to district funds, this action would have no impact on the audit finding.

In order to ensure adherence to federal Davis-Bacon Act compliance requirements, the district will confirm in advance that vendors with city contracts who might work on a project funded with federal dollars pay prevailing wages. If the vendor cannot certify that it is in compliance, we will conduct a separate bid process for each service we need. Adherence to Davis Bacon Act prevailing wage requirements will be one of the conditions of the award.

Noncompliance Related to Major Programs

10-8 Special Education Cluster – CFDA No.'s 84.027, 84.173, 84.391, and 84.392; Fiscal year ended June 30, 2010

Condition and Criteria: Program management did not obtain the required certified payrolls from the vendors contracted with for the construction projects funded with the Federal grant funds, and therefore did not verify that the employees were being paid in accordance with the applicable prevailing wage rates.

Cause: Procedures were not in place to accumulate the required certified payrolls for all construction contracts over \$2,000 that were funded with the Federal grant funds.

Effect: As a result, the construction labor expenditures charged to the grant are subject to disallowance and are therefore considered questioned costs.

Questioned Costs: Questioned costs related to this finding total \$7,609.

Auditors' Recommendation: Procedures should be implemented to obtain the weekly certified payrolls from all vendors contracted with to perform construction projects over \$2,000 related to the grant program, and to ensure that the employees' salaries are in accordance with the applicable prevailing wage rates prior to making payments to the vendors.

Grantee Response: The grants and purchasing offices of the Newton Public Schools will ensure that prevailing wage requirements are highlighted in RFPs for projects that will be funded by federal dollars. Adherence to Davis Bacon Act regulations will be included as a condition for contract awards. Contract language will specify that vendors must submit monthly certified payrolls along with invoices as a condition for payment. No invoices will be paid until these documents are produced. The certified payrolls will be maintained in the grants office records along with a copy of the invoice for auditor review.

D. Summary of Prior Audit Findings

FINANCIAL STATEMENT AUDIT

Significant Deficiency Considered to be a Material Weakness

09-1 Reconciliation of Primary Depository Account

Condition: Procedures were not in place to investigate and resolve reconciling items identified on the City's primary depository bank account reconciliation to the Treasurer's cash book timely.

Current Status: This finding has been resolved.

Draft
2010



City of Newton, Massachusetts
Office of the Mayor

SETTI D. WARREN
MAYOR

Telephone
(617) 796-1100
Facsimile
(617) 796-1113
TDD/TTY
(617) 796-1089

E-mail
swarren@newtonma.gov

November 29, 2010

Honorable Board of Aldermen
Newton City Hall
1000 Commonwealth Avenue
Newton, MA 02459

10 NOV 29 P 3:23
CITY CLERK
NEWTON, MA 02159

Ladies and Gentlemen:

I write to request that your Honorable Board docket for consideration a request to appropriate and expend the sum of \$8,000 from Free Cash to the Treasury Department for the purpose of funding the purchase of a new check endorsing machine.

The Treasury Department's check endorsing machine became inoperable in FY2010 and was deemed to be beyond repair. The department must endorse tens of thousands of checks annually. The purchase of this machine will allow for automated endorsing, thus increasing the department's efficiency and reducing potential workplace injuries as a result of the repetitive motion of manually endorsing checks.

Thank you for your consideration of this matter.

Very truly yours,

Setti D. Warren
Mayor

From: Free Cash
01-3497 \$8,000
To: Check Endorsing Machine
C107004-58514 \$8,000

AW
11/01/2010

1000 Commonwealth Avenue Newton, Massachusetts 02459

www.newtonma.gov



DEDICATED TO COMMUNITY EXCELLENCE



Setti D. Warren
Mayor

James G. Reardon, Treasurer and Collector

1000 Commonwealth Avenue

Newton Centre, MA 02459

Telephone (617) 796-1338

Facsimile (617) 796-1343

TDD/TTY (617) 796-1089

E-Mail jgreardon@newtonma.gov

November 29, 2010

Hon. Setti D. Warren, Mayor
City of Newton

Dear Mayor Warren:

I herein request that the sum of eight thousand (\$8,000) be appropriated for the purchase of a check endorsing machine for use in the Treasurer & Collector's Office.

The office receives thousands of checks in payment of taxes which currently must be manually endorsed using a hand-held stamp. The department's old check endorser no longer functions properly. I was told by the equipment maintenance provider that the machine is so old that replacement parts are no longer available for it.

It is important to the timely processing of taxpayer remittances and to the maximization of return on city funds that payments be endorsed and deposited as quickly as possible. An endorsing machine is an indispensable part of this process.

Thank you for your consideration of this item.

Very truly yours,

James Reardon
Treasurer & Collector

Cc: Maureen Lemieux, CFO



SETTI D. WARREN
MAYOR

City of Newton, Massachusetts
Office of the Mayor

#359-10

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(617) 796-1100

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(617) 796-1113

TDD/TTY
(617) 796-1089

E-mail
swarren@newtonma.gov

November 29, 2010

Honorable Board of Aldermen
Newton City Hall
1000 Commonwealth Avenue
Newton, MA 02459

Ladies and Gentlemen:

I write to request that your Honorable Board docket for consideration a request to appropriate and expend the sum of \$11,500 from Free Cash to the Police Department for the purpose of funding the purchase of a new backup server for the Police/Fire Department QED software.

This appropriation will fund the purchase, installation and configuration of a new server, operating system and associated software to provide for High Database Replication between the existing primary server and the proposed server.

Thank you for your consideration of this matter.

Very truly yours,

Setti D. Warren
Mayor

From: Free Cash
01-3497 \$11,500
To: Public Safety Back Up Server
C201046-585111 \$11,500

10 NOV 29 1P 3:23
CITY CLERK
NEWTON, MA 02459

1000 Commonwealth Avenue Newton, Massachusetts 02459

www.newtonma.gov



DEDICATED TO COMMUNITY EXCELLENCE



Steven R. Smith
Bureau Commander

NEWTON POLICE DEPARTMENT
SUPPORT SERVICES BUREAU

RADIO • FLEET • EVIDENCE • RECORDS • TECHNOLOGY • FACILITIES

#359-10

1321 Washington Street
Newton, MA 02465-2011
v (617) 796-2105
f (617) 796-3683
TDD/TTY (617-796-1089)

July 8, 2010

HDR Replication and server setup (\$11,500)

Justification Regarding Importance

The Police & Fire Departments rely on a computer database system that controls dispatching and maintains all records. All Fire and Police incident reports, Dispatching, Digital Images, Accident Reports, Property & Evidence, and digitized records are stored within the database of the server. If this server fails, we will be critically hampered in dispatching and unable to retrieve any records of information. Currently the database is backed up once a day.

Even after the server might be repaired, we would experience a severe data loss of at least one day.

Service to Residents

The ability to operate effectively and effectively throughout our network system reduces the time required to access required information. Each day more information is maintained in our records management system. Our need to retrieve quickly and reliably improves the efficiency of the Officer and the customer service experience.

Ramification of Delaying

If we do not provide for proper backup and redundancy we will not be able to effectively dispatch both Fire and Police and update reports while the systems are down. Even more critical today would be the loss of data in excess of one day.



QUEUES ENFORTH DEVELOPMENT, INC.

David D. Varney, *President & Chief Executive Officer*
John F. Olson, *Executive Vice President*

James A. McClure, *Chief Technology Officer*
Steven Vantine, *Controller*

**Proposal to the City of Newton
for
HDR Replication and server setup
June 11, 2010**

Please review the attached scope of work to provide a server, installation and configuration of a new server, operating system and associated software to provide for High Database Replication between the existing primary server and the proposed server. Services to be provided are outlined in the attached 'scope of services' document.

Proposed secondary server:

PowerEdge R410

PowerEdge R410 Chassis w/up to 4 Cabled HDs,
Quad-Pack LED Diagnostics
Intel® Xeon® E5520, 2.26Ghz, 8M Cache, Turbo,
4GB Memory (2x2GB), 1066MHz, Dual Ranked
UDIMMs for 1 Processor
Windows Server® 2008 R2, Standard Edition,
Includes 5 CALSk
Onboard SATA, 1-4 Hard Drives connected to onboard SATA Controller - No RAID
(2) 250GB 7.2K RPM SATA 3.5" Cabled Hard Drive 250S35C 2 [341-9208] 1209
Power Supply, Non-Redundant, 480W 480NRDT 1 [330-4142] 36
Intel® Gigabit ET NIC, Dual Port, Copper, PCIe-4 IGBDP 1 [430-0651] 13
2/4 -Static Post Rails STATIC 1 [330-4138] 28
DVD+/-RW ROM, SATA, Internal DVDRW 1 [313-7834][313-
Electronic System Doc, OpenManage DVD Kit with
Keyboard and Optical Mouse, USB, Black, English
3 Year ProSupport for IT and NBD On-site Service U3IP 1
Shipping and delivery

Total Server

\$4,000



QUEUES ENFORTH DEVELOPMENT, INC.

David D. Varney, *President & Chief Executive Officer*
John F. Olson, *Executive Vice President*

James A. McClure, *Chief Technology Officer*
Steven Vantine, *Controller*

QED Services

System Setup and HDR setup of replication	\$ 2,000
Transition to new server (Please see attached scope of work for details)	\$ 5,500

Total QED Services \$ 7,500

Grand Total Server and services \$11,500



QUEUES ENFORTH DEVELOPMENT, INC.

David D. Varney, *President & Chief Executive Officer*
John F. Olson, *Executive Vice President*

James A. McClure, *Chief Technology Officer*
Steven Vantine, *Controller*

Scope of Services associated with DELL Server Installation

QED will provide the following services associated with a system duplication from an existing server to a newly purchased server:

- **System setup including:**
 - Operating System setup and configuration
 - Configuration of file systems to appropriate sizing for database management and disbursement
 - Setup of appropriate RAID configuration
 - Create scheduled tasks
 - Printer setup
 - Configuration and setup of appropriate ports (E911) and other interfaces

- **Installation and configuration of the QED software environment**
 - Load the latest release of QED environment
 - Backup and restore of all QED applications
 - New client software instruction (if necessary)
 - Training environment setup
 - Installation, setup and configuration of latest releases of third party products including:
 - BrightStor backup software (if purchased)
 - Java
 - JRun
 - CodeWrite
 - Adobe Reader
 - IIS Configuration
 - VsiFax/Pagegate if purchased

- **Installation, setup and configuration of the latest release of Informix for HDR**
 - Informix Dynamic Server
 - Informix Connect
 - Informix ISA
 - Rebuilding of the Informix Database including
 - Dbspaces
 - Chunks
 - Log files
 - Configuration files
 - Export all data from existing server
 - Import all data from existing server into secondary server
 - Rebuild database
 - Update statistics on all tables and procedures
 - HDR setup to complete replication



SETTI D. WARREN
MAYOR

City of Newton, Massachusetts
Office of the Mayor

#360-10

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swarren@newtonma.gov

November 29, 2010

Honorable Board of Aldermen
Newton City Hall
1000 Commonwealth Avenue
Newton, MA 02459

10 NOV 29 P 3:23
CITY CLERK
NEWTON, MA. 02159

Ladies and Gentlemen:

I write to request that your Honorable Board docket for consideration a request to transfer the sum of \$8,175 from FY2011 Budget Reserve to the Law Department for the purpose of purchasing ISYS software and the associated first year licensing fee. This software is required in order for the City Clerk's Office and the Law Department to access ISYS indexing software with their newly installed Microsoft Office 10 software.

Thank you for your consideration of this matter.

Very truly yours,

Setti D. Warren
Mayor

From: Budget Reserve
0110498-5790 \$8,175
To: ISYS Indexing Software
C101001-585121 \$8,175

1000 Commonwealth Avenue Newton, Massachusetts 02459

www.newtonma.gov



DEDICATED TO COMMUNITY EXCELLENCE

Maureen Lemieux

From: "David A. Olson" <dolson@newtonma.gov>
To: mlemieux@newtonma.gov
Date sent: Tue, 23 Nov 2010 14:06:43 -0500
Subject: Software upgrade Needed
Priority: normal

Maureen,

A few weeks ago I mentioned that my office and the Law Department would need an upgrade to our ISYS indexing software to be able to use it with our newly installed Microsoft Office 10 software. Donnalyn and I have had demonstrations of both ISYS and Laserfiche and have come to the conclusion that although Laserfiche is the better and more dynamic software product, the cost of it is prohibitive given the current cost cutting measures being undertaken.

product	cost	annual fee
ISYS	\$6,550	\$1,625
Laserfiche	\$19,500	\$2,584

As this expense was not budgeted, we are seeking \$8,175 to purchase the software and the first year license.

I would like to meet with you to discuss. Please let me know what date and time will work for you to meet with me.

David

—
David A. Olson, CMC
City Clerk/Clerk of the Board of Aldermen
1000 Commonwealth Avenue
Newton, MA 02459

When responding, please be advised that the Secretary of the Commonwealth has determined that email may be considered a public record.

ISYS SEARCH SOFTWARE, INC.
8765 E. ORCHARD RD., SUITE 702
ENGLEWOOD, CO 80111 USA
Cale Conry: 800-992-4797 x235
FAX: 303-689-9997



PRICE QUOTE for ISYS Search Software

Quote Date: 09/14/10
Expiration Date: 10/15/10

Ship To:

City of Newton
1000 Commonwealth Ave
Newton Center, MA 02459

Bill To:

Contact: _____
Company: _____
Address: _____
Address: _____
Phone: _____
email: _____

Quantity	Product	Description	Price USD
1	ISYS Workgroup	ISYS Workgroup x 1 (15 Users)	\$ 6,500.00
		Annual Maintenance	\$ 1,625.00
		TOTAL	\$ 8,125.00

*Maintenance includes: Technical Support, Software Maintenance Updates and New Version Upgrades

YOU MAY INCLUDE PAYMENT INFORMATION, IF YOU WISH TO EXPEDITE YOUR ORDER

Credit Card Number: _____ Expiration Date: _____
Credit Card Holder Name: _____ Security Code: _____
Signature: _____

We accept Mastercard, Visa, Discover and American Express

FAX TO: 303-689-9997



SETTI D. WARREN
MAYOR

City of Newton, Massachusetts
Office of the Mayor

#361-10

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E-mail
swarren@newtonma.gov

November 29, 2010

Honorable Board of Aldermen
Newton City Hall
1000 Commonwealth Avenue
Newton, MA 02459

10 NOV 29 P 3:23
CITY CLERK
NEWTON, MA 02159

Ladies and Gentlemen:

I write to request that your Honorable Board docket for consideration a request to accept and expend the sum of \$16,700 from a reimbursable grant to the City of Newton from the Massachusetts Historical Commission as part of its Survey and Planning Grant Program.

These funds will be used to cover 60% of the cost of planning staff time for FY11 to survey and document Newton's oldest buildings.

Thank you for your consideration of this matter.

Very truly yours,

Setti D. Warren
Mayor

1000 Commonwealth Avenue Newton, Massachusetts 02459

www.newtonma.gov



DEDICATED TO COMMUNITY EXCELLENCE



CITY OF NEWTON, MASSACHUSETTS

Department of Planning and Development

Telephone
(617)-796-1120
Telefax
(617) 796-1142

Setti D. Warren
Mayor

November 23, 2010

Mayor Setti D. Warren
Executive Office
Newton City Hall
1000 Commonwealth Avenue
Newton, MA 02459

Dear Mayor Warren,

I would like to docket the following item with the Finance Committee in order to obtain approval to expend the grant monies as described in the attached letter from Brona Simon, Executive Director of the Massachusetts Historical Commission that has been awarded, previously accepted by you and the Board of Alderman, and now is needed to pay for staff time for this ongoing effort:

INTERIM DIRECTOR OF PLANNING AND DEVELOPMENT requesting the acceptance and expenditure of sixteen thousand seven hundred dollars (\$16,700) as part of a reimbursable grant awarded to the City of Newton by the Massachusetts Historical Commission to fund staff hours associated with a survey of Newton's oldest buildings.

Further information is attached in the award letter. Please let me know if you have any questions.

Thank You,

A handwritten signature in black ink, appearing to read "C. Havens".

Candace Havens, Interim Director
Department Planning and Development



The Commonwealth of Massachusetts
William Francis Galvin, Secretary of the Commonwealth
Massachusetts Historical Commission

March 15, 2010

Brian Lever
Planning Department
City of Newton
1000 Commonwealth Avenue
Newton, MA 02459

RE: MHC Survey and Planning Grant Program FY 2010 Full Application

Dear Mr. Lever:

I am pleased to inform you that your proposed project has been selected for an allocation of \$16,700 from the Massachusetts Historical Commission's FY 2010 Survey and Planning Grant Program. This award will support the work of the Newton Federal Period Architectural Survey Project.

Please keep in mind that project work can begin only after the MHC executes a contract with you that specifies the scope of grant-assisted work and defines responsibilities and deadlines under applicable laws and regulations.

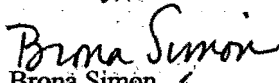
Please note that as the award amount has been increased from the amount requested in your application, the 40% in-kind match will also require adjustment to \$11,133 in MHC's contract agreement with the City of Newton. Please contact Michael Steinitz at MHC with questions regarding the match adjustment.

Please respond in writing to Michael Steinitz, Director of the Preservation Planning Division at MHC, no later than Friday, April 9th with your intention to accept the grant allocation.

MHC will contact all Local Project Coordinators shortly to schedule a Coordinators meeting to review the provisions and requirements of the grant contract, to discuss your work program and to discuss consultant procurement procedures. Attendance at this meeting is mandatory for all Local Project Coordinators as a condition of the grant. A Local Project Coordinators Manual will be forwarded separately.

The Commission looks forward to working with you toward the successful completion of your project. Please contact Michael Steinitz at MHC with any questions regarding the grant program or this award. We sincerely hope that this grant allocation will help you achieve your preservation goals.

Sincerely,


Brona Simón
Executive Director
State Historic Preservation Officer
Massachusetts Historical Commission

220 Morrissey Boulevard, Boston, Massachusetts 02125
(617) 727-8470 • Fax: (617) 727-5128
www.sec.state.ma.us/mhc

COMMONWEALTH OF MASSACHUSETTS - STANDARD CONTRACT FORM



This form, to be used for New Contracts and Contract Amendments/Renewals, is jointly issued and published by the Executive Office for Administration and Finance (ANF), the Office of the Comptroller (CTR) and the Operational Services Division (OSD) for use by all Commonwealth Departments. Any changes to the official printed language of this form shall be void. Additional non-conflicting terms may be added by Attachment. Contractors should only complete sections marked with a "→". For instructions and hyperlinks (italics), please view this form at: www.mass.gov/osc under Guidance For Vendors - Forms or at www.mass.gov/osd under OSD Forms.

Contractor Legal Name (and d/b/a): City of Newton
Legal Address (from W-9): 1000 Commonwealth Avenue, Newton, MA 02459
Payment Remittance Address (from W-9):
Contract Manager: Brian Leveir, Senior Preservation Planner
E-Mail Address: blever@newtonma.gov Phone: 617-796-1129
Department MMARS Alpha Code and Name: SEC/MHC
Business Mailing Address: State Archives Bldg., 220 Morrissey Blvd., Boston, MA 02125
Billing Address (if different):
Contract Manager: Michael Steinitz, Director, Preservation Planning
E-Mail Address: Michael.Steinitz@sec.state.ma.us Phone: 617-727-8470
Fax: 617-796-1086 TTY:
Fax: 617-727-5128 TTY:
State of Incorporation (if a corporation) or "N/A": N/A
MMARS Doc ID(s):
Vendor Code: VC6000192120
RFR/Procurement or Other ID Number (if applicable):
MMARS Object Code: P01
Account(s) Funding Contract: 05260114

X NEW CONTRACT

CONTRACT AMENDMENT/RENEWAL

COMPENSATION (Check only one):
X Total Maximum Obligation of this Contract \$ 16,700
Rate Contract (Attach details of rate(s) units and any calculations):
The following COMMONWEALTH TERMS AND CONDITIONS for this Contract has been executed and filed with CTR (Check only one):
X Commonwealth Terms And Conditions
Commonwealth Terms And Conditions For Human And Social Services
PROCUREMENT OR EXCEPTION TYPE (Check one option only):
Single Department Procurement/Single Department User Contract
Single Department Procurement/Multiple Department User Contract
Multiple Department Procurement/Limited Department User Contract
Statewide Contract (OSD or an OSD-designated Department)
X Grant (as defined by 815 CMR 2.00)
Emergency Contract (attach justification)
Contract Employee (Complete Employment Status Form)
Collective Purchase (attach OSD approval)
Legislative/Legal Exemption (attach authorizing language)
Other (Specify and attach documentation):
ANTICIPATED START DATE: 8/30/2010 (Enter the Date Contract Obligations may begin. Review Certification for Effective Date Below prior to entry.)
CONTRACT END DATE: 9/30/2011

ENTER CURRENT CONTRACT START and END DATES (prior to amendment)
Current Start Date: Current End Date:
COMPENSATION: (Check Either, "No Compensation Change"; "Maximum Obligation" or "Rate change". ATTACH Amended Scope and Budget to support Amendment.)
NO Compensation Change (Skip to "OTHER" section below and select change)
Redistribute Budget Line Items (No Maximum Obligation Change)
Maximum Obligation Change.
a) Current Total Contract Maximum Obligation: \$
(Total Contract Maximum Obligation, including all prior amendments).
b) Amendment Amount ("+" or "-"): \$
c) NEW TOTAL CONTRACT MAXIMUM OBLIGATION: \$
Rate Changes to Rate Contract
OTHER: (Check option, explain under "Brief Description" below, and attach documentation.)
Amend Duration Only (No Compensation or Performance Change)
Amend Scope of Services/Performance Only (no budget impact)
Interim Contract (Temporary Extension to complete new Procurement)
Other: (Describe Details and Attach documentation):
ANTICIPATED START DATE: (Enter the Date Amendment Obligations may begin. Review Certification for Effective Date Below prior to entry.)
NEW CONTRACT END DATE:

PROMPT PAYMENT DISCOUNTS: Contractor has agreed to the following Prompt Pay Discounts for the listed Payment Issue Dates. See Prompt Payment Discount Policy.
% Within 10 Days % Within 15 Days % Within 20 Days % Within 30 Days OR, Check off the following if:
Contractor either claims hardship, or chooses not to provide PPD, or compensation is not subject to prompt pay discounts (grants, non-commodity or non-service compensation)

BRIEF DESCRIPTION OF CONTRACT PERFORMANCE OR REASON FOR AMENDMENT (Reference to attachments is insufficient):
Newton (S&P FY10) - This project provides a 60% matching Survey & Planning Grant to assist the Newton Planning Department conducting an intensive level thematic community-wide survey update of pre-1830 cultural and architectural resources in the City of Newton. Please see Attachment A-1. cd8-18-10

CERTIFICATIONS: Notwithstanding verbal or other representations by the parties, or an earlier Start date listed above, the "Effective Date" of this Contract or Amendment shall be the latest date this Contract or Amendment has been executed by an authorized signatory of the Contractor, the Department, a later Contract or Amendment Start Date specified above, or the date of any required approvals. By executing this Contract/Amendment, the Contractor makes, under the pains and penalties of perjury, all certifications required under the attached Contractor Certifications, and has provided all required documentation noted with a "→", or shall provide any required documentation upon request, and the Contractor agrees that all terms governing performance of this Contract and doing business in Massachusetts are attached or incorporated by reference herein, including the terms of the applicable Commonwealth Terms and Conditions available at www.mass.gov/osc under Guidance For Vendors - Forms or at www.mass.gov/osd under OSD Forms; the terms of the attached Instructions, the Request for Response (RFR), solicitation (if applicable) or other authorization, the Contractor's response to the RFR or solicitation (if applicable), and any additional negotiated performance or budget provisions. The terms of this Contract shall survive its termination for the purpose of resolving any claim, dispute or other Contract action, or for effectuating any negotiated representations and warranties. THE PARTIES HEREBY ALSO CERTIFY THAT (Check one option only):
1. X the Contractor has NOT incurred any obligations triggering a payment obligation for dates prior to the Effective Date of this Contract or Amendment; OR
2. any obligations incurred by the Contractor prior to the Effective Date of this Contract or Amendment (for which payment obligation has been triggered) are intended to be part of this Contract/Amendment and shall be considered a final Settlement and Release of these obligations which are incorporated herein, and upon payment of these obligations, the Contractor forever releases the Commonwealth from any further claims related to these obligations.

AUTHORIZING SIGNATURE FOR THE CONTRACTOR:
X: [Signature] Date: 8-23-10
(Signature and Date Must Be Handwritten At Time of Signature)
Print Name: Setti D. Warren
Print Title: Mayor

AUTHORIZING SIGNATURE FOR THE DEPARTMENT:
X: [Signature] Date: 9/7/10
(Signature and Date Must Be Handwritten At Time of Signature)
Print Name: Paul McCarthy
Print Title: Budget Director

Architectural Design, Engineering and Feasibility
Study
Fire Stations 3 and 10

City of Newton



Setti D. Warren
Mayor

PUBLIC BUILDINGS DEPARTMENT

Stephanie Kane Gilman, Commissioner

Telephone (617) 796-1600

FAX (617) 796-1601

TTY: (617) 796-1089

52 ELLIOT STREET

NEWTON HIGHLANDS, MA 02461-1605

December 10, 2010

The Honorable Board of Aldermen
Newton City Hall
1000 Commonwealth Avenue
Newton Centre, MA 02459

RE: Docket Item # 311-10(A) - Fire Station Renovation Program – Design/Project
Manager/Testing Building

Honorable Board:

The Public Buildings Department appeared before the Public Facilities Committee on December 8, 2010 to discuss the requested \$ 400,000.00 to cover the cost of Fire Station Programming, Schematic Design, Project Manager, Testing, and other related expenses associated with the building renovations to Fire Station #3, 31 Willow Street, Newton Centre, Fire Station #10, 755 Dedham Street, Oak Hill and Fire Headquarters, 1164 Centre Street, Newton Centre.

After discussion, the Public Facilities Committee voted to approve \$130,000.00 of this request to enable the City to determine the next step in the Fire Station renovation process. The revised funding request breakdown is as follows:

- | | |
|---|------------------|
| 1. Architectural Programming of each facility noted above | \$ 50,000 |
| 2. Schematic Design of each facility noted above,
including related Design Architect's consultants | \$ 60,000 |
| 3. Site and Building Testing Services | <u>\$ 20,000</u> |
| Total | \$ 130,000 |

Attached is a timeline for the above.

Please do not hesitate to contact me should you have any questions regarding this request.

Sincerely,

Stephanie Kane Gilman
Commissioner of Public Buildings

SKG: dla
CC: Chief Joseph LaCroix
Robert Rooney, Chief Operating Officer

Estimated Fire Station Renovation Project Timeline

11/30/2010

<u>Activity</u>	<u>Duration (in weeks)</u>	<u>Duration (in weeks)</u>
Architect Designer Selection Process	6	6
Architectural Contract Execution	4	4
Architectural Programming (Including CoFN review)	6	6
Schematic Design (Including CoFN, DRC review)	8	8
Design Development (Including CoFN, DRC review)	6	6
Construction Documents (including CoFN, DRC review)	6	6
Bidding	4	4
Contract Award	1	1
Contract Execution	2	2
Construction Period	40	52 (Station #3)
Project Completion	4	4
Total Project Duration	87	99

Manet Road
Emergency Communications Radio Tower
Replacement

#66-10 ALD. CICCONE requesting information as to why the Fire Department lost two-way radio communication recently at a fire scene and what is being done to prevent this in the future. [02/23/10 @ 2:54 PM]

ACTION: REFERRED TO POST AUDIT & OVERSIGHT AS AMENDED 6-0 (Ald. Freedman not voting)

NOTE: Chief Joseph LaCroix, Newton Fire Department and Jeff Knight, Superintendent Wires Division, Newton Fire Department joined the Committee for discussion on this item.

Chairman Ciccone clarified this item indicating this incident did not happen at a fire scene.

Chief LaCroix said the incident happened at the communication tower on Waban Hill Road. The tower is responsible for all radio communications for the Newton Police Department, Newton Fire Department, Boston C Med, Boston Fire Department and EMS. Chief LaCroix said for the past twenty years the Fire Department has been looking to upgrade this facility due to its total disrepair. During this incident the generator did exactly what it is suppose to do shutting communication down avoiding fire.

Mr. Knight said after the incident he made an investigation and found that NSTAR was the primary circuit at this location. A false current got into the system; the generator read this false current and the safety controls shut down so that it would not feed a fire if there was one. He agreed with Chief LaCroix that the generator did exactly what it was suppose to. Mr. Knight said the Police Department manually started the communication after the initial surge. It is unfortunate, but the tower is from the WWII era. Mr. Knight said something has to be done to upgrade this tower and the communication system for the City.

Ald. Swiston asked how long two-way communication was down. Mr. Knight answered only the time it took for all departments involved to switch over to their stand-by channels. Chief LaCroix said when radio communication is lost they refer to the old dispatch at Fire Headquarters. Communication was down for approximately 15-20 minutes.

Chief LaCroix said he and Mayor Warren discussed this problem. Mayor Warren suggested to Chief LaCroix to put together a grant proposal. The proposal included a new tower, new building, antennas, etc. at an estimate cost of \$616,000:00. The Executive Department submitted the grant proposal through Homeland Security. Chief LaCroix said the grant request has not been approved but looks favorable. He is hopeful to hear in early April. Ald. Shapiro asked when the last structure analysis was completed on the tower. Mr. Knight said perhaps ten years ago and the report was not favorable.

Ald. Swiston suggested this item be referred to the Post Audit & Oversight Committee in order to follow up on the grant. She said if the grant is not received, she believes another item would be docketed requesting funds for a new tower and believes this history would be helpful if an item is docketed. Ald. Shapiro suggested the language of this item be modified reflecting the incident was not at a fire scene.

#311-10
311-10(B)

PUBLIC SAFETY & TRANSPORTATION COMMITTEE REPORT

Wednesday, March 17, 2010

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Ald. Swiston moved to discharge this item from Committee and refer it to the Post Audit & Oversight Committee to a) follow up with the Fire Department on them receiving a possible grant for a new tower, etc. and b) striking the words "at a fire scene". The Committee voted in favor 6-0, Ald. Freedman not voting.

Chairman Ciccone thanked Chief LaCroix for his efforts requesting this grant.

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REFERRED TO POST AUDIT & OVERSIGHT COMMITTEE on 03/17/10

#66-10 ' ALD. CICCONE requesting information as to why the Fire Department lost two-way radio communication recently and what is being done to prevent this in the future. [02/23/10 @ 2:54 PM]

**PUBLIC SAFETY & TRANSPORTATION REFERRED AS AMENDED
 6-0 (Ald. Freedman not voting) on 03/17/10**

ACTION: NO ACTION NECESSARY 5-0 (Ald. Sangiolo not voting)

NOTE: Chairman Swiston said this item was referred to the Post Audit & Oversight Committee to follow up with the Fire Department on them receiving a possible grant for a new tower.

Chief LaCroix and Stephanie Gillman joined the Committee for discussion on this item.

Chief LaCroix said in March at the Public Safety & Transportation Committee meeting he informed Committee members of a possible grant proposal. The proposal included a new tower, new building, antennas, etc. at an estimate cost of approximately \$616,036. Since then, the City was informed the grant has been accepted but it will be capped at \$300,000. He said Senator Kerry's office will be presenting the grant in late fall. The grant will be put towards the total cost of a new tower.

Chief LaCroix said previous estimates were high due to time restraints and the Engineer's inability to visit the site. Since then, Motorola has visited the site identifying five individual radio communications that are using the tower including Braepurn, Boston Fire Department, MWRA, AMR and Boston EMS and a "couple" of organizations that Motorola could not identify. The Public Buildings Department will be overseeing the project that will take approximately six months to complete. The City is planning to charge a fee to the organizations for using the tower including an upgrade fee to help defray the cost. The Green Mountain Group has also visited the site recommending building a permanent shelter between the existing shelter and tower eliminating the need to build temporary structures that hopefully will defray the cost. If the other organizations cannot be identified, they will be disconnected from the tower. Ald. Freedman thanked Chief LaCroix for his efforts requesting this grant. He asked Chief LaCroix if he foresees any issues receiving funds from the organizations that use the tower and if the organizations would be asked to pay a maintenance fee. Chief LaCroix said the organizations would have to pay for all of their upgrades and the maintenance fee is open for discussion.

Ald. Johnson asked if there a process was in place for organizations who desire to be added to the tower and asked if it is solely for public safety organizations. Chief LaCroix said he has no records or knowledge of a process currently in place. Ald. Johnson suggested the establishment of this process for future needs. Ald. Shapiro said it is not uncommon or shocking for the public to add antennas to towers on their own. He suggested the tower project be well thought out and

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be built to accommodate future requests from organizations who perhaps will express their desire to lease an antenna on the tower, gaining the City significant revenue.

Ald. Ciccone asked Chief LaCroix if he was aware of any radio communication issues at Newton North High School and Oak Hill Park. He asked if the installation of the new radio system allowed firefighters the ability to speak with the communication center. Chief LaCroix said the ordinance states the company is responsible at any building or construction site to install a 'repeater' when radios are interfered allowing communication. Repeaters have been installed in other City structures. Chief LaCroix said he was unaware of a problem and would research this immediately. Ald. Ciccone also asked if the radio project in the vehicles has been completed. Chief LaCroix answered yes; they have been completely installed by the funds from a grant.

Chairman Swiston asked Chief LaCroix to report back when he receives an estimate from Motorola and the finding of the radio communication issues at Newton North High School and Oak Hill Park. Chief LaCroix said he would return to request the remainder for funding this project and agreed at that time he would include the remaining details of the non-Newton users of the tower and how they were going to pay for their own upgrades and possible maintenance charge.

Ald. Shapiro made the motion for no action necessary. Committee members agreed 5-0, Ald. Sangiolo not voting.

Senator Kerry's FY2011 Non-Defense Appropriations Request Form

1. Please fill out the form and return it by email to Alex and Karena by **FEBRUARY 16**.
 - Alex Nunez – alexandra_nunez@kerry.senate.gov
 - Karena Neubauer – karen_a_neubauer@kerry.senate.gov
2. Please only use Times New Roman font, 12 point font with no underlining, bolding or color text.
3. Return all forms in Microsoft Word format via email. No PDFs please.
4. Please do not forget to include 24 hour contact information for the requesting institution.
5. If you have any questions Alex and Karena can be reached at 202-224-2742.

Primary Information

Name of submitting institution: City of Newton, Massachusetts

Project name: Communications Tower

Location of project: Newton, Massachusetts

Amount requested: \$300,000

Summary of Project (30 characters maximum):

Tower will enhance our ability to respond to emergency requests.

Contact Information**Staff Contact at Requesting Institution**

- Name and Title: Aaron Goldman, Citizens Assistance Officer
- Work and cell phone numbers: w-617-796-1110, c-617-777-2142
- Email: agoldman@newtonma.gov

Other Primary Contact

- Name and Title: Matthew Cummings, Police Chief
- Work and cell phone numbers: 617-796-2100
- Email: mcummings@newtonma.gov

Head of Requesting Institution

- Name and Title: Mayor Setti D. Warren
- Work and cell phone numbers: 617-796-1100
- Email: swarren@newtonma.gov

Mailing address for Institution:

1000 Commonwealth Avenue
Newton, MA 02459

Project Information

Project Description (In one to two sentences ONLY please explain how the institution hopes to use the requested federal assistance):

Replacement of the tower will enhance communications capabilities among all of the city's emergency response agencies.

Suggested Agency:

Newton Police Department

Suggested Account:

What category of institution is the requesting institution? (i.e. non-profit, university, local government, private company etc):

Local government.

Is the requested project in the President's FY2011 Budget request and if so for what amount?

No.

What is the project's anticipated total cost?

\$300,000

Please estimate how many short and/or long term jobs will be created by this project:

0

Please list all anticipated future sources of funding for this project, state, local, and private, and the amount expected from each source:

Please detail the amount raised and expended on the project to date and the amount of work already completed on the project:

No work has been done on this project at this point.

Please list any previous federal funding provided for this specific project by year with amount received included:

None.

Please attach an abstract (maximum length of a page) that describes the overall goals of this project

The tower provides the backbone to the City's emergency communications mainly involving police and fire. This system is over 30 years old and the components have failed a few times over the past year, causing outages in all wireless communications to first responders. Replacement of the 60 ft steel tower, wireless transmission equipment for all public safety radio devices, and the generator which powers the system.
