



## COMPTROLLER'S OFFICE

### **DEPARTMENT DESCRIPTION**

The Comptroller's Office provides accounting, auditing and financial reporting services to all City Departments, Boards, and Commissions in accordance with Massachusetts General Laws, Municipal Ordinances, and Generally Accepted Accounting Principles for State and Local Governments.

Provide supervision & oversight over all financial activities of the City; maintain the City's financial accounting system in a manner that is capable of responding to a variety of financial information needs; prepare and distribute timely and accurate financial reports to management; the board of aldermen; state and federal agencies; taxpayers and members of the public; perform other duties as assigned by the Board of Aldermen.

- Provide oversight of all financial activities of the City for purposes of:
  - Assuring financial transactions are undertaken in accordance with federal, state, and local law, regulation, contract, and policy; and that City assets are protected from misuse or misappropriation.
  - Assuring that financial transactions are properly documented and approved.

- Assuring that financial transactions are properly recorded in the City's accounting system.
- Prepare and distribute accurate and timely financial reports from data maintained in the accounting system in order to meet reporting needs of: The Mayor, Board of Aldermen, and School Committee; City departments; Boards and committees; State & federal grant and oversight agencies; Trustees of City trust funds; Independent financial auditors; Financial Markets, citizens & taxpayers.
- Oversee day-to-day administration of the City's contributory retirement system and serve as one of five trustees of the system
- Administer the City' property insurance program
- Assist the Mayor's Office in the preparation of the annual budget
- Assist the Board of Aldermen in the analysis and approval of the annual budget
- Coordinate the completion of the annual independent financial audit Provide financial research and analysis assistance to the Board of Aldermen, as requested

## ACCOMPLISHMENTS

- 1. Policy and procedures manual:** An outline for a policies and procedures manual for accounting and financial reporting will be completed by June 30, 2006. It is expected that it will take at least two complete fiscal years to develop a comprehensive accounting and financial reporting policies and procedures manual that will effectively meet the needs of the City for many years to come. Upon completion, this manual will be posted and maintained on the City web-site. New written policy guidelines were prepared and distributed during the first half of the fiscal year for petty cash and private way maintenance activities.
- 2. Implement GASB Statements:** GASB Statement 40 (cash and investment note disclosures) was fully implemented for purposes of the 6/30/2005 CAFR. GASB Statements 42 (asset impairment and insurance recoveries); 44 (the statistical section of the Annual CAFR); 46 (Net Assets Restricted by Enabling Legislation); and 47 (Accounting for Termination Benefits) are to be implemented for purposes of the 6/30/2006 CAFR.
- 3. Finance-Plus upgrade:** The new *Finance-Plus* accounting and financial reporting system upgrade was implemented effective July 1, 2006.
- 4. Year-end close and financial statements:** The City's books for the year ended June 30, 2005 were closed according to schedule and the budgetary basis Annual Financial Report was issued on September 1, 2005, meeting the goal of 60 days of year end.
- 5. Year-end financial reporting and free cash certification:** Statutory reporting responsibilities were completed according to schedule and free cash was certified on September 21, 2005, meeting the goal of 90 days of year end.
- 6. Annual audit and issuance of the Comprehensive Annual Financial Report (CAFR):** Fieldwork for the 6/30/2005 audit was completed on October 20, 2005 and the auditors conducted their annual exit conference with the Finance Committee on December 12, 2005. Because the CAFR will once again be submitted to the Government Finance Officers Association for review for the awards program, additional document review necessitated a delay in issuance until the last week of December, short of the goal of issuance by December 1, 2005.
- 7. Pre-2002 general infrastructural capital asset reporting:** This project was accelerated by one year so that results could be reported in the 6/30/2005 CAFR. This was done because the City must implement GASB statements 42; 44; 46; and 47 for the 6/30/2006 CAFR and adequate time is needed for implementation issues during the second half of fiscal year 2006.
- 8. Fraud prevention controls:** Ongoing work with the treasurer; budget officer; and school assistant

superintendent for finance in reviewing the City's fraud prevention controls.

9. **Certificate of excellence:** Submitted the City's 6/30/2004 CAFR to the Government Finance Officers Association review program and received the City's first Certificate of Excellence in Financial Reporting Award.
10. **Staff reorganization:** Reorganized the staffing of the Comptroller's Office to eliminate one full-time professional staff position (Assistant Comptroller), while maintaining the level of financial accounting and reporting services.
11. **Investment portfolio:** Worked with the other trustees of the Newton Contributory Retirement System and the Retirement Board investment consultant to complete a comprehensive evaluation of the asset allocation plan of the Newton Retirement System. Based upon this review, the Retirement Board voted to add two new asset classes (hedge funds and private equity) to the investment portfolio, effective January 1, 2006. These changes were made in order to reduce the risk that the investment portfolio would not achieve the 8% actuarial assumption used for system funding.
12. **Monthly reconciliation:** Worked with the staff of the Treasurer's Office to implement systematic monthly procedures for the reconciliation of general ledger cash and investments to the Treasurer's cash book and bank statement balances. These efforts have resulted in the

elimination of what had been a long standing material weakness in internal controls of the City.

## GOALS AND OBJECTIVES

1. Substantially complete a web-based accounting and financial reporting policies and procedures manual. This will provide complete documentation for the City's accounting and financial reporting activities and serve as a valuable staff communications and training tool.
2. Continue timely and accurate year-end closings; issuance of the budgetary basis Annual Financial Report within 60 days of year-end; completion of all statutory reporting and free cash certification within 90 days of year end; completion of the annual audit within 120 days of year end; completion of the annual audit exit conference within and issuance of a CAFR by December 31. It is our intent to continue to submit the annual CAFR for review by the GFOA for the excellence in financial reporting award.
3. Work with the mayor's office and finance committee of the board of aldermen to develop meaningful interim financial reporting packages.
4. Provide staff assistance to the Newton Community Development Authority (NCDA) in assessing the cost/benefit of having the Comptroller's Office assume responsibility for NCDA accounting and auditing services.

5. Implement all new financial accounting and reporting requirements of the Governmental Accounting Standards Board (GASB) according to the time tables specified by the GASB so that Newton continues to receive “clean” audit opinions and GFOA excellence in financial reporting designation.
6. Assist the mayor’s office in the gradual improvement of the City’s annual budget document, with the ultimate goal of bringing the document to a level that will allow the City to submit it to the GFOA for consideration for the excellence in budgeting and financial planning award program.
7. Work with the other trustees of the Newton Contributory Retirement System and our investment consultant in continuing to evaluate the system asset allocation plan so as to minimize risk that we will not meet our 8% return expectation. For purposes of the next year, this is likely to entail a reconsideration of the policy of using a passive strategy for the large cap growth component of the portfolio and consideration of adding emerging market equity and international fixed income allocations to the portfolio

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**CITY OF NEWTON BUDGET  
DEPARTMENT SUMMARY**

OBJECT SUMMARY	ACTUAL 2004	ACTUAL 2005	ORIGINAL	2006		RECOMMENDED 2007	APPROPRIATION CHANGE	
				ADJUSTMENTS	TOTAL		2006 To 2007	
51 - PERSONAL SERVICES	666,217	684,957	3,703,259	-2,140,415	1,562,844	2,319,634	756,790	48%
52 - EXPENSES	21,931,671	23,729,910	1,923,012	-168,955	1,754,057	2,050,090	296,033	17%
59 - OTHER FINANCING USES	0	0	2,000	2,087,095	2,089,095	0	-2,089,095	-100%
<b>SUB-TOTALS:</b>	<b>22,597,888</b>	<b>24,414,867</b>	<b>5,628,271</b>	<b>-222,275</b>	<b>5,405,996</b>	<b>4,369,724</b>	<b>-1,036,272</b>	<b>-19%</b>
57 - FRINGE BENEFITS	14,388,663	16,224,947	18,352,084	109	18,352,193	19,130,117	777,924	4%
<b>SUB-TOTALS:</b>	<b>14,388,663</b>	<b>16,224,947</b>	<b>18,352,084</b>	<b>109</b>	<b>18,352,193</b>	<b>19,130,117</b>	<b>777,924</b>	<b>4%</b>
<b>DEPARTMENT TOTALS:</b>	<b>36,986,551</b>	<b>40,639,814</b>	<b>23,980,355</b>	<b>-222,166</b>	<b>23,758,189</b>	<b>23,499,841</b>	<b>-258,348</b>	<b>-1%</b>

FUNCTIONAL ELEMENT SUMMARY	ACTUAL 2004	ACTUAL 2005	ORIGINAL	2006		RECOMMENDED 2007	APPROPRIATION CHANGE	
				ADJUSTMENTS	TOTAL		2006 To 2007	
0110401 COMPTROLLER	471,393	474,260	538,899	16,630	555,529	599,213	43,684	8%
0110491 RETIREMENT	36,363,124	39,890,842	18,496,021	1,471	18,497,492	19,280,458	782,966	4%
0110492 WORKERS COMPENSATION	0	0	822,870	112,398	935,268	947,870	12,602	1%
0110494 PROPERTY INSURANCE	152,034	274,712	277,582	79	277,661	277,300	-361	0%
0110498 RESERVE FUND	0	0	3,842,983	-2,439,839	1,403,144	2,395,000	991,856	71%
0110499 INTER-FUND TRANSFERS	0	0	2,000	2,087,095	2,089,095	0	-2,089,095	-100%
<b>DEPARTMENT TOTALS:</b>	<b>36,986,551</b>	<b>40,639,814</b>	<b>23,980,355</b>	<b>-222,166</b>	<b>23,758,189</b>	<b>23,499,841</b>	<b>-258,348</b>	<b>-1%</b>

COMPTROLLER	ACTUAL 2004	ACTUAL 2005	ORIGINAL	2006		RECOMMENDED 2007	APPROPRIATION CHANGE	
				ADJUSTMENTS	TOTAL		2006 To 2007	
51 - PERSONAL SERVICES	407,534	406,717	406,983	16,521	423,504	461,198	37,694	9%
52 - EXPENSES	7,394	4,504	64,870	0	64,870	65,380	510	1%
<b>SUB-TOTALS:</b>	<b>414,928</b>	<b>411,221</b>	<b>471,853</b>	<b>16,521</b>	<b>488,374</b>	<b>526,578</b>	<b>38,204</b>	<b>8%</b>
57 - FRINGE BENEFITS	56,465	63,039	67,046	109	67,155	72,635	5,480	8%
<b>SUB-TOTALS:</b>	<b>56,465</b>	<b>63,039</b>	<b>67,046</b>	<b>109</b>	<b>67,155</b>	<b>72,635</b>	<b>5,480</b>	<b>8%</b>
<b>Element Totals:</b>	<b>471,393</b>	<b>474,260</b>	<b>538,899</b>	<b>16,630</b>	<b>555,529</b>	<b>599,213</b>	<b>43,684</b>	<b>8%</b>

RETIREMENT	ACTUAL 2004	ACTUAL 2005	ORIGINAL	2006 ADJUSTMENTS	TOTAL	RECOMMENDED 2007	APPROPRIATION CHANGE 2006 To 2007	
51 - PERSONAL SERVICES	258,682	278,239	148,293	1,471	149,764	158,436	8,672	6%
52 - EXPENSES	21,772,244	23,450,694	62,690	0	62,690	64,540	1,850	3%
<b>SUB-TOTALS:</b>	<b>22,030,926</b>	<b>23,728,934</b>	<b>210,983</b>	<b>1,471</b>	<b>212,454</b>	<b>222,976</b>	<b>10,522</b>	<b>5%</b>
57 - FRINGE BENEFITS	14,332,198	16,161,908	18,285,038	0	18,285,038	19,057,482	772,444	4%
<b>SUB-TOTALS:</b>	<b>14,332,198</b>	<b>16,161,908</b>	<b>18,285,038</b>	<b>0</b>	<b>18,285,038</b>	<b>19,057,482</b>	<b>772,444</b>	<b>4%</b>
<b>Element Totals:</b>	<b>36,363,124</b>	<b>39,890,842</b>	<b>18,496,021</b>	<b>1,471</b>	<b>18,497,492</b>	<b>19,280,458</b>	<b>782,966</b>	<b>4%</b>

WORKERS COMPENSATION	ACTUAL 2004	ACTUAL 2005	ORIGINAL	2006 ADJUSTMENTS	TOTAL	RECOMMENDED 2007	APPROPRIATION CHANGE 2006 To 2007	
52 - EXPENSES	0	0	822,870	112,398	935,268	947,870	12,602	1%
<b>SUB-TOTALS:</b>	<b>0</b>	<b>0</b>	<b>822,870</b>	<b>112,398</b>	<b>935,268</b>	<b>947,870</b>	<b>12,602</b>	<b>1%</b>
<b>Element Totals:</b>	<b>0</b>	<b>0</b>	<b>822,870</b>	<b>112,398</b>	<b>935,268</b>	<b>947,870</b>	<b>12,602</b>	<b>1%</b>

PROPERTY INSURANCE	ACTUAL 2004	ACTUAL 2005	ORIGINAL	2006 ADJUSTMENTS	TOTAL	RECOMMENDED 2007	APPROPRIATION CHANGE 2006 To 2007	
52 - EXPENSES	152,034	274,712	277,582	79	277,661	277,300	-361	0%
<b>SUB-TOTALS:</b>	<b>152,034</b>	<b>274,712</b>	<b>277,582</b>	<b>79</b>	<b>277,661</b>	<b>277,300</b>	<b>-361</b>	<b>0%</b>
<b>Element Totals:</b>	<b>152,034</b>	<b>274,712</b>	<b>277,582</b>	<b>79</b>	<b>277,661</b>	<b>277,300</b>	<b>-361</b>	<b>0%</b>

RESERVE FUND	ACTUAL 2004	ACTUAL 2005	ORIGINAL	2006 ADJUSTMENTS	TOTAL	RECOMMENDED 2007	APPROPRIATION CHANGE 2006 To 2007	
51 - PERSONAL SERVICES	0	0	3,147,983	-2,158,407	989,576	1,700,000	710,424	72%
52 - EXPENSES	0	0	695,000	-281,432	413,568	695,000	281,432	68%
<b>SUB-TOTALS:</b>	<b>0</b>	<b>0</b>	<b>3,842,983</b>	<b>-2,439,839</b>	<b>1,403,144</b>	<b>2,395,000</b>	<b>991,856</b>	<b>71%</b>
<b>Element Totals:</b>	<b>0</b>	<b>0</b>	<b>3,842,983</b>	<b>-2,439,839</b>	<b>1,403,144</b>	<b>2,395,000</b>	<b>991,856</b>	<b>71%</b>

INTER-FUND TRANSFERS	ACTUAL 2004	ACTUAL 2005	ORIGINAL	2006 ADJUSTMENTS	TOTAL	RECOMMENDED 2007	APPROPRIATION CHANGE 2006 To 2007	
59 - OTHER FINANCING USES	0	0	2,000	2,087,095	2,089,095	0	-2,089,095	-100%
<b>SUB-TOTALS:</b>	<b>0</b>	<b>0</b>	<b>2,000</b>	<b>2,087,095</b>	<b>2,089,095</b>	<b>0</b>	<b>-2,089,095</b>	<b>-100%</b>
<b>Element Totals:</b>	<b>0</b>	<b>0</b>	<b>2,000</b>	<b>2,087,095</b>	<b>2,089,095</b>	<b>0</b>	<b>-2,089,095</b>	<b>-100%</b>

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**CITY OF NEWTON BUDGET  
 PERSONAL SERVICES SUMMARY**

ACCOUNT	POSITION TITLE	RANGE	2006 BUDGET		2007 RECOMMENDED	
			FTE	SALARY	FTE	SALARY
511001	Comptroller	H13	1	110,972	1	111,656
	Deputy Comptroller	H10	1	80,264	1	80,759
	Asst Comptroller	H09	2	126,945	2	127,729
	Payroll Auditor	S06	1	43,877	1	45,016
	Accounting Asst	S05	1	39,759	1	40,919
	Retirement Director	XXX	1	89,026	1	94,293
	Admin Assistant	XXX	1	59,067	1	62,593
<b>Account Totals:</b>			<b>8</b>	<b>549,909</b>	<b>8</b>	<b>562,965</b>
<b>Report Totals:</b>			<b>8</b>	<b>549,909</b>	<b>8</b>	<b>562,965</b>