

Office of the Comptroller

Mission

Maintain, prepare, and distribute timely and accurate financial reports to management, the City Council, state and federal agencies, taxpayers and members of the public; provide supervision and oversight of all financial activities.

The Office of the Comptroller is the key to financial compliance. In Newton, proper accounting standards are used to record virtually every transaction in all facets of the City, from the setting of the annual tax rates, to changes in long and short-term liabilities, to the calculation of annual free cash, and maintenance of appropriated legal levels of control over revenues and expenditures. The City's local aid, through the Commonwealth of Massachusetts and the Federal government, are predicated upon the timely and accurate reporting of the City's financial position each year.

Annual reporting in Newton includes the Annual Financial Report (Budgetary Basis) and the audited Generally Accepted Accounting Principles (GAAP) based financial statements including balance sheets and operating statements. Newton's Comprehensive Annual Financial Report is useful to residents, elected officials and bond rating agencies including Moody's Investors Service.

Fiscal Year 2020 was another strong year for the Office of the Comptroller. Highlights include:

- Maintained the highest possible bond rating from Moody's Investors Service, Inc. – Aaa stable (February 2020).
- Sold \$34.9 million in general obligation bonds via competitive sale; the City received ten bids on the bonds in February 2020, with Mesirow Financial, Inc. submitting the lowest true interest cost (2.04886%).
- Issued the audited FY19 Comprehensive Annual Financial Report with Generally Accepted Accounting Principles (GAAP) reporting and the FY19 internal Budgetary Basis Annual Financial Report. Both reports reflect the positive view by the City's external annual audit performed by *CliftonLarsonAllen, LLP*.
- Engaged in initiatives to continue the growth and development of analytical capacity. The department recruited and hired an Accountant with municipal experience to assist with the preparation of financial statements and journal entries for auditing requirements as well as day-to-day processes.
- Participated in professional development opportunities; all employees attend at least one professional development opportunity each year. Deputy Comptroller Steve Curley achieved status as a Certified Governmental Accountant (CGA) through The Massachusetts Municipal Auditors' and Accountants' Association (MMAAA) Certification Program, a highly coveted designation based on passing Legal and Practical Examinations and satisfying educational and experience requirements.
- Engineered the multi-faceted process of conversion to the MUNIS financial accounting system. Tasks included troubleshooting of challenges as staff learned new procedures on every facet of the system. Prepared to move on

to the conversion of the payroll system by dissecting intricacies of payroll data to ensure the best possible transition.

- Advised members of the Finance Committee, the Executive Office, and other City departments as issues and questions arose.

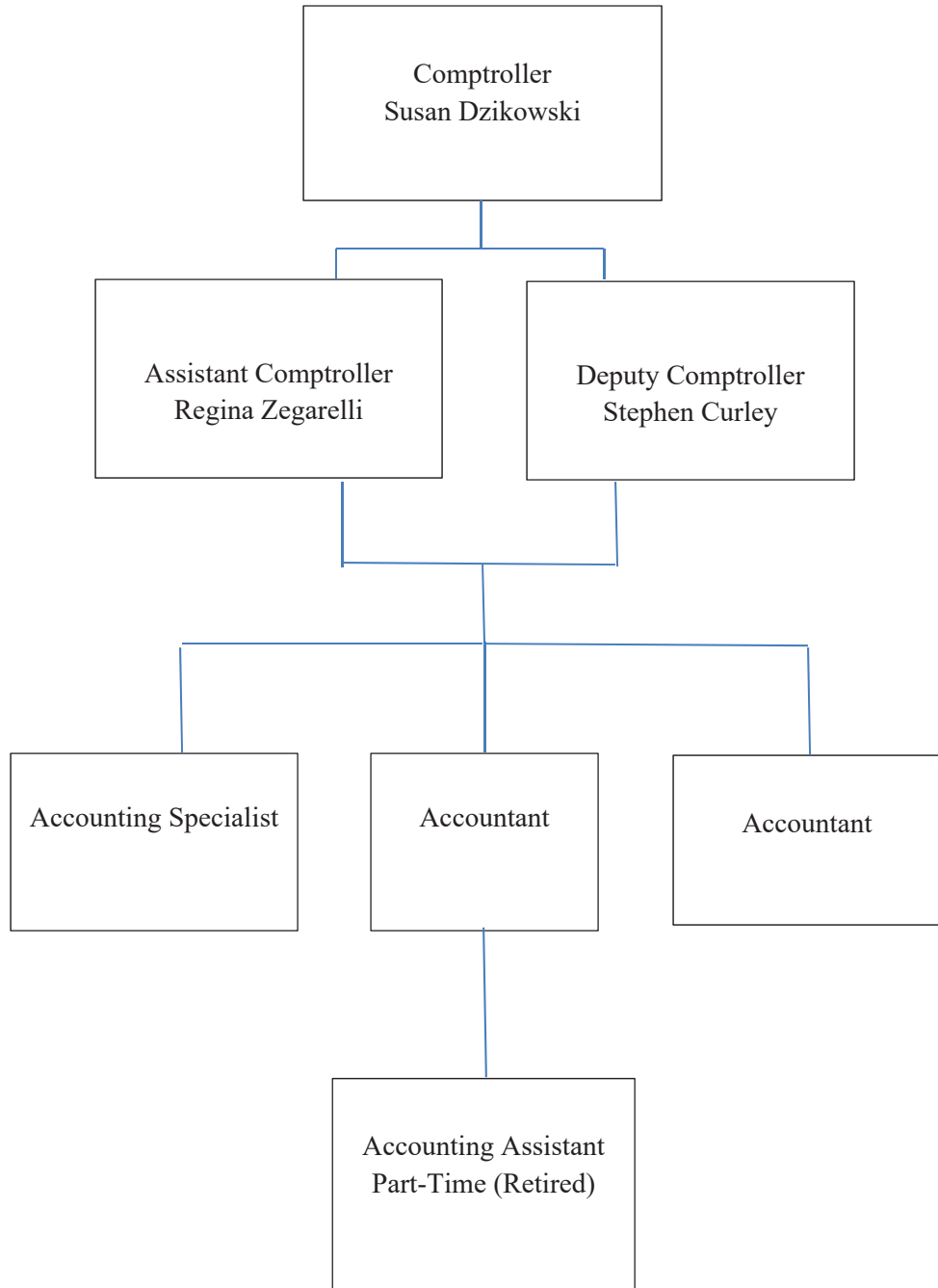
In FY2021, the Office of the Comptroller will maintain a level-funded budget and continue the department's exceptional performance.

The Comptroller's Office thrives because of the long-term experience and professional commitment of staff including Regina Zegarelli, Denise King, Stephen Curley, Juiling De Los Reyes, Stela Zaloshnja and Maria Mastroianni.

Special mention goes to Kelly Byrne, Director of the Newton Retirement Board, for her role as project manager in the successful conversion of retirement payroll to the PTG system.

Susan Dzikowski

Comptroller



Financial and Operating Highlights

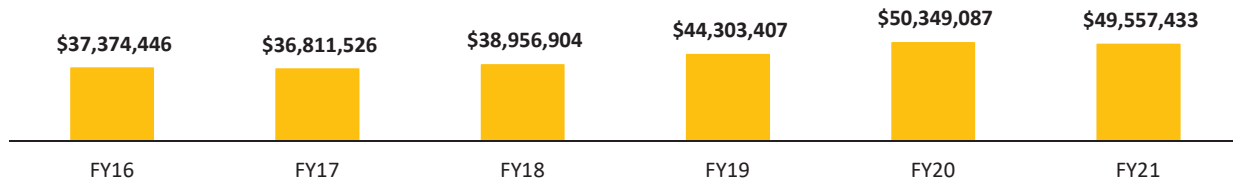
Financial Highlights

	Actual			<-Adj Budget->		<-Proposed->
	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Expenditure by Department						
Comptroller	\$ 624,737	\$ 666,465	\$ 746,829	\$ 754,356	\$ 787,446	\$ 794,406
Retirement	\$ 31,234,382	\$ 33,311,600	\$ 35,468,476	\$ 39,175,944	\$ 41,817,879	\$ 43,362,345
Workers Comp	\$ 800,000	\$ 900,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000
Property Ins.	\$ 517,052	\$ 533,574	\$ 530,480	\$ 542,107	\$ 547,136	\$ 600,682
Reserve Funds	\$ -	\$ -	\$ 911,119	\$ 1,581,000	\$ 6,246,626	\$ 4,000,000
Inter-Fund Trans.	\$ 4,198,275	\$ 1,399,887	\$ 500,000	\$ 1,450,000	\$ 150,000	\$ -
Total	\$ 37,374,446	\$ 36,811,526	\$ 38,956,904	\$ 44,303,407	\$ 50,349,087	\$ 49,557,433
% Incr	0.35%	-1.51%	5.83%	13.72%	13.65%	-1.57%

Personnel

Full-Time	6	6	6	6	6	6
Part-Time	1	1	1	1	1	1
Total	7	7	7	7	7	7

Total Comptroller Expenditures



Operating Highlights

Bond Rating

Moody's Aaa

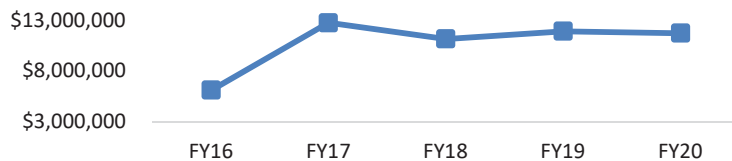
FY19 Revenue by Source (GAAP)

Property/Oth. Tax	64%
Grants/Revolving	19%
Fees/Charges	16%
All Other	1%

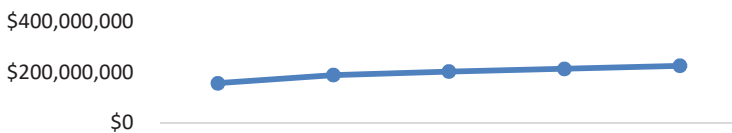
FY19 Expenses by Function (GAAP)

Education	57%
DPW Water/Sewer	15%
Public Safety	14%
General Gov't	8%
Culture/Recr.	4%
Interest on Debt	2%

Free Cash



Fund Balance (All Funds)



Office of the Comptroller

Fiscal Year 2021 Outcomes and Strategies

Outcome 1

Go Live with MUNIS Payroll

The conversion to MUNIS for all payroll applications has a target go live date of July 1, 2020. The expected outcome is a superior payroll system able to meet challenges with accuracy and flexibility. The Comptroller's Office will continue to work closely with the Executive, Financial Information Systems, Human Resources,

Treasury and Information Technology Departments to streamline the payroll process via the formation of a centralized payroll department.

The transition requires major changes and a steep learning curve as all stakeholders learn the new environment of payroll centralization. Benefits will be significant including eliminating most errors and adhering to standardized procedures based on sound business practices.

Meeting statutory requirements is a critical outcome and includes filing all necessary reports accurately and on-time. The timeline of reports include the following from July 2020 through June 2021:

Complete the budgetary basis annual financial report within three months of fiscal year end; submit free cash certification documents to the State in September; issue the audited CAFR, without any audit qualifications, within six months of fiscal year end; prepare and submit the City's annual Schedule A to the state Department of Revenue, Division of Local Services by the due date; submit financial requirements for certification of the City's tax rate by the date provided by the City Assessor; issue quarterly interim financial reports for all City funds within 30 days of month end; prepare the Comptroller's portion of bond Offering Statements according to the schedule of the bond issue; prepare citywide budgetary roll-up documents as per the schedule set by the Mayor and CFO; and prepare the budgetary analysis and City Council Order for the annual operating budget. With the hard work, deep experience and ongoing training of the Comptroller's staff, we are confident we will continue to achieve this critical outcome.

Outcome 2

Meet All Statutory Requirements

Office of the Comptroller

Fiscal Year 2021 Outcomes and Strategies

Outcome 3

Continued Growth of Comptroller's Office Staff

Reliable and accurate reporting by the City of Newton is dependent upon strong Comptroller staff continuing personal and professional growth. It is important to plan for succession by having in place a strong Deputy Comptroller and Assistant Comptroller. By making communication a priority, everyone learns from each other, and with cross-training, one staff member can step in for another when necessary. Comptroller staff members ask "why" and not just "how" a journal entry is done - a good rule we follow. Participating in professional development training, including Certified General Accountant certification (CGA), is a priority because it increases knowledge within the office and builds a support network with other communities. Acknowledging contributions of individuals leads to a stronger team.

Hiring a new Accountant and the implementation of MUNIS has started to shift responsibilities of staff; new procedures will be designed as the financial software evolves. The office's success relies on adaptation, professionalism and on-going training.

The Comptroller's Office is committed to automating the preparation of financial statements using MUNIS database cubes, built on SSRS and Excel PivotTable reports. Staff will seek out training to properly utilize MUNIS cubes.

In conjunction with cubes, the department is exploring the use of Microsoft's SQL Server Reporting Services (SSRS) - software used to write reports. MUNIS allows users access to SQL Server Reporting Services to generate financial reports with many formats.

The Comptroller staff will become well-versed in the tools necessary to achieve this outcome. Automation allows time for tasks such as gaining a better understanding of GAAP and analyzing Newton's financial health.

Outcome 4

Achieve Automation of Financial Statements by 2021

FUND: 0001 - GENERAL FUND
DEPARTMENT: 104 - COMPTROLLER

CITY OF NEWTON BUDGET
DEPARTMENT LEGAL LEVEL OF CONTROL

	ACTUAL 2017	ACTUAL 2018	ACTUAL 2019	ORIGINAL 2020	RECOMMENDED 2021	CHANGE 2020 to 2021
COMPTROLLER SUMMARY						
51 - PERSONAL SERVICES	706,026	1,650,797	2,728,266	3,279,908	2,571,665	-708,243
52 - EXPENSES	1,533,615	1,484,469	1,471,414	4,978,161	3,537,457	-1,440,704
59 - OTHER FINANCING USES	3,816,445	500,000	2,090,000	150,000	0	-150,000
57 - FRINGE BENEFITS	33,259,087	35,419,811	39,506,445	41,921,069	43,448,311	1,527,242
TOTAL DEPARTMENT	39,315,174	39,055,076	45,796,125	50,329,138	49,557,433	-771,705
COMPTROLLER						
51 - PERSONAL SERVICES	488,707	513,906	536,147	553,229	571,665	18,436
52 - EXPENSES	100,042	153,989	129,416	131,025	136,775	5,750
57 - FRINGE BENEFITS	78,591	79,037	83,727	103,190	85,966	-17,224
TOTAL COMPTROLLER	667,339	746,932	749,290	787,445	794,406	6,961
INTER-FUND TRANSFERS						
59 - OTHER FINANCING USES	3,816,445	500,000	2,090,000	150,000	0	-150,000
TOTAL INTER-FUND TRANSFERS	3,816,445	500,000	2,090,000	150,000	0	-150,000
RETIREMENT						
51 - PERSONAL SERVICES	217,319	225,772	0	0	0	0
57 - FRINGE BENEFITS	33,180,496	35,340,774	39,422,718	41,817,879	43,362,345	1,544,466
TOTAL RETIREMENT	33,397,815	35,566,546	39,422,718	41,817,879	43,362,345	1,544,466
WORKERS COMPENSATION						
52 - EXPENSES	900,000	800,000	800,000	800,000	800,000	0
TOTAL WORKERS COMPENSATION	900,000	800,000	800,000	800,000	800,000	0
PROPERTY INSURANCE						
52 - EXPENSES	533,574	530,480	541,998	547,136	600,682	53,546
TOTAL PROPERTY INSURANCE	533,574	530,480	541,998	547,136	600,682	53,546
RESERVE FUNDS						
51 - PERSONAL SERVICES	0	911,119	2,192,119	2,726,679	2,000,000	-726,679
52 - EXPENSES	0	0	0	3,500,000	2,000,000	-1,500,000
TOTAL RESERVE FUNDS	0	911,119	2,192,119	6,226,679	4,000,000	-2,226,679

FUND: 0001 - GENERAL FUND
DEPARTMENT: 104 - COMPTROLLER

CITY OF NEWTON BUDGET
DEPARTMENTAL DETAIL

	ACTUAL FY2017	ACTUAL FY2018	ACTUAL FY2019	ORIGINAL 2020	RECOMMENDED 2021	CHANGE 2020 to 2021
104 - COMPTROLLER						
0110434 - COMPTROLLER						
PERSONAL SERVICES						
511001 FULL TIME SALARIES	435,126	478,427	483,389	516,979	541,616	24,637
511101 PART TIME < 20 HRS/WK	26,158	25,109	21,532	26,000	24,499	-1,501
514001 LONGEVITY	4,002	5,900	5,608	5,250	5,550	300
514399 ADMIN SUPPORT STIPEND	0	3,620	3,120	0	0	0
515003 SPECIAL LEAVE BUY BACK	6,000	0	6,000	0	0	0
515005 BONUSES	0	350	5,300	5,000	0	-5,000
515006 VACATION BUY BACK	16,921	0	10,698	0	0	0
515102 CLEANING ALLOWANCE	500	500	500	0	0	0
TOTAL PERSONAL SERVICES	488,707	513,906	536,147	553,229	571,665	18,436
EXPENSES						
530201 AUDITING SERVICES	80,000	105,665	80,000	80,000	87,500	7,500
530215 ACTUARIAL SERVICES	12,000	38,400	37,900	38,400	40,000	1,600
531900 TRAINING EXPENSES	3,915	5,366	5,916	6,000	4,750	-1,250
534010 TELEPHONE	237	211	227	225	225	0
534100 POSTAGE	47	25	22	200	50	-150
534200 PRINTING	560	483	525	500	500	0
542000 OFFICE SUPPLIES	1,910	3,043	3,649	4,200	3,000	-1,200
558500 COMPUTER SUPPLIES	875	0	0	0	0	0
571000 VEHICLE USE REIMBURSE	0	103	190	0	0	0
573000 DUES & SUBSCRIPTIONS	498	693	986	1,500	750	-750
TOTAL EXPENSES	100,042	153,989	129,416	131,025	136,775	5,750
FRINGE BENEFITS						
57DENT DENTAL INSURANCE	1,060	1,187	1,135	1,050	1,050	0
57HLTH HEALTH INSURANCE	71,336	69,557	73,525	89,616	74,190	-15,426
57LIFE BASIC LIFE INSURANCE	127	170	142	114	114	0
57MEDA MEDICARE PAYROLL TAX	5,890	6,248	6,716	7,948	8,334	387
57OPEB OPEB CONTRIBUTION	178	1,875	2,208	4,463	2,278	-2,185
TOTAL FRINGE BENEFITS	78,591	79,037	83,727	103,190	85,966	-17,224
TOTAL COMPTROLLER	667,339	746,932	749,290	787,445	794,406	6,961
0110490 - INTER-FUND TRANSFERS						
OTHER FINANCING USES						
595900 TRANS TO-RAINY DAY STA	689,887	500,000	390,000	150,000	0	-150,000
597300 TRANS TO-SCHOOL BLDG	710,000	0	1,300,000	0	0	0
597352 TRANS TO-ANGIER ELEM	261,366	0	0	0	0	0
597822 TRANS TO SENIOR CTR C	0	0	400,000	0	0	0
597900 TRANS TO-CAPITAL STABL	2,155,192	0	0	0	0	0
TOTAL OTHER FINANCING USES	3,816,445	500,000	2,090,000	150,000	0	-150,000
TOTAL INTER-FUND TRANSFERS	3,816,445	500,000	2,090,000	150,000	0	-150,000

CITY OF NEWTON BUDGET DEPARTMENTAL DETAIL

	ACTUAL FY2017	ACTUAL FY2018	ACTUAL FY2019	ORIGINAL 2020	RECOMMENDED 2021	CHANGE 2020 to 2021
0110491 - RETIREMENT						
PERSONAL SERVICES						
511001 FULL TIME SALARIES	208,615	213,932	0	0	0	0
514001 LONGEVITY	2,150	5,000	0	0	0	0
514006 EXCEPTIONAL SVS PAY	6,554	6,839	0	0	0	0
TOTAL PERSONAL SERVICES	217,319	225,772	0	0	0	0
FRINGE BENEFITS						
570700 NCRS PENSION CONTB	22,317,261	24,445,550	27,839,261	29,389,658	30,795,436	1,405,778
570800 NON CONTRIB PENS BENE	90,588	70,494	73,843	62,821	47,700	-15,121
571300 RETIREMENT EXPENSE FU	84,065	93,070	0	0	0	0
57DENT DENTAL INSURANCE	714	433	450	0	0	0
57HLTH HEALTH INSURANCE	9,764,833	9,796,743	10,575,604	11,442,900	11,604,209	161,309
57LIFE BASIC LIFE INSURANCE	41,558	41,070	39,945	42,500	40,000	-2,500
57MEDA MEDICARE PAYROLL TAX	1,331	1,391	1,429	0	0	0
57MEDB MEDICARE PART B REIMB	880,147	892,023	892,186	880,000	875,000	-5,000
TOTAL FRINGE BENEFITS	33,180,496	35,340,774	39,422,718	41,817,879	43,362,345	1,544,466
TOTAL RETIREMENT	33,397,815	35,566,546	39,422,718	41,817,879	43,362,345	1,544,466
0110492 - WORKERS COMPENSATION						
EXPENSES						
575007 WORKERS COMP INSURA	900,000	800,000	800,000	800,000	800,000	0
TOTAL EXPENSES	900,000	800,000	800,000	800,000	800,000	0
TOTAL WORKERS COMPENSATION	900,000	800,000	800,000	800,000	800,000	0
0110493 - PROPERTY INSURANCE						
EXPENSES						
575001 PROPERTY INSURANCE	527,817	524,619	536,030	541,136	594,682	53,546
575005 EMPLOYEE HONESTY BON	5,757	5,861	5,968	6,000	6,000	0
TOTAL EXPENSES	533,574	530,480	541,998	547,136	600,682	53,546
TOTAL PROPERTY INSURANCE	533,574	530,480	541,998	547,136	600,682	53,546
0110498 - RESERVE FUNDS						
PERSONAL SERVICES						
519700 CURRENT YEAR WAGE RE	0	911,119	2,192,119	2,726,679	2,000,000	-726,679
TOTAL PERSONAL SERVICES	0	911,119	2,192,119	2,726,679	2,000,000	-726,679
EXPENSES						
579000 CURRENT YEAR RESERVE	0	0	0	500,000	500,000	0
579400 BUDGET RESERVE/SNOW	0	0	0	3,000,000	1,500,000	-1,500,000
TOTAL EXPENSES	0	0	0	3,500,000	2,000,000	-1,500,000
TOTAL RESERVE FUNDS	0	911,119	2,192,119	6,226,679	4,000,000	-2,226,679
TOTAL COMPTROLLER	39,315,174	39,055,076	45,796,125	50,329,138	49,557,433	-771,705