

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 2019 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 2019).
- Sold \$15.4 million in general obligation bonds via competitive sale; the City received nine bids on the bonds in February 2019, with Fidelity Capital Markets submitting the lowest true interest cost (2.617661%).
- Issued the audited FY18 Comprehensive Annual Financial Report with Generally Accepted Accounting Principles (GAAP) reporting and the FY18 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 started recruiting for an Accountant position to help with the preparation of financial statements and journal entries for auditing requirements as well as day-to-day processes.
- Participated in professional development opportunities including *The Abrahams Group 2019 Boot Camp* to prepare for certification as a Certified Governmental Accountant (CGA) through a series of exams. All employees attend at least one professional development opportunity each year.
- Engineering the multi-faceted process of conversion to the MUNIS financial accounting system. Tasks include the design and creation of new budget codes and accounts for all funds; uploading of historical data, maintenance of the conversion crosswalk; and troubleshooting of challenges. The Comptroller's Office has reached out to other MUNIS communities to better understand processes and to increase efficiency with the City's financial procedures.

- Worked with the City CFO to develop a food reimbursement policy to provide clarity and guidance to department heads based on Massachusetts General Law.
- Advised members of the Finance Committee, the Executive Office, and other City departments as issues and questions arose.

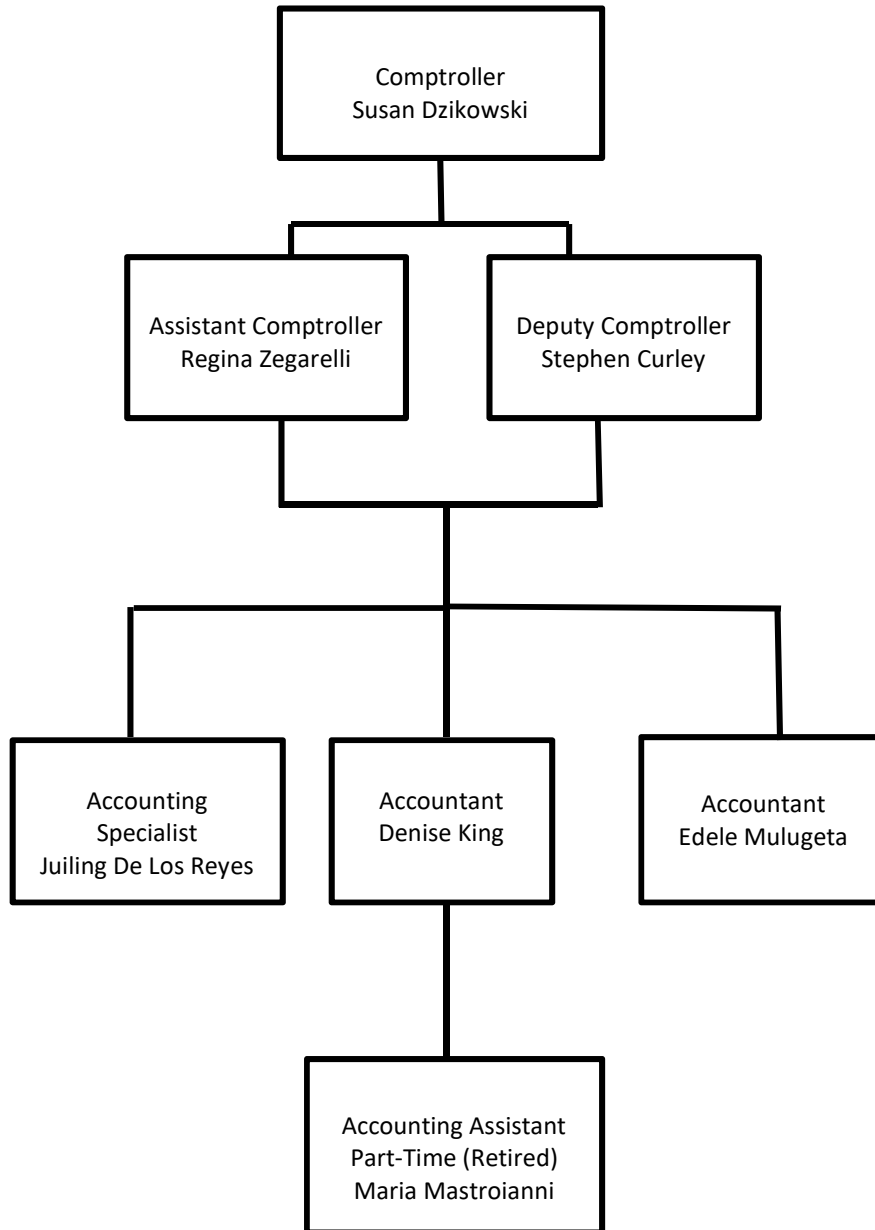
In FY2020, we will maintain a level-funded budget and continue our department's exceptional performance.

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, and Maria Mastroianni. We wish Mary Santos well as she enjoys retirement after forty years of service to the City of Newton.

Susan Dzikowski

Comptroller

COMPTROLLER



Financial and Operating Highlights

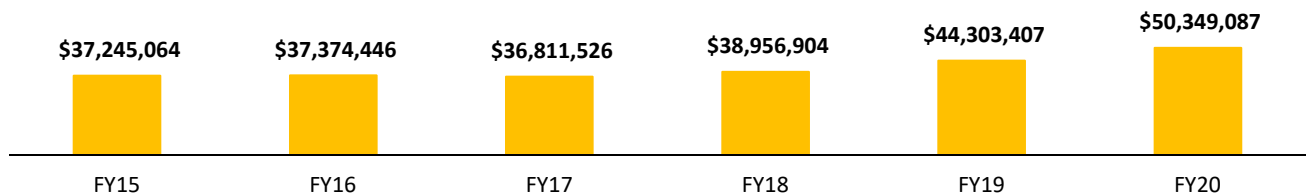
Financial Highlights

	-----Actual-----			<-Adj Budget->		<-Proposed->
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Expenditure by Department						
Comptroller	\$ 578,049	\$ 624,737	\$ 666,465	\$ 746,829	\$ 754,356	\$ 787,446
Retirement	\$ 29,199,509	\$ 31,234,382	\$ 33,311,600	\$ 35,468,476	\$ 39,175,944	\$ 41,817,879
Workers Comp	\$ 1,200,000	\$ 800,000	\$ 900,000	\$ 800,000	\$ 800,000	\$ 800,000
Property Ins.	\$ 445,060	\$ 517,052	\$ 533,574	\$ 530,480	\$ 542,107	\$ 547,136
Reserve Funds	\$ -	\$ -	\$ -	\$ 911,119	\$ 1,581,000	\$ 6,246,626
Inter-Fund Trans.	\$ 5,822,446	\$ 4,198,275	\$ 1,399,887	\$ 500,000	\$ 1,450,000	\$ 150,000
Total	\$ 37,245,064	\$ 37,374,446	\$ 36,811,526	\$ 38,956,904	\$ 44,303,407	\$ 50,349,087
% Incr		0.35%	-1.51%	5.83%	13.72%	13.65%

Personnel

Full-Time	5	5	6	6	6	6
Part-Time	2	2	1	1	1	1
Total	7	7	7	7	7	7

Total Comptroller Expenditures



Operating Highlights

Bond Rating

Moody's Aaa

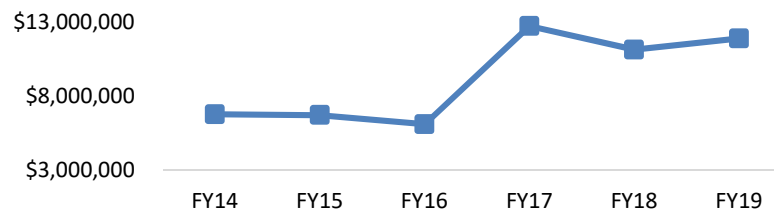
FY18 Revenue by Source (GAAP)

Property/Other	64%
Grants/Gifts/Revol	18%
Fees/Service	17%
All Other	1%

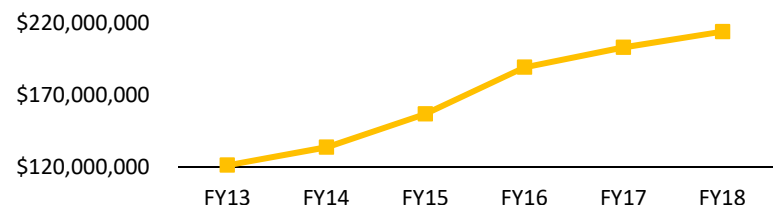
FY18 Expenses by Function (GAAP)

Education	57%
DPW, Water and	16%
Public Safety	14%
General	7%
Culture and	4%
Interest on Debt	2%

Free Cash



Fund Balance (All Funds)



Office of the Comptroller

Fiscal Year 2020 Outcomes and Strategies

Outcome 1

Go Live with MUNIS on July 1, 2019

The conversion to MUNIS for all financial applications will go live on July 1, 2019, with payroll to follow on January 1, 2020. The expected outcome is a letter perfect software transition able to meet challenges with accuracy and flexibility. The Comptroller's Office will continue to work closely with the vendor and the Information

Technology Department, and to learn from other communities. End-user training will continue into fiscal year 2020 as processes are refined, tested and perfected.

The transition will affect all facets of financial reporting including the balance sheet, revenue and expenditure ledgers, journal entries, fund reporting, closing of books, budgeting, encumbrance controls and documentation of procedures.

The transition to MUNIS requires major changes and a steep learning curve; for example, every department will need to learn new account structures and new processes. Potential benefits are significant including eliminating some procedures and automating the generation of reports.

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 2019 through June 2020:

Complete the budgetary basis annual financial report within three months of fiscal year end; submit free cash certification documents to the State by September; issue the audited CAFR, without any audit qualifications, within seven 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 2020 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 will shift responsibilities of staff; new procedures will be designed as the financial software changes. 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 through 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. MUNIS database cubes, built on SSRS and Excel PivotTable reports, is another tool for reporting of data.

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: 01 - GENERAL FUND
DEPARTMENT: 104 - COMPTROLLER

CITY OF NEWTON BUDGET
DEPARTMENT LEGAL LEVEL OF CONTROL

	ACTUAL 2017	ACTUAL 2018	AMENDED 2019	YTD 4/11/2019	RECOMMENDED 2020	CHANGE 2019 to 2020
COMPTROLLER SUMMARY						
51 - PERSONAL SERVICES	703,876	1,645,797	1,820,144	436,539	3,299,856	1,479,712
52 - EXPENSES	632,741	684,469	971,578	561,423	4,178,161	3,206,583
59 - OTHER FINANCING USES	2,299,887	1,300,000	2,250,000	2,250,000	950,000	-1,300,000
57 - FRINGE BENEFITS	33,175,022	35,326,741	39,261,685	35,218,980	41,921,069	2,659,385
TOTAL DEPARTMENT	36,811,526	38,957,006	44,303,407	38,466,942	50,349,086	6,045,679
COMPTROLLER						
51 - PERSONAL SERVICES	488,707	513,906	539,144	410,301	553,230	14,086
52 - EXPENSES	99,167	153,989	129,471	44,162	131,025	1,554
57 - FRINGE BENEFITS	78,591	79,037	85,741	64,061	103,190	17,450
TOTAL COMPTROLLER	666,465	746,932	754,356	518,524	787,446	33,090
RETIREMENT						
51 - PERSONAL SERVICES	215,169	220,772	0	26,238	0	0
57 - FRINGE BENEFITS	33,096,431	35,247,704	39,175,944	35,154,919	41,817,879	2,641,935
TOTAL RETIREMENT	33,311,600	35,468,476	39,175,944	35,181,157	41,817,879	2,641,935
WORKERS COMPENSATION						
59 - OTHER FINANCING USES	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	542,107	517,261	547,136	5,029
TOTAL PROPERTY INSURANCE	533,574	530,480	542,107	517,261	547,136	5,029
RESERVE FUNDS						
51 - PERSONAL SERVICES	0	911,119	1,281,000	0	2,746,626	1,465,626
52 - EXPENSES	0	0	300,000	0	3,500,000	3,200,000
TOTAL RESERVE FUNDS	0	911,119	1,581,000	0	6,246,626	4,665,626
INTER-FUND TRANSFERS						
59 - OTHER FINANCING USES	1,399,887	500,000	1,450,000	1,450,000	150,000	-1,300,000
TOTAL INTER-FUND TRANSFERS	1,399,887	500,000	1,450,000	1,450,000	150,000	-1,300,000

FUND: 01 - GENERAL FUND
DEPARTMENT: 104 - COMPTROLLER

CITY OF NEWTON BUDGET
DEPARTMENTAL DETAIL

	ACTUAL FY2017	ACTUAL FY2018	AMENDED 2019	YTD 4/11/2019	RECOMMENDED 2020	CHANGE 2019 to 2020	
104 - COMPTROLLER							
0110401 - COMPTROLLER							
PERSONAL SERVICES							
511001	FULL TIME SALARIES	435,126	478,427	478,932	369,297	516,980	38,048
511101	PART TIME < 20 HRS/WK	26,158	25,109	32,844	16,998	26,000	-6,844
514001	LONGEVITY	4,002	5,900	6,750	4,108	5,250	-1,500
514399	ADMIN SUPPORT STIPEND	0	3,620	3,120	2,400	0	-3,120
515003	SPECIAL LEAVE BUY BACK	6,000	0	6,000	6,000	0	-6,000
515005	BONUSES	0	350	300	300	5,000	4,700
515006	VACATION BUY BACK	16,921	0	10,698	10,698	0	-10,698
515102	CLEANING ALLOWANCE	500	500	500	500	0	-500
TOTAL PERSONAL SERVICES		488,707	513,906	539,144	410,301	553,230	14,086
EXPENSES							
530201	AUDITING SERVICES	80,000	105,665	80,000	31,835	80,000	0
530222	ACTUARIAL SERVICES	12,000	38,400	37,900	5,900	38,400	500
5319	TRAINING EXPENSES	3,915	5,366	6,000	2,187	6,000	0
53401	TELEPHONE	237	211	250	128	225	-25
5341	POSTAGE	47	25	137	19	200	63
5342	PRINTING	560	483	500	379	500	0
5420	OFFICE SUPPLIES	1,910	3,043	3,185	3,168	4,200	1,015
5710	VEHICLE USE REIMBURSE	0	103	0	107	0	0
5730	DUES & SUBSCRIPTIONS	498	693	1,500	438	1,500	0
TOTAL EXPENSES		99,167	153,989	129,471	44,162	131,025	1,554
FRINGE BENEFITS							
57DENTAL	DENTAL INSURANCE	1,060	1,187	1,238	902	1,050	-188
57HLTH	HEALTH INSURANCE	71,336	69,557	74,491	56,467	89,616	15,125
57LIFE	BASIC LIFE INSURANCE	127	170	114	113	114	0
57MEDA	MEDICARE PAYROLL TAX	5,890	6,248	7,818	4,979	7,948	130
57OPEB	OPEB CONTRIBUTION	178	1,875	2,080	1,600	4,463	2,383
TOTAL FRINGE BENEFITS		78,591	79,037	85,741	64,061	103,190	17,450
TOTAL COMPTROLLER		666,465	746,932	754,356	518,524	787,446	33,090

CITY OF NEWTON BUDGET DEPARTMENTAL DETAIL
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		ACTUAL	ACTUAL	AMENDED	YTD	RECOMMENDED	CHANGE
		FY2017	FY2018	2019	4/11/2019	2020	2019 to 2020
0110491 - RETIREMENT							
PERSONAL SERVICES							
511001	FULL TIME SALARIES	208,615	213,932	0	25,425	0	0
514006	EXCEPTIONAL SVS PAY	6,554	6,839	0	813	0	0
TOTAL PERSONAL SERVICES		215,169	220,772	0	26,238	0	0
FRINGE BENEFITS							
5707	NCRS PENSION CONTB	22,317,261	24,445,550	27,069,800	27,223,484	29,389,658	2,319,858
5708	NON CONTRIB PENS BENE	90,588	70,494	76,343	45,976	62,821	-13,522
57DENTAL	DENTAL INSURANCE	714	433	0	346	0	0
57HLTH	HEALTH INSURANCE	9,764,833	9,796,743	11,107,161	7,851,308	11,442,900	335,739
57LIFE	BASIC LIFE INSURANCE	41,558	41,070	42,640	30,102	42,500	-140
57MEDA	MEDICARE PAYROLL TAX	1,331	1,391	0	1,081	0	0
57MEDB	MEDICARE PART B REIMB	880,147	892,023	880,000	2,622	880,000	0
TOTAL FRINGE BENEFITS		33,096,431	35,247,704	39,175,944	35,154,919	41,817,879	2,641,935
TOTAL RETIREMENT		33,311,600	35,468,476	39,175,944	35,181,157	41,817,879	2,641,935
0110492 - WORKERS COMPENSATION							
OTHER FINANCING USES							
575007	WORKERS COMP INSURA	900,000	800,000	800,000	800,000	800,000	0
TOTAL OTHER FINANCING USES		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
0110494 - PROPERTY INSURANCE							
EXPENSES							
575001	PROPERTY INSURANCE	527,817	524,619	536,030	511,293	541,136	5,106
575005	EMPLOYEE HONESTY BON	5,757	5,861	6,077	5,968	6,000	-77
TOTAL EXPENSES		533,574	530,480	542,107	517,261	547,136	5,029
TOTAL PROPERTY INSURANCE		533,574	530,480	542,107	517,261	547,136	5,029
0110498 - RESERVE FUNDS							
PERSONAL SERVICES							
5197	CURRENT YEAR WAGE RE	0	911,119	1,281,000	0	2,746,626	1,465,626
TOTAL PERSONAL SERVICES		0	911,119	1,281,000	0	2,746,626	1,465,626
EXPENSES							
5790	CURRENT YEAR RESERVE	0	0	300,000	0	500,000	200,000
5794	BUDGET RESERVE/SNOW	0	0	0	0	3,000,000	3,000,000
TOTAL EXPENSES		0	0	300,000	0	3,500,000	3,200,000
TOTAL RESERVE FUNDS		0	911,119	1,581,000	0	6,246,626	4,665,626

CITY OF NEWTON BUDGET DEPARTMENTAL DETAIL
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	ACTUAL FY2017	ACTUAL FY2018	AMENDED 2019	YTD 4/11/2019	RECOMMENDED 2020	CHANGE 2019 to 2020
0110499 - INTER-FUND TRANSFERS						
OTHER FINANCING USES						
5922A TRANSF-RAINY DAY STAB	689,887	500,000	150,000	150,000	150,000	0
593031 TRANSF-SCHOOL BLDG F	710,000	0	1,300,000	1,300,000	0	-1,300,000
TOTAL OTHER FINANCING USES	1,399,887	500,000	1,450,000	1,450,000	150,000	-1,300,000
TOTAL INTER-FUND TRANSFERS	1,399,887	500,000	1,450,000	1,450,000	150,000	-1,300,000
TOTAL COMPROLLER	36,811,526	38,957,006	44,303,407	38,466,942	50,349,086	6,045,679