

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.

Despite the unprecedented financial and operational challenges of Coronavirus Disease 2019 (COVID-19), the financial position of the City remains strong throughout fiscal year 2021. Highlights of the Comptroller's Office include:

- Maintained the highest possible bond rating from Moody's Investors Service, Inc. – Aaa stable (February 2020).
- Issued the audited FY20 Comprehensive Annual Financial Report with Generally Accepted Accounting Principles (GAAP) reporting and the FY20 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 Accounting Specialist with an Accounting degree and a Junior Accountant who is working towards an MBA in Accounting. Tasks include handling of cash receipts, processing warrants, approving requisitions and multiple other day-to-day transactions.
- Participated in professional development opportunities; all employees attend at least one professional development opportunity each year. Accountant Stela Zaloshnja completed the coursework for the MMAAA Certification Program; she expects to take the exams as soon as the COVID-19 delay is finished. Deputy Comptroller Steve Curley is maintaining his 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 payroll system. Tasks included a lead role in troubleshooting challenges as staff gained knowledge of new procedures. The department prepared to move on to the mid-year 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.

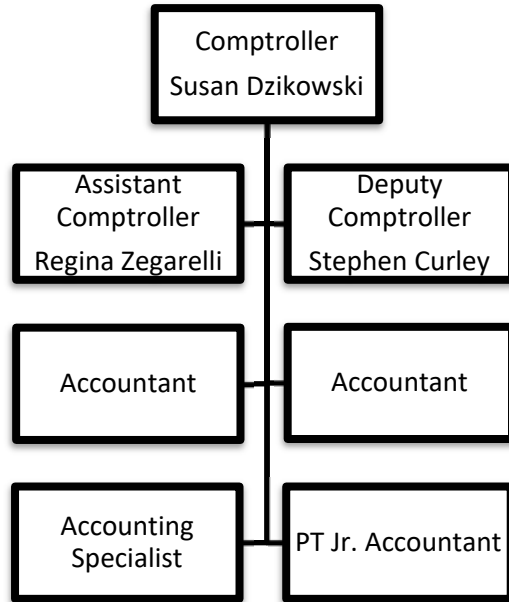
In FY2022, the Office of the Comptroller will maintain a level-funded budget and continue the department's exceptional performance.

The Comptroller's Office thrives because of the long-term experience and professional commitment of staff including Regina Zegarelli, Stephen Curley, Denise King, Stela Zaloshnja and newcomers Michelle Tan and Olivia Nogueira.

Susan Dzikowski

Comptroller

Comptroller



Financial and Operating Highlights

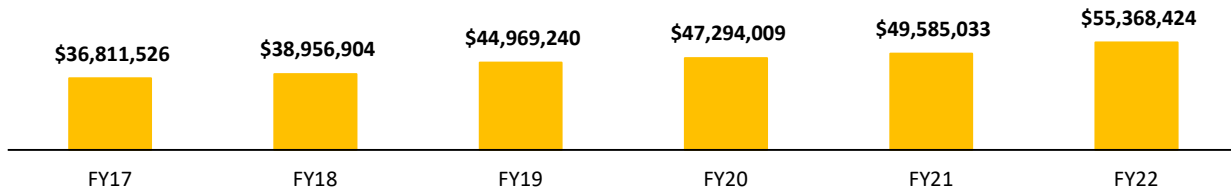
Financial Highlights

| | Actual | | | | Original | Proposed |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|----------------------|
| | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 |
| Expenditure by Department | | | | | | |
| Comptroller | \$ 666,465 | \$ 746,829 | \$ 701,803 | \$ 766,869 | \$ 794,406 | \$ 798,496 |
| Retirement | \$ 33,311,600 | \$ 35,468,476 | \$ 39,410,176 | \$ 41,058,809 | \$ 43,362,345 | \$ 48,452,428 |
| Workers Comp | \$ 900,000 | \$ 800,000 | \$ 800,000 | \$ 800,000 | \$ 800,000 | \$ 800,000 |
| Property Ins. | \$ 533,574 | \$ 530,480 | \$ 517,261 | \$ 586,233 | \$ 600,682 | \$ 681,000 |
| Reserve Funds | \$ - | \$ 911,119 | \$ 2,090,000 | \$ 3,107,298 | \$ 3,900,000 | \$ 4,636,500 |
| Inter-Fund Trans. | \$ 1,399,887 | \$ 500,000 | \$ 1,450,000 | \$ 974,800 | \$ 127,600 | \$ - |
| Total | \$ 36,811,526 | \$ 38,956,904 | \$ 44,969,240 | \$ 47,294,009 | \$ 49,585,033 | \$ 55,368,424 |
| % Incr | -1.16% | 5.83% | 15.43% | 5.17% | 4.84% | 11.66% |

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

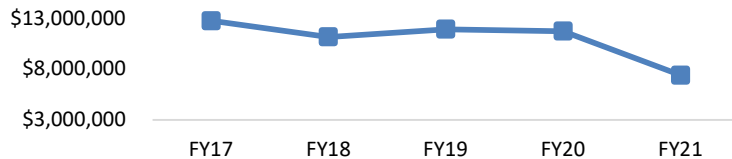
FY20 Revenue by Source (GAAP)

| | |
|-------------------|-----|
| Property/Oth. Tax | 63% |
| Grants/Revolving | 18% |
| Fees/Charges | 16% |
| All Other | 3% |

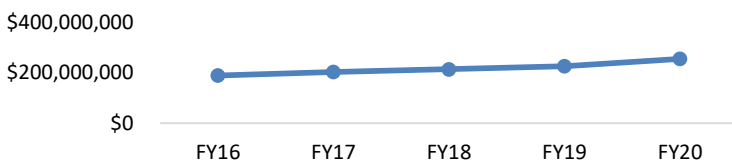
FY20 Expenses by Function (GAAP)

| | |
|------------------|-----|
| Education | 59% |
| DPW Water/Sewer | 14% |
| Public Safety | 15% |
| General Gov't | 8% |
| Culture/Recr. | 3% |
| Interest on Debt | 1% |

Free Cash



Fund Balance (All Funds)



Office of the Comptroller

Fiscal Year 2022 Outcomes and Strategies

Outcome 1

Meet All Statutory Requirements

Meeting statutory requirements is a critical outcome and includes doing the analytical work to complete necessary reports accurately and on-time. The timeline of reports include the following from July 2021 through June 2022: 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 60 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 hard work, growing experience and ongoing training of the Comptroller's staff, we are confident we will continue to achieve this critical outcome.

In order for reliable and innovative reporting by the City of Newton to continue for many years, the Comptroller's Office needs to retain and promote staff from within the department. The current team of Deputy Comptroller and Assistant Comptroller continue to prove every day their ability to problem solve to keep the Comptroller's Office moving forward in the midst of great change. With a combined thirty years of experience in the financial arena of Newton's City Hall, these two positions have been well-groomed to take over leadership of the department.

Staff continues to grow and change in other areas of the Comptroller's Office as well; the department is fully-staffed. The hiring of an Accountant with municipal experience in the fall of 2019 created additional analytical capacity around the production of financial statements. Then, in FY21, two open positions were successfully filled; training is going very well and both candidates have exceeded expectations. Special mention goes to the Comptroller's long-time Accountant who troubleshoots many issues including aspects of the new payroll system.

I have learned that acknowledging contributions of individuals leads to a stronger team.

Outcome 2

Follow the Succession Plan Within the Comptroller's Office

Office of the Comptroller

Fiscal Year 2022 Outcomes and Strategies

Outcome 3

Pursue Areas of Exploration In MUNIS

Now that the payroll system has gone live as of January 2021, the Comptroller's Office will explore the functionality of MUNIS to learn its capabilities. The following is a list of possibilities which will change over time.

- Refine the payroll process
- Determine useful reports
- Work with MUNIS cubes and SSRS
- Utilize employee screens by employees
- Implement contract workflow

The Comptroller's Office plans to work with other departments on these and other MUNIS initiatives.

Reliable and accurate reporting by the City of Newton Comptroller's Office is dependent upon continuing professional development. From auditing best practices to Munis tutorials to Retirement Board seminars, each and every staff member participates in varied professional development.

Participating in professional development training, including the Certified Governmental Accountant accreditation (CGA), is a priority because it increases knowledge within the office and builds a support network with other communities. We currently have one CGA on staff, which must be recertified every two years, and another staff member working toward the designation.

The best professional development is to read work-related matter for one hour each day.

Outcome 4

Prioritize Professional Development & Training

FUND: 0001 - GENERAL FUND
DEPARTMENT: 104 - COMPTROLLER

CITY OF NEWTON BUDGET
DEPARTMENT LEGAL LEVEL OF CONTROL

| | ACTUAL 2018 | ACTUAL 2019 | ACTUAL 2020 | ORIGINAL 2021 | RECOMMENDED 2022 | CHANGE 2021 to 2022 |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|------------------------|
| COMPTROLLER SUMMARY | | | | | | |
| 51 - PERSONNEL SERVICES | 727,838 | 536,147 | 535,641 | 2,571,665 | 3,224,303 | 652,638 |
| 52 - EXPENSES | 1,430,018 | 1,399,190 | 1,535,226 | 3,437,457 | 3,615,200 | 177,743 |
| 59 - TRANS TO OTHER FUND | 500,000 | 2,090,000 | 974,800 | 0 | 0 | 0 |
| 57 - FRINGE BENEFITS | 35,326,741 | 39,493,903 | 41,141,044 | 43,448,311 | 48,228,921 | 4,780,610 |
| TOTAL DEPARTMENT | 37,984,597 | 43,519,240 | 44,186,711 | 49,457,433 | 55,068,424 | 5,610,992 |
| COMPTROLLER | | | | | | |
| 51 - PERSONNEL SERVICES | 513,906 | 536,147 | 535,641 | 571,665 | 587,803 | 16,138 |
| 52 - EXPENSES | 123,846 | 81,929 | 148,993 | 136,775 | 134,200 | -2,575 |
| 57 - FRINGE BENEFITS | 79,037 | 83,727 | 82,235 | 85,966 | 76,493 | -9,473 |
| TOTAL COMPTROLLER | 716,789 | 701,803 | 766,869 | 794,406 | 798,496 | 4,090 |
| INTER-FUND TRANSFERS | | | | | | |
| 59 - TRANS TO OTHER FUND | 500,000 | 2,090,000 | 974,800 | 0 | 0 | 0 |
| TOTAL INTER-FUND TRANSFERS | 500,000 | 2,090,000 | 974,800 | 0 | 0 | 0 |
| RETIREMENT | | | | | | |
| 51 - PERSONNEL SERVICES | 213,932 | 0 | 0 | 0 | 0 | 0 |
| 57 - FRINGE BENEFITS | 35,247,704 | 39,410,176 | 41,058,809 | 43,362,345 | 48,152,428 | 4,790,083 |
| TOTAL RETIREMENT | 35,461,636 | 39,410,176 | 41,058,809 | 43,362,345 | 48,152,428 | 4,790,083 |
| WORKERS COMPENSATION | | | | | | |
| 52 - EXPENSES | 800,000 | 800,000 | 800,000 | 800,000 | 800,000 | 0 |
| TOTAL WORKERS COMPENSATION | 800,000 | 800,000 | 800,000 | 800,000 | 800,000 | 0 |
| PROPERTY INSURANCE | | | | | | |
| 52 - EXPENSES | 506,172 | 517,261 | 586,233 | 600,682 | 681,000 | 80,318 |
| TOTAL PROPERTY INSURANCE | 506,172 | 517,261 | 586,233 | 600,682 | 681,000 | 80,318 |
| RESERVE FUNDS | | | | | | |
| 51 - PERSONNEL SERVICES | 0 | 0 | 0 | 2,000,000 | 2,636,500 | 636,500 |
| 52 - EXPENSES | 0 | 0 | 0 | 1,900,000 | 2,000,000 | 100,000 |
| TOTAL RESERVE FUNDS | 0 | 0 | 0 | 3,900,000 | 4,636,500 | 736,500 |

FUND: 0001 - GENERAL FUND
DEPARTMENT: 104 - COMPTROLLER

**CITY OF NEWTON BUDGET
DEPARTMENTAL DETAIL**

| | ACTUAL 2018 | ACTUAL 2019 | ACTUAL 2020 | ORIGINAL 2021 | RECOMMENDED 2022 | CHANGE 2021 to 2022 |
|---------------------------------|----------------|----------------|----------------|------------------|---------------------|------------------------|
| 104 - COMPTROLLER | | | | | | |
| 0110434 - COMPTROLLER | | | | | | |
| PERSONNEL SERVICES | | | | | | |
| 511001 FULL TIME SALARIES | 478,427 | 483,389 | 505,605 | 541,616 | 562,123 | 20,507 |
| 511101 PART TIME < 20 HRS/WK | 25,109 | 21,532 | 16,516 | 24,499 | 20,880 | -3,619 |
| 514001 LONGEVITY | 5,900 | 5,608 | 5,400 | 5,550 | 4,800 | -750 |
| 514399 ADMIN SUPPORT STIPEND | 3,620 | 3,120 | 3,120 | 0 | 0 | 0 |
| 515003 SPECIAL LEAVE BUY BAC | 0 | 6,000 | 0 | 0 | 0 | 0 |
| 515005 BONUSES | 350 | 5,300 | 5,000 | 0 | 0 | 0 |
| 515006 VACATION BUY BACK | 0 | 10,698 | 0 | 0 | 0 | 0 |
| 515102 CLEANING ALLOWANCE | 500 | 500 | 0 | 0 | 0 | 0 |
| TOTAL PERSONNEL SERVICES | 513,906 | 536,147 | 535,641 | 571,665 | 587,803 | 16,138 |
| EXPENSES | | | | | | |
| 530201 AUDITING SERVICES | 78,000 | 66,500 | 77,975 | 87,500 | 87,500 | 0 |
| 530215 ACTUARIAL SERVICES | 38,400 | 5,900 | 67,900 | 40,000 | 40,000 | 0 |
| 531900 TRAINING EXPENSES | 2,888 | 4,477 | 390 | 4,750 | 3,000 | -1,750 |
| 534010 TELEPHONE | 211 | 227 | 169 | 225 | 225 | 0 |
| 534100 POSTAGE | 25 | 22 | 5 | 50 | 50 | 0 |
| 534200 PRINTING | 483 | 525 | 496 | 500 | 500 | 0 |
| 542000 OFFICE SUPPLIES | 3,043 | 3,649 | 1,133 | 3,000 | 2,000 | -1,000 |
| 571000 VEHICLE USE REIMBURSE | 103 | 190 | 0 | 0 | 0 | 0 |
| 571200 REFRESHMENTS/MEALS | 35 | 0 | 0 | 0 | 0 | 0 |
| 573000 DUES & SUBSCRIPTIONS | 693 | 438 | 925 | 750 | 925 | 175 |
| TOTAL EXPENSES | 123,881 | 81,929 | 148,993 | 136,775 | 134,200 | -2,575 |
| FRINGE BENEFITS | | | | | | |
| 57DENT DENTAL INSURANCE | 1,187 | 1,135 | 1,013 | 1,050 | 1,106 | 56 |
| 57HLTH HEALTH INSURANCE | 69,557 | 73,525 | 71,448 | 74,190 | 64,588 | -9,602 |
| 57LIFE BASIC LIFE INSURANCE | 170 | 142 | 113 | 114 | 114 | 0 |
| 57MEDA MEDICARE PAYROLL TAX | 6,248 | 6,716 | 7,406 | 8,334 | 8,462 | 127 |
| 57OPEB OPEB CONTRIBUTION | 1,875 | 2,208 | 2,254 | 2,278 | 2,223 | -55 |
| TOTAL FRINGE BENEFITS | 79,037 | 83,727 | 82,235 | 85,966 | 76,493 | -9,473 |
| TOTAL COMPTROLLER | 716,823 | 701,803 | 766,869 | 794,406 | 798,496 | 4,090 |

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| CITY OF NEWTON BUDGET DEPARTMENTAL DETAIL |
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| | ACTUAL 2018 | ACTUAL 2019 | ACTUAL 2020 | ORIGINAL 2021 | RECOMMENDED 2022 | CHANGE 2021 to 2022 |
|---------------------------------------|-----------------------------------|-------------------|-------------------|-------------------|---------------------|------------------------|
| 0110490 - INTER-FUND TRANSFERS | | | | | | |
| TRANS TO OTHER FUND | | | | | | |
| 595900 | TRANS TO-RAINY DAY STA | 500,000 | 390,000 | 150,000 | 0 | 0 |
| 597300 | TRANS TO-SCHOOL BLDG | 0 | 1,300,000 | 0 | 0 | 0 |
| 597320 | TRANS TO- HORACE MAN | 0 | 0 | 150,000 | 0 | 0 |
| 597528 | TRANS TO-COMM AVE GR | 0 | 0 | 200,000 | 0 | 0 |
| 597628 | TRANS TO- TWO COMPAC | 0 | 0 | 88,000 | 0 | 0 |
| 597822 | TRANS TO SENIOR CTR C | 0 | 400,000 | 0 | 0 | 0 |
| 597824 | TRANS TO- POLICE HQ BO | 0 | 0 | 86,800 | 0 | 0 |
| 597826 | TRANS TO- 687 WASH ST | 0 | 0 | 300,000 | 0 | 0 |
| 599045 | TRANS TO-OPEB TRUST F | 85,254 | 0 | 0 | 0 | 0 |
| | TOTAL TRANS TO OTHER FUND | 585,254 | 2,090,000 | 974,800 | 0 | 0 |
| | TOTAL INTER-FUND TRANSFERS | 585,254 | 2,090,000 | 974,800 | 0 | 0 |
| 0110491 - RETIREMENT | | | | | | |
| PERSONNEL SERVICES | | | | | | |
| 511001 | FULL TIME SALARIES | 213,932 | 0 | 0 | 0 | 0 |
| 514001 | LONGEVITY | 5,000 | 0 | 0 | 0 | 0 |
| 514006 | EXCEPTIONAL SVS PAY | 6,839 | 0 | 0 | 0 | 0 |
| | TOTAL PERSONNEL SERVICES | 225,772 | 0 | 0 | 0 | 0 |
| FRINGE BENEFITS | | | | | | |
| 570700 | NCRS PENSION CONTB | 24,445,550 | 27,839,261 | 29,389,020 | 30,795,436 | 4,471,579 |
| 570800 | NON CONTRIB PENS BENE | 70,494 | 61,301 | 70,020 | 47,700 | 360 |
| 571300 | RETIREMENT EXPENSE F | 93,070 | 0 | 0 | 0 | 0 |
| 57DENT | DENTAL INSURANCE | 433 | 450 | 450 | 0 | 0 |
| 57HLTH | HEALTH INSURANCE | 9,796,743 | 10,575,604 | 10,683,375 | 11,604,209 | 304,744 |
| 57LIFE | BASIC LIFE INSURANCE | 41,070 | 39,945 | 27,362 | 40,000 | -1,600 |
| 57MEDA | MEDICARE PAYROLL TAX | 1,391 | 1,429 | 2,273 | 0 | 0 |
| 57MEDB | MEDICARE PART B REIMB | 892,023 | 892,186 | 884,011 | 875,000 | 15,000 |
| 57OPEB | OPEB CONTRIBUTION | 0 | 0 | 2,298 | 0 | 0 |
| | TOTAL FRINGE BENEFITS | 35,340,774 | 39,410,176 | 41,058,809 | 43,362,345 | 4,790,083 |
| | TOTAL RETIREMENT | 35,566,546 | 39,410,176 | 41,058,809 | 43,362,345 | 4,790,083 |
| 0110492 - WORKERS COMPENSATION | | | | | | |
| EXPENSES | | | | | | |
| 575007 | WORKERS COMP INSURA | 800,000 | 800,000 | 800,000 | 800,000 | 0 |
| | TOTAL EXPENSES | 800,000 | 800,000 | 800,000 | 800,000 | 0 |
| | TOTAL WORKERS COMPENSATION | 800,000 | 800,000 | 800,000 | 800,000 | 0 |
| 0110493 - PROPERTY INSURANCE | | | | | | |
| EXPENSES | | | | | | |
| 575001 | PROPERTY INSURANCE | 500,311 | 511,293 | 586,233 | 594,682 | 80,318 |
| 575005 | EMPLOYEE HONESTY BON | 5,861 | 5,968 | 0 | 6,000 | 0 |
| | TOTAL EXPENSES | 506,172 | 517,261 | 586,233 | 600,682 | 80,318 |
| | TOTAL PROPERTY INSURANCE | 506,172 | 517,261 | 586,233 | 600,682 | 80,318 |

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| CITY OF NEWTON BUDGET DEPARTMENTAL DETAIL |
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| | ACTUAL 2018 | ACTUAL 2019 | ACTUAL 2020 | ORIGINAL 2021 | RECOMMENDED 2022 | CHANGE 2021 to 2022 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|---------------------|------------------------|
| 0110498 - RESERVE FUNDS | | | | | | |
| PERSONNEL SERVICES | | | | | | |
| 519700 CURRENT YEAR WAGE RE | 0 | 0 | 0 | 2,000,000 | 2,636,500 | 636,500 |
| TOTAL PERSONNEL SERVICES | 0 | 0 | 0 | 2,000,000 | 2,636,500 | 636,500 |
| EXPENSES | | | | | | |
| 579000 CURRENT YEAR RESERVE | 0 | 0 | 0 | 400,000 | 500,000 | 100,000 |
| 579400 BUDGET RESERVE/SNOW | 0 | 0 | 0 | 1,500,000 | 1,500,000 | 0 |
| TOTAL EXPENSES | 0 | 0 | 0 | 1,900,000 | 2,000,000 | 100,000 |
| TOTAL RESERVE FUNDS | 0 | 0 | 0 | 3,900,000 | 4,636,500 | 736,500 |
| TOTAL COMPROLLER | 38,174,795 | 43,519,240 | 44,186,711 | 49,457,433 | 55,068,424 | 5,610,992 |