

Section 4:

Finance

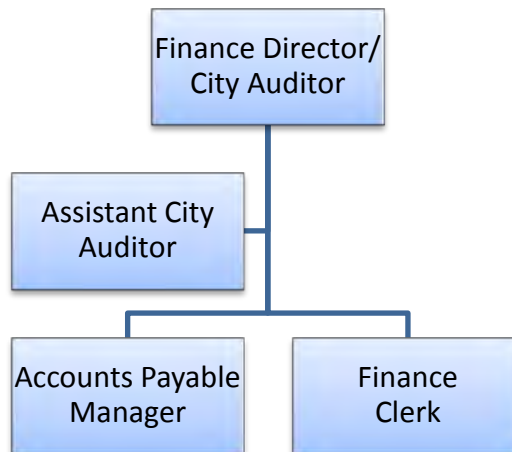
CITY AUDITOR

MISSION STATEMENT

The mission of the City Auditor's Office is to ensure that financial transactions and activities are carried out in accordance with all applicable federal, state, and local laws, ordinances, and regulations. In addition, the City Auditor's Office works to implement professional accounting and financial management standards established by the Government Accounting Standards Board (GASB) and in accordance with Generally Accepted Accounting Principles (GAAP). These standards help to insure the accurate and timely reporting of financial and accounting information.

The City Auditor's Office also provides financial management assistance to city departments and personnel covering a wide range of financial activities including: budget administration, revenue forecasts, accounts payable procedures, procurement and contracts administration, unemployment compensation, Fire and Police injured-on-duty insurance, MUNIS financial software applications, and property, liability, and workers' compensation insurance.

ORGANIZATIONAL OVERVIEW



Position	FY2016 Actual	FY2017 Actual	FY2018 Budgeted
Finance Director/City Auditor	1.0	1.0	1.0
Assistant Auditor	1.0	1.0	1.0
Accounts Payables Manager	1.0	1.0	1.0
Finance Clerk	0.8	0.8	0.8
Total Full Time-Equivalents	3.8	3.8	3.8

PERFORMANCE MEASUREMENTS

Performance Indicator	Unit of Measure	Actual FY2014	Actual FY2015	Actual FY2016	Estimated FY2017
Reserves within 5-10% of Budget	%	9.5%	9.0%	9.6%	8.9%
Debt Service/Total Budget (GF)	%	6.8%	5.8%	6.1%	6.6%
GFOA Budget Award	Y/N	Yes	Yes	Yes	Yes
Bond Rating	S&P	AA+	AAA	AAA	AAA
OPEB Funding	\$	25,000	450,000	0	25,000

FY2017 ACCOMPLISHMENTS

- Maintained the City's AAA bond rating, reflecting Standard and Poor's continued confidence in the City's financial management and oversight.
- Led the MIIA Rewards Program, resulting in a cost savings of \$25,000 to the City for participation in seminars designed to help lower insurance risks and losses.
- Led the City's financial team to coordinate, prepare, and submit in a timely and accurate manner, a variety of financial reports and information required by City officials, outside auditors, government entities, and various financial institutions, including:
 - Tax Rate Recapitulation Report
 - Enterprise Fund Reports
 - Schedule A
 - Budgetary Transfers
 - Community Preservation Reports
 - Mid-Year Report
 - Year-End Report
 - Free Cash Certification
 - Annual Audit
 - Official Financial Statements
 - Capital Assets Schedules
 - Official Statement for Borrowings
- Coordinated the annual audit of the City's financial statements which was carried out by the outside CPA firm of Melanson Health & Company, PC. The audit was completed approximately two months earlier than in years past and indicated that the City's financial statements and financial position were presented fairly in all material aspects and in compliance with GASB and GAAP.
- Began city-wide implementation of purchase orders and requisitions, which adds an important internal control authorizing all procurements prior to the ordering of goods and services.
- Established a new accounts payables policy such that all invoices submitted to the Finance Department will be paid within 10 business days; this has proved effective in setting expectations for both city departments and vendors.
- Managed the Free Cash certification process. Free Cash certification was in line with prior year results at \$2,374,002. Including Stabilization Fund balances, reserves total 8.9% of the General Fund budget, well within the policy target of 5 to 10%.

- Awarded the Government Finance Officers Association’s Distinguished Budget Presentation Award for the fifth consecutive year.
- Completed the City’s FEMA grant request from the emergency declaration from February 2015 and the ensuing failure of the Plum Island sewer system. Documented project costs were \$1,053,102 of which FEMA paid 75%.

FY2018 TRENDS

The City’s economy continues to strengthen, as key indicators, including room occupancy tax, meals tax, motor vehicle excise, licenses and permits, parking receipts, and growth from new construction hit all-time highs during the last fiscal year. The fiscal 2017 tax rate was set at \$13.45 per \$1,000 based on a tax levy \$53,021,972 and a city-wide valuation of \$3,942,154,029. This tax rate represents a \$0.06 per \$1,000 increase over fiscal 2016 and brings the City to the maximum tax rate allowable under the state’s Proposition 2 ½.

The City continues to tackle its long-term liabilities with an annual appropriation for other post-employment benefits carved out each year in the city’s financial plan. Additionally, the Newburyport Retirement Board has adopted a more aggressive funding schedule to address the unfunded pension liability by increasing the annual appropriation from four percent to five percent per year.

Strong departmental oversight and budget management continues to be an area of focus for the City. During fiscal year 2017, the Finance Department began the roll-out of a purchase orders and requisitions system, requiring all procurements to be pre-authorized and funds encumbered prior to purchasing goods or signing any contracts for services. Having a strong procurement and accounts payables process is critical for any organization, especially one that relies heavily on public funding. This will continue to be an area of focus for the Finance Department going forward.

FY2018 GOALS & OBJECTIVES

GOAL 1: MONITOR FINANCIAL ACTIVITIES WITHIN ALL CITY DEPARTMENTS

Objectives:

- Conduct staff meetings on a weekly basis within the Auditor’s Office to review and discuss financial transactions and accounting activities within City departments.
- Conduct an internal audit of each city department at least once every two years in order to evaluate internal financial management practices and controls.
- Provide financial and accounting information to the outside auditing firm by December 1, 2017, in preparation for the annual audit of the City’s FY 2017 financial statements.

GOAL 2: STREAMLINE ACCOUNTS PAYABLES PROCESS

Objectives:

- Implement electronic imaging of all invoices submitted for payment utilizing the City's Munis financial software.
- Put in place a warrant approval process that can be done directly in Munis to replace a highly paper intensive warrant review process.
- Begin to train City departments to enter invoices directly into Munis themselves, rather than submitting a physical voucher for payment.

GOAL 3: DISSEMINATE FINANCIAL DATA IN A TIMELY, ACCURATE, AND COMPREHENSIBLE MANNER

Objectives:

- Prepare Mid-Year and Year-End Budget reports for the Mayor, City Council, and members of the public.
- Work in cooperation with the Mayor, City Council, Treasurer, Assessor, and City Clerk to set the property tax rate and complete the FY 2018 Tax Rate Recapitulation Report by October 31, 2017.
- Assist with the preparation of the Mayor's FY2019 proposed budget, to be submitted to the City Council no later than May 15, 2018.
- Prepare the balance sheet and other supporting documents required to obtain Free Cash certification by October 31, 2017 from the Massachusetts Department of Revenue.
- Update and review multi-year revenue and expenditure forecasts on a quarterly basis.

Accounting & Financial Management

- Maintenance of electronic accounting records
- Processing accounts payable and receivable
- Administering the city insurance program including: property, casualty, worker's compensation, police and fire injured-on-duty, unemployment
- Working with City Treasurer's Office to reconcile and monitor cash receipts
- Reviewing city contracts and leases to ensure that adequate funding is available

Financial Reporting & Analysis

- Preparing budget information and budget transfers
- Preparing budget revenue estimates and tracking expenditures and collections
- Reviewing city contracts and leases to ensure that adequate funding is available
- Preparing mandatory city, state, and federal reports covering a wide range of financial activities
- Conducting internal audits of city departments to ensure laws and policies are being followed

AUDITOR'S DEPARTMENT (01-135)

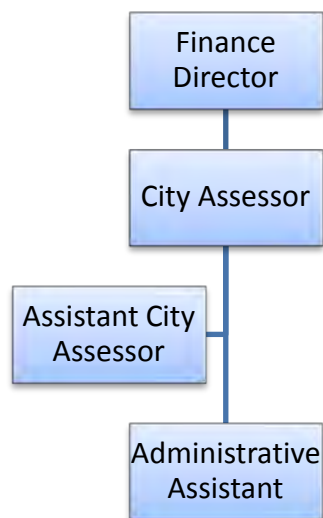
	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGET	FY2018 PROPOSED	\$ CHANGE	% CHANGE
001 - PERSONNEL SERVICES						
51101 - AUD SAL FINANCE DIR/AUDITOR	90,000	94,977	97,068	101,531	4,463	4.6%
51102 - AUD SAL ASST AUDITOR	56,942	66,158	65,154	68,149	2,996	4.6%
51103 - AUD SAL ADMIN ASSISTANT	55,845	58,645	56,901	61,332	4,431	7.8%
51104 - AUD SAL FINANCE CLERK	36,531	38,362	37,780	38,388	608	1.6%
51167 - AUD TEMPORARY HELP	3,864	0	0	0	0	0.0%
51401 - AUD LONGEVITY	2,764	3,390	3,390	3,527	137	4.0%
001 - PERSONNEL SERVICES Total	245,947	261,533	260,292	272,927	12,634	4.9%
002 - PURCHASE OF SERVICES						
53001 - AUD FINANCIAL AUDIT/VALUATION	37,625	52,000	52,000	46,500	(5,500)	-10.6%
002 - PURCHASE OF SERVICES Total	37,625	52,000	52,000	46,500	(5,500)	-10.6%
004 - SUPPLIES						
55800 - AUD MISC SUPPLIES	1,500	1,750	1,500	1,500	0	0.0%
004 - SUPPLIES Total	1,500	1,750	1,500	1,500	0	0.0%
007 - OTHER CHARGES & EXPENSES						
57300 - AUD DUES & MEMBERSHIPS	225	265	290	490	200	69.0%
007 - OTHER CHARGES & EXPENSES Total	225	265	290	490	200	69.0%
Grand Total	285,297	315,548	314,082	321,417	7,334	2.3%

CITY ASSESSOR

MISSION STATEMENT

The Mission of the Office of the Assessor is to provide fair and equitable property assessments to the taxpayers of the City of Newburyport to ensure that each and every taxpayer is shouldering their fair share of the City's total tax burden.

ORGANIZATIONAL OVERVIEW



Position	FY2016 Actual	FY2017 Actual	FY2018 Budgeted
Assessor	1.0	1.0	1.0
Assistant City Assessor	1.0	1.0	1.0
Administrative Assistant	1.0	1.0	1.0
Total Full Time-Equivalents	3.0	3.0	3.0

PERFORMANCE MEASUREMENTS

Performance Indicator	Unit of Measure	Actual FY2014	Actual FY2015	Actual FY2016	Estimated FY2017
New Growth (FY17 is actual, not estimated)	Taxable Value	\$38,570,899	\$46,365,156	\$47,518,383	\$59,081,883
Tax Levy (numbers reflect the actual levies, not the levy limits; FY17 is actual, not estimated)	Billed	\$46,617,801	\$48,131,629	\$50,415,096	\$53,024,507
Motor Vehicle Excise Tax	Receipts	\$2,496,696	\$2,528,836	\$2,729,437	\$2,800,000
Abatement Applications	# Granted	29	35	30	40
Property Inspections (#s represent actual visits including exterior measurements which did not include full interior inspection) FY17 as of 1/1/17	# Visits	765	444	702	913

FY2017 ACCOMPLISHMENTS

- Successfully completed state mandated revaluation certification program as per DOR regulation.
- Successfully completed cyclical inspections as per DOR directive.
- Certification of one of the highest new growth amounts in recent years.

FY2018 TRENDS

Market values in Newburyport have remained strong. Early indicators of the market conditions of 2016 sale prices show that we could see anywhere from a 2% to 6% increase in assessments for Fiscal Year 2018.

FY2018 GOALS & OBJECTIVES

GOAL 1: SUCCESSFULLY COMPLETE STATE MANDATED INTERIM ADJUSTMENT OF VALUES

Objectives:

- Perform cyclical inspections as per DOR directives.
- Successfully complete the project in a timely manner meeting all deadlines.

GOAL 2: CONTINUE TO IMPROVE UPON CUSTOMER SERVICE

Objectives:

- Make sure new personnel are fully trained in all aspects of the Assessor's Office functions.
- Office staff to remain up to date with respect to new legislation and best practices by taking advantage of available educational opportunities offered through the Assessor's Associations, Department of Local Services, etc.

GOAL 3: INSPECTIONS PERFORMED BY IN-HOUSE OFFICE STAFF

Objectives:

- Reduce the cost of outsourcing this process.
- Maintain a level of consistency.

PROGRAMS & SERVICES

Billing & Valuation

- Annual Property Value Update
- Triennial Re-certification of Values
- Interim Year Adjustments to Values
- Tax Abatements
 - Real Estate
 - Personal Property
 - Auto Excise
 - Boat Excise
- Tax Exemptions
 - Statutory Exemptions
 - CPA Exemptions
- Tax Billing
 - Real Estate
 - Personal Property
 - Auto Excise
 - Boat Excise

Data Collection & Reporting

- Data Collection
 - Real Estate
 - Personal Property
- New Growth
 - Calculation
 - Certification
- Re-Cap
 - Preparation
 - Certification
- Tax Rate
 - Preparation
 - Classification Hearing
 - Certification

ASSESSOR'S DEPARTMENT (01-141)

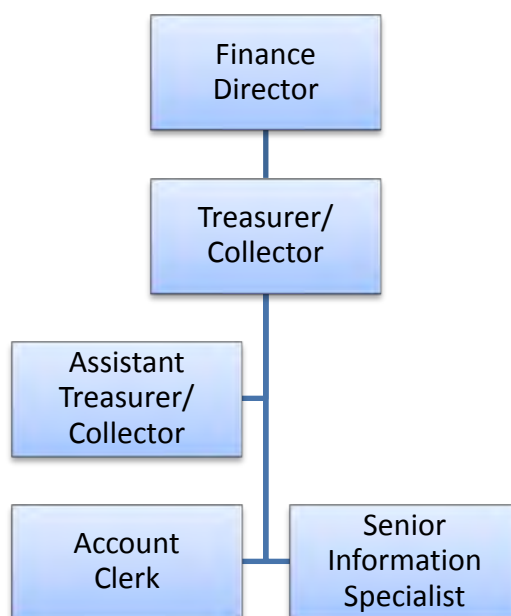
	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGET	FY2018 PROPOSED	\$ CHANGE	% CHANGE
001 - PERSONNEL SERVICES						
51101 - ASR SAL ASSESSOR	79,280	83,665	82,800	81,498	(1,302)	-1.6%
51102 - ASR SAL ASST ASSESSOR	62,819	65,968	64,006	61,980	(2,026)	-3.2%
51103 - ASR SAL ADMIN ASSISTANT	51,140	53,705	52,107	48,984	(3,123)	-6.0%
51401 - ASR LONGEVITY	3,440	3,509	3,579	0	(3,579)	-100.0%
51402 - ASR EDUCATION CREDIT	400	400	400	200	(200)	-50.0%
51403 - ASR TECHNOLOGY STIPEND	1,500	1,500	1,500	1,500	0	0.0%
51404 - ASR TRAVEL STIPEND	2,100	1,976	3,300	8,400	5,100	154.5%
001 - PERSONNEL SERVICES Total	200,679	210,722	207,692	202,562	(5,130)	-2.5%
002 - PURCHASE OF SERVICES						
53001 - ASR COMPUTER EXP	7,900	8,300	8,300	8,620	320	3.9%
53002 - ASR REVALUATION	5,220	50,000	50,000	4,000	(46,000)	-92.0%
53003 - ASR VALUATION/PROCESSING	7,888	6,548	6,600	2,500	(4,100)	-62.1%
53004 - ASR MAP/DEED/PROBATE	0	600	600	600	0	0.0%
002 - PURCHASE OF SERVICES Total	21,008	65,448	65,500	15,720	(49,780)	-76.0%
004 - SUPPLIES						
54801 - ASR MILEAGE EXPENSE	490	1,200	325	325	0	0.0%
55800 - ASR MISC SUPPLIES	3,266	4,020	3,000	3,000	0	0.0%
004 - SUPPLIES Total	3,757	5,220	3,325	3,325	0	0.0%
007 - OTHER CHARGES & EXPENSES						
57300 - ASR DUES & MEMBERSHIPS	0	0	0	700	700	0.0%
007 - OTHER CHARGES & EXPENSES Total	0	0	0	700	700	0.0%
Grand Total	225,444	281,390	276,517	222,307	(54,210)	-19.6%

TREASURER/COLLECTOR

MISSION STATEMENT

The mission of the Newburyport Treasurer/Collectors office, as defined by state statute, is to collect all revenues due the city, and to hold and invest those revenues until such time as the Treasurer's Office is directed by warrant to pay the City's current obligations. The Collector's office collects all bills for taxes and utilities, as well as posts, records, and updates all bank accounts daily. Additionally, the Treasurer's office handles all disbursements for accounts payable and payroll funds. Further, it is our goal to be knowledgeable in our field and continue to work with and provide quality customer service to the taxpayers whom we deal with on a daily basis.

ORGANIZATIONAL OVERVIEW



Position	FY2016 Actual	FY2017 Actual	FY2018 Budgeted
Treasurer/Collector	1.0	1.0	1.0
Assistant Treasurer/Collector	1.0	1	1.0
Senior Information Specialist	1.0	1	1.0
Account Clerk	1.0	1	1.0
Total Full Time-Equivalents	4.0	4.0	4.0

PERFORMANCE MEASUREMENTS

Performance Indicator	Unit of Measure	Actual FY2014	Actual FY2015	Actual FY2016	Estimated FY2017
Collection rate	%	99%	99	98.5	99
Demand bills sent RE	#	917	844	877	<850
Demand bills sent PP	#	153	129	156	<150
Subsequent tax takings	\$	190,000	173,390	250,000	<250,000
Tax title collections	\$	401,000	580,000	409,893	300,000
Tax title properties returned to tax rolls	#	30	58	30	30
Properties advertised for tax lien	#	99	53	36	<30

FY2017 ACCOMPLISHMENTS

- Maintained City's AAA Bond Rating
- Updated current cash flow processes; retrieved comparable feedback from banking institutions to maintain the City's best financial position.
- Worked diligently with Auditor's office to ensure monthly accounting of cash is verified and up to date to improve end of year completion and provide refined audit trails and clearer reporting with general ledger.
- Reorganized internal accounting processes with daily balancing from the Treasurer's office to Auditor's.
- Enforced timely departmental receipt turnovers and policy; worked with individual departments to streamline specific processes where necessary.
- Established tailings procedure to bring outstanding/stale dated vendor and payroll checks current and update to software for recordkeeping
- Improved records retention, eliminating old documents beyond 5 prior fiscal years by maintaining current information in data files and streamlining refund policy to reduce excessive records research.
- Closely monitored trust fund investments and met regularly with financial advisors to ensure proper gains and minimize losses in the best interest of the various trusts.
- Enhanced the grant request form for trust funds to ensure proper policies are upheld.
- City liaison to the trust fund committee; administered meeting agendas and minutes as well as communicate regularly with the committee between quarterly meetings to adhere to a schedule, and address business.

FY2018 TRENDS

The Treasurer/Collector's office remains committed to collecting above 95% of the Real Estate, Personal Property, Motor Vehicle and Boat excise taxes due each year. We continue a regular cycle of tax takings to ensure tax delinquencies are managed in a timely fashion and with fairness to all taxpayers, with goals of decreasing the amount of new and subsequent takings done annually. We regularly work with taxpayers who may be finding times difficult and will provide information and assistance in conjunction with the Assessor's office, the Council on Aging and community development when necessary.

With the continued positive trend of increased city property values, growth and turnovers, it is the responsibility of our office to ensure that residents have proper information available on city collection practices. We need to enhance the City website to provide as much information as possible to residents in a single location, as this currently is the most popular method of outreach. We have had many requests for additional electronic services whether on payments or to obtain information; it will be our duty to try and accommodate those requests. As always, we continue to work with our local financial institutions, attorneys and mortgage companies to collectively accommodate the needs of the community members.

FY2018 GOALS & OBJECTIVES

GOAL 1: STRENGTHEN CASH MANAGEMENT PROCESSES

Objectives:

- Maintain strong overview of cash reconciliation process; continue work with Auditor's office on monthly reconciliation to general ledger.
- Work with individual departments where necessary to enforce receipt policy and help accommodate staffing and other changes.
- Increase bill payment scanning through lockbox at treasurer counter to expedite payments to bank and improve cash flow.
- Update paid and manage outstanding vendor checks from the accounting software to maintain current records of tailings.

GOAL 2: ENHANCE ONLINE SERVICES FOR RESIDENTS

Objectives:

- Research additional online processes for taxpayers and residents to enhance website services
- Introduce city departments to potential online payment options
- Help coordinate online services to be user friendly

GOAL 3: MAINTAIN OFFICE PROCEDURES

Objectives:

- Manage daily activities in accordance with job descriptions and ensure various additional duties are assigned appropriately
- Reduce paper; utilize scanning and electronic recordkeeping systems
- Devise system to maintain proper accounting of special assessment payoffs and balances

PROGRAMS & SERVICES

Treasury Management

- Cash reconciliation
- Cash receipts processing from all city departmentals
- Management of city investments
- Borrowing and debt service for city projects
- Land court filings and redemption
- Warrant funding
- Vendor & Payroll check distribution
- ACH/wire payments to vendors

Collections

- Collection and posting of payments for real estate, personal property, motor vehicle and boat excise tax bills
- Special assessment and liens payments
- Online payment services
- Refund processing for overpayments and abatements
- Municipal lien certificates
- Tax title process for delinquent taxpayers
- Utility bill collections
- Bank deposits

TREASURER'S DEPARTMENT (01-145)

	FY2015 ACTUAL	FY2016 ACTUAL	FY2017 BUDGET	FY2018 PROPOSED	\$ CHANGE	% CHANGE
001 - PERSONNEL SERVICES						
51101 - TRS SAL TREASURER	76,119	80,064	80,523	82,134	1,610	2.0%
51102 - TRS SAL ASST TREASURER	53,811	56,985	55,291	63,421	8,130	14.7%
51103 - TRS STAFF SALARIES	148,024	98,774	100,905	102,923	2,018	2.0%
51401 - TRS LONGEVITY	3,262	3,438	3,438	3,438	0	0.0%
001 - PERSONNEL SERVICES Total	281,216	239,262	240,157	251,916	11,759	4.9%
002 - PURCHASE OF SERVICES						
52701 - TRS COPIER SUPPLIES	1,817	1,500	750	500	(250)	-33.3%
53001 - TRS BANK CHARGES	5,337	4,320	5,000	5,200	200	4.0%
53003 - TRS PAYROLL	9,954	0	0	0	0	0.0%
53004 - TRS TAX BILLS	20,143	20,613	21,250	21,500	250	1.2%
53005 - TRS TAX TITLE EXPENSE	12,500	12,500	12,500	11,500	(1,000)	-8.0%
002 - PURCHASE OF SERVICES Total	49,751	38,932	39,500	38,700	(800)	-2.0%
004 - SUPPLIES						
54200 - TRS OFFICE SUPPLIES	1,290	1,390	1,500	1,500	0	0.0%
55800 - TRS MISC SUPPLIES	1,631	1,109	1,500	1,500	0	0.0%
55801 - TRS COMPUTER EXP	850	850	800	800	0	0.0%
004 - SUPPLIES Total	3,771	3,349	3,800	3,800	0	0.0%
007 - OTHER CHARGES & EXPENSES						
57402 - TRS FICA EXPENSE	155,316	159,222	0	0	0	0.0%
57403 - TRS INSURANCE BONDS	1,300	1,650	1,850	1,850	0	0.0%
007 - OTHER CHARGES & EXPENSES Total	156,616	160,872	1,850	1,850	0	0.0%
Grand Total	491,354	442,415	285,307	296,266	10,959	3.8%