



City of Malden

Malden City Hall
215 Pleasant Street
Malden, MA 02148

Meeting Minutes - Final Finance Committee

Councillor-at-Large McDonald, Chair
Councillor Condon, Vice-Chair
Councillor O'Malley
Councillor-at-Large Colon-Hayes
Councillor Simonelli
Councillor Linehan

Tuesday, February 21, 2023

6:15 PM

CityHall, Room #105
215 Pleasant Street

Roll Call

Present: 5 - Councillor at Large Carey McDonald, Councillor Paul Condon, Ryan O'Malley, Karen Colon Hayes and Chris Simonelli
Absent: 1 - Amanda Linehan

Minutes to be Approved

[38-23](#)

Minutes of December 20, 2022 to be approved.

A motion was made by Councillor O'Malley, seconded by Councillor Condon, that the Committee Minutes of December 20, 2022 be tabled to a future date. The motion carried by a unanimous vote.

[39-23](#)

Minutes of January 10, 2023 to be approved.

A motion was made by Councillor O'Malley, seconded by Councillor Condon, that the Committee Minutes of January 10, 2023 be tabled to a future date. The motion carried by a unanimous vote.

Business

[55-23](#)

The committee will meet for Annual updates and discussion with Charles Ranaghan, Controller/CFO.

Attachments: [Controllers Office Update 22123](#)

Chuck gave a handout of his presentation to the committee.(see attached) He starts with the organizational chart of the office. He explained there are two Assistant Controllers in the office because when the MRA became OSPCD Karen joined the Controllers office as an Assistant Controller. He explained the office serves many roles such as: Purchasing, Budget, Accounting and Auditing Office. In 2022 we issued 5789 Purchase Orders. That number has been whiddled down over the past few years. The Budget is a big part of the Controller's office. They start working with the Mayor in January for about six months to prepare the FY2024 Budget that starts on July 1, 2023. Typically gets presented to the Council in the middle of May 45 days before the Budget begins. This year is unique because there is a new Governor they give an extra 45

days to submit their budget. Her budget is expected to come down on March 1st at that point we will know what are local aid looks like which is very important part of the budget for Malden which represents over 35% of our overall budget. Accounting is a big part of the Controller's Office which is all the other funds in the City. Accounts Payable speaks to the weekly warrant process which average about 358 per week, in 2022 totaled over \$152mill. In addition we have Payroll warrants which are bi-weekly, payroll warrants for the City and School which totaled \$113mil which are signed by Chuck and the Mayor on a weekly basis. He encourages everyone to take a look at the Annual Comprehensive Financial Report. It contains every piece of financial information in the City. It is posted on the cities website. He has personally received the Award of Financial Reporting Achievement for the past 11 years and has just submitted the 12th report. The balance sheet is an annual report submitted after the close of the fiscal year. It is submitted just before the Council votes on approving the tax rate. It is submitted to the Mass Dept of Revenue and this is what certifies the cities free cash. He talks about an upcoming project Softright is our software system we have had since 2010 which does everything financial in the city with the exception of payroll. They have been acquired by Accela which happened a few years ago. Now Accela is discontinuing Softright and they are telling Malden, which they told us two years ago, we will be forced to convert to their equivalent of Softright which is Springbrook. It has great capabilities but it is untested in Massachusetts there will be pros and cons. For Malden to convert from Softright to Munis a conversion of this nature would take 33-36 months with a smooth conversion. If we choose to look into Springbrook it would take 3-6 months. He has reached out to the IT Dept, Business Manager at the Schools, Treasurer and Assessor as it will effect everyone. We do have two years to decide. Springbrook would be the quickest, cheapest and easiest conversion but long term conversion for the city may be Munis. This will take a lot more vetting before we make a decision. The next slide of Free Cash is complicated but the most informative. He has provided a historic view of Malden's free cash levels going back to 2002. Due to the 2008-2009 recession obviously had quite an impact on Malden. In 2010 Malden was one of two communities with a negative free cash as it takes about two years to catch up. In 2011 Mayor Howard was forced to make some difficult budgetary decisions. He increased health insurance contributions from 20 to 25% because legally we have to have a balanced budget. It required union buy-in. He said either Police or Fire said no which required a handful or more of layoffs in order to get rid of that deficit and balance the budget. In 2012 it starts to go up which is a direct result of the City starting to collect tax title. There was an issue in 2009 of a theft in the Treasurers office and we brought in an auditing firm to run the Treasurer's office during this transition. They determined the City was not collecting tax title. We very aggressively started collecting tax title unpaid real estate payments on properties that had not been paid in decades. Today we are at \$23.7mill through a combination of continued tax title collections, conservative budget estimates based on actual estimate revenues coming in higher than budget revenues. There is another type of reserves that municipalities have called stabilization funds. We have the right to appropriate to a stabilization fund but historically have not.

Motion was made to recess the Finance Committee Meeting was made by Councillor O'Malley and seconded by Councillor Murphy at 7:01 PM. All were in favor.

Motion to reconvene the Finance Committee Meeting was made by Councillor Murphy and seconded by Councillor Condon at 7:08 PM. All were in favor.

Councillor McDonald asked Chuck for free cash one option is to put some aside in stabilization which makes it harder to access. What are some of the other types of things municipalities do to manage free cash.

Chuck said there are lot of things that municipalities do with free cash. Unexpected events occur during the course of a fiscal year that require an appropriation. In the middle of the year the Mayor might put out a paper to appropriate cash out of free cash to fund an unanticipated cost in a department. More commonly is to fund OPEB with free cash. (Other post employment benefits) Malden's plan has been to aggressively

funding our pension schedule and are due to be fully funded in seven or eight years. Once it is fully funded we will have a chunk of money to fund OPEB. The more free cash we use to fund capital projects the less we are going out for bonding or less money we have to repay. Interest rates right now are at the highest since he started in 2011. Annual independent audit is done by Roselli and Clark yearly. We are issued a report every year. There are two different legal issues that speak to the audit: the City Municipal Code (City Ordinance) 2.12.020(F) and MGL Chapter 44 section 40 audits of accounts frequency reports. The Controllers and Treasurer office provides the information to the auditors. Every independent audit is on the Controllers website. The report comes down sometime in March. Accomplishments: the annual comprehensive financial report, last year 2022 was awarded the City's Distinguished Budget Presentation Report by the Government Finance Officers Association. The office is fully digitized, all reports filed with the Commonwealth of Mass in a timely manner and filed all required ARPA reports with the US Treasury. He highlighted his staffing by saying he has a new office and he could not be more proud to say that this office is staffed the best it possibly could be. Nick Pernice, Assistant Controller handles all of the day to day activities in the office. Phenomenal hire from the MRA. He has been in the Controllers office for the last 4 years and is certified with MCPPO. He is an active participant in MAPPO. He is going for MAPPAO Auditing certification which would be a huge compliment to the City. Karen Bushee, is fully certified MCPPO and instrumental in implementing CDBG. Jeanne Tucker is a clerk and is who took upon herself to digitize the office which was phenomenal. She also performed her duties and the work of Janell Summers until they found a replacement on her own. The work of two full time jobs. She trains city staff on our financial software. Louis Matnog is the newest clerk in the office. He worked in the Board of Health and also was a cadet at the Police Station. Member of Malden's volunteer CERT team. He has been sent overseas to respond to National Disasters. He is working on obtaining MCPPO certification to become a Mass certified public purchasing official. The entire staff will have MCPPO certification. Councillor Murphy asked about the retirement board are we expecting any requests from them

Chuck said they are meeting this Thursday and they may vote on something to come before the Council this year because of inflation Governor Baker authorized the ability for boards to go from 3 to 5% for the annual COLA raise. If the board votes on that they will need the approval of the Mayor and the Council.

Councillor Murphy said when we get to the management letter is there any way to look at it with things that are outstanding for multiple years and also having an internal audit department to make sure processes are being handled correctly

Councillor McDonald would love to know if there are ways to smooth the buffer on our approvals to not slow things down to get appropriations for things that are routine. He would also like to invite Chuck back to a Finance Meeting at a future date to continue discussion on the Management Letter.

Motion to offer our appreciation to the Controllers Office staff was made by Councillor Colon-Hayes and seconded by Councillor Simonelli. All were in favor.

Other Business

Tabled Papers

[246-22](#)

Minutes of April 19, 2022 to be approved.

[381-22](#)

Minutes of June 14, 2022 to be approved.

Adjournment

Motion was made by Councillor Condon, seconded by Councillor Simonelli, that this be adjourned at 7:36 PM. The motion carried unanimously.