

COMMUNITY PRESERVATION COMMITTEE

December 11, 2023

To: The Honorable Mayor and City Council

From: Daniel Koff, CPC Coordinator, on behalf of the Malden CPC

RE: Truing of Accounts

Dear Honorable Mayor and City Council,

The CPC seeks to support its recommendation for City Council to appropriate a total of \$229,491.36 from the CPA Fund Balance into the three category accounts (\$76,497.12 each) based on the following:

BACKGROUND ON THE CPA BUDGET

On or before March 1 of each year, Malden CPC submits an estimated budget for approval by the Mayor and City Council per Section 2.16.050 of the Malden Municipal Code. These budgets are based on estimates of two revenue sources:

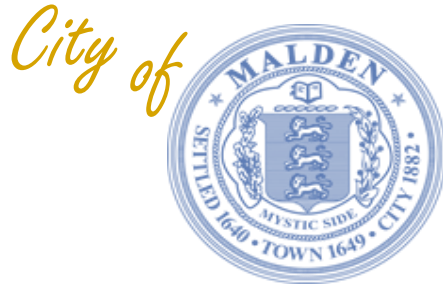
- **State Match:** Amount informed by recommendations from the Community Preservation Coalition based on their understanding of the status of the State budget.
- **Local Surcharge Tax Revenue:** Calculated by multiplying the previous years' actual revenue by 2.5% as recommended by the City Controller.

In its annual estimated budgets, CPC recommends that City Council appropriate its total revenue from both sources into different accounts: Affordable Housing Reserve (10%), Historic Preservation Reserve (10%), and Open Space and Recreation Reserve (10%) the Budgeted Reserve / Fund Balance (65% - which may be used for projects in any of the three eligible categories) and for Administration (up to 5% for operations and staff salary). Voting to appropriate funding into the three category reserves ensures that CPC meets the requirement established by M.G.L 44B that CPCs make a best-faith effort to allocate or reserve at least 10% of its total revenue to eligible projects in each of the three categories.

The CPC is purposefully conservative in creating its annual estimated budget to ensure that allocations of funding are commensurate with the revenue that the City can reasonably expect to collect. However, if at year end, the actual funds come in above and beyond what has been estimated, the CPC will occasionally request that 10% of that updated actual Fund Balance total be appropriated to each of the three project category accounts to true the CPA Fund Balance before the CPC recommends allocating that fiscal year's funding to new projects.

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ADDITIONAL REVENUE

At the close of FY23, CPC sought the Controller’s assistance in truing its account of estimated revenue with the total amount of collected local surcharge tax. On September 6, 2023, the Controller provided a report informing CPC that there is an additional \$749,593.6 in the Fund Balance above and beyond its historic estimates.

Additionally, on November 20, 2023, CPC was informed by the Community Preservation Coalition that Malden will receive a 21% State match in FY24 (\$177,593.00), which is 1% higher than CPC’s FY24 20% estimate, that will also be deposited into the undesignated Fund Balance.

The total amount of revenue that CPC is reconciling in its account that is above and beyond its estimates for FY24 is \$764,971.20 (see Figure 1).

REQUEST TO APPROPRIATE FUNDS TO TRUE ACCOUNTS

Considering all of the above information, the CPC would like to request that City Council appropriate a total of 30% of the \$764,971.20 in actual revenue from the CPA Fund Balance into each of the CPA category reserve accounts as detailed in Figure 1.

Figure 1: Truing of Additional Revenue

FY24 Budget	Total Revenue	Affordable Housing (10%)	Historic Preservation (10%)	Open Space & Rec. (10%)	Total Appropriation (30%)
FY24 Estimated State Match (20%)	\$162,215.40	\$16,221.54	\$16,221.54	\$16,221.54	\$48,664.62
FY24 Actual State Match (21%)	\$177,593.00	\$17,759.30	\$17,759.30	\$17,759.30	\$53,277.90
Difference between FY24 Actual and Estimated State Match	\$15,377.60	\$1,537.76	\$1,537.76	\$1,537.76	\$4,613.28
Actual Local Surcharge Revenue Collected Above Estimate	\$749,593.60	\$74,959.36	\$74,959.36	\$74,959.36	\$224,878.08
Total Truing of Account	\$764,971.20	\$76,497.12	\$76,497.12	\$76,497.12	\$229,491.36

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