

Chuck 2/21

City of Malden Controllars Office Update

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FEBRUARY 21, 2023

PROVIDED TO
MALDEN CITY COUNCIL
FINANCE COMMITTEE

BY
CHARLES RANAGHAN



Organizational Chart

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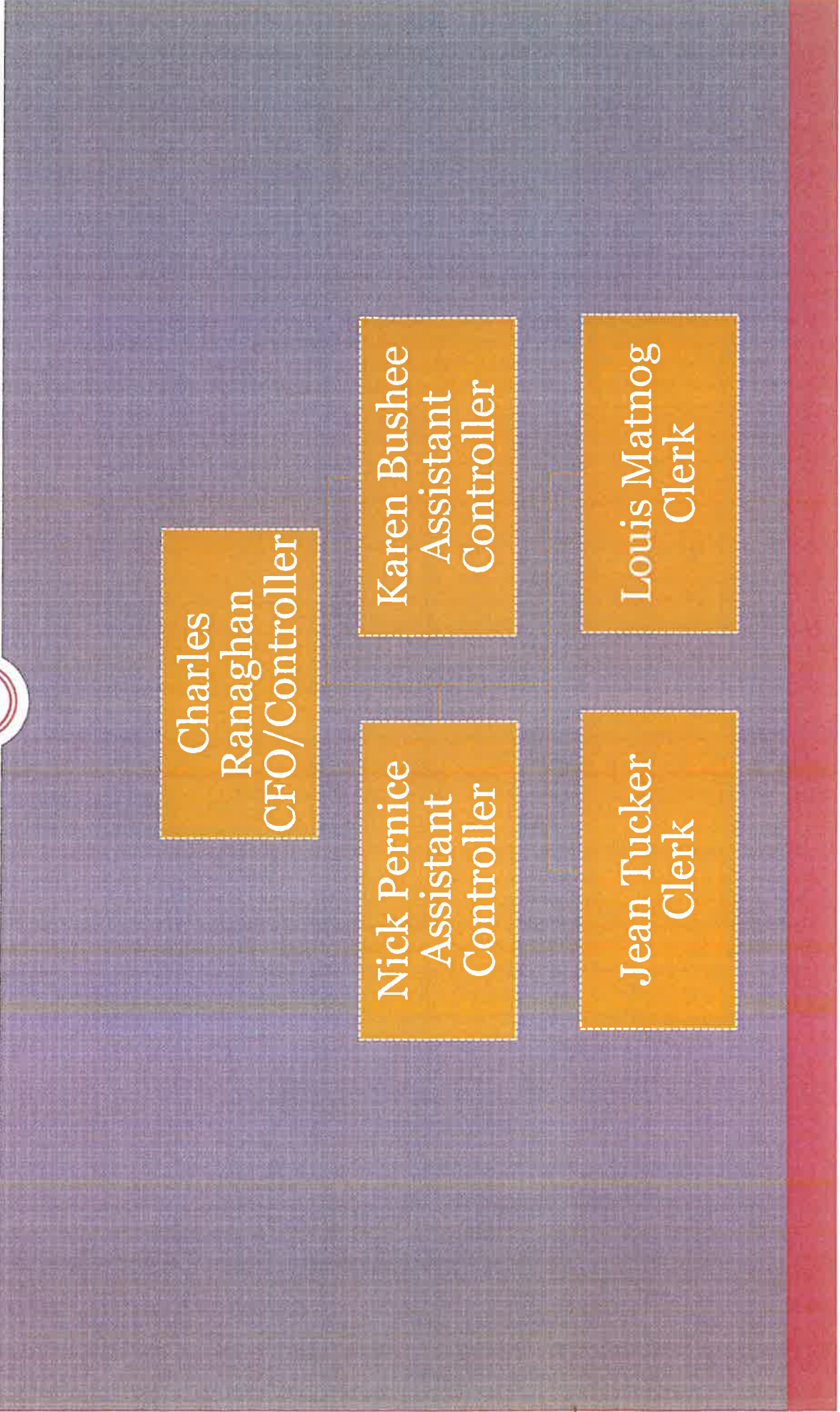
Charles
Ranaghan
CFO/Controller

Nick Pernice
Assistant
Controller

Karen Bushee
Assistant
Controller

Jean Tucker
Clerk

Louis Matnog
Clerk



Controllers Office

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- The Office serves many different roles
 - Acts as the Purchasing Office
 - Acts as the Budget Office
 - Acts as the Accounting Office
 - Acts as the Auditing Office

Purchasing

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- Duties – ensure that all Departments abide with Massachusetts General Laws as it pertains to the procurement of goods & services.
 - 5789 purchase orders issued in 2022

Worked closely with the Commonwealth of Massachusetts Operational Services Division to ensure the City fully utilizes as many statewide purchasing contracts as possible.

Assisted numerous City Departments in preparing and issuing a variety of Invitation For Bids (IFB), Request For Proposals (RFP), and solicitation of quotations.

Budget

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- FY2024 Budget will start on July 1, 2023
 - Began working on the budget with the Mayor in January 2023
 - The budget typically gets presented to the City Council about 45 days before the start of the fiscal year.
 - Governor has until March 1st this year to present a budget.
 - The first several weeks of the fiscal year are spent ensuring that every account and dollar amount are posted and reflected in an accurate fashion.
 - There is programming that has to be done by us within our financial management software system

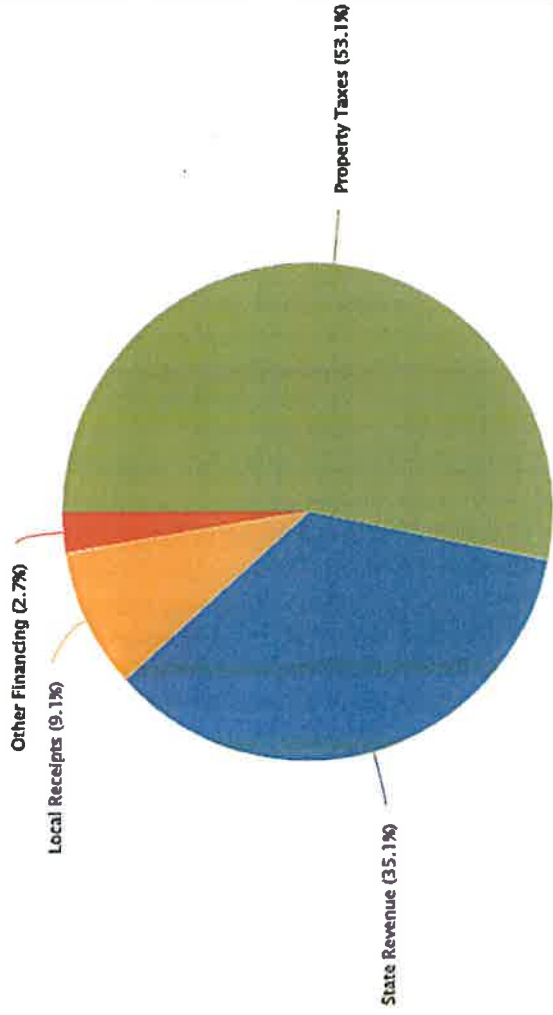


Budget

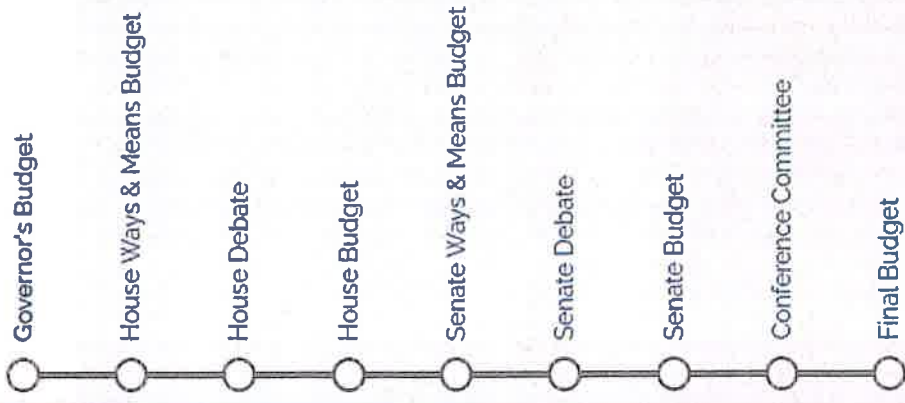
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- The State budget plays an important role in Malden's budget as state aid makes up 35.1% of Malden's overall budget.

Projected 2023 Revenues by Source



FY 2024 Budget



Accounting – Calendar Year 2022

January 1, 2022 – December 31, 2022

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Calendar Year 2022 Revenue

General Fund	\$191,257,958.00
Community Preservation Fund	\$1,129,355.41
Federal Grants City	\$32,075,524.98
Federal Grants School	\$10,990,560.21
State Grants City	\$3,817,771.65
State Grants School	\$1,331,547.00
Receipts Reserved	\$49,600.00
Revolving Funds City	\$91,625.76
Revolving Funds School	\$801,280.99
School Lunch Revolving	\$2,693,565.67
Gifts/Other Services City	\$783,484.77
Gifts/Other Services School	\$1,573,820.32
Capital Projects City	\$8,488,642.99
Chapter 90	\$904,379.64
Water Sewer Enterprise Fund	\$30,826,644.97
Water Sewer Projects	\$5,566,821.83
Cable Access	\$614,393.11
Permanent Funds	\$132,383.93
Non-Expendable Trusts	\$861,767.47
Private Purpose Funds	\$97,258.10
Health Insurance Trust Fund	\$26,502,147.47
Agency Deposits	\$5,009,340.00
Agency Other	\$15,500.00
Affordable Housing Trust	\$4,427.01
Total Revenue	\$325,619,801.28

Accounting – Accounts Payable

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- Warrants
 - Processed weekly accounts payable warrants which accounted for 18,624 invoices. Average of 358 invoices every week.
 - Accounts payable warrants totaled \$152,411,799.50.
 - Reviewed and posted biweekly payroll warrants totaling \$113,263,403.55.

	5073	DATE	
PAY TO THE ORDER OF	\$		
FOR	DOLLARS		
			⑆7890⑈5673⑈

Financial Reports

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- Annual Comprehensive Financial Report (ACFR)
 - Malden has submitted this voluntary report to the Government Finance Officers Association 12 years in a row.
 - Only 12% of Massachusetts municipalities have been awarded the certificate of achievement for excellence in financial reporting
 - Reports for each year are on the City of Malden website at:
 - <https://www.cityofmalden.org/Archive.aspx?AMID=40>

Award of Financial Reporting Achievement

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The Government Finance Officers Association
of the United States and Canada

presents this

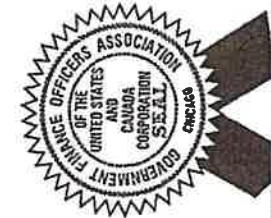
AWARD OF FINANCIAL REPORTING ACHIEVEMENT

to

Charles Ranaghan

Controller

City of Malden, Massachusetts



The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

Executive Director

A handwritten signature in black ink, reading 'Jeffrey R. Egan'.

Financial Reports

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FY2022 Balance Sheet

Submitted the FY2022 Balance Sheet on 11/08/2022

Balance Sheet Submission

Balance Sheet Submission

Status: FORM SUBMIT

MALDEN - 165 2022

Jurisdiction : Malden - 165 Fiscal Year : 2022

Part I Required Uploads

My signature below certifies that I have uploaded the following documents:

1. BOA's Combined Balance Sheet Template
2. Closed, system-generated General Fund Trial Balance
3. Closed, system-generated Undesignated Fund Balance Analysis

Part II Other Required Misc. Forms: Status

All of these Gateway forms must be submitted ("Form Submit" status) to submit the Balance Sheet:

Form Name	Form Status	Last Action Date
BALANCE SHEET CHECKLIST	FORM SUBMIT	11/8/2022 12:06:54 PM
YEAR END CASH REPORT	FORM SUBMIT	11/8/2022 12:07:00 PM
CASH RECONCILIATION	FORM SUBMIT	11/8/2022 12:07:07 PM
OUTSTANDING RECEIVABLES	FORM SUBMIT	11/17/2022 5:31:11 PM
STATEMENT INDEBTEDNESS	FORM SUBMIT	11/8/2022 12:07:18 PM
SNOW AND ICE	FORM SUBMIT	11/8/2022 12:07:35 PM

Please enter the date of any upcoming meeting that will include appropriations from Free Cash and/or Retained Earnings

Check here if no scheduled meetings of the legislative body include appropriations from Free Cash and/or Retained Earnings :

Select a document to upload

Current Documents

Name	Action
<input type="radio"/> cbstemplatemunicipal	
<input type="radio"/> TRIAL BALANCE - SUMMARY ON 11_15_2022 SUMM	
<input type="radio"/> TRIAL BALANCE - DETAILED ON 11_15_2022 UNDEG FB	
<input type="radio"/> Chapter 90 requests	

Signatures

Accountant/Auditor

I hereby certify that all required documents and forms have been submitted, and that to the best of my knowledge this information is complete and accurate as of this date.

Charles Ranaghan, Controller, Malden, cranaghan@cityofmalden.org 781-397-7000 | 11/8/2022 12:05 PM

Financial Reports

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- Additional Reports that have to be submitted to the Massachusetts Department of Revenue include:
 - Schedule A
 - Tax Rate Recap
 - Snow & Ice Data Sheet
 - CP-1 & CP-2 (Community Preservation Fund Report)

Upcoming Project

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- Financial Software System
 - Our current financial software provided (Softright) has been acquired by a much larger company Accela. We have been informed that they are discontinuing Softright and will be converting ALL clients to a new product. Conversions are tedious and the magnitude of this conversion will require a lot of time, money, and effort from numerous City employees. I have started investigating our options and have been working with the Information Technology Director in an effort to get ahead of this.



munis
a tyler erp solution



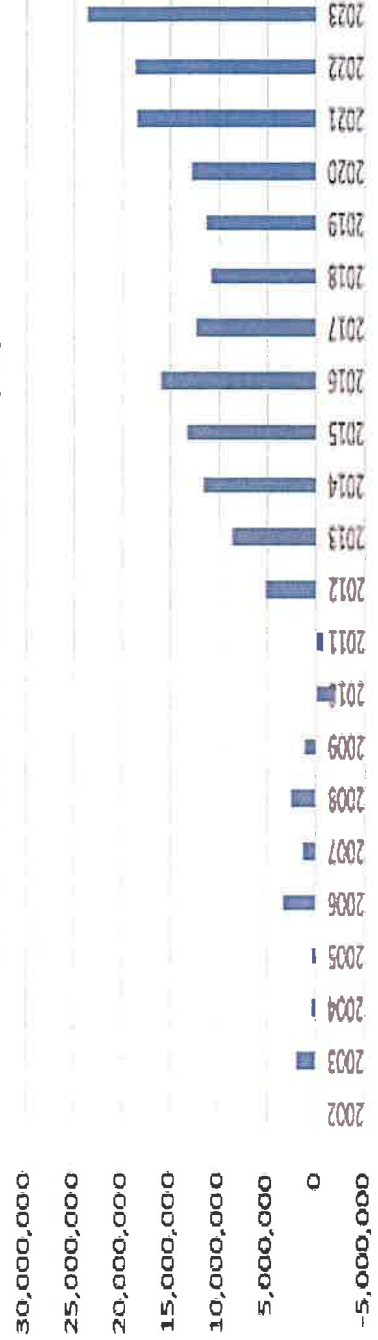
VADAR
Systems

EST. 1996

Fiscal Strength – Reserves (Free Cash)

Fiscal Year	Certified Free Cash as of 7/1/	Certified Free Cash as a % of the Budget
2002		
2003	1,905,695	1.80%
2004	322,739	0.29%
2005	406,781	0.35%
2006	3,297,661	2.79%
2007	1,318,985	1.05%
2008	2,620,122	1.97%
2009	1,209,118	0.89%
2010	-1,771,365	-1.19%
2011	-670,878	-0.51%
2012	5,261,491	3.73%
2013	8,627,395	5.92%
2014	11,674,404	7.65%
2015	13,377,521	8.40%
2016	15,931,097	10.06%
2017	12,455,252	7.51%
2018	10,820,569	6.28%
2019	11,280,854	6.35%
2020	12,883,179	7.39%
2021	18,573,677	10.48%
2022	18,636,518	10.32%
2023	23,734,755	12.80%

Certified Free Cash as of 7/1/



The importance of free cash

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- Current free cash was certified by the DOR on 11/21/2022 in the amount of \$23,734,755
- Over the same 22-year period that the previous slide shows, the City has used over \$41 million of free cash to support annual operating budgets.
- Free cash can also be used during the course of a fiscal year to support events that were unanticipated and not included in the annual appropriation.
- Free cash can also be used to prevent the need for bonding thus reducing our overall debt obligations.

Statewide Free Cash

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- Statewide average free cash as % of budget 9.1%

Municipality	Certified Free Cash as of 7/1/	Certified Free Cash as a % of the Budget
Wilmington	39,239,630	32.64%
Woburn	38,936,922	23.35%
Cambridge	199,259,756	21.19%
Reading	19,927,025	17.94%
Watertown	30,557,663	16.61%
Burlington	24,975,130	15.42%
Wellesley	27,138,344	14.69%
Malden	23,734,755	12.80%
Somerville	38,970,525	12.65%
Lawrence	42,980,402	12.11%
Winchester	16,740,751	11.75%
Belmont	15,553,790	11.04%
Methuen	16,602,506	9.74%
Walpole	10,764,417	9.55%
Salem	16,293,365	9.47%
Stoneham	6,757,503	9.15%
Springfield	67,834,117	8.67%

Stabilization Funds

- Stabilization Funds
 - MGL c.40 s.5B & MGL c. 59 s.21C(g) allows a municipality to create one or more stabilization funds, which are special reserves into which monies may be appropriated and reserved for later appropriation for any lawful appropriation.

DOR Code	Municipality	Schedule A Fiscal Year	Stabilization Fund Balance	Special Purpose Stabilization Fund Balance	Operating Budget	Stabilization Fund as % of Budget	Special Purpose Stabilization as % of Budget
057	Chelsea	2022	17,153,269	0	207,252,633	8.28%	0.00%
093	Everett	2022	11,549,989	0	240,853,280	4.80%	0.00%
165	Malden	2022		0	185,458,734		0.00%
176	Medford	2022			181,501,368		
243	Quincy	2022	18,936,001	0	353,229,781	5.36%	0.00%
248	Revere	2022			215,738,999		
274	Somerville	2022	66,756,710	3,991,289	308,106,373	21.67%	1.30%
293	Taunton	2022	28,443,544	2,362,608	253,900,209	11.20%	0.93%
347	Woburn	2022	23,014,095	0	166,761,681	13.80%	0.00%

Free Cash & Stabilization

- Free cash plus all stabilization balances equals total available reserves

DOR Code	Municipality	County	FY 2021 Total Debt Service	FY 2021 Debt % of Budget	Free Cash Amount as of FY 7/1/2021	FY 2021 Stabilization Fund	Moody's Bond Rating	S&P Bond Rating
057	Chelsea	SUFFOLK	5,825,878	2.65	13,363,276	17,759,829		AA
093	Everett	MIDDLESEX	14,327,897	5.90	10,637,026	10,908,236	Aa3	AA+
165	Malden	MIDDLESEX	16,468,516	7.77	16,573,677	0	Aa3	AA
176	Medford	MIDDLESEX	9,592,483	4.75	8,534,241	5,272	Aa3	AA+
243	Quincy	NORFOLK	38,486,815	9.58	-555,404	14,333,716	Aa3	AA+
248	Revere	SUFFOLK	10,618,230	4.63	1,329,154	17,010,674	Aa3	AA
274	Somerville	MIDDLESEX	22,357,166	6.92	16,711,066	64,902,779	Aa1	AA+
293	Taunton	BRISTOL	16,208,654	6.33	17,708,820	27,903,543		AA
347	Woburn	MIDDLESEX	9,610,000	5.63	35,602,358	15,830,494	Aa1	AAA

Annual Independent Audit

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- Municipal Code
 - 2.12.020 (F)
 - The Controller shall cause an audit to be made of all accounts of the City at the close of each fiscal year, in accordance with guidelines by the Commonwealth.
- M.G.L. Chapter 44, section 40: Audit of accounts; frequency; reports

Annual Audit – MGL Ch. 44

Section 40. For the purpose of conducting audits of the accounts of all cities and towns annually, and of the accounts of each district and regional school district biennially or annually as determined by the prudential committee, if any, otherwise the commissioners, or the regional district school committee, the firm or person engaged to conduct such audits shall have access to all necessary papers, books, and records. All accounts subject to audit by town auditors under section 53 of chapter 41 shall be subject to audit, and the trustees of any property the principal or income of which, in whole or in part, was bequeathed or given in trust for public uses for the benefit of the city or town or any part thereof, or for the benefit of the inhabitants of the city or town or any part thereof, shall give said firm or person access to their accounts, funds, securities and evidences of property for the purposes of the audit. Upon the completion of each audit as aforesaid, a report thereunder shall be made to the mayor and city council in cities, the selectmen in towns, the prudential committee and commissioners in a district, and the regional district school committee in a regional school district, and a copy of the same shall be furnished to the city, town or district clerk, who shall cause the same or a summary of its essential features to be published at the expense of the city, town or district. A copy of the audit report shall be furnished to the director of accounts, if embezzlement or other criminal activity is suspected as a result of audit findings, the foregoing city, town, or district officials shall bring the relevant information to the attention of the district attorneys and attorney general and give assistance to any investigation instituted in response

Annual Audit

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- The Controllers Office provides the independent auditors with full access to all warrants (payroll, accounts payable), invoices, general ledger debits and credits and all other entries.
- The independent auditors review information in detail and follow up with additional questions.
- Once complete a report is issued that contains informational items along with findings and recommendations. Recently the City and also included responses to the findings in order to explain the processes that would be put in place to rectify any potential finding
- Reports are posted on the City website at:
 - <https://www.cityofmalden.org/201/Controller>

Accomplishments

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- The Office has submitted 12 consecutive Annual Comprehensive Financial Reports and in doing so has received a Certificate of Achievement for Excellence in Financial Reporting each year.
- The Office prepared the FY2022 budget which was awarded the City's first ever Distinguished Budget Presentation Award in FY2022 by the Government Finance Officers Association.
- The Office fully digitized every process including all vendor information on the 21,808 vendors setup in our system, all bid documents, all warrant information including invoices, all treasury receipts including corresponding backup, all journal entries, etc...
- The Office filed all reports with the Commonwealth of Massachusetts in a timely manner.
- The Office filed all required ARPA reports with the United States Treasury.



Controllers Office Staffing

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- I started as the Controller in 2011. The Office has seen 100% turnover in that time.
- Turnover is always difficult; however it has truly been a benefit to the City in that we were able to staff the Office with highly qualified & dedicated employees.
- The current Treasurer, Dan Grover, started in the Controllers Office as Assistant Controller.
- The Assistant School Business Manager worked in the Controllers Office before transferring to the School Department in 2022.
- Steve Jobs
 - “Great things in business are never done by one person; they’re done by a team of people.”

Nick Pernice - Assistant Controller

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- Previously worked at the Malden Redevelopment Authority
- Massachusetts Certified Public Purchasing Official (MCPPO)
- Actively participates in National and New England States Government Finance Officers Association.
- Regularly attends workshops and Educational seminars to attain MMAAA Certification (Mass Municipal Auditor's and Accountants Association)
- Active participant in the Massachusetts Association of Public Purchasing Officials (MAPPO).



Karen Bushee – Assistant Controller

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- Former Comptroller at the Malden Redevelopment Authority
- Massachusetts Certified Public Purchasing Official (MCPPO) designation by the state's Office of the Inspector General (OIG), the highest title in the state contracting program.
- Instrumental in administering all of the grants and programs formerly overseen by the Malden Redevelopment Authority, now the Office of Strategic Planning and Community Development.

Jean Tucker - Clerk

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- Previously worked in the Malden Redevelopment Authority
- Created system & process to fully digitize the entire warrant process (accounts payable). All invoices from July 1, 2019 forward are now scanned as they are processed.
- Performed the functions of 2 fulltime clerks within the Office for several months while we were backfilling a vacant position.
- Trains city staff on the use of our financial software.



Louis Matnog - Clerk

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- Did not work at the Malden Redevelopment Authority
- Louis transferred to the Controllers Office from the Board of Health.
- Previously worked at the Police Station as a Cadet
- A member of Malden's volunteer Community Emergency Response Team (CERT).
- Active member of the International Federation of the Red Cross & Red Crescent for International Response
- In process of obtaining MCPPO certification to become a Massachusetts Certified Public Purchasing Official



Questions & Answers

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