



Conor Baldwin
Chief Financial Officer

MEMORANDUM

TO: Eileen M. Donoghue, City Manager *EMD*

FROM: Conor Baldwin, Chief Financial Officer *CB*

DATE: February 27, 2019

SUBJECT: **INFORMATIONAL** – Update on School department bills from prior years

Over the course of the past few months, the finance department has assisted the school department's business office with support to investigate and process outstanding liabilities or, so-called "bad bills". According to Massachusetts General Laws Ch. 44 § 64, cities or towns in Massachusetts having unpaid bills of previous fiscal years which may be legally unenforceable due to the insufficiency of an appropriation in the fiscal year in which such bills were incurred may, by a two thirds vote of the city council, appropriate money to pay such bills.

The business office from the school department provided a list to the City Manager's office this week with a summary totaling \$255,939.56 and a request that the City Council authorize funding to cover the liabilities. The information included with the summary of invoices included documentation for some, but not all, of the requested funding.

The request itself is problematic and is not explicitly a request for the City Council to allow the school department the legal authority to pay these invoices from their current year's appropriation. Many of the funding requests are for payroll disbursements to school department employees and not for unpaid invoices to vendors. Upon investigation by the finance and City Auditor's offices, it became apparent that several of the requests on the list had already been paid both to vendors and to employees.

The school department has since confirmed that the request is not solely to allow the legal authority to pay the bills from a prior year from the current year's appropriation, pursuant to the statute. Rather, it is a request for a supplemental appropriation from the City Council to the school department in FY2019. The finance office has since requested a break-down of these invoices, as some are truly "bad bills" under the statutory definition.

Included with this memorandum is the summary provided by the school department. Once reconciliation is complete, we will work with the law department to prepare the proper vote.

Please let me know if there are any questions.

Tracking of Bad Bill/Insufficient Account:

General Fund

| | |
|--------------------------------------|----------------------|
| Hummingbird | \$ 3,325.00 |
| Madison Security | \$ 1,381.50 |
| Verizon/Tmobile | \$ 1,434.65 |
| Westmark | \$ 4,432.50 |
| Kopelman and Paige | \$ 7,055.02 |
| Out of State Reimbursements | \$ 2,653.35 |
| Course Reimbursements for- FY17/18 | \$ 33,379.00 |
| Travel | \$ 383.06 |
| PJ Systems/Blackboard | \$ 77,250.00 |
| Motion Elevator | \$ 7,000.00 |
| AV Lab | \$ 1,988.00 |
| Anghor Dance | \$ 2,700.00 |
| Article 16 Payments | \$ 35,553.98 |
| Marching Band Sipsends (Spring 18) | \$ 1,320.00 |
| Paul Schiltman | \$ 4,410.00 |
| Honeywell International | \$ 16,783.32 |
| Bertos Nominee Kealy Trust | \$ 1,500.00 |
| Mfay Interpretation | \$ 436.60 |
| Salem School District | \$ 171,112.99 |
| Van Pool Transportation | \$ 5,817.00 |
| Manchester School District | \$ 4,623.84 |
| Johnston Controls (Pyme) | \$ 3,906.21 |
| Scholastic | \$ 326.96 |
| Post Office Lock | \$ 18.85 |
| Pasek | \$ 363.55 |
| VVB Mason | \$ 7,425.00 |
| Demoulas (Lincoln School) | \$ 83.18 |
| Accept Ed Collaborative | \$ 1,881.00 |
| Medford Electronics | \$ 2,181.00 |
| Robert Kennedy Children Actions Corp | \$ 4,354.00 |
| UTEC | \$ 4,860.00 |
| | <u>\$ 255,939.56</u> |

Revolving Account Deficiencies (Held bills):

Aramark Bills Held

\$ 1,431,206.00