

Budget Committee

August 27, 2019

Present: Jerry O'Connor, Chair; Priscilla Colbath; Paul Romano; Elizabeth Conner; Dave Mankus; James Reinert; Tracey Kolb (School Board Rep); Frank Zappala; Charlie Shine; and Charlie Edwards (Selectmen's Rep).

Present for the Town's presentation were Kelley A. Collins, Town Administrator, and Toni Bodah, Secretary. Present for the School's presentation were: Bob Ouellette, Jennifer McCawley, Sandra Johnson and Relf Fogg, Wakefield School Board; Jerry Gregoire, Superintendent; Marie D'Agostino, Business Administrator; and Deb Gauthier, Clerk.

Members of the audience included Connie Twombly; Dave Lee; Jim Miller; Donna Martin; and Neil & Suzie Glidden. At 6:30 p.m. Mr. O'Connor called the posted meeting to order and led all in the Pledge of Allegiance.

Mr. Mankus moved to change the order of the agenda and to take the School business first. Ms. Kolb seconded the motion. Mr. Edwards noted that the Town's presentation will likely take no more than 15 minutes. Ms. Kolb stated that the School Board has brought their attorney to assist in explanation of year-end figures and, therefore, would like to minimize the attorney's time this evening. Ms. Colbath noted that the discussion with the School could be rather lengthy. Mr. Mankus is trying to save the taxpayers' money by allowing the School to go first. Discussion followed regarding how this change in agenda could (or could not) have been addressed prior to this evening. **The motion then failed by a vote of 3-7 (Ms. Kolb, Mr. Mankus and Mr. Romano voting in favor).**

Ms. Collins referred the Budget Committee members to the year-to-date expenditure reports for Funds 1 & 2, and noted those lines which are over-expended. Several show considerable over-expenditures. 01-41941-430 Town Hall Repairs/Maintenance and 01-41941-810 Town Hall Emergency Repairs are over by more than \$2800 in total due to several unanticipated issues. The first was a major problem with the boilers over the winter. In addition, the hot water tank required replacement, an expansion tank was installed and 2 old water heaters were removed. Also, during the March election, the elevator required emergency service. It was also necessary to address a plumbing issue in the base of the elevator shaft.

01-42401-320 Building/Code Legal Expenses is over-spent by \$2100. This is a 'new' line, created to better track legal expenses by individual departments. This line will be adjusted for 2020; meanwhile, the legal line under General Administration will off-set this over-expenditure.

01-42992-412 PSB Water was guestimated to cover a full year of 24/7 coverage. This line will be adjusted for 2020. 01-45201-635 PR Gas reflects use of the mini bus for various Parks & Rec trips.

Ms. Collins then referred to Fund 2 (Sewer), noting that line 02-43264-630 Equipment Maintenance shows an over-expenditure of \$104,000. This relates to significant issues with a generator, as well as necessary repairs at the pump stations. This fund, separate from the General Fund, still has a balance of \$160,000, in addition to \$110,000 in the Capital Reserve Fund.

With respect to revenues, Ms. Collins has just prepared the MS 434. Overall revenues are down compared with 2018 at this time. Only Transfer Station revenues have a chance of resulting in an increase.

Motor vehicle registrations are down \$100,000, while ambulance revenues are tracking as usual, as is Sewer. Mr. O'Connor referred to recent changes at the Transfer Station working well. Ms. Collins referred to cost-avoidance, in addition to being able to stockpile certain recyclables for sale as the market dictates.

Ms. Conner noted that the bottom line for revenues does not include property taxes. Ms. Collins explained that property taxes are not treated as a revenue and that the Town does not track bad debt. The Undesignated Fund Balance includes liens, deeding, bad debts, etc. It is not all cash. The Board of Selectmen may choose to use a portion to off-set taxes.

Department/Committee budgets are due to Ms. Collins by August 30. She will discuss a schedule for review with the Board of Selectmen at the August 28 meeting. It is anticipated that the Town will be ready to present the proposed 2020 budget to the Budget Committee by late-October/early-November.

This concluded review of the Town's year-to-date expenses and revenues. At 6:51 p.m. the Budget Committee began its review of the School's year-end figures.

Respectfully submitted,
Toni Bodah, Secretary
[At this point, minutes were taken by Deb Gauthier.]

Wakefield Budget Committee
Review of Town FY 2019 Budget Expenditures to Date
Review of School FY2019 Budget
Opera House
August 27, 2019
APPROVED

In Attendance:

Budget Committee: Jerry O'Connor, Priscilla Colbath, Tracey Kolb (School Board Rep), Charles Shine, Frank Zappala, James Reinert, Dave Mankus, Elizabeth Conner, Paul Romano, Charles Edwards (Selectmen's Rep), Peter Kasprzyk (arrived @ 7:00 PM)

SAU 101: Jerry Gregoire, Marie D'Agostino, Anne Kebler, School Board attorney Gordon Graham

Mr. O'Connor led the assembly in the Pledge of Allegiance.

(Toni Boda will provide minutes for initial motion on the agenda and Review of the town's FY 2019 budget expenditures to date.)

Mr. O'Connor opened discussion on the final FY 2019 budget, by asking for confirmation that the budget is final, and asking about the final audit. Mrs. D'Agostino confirmed the budget is final, the auditors have completed their preliminary audit review, and are preparing the final audit.

Mrs. Colbath asked about potential discrepancies in the HS tuition line. She said on June 16th there were 164 high school students listed. On June 30th there were 174. Did you gain ten students in fourteen days? Mrs. D'Agostino explained that the budget was prepared based on 176 students at \$12,665/student. The number at the end of the year was 174 students, and the amount/student corrected to \$12,991.99.

Mr. O'Connor, noting the number of school board members in attendance, wondered if a meeting of the school board had been posted.

Moving to the budget, Mrs. D'Agostino directed the Committee to page 18 of their exhibit and the General Fund numbers. She explained that the school started the year with \$340,013.06 in its Equity Fund. To this was added \$9,393,160 in actual revenue. She noted that this number includes the \$200,000 deficit appropriation granted in March, and misc. other income items, some greater than expected. The school's actual expenditures came to \$9,578,581.84. This left a \$154,591.22 surplus to be returned to the town.

Mr. Zappala asked about the 2 1/2% requested for emergency purposes. Mrs. D'Agostino referred him to the warrant article defeated last March. And said if it had passed, it would have allowed the school to retain 2 1/2% of the surplus for unanticipated expenses, subject to narrow definitions as to what qualifies, and budget committee approval. Mr. Zappala then noted that he believes the warrant article failed because of some of the wording, specifically "...surplus retained until specifically revoked...", with the townspeople being concerned that the source of the retention permission would be lost to the ages,

and the ability to revoke permission forgotten. Mr. Graham noted that the warrant article duplicated the DRA law precisely. Conversation about the defeated warrant article continued for several minutes.

Conversation moved to the \$413,000 shortfall expected in June, and ended with Mrs. Colbath reading her motion from the 6-25-19 meeting, denying the school's request to apply to the Commission of Education for excess funds. Her motion passed and permission was denied. Mrs. D'Agostino advised the Committee that the Special Education Trust fund was emptied this year due to unanticipated out of district placements.

Mr. Mankus wondered if some of the unanticipated revenue previously noted could be reoccurring. Mrs. D'Agostino explained that no, we could not expect the revenues to become anticipated for budget purposed because they came from extra grant money, reductions in the retirement lines, savings in Special Ed transportation, etc. allowing the school to spend just \$40,000 of the \$200,000 appropriated.

Mr. Zappala, acknowledging that with the excess equity coming back to town that a celebration is in order, wondered if causes for the original issues at been identified, what lessons had been learned, and what steps are in place to make sure the errors are not repeated. While acknowledging several errors, Mrs. Kolb pointed out the Special Education mandated expenses can defeat a budget out of hand, referring to the depletion of the Trust Fund. Mr. O'Connor noted that the town would have to being the replenishment process. Mrs. Kebler noted that "ghost" students were included in past years to make some allowance for changes, but that they had been eliminated from this budget. Mr. Gregoire noted that during the budget preparation in the fall of 2017, estimates of revenue & expenditures were used too often, rather than actual figures. Mrs. D'Agostino noted that it's hard to prognosticate. FY2018 was saved by under expenditures in the special ed lines, while FY2019 was killed by special ed. Mrs. Kebler said she is looking, again, at the costs of contracting for certain services vs. hiring. Mr. Graham added that because setting the budget means you are working 18 months in advance, you need to look hard at the budget busting items, and acknowledge that a capital reserve fund is necessary.

Mr. Kasprzyk, acknowledging the Special Education limitations, suggested that "we" should force the federal government to properly fund its mandates. He went on to say that the Budget Committee must think about the whole town, not just its students. Further, if the folks in town on a limited budget have to learn to live with a 3% cost of living adjustment that should be the maximum increase in the budget. Mr. Mankus asked Mr. Graham if he would recommend passing the fund balance retention article. Mr. Graham responded with a question – "No business starts its budget year with \$0.00, so why should the school have to?" He went on to say it's good legislation, with safe guards and limitations built in. Mrs. D'Agostino asked about the consequences of not providing mandated Special Education services. Mr. Graham explained that IEPs are contracts between the parents of a student and the school, and must be met. He went on to say that it is sad that the federal government's commitment to provide 40% of the costs of these services is not being met, but that is the reality.

Mr. O'Connor asked Mr. Gregoire when the school expected to have the FY2021 budget prepared. The Committee would like to set meeting dates. While indicating that preparation was in process, no target dates were offered. Mr. Gregoire did ask about the budget format the Committee would like to see. Mr. O'Connor suggested that something that shows the past budget, the actual expenditures for that

budget and the proposed budget all on the same page. He also suggested that some economies could be followed in its presentation i.e.: printing on both sides of the paper, no color. He asked if the budget could be available in early November. Speaking to budget limitations, Mrs. Kolb reminded the committee that several of the individuals involved in the budget process have time limitations built into their employment contracts.

Speaking to the next school board meeting, to which the budget committee has been invited, Mr. O'Connor wanted to confirm that the lawyer and a DRA representative would be present and that the budget committee would be able to ask questions. Mr. Gregoire confirmed this and said that, because of the number of budget committee members that might be in attendance he would post a budget committee meeting for the same night.

Mr. Edwards, continuing to look at the FY2019 budget, noted that several lines were over budget. As an example, he noted the overage in the legal line. Mrs. Kolb explained the various causes. Mr. Edwards said he mentioned it to point out that Special Education & Tuition are not the only lines over budget. Mr. Gregoire spoke to the need to minimize errors, which will eliminate fines, etc. that caused some of these issues, pointing out that he intends to minimize errors by careful review.

Returning to federal mandate issues, Mr. Kasprzyk wondered how the town might be able to force the federal government to meet its obligations.

Mr. Relf Fogg, in the audience, asked how the school was able to save money in the Special Education Transportation line while out of district placements are in deficit.

Mr. Reinert closed the discussion saying that his votes are based on what he hears from townspeople; that the budget committee, as he has heard members of the school board suggest, is not against the school board, not being hard-nosed, not being vindictive.

Mrs. Colbath made a motion to accept the minutes of the 6-25-19 budget committee meeting as presented. Mr. Mankus offered the 2nd. There was no discussion. The motion carried.

Mrs. Colbath made a motion to adjourn. Several members offered the 2nd. There was no discussion. The motion passed.

Mr. O'Connor adjourned the meeting at 8:15 PM.

Respectfully submitted by Deborah D. Gauthier.