

**Town of Sudbury ~ Finance Committee
Minutes of Meeting
Monday – June 19, 2006
Fairbank Senior Center – 7:30pm**

PRESENT: Chair Bob Jacobson, Tracy Billig (arrived 8:21pm), Bill Kneeland, Marty Ragonas, Larry Rowe (arrived 7:45pm), Sheila Stewart (arrived 7:40pm), Chuck Woodard, Ralph Verni, and Debbie Zurka. Also present: Suzanne Petersen, Finance Director, and Robin Porcella, Recording Secretary.

Opening Remarks:

The meeting was opened at 7:35pm.

Item 1: Approve Minutes:

Chair Bob Jacobson asked the members for comments on any errors or omissions in the minutes of the meeting held May 8, 2006. He provided a copy of the minutes with a few grammatical corrections and Marty Ragonas read how she would like the paragraph under Item 5 to read. She provided a copy of her suggested changes to the recording secretary.

VOTED: Motion to approve the minutes of the May 8, 2006 meeting with the understanding that the record will reflect these changes. Motion made by Ralph Verni and seconded by Bill Kneeland. On vote, motion carries 6 in support, 0 opposed, and 3 absent (Billig, Rowe, Stewart).

Item 2: Reserve, Salary Contingency, and Line Item Transfers:

Maureen Valente, Town Manager, and Suzanne Petersen, Finance Director/Town Accountant started the discussion by explaining the laws relating to the amounts and authorization required to process the transfer requests at the different times of the year. It was reported that the legislature voted in May to make permanent the previously temporary legislation allowing the Finance Committee and the Town Manager to transfer funds between functions during May and June each fiscal year. The law allows for transfers of \$5,000 or 3% of the function's annual budget, whichever is higher.

Maureen Valente reminded the committee that it was brought to the committee's attention in April that there was the potential for a Snow & Ice deficit of \$247,000. The Committee was told at the time that it was likely that some of the deficit could be covered if transfers between functions and departmental budgets were allowed again at the end of FY06. After all proposed transfers there will be a deficit of \$118,000. This is only \$18,000 above that which was provided for in the budget. The total deficit will be raised on next year's recap.

#06-17 is a Line Item Transfer in the amount of \$14,200 and is being requested by the Fire Department. The monies are to be moved from the Fire Uniform Account to the Fire Salaries Account. Due to IRS code and changes in the union contract these allowances are now paid through the payroll and charged to salaries as opposed to expenditures, as they had been in past years. The FY08 budget request should also reflect this increase to salaries and decrease to expenditures.

#06-18 is a Salary Contingency Transfer in the amount of \$800, and is being requested by the Personnel Department. The amount will be used to cover the \$200) match to the senior management personnel's deferred compensation contributions consistent with the negotiated benefit received by the Supervisory Union Personnel.

#06-19 is a Line Item Transfer in the amount of \$23,800, and is being requested by the Town Accountant. The amount will be used to cover the Medicare withholdings that are mandatory for all employees hired after 1986. Sue Petersen explained that this particular line item is very difficult to estimate because it increases as longtime employees are replaced by new hires. The turnover, particularly in the school department is difficult to predict. Until all employees have hire dates after 1986, this will continue to rise unpredictably. Sue suggested that there should be a substantial increase when planning for FY08 and that a transfer or budget adjustment will be necessary for FY07.

#06-32 is a Reserve Fund Transfer in the amount of \$8,716.00, and will be used to pay the deductible on two liability claims. These were legal fees incurred in defending the Town against these claims.

#06-33 is a Function Transfer in the amount of \$23,853, and is being requested by the Department of Public Works. The funds will be transferred from the Engineering, Trees, and Parks & Grounds lines to the Highway Streets & Roads to cover some of the unexpected increase in gasoline, utilities and roadwork.

#06-34 is to cover the year-end transfers in the amount of \$147,201. The committee was informed that after all the transfers are completed; the Reserve Fund will be fully expended.

From Town wide Operations to General Government, Info Systems	\$12,000
From Public Safety (Police) to Public Works, Highway Streets & Roads	\$6,222
From Various Functions to Public Works, Snow & Ice	\$62,116
From Reserve Fund to Public Works, Snow & Ice	\$64,338
From Salary Contingency to Public Works, Snow & Ice	\$2,525

VOTED: Motion to approve the transfers #06-17, 06-18, 06-19, 06-32, 06-33, 06-34. Motion made by Ralph Verni, and seconded by Bob Jacobson. On vote, motion carries 8 in support, 0 opposed, and 1 absent (Billig).

Item 3: Discussion of standard questions/info. requests by FinCom liaison group members:

Bob Jacobson stated that the committee should develop a list of standardized questions and discussion points to be brought by the liaison to meetings. These questions should be addressed both prior to and during the budget hearings. Some areas of discussion and questions will be specific for each group and some will be discussed with all the groups.

Bob would be interested in the collective bargaining issues for all cost centers. Suggested questions were: What were the major changes in the contract; the cost of the COLAS; how the contract changes will affect the current FY07 budget; and how the cost centers will make up for any shortfall in their budgets for these negotiated salaries.

Marty Ragonis suggested that the committee follow up with some of the items addressed in the Town Manager's C.A.R.E program from last year, listing strategies that have been successful as well as those that were not so successful but demonstrated an effort had been made.

Sheila Stewart stated that the benefits are an important factor that should be addressed in the liaison meetings. If the town is not notified that the schools have hired new employees, this will have a great affect on the Town. Marty Ragonis stated that this has happened in the past and that the Town was not notified in some cases. Efforts should be made to impress upon the schools that this is a concern and that it does impact the entire budget.

Bill Kneeland stated he would like to know if a grant is discontinued, does the school eliminate the funded position or would they seek other funding, perhaps within the budget.

Ralph Verni suggested that the committee should be encouraging everyone to apply for grants. He expressed that he assumes it is difficult to predict in January what grants will be available in the following fiscal year but that he is interested in finding out how the various grant cycles work and when the schools know what funding will be available.

Sue Petersen stated that the schools are well informed by the Department of Education as to the expected status of continuing grants and usually have some idea of any new grants that might be on the horizon. She added that although they are well informed and keep a close eye on things, the schools can only make an estimate and at any time funding from the state or the federal government, etc. may disappear. Chuck Woodard asked if grants were part of the budget that was approved. Bob Jacobson stated that some were and some were not.

Several members of the committee stated that they need to better understand the grant process in the context of the overall budget. Some members wondered if the schools had much information on grants. Sue Petersen stated that the schools track the grants closely and do have the answers to questions about them and would probably be happy to provide the information to the committee. Larry Rowe stated his concern that the committee may be, or appear to be, suspicious of how grants are being handled by the schools and he did not want it to appear that way if the liaisons brought these questions to them. Sheila Stewart stated she did not agree that it suggested that the committee was suspicious, just that these are questions that need to be asked. She stated that the FinCom members represent the voters and the committee needs to be able to answer questions from the voters regarding this matter. By asking these questions, the committee is simply educating itself.

Chuck Woodard suggested that the committee needs to do an inventory as to what grants the Town & Schools receive. Tracy Billig suggested that the liaisons inform the cost centers that the committee had a brain storming session and these are some of the questions and topics they will be discussing this year.

Bob Jacobson stated that he hoped the questions the committee decides to use will be discussed at the September liaison meetings so that the committee has the information for January's budget hearings.

Ralph Verni stated he would like to know the year-to-date spending and costs of utilities before the January budget hearings.

The committee was asked to email any questions to Ralph Verni so that he can compile a draft list for the next meeting.

Other Business:

Maureen Valente and Sue Petersen informed the committee that there were two administrative issues regarding transfers during the year and especially at the end of the fiscal year.

It was explained that the law allows Maureen to transfer any amount between departmental line items and between departments within the same function throughout the fiscal year. Town Meeting votes by function and any transfers within those functions by law do not require town meeting or FinCom approval. However, the policy has been to seek FinCom approval for any line item or function (cluster) transfer of \$5,000 or more. Maureen and Sue suggested that this limit is low and often requires the committee to take action on transfers with which they may not be concerned. The Finance Director and the Town Manager suggested increasing that maximum to \$10,000.

The second issue the Town Manager and the Finance Director addressed was that of last minute transfers between the committee's June meeting and the final warrant dated July 15. Because the town continues to accrue payroll and expenses through June 30th, there may be a deficit situation in one department's budget that would not be evident until July 1. The law allows for one final July 15th warrant to process payroll and expenditures through June 30. If the Town Accountant and the Town Manager determine there is a need for a transfer of \$10,000 or less between functions during the period between the June FinCom meeting and the July 15 warrant, the committee could vote to give the Town Manager the temporary authority to approve such transfers. This would avoid having to call an emergency meeting of the FinCom early in July. Any transfer necessary during this period for more than \$10,000 would still require the approval of the FinCom and a meeting would have to be called. Because permanent legislation now allows for inter-function transfers, this temporary approval will most likely be sought each year at the committee's June meeting.

VOTED: Motion to authorize the Town Manager to approve line item and inter-departmental transfers within functions of not more than \$10,000 indefinitely. Motion made by Chuck Woodard and seconded by Bill Kneeland. On vote, motion carries 8 in support, 0 opposed, and 1 absent (Billig).

VOTED: Motion to empower the Town Manager to approve transfers of not more than \$10,000 between functions without further Finance Committee approval between June 20, 2006 and July 15, 2006, and further that the Town Manager and/or the Finance Director will provide a report detailing any transfers of this nature made during this time to the Finance Committee at their next meeting. Motion made by Bob Jacobson and seconded by Ralph Verni. On vote, motion carries 8 in support, 0 opposed, and 1 absent (Billig).

The next meeting is scheduled for August 28, 2006.

Marty Ragonis acknowledged that this was Finance Director Sue Petersen's last meeting as she will be retiring and moving out of state in August. The committee thanked her for her contribution to the committee and wished her luck in the future.

There being no further business, the committee adjourned at 9:14pm

