

A meeting of the Board of Selectmen was held on Monday, April 6, 2015 at 6:30 pm.

Present: Martin Crowley, Chairman; David Sheedy, Clerk; William Dowling; George Samia, Town Administrator; Catherine Johnson, Administrative Assistant

Pledge of Allegiance

Public Hearing

TOWN OF EAST BRIDGEWATER

Notice is hereby given that pursuant to the requirements of M.G.L. Chap. 138, a Public Hearing will be held relative to the Application for a Transfer of a Restaurant – All-Alcoholic License, as follows:

From: One Putt Inc. dba Cameron's on the Green
William E. Russell, Manager

To: Damian's Corp. dba Cameron's on the Green
Bledar Hoxhalli, Manager

Premises: 436 Oak Street

Premises consists of a one-story building, 175 people capacity, frame building with porch, restaurant and lounge on one level, kitchen separated by a semi-partition, office and storage in basement.

A Public Hearing will be held at the Town Hall, First Floor Conference Room, 175 Central Street, East Bridgewater on Monday, April 6, 2015 at 6:35 p.m.

Alan McCarthy, Esquire was present with Bledar Hoxhalli, owner of Damian's Corp. dba Cameron's on the Green to request a transfer of the Restaurant All Alcoholic License above-listed.

Chairman Crowley welcomed Mr. Hoxhalli and inquired about his past experience in the restaurant business. Mr. Hoxhalli explained his many past experiences in the restaurant business and explained that this endeavor was the dream of he and his wife; that they are excited to start their lives in East Bridgewater.

Mr. Dowling thanked the Russell family for their successful business here in Town and wished them well in their future endeavors.

The Board of Selectmen wished Mr. Hoxhalli and his family well in their business endeavor.

M/Sheedy, s/Dowling, a unanimous vote, approve the transfer of One Putt Inc. dba Cameron's on the Green to Damian's Corp. dba Cameron's on the Green, Bledar Hoxhalli, Manager effective immediately.

Open Forum

Mr. Steve Lovell of 20 Oregon Street was present to explain to the Board and the public that he submitted a petition article for the upcoming Annual Town Meeting requesting an audit of the school and Town finances.

Open Forum closed by the Chairman

Budget Presentation

Joseph Dutcher, East Bridgewater's representative on the Southeastern Regional Vocational School Committee and Marc Morris, Southeastern Regional Vocational School Department Business Manager were present to present to the Board and the Public Southeastern Regional School Department's FY16 budget.

Action Items

M/Sheedy, s/Dowling, a unanimous vote, approve the minutes of the March 30, 2015 meeting.

Board Discussions

Chairman Crowley reported on continuing topics of which the Board thought warranted a discussion, specifically, the School Department budget deficits. Chairman Crowley explained that at a meeting a few months ago, as well as at a Finance Committee last year, a discussion was held on school budget deficits in school bus transportation, when the Superintendent, asked for a \$900,000 increase in the School Department budget and told the Finance Committee and the Town that if it is supported that he would guarantee that it would stabilize the School Department budget and that at the Town meeting he stated that they could and would live within that budget. Chairman Crowley then fast forwarded to December 22nd, when they found out that did not turn out to be the case, with a projected \$350,000.00 deficit in the School Department budget and that, very recently, within a couple of days, the Board was informed that the estimated deficit for the current fiscal year is \$960,000.00, which he stated was very disturbing. Mr. Crowley stated that he didn't recall any votes being taken to overspend the School Department budget. Chairman Crowley stated the Board asked Town Counsel that if in fact over spending the budget is illegal. Town Counsel then brought forth the Law that overspending your authority is illegal, that the only body in Town with the authority to set appropriation limits are the residents of the Town at Town Meeting. That the only way a department can go back and spend more money is, strictly, with the approval of the residents at Town Meeting. Chairman Crowley reported that the Superintendent, on December 22, 2014, stated that he would come back with some cuts for the School Committee and what he was told is that the proposed cuts were brought before the School Committee and were declined. Chairman Crowley stated that if the School Committee were declining opportunities to get back on budget, that they were in fact endorsing overspending their authority.

John Clifford, Town Counsel and Town Auditor, Rob Lynch were asked to approach the Board and Chairman Crowley requested input on how the \$960,000.00 deficit should be handled at this point.

Attorney Clifford reported on the request of the Board last November, at which time he was asked to take a look at the School Department overspending issue and offered his opinion of what the practices had been. Attorney Clifford stated there were findings that the School Department had overspent their budget, that they did so last year, and that when the auditors closed FY14, that it was determined to be beyond the \$600,000.00 that the School Department was given at the Special Town Meeting, that they actually exceeded their budget by \$100,000.00 just at the close of the year, a little over a month later, showing a pattern of overspending, that continued even after going to the Special and Annual Town Meeting last year and when those issues were highlighted last December the School Committee came in and basically indicated that they were going to overspend the budget again and since that time, rather than make adjustments to cut budget deficits and of just hearing about the \$960,000.00 deficit number, that that, from a legal prospective, was truly alarming. Attorney Clifford stated that, at that time, he advised the Board that legal remedy was to file a complaint with the District Attorney's office and that at this point the Board should consider any option that will stop illegal practices, as well as stated that these practices were not technical violations of the law, that the budget voted at Town Meeting is a commitment, a promise to the voters and not one to be taken lightly.

Attorney Clifford stated, that in talking with the Town Auditor, Rob Lynch, they both agreed that they had never seen anything like these practices, such as overspending which increased the School Department budget by 10% in one year, with no control over how it's being done, that these are not practices which

occur in municipal finance, that neither of them have seen anything like the practices of the East Bridgewater School Department, that its illegal and not a technical illegality, it's a serious issue and advised the Board to take action at this point.

Mr. Sheedy asked Attorney Clifford, that besides notifying the District Attorney's office, what advice would he give the Board going forward.

Attorney Clifford stated, that due to the School Department not meeting legal commitments that were made as part of the planning for the new school building, of which they are short funding maintenance and maintenance funds are being diverted for other uses, that he would suggest notifying the Massachusetts School Building Authority, as well as the Department of Revenue, which oversees all the Town's expenditures to see what kind of assistance they could give the Town with the current situation as well as the state agency which oversees the school Department, the Department of Elementary and Secondary Education.

Attorney Clifford advised that the intervention is needed in this situation, due to the fact that the Board of Selectmen do not unilaterally have the ability to stop these practices.

Rob Lynch, Town Auditor of Lynch, Malloy, Marini, LLP agreed with Attorney Clifford, in that the Town should look at any remedy at the Board's disposal, due to the practices continuing and stated that the Town needed to get such practices under control. Mr. Lynch stated that, in his firm's audit report, he issued in draft form for FY14, under government and auditing standards, they had issued a significant deficiency, due to the overspending budget deficits of the School Department, as well as the mischarging of revolving accounts with inappropriate expenditures and further stated that's a significant problem which is going to impact the Town as a whole and it's bond rating and expressed to the Board to use all means possible to address the issues and get them under control.

Chairman Crowley reported on a letter dated March 25, 2015 from the Town Accountant indicating that there is another \$90,000.00 in FY14 expenses that have been submitted for payment in FY15, which makes it a \$700,000 deficit, not a \$600,000.00 deficit, which makes a huge problem for the next fiscal year.

Town Administrator George Samia stated the he had called Mr. Lynch regarding the new incoming Superintendent and asked if his firm could begin drilling down as to where the School stands presently, if given perimeters from the Board of Selectmen and everyone involved to begin a much more detailed audit as soon as possible, with a suggestion to the Board to give permission to begin the process.

Chairman Crowley stated the he thinks the new administrator would like the end line and the beginning line going forward, that that would be a standard activity that should be pursued.

Mr. Lynch stated that his firm could help the Town out with a more detailed audit, with a definition of a scope of services in that regard, in order for the Town to get specifically what they are looking for. Mr. Lynch further stated that all involved must support the audit process because they could come in and do everything requested and give policies and procedures to follow, but that if the Superintendent and the School Committee do not follow through, it will be a waste of the Town's time and money. Mr. Lynch explained that budget issues happen everywhere, but in all other communities, they have learned to live within their means, which means, what Town Meeting appropriates, and they don't exceed it.

Mr. Sheedy asked Mr. Lynch if East Bridgewater is the first Town which their School Department has had the problem with continuously exceeding their budget. Mr. Lynch stat that no, East Bridgewater is not the first town to overspend their budget, but that having such a significant problem like this, no they don't, not to this magnitude. Chairman Crowley stated that this was the third year in a row for the School Department.

Mr. Dowling asked Mr. Lynch if the Town will be able to correct the busing journal entries so that the Town doesn't receive the Letter of Deficiency, or is the Town at the point of no return? Mr. Lynch replied that going forward with appropriate controls in place and following the law that yes it is correctable.

Mr. Samia informed the Town that Mr. Lynch's firm, Lynch, Malloy, Marini, LLP has been auditing the Town for 20 plus years.

A discussion was held regarding the funding of the \$960,000.00 School Department budget deficit which essentially has already been spent. Chairman Crowley stated that it takes the residents and the Town Meeting out of the budget process.

A discussion was held regarding a detailed audit of the School Department. Mr. Lynch stated that, depending on the scope of services, his firm could begin within a couple of weeks.

Mr. Sheedy questioned who had the authority to order such an audit, the Board of Selectmen or the School Committee? Mr. Lynch stated that, under Massachusetts General Law, the Town Accountant had the authority.

John Margie, Chairman of the Finance Committee asked Mr. Lynch what impact, if any, would there be if the Town does or does not follow the advice of Town Counsel with regards to notifying state agencies with the Town Auditors findings? Mr. Lynch replied that he thinks it is imperative to follow the advice of Town Counsel, due to the continuous overspending of budgets in the School Department.

Jennifer Kitchenham, School Committee Member was present to state that members of the School Committee have met with Mr. Samia with regards to an audit and stated that she is in favor of the audit, in order to bring a balanced budget to the Town at the Annual Town Meeting.

Gordon McKinnon, School Committee Member and Co-Chair of the Budget Committee stated the he takes full responsibility of the budget deficit situation and stated the \$960,000.00 in deficit is unacceptable and plans to meet monthly with the Business Manager going forward and further stated that he is in favor of the audit and offered his help and support with the process.

Ms. Theresa Maltz asked Town Counsel, through the Chairman of the Board of Selectmen, what the exposure would be on the Town should the Board of Selectmen vote to send letters to the MSBA, the DOR and the DOE with the deficits and inappropriate spending.

Attorney Clifford stated that his is not aware of a situation and pattern of overspending such as this and is looking for said agencies to come in with an objective and perhaps an offer of their assistance.

Chris Kelly, Chairman of the Finance Committee asked the School Committee, through the Chairman of the Board of Selectmen, what exactly the Town received for the \$960,000.00 over-expenditure, what was the money was spend on.

The Chairman of the Board explained they had received the budget deficit of \$960,000.00 today, that they are foreseeing a breakdown of expenses in the very near future.

Mr. James Weidenfeller stated that he had a problem with the credibility of the School Committee for numerous reasons.

Mr. Jonathan White asked Mr. Samia, through the Chairman, where the money would come from to pay for the deficit.

Mr. Samia explained that free cash would have to be used and explained by using free cash, it would eventually affect everything in the budget.

Mr. Dowling asked Attorney Clifford if the town he referred to in his report was similar to the budget issues that the School Department is having. Attorney Clifford explained that the Town he referred to in his report was only over \$100,000.00.

Timothy Cramer, Finance Committee member inquired about what the rationale was of the School Committee last year with regards to re-instating personnel after cut was made. Mr. Crowley stated that Mr. Moretti explained that he knew it was a mistake at the time to re-instate personnel.

Mr. Cramer asked if the School Committee will be submitting a 3% budget at Town Meeting, as requested of all departments. Jennifer Kitchenham stated that the School Committee will go to Town Meeting with whatever the Town provides to the Schools.

Mr. Sheedy stated that a 3% increase is the directive of the financial team, however, some departments will receive the 3%, some will receive less, and some will receive more.

M/Sheedy, s/Dowling, a unanimous vote, to send letters to the Massachusetts Building Authority, the Department of Revenue and the Department of Elementary and Secondary Education, to follow through with the problems with the School Department budget and to follow it up from there.

Reminders

The Annual Town Election will be held on Saturday, April 11th at the Jr/Sr. High School. Polling hours will be from 11 am to 7 pm.

M/Sheedy, s/Dowling, motion to adjourn.

VOTE: Yes – Crowley, Sheedy, Dowling; a unanimous vote in favor

Meeting adjourned at 7:50 pm



Clerk
Board of Selectmen