



Town of Medway

FINANCE COMMITTEE

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Minutes of Finance Committee-Final Version

DATE: February 28, 2007

LOCATION: Sanford Hall – Medway Town Offices
155 Village Street
Medway, MA 02053

PRESENT: Diane Coulter, Rob Kenney, Frank Faist, Joy Smith Dahl, Judy Yasi, Tom Shea, Steven Chilinski, Ned Myers

ABSENT: Phil Giangarra, Phyllis Cerel, Glen Trindade

GUESTS: Suzanne Kennedy, Barbara Durand, Carol Pratt, Alison Slack, Missy Dzikczek, Jim Galligan, Richard Dunne, Dennis Crowley, Kent Scott, David D'Amico, John Callahan, Matt Lynch

PURPOSE: Joint meeting of the Board of Selectman (BOS) and the Finance Committee (FinCom) for review of the first iteration of the Level-Funded Budgets including the Impact statements to their respective departments.

Diane Coulter called the Finance Committee Meeting to order at 7:07 p.m. at Sanford Hall, Medway Town Offices.

Jim Galligan called the Board of Selectman Meeting to order at 7:10 p.m.

Diane presented the February 12, 2007 FinCom meeting minutes requesting comments and there were not any, then a motion for approval.

Judy made a motion to approve the minutes. Frank seconded the motion and it was unanimously approved.

Diane stated that the FinCom meeting minutes for February 28, 2007 would be discussed at the next FinCom meeting scheduled for March 7, 2007 at Medway High School.

Diane introduced the newest FinCom member, Ned Myers.

Diane shared:

- her discussion with Jim Vallee regarding the \$1.1 million increase in revenue budgeted by the Governor to Medway
- Jim Vallee stated that with the state of MA having a \$1.3 billion dollar deficit, to assume Medway will get the same as last year would be prudent until the House and Senate finalize the states' budget.

Kent stated the Governor was "setting the stage" for the budget talks.

Frank questioned the state assessment numbers for Medway.

Jim (BOS) stated they are down approximately \$1,000.

Diane stated that historically, the assessment numbers for Medway from the state do not fluctuate very much to affect budgeting process in town.

Town Accountant

Diane requested the Town Accountant present her budget.

Barbara Durand stated that:

- Fiscal Year(FY)08 budget is less as no consultant fees will be required
- \$27,000 was moved to the MIS IT Budget for the VADAR software maintenance as this is utilized by many town departments.

Tom requested a total cost of consultants in her department for FY07.

Barbara stated a little less than \$50,000 as of 12-31-2006.

Frank requested clarification on the baseline data used to compile the budget as some numbers do not add up.

ACTION ITEM: Frank will send e-mail to Barbara listing these discrepancies and Barbara can provide clarification.

ACTION ITEM: Suzanne hopes to have updated detailed spreadsheets out on Monday with all the questions raised to date regarding employee benefits, etc. addressed.

Jim asked:

- If Professional/Technical line item is funded sufficiently for all special reporting requirements.
- Are Auditing costs included here?

Barbara stated that based on the quote from the auditors these numbers should be appropriate as she is now doing some of this reporting on her own.

Jim asked about the Auditing of the Municipal Buildings.

Barbara stated:

- She has the information from FY07 and has been asking other cities/towns about their practices
- She is developing a “best practice” workflow based on her inquiries and will be developing a policy for fixed assets.
- She anticipates that we will be able to do our own without the need for consultants in the future.

Jim asked if the other infrastructure items, i.e. sidewalks, etc. would require consultation by a 3rd party or can we evaluate these based on existing data.

Barbara stated:

- She is confident in the Auditor's numbers and
- She has budgeted \$20,000 for a new state mandated Actuarial study of cost of employees retirement which will need to start being done every 2-3 yrs.
- This must now be footnoted on the budget reports that go to the state.

Tom asked if we will need a separate article as we did last year.

Suzanne stated no as this has been included in the budgeting process.

Tom asked Barbara to discuss “State of Financial Controls” in place now versus FY05 when we did not have any which resulted in our recent past and current financial situation.

Barbara stated that she can only address what has been instituted since she took her current position as Town Accountant as follows:

Prior to her arrival:

- There was no reporting to any departments on dollars spent versus dollars still available to be spent
- There was no reconciliation done at all

Currently:

- Monthly reporting to each department including who the expenses are attributed to, date to return this report to Town Accountant, report back on discrepancies in this report to Town Accountant
- Carol and Barbara then review all these discrepancies and resolve them PRIOR to the next months report
- Quarterly reporting of Revenue and Expenditures to date in summary format is provided to the state as a mandatory report due to Medway borrowing money from the state
- This Quarterly report is sent in detailed format to the Board of Selectman
- Audit Reporting: FY06 was completed by October, FY05 was completed in 5/06,
- We are now able to complete the report and it went to the state ON TIME
- **PLEASE NOTE: TAX BILLS WENT OUT ON TIME FOR THE 1ST TIME IN 3 YEARS**
- Reconciliation Reports are done via the monthly reporting to departments described above
- Receivables for 12/06 will be completed next week, then Jan/Feb will be worked on and then this will be done on a monthly basis
- New process of Turnover Sheets as follows:

Each Department sends:

1. To Treasurer and
2. To Town Accountant

Town Accountant verifies that what the Treasurer then forwards to the Town Accountant is the SAME AS what the Department first sent to the Treasurer.

Dennis asked:

1. If the assumption can be made that the cost savings in FY07 will result in the Town Accountant's FY07 being under budget.
2. If 1 major requested could be budgeted for what would that be?

Barbara stated:

- A new financial software package as VADAR is 3 years old and has only 1 canned report available.
- Even with an upgrade the current software's report writing functionality is very limiting.

Suzanne stated that the staff spent >20 hours on the budget report as it was totally manual. The current system does not support our business processes.

Ned asked how often the \$20,000 for Actuarial reporting will be required.

Barbara stated She and Carol have been attending meetings to understand these new state mandated budget reporting requirements and it will 1st be required for FY09.

Dennis asked about getting the School + Town on same system.

Suzanne stated that will be part of the summary Capital Improvement Plan she is working on with all departments.

Barbara stated:

- Step 1 is a needs assessment for the School + Town
- Recommends a Project Manager
- Recommends one person know how all the data tables related across departments and also someone who has IT experience who can converse with the vendor on their IT level

Frank stated:

- We need to have a resident expert who can train internal staff, communicate feedback to the vendor, provide live support with any new or updated software, ongoing software support
- Have we budgeted for that?

Tom asked if their department is appropriately staffed.

Barbara stated:

- Carol has been taking on more responsibility
- Carol is the MA Procurement Officer and this was not done in the past
- Their department is the manager of all contractual agreements for all town departments
- She is not entirely sure until all of their responsibilities are worked out and the software issue is addressed

IT Budget

Suzanne stated she is trying to re-align certain functions in the Town Administrator's office that clearly do not belong their and has requested that Barbara's department take over those tasks/functions.

Barbara stated:

- There is no staff for the IT budget
- \$27,075 is for annual VADAR maintenance contract
- \$5,000 for software maintenance
- She is looking at a software for the Town Website with 2 vendors,(Community Technical Solutions, Virtual Town Hall) but no decisions have been made

- There is enough money in the FY07 for design of this new site including training

Suzanne stated the MA Department of Revenue (DOR) recommended an upgrade to the Town Website.

Frank asked if there will be a town employee who is training in administration of this site.

Jim asked if the budget includes any additional modules for VADAR as this is licensed through 2009.

Barbara stated:

- VADAR related costs will be in the Capital Planning Budget
- Next week there is a scheduled VADAR upgrade at no cost

Suzanne stated there was no Needs Assessment done on a town wide basis when VADAR was implemented and Franklin has spent and budgeted a lot of money for an appropriate Needs Assessment, Acquisition, Training, Support program.

Ned asked if FY07 will come in under budget.

Barbara stated no as the money will be going to the town website project.

Dennis stated that part of this budgeting must address the Cable Access recommendations of connectivity between town buildings and hardware purchases will be required and maintenance of the hardware.

Kent suggested an IT manager for hardware + software support to be shared across all departments.

Treasurer/Collector Budget

Melanie Phillips stated:

- FY08 will be \$67,000 lower due to no need for consultants' fees
- FY07, \$50,000 was spent on consultants
- Still in need of part time consultant 3days/week at \$400 for cash reconciliation process as this is very manual

Frank asked about the lock boxes/bank services put in place as a stop-gap measure.

Melanie stated:

- That will hopefully not be required for FY08 as her department is looking into automation

- Currently, imaging of checks to the banks has been implemented
- Plan is to scan both checks and bills in the future and once both of these are implemented, then the lockboxes./bank services may no longer be required but can not determine that until total imaging is implemented
- Her department has also taken over the postage machine management

Tom asked for a year to date consultant savings and what new controls/process improvements have been implemented since 2005.

Melanie stated previously:

- NO workflows were documented
- NO balancing was done on anything

Melanie stated currently:

- All department workflows have been documented
- Balancing is done Daily/Weekly/Monthly
- More reporting is implemented

Melanie stated:

- FY08 is based on Actuals
- FY07 is based on unknown due to the prior staffs lack of balancing

Dennis asked about her employees' increases in salary.

Melanie stated:

- None for her
- Union negotiated increase of .25% for FY08
- Hoping she will not need the additional FTE budgeted for due to process improvements but since they are not fully implemented she will not be sure until that occurs

Suzanne asked that Melanie comment on Tax collections.

Melanie stated:

- Approximately 40 residents will have their names in the paper for tax delinquency which is approximately \$200,000
- There is a specific notification process that must be followed with certified letters, etc.

Suzanne stated the impact is not felt immediately.

Kent stated that a lot of work was done on all delinquent accounts.

Dennis asked when the last time people were reported on was.

Melanie stated 2005 a very small group.

Suzanne asked for Melanie to review back taxes to date recovered.

Melanie stated approximately \$300,000-\$400,000

Dennis asked Melanie to address the excise tax issues.

Melanie stated:

- Excise taxes must be paid within 30 days then a demand letter is sent out
- All mail put in any mailbox in Medway goes to Brockton first which increases time it takes for it to get to Town Hall.

Melanie stated 3 ways other than that are available for Medway residents to get these paid on time:

1. On-line via Medway Town website
2. Drop off boxes outside of 2 locations; Town Hall and Medway Cooperative Bank
3. On-line via your own Banks' on-line payment service **and**
4. We are now electronically connected via ACH which speeds process

ACTION ITEM: Suzanne stated an internal meeting is needed to determine how to promote the use of these tools and how to get the residents to utilize these tools.

Melanie stated that she has a relationship with UniBank and in 3 weeks Medway will be the test site for an upgrade to the existing town website for on-line payments.

Debt Service/Reserve Stability

Suzanne stated this was not put in the budget.

Frank stated that the approximate costs are \$263,150 and \$150,000 for debt services.

Barbara stated:

- The DOR informed her that it is a % of the total to be raised
- FY08 number was given to Barbara from the DOR

CIPC –Capital Improvement Planning Committee

Suzanne stated that we do not have one but the DOR recommended that we should.

Suzanne is working on a 5 year plan and may have this available next Wednesday.

If this is made available next Wednesday, Suzanne needs a decision from both the BOS and FinCom by March 27, 2007 on the Capital Improvement Plans.

Frank asked if the data in Suzanne's spreadsheet was actuals.

Suzanne stated yes except FY06 was "funky" due to the way the current VADAR system captures data and had to be done manually.

Rob asked Suzanne to address the fringe line item.

Suzanne stated that was part of her contract.

Suzanne presented 2 issues:

1. Short Term Disability (STD) implemented for employees
 - This has been negotiated with 1 union so far and 2 more union contracts are up for negotiation
 - Not sure if \$4,000 will cover the cost

2. Personnel is a large issue
 - She would like extra office support
 - 2 Part Time Seniors have been added but still not fully covered
 - Reassigning tasks to the appropriate departments that have been historically done by her department is in process
 - Anticipates the Government Study will recommend a Personnel Department be implemented

Jim stated that the Government Study Group:

- Is almost done with data collection and analysis in next 2 weeks
- Will be making recommendations
- Would like this group to present to residents at town meeting their preliminary recommendations
- Could they give us that information for budgeting?

Diane asked if there is a time frame required for an over ride to be proposed.

Suzanne stated 45 days before the election which is on 5-7-2007 and we may need a contingent budget.

Suzanne stated that her salary increase is .25% contractually for next year.

The BOS pointed out that Medfield has a population of 11,000, Medway 13,500 and their town meeting attendance is 2,000-3,000 residents.

Frank asked about legal budget, Charles River, Annual Report.

Suzanne stated:

- Budget assumptions were made for all of these
- Legal fees should be anticipated as there are 2 union contracts to be negotiated for FY08 and there are substantial issues to be resolved

Board of Assessors

Tom asked about staffing.

Pace Willison stated currently staffed with 2 clerks and 1 was not employed for the full year.

Rich asked if the use of consultants may be more cost effective.

Pace Willison stated:

- Per Suzanne, a number of line items were rearranged for FY08 budget.
- State requires 3yr,(\$50,000) and 9 yr(\$150,000) re-evaluations and allows us to save up for those costs
- FY09 = 3yr
- FY112 = 9yr
- Professional Technical line item includes costs of consultants
- Re-evaluation account has approx \$35,000--\$40,000

Dennis asked:

- If we are \$100,000 under budget
- Are we being penny wise and pound foolish

Pace Willison stated:

- Current members of Board are doing the job at no cost to the town instead of hiring consultants due to their training and experience
- Looking into possibly sharing this function with another nearby town

Jim asked if sharing was feasible due to reporting requirements timing.

Frank asked about the overlay account.

Pace Willison stated approximately \$250,000.

Dennis asked when the new growth numbers would be available.

Kent formally requested the new growth numbers be provided to BOS.

ACTION ITEM: Pace Willison will provide BOS with new growth numbers by the state of the town address.

Jim asked if the \$72,000 salary figure was realistic based on job requirements.

ACTION ITEM: Pace Willison will look at other towns and make sure that number is adjusted if needed.

Counsel on Aging

Frank said that FY07 was less than FY06.

Missy stated that the outreach, transportation and her salaries were cut 3 years ago but are now higher yet not back to what they were.

Dennis asked if any salary increases due to union contracts should be anticipated.

Jim asked if the utilities need to be increased due to the planned addition.

Missy stated:

- Services have increased but so have volunteers so it has been a wash
- Grant shared with Franklin for Registered Nurse is a 1 yr grant but may continue for 3

Rich asked if Missy had an open checkbook what would her total budget really need to be?

Missy stated \$150,000.

Frank asked about condition of vehicles.

Missy stated:

- 20% is funded by the state
- Put in capital planning projections

Rich asked about the number of seniors.

Missy stated:

- 1,500 residents >60yrs old
- 200-300 take advantage of services
- Contact with approximately 1,300 of all seniors

Counsel on Aging includes:

- Senior Center
- Fuel assistance for all residents of Medway
- Prescription assistance for all residents of Medway
- Medicare assistance

Kent stated this departments' workload is not based on number of residents but number of times services are accessed.

Rich stated this is a quality of life department.

Dennis asked about the use of town funds for building the addition.

Missy stated:

- Zero town dollars were spent to build the senior center and none for the anticipated addition
- Friends for Elders donations
- \$200,000 from state of MA
- \$100,000 from Walnut Grove on the Charles
- \$200,000 from state must be spent by 6-30-2007 or the money goes back to the state

FinCom Reserve Fund

Frank asked about this fund.

Suzanne stated:

- FY08 \$100,000 to FinCom Reserve
- FY08 \$250,000 to Stabilization Fund

Tom stated that is sound fiscal policy.

Frank was in agreement.

Jim notified members of new information about a roof leak at the Police repeater station which damaged it beyond repair and approximately \$15,000 will be required to fix this.

Dennis stated that FinCom Reserve should be kept at \$100,000.

Suzanne stated that any leftover funds in the FinCom Reserve Fund at the end of a Fiscal Year (FY) go to the General Town Fund and each fiscal year the FinCom Reserve gets \$100,000.

Diane stated:

- next FinCom meeting 3-7-2007 at 7pm at the high school
- 3-12-2007 FinCom + School Committee at Sanford Hall
- 3-19-2007 BOS + School Committee at Sanford Hall

Tom motioned to end the FinCom meeting at 9:20 p.m. The motion was seconded by Judy Yasi and approved by all.

Kent motioned to end the BOS meeting at 9:20. The motion was seconded by Dennis and approved by all.

Respectfully submitted,

Liz Langley
Finance Committee Secretary