

MINUTES OF MEETING OF WAREHAM FINANCE COMMITTEE

Date of Meeting: April 13, 2011

I. CALL MEETING TO ORDER

The meeting was called to order at 6:31 P.M.

II. ROLL CALL

Members Present: Donna Bronk, Chairman
William R.C. White, Clerk
Dick Paulsen
Bonnie Cottuli (Arrived at 6:32 P.M.)
David Trudell (Arrived at 6:40 P.M.)
Dominic Cammarano (Arrived at 7:20 P.M.)
Frank Heath
Sam Gray

Member Absent: Marilyn Donahue

Also Present: Mark Andrews, Town Administrator
Derek Sullivan, Financial Analyst
Claire Smith, Town Moderator
Walter Cruz, BOS
Michael Schneider, BOS

III. TOWN ADMINISTRATOR'S REPORT

To be handled later in the meeting.

IV. PUBLIC HEARING ON 2011 ANNUAL SPRING & SPECIAL TOWN MEETING WARRANTS & FY2012 BUDGET

The public hearing on the 2011 Annual Spring & Special Town Meeting Warrants & FY2012 Budget were opened at this time.

NOTE: Ms. Cottuli arrived at this time.

Ms. Bronk asked if anyone in the audience wanted to speak relative to the public hearing.

Present before the FinCom: Anthony Scarsciotti

Mr. Scarsciotti stated he doesn't see a line by line format relative to the budget. Mr. Andrews stated the format has changed. He doesn't feel the Charter calls for the line by

line from previous years. There will be handouts & a Power Point presentation that will get into the budget further.

Mr. Andrews explained there are no new hires in the budget & breakdowns will be provided at Town Meeting.

Mr. Paulsen stated there is a revaluation coming up, but this expense is not in the budget & there is an article on the Warrant. Mr. Andrews stated there is an account (Sale of Real Estate Account) w/ \$200,000 in it. \$150,000 of this will be utilized. He explained the Town has a signed contract w/ VISION for the revaluation, subject to appropriation at Town Meeting to take the money from the Sale of Real Estate Account. Mr. Paulsen feels this revaluation expense should be part of the budget. Mr. Andrews discussed the account & the purposes that this account can be utilized for.

MOTION: Mr. White moved to close the public hearing. Ms. Cottuli seconded.

VOTE: Unanimous (6-0-0)

NOTE: The meeting continued w/ item III. Town Administrator's Report.

A. Memo re: House Ways & Means Release of FY2012 Budget.

Mr. Andrews discussed the memo re: the House Ways & Means Release of the FY2012 Budget. This release of the FY2012 budget resulted in a 7% reduction in local aid, the same as the Governor's House I recommendation. The budget uses a 9% reduction, plus an additional 5% of non-personnel cuts across the board (Town & schools, minus fixed costs, Reserve Fund, debt, audit, legal, Town Meeting, snow & ice, street lights, and veterans' services). The full House of Representatives will begin on April 25, 2011.

NOTE: Mr. Trudell arrived at this time.

Mr. Andrews stated there may be a further resolution re: local aid w/ the House Ways & Means coming in the future.

Mr. Paulsen asked how an additional \$77,000 came into the real estate line item. Mr. Sullivan discussed review of the Assessor's records & it was found that this money is a fair estimate.

B. Agreement w/ School Dept. re: Budget.

Mr. Andrews stated the Town has come up w/ an agreement w/ the School Dept. He submitted a draft worksheet relative to the agreement, pending all appropriate approvals. He noted the sheet gives assumptions, such as how to bridge the gap Part I & Part 2. He noted the School Dept. was asked to come up w/ items to close the gap which was \$620,000. He briefly noted other parts of the agreement, such as the healthcare premium holiday & the postponing of the defibrillator article.

Ms. Bronk stated at the Budget Sub-Committee meeting, Dr. Rabinovitch, Superintendent understood that the money to be generated from the healthcare premium holiday is a one time savings deal & next year, the School Dept. will need to address their fiscal issues because this money will not be available. She commended the Town Administrator and the Superintendent & others involved in coming to an agreement.

Mr. Andrews stated it is important to start working now on the FY2013 budget. Ms. Bronk stated a suggestion has been made to make a permanent Budget Sub-Committee to deal w/ budget issues that arise early on.

Mr. Heath offered more information that came out of the Budget Sub-Committee meeting. He discussed school personnel cuts. Mr. Andrews stated the Town-side has done what it can do & any breakdown of the agreement will have to be handled on the school side.

Mr. Heath discussed the 5% non-personnel expenditure savings being proposed in the agreement. Mr. Andrews stated these are items that don't directly have impact.

Mr. Paulsen discussed audit reports for FY2009 & the draft audit report for FY2010. He spoke re: transferring from the WPCF for indirect costs. He had felt that doing this had been rectified several years ago relative to not funding the general fund w/ WPCF funds. Mr. Heath explained the WPCF employee benefits are paid by the Town & this is what the money represents (that Mr. Paulsen is speaking about). Mr. Andrews added that this money is indirect costs for WPCF benefits.

Mr. Paulsen discussed unemployment & what was spent for FY11 vs. what was budgeted (\$125,000 was budgeted vs. \$225,000 expended). Mr. Andrews noted that a report will be generated. He stated the Town doesn't have a say when Federal government or the State change the rules & extend unemployment benefits. Mr. Paulsen feels this issue goes back two years according to the records he has. Mr. Sullivan explained that in April, two former employees reached the 99 week mark, In June, two more employees will reach this mark which will create savings for the Town.

C. Recovery Plan.

Mr. Andrews submitted documentation re: the Recovery Plan. He explained there was direct contact w/ the auditors & DOR on 4/4/11. The DOR has been informed of the Recovery Plan & he feels DOR is satisfied w/ Powers & Sullivan being involved. He noted the meeting date re: the FY10 audit. He spoke re: the DOR letter received relative to how the Town should proceed & individual departments that need to report to the Town Administrator for full recovery of issues noted w/in specific departments. He believes his directives will produce positive responses.

Ms. Bronk stated she would have liked to have had the DOR letter at the last meeting if it were in Mr. Andrew's possession. She asked what the next step is relative to an accountant. Mr. Andrews explained the auditor will present the findings to him (Town

Administrator) & cash reconciliations will go to him as well & this will provide a jump start for FY12. There is a need to get on a fiscal audit cycle. In mid-summer, the auditors will put together a draft audit for FY11 & this audit will be presented sometime in October. He has also challenged the auditors to show where the Town can improve.

Mr. Andrews discussed looking into a payroll module to calculate payroll deductions dealing w/ contracts, such as sick days, vacation days, etc.

Mr. Andrews stated that the relationship w/ the auditors will suffice until the draft audit for FY11 is done & then the accountant's position will be posted.

Ms. Cottuli asked who is monitoring & operating the day-to-day in the accounting office. Mr. Andrews stated he is now the Town Accountant. He explained the auditors are rectifying cash reconciliations & other functions necessary to be updated.

Mr. White asked if the Town Administrator is responsible for responsibilities listed in the memo dated 3/31/11. Mr. Andrews stated he is. Mr. White feels a new accountant should be going through this process now vs. waiting until later. Mr. Andrews feels the process & procedure in place is best at this point. He will act as the Town Accountant for now. Mr. Heath feels that waiting to hire an accountant after this whole auditing process is not the right time to hire someone. He feels it needs to be done now because of training, etc. The day-to-day is too much for the Town Administrator to handle in the Accountant's office. There are professionals that could fill in for a period of time. He stated it will take time for the hiring process. Mr. Andrews suggested sticking to the Recovery Plan, getting the auditor reports back, etc. Ms. Bronk stated the FinCom feels the Town Administrator should actively pursue an accountant asap. Mr. Gray concurred. Mr. Gray heard the auditors say that cash reconciliations are most important. It is important not to get further behind in this action. He doesn't feel it is physically possible for the Town Administrator to be both Town Administrator & Town Accountant. There is a need to find a qualified & capable accountant right now. There needs to be a system where everyone is confident with the numbers in front of them.

Mr. Trudell discussed the DOR report that came out last year & the Town Administrator developed a matrix to address the issues. He asked if the Town Administrator will develop the same kind of matrix to address the fiscal issues & allow the BOS & the FinCom to track the process. Mr. Andrews stated he will be adding the management letter issues to the matrix.

NOTE: Mr. Cammarano arrived at 7:20 P.M.

Mr. Gray stated if the FinCom members could assist in a new search for an accountant or if help in any way is needed, the FinCom members would be happy to do so.

Ms. Bronk stated again, it is impossible for the Town Administrator to act as the Town Accountant. She asked Mr. Andrews if he would entertain advertising for the Town Accountant's position. Mr. Andrews stated yes.

Mr. Heath stated he would be more comfortable expressing concerns & the FinCom's position as a committee to the BOS.

MOTION: Mr. Heath moved to have the FinCom express concerns & the FinCom's position relative to the Town Accountant's position directly to the BOS. Mr. Gray seconded.

**VOTE: (7-0-1)
Mr. Cammarano abstained**

V. BUSINESS

A. Reserve Fund Transfer Request.

The FinCom proceeded to discuss & review Reserve Fund Transfer request #10-11. The amount being requested is \$40,000.00. The purpose of the request is due to extended audit procedures requested by the Town Administrator to address emergency matters pertaining to the Town Accountant's office. The request is extraordinary or unforeseen due to material weaknesses in the FY2010 audit and the potential impact on the current FY2011 budget.

Ms. Bronk stated Mr. Andrews had previously indicated the request would be for \$30,000.00 not \$40,000.00. Mr. Andrews stated he didn't want to come up short.

MOTION: Mr. Trudell moved the FinCom approve Reserve Fund Transfer request #10-11 in the amount of \$40,000.00. Mr. Paulsen seconded for discussion.

Mr. Cammarano asked what the balance is in the Reserve Fund presently. Ms. Cottuli stated in a memo dated 3/30/11, it states there is \$103,000.00 in the Fund.

VOTE: Unanimous (8-0-0)

B. Discussion: Ginger Hastings – Healthcare Renewal.

It was stated that Ms. Hastings called & had to cancel.

C. Discussion: Reconsideration of previous votes for Annual & Special Town Meeting Warrant articles.

Article 13 – All Day Kindergarten Revolving Fund
Article 14 – Special Education Revolving Fund

Mr. Trudell stated there had been some concern re: articles 13 & 14 & if the amounts were going over the limit.

Mr. Andrews stated he contacted Dr. Rabinovitch, School Superintendent to obtain more information on this. The auditors will be going through all the fiscal audits.

Mr. Paulsen stated he spoke w/ Dr. Rabinovitch. It was explained to him that there are different rules for different folks. The School Dept. has more flexibility under different chapters for their revolving accounts.

Mr. Andrews stated in the future, a citation should be listed w/in the articles relative to revolving fund limits. He will get clarification of this matter to the FinCom. Mr. Trudell added that this matter was flagged last year by the auditor.

Article 19 – Hotel/Motel Local Excise

Article 29 – Local Room Occupancy Tax

Mr. White feels clarification is needed for articles 19 & 29.

Mr. Andrews explained one article is for accepting the provisions & the other is putting them in place. He explained Town Counsel will be reviewing these articles. Discussion ensued re: confusion over these articles & clarifications needed.

Article 11 – Harbormaster Permit Fees

Mr. Sullivan stated he looked at the Harbormaster budget & seasonal employees were included in the budget. He stated the seasonal employees have now been taken out of the budget & it will just be this Warrant article

Mr. Trudell stated there was also a question if the Harbormaster Revolving Fund could only be utilized for equipment, etc., not payroll.

Article 17 – Wetland Protection Fees

Ms. Cottuli asked what the purpose of this transfer of Wetland Protection Fees into the General Fund is. Mr. Andrews stated he will check on this in the morning & get this information.

NOTE: Mr. Paulsen discussed pension benefits. Mr. Andrews stated he will provide further information.

Ms. Cottuli stated she is in the dark re: the Community Events Fund. She asked Mr. Andrews for his help. Mr. Andrews stated he would help.

Mr. Andrews & Mr. Sullivan departed at this time.

D. Discussion re: FinCom meeting w/ Powers & Sullivan.

Ms. Bronk explained that the FinCom is asking for a meeting w/ Powers & Sullivan. She asked the Town Administrator about this, but he stated he would want to facilitate the meeting & be present.

Mr. Trudell stated the FinCom wants to deal strictly w/ the auditors. Selectman Schneider asked why the FinCom would have a problem meeting w/ the auditors & having the BOS & the Town Administrator present. Mr. Cammarano feels it is because of the answers they would receive. Ms. Bronk stated an Executive Session has not been asked for. Mr. Heath stated the FinCom would like to discuss what truly was/is the problem, for example, cash reconciliations because it seems to be a Town-wide problem. He has no problem w/ having the BOS present at the meeting, but it should be without the Town Administrator.

Mr. Heath feels the Town is in a situation where it won't take much longer before DOR steps in. He feels an accountant needs to be hired immediately & have open positions filled ASAP. Discussion ensued.

Selectman Cruz asked how soon the FinCom needed this meeting w/ the auditors. He also asked for a list of questions to be asked of the auditors. He also stated this meeting should be in Executive Session & the BOS is willing to work w/ the FinCom.

Ms. Bronk suggested the FinCom members email her questions to be asked of the auditors. She would like this meeting to be held prior to Town Meeting.

Mr. Paulsen discussed the responsibilities & powers afforded the FinCom relative to being allowed to look into any financial records of the Town. Some FinCom members acknowledged this to be true, but they don't wish to pursue this route.

E. Next meeting dates.

The FinCom members concurred to meet on 4/18/11 at 6:30 P.M. & 4/25/11 at 6:30 P.M.

VI. ANY OTHER BUSINESS

A. Capital Planning Committee update.

Mr. Trudell noted the Capital Planning Committee met today. He noted that a cover letter will be put out re: the intent to move the five-year plan to the website vs. printing it. It will be placed under the heading Capital Planning.

B. Town Meeting update.

The Town Moderator, Ms. Smith stated she has yet to meet w/ the Town Administrator & she stated she can't seem to get into see him.

VII. ADJOURNMENT

MOTION: A motion was made & seconded to adjourn the meeting at 8:10 P.M.

VOTE: Unanimous (8-0-0)

Respectfully submitted,

Kelly Barrasso
Kelly Barrasso, Transcriptionist

Date signed: 6/1/11

Attest: William R.C. White
William R.C. White, Clerk
WAREHAM FINANCE COMMITTEE

Date filed: 6/2/11
Date copy sent to Town Clerk: 6/2/11

