

Approved + released
8/6/15 DH

Joint Meeting of the Winchendon
School Committee,
Board of Selectman and the Finance Committee
THURSDAY, MAY 14, 2015
TOWN HALL AUDITORIUM

1. Call to order: 5:07 P M. Each Chairperson called their respective board to order.
Present: School Committee (SC)-Dawn Harris (Chairperson), Danielle Hart, Greg Vine
Salah Khelfaoui-Superintendent
Mark Chapulis and David Lockwood, TMS/School Business Management Company

Board of Selectman (BOS)-Michael Barbaro (Chairperson), Amy Salter, Austin Cyganiewicz,
Barbara Anderson, Audrey LaBrie
Town Manager (Interim/Acting)-Scott Livingston-Eckstein
Executive Assistant to BOS and Town Manager-Linda Daigle
Town Accountant-Donna Allard
Finance Committee (FinCom)-Thomas Kane (Chairperson), Ottmar Rau, Christian Orobello,
Ulysse Maillet, Cyndi LeRoy, Darlene Rossi, Bob Guenther
Town Consul-Lauren Goldberg, Kopelman & Paige

Debbie Wagner-Bureau of Accounts Field Representative, Division of Local Services-DOR.
Zach Blake-Director of Technical Assistance Services
Tony Rassias-Deputy Director of Accounts,
Shaun Cronin-Senior Deputy Commissioner of Local Services,
Richard Kingsley-Bureau Chief of Municipal Data Management and Technical Assistance

M. Barbaro introduced Senator Ann Gobi, who thanked the boards for the invitation. She urged and encouraged the town to stay strong, remember its rich history but to work for the present and plan for the future. She pledged "to be there" with elected and appointed officials and to work with the DOR for this community. State Representative John Zlotnik reiterated her comments, noting the extensive experience and information available to the town.

M. Barbaro stated the purpose of the meeting was to go over town finances with the DOR (Department of Revenue), determine a course of action for the May 18, 2015 Town Meeting and to explain and discuss the impact ramifications of the deficit legislation. He asked the DOR to give a quick overview of where the town is and how it arrived at its present circumstances.

Shaun Cronin briefly reviewed the role of Local Services division, noting they have been working with the town during the fiscal challenges. He acknowledged and reviewed the steps the town has taken to remedy the situation, and identified areas of concern. The recap was submitted and approved. The town currently faces a 3 (three) million deficit. The remaining hurdles include the FY15 deficit of at least 1 million dollars. He recommended all new board members take

advantage of the available formal training, including the New Officials Finance Forum on June 2nd. He stated the lack of a team approach and coordination has obviously hurt the town. He outlined the formal ways the state will measure and track the towns' progress. The state could impose additional oversight if there are no measurable improvements. The town should seek an experienced Town Manger with strong financial skills to help the town close the FY15 books. He reviewed the resources available regarding the search for a permanent leader and strongly recommended regular formal meetings between the three boards. A financial management review of the town is currently on going. The results of that analysis and the recommendations stemming from it will play a key role if "we" adopt them in shaping the towns' financial future. The suggested best practices and financial management practices should be seriously considered to install new systems, new practices and new protocols to avoid future financial issues. The report will provide guidelines and timelines for the necessary reform.

Tony Rassias outlined and explained 10 things the town must ?? roadmap to fiscal health

1) Chapter 448 of the Acts of 2014-the Winchendon deficit legislation that will guide the DOR as they help the town create a balanced budget. He reviewed the provisions it contains regarding use of the funds.

2) Pro-forma recap- submitted within 10 days of the adoption of the FY16 budget and not. It will set a benchmark for the towns' short term progress, and demonstrate administrative communication and collaboration. .

3) Estimated revenue receipts must be closely monitored and not over estimated.

4) Stabilization Fund-must be used reasonably and wisely. The Free Cash balance is \$0.

5) Overlay fund is estimated to have a \$0 balance

6) Quarterly Reports-the importance of keeping track of expenditures in specific time frames was stressed. Any increase in any line item from the estimate based on last years' budget must be approved by him.

7) Audit Report -provides important information along with recommendations and resources to resolves problems.

8) Balance Sheet-is needed to set the Tax Rate-usually set in November. Any additional debt request by the town must be approved by him.

9) Supplemental Reserve Fund-Special fund of \$78,000 created in the legislation in FinCom budget to be used as a cash float.

The municipal government must approve the budget by line item to improve accountability. Transfers must be approved by a Reserve Fund Transfer at Town Meeting. Department Heads must be accountable and responsible for their budget

10) Communication-He stressed its' importance, especially between the boards. A representative can participate in financial meetings and report to its' board.

Rick Kingsley explained what the town will be facing in the next few years, noting the \$3 million borrowed amount is 10 ½ -11% of the town' budget. The debt legislation has to be calculated into the budget for next ten years. He strongly warned against additional borrowing and noted there may not be enough cash to pay the remaining bills. The state has advanced the town 8.3 million dollars in lieu of monthly payments. The 1.2 million in the Stabilization Fund could be to pay pensions and bond payments due early July. He voiced concerns on the school side, especially Sped, noted ramifications of those shortfalls on the cash position if the district is not able to make payroll and pay vendors in early

July. The first local aid payment for FY16 does not come in until the end of July. The DOR will give advice, consul and guidance in the decision regarding the Town Manager. He urged the hiring of the Interim Town Manager immediately and stressed co-operation and communication.

The DOR panel explained their recommendation for the deficit legislation and school articles to be passed over at Town Meeting and rationalization for decisions on other articles. Debra Wagner stated she believes any deficits the town cannot finance itself at the end of FY15 will be covered by the deficit legislation. The town was again urged to minimize the amount borrowed.

The FY15 school department budget, that reflects expenditures to date through April, will need to be managed carefully. The financial mechanics of the legislative borrowing was explained. A portion of the deficit can be allocated to the school department. Article 15 excludes the \$207,000 school portion of the annual deficit repayment; it is not NSS eligible and cannot be part of Indirect Costs because it is a debt service. There was disagreement and confusion regarding what is allowed to be an Indirect Costs. M. Barbaro was advised to call Jay Sullivan in the DESE Finance Division, who had previously stated that it was not eligible under Indirect Costs. Town Consul advised continuing the discussion tomorrow after conferring with Mr. Sullivan. Concerns regarding funding for the Pre-School Program were discussed.

6:25 PM BOS A. LaBrie moved for a 5-minute recess. Second by A. Salter. Approved 5-0-0.

6:40 PM The meeting reconvened.

The remaining Town Meeting warrant articles were reviewed and discussed. The BOS will meet publically at 6:15 PM prior to Town Meeting. Any article can be moved on the meeting floor if a funding source is identified.

Adjournment: 6:55 PM The FinCom meeting adjourned.

The BOS: A. LaBrie moved to adjourn the meeting. Second by A. Salter.
Approved 3-0-0.

The School Committee: moved to adjourn.
Second by . Approved

Respectfully submitted:

Barrie E. Martins, School Committee Recording Secretary