

CITY COUNCIL STANDING COMMITTEE

Budget and Finance

Thursday, July 23, 2009 –7:00 p.m.

City Council Conference Room

**Present: Councilor Jason Grow, Chairperson; Councilor Steve Curcuru;
and, Councilor Bruce Tobey**

Absent: Joe Ciolino

**Also Present: Councilor Jackie Hardy; Marcia McInnis, Auditor; Jim Caulkett,
Harbormaster; Jack Vondras, Health Director ; Greg Verga, School Committee;
and, Brian Tarr, School Department.**

The meeting was called to order at 7:00 p.m.

- 1. Memo from Harbormaster re: Acceptance of Grant Pumpout Boat Program.**

Mr. Caulkett spoke to the Grant funding in the amount of \$9500 for the on-going Pumpout Boat Program. This is the 8th season of this standard contract, paying 75% of the operational costs, not to exceed \$9500.

MOTION: On motion of Councilor Tobey, seconded by Councilor Curcuru, the Budget and Finance Committee voted UNANIMOUSLY to recommend the full City Council accept the Grant Funding for the Pumpout Boat Program not to exceed \$9500.

2. **Memo from Health Director, Jack Vondras, re: Acceptance of a Grant in the amount of \$10,000 from the Mass. Water Abatement Trust for the Community Septic Management Program.**

Mr. Vondras explained that this Grant will be used by the Health Department for administrative expenses. He stated this is a standard grant, which has been in place for many years and is connected to the Community Septic Management Program.

MOTION: On motion of Councilor Grow, seconded by Councilor Curcuru, the Budget and Finance Committee voted UNANIMOUSLY to recommend the full City Council accept the Grant Funding from the Mass. Water Abatement Trust – Community Septic Management Program in the amount of \$10,000 for administrative expenses, Board of Health.

Establishment of a Donation/Gift Account re Donations to the City in Lieu of Buying Lottery Tickets.

Ms. McInnis was requested to provide information and an account for unrestricted gift(s) of money to the City, such as money which would have, otherwise, been spent on lottery tickets.

Ms McInnis stated that all donations must come through the City Council. **Councilor Grow** questioned whether an account for up to a certain amount could be established with a quarterly acceptance by the Council. **Ms. McInnis** responded that it is her opinion that the number of unrestricted gifts will be minimal and will not be a material item that would provide many resources or much revenue. The Statute states that the donation has to be with Council acceptance.

She also stated that it would be well served if the Council would order an account be set up in the City Clerk's Office for unrestricted donations up to \$500. If people want to donate for a specific purpose, this donation would have to go to the Council for acceptance. Further, the unrestricted donations would have to be appropriated or they would fall to free cash.

Councilor Tobey commented that he is optimistic that, with publicity, there may be unrestricted donations received by the City.

Mr. Verga questioned the origin of this proposal. It was explained that a donation of \$2.00 from a resident, in lieu of buying a lottery ticket, was brought to the City and was not able to be accepted by any department in the city.

Councilor Hardy questioned why the donation would go to the City Clerk's Office, and **Councilor Grow** recommended it be donated through the Treasurer/Collector's Office.

Ms. McInnis stated that, if a gift were allowed, there should be an accessible place for people to donate. Further, if a donation comes to the City Council, and the Council feels it is not a good fit for the community or may not fit the community's goals, the Council would have authority to accept or not accept.

Ms. McInnis stated that the City Council, by Ordinance, could establish an account; the funds would fall to free cash; and, be appropriated the next fiscal year.

Councilor Curcuru commented that the donation could be anonymous; however, if a donor wants a tax benefit or if it is over a certain amount, the donor could not remain anonymous.

MOTION: On motion of Councilor Grow, seconded by Councilor Curcuru, the Budget and Finance Committee voted UNANIMOUSLY to recommend the full City Council approve the establishment of Account 1000.10.161.48300.0000.00.000.00.830

for the purpose of accepting unrestricted donations / gifts up to \$500 to the City under C44, S53A – To accept gifts without appropriation. Donations would be made through the Treasurer/Collector's Office.

3. Review of Minutes of the June 19, 2009 Budget Meeting.

Ms. McInnis stated that the budget started as a balanced, advertised budget. Further, General Fund for Revenues were \$81,490,939. Vote on the FY10 Budget indicated an equal amount in expenditures; however, in the general ledger, expenditures are indicated as \$81,081,511.53 which is \$409,428 in excess of revenues.

Councilor Grow commented that Mr. Towne stated that there can be extra revenues; and, there will be budget cuts in 2010 to provide for the snow and ice deficit.

Points of Discussion:

>SPECIAL RESERVE Account (900) , page 21 of the June 19, 2009 minutes indicate a vote to approve \$835,844.

>This is a contingency account that needs to be adjusted.

>There are two issues: the additional amount to the schools (\$200,000) and the Quinn Bill reimbursement (\$100,000) were not reflected in the \$835,844, as voted.

>There are two options: leave the current balance, with higher revenues; or, amend the vote in Special Reserve, Department 900 as \$565,859.

>Total expenditures would have to be amended.

>The Department 900 figures had to be adjusted to accommodate transfers made during the budget vote and the true number should be \$565,859.

MOTION: On motion of Councilor Grow, seconded by Councilor Curcuru, the Budget and Finance Committee voted UNANIMOUSLY to recommend the City Council AMEND the Minutes of the June 19, 2009 Special City Council Meeting to reflect a corrected amount, Department 900, Special Reserve, of \$565,859.

MOTION: On motion of Councilor Tobey, seconded by Councilor Curcuru, the Budget and Finance Committee voted UNANIMOUSLY to RESCIND the preceding motion/vote as follows: *AMEND the Minutes of the June 19, 2009 Special City Council Meeting to reflect a corrected amount, Department 900, Special Reserve, of \$565,859.*

Ms. McInnis stated that the City should endeavor, in future years, to have a balanced budget without last-minute adjustments.

It was also pointed out that there are revenues in the amount of \$409,428 in the General Fund that have not been appropriated. The Treasurer/Collector has assumed that will go to the snow and ice deficit, according to **Ms. McInnis**.

Ms. McInnis pointed out that additional MEDEX funds and funds from the sale of property in 2010 will be necessary to go towards the snow and ice deficit. The snow and ice deficit at the present time is \$680,000. She also pointed out that the sale of property cannot be used for snow and ice; however, can be used for debt service. These funds would be transferred from the sale of property to the General Fund to pay for debt, then moved to the budget debt for snow and ice.

Expenditures for snow and ice, this year, were \$1.4 million with the budgeted amount being \$400,000. Enough funding was transferred during the budget hearing, so the amount now to be raised is \$680,000.

Councilor Grow explained he had a response to an e-mail from the Treasurer/Collector recommending a transfer of funds from MEDEX as soon as possible.

Ms. McInnis suggested using the Council Reserve as the mechanism to protect department budgets from fluctuations. The anticipated meals and use taxes would be folded in so department budgets would remain level and the reserve would be adjusted. She further stated that the department budgets are in place. Also, the issue of the excess revenues would have to fall to free cash and be appropriated as part of the re-cap to Snow and Ice.

The Budget and Finance Committee will convene a Special Meeting of the Committee on Tuesday, July 28, 2009 at 6:00 p.m. prior to the regularly scheduled City Council Meeting to continue discussion on the above Item.

OTHER BUSINESS

Carry-Overs.

Mr. Tarr and Mr. Verga were present for this portion of the meeting.

Ms. McInnis stated it is the responsibility of the Auditor to see that carry-overs are not exceeded by the amount of purchase orders. There are two types of carry-overs (1) operating funds which have to be honored in the current year's budget and (2) special revenue funds which have a loan authorization for the length of the project.

Further, she stated that a multi-year contract has to go before the Council. This year there is a budget that has not been exceeded, making sure expenditures are within budget and Purchase Orders to be carried over are within the budget. The budget is to provide for public services and one does not budget to have a cushion.

Other points of discussion:

>Cut off date is July 23, 2009

>Invoices are being identified to determine who actually has an invoice for payment;

>If there is an invoice, it is an expenditure because the person/company has delivered a service or provided equipment;

>The Auditor's Office is calling vendors to check whether or not additional invoices are coming in to the City;

>If a true order, the order has been encumbered and honored.

>The number of invoices now dealing with amounts to \$974,691.

>Approximately \$800,000 is available to cover the above invoice(s) amount.

>Snow and ice deficit is separate.

>Revenues are down approximately \$1.1 million.

>There will be a loss for the current year; the City may not use all the available reserve, but expenditures will exceed revenues.

>Recap focuses on the current year budget.

>Snow and Ice deficits can be covered in the budget process, and the current budget will sustain as balanced.

>Budget numbers are good.

On question of **Councilor Grow**, **Ms. McInnis** stated that shortfalls are in Real Estate, which exceeds \$1 million. Further, carry-overs are no longer encumbering the budget and even though revenues are down, expenditures are also down. **Ms. McInnis** stated there must be a fund balance, and there would be a loss of \$800,000 in the current period if all invoices come in. She also noted that the BAN premium from the borrowing in March is a life-saver. Further, operating within statutory provisions, there will be a modest deficit of \$100,000 - \$200,000. The city is required to report a legal deficit; and the snow and ice deficit is considered to be a legal deficit.

In addition, **Ms. McInnis** stated that there is currently a \$680,000 snow and ice deficit; there are provisions for \$409,428 in FY09 contributing to the payment of the deficit. It is her understanding that future money will be transferred from the sale of property in 2010. (Blackburn property). In 2010, will take the balance of the annual amount due this year.

Mr. Tarr spoke to School projects being done by volunteers and safety issues with regard to a carry-over item. This particular item is a \$43,000 invoice which was encumbered in June 2009; however, not officially signed until July 15, 2009.

Councilor Grow questioned how long it would be before people would know if carry-overs are going to be paid. **Ms. McInnis** stated that she would like a written legal opinion with regard to the contract before the Committee, presented by **Mr. Tarr**.

Mr. Tarr commented that he had a legal opinion. The Purchase Order was put in place in June; however, not signed by the Mayor until July 15, 2009. **Ms. McInnis** stated that a Purchase Order is not a contract; however, is a binding agreement in 2010 having been signed on July 15, 2009. Further, she stated that funding has not been certified; therefore, is not a contract. She stated she cannot certify.

This item will be updated at the next regularly scheduled Budget and Finance Committee meeting.

Councilor Tobey questioned when the Bond Rating presentations will be held. **Ms. McInnis** said she would check with **Mr. Towne**.

The Budget and Finance Committee Meeting adjourned at 8:25 p.m.

Respectfully submitted:

Anne Marchand