

**TOWN COUNCIL MINUTES
Budget/Management Committee
Town Hall Council Chambers
April 23, 2012-Monday**

Present: Kenneth DiFazio, Chairman
Patrick O'Connor, Vice Chairman
Arthur Mathews, Council President
Michael Molisse, Councilor
Michael Smart, Councilor

Also Present: William McKinney, Chief Financial Officer
Richard Swanson, Town Auditor
Jane Hackett, Councilor

Recording Secretary: Mary Barker

Chairman DiFazio called the Budget/Management Committee Meeting to order at 6:30PM.

12 042 C-Reserve Fund

12 042 AA-State and County Assessments

Mr. McKinney reported that the town doesn't know yet what some of the costs will be and therefore it has been budgeted more conservatively. It will be higher because of the effect of charter schools and the MBTA. Councilor Mathews noted the MBTA increase in assessments, despite a proposed reduction in services and fare increase.

12 042 BB-Overlay for Abatements

Mr. McKinney noted this is budgeted the same as last year. Councilor Hackett requested a copy of the year-by-year assessments, which the auditor will provide.

12 042 X-Debt

Mr. McKinney reported that this is up because of bonds for Emery Estate, the water treatment plant bonds and refinancing of existing debt. There was a brief discussion of Montcalm and the effect of any potential water agreements with Tri-Town. Mr. McKinney noted that the debt schedule is current and doesn't include projections.

12 042 Y-Pensions and Benefits

Mr. McKinney provided a review of this budget which includes the health insurance increase and the offset in Medicare Part D, Workman's Compensation, contributory and non-contributory retirement and Social Security Tax. Councilor Hackett asked for the balance in the trust fund. Mr. McKinney responded that he will check and provide, but that it isn't that high. It was noted that there are issues with long-term injuries. Ms. Hackett also asked about the drivers with higher unemployment costs with no lay-offs.

Mr. McKinney responded that the town is required to pay unemployment for two years plus.

12 043-Revolving Accounts Annual Appropriation

Mr. McKinney noted these amounts are carried over year to year; however he does have a call in to DOR regarding the limits to expend on revolving and gift accounts.

12 044-Gift Accounts Annual Authorization

It was noted that gift accounts are down in Library because nothing is coming in.

12 045-Unpaid Bills-\$552.68

Mr. McKinney noted it is his goal to keep these costs in check-this represents prior year unpaid bills. Auditor Swanson has examined the bills and will recommend their payment.

12 049-Health Insurance Unexpended Balance

Mr. McKinney reported that the measure was written this way. Although the liability is high they don't know the actual amount-prior years came in as an offset. They need to keep track of it for the water and sewer fund so it can be tracked with revenue at the end of the year.

Councilor Mathews asked if there has been a push to get cities and towns to begin paying? Mr. McKinney responded not yet, but there are towns who already have fully funded their liability and Weymouth should begin to pay it. It makes good fiscal sense, and will count with the town's bond rating as it's included in the GASBY45. The \$600,000 was arrived at as a starting point, and is in light of the mild past winter. Councilor Hackett expressed her concern that the rate is too conservative. Mr. McKinney responded that the rate comes directly from the actuary report from Stone & Webster. The higher the rate, the lower the liability. There was a brief discussion on the balances and how or if the town's plan to go out to bond will affect it. Chairman DiFazio asked if there is any forecast for bonding in 2013. Mr. McKinney responded not yet. He did note he would prefer to look to other funds such as CPC before bonding this liability-as it's cost prohibitive. Councilor Mathews noted that he did ask Mr. Stone to come in before the committee, but he would charge \$500. He recommend this be included in future contract negotiations.

Auditor Swanson provided the following list of questions ahead of time to the various department heads. The answers were incorporated into each discussion:

Revenues {measure 12 042}:

- A. Mayor's revenue is budgeted at \$316,427; which is \$450 less than FY12 and level funded. However, the FY12 six-month actual was \$1,185,988. What accounts for such high actual receipts? What are the major components of the FY13 projected receipts?

- B. Accounting revenue is budgeted at \$450,000, same as FY12. Why is the FY12 six-month actual only \$75,509? What are the major components of the FY13 projected receipts?
- C. What accounts for the large decrease to \$12,000 in FY13 Pensions/Benefits revenue compared to FY12 budget of \$285,000?
- D. DPW revenue is budgeted at \$50,000, same as FY12. However, the six-month actual is \$229,389? What drove that receipt so much higher? One-time payment?
- E. Tax Lien revenue is budgeted at \$200,000 and Interest/Pen-TT at \$80,000. The FY12 six-month actual for each is \$220,311 and \$124,926. When annualized, they are much higher than the FY13 budget amounts? What accounts for this?
- F. The Transfer of funds-CPA is budgeted at \$251,275 for FY13, and was zero for FY12. Why is this now a revenue line item?
- G. The calculation of the budgeted Real Estate tax of \$80,099,833 is contained within the budget book. How was New Growth of \$200,000 derived?
- H. Motor Vehicle and Boat Excise tax six-month actual collections are low because this tax is collected mostly in the 2nd half of the year. Is this a reasonable statement?

Reserve Fund {measure 12 042C}:

- A. The budget is \$500,000 same as FY12—No Questions.

State & County Assessments {measure 12 042AA}:

- A. What accounts for the \$210, 853 increases in State Assessments?

Overlay for Abatements {measure 12 042BB}:

- A. No Questions, as budget of \$700,000 is the same as last year.

Debt {measure 12 042X}:

- A. Total debt payments in FY13 are increasing by \$659,915 or 7.3% from FY12. The detail two page analyses within the budget book shows a FY13 grand total of \$9,757,450 in budgeted Debt payments. However, the summary sheet reflects \$9,127,905 in total Debt for Sewer, Water, Schools and Other. Why is there a difference of \$629,545 in the FY13 totals?

Pensions & Benefits {measure 12 042Y}:

- A. No Questions, as the total is increasing by 1.8% which is reasonable. The two main cost drivers are Health Insurance increasing by \$200,000 to \$19,650,000 and Retirement Contribution increasing by \$324,771 to \$8,454,773.

Revolving Accounts {measure 12 043}:

- A. How are the amounts to accept and expend derived? How does the Administration oversee the expenditure of funds by Department Heads?
- B. Why is there a Limit to Accept?

Gift Accounts {measure 12 044}:

- A. How are the amounts to accept and expend derived? How does the Administration oversee the expenditure of funds by Department Heads?
- B. Why is there a Limit to Accept?
- C. Accounts 8338, 8339 and 8324 under Acceptance show “none required”. Why is this?
- D. Why is it that the Town has an Acceptance limit on account 5431 Weymouth Day of \$20,000? If gifts totaled over \$20,000 would the Administration be able to accept them?

Unpaid Bills {measure 12 045}:

- A. Kindly provide me with the two Unpaid Bills so I can examine them prior to Monday April 23rd.

Mr. McKinney responded to the auditor’s questions. He noted that the Mayor’s revenue is down, the base revenue includes service payments and mitigation. A shortfall in tax collection will need to be made up-which is required even with a 98% collection rate. He reviewed the property tax title auction.

Councilor Hackett asked if the revenue will be adjusted if service agreements are reached before the tax rate is set. During this discussion, Councilor Mathews arrived (7:10PM). There was a brief discussion of the Medicaid reimbursement. Medicare Part D shows a significant drop. Mr. McKinney responded that with the GIC insurance, the reimbursement comes in as an offset instead of revenue. The DPW shows reimbursement for snow last January. The collection of tax payments has improved now that unpaid amounts are published. The recent tax auction brought in revenue of \$800,000, which will fall to free cash. Debt schedule was reviewed with the recent purchase of the Emery Estate which is bonded over the next ten years and the water treatment plant bond. CPA budget was reviewed. New growth, local aid estimates, the House and Senate budgets were briefly reviewed. Mr. McKinney reviewed interest income, which has dropped due to lower interest rates. The committee also discussed the transfer of funds requested to the Waterways fund to support an assistant Harbormaster while construction of the Fore River Bridge is underway. The project is in 25% design phase. If these funds are not used, they will be returned to free cash. The transfers requested within the Enterprise funds are to support personnel costs. The PILOT program with South Shore Hospital was reviewed. Councilor Smart noted that the hospital has been afforded a generous PILOT,

while personal, motor vehicle and boat excise taxes are all up, as are penalties, interest and new growth. South Shore Hospital permits are also up. The chairman asked Mr. McKinney to review the levy limit calculation for the committee.

At 8:11PM, there being no further business, a MOTION was made by Vice Chairman O'Connor to adjourn the Budget/Management Committee meeting and was seconded by Councilor Smart. UNANIMOUSLY VOTED.

Respectfully submitted by Mary Barker as Recording Secretary

Approved by Councilor Kenneth DiFazio, Chair of Budget/Management Committee