

Minutes for the Meeting of the Finance Subcommittee of Wayland School Committee
May 1, 2015

A joint meeting of the Wayland School Committee and the Finance Subcommittee was held at 11 AM in the School Committee Room of the Wayland Town Building and were joined by the Wayland School Committee for a part of the meeting. Following the adjournment of the joint meeting, the WSC Finance Subcommittee continued its meeting in the School Committee Room of the Wayland Town Building.

Present

Barb Fletcher, Chair Finance Subcommittee
Donna Bouchard
Ellen Grieco
Jeanne Downs
Kathie Steinberg

Also

Susan Bottan
Business Administrator
Carol Martin
Finance Committee's Liason for the Schools

The joint meeting was convened at 11:07 AM and chaired by B Fletcher, Chair of the Finance Subcommittee. The meeting was recorded by WayCam.

1. **Comments and Written Statements from the Public**

There were no public comments or written statements.

2. **Revolving Account and Grants**

(a) *Receive Update related to the Proper Statutes Underlying the School Revolving Accounts and Discuss Next Steps:*

The Committee discussed the status of the 10 revolving accounts which, in Mar 2013 the school committee voted to operate under 71:71E. Town Meeting has not yet voted to approve the operation of these funds under the 71E statute as required under the statute. Prior to the Mar 2013 vote, these funds were operated as 71:47 funds, and this defacto arrangement could have continued to apply, albeit for the School Committee vote to operate as 71:71E funds. In the absence of town meeting approval for the 71:71E statutory reference, the SC Committee discussed the potential to operate these revolving accounts under 71:47.

Susan Bottan updated the committee on her communication with Christen Velcort, Legal Counsel @ DESE and Jay Sullivan, Executive Director of Business and Finance @ DESE. In DESE's opinion, 71:71E is the proper reference to operate these funds. In lieu of a Town Meeting no vote, they advised these funds may be considered as part of the general fund. While DESE acknowledged that 71:47 is also a proper reference they are uncomfortable issuing an opinion as to which is the appropriate statute, instead referring to the DOR as the proper regulatory body to decide which statute to assign. S Bottan learned through Scott McIntyre of Melanson and Heath and Jay Sullivan that 71:47 is broad enough to allow these funds to operate under, and that some districts do, in fact, operate similar funds under the 71:47 statute. DESE would not render an opinion on the practice by other towns to operate similar funds under 71:47.

11:12 a.m. Jeanne Downs arrives

Susan Bottan will reach out to MASBO colleagues to see what statutes other towns are using to operate their revolving funds.

Ellen Grieco shared an email from Mark Lanza, Town Counsel. It is his opinion that these funds can be operated through the General Fund; charge fees and pay expenses through the school budget and then use monies from the unreserved fund balance as a funding source for a transfer back to the schools. Ellen Grieco expressed significant discomfort that fees collected from these programs go to the General fund, until an authoritative government agency ruled this would be permissible.

The funds had been operating de facto under 71:47 prior to the School Committee vote in March 2013, and in light of DESE's opinion that 71:47 is also a proper reference, the committee discussed hiring legal counsel to render an opinion on which is the most appropriate statute going forward and to represent the Committee in further discussions with Department of Revenue for their recommendation as the regulatory authority. Jim Toomey was recommended. The Committee will also need to consider the source of funding.

Susan Bottan reported that it is legal for these funds to operate under 71:47, and this statute does not require a town meeting vote. If the funds are being operated consistent with the statute, it is not necessary for a school committee vote.

Ellen Grieco noted that many people have scrutinized these accounts over the last several years including auditors, Powers and Sullivan, Melanson and Heath, and the issue of operating under the correct statute was never previously raised.

Upon a motion duly made by Kathie Steinberg, seconded by Ellen Grieco, the School Committee voted (3-1-1) to hire counsel to render an opinion on the appropriate statutory reference for these revolving funds.

Ellen Greico and Jeanne Downs left the meeting at 11:52 a.m. and the joint meeting was discontinued. The regular meeting of the Finance Subcommittee resumed with its members, Barb Fletcher and Donna Bouchard. Kathie Steinberg remained as an observer and to record minutes.

- (b) *Discuss philosophy regarding Cost Allocation Methodology and Possible Review of Direct and Indirect Costs for Certain Fee-Based Funds, including Pegasus and Building Use:*

The recommendation was made to use Gail Zeman's document regarding cost allocation methodology as a framework for the discussion with the School Committee. The document can then be amended and updated to reflect the School Committee's view. It is anticipated that the agreed upon cost allocation methodology will assist the School Committee in the fee setting process. Susan Bottan will need additional time to fine tune the costs looking building by building, days of the week, etc.

- (c) *Review of FY15 Q3:*

Susan Bottan reviewed the FY15 Q3 report. She noted there were no surprises with surpluses or deficits and the personnel budget takes into account the balloon payment at year's end. The projected EOY surplus is \$101K, which assumes all

monies for supplies will be spent. The Committee will vote in June on the SPED prepay and Susan anticipates that sufficient funds of \$200K will be available. It was suggested to avoid being cumbersome that the movement of funds between personnel and non-personnel at year-end be handled at the building level. Transfers between schools would only be necessary if one of the schools did not have sufficient funds.

Susan Bottan calculated a monthly ratio of expenses and revenue for BASE, Pegasus and TCW for purposes of developing their cash flows. Based on this analysis, both programs are on target for FY15 Q3. Base is projected to have a \$260 K deficit related to the OPEB catch up. TCW is also projected to have a deficit. Both accounts are tapping into prior year carryover to cover the OPEB payment.

The Children's Way has continued to pay extraordinary maintenance. Susan Bottan will review these cash flows with Pat Keefe, WSPC executive director.

- (d) *Review Updated Cash Flow Model for the Food Service Program and Discuss the Timing of Transferring the FY14 and FY15 Food Service Fringe Benefits:*
The food service Apr 15 receipts have not been posted, but Susan reviewed bank statements so the spreadsheet is current. EOY surplus of \$16K, even though there were 4 snow days. This may increase to \$24K with the 4 make up days scheduled in June. This surplus assumes the FY14 & FY15 fringe benefit transfer. Donna Bouchard asked about the equipment costs for which the school is responsible and whether they were being charged to the FS program.

Susan Bottan will transfer the FY15 fringe benefit payment in May, which is due now. In June, the FY14 fringe benefit payment and OPEB contribution will occur by way of a journal entry and transfer.

- (e) *Receive Additional Comments regarding Revised Draft Fee-Based Fund Policy:*
Kathie Steinberg shared comments she has received on the draft policy. Most comments were on cost allocation methodology whereby funds should only be charged for incremental costs related to their programs. Expenses for which the schools are responsible and would have in the absence of any of these community programs, should remain with the schools and not be allocated to the fee payers. B Fletcher will include additional provisions to the policy to address program deficits, should they occur.

3. **Financial Matters**

- (a) *Receive Update regarding Food Service Assessment by Edvocate, including a Review of Financial information provided to Edvocate and Posssible Online Survey:*
Donna Bouchard will edit prior communication. Survey will include "Wayland food service will be successful when" and be sent to parents, staff, list serve, Wayland enews and Town Crier. Deadline for responses will be May 8. Edvocate hopes to have the report completed by 5/11 to present to the School Committee on 5/26/15. Susan Bottan confirmed that Edvocate has received all the data requested in the proposal.
- (b) *Possible Review of Proposal from Edvocate of the Custodial Services:*
No update. Lincoln did an assessment 5 years ago with the focus on improving cleanliness and training and development of the staff.

- (c) *Receive update regarding FY14 Audits of Student Activity Accounts and DESE EOY Report conducted by Melanson and Heath:*

Final report will be presented to Audit Committee on 5/21. Nothing significant was found and items have been addressed. Indirect cost agreement specifies charges for retired health benefits should reflect actual costs, however Susan Bottan does not think this information is readily available. Melanson and Heath recommend taking cost allocation of active staff (school to town employee ratio) and use that ratio to allocate costs accordingly. The district had been using 60%, but Melanson and Heath believe the ratio to be closer to 40%. If this methodology is used, the cost agreement should be revised accordingly. Donna Bouchard was uncomfortable using estimates vs. actuals. Susan Bottan will investigate further whether it is possible to determine who were former town vs. school employees.

4. **Consent Agenda**

Approval of January 16, 2015, February 27, 2015, March 13, 2015, March 27, 2015 and April 15, 2015 Finance Subcommittee Minutes: Except for the March 27, 2015 minutes, the meeting minutes were not ready and were removed from the vote of the Consent Agenda.

Barb made a motion and Donna seconded. The Consent Agenda was unanimously approved (2-0).

5. **Future Agenda Topics**

Next meeting of the Finance Subcommittee will be 5/8/15.

6. **Comments from the Public**

Annette Lewis questioned how the carry over balance occurs and what is done with it. She also felt it was important to track and segregate school and town employees.

7. **Adjournment**

Upon a motion duly made by Barb Fletcher, seconded by Donna Bouchard, the Finance Subcommittee voted unanimously (2-0) to adjourn @ 1:32 PM.

Respectfully submitted,

Kathie Steinberg
Wayland School Committee

CORRESPONDING DOCUMENTS:

- Agenda
- Finance Subcommittee Draft Minutes 3-27-15
- Policy for Fee-Based Funds 4-15-15 Draft
- Finance Subcommittee Information Summary May 1 Food Service Cash Flow Status
- Finance Subcommittee Information Summary May 1 Edvocate Information
- Finance Subcommittee Information Summary May 1 Information by Agenda Item
- Food Service Cash Flow April
- FY15 Q3 Report by State Function
- FY15 Q3 Report by Revolving Accounts