

**ADVISORY BOARD  
MEETING**

**11-14-05 (approved 1-23-06)**

Members attending: Doug Boyd, Michael Crowley, Carol Fitzgerald, Kathy Pessolano

Members Absent: Timm Marini

Also present: John D Flynn, Dr Gagliarducci, Rita Vail, Bill Olmstead, Dorothy Kibbe

Minutes were approved for the following meetings:

September 12, 2005 - Michael Crowley motioned, Carol Fitzgerald seconded, all in favor.

October 29, 2005 - Carol Fitzgerald motioned, Michael Crowley seconded, all in favor.

November 7, 2005 - Minutes were amended, Doug Boyd motioned, Carol Fitzgerald seconded, all in favor of approving amended minutes.

Request for Transfer from Dana Pixley, Tree Warden, was discussed. Kathy Pessolano read a letter from Dana detailing the trees that need to be removed. The cost is \$1800.00. Doug Boyd motioned, Michael Crowley seconded, All were in favor.

Kathy let the board know that after the meeting is over she is going to the Selectmens meeting because a situation has arisen regarding the towns potential liability with respect to a corroded pipe running underneath Wilbraham Road onto the eighth fairway of the Hampden Country Club.

Dr. Gagliarducci spoke in great detail regarding the Wilbraham Hampden Scholl budget. This was in response to a letter written by Mr. Collins who claimed that, after watching a Cable Access Program of the school committee meeting where a transfer of \$927,000 in the E&D account and subsequent transfers were made out of that account, the school had a surplus in their budget.

Dr. Gagliarducci sent a letter to Mr. Collins along with an attachment of the minutes from the School Committee meeting. He also forwarded a copy of both the letter and minutes to Kathy Pessolano. Kathy reviewed this information and had some concerns. Dr. G offered to come into the Advisory meeting to answer any concerns or questions.

Dr. G said that the first or second time that he put together a budget Governor Swift was in office. She had proposed the House One budget with a 10% increase of Chapter 70, which would have been about \$900,000.00. We put that into the formula and proceeded to struggle for 6 months because that number never materialized, and in fact we actually suffered a decrease. He vowed that year that he would be very cautious in estimating state revenues. It turns out that state revenue projections from the governors office since that time have never been a number that has been valid or reliable because of the way the economy has been for the past 3 or 4 years. But since it is Dr. G's job to present a balanced budget every year, he takes a very cautious approach to how that is done.

This \$900,000.00 was a larger number than we normally have at the end of the year. What we usually have at the end of the year is a combination of A.) Unexpended funds from the operating budget and B.) Any additional revenue that we underestimated, and those can come from a variety of areas.

This year what happened is that we got two notices on transportation money. Both came too late. One came too late to do anything last year and the other came too late to do anything this year. We had a third notice of this years money that came too late to do anything this year either.

Dr. G gave a brief history of the past few years:

(The year that we were supposed to get the \$900,000.00 both communities had overrides that did not pass. We had to cut the budget and we lost programs. The next year both communities had an override again. This time Wilbraham passed it and Hampden did not. Wilbraham's passage would have allowed us to access an additional \$350,000.00 to \$400,000.00 than we actually accessed. We actually told Wilbraham thanks for all your money but we are not going to force Hampden to meet your number. People in Wilbraham were upset because they said we approved the override to get you the money you needed and now you're saying you don't need it. It's not that we didn't need it, it was because Hampden would have never met the obligation. The \$350,000.00 figure for Wilbraham would have been another \$100,000.00 for Hampden. The following year 2004-05 Wilbraham did not need an override. Hampden did need an override, which failed to pass again. We were forced to look at the situation of Wilbraham being able to afford one thing and Hampden being able to afford another. The way the process worked that year, with the way the overrides ran, we weren't able to come to an assessment until very late in June. At that point and time we did receive some additional dollars that we didn't anticipate. We were able to help Hampden out.)

Dr.G gave the advisory Board several handouts. He said that they started a process having joint meetings with the two communities and the regional schools to talk about the financial situation. The meeting was held sometime in December or January of 2004-2005. Basically Wilbraham told them what they could afford, Hampden said they didn't know. We began to build a budget based upon Wilbraham's number and the school committee's desire to be under 4.5%. The final result was 3.82%. When Hampden didn't pass the override, and once a town doesn't accept the assessment the regional committee has 10 days to vote whether or not they are going to keep the same assessment or they are going to reduce the assessment. The school committee voted to reduce the budget by \$50,000.00 that Hampden had asked for, which in turn told Wilbraham they didn't have to pay \$147,000.00. So the district actually turned away about \$600,000.00 in potential revenue. It actually meant a \$200,000.00 cut and we had to cut both towns schools. The budget was presented March 15 and it was approved by the school committee. The final budget was set on June 7. The final numbers didn't come in until June 30 but the budgets had already been set. So even if we had money there's a question if we could have done anything with it because all of the budgets had been set, all the assessments had been set, and everything was already in place. Back in January the governor sent out a budget that had level funded Chapter 70 and actually gave us a decrease in regional transportation. The House Ways and Means decided to play it cautiously and they equaled the governors budget. But the Senate decided to increase our Chapter 70 and our regional transportation and on June 30 we got the final numbers, but everything was already done before that.

Michael Crowley asked Dr. G. if, between March 15 when the school committee approves its budget and June 30 when you are actually informed of your state aid, is there a process in that timeframe that allows you to amend your budget? DR. G. said it all depends on what happens at

the town meetings. Also they don't get the figures from state aid until June which is after town meetings are held, If they got the figures earlier, say in May, he couldn't say if things would be different but there is a potential for them to be different.

Dr. G. passed out a copy of the letter that he received from the state citing the district for reducing assessments with unaudited funds. This letter mentioned two items, the first being about Green Meadows which he said that he is working with the town on that. The second item was regarding the whole issue on what the school committee does with unaudited funds, what you can and cannot do. Here is what the impact is regarding those unaudited funds. The initial funds said we were going to use \$400,000.00 of anticipated E&D, and that the previous year we used \$529,000.00. If you look back at other years you will see a lot of money as well. All of that money should never have been sent back to the towns because it was always done on unaudited funds. So when we got this letter we had to take that \$400,000.00 out of E&D. The transportation estimate was initially \$900,000.00 but the senate brought that number up to \$1,225,000.00. So the formula lost \$400,000.00 in one area but gained almost \$300,000.00 in another area. Because of the states history, Dr.G. said he takes a very prudent and cautious look at the numbers and when they plug them in it really becomes a game as to what is the best number to put out there that we think is reliable. As it turned out, we got a little bit more money than we had anticipated.

The \$900,000.00 figure that Mr. Collins had referred to in his letter was moved to the E&D fund and then we began to take the money and draw it down from the E&D. Some people are questioning that if you can't use that unaudited number, why did they do what they did? Dr.G. said that he started doing some research on it and he called Mr. Scortino and asked him "Why did we do this" and his answer was "because we've always done it that way and the auditors never questioned us that way and that it is part of the GASBY rules. If the auditors tell us that we shouldn't do that anymore, then we don't do it anymore". Dr.G. said that as soon as Stanley Kubis comes to the school department to start the next audit, he is going to have him come into the office and have him look at the letter and the minutes and have him tell Dr.G. if they are doing something wrong. If we are doing something wrong then we are not going to do it anymore.

Kathy Pessolano called everyone's attention to the reverse side of the letter from the Department of Revenue regarding E&D. The school committee was reprimanded for having a certified amount of about \$27,000.00 in the E&D account at the close of Fiscal Year 2005.

Last year we got two large revenue deposits that we hadn't gotten before, which is why that number was as high as it was. One figure was \$230,000.00 more in revenue from last years transportation than we had anticipated. And then on June 6, 2005, for whatever reason, we got another check. We didn't anticipate either of these checks. The reason we didn't do anything with the second money is that it came in at the end of everything being finalized. The rest of the money - \$27,000.00 more in interest, we had some charter school revenue( you do get some money back from the state depending on if you have children attending charter schools, but you also lose money), we had anticipated we were going to lose more, we received a check for \$32,000.00. We anticipated a number for school choice, we actually got \$27,000.00 less than anticipated. There were some miscellaneous revenue that comes from a variety of things such as health insurance reimbursement. Our athletics is a fee based program, we had estimated a number that came in \$10,000.00 less than what we had thought. The last two are reserve accounts and what we really did was take some money and put it into the reserve account that works within the previous year, so that you can tap that money for emergencies if you need it.

In actual operating budget we had a 1.1% number that that we didn't expend and that came from a variety of reasons such as a special ed class that didn't happen, so we spent 98/9% of our budget. Then we set up some reserve accounts - Thornton Burgess/Green Meadows \$20,000.00. All schools \$30,000.00. Special Ed \$65,000.00. Projection for insurance \$33,000.00 for a total of In \$148,000.00 of a \$200,000.00 cut. So we recouped \$148,000.00 of that budget cut. We received an additional bill at the end of June for \$83,000.00 for group insurance. That is a payment to the state for retirees and that came in higher than we anticipated, but we had to pay that bill. Then we took \$50,000.00 and put that aside because oil had gone up so much. The school committee wanted us to spend any additional money that we had at the end of the year on technology work across the district. This was a major issue for the district, mainly for servers because ours were so old. The children raised \$80,000.00 for the band uniforms and new drums. The parents came to us and the school committee felt that seeing as how the kids raised so much money that we should chip in \$10,000.00 to help them with that. We spent \$2,500.00 on a second opinion on some additional architectural advice. The wrestling team was raising money for mats, which we felt was not a good use of their time and felt the school should pay \$6,000.00. We had a divider in the gym that was a hazard so we bought a divider that was a net. Then we put aside \$18,000.00 because we knew that some things were looming, such as underground pipes that could burst, which they have.

We anticipate that our E&D will be about \$343,000.00 Once that gets certified the school committee can make a decision as to how much they can turn back to the communities. Dr. G ended his presentation and left.

Carol suggested to the Board that, at the next meeting, they should discuss the flow of communication between the town departments. Michael said that maybe we could set up a reporting protocol that could happen on a monthly basis. Doug said that he was thinking, in terms of computers, of a centralized accounting system that everyone would run through. That way, at any given moment you could pull the information to see exactly where you stand. Michael felt that John D Flynn should be brought in on this. He also wondered if there was an easier way for the Advisory Board to articulate to the public the dilemma that we have in establishing a budget every year and why it's such a moving target every year. Kathy said that at the next meeting, maybe we should discuss amending the bylaws regarding the annual town meeting. The annual town report comes out in May, the supplement comes out the first week in June, and we would have better numbers to work with in June. So it makes more sense to have the town meeting in June. Doug mentioned that people probably are not aware of how many things are mandated in the public world. Kathy felt that what we have to do is to try and articulate, as best we can, that we need to fund stabilization. We cannot keep running the town on crisis management. All members agreed to visit these issues at the next meeting.

Next meeting scheduled for Monday November 28, 2005 at 6:30pm, Town Hall.

Carol motioned that the meeting be adjourned, Michael seconded, all in favor.

Meeting adjourned at 7:40 pm.

Respectfully submitted,

Ann Murphy