

Roll Call

Notice having been given in accordance with the requirements of law, a meeting of the School Committee was held at 6:45 p.m. on Tuesday, September 25, 2007, in the Lynch Elementary School Library. Present were Ms. Swiger, Dr. Kounaves, Mr. O'Connor, Mr. Schindelman, Assistant Superintendent Dr. Kerble, Director of Finance Sam Rippin, and Superintendent McAlduff. Ms. Bodie was absent.

Articles for Special Town Meeting

Ms. Swiger reported that the Warrant Articles for the Special Town Meeting were sent to Town Meeting members with two motions in Article 2; the school committee needing to vote approval on one of the two. A subcommittee of the school committee was formed and participated in meetings with the Town Manager and Comptroller to review the Department of Revenue requirements, along with additional meetings with the town auditors, the Town Moderator, the Finance Committee and Board of Selectmen.

Mr. McAlduff stressed that the \$125,705 coming out of the 2007-2008 school budget will not interfere with the current educational services that have been budgeted for the 2007-2008 school year. The impact on the budget will most likely come from the area of supplies and materials. The superintendent will meet with the principals to discuss the areas that will be impacted by the proposed reductions and after further review he will bring the recommendations to the school committee by Thursday of this week.

On a motion by Mr. Schindelman, seconded by Mr. O'Connor, the committee unanimously

VOTED to move that we put forward to the Special Town Meeting Article 2 Motion (b): that the Town vote to appropriate the sum of \$125,705 to fund the payment of bills incurred by the School Department in Fiscal Year 2007 and 2006 as appearing on a schedule entitled, "Unpaid FY 2007 and FY 2006 Invoices" dated September 21, 2007 and distributed to each Town Meeting Member, and that to meet this appropriation the FY 2008 School Department budget be reduced by the sum of \$37,813 and that the sum of \$87,892 be transferred from the Town's Free Cash account.

Brief Recess

Public Hearing on Warrant Articles

Ms. Swiger gave an overview of how the public hearing will proceed and after the presentation a question and answer period will be available for the audience.

Mr. O'Connor began the presentation by indicating that a Special Town Meeting is needed to meet the Department of Revenue requirements, establish a tax rate, provide all information to Town Meeting members and voters due to the fact that the school department needs to pay unpaid bills remaining for the FY06-07 school year.

The overview of the deficit includes:

2007 Budget deficit	\$514,100
Less: Reserve fund transfer	<u>(\$200,000)</u>
Reduced Deficit to	\$314,100

Article 1: Expended Funds	\$188,395
Article 2: unpaid Bills	\$125,705

Total Town Appropriation for 2007 \$28,044,800

The deficit was primarily driven by elevated Special Education costs and long-term substitutes due to a higher than anticipated number of maternity leaves, along with a \$150,000 deficit from 2006. The cause of the deficit was lack of accurate, timely and consistent financial internal controls and reporting that led to a deficit that went undetected until July.

The objective of the proposed solution is to minimize the financial burden on Winchester citizens by fully funding the 2007 deficit from a combination of school funds (72%) and town funds (28%). The school committee is committed to providing the 2008 education programs as approved and to account for areas of continued risk for 2008.

An internal review produced the following best practices for FY 2008 implementation as remedial action:

- Use of encumbrance methodology for salaries and known obligations
- Proactive and timely management of purchase orders, receipts and accounts payable disbursements
- Time budget transfers, general journal entries and reconciliation of budget versus actual
- Financial analysis and forecasting methodology
- All of above will require improved use of Town's financial accounting system (MUNIS)

A remedial action plan includes:

- Implement internal review recommendations
- Solicit opinion of Town's audit firm
- Management review from outside firm to review, document and improve internal controls and reporting
- Keep town officials and public advised on milestones/progress

Ms. Betsy Cregger, a town meeting member in Precinct 2, was pleased that the school committee was taking a proactive approach and inquired about a timeframe for the outside reviews. Mr.

McAlduff responded indicating that he has been in constant contact with the auditors and a response within a matter of weeks is anticipated. The management review of the central office is planned to take place in October with a final report available by mid-November.

Heidi Driscoll, town meeting member in Precinct 4, asked what would happen if Article 2 is not voted favorably by the town meeting on October 1st. Mr. McAlduff indicated that the bills will not be paid and legal action from the vendors will be taken. Ms. Driscoll urged that teacher reimbursements be paid first.

The public hearing closed.

Brief recess.

Capital Planning Update

Ms. Swiger reported that the Fields Committee met and they are supporting the formation of a new committee to look at the overall planning of the high school athletic field as well as all the youth sports on Manchester and Skillings fields. Prior to the MSBA establishing new guidelines the school department was looking at what could be done with the high school due to safety issues and wear and tear. The charge was to see if it was reasonable to put funds into the high school. A warrant article was put together to review the concerns. However, when the MSBA requirements changed a moratorium was place on awarding grants and towns were required to provide a new Master Plan. Funds from that Warrant Article are under the control of the school committee and are still available to be used. The school committee has the authority to vote to spend the funds for the purpose of studying the fields.

Mr. Schindelman stated that per law, the money earmarked from Capital Planning may not be used for the operating budget.

Ms. Swiger indicated that the unsafe bleachers at the Manchester field was brought forward to Capital Planning. Capital Planning reported that the school committee approach for the FinCom for a reserve fund transfer. Plans are currently being worked out to determine where the three home football games will be played.

Executive Session

None

School Committee Dates

October 1, 2007 at 6:30 p.m. prior to the Special Town Meeting
October 2, 2007

Adjournment

The committee voted to adjourn at 8:16 p.m.