

CITY OF NEWTON

IN BOARD OF ALDERMEN

FINANCE COMMITTEE REPORT

MONDAY, MARCH 24, 2008

7:45 pm
Room 222

Present: Ald. Coletti (Chair), Salvucci, Parker, Schnipper, Lennon, Johnson and Freedman

Absent: Ald. Gentile

Also Present: Thomas Riley, Chris Rogers, Asst. Chief Bruce Proia (Fire Department), Robert DeRubeis (Deputy Commissioner Parks & Recreation Dept), Daniel Funk (City Solicitor), Dave Wilkinson (Comptroller) and Susan Burstein (Chief Budget Officer)

Appointment by His Honor the Mayor

#106-08 THOMAS RILEY, 66 Berkeley Street, appointed as a Lifetime Trustee of the Chaffin Fund/Fig Newton Scholarship replacing Stephen Buchbinder. [02-15-08 @ 10:55 AM]

ACTION: **APPROVED 7-0**

NOTE: Thomas Riley attended this evenings meeting. His application for his appointment was attached to the Finance agenda. Mr. Riley has thirty years professional work experience in the money management industry ranging from equity research analysis portfolio management to institutional investment management, and private wealth management. Mr. Riley holds the designation of a chartered financial analyst. Mr. Riley is a trustee at Babson College and he is chair of finance and a trustee at the Cambridge School of Weston.

Mr. Riley would be a very important contributor to this fund and provide management to this scholarship fund. This fund is specifically used to provide grants and scholarships to graduating students from Newton North and Newton South High Schools. Students from private schools in the City can also qualify for these scholarships. These scholarships are continuing after year one and each student can re-apply each year for all four years of high school. There is over \$5 million dollars in this fund.

When asked, Mr. Riley was interested in obtaining and sharing more information and return to the committee if asked, in order to provide more details of the various aspects and experiences in investing in this fund. Also, the changes in investment directors, which would allow more diversified investing especially in foreign equity.

With Mr. Riley's experience in the City and with the fund he would be a lifetime appointed trustee position as long as Mr. Riley continues to reside in the City of Newton, he would not be replaced unless he resigns.

Ald. Schnipper moved approval of the item.

#115-08 COMPTROLLER recommending reappointment of Sullivan, Rogers and Company, LLC, as the city's independent financial auditors for a five (5) year period from FY'08 to FY'12 in accordance with the audit engagement letter provided by Sullivan, Rogers and Company, LLC. [03-11-08 @ 11:19 AM]

ACTION: **APPROVED 7-0**

NOTE: Chris Rogers attended this evening to explain the audit engagement letter, dated January 31, 2008. This new contract explains the objectives, responsibilities and the audit procedures as well as internal controls and compliance procedures regarding the annual audit that Sullivan, Rogers and Company, LLC does for the City.

The contract is for five years. The CAFR and management letter, which is the comprehensive financial annual report and management letter, will be a fixed fee of \$70,000. The single audit for federal grants will be a total of \$32,200 that is assuming there is a \$4,600 per grant fee. If there were less federal grants then the fee would be reduced.

There is also Department of Education Compliance Procedure Grants, which also have to be included. These grants cost an additional \$4,500. In the event the completed work scheduled by Sullivan, Rogers and Company, LLC the annual fee would cost \$106,700.

Some of these federal grants could be home consortium where Newton is the task group for other communities. Other grants, which extend through the Newton school department or multi municipal audits that are performed the appropriate entity would be back charged from single audits, hopefully, reducing the amount of the total audit project.

The Financial Audit Sub-Committee met with Mr. Rogers this evening. They reviewed the contract and recommend Sullivan, Rogers and Company, LLC appointment to the Finance Committee be approved.

Ald. Coletti moved approval of the item.

#116-08 HIS HONOR THE MAYOR requesting an appropriation of seven thousand five hundred dollars (\$7,500) from Budget Reserve for the purpose of purchasing supplies necessary for the maintenance of the Automatic External Defibrillators (AEDs) that are maintained by the Fire Department. [03-11-08 @ 5:11PM]

ACTION: **APPROVED 7-0**

NOTE: Chief Bruce Proia was present this evening explaining that this is year two in a two-year program to purchase supplies for maintenance. The total budget of \$15,000 is for care and maintenance of these defibrillators. This budget was established to provide on going maintenance and supplies. The Fire Department is responsible for these defibrillators and the supplies are depleting.

The emergency medical services committee, health department, police and fire departments, middle and high schools and the parks & recreation department are now using this equipment. They wish to buy more equipment to be used in elementary schools.

The city has been awarded the designation of a heart safe community, due to having these defibrillators.

Ald. Salvucci moved approval of the item.

REFERRED TO PROG. & SERV. AND FINANCE COMMITTEES

#117-08 HIS HONOR THE MAYOR requesting an appropriation in the amount of sixty seven thousand, four hundred eighty two dollars (\$67,482) from Free Cash for the purpose of supplementing the tree budget in the Parks and Recreation Department. [3-11-08 @ 5:10 PM]

APPROVED 6-0 (Ald. Parker and Sangiolo not voting) on 3-24-08

ACTION: APPROVED 7-0

NOTE: Bob DeRubis attended this evenings meeting with a letter dated March 11, 2008, requesting this appropriation. The appropriation will cover \$67,482 in emergency forestry expenditures and will leave the department with \$29,000 for emergencies which may occur in the remainder of the FY'08.

Attached to Mr. DeRubis letter were the snow, ice, and tree appropriation expenditures. Documentation was also included starting on January 23, 2008, which showed events and times for the cost on tree emergency clean-ups.

This is the third appropriation of funds for the removal of trees and tree expenditures. The one comment raised was whether the Parks & Recreation Department had the time to deplete this money. Mr. DeRubis told the committee that part of this money has already been spent to cover the snow emergencies in January and February 2008.

Ald. Parker moved approval of the item.

REFERRED TO PROGRAMS & SERVICES AND FINANCE COMMITTEES

#29-08 HIS HONOR THE MAYOR requesting an appropriation in the amount of \$100,000 from Budget Reserve for the purpose of supplementing the law department legal assistance account for legal services for collective bargaining, labor disputes, and arbitrations. [01-15-08 @ 5:20 PM]

ACTION: APPROVED 7-0

NOTE: A letter dated January 15, 2008 letter to His Honor the Mayor from Mr. Daniel Funk indicated that half way through the fiscal year the budget appropriation for labor counsel was insufficient to cover the cost of bills for the remainder of the fiscal year.

The entire encumbrance of \$120,000 has been spent to services of Morgan, Brown and Joy. Mr. Funk is requesting an additional \$100,000 in order to pay for labor council in the balance of the

fiscal year. Further, a letter dated March 21, 2008, to the Chair of the Finance Committee provided a summary of monthly billing expenses from Morgan, Brown and Joy for the fiscal year 2008. At this point, we have been billed for eight months of work totaling \$164,760 for labor counsel services. The additional money requested will carry the law department through the remainder of the fiscal year.

Also included was a breakdown of the monthly expenses from July 2007 to the present. The committee saw the extent of legal charges the law department encounters with various requests such as disciplinary, negotiations or arbitrations.

The committee was satisfied with the back up information Mr. Funk provided.

Ald. Coletti moved approval of the item.

REFERRED TO PROGRAMS AND SERVICES AND FINANCE COMMITTEES

#86-08 HIS HONOR THE MAYOR requesting an appropriation in the amount of \$21,214 from Wage Reserve to the Library salaries account to fund a full-time Web Specialist position (money was set aside in the Wage Reserve fund for funding of this position during FY08 budget review). [02-12-08 @ 6: 20 PM]
APPROVED 7-0 (Ald. Sangiolo not voting) on 3-19-08

ACTION: APPROVED 3-0-4 (Ald. Lennon, Coletti, Salvucci and Johnson abstaining)

NOTE: A letter dated February 12, 2008 from His Honor the Mayor was submitted to the committee requesting a transfer of funding for this position. This position was included in the FY'08 budget however; the position was not listed in the personnel detail the time the budget was printed. Discussions with the union and details had not been completed for this position.

Unfortunately, the Comptroller and the Board of Aldermen had different perspectives on this item, based on the information from the Comptroller and the knowledge the Board of Aldermen these positions were actually created in violation with the ordinances of the City which relate to how new positions are created in any operating year.

The ordinance states very specifically that if a position is not authorized in the fiscal budget review process then it is required that a public hearing be held. It also requires the information about the position that is created outside of the annual budget. This issue rose when the personnel action form was submitted from the Human Resources Department to the Comptrollers office but was not certified by the Comptroller for his review that these funds were available for the filling of this position or was there was a position created. The requirement is that the position be first certified by the Comptrollers office before His Honor the Mayor can sign a personnel action form and employ that person.

A quick review by Ald. Parker for FY '08 budget showed that the position was not created in the table of organization or anywhere in the budget. This posed a problem for the committee on the actions of the Executive Department. The significant problem created by this action is that it is

illegal for the City not to pay the employee once that person starts working. The employee has been paid, and it is unclear from what funds the payroll is taken from to pay for this position.

Susan Burstein attended this evening's meeting. Members of the committee advised Ms. Burstein that His Honor the Mayor needs to follow the ordinances of the City and if he does not, he could be subject to a fine of \$100.00 per day. The same fine citizens who violate the ordinances of the City are subject to pay.

The committee supported Dave Wilkinson's request that in the future a sign-off on all personnel action forms be required from the Comptroller's office to certify a position letting Human Resources know that this position was officially created in accordance with the laws of the City before they can offer a position and actively place a person on the payroll with benefits.

There is also a second position that violated both the ordinances and the budget process. This position has not been brought before the committee.

Ald. Fischman moved approval of this item.

Tonight, this item was referred to Post Audit & Oversight Committee requesting discussion regarding compliance with Section 2-107 of the City of Newton Ordinances requiring Board of Aldermen approval before a city department increases the number of full-time regular payroll positions and the creation of a policy for review by the Comptroller and sign-off on all Personnel Action Forms before authorization by His Honor the Mayor.

Chair of the committee believes this item will be placed on second call at the April 7, 2008 board meeting.

The meeting adjourned at approximately 9:15 pm

Respectfully Submitted,

Paul E. Coletti, Chairman