

Minutes  
Lincoln Finance Committee  
April 6, 2016  
7:30 p.m.

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**Present:** Jeff Birchby, Gina Halsted, Eric Harris, Jim Hutchinson, Peyton Marshall (chair) and Laura Sander

**Also in attendance:** Town Administrator Tim Higgins; Lincoln-Sudbury Regional High School Superintendent-Principal Bella Wong; Lincoln-Sudbury Regional High School School Committee Members Radha Gargeya, Elena Kleifges (chair), and Nancy Marshall; Andrew Payne

The meeting was called to order at 7:30 p.m. in the Town Offices, Second Floor Meeting Room.

Bella Wong described Lincoln-Sudbury Regional High School's (LSRHS) prior proposal to transfer funds from the District's Excess and Deficiency (E&D) Fund to the Stabilization Fund. According to Ms. Wong and Radha Gargeya, the proposal was intended to carry out the District's multi-year plan to meet three priorities: bring the E&D Fund to the State mandated maximum of 5% of annual operating and capital costs and maintain it at that level; use the Stabilization Fund to pay for capital costs; and increase funding for the OPEB liability. Ms. Wong reported that the most recent E&D Fund balance had not yet been certified by the State and indicated that it was possible that E & D could approach \$1.7 million over a foreseeable horizon, which would represent approximately \$300,000 more than the allowable level. Under State law, any amount in the E&D Fund above the 5% maximum must be returned to the member towns.

The LSRHS School Committee had voted on March 22, 2016 to transfer \$600,000 from the E&D Fund to the Stabilization Fund with the intent of pre-funding a \$1.2 million capital project to replace playing fields in 2018. Bella Wong noted that this transfer would not affect the assessments to member towns. As Ms. Wong explained, the District had notified Lincoln and Sudbury of the vote and the actions available to the towns under State law, which included Town Meeting consideration within 45 days. She reported that the Sudbury Board of Selectmen and Sudbury Finance Committee had expressed an interest that the District's use of the E&D Fund and Stabilization Fund be done in collaboration with and following review by Sudbury Selectmen and Finance Committee. As a result, the LSRHS School Committee voted on April 5 to rescind the vote to take more time to deliberate with the member towns. Consequently, the Committee had no action to consider at this meeting.

Members asked a number of questions to clarify the jurisdiction of member towns in this circumstance and their need to approve the action under State law. Tim Higgins explained that the E&D Fund functions similarly to free cash for a town, and therefore use would be treated as an appropriation. Ms. Wong provided background on how the E&D Fund had grown in recent years due to savings in utilities and health insurance expenses.

Peyton Marshall expressed appreciation to L-S for their foresight and planning for capital needs. He indicated that, while the use of Stabilization to fund capital projects is consistent with Lincoln's approach to stabilization generally, he understood the concerns raised by Sudbury officials to center

on the discretion of member towns to determine how to use cash surpluses and the desire for all capital projects to be vetted through the town's review process. Jim Hutchinson concurred with the need for the playing field project to be reviewed by Lincoln's Capital Planning Committee as well in order to determine the town's capital funding priorities. The Committee and LSRHS representatives discussed appropriate purposes for the E&D Fund and Stabilization Fund as well as potential impacts on the School's budget.

Mr. Marshall asked the Committee and the LSRHS representatives to discuss the question of payment for out-of-district tuition that was raised by the Sudbury Finance Committee at the joint meeting of the Lincoln and Sudbury Finance Committee held on February 22, 2016. He recalled that the Sudbury Finance Committee Chair had asked the Committee to consider whether these expenses should be assessed separately to each town based on the out-of-district expenses directly attributable to students from each respective town. The Lincoln Finance Committee agreed that once Sudbury and Lincoln children are students at LSRHS, they are the responsibility of the District as a whole. As a result, selecting specific expenses to assess to the individual towns appears contrary to the Regional Agreement. The Committee asked Mr. Higgins to have counsel review the Regional Agreement to confirm this position. LSRHS representatives departed from the meeting.

Peyton Marshall turned the Committee's attention to the Reserve Fund and transfer requests. According to Mr. Marshall, the balance in the fund is \$416,000 and a request to fund Fire Department overtime is likely. Tim Higgins reported that there may be an additional request to fund tuition at Bedford High School for certain students who reside at Hanscom Air Force Base. He reminded members that this item had arisen last year and reported that an agreement had been reached with the Town of Bedford. Members discussed various aspects of the issue.

Members debriefed about Town Meeting, which had been held on March 19, 2016. Gina Halsted noted that there had been many favorable reviews of the Finance Committee presentation. Peyton Marshall suggested that it may not be appropriate for the Committee to provide the budget overview for all departments each year, as it may be useful for Town Meeting to hear from them directly. The Committee also discussed whether it should provide detailed tax analysis and, if so, how often and in what format.

The Committee agreed to meet next on April 25 to review the Town's latest annual financial statements and historical revenue collections compared to budget. Additional Reserve Fund transfers may also be discussed. Members agreed to meet with the Library and the Department of Public Works regarding annual reports at a future date to be determined.

After motions duly made and seconded, the Committee reviewed and approved the minutes of the meetings held on February 29 and March 14, 2016.

Members discussed efforts to recruit a new member and voted unanimously to recommend that Andy Payne be asked to join the Committee. Peyton Marshall agreed to follow up with the Town Moderator in forwarding the Committee's recommendation.

There being no further business, the meeting was adjourned at 8:55 p.m.

Submitted by: Laura Sander

Approved: 4/25/16