

BROOKLINE ADVISORY COMMITTEE  
**Administration and Finance Subcommittee**  
**Report on Six Month YTD v. Budget**

The Administration and Finance subcommittee of the Advisory Committee met on January 8<sup>th</sup>, 2019, for a meeting, review and possible vote on the Six Month YTD Budget Report.

Attending were A&F subcommittee members John Doggett, Dennis Doughty, Neil Gordon, and joined by Janet Gelbart; and Melissa Goff, Deputy Town Administrator.

RECOMMENDATIONS:

The Subcommittee felt that Budget v. Year to Date review was a valuable exercise, and recommends:

1. That the Year to Date budget should continue to be reviewed at about the six-month mark;
2. The focus should be mainly on the operating budgets, and that each AC Subcommittee should review results for departments assigned to them;
3. The "Outside Services" category is overly broad and should be broken down into subcategories for greater efficiency and ease of analysis;
4. There should be clarification between those services which are brought *in* to a department (i.e. contractors brought in to perform a departmental job) vs. services which are contracted *out* (i.e. software security audit);
5. There should be differentiation between outside advice (consultants) and contract services;
6. For capital accounts, the Finance Department should, unless it is inappropriate to do so, apply charges to oldest account first, unless specifically and appropriately directed otherwise by the submitting department.

BACKGROUND:

There are two budget reports that are produced to show financial year to date budget appropriation, transfers, a revised budget, YTD expenditures, encumbrances, available budget and percentage of the budget that has been used. One report shows all General Fund accounts, and the other the "K" reports which show capital accounts, using the same format.

These reports can be produced on demand; the Advisory Committee (AC) generally receives them on a quarterly basis.

DISCUSSION:

There was a discussion as to how budget transfers work, and of the nature of encumbrances.

The Deputy Town Administrator, Melissa Goff (MG) noted that no transfers occur between department budgets, just within or with designated fund accounts (Reserve Fund transfer, for example). Moving funds out of salary budget to services requires Select Board (SB) authorization; moving funds into a salary budget requires both SB and AC authorization. Encumbrances typically are expenditures that have not yet occurred but have been contracted.

The Subcommittee reviewed each department in turn, focusing on those budgets that had usage greater than 50% (since we are half way through the year) with questions and responses from the Deputy Town Administrator:

Personnel:

Why budget hasn't dropped? Outside services?

\* MG: Legal will take some time to transition over with the Personnel budget

Finance department:

Outside services are up significantly. Why?

\* MG: Credit card charges are higher than expected. This may continue as more IPS meters will be installed over the next 2 years

Town Clerk:

Reserve fund transfer for next election?

\* Maybe needed

Building dept:

Outside services are running high

\* MG: Issue around Coolidge Corner school, systems not functioning correctly

Public works dept:

Outside services are running high

\* MG: Sanitation - Recycling is becoming more expensive and will probably go up \$300K next year

Health dept:

Again, outside services are running high

\* MG: Concerns about keeping up with grant funding

Library:

\* MG: we've been monitoring the library budget for the past few years, the Chief Librarian is concerned about using volunteers with respect to library database and this increases outside services.

Recreation dept:

\* MG: Vacancy is providing some salary relief

Personnel Benefits:

Is there a problem here with 64% expended or encumbered?

\* MG: No, we are expecting an overall surplus

The Subcommittee reviewed each capital account in turn, focusing in particular on those items that had little or no activity. The Subcommittee did note that the AC Capital Subcommittee monitors the detail of all capital items on a regular basis and so the focus was on more general concerns:

General Observation: There are a lot of small older accounts that should be cleaned up. Can the finance department do that automatically?

\* MG: Yes, we can ask the Department heads as well as enabling Finance Dept to apply by default charges to the oldest accounts first, unless the Department says otherwise.

The Subcommittee, lastly, discussed what had been learned and whether this review had been

valuable.

MG thought that we were at the right level of detail on the operating side. On the capital side, it is quite department specific and that the Capital subcommittee has a good handle on the detailed accounts, so the focus on broader issues was valuable.

In conclusion, the Subcommittee felt that this was a valuable exercise and that we recommend:

- That the Year to Date budget should be reviewed, annually, at about the six-month mark;
- The focus should be on the operating budgets;
- Each subcommittee should review applicable FY to date actuals v. budget;
- The Outside services category should be broken down into appropriate subcategories for greater efficiency and ease of analysis
- There should be a greater clarification between those services which are brought *in* to a department (i.e. contractors brought in to perform a departmental job) vs. services which are contracted *out* (i.e. software security audit); also, differentiation of advice vs. contract services