

Budget & Finance Standing Committee
Thursday, August 4, 2022 – 5:30 p.m.
REMOTE MEETING
-Minutes-

Present: Chair, Councilor Scott Memhard; Councilor Jeff Worthley; Councilor Val Gilman (as alternate)

Absent: Vice Chair, Councilor Tony Gross

Also Present: Auditor, Kenny Costa; CFO, John Dunn; Harbormaster, TJ Ciarametaro; Director of Elder Services, Elise Sinagra; Health Inspector, Brianna Gray; Clerk of Committees, Sherry Karvelas

This meeting was conducted remotely through ZOOM. All votes were by ROLL CALL.

Meeting called to order at 5:31 p.m.

Councilor Memhard announced, “Consistent with chapter 107 of the Acts of 2022, this meeting will be conducted by remote participation. The public may not physically attend this meeting but every effort will be made to allow the public to view and listen to the meeting in real-time and participate when necessary. If you are calling in on a phone, you can press Star 9 to request to speak. If you are watching on a computer or a device, there is a raised hand button that you can tap or press to request to speak. Please use either of these options to be recognized to speak.”

Councilor Memhard announced the names of the B&F Committee members in attendance (Councilors Gilman (as alternate), Worthley and himself), and City staff who were attending via Zoom.

1. Memorandum from Director of Elder Services requesting acceptance of donations in the amount of \$3,415

Summary of Discussion: The **Director of Elder Services, Elise Sinagra**, stated that she is asking the Council for the acceptance of \$3415 from generous members in the community. She pointed out that the New England Biolabs, Inc. donation is part of their charitable giving program that is driven by their employees; one employee is from the City and had suggested that the company make a donation to the Council on Aging.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Worthley, the Budget & Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to recommend that the City Council accept cash donations, under MGL c. 44, §53A, to support the Council on Aging in the amount of \$3,415 from the following members and business partners within our community:

New England Biolabs, Inc.	\$3,250.00
Marion C. Haselgard	\$ 25.00
Marilyn Grant	\$ 10.00
Marilyn Grant	\$ 10.00
Dorothy B. McKay	\$ 20.00
Gerry Favaloro	\$ 15.00
Gerry Favaloro	\$ 15.00
Margaret D. Gasperoni	\$ 25.00
Dorothy Gentile	\$ 25.00
Grace V. Simpson	\$ 20.00

Total: \$3,415.00.

2. Memorandum from Harbormaster and Supplemental Appropriation-Budgetary Request (#2023-SA-1) in the amount of \$23,000

Summary of Discussion: The **Harbormaster, TJ Ciarametaro**, explained that the Gloucesterman Launch Boat suffered a failure resulting in a blown engine. He explained that the Harbormasters' office worked in conjunction with Cape Ann Marina to haul the boat out of the water, find a replacement engine and to have the Gloucesterman Launch boat back up and running in 8 days. He explained that he is requesting to use funds from the Waterways Enterprise Stabilization Fund to fund this unexpected expense. The **Harbormaster** explained that the original launch motor is a Westerbeke, who does not make propulsion motors anymore, so it was replaced with a Kubota engine.

Councilor Worthley asked, beyond the \$23,000 for the replacement engine, what the impact will be to Harbormaster's budget for lost revenue with the launch being out of service for 8 days. The **Harbormaster** stated that there were canceled reservations, but that a significant amount of temporary measures were put in place to accommodate not having a launch, including boaters being able to bring a dinghy up to the dock. He stated that overall there is an insignificant loss of revenue that will not have a big impact on the overall budget. **Councilor Worthley** clarified that the funds to replace the blown engine are coming out of the Waterways Stabilization Fund.

The **Members of B&F** congratulated and thanked the **Harbormaster** and staff for their quick and efficient efforts to get the launch boat back into service.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Worthley, the Budget & Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to recommend that the City Council approve Supplemental Appropriation 2023-SA-1 in the amount of \$23,000.00 (Twenty Three Thousand Dollars) from the Waterways Enterprise Stabilization Fund, Transfers to Enterprise Funds, Account #71505-596005, to Waterways Enterprise Fund, Purchase of Services, Account #700052-520000 for the purpose of replacing the motor in the Gloucesterman Launch boat.

3. Memorandum from Public Health Director and Special Budgetary Transfer Request (#2023-SBT-1) in the amount of \$9,000

Summary of Discussion: The **Health Inspector, Brianne Gray**, explained that the sanitarian left the City in the beginning of July and that the Health Department is in the process of hiring a replacement and explained that the funds will be used for a temporary sanitarian to perform Title V inspections, septic system inspections, as well as to review plans.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Worthley, the Budget & Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to recommend that the City Council approve Special Budgetary Transfer #2023-SBT-1 in the amount of \$9,000 from Account #0151051-511000, Board of Health, Salaries to Account #0151052-520000, Board of Health, Purchase of Services, for the purpose of contracting an individual to provide Sanitarian Inspector services for the Health Department.

4. Memorandum from City Auditor regarding the city's FY2021 Annual Comprehensive Financial Report (ACFR)

Summary of Discussion: The **Auditor, Kenny Costa**, explained that the FY2021 Annual Comprehensive Financial Report has been emailed to the Committee members, can be found on the Auditor's page of the City's website, and also a hard copy has been placed in the Committee members' mailboxes. He explained that this is a nationally recognized report by the Government Finance Office Association and is an annual achievement of the City that has been issued for five consecutive years. He explained that the report is a team approach through the Treasurer's office, Mayor's office, City Council and all departments. He explained that the FY20 Certification of Achievement for Excellence has been received and pointed out that a clean opinion can be found on page 24, which is the "Gold Standard" of opinions by the outside auditors, which states: *"In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly in all material respects..."*

The **Auditor** pointed out some positives for FY21:

- The total General Fund fund balance was \$23 million compared to \$20 million in FY20.
 - In FY12, the General Fund fund balance was \$10.6 million.
- The unassigned (funds that have not been appropriated for a purpose – includes stabilization accounts) fund balance for FY21 was \$20 million, compared to \$17 million in FY20
 - In FY12, the General Fund fund balance was \$8.4 million.

The **Auditor** explained some challenges for FY21 (and beyond):

- The net pension liability was \$111 million in FY21 compared to \$117 million in FY20 (and explained that the liability decreased due to double-digit returns in the stock market a year ago).
- The net OPEB liability increased from \$223 million in FY21 compared to \$213 million in FY20.

The **Auditor** explained that he is proud of the report and explained that only approximately forty communities within the State produces such a report. There was a brief discussion about requesting the outside auditor come to present their viewpoint regarding the report at some point in the future, as well as having a more in-depth discussion by B&F Committee members once the report has been reviewed.

5. Memorandum from City Auditor regarding accounts having expenditures which exceed their authorization & Auditor's Report and other related business

Summary of Discussion: There was a brief discussion regarding the basic version of the Overdrawn Report provided by the **Auditor** to the Committee members; the Councilors agreed that the report provided is sufficient.

There was a discussion regarding the beach revenue report through June 30, 2022 (through FY22), that was sent to the B&F Committee members. It was determined that once the beach season ends a more comprehensive discussion to include the Administration would be had.

MOTION: On a motion by Councilor Worthley, seconded by Councilor Gilman, the Budget & Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to adjourn the meeting at 6:06 p.m.

Submitted by: Sherry Karvelas, Clerk of Committees

Documents submitted at the meeting: None.

Meeting Recording: <https://www.gloucester-ma.gov/1097/Past-Remote-Public-Meetings>