



Finance Committee

Jonathan Barnett
Steve Correia
Michael Hoyle
Kelly Lappin (Vice Chair)
April Methot
Brian O'Herlihy
Pamela Roman (Chair)

FINANCE COMMITTEE

April 17, 2024

In-Person and Remote

Town Building – Council on Aging Room

41 Cochituate Road, Wayland, MA

7:00 P.M. Minutes

Attendance: J. Barnett (via Zoom), S. Correia, K. Lappin, A. Methot, and B. O'Herlihy. Absent: M. Hoyle and P. Roman. Also in attendance: Brian Keveny - (Finance Director) - via Zoom.

Call to Order: The meeting was called to order by Vice Chair K. Lappin at 7:02 PM. She noted that she, S. Correia, A. Methot and B. O'Herlihy were all participating in person and J. Barnett was participating via Zoom and then read the following:

One may watch or may participate remotely with the meeting link that can be found at <https://www.wayland.ma.us/public-body-meeting-information-virtual-in-person-and-hybrid>. Pursuant to Chapter 2 of the Acts of 2023, this meeting will be conducted in person and via remote means, in accordance with applicable law. This meeting may be recorded and will be made available to the public on WayCAM as soon after the meeting as is practicable. When required by law or allowed by the Chair, persons wishing to provide public comment or otherwise participate in the meeting, may do so by in person attendance, or by accessing the meeting remotely, as noted above. We request public comment be limited to two minutes per person.

K. Lappin reviewed the revised agenda for the public.

Materials Discussed/Distributed: Meeting Agenda for the 4/17/2024 meeting, as revised on 4/16/2024; draft Minutes for meeting held on 4/1/2024; and Request for Transfer From the Reserve Fund submitted by the Town Manager and Finance Director (dated 4/4/2024).

Public Comment and Members' Response:

None.

Announcements:

K. Lappin noted that (i) the Planning Board is sponsoring a public forum, in person and remote, on *Article 26: Amend Zoning Bylaws & Town Zoning Map – MBTA Communities Multi-Family Housing* to be held on 4/24/2024 at 7 P.M.; (ii) the Wastewater Enterprise Fund (Wastewater EF) recently identified an unforeseen “emergency” capital improvement that needs to be made to the Town Center wastewater facility, the funding for which is not included in the FY25 Capital Budget previously approved by the Finance Committee (FinCom) and B. Keveny will provide the Members with the plan to address at the 2024 Annual Town Meeting (ATM); and the Select Board (SB) will be holding the 2024 ATM warrant hearing on 5/6/2024 at 7:15 P.M.

Vote to approve Minutes of 4/1/24:

Members reviewed the draft Minutes of 4/1/24. K. Lappin and B. O’Herlihy proposed a few edits. A. Methot moved to approve the Minutes of 4/1/24, as revised. J. Barnett seconded. Motion passed by roll call vote of 4-0-1: J. Barnett (yes), S. Correia (abstain), K. Lappin (yes), A. Methot (yes), and B. O’Herlihy (yes).

Update from Finance Director, Brian Keveny:

B. Keveny noted two issues that were discussed at a recent meeting regarding 2024 ATM warrant article motions:

(i) the funding source for the Water Enterprise Fund’s (Water EF) FY25 operating budget appearing in the 2024 ATM warrant may change. The Water EF’s FY25 operating budget is shown as being funded solely with Water Revenue, but the Board of Public Works (BoPW) has requested that \$200,000 of such budget be funded with Certified Retained Earnings. B. O’Herlihy noted that a member of the BoPW had

raised the issue of using Certified Retained Earnings as a partial funding source weeks ago, but that B. Keveny did not want to change the article language. B. Keveny noted that he is evaluating this recent request and will let the Members know the outcome prior to the 2024 ATM; and

(ii) As previously noted by K. Lappin, the Wastewater EF needs additional capital funds to make an “emergency” improvement to the Town Center wastewater facility. The current cost estimate for the needed improvement is \$400,000 to \$500,000. The current plan is to include the needed funds, which would be funded with debt, in the motion made under *Article 10: Fiscal Year 2025 Omnibus Budget*, but B. Keveny noted that the Town Moderator may need to rule on whether this item may be included. B. O’Herlihy noted that the Moderator’s rules would appear to allow for the amount requested under Article 10 to exceed the amount shown in the 2024 ATM warrant. Members requested additional details and expressed frustration that this item was not brought to the FinCom’s attention prior to finalizing the FY25 Capital Budget.

Discuss and Vote Reserve Fund Transfer Request – To “Town Counsel - Legal Services” account to replenish an unexpected shortfall due to the payment of extraordinary and unforeseen costs, including the November 2023 payment of an IRS settlement for calendar years 2020 and 2021:

B. Keveny reviewed the Town Manager’s request, with his approval, for a \$114,000 transfer from the Reserve Fund to replenish the Town Counsel – Legal Services account to ensure it has sufficient funds to cover legal bills through the end of the fiscal year.

He provided Members with background on the use of the Town Counsel – Legal Services account in November 2023 to pay an IRS settlement, of approximately \$114,000, which he noted was for interest and penalties associated with various late deposits of payroll taxes during calendar years 2020 and 2021. It was unclear why the former Treasurer had not deposited these payroll taxes on a timely basis.

B. O’Herlihy questioned if the Town’s error and omissions insurance coverage might cover this cost given the apparent error made by the former Treasurer, but B. Keveny indicated that it would not.

B. Keveny noted that a third-party accounting firm was hired to assist the current Treasurer in reconciling the payroll tax deposits during the years in question and to assist in discussions with the IRS. He also noted that the IRS had agreed to reduce the amount owed by the Town, but was unclear if this was due to the use of the “First Time Abate” administrative waiver cited by B. O’Herlihy.

Members questioned the use of the Town Counsel – Legal Services account for the payment of the IRS settlement rather than requesting a Reserve Fund transfer at the time. B. Keveny indicated there was nothing to preclude the amount being paid from this account since it had sufficient funds available, but doing so had left the account with insufficient funds to cover anticipated legal bills for the balance of the fiscal year.

Members expressed concern over the late deposits and questioned the controls over such payments and whether the Town’s auditors and Audit Committee were aware of this issue. B. Keveny noted that the Town’s outside audit firm and Select Board were aware of the issue, but wasn’t sure about the Audit Committee. He also noted that the outside audit firm did not think this issue required the accrual of a liability in the Town’s balance sheet at 6/30/2023 (presumably due to materiality) or disclosure as a material weakness in internal control. B. O’Herlihy asked B. Keveny to make the Audit Committee aware of the issue so that its members could determine if more investigation was needed. K. Lappin asked B. Keveny to provide the FinCom with copies of the IRS correspondence related to this matter.

Members encouraged B. Keveny to request future Reserve Fund transfers for non-legal expense items prior to payment of such items rather than using the Town Counsel – Legal Services account followed by a request to replenish that account noting that this practice was also used in 2023, in connection with the payment of the first installment of the former Police Chief’s settlement agreement, at which time at least one Member expressed concern about the practice.

S. Correia moved to approve a Transfer from the Reserve Fund to the Town Counsel – Legal Services Budget (MUNIS account 10151002-52108), in the amount of \$114,000. A. Methot seconded. Motion passed by roll call vote of 4-0-1: J. Barnett (yes), S. Correia (yes), K. Lappin (yes), A. Methot (yes); and B. O’Herlihy (abstain).

Discussion on Proposed Finance Committee Presentation to Select Board / Town. Discussion may include but is not limited to (i) Review of FY25 Omnibus Budget, Operating, Capital, 5-Year Capital; (ii) Budget Outlook – Prop 2 ½, Override expectations; (iii) Override history in Wayland; (iv) Wayland comparison to Peer Towns on various metrics; (v) Peer/Other MA Town Approaches to Override; and FinCom Recommendations:

K. Lappin noted that P. Roman was still working on a PowerPoint presentation to be shared with the SB, tentatively scheduled for 4/29/2024, and K. Lappin requested the assistance of Members in pulling together information for inclusion in the presentation. Members agreed to divide the workload as follows:

- FY25 Omnibus Budget, Operating, Capital, 5-Year Capital – P. Roman;
- Budget Outlook – Prop 2 ½, Override expectations – J. Barnett;
- Override history in Wayland – B. O’Herlihy;
- Wayland comparison to Peer Towns on various metrics – K. Lappin (Town) and M. Hoyle (Schools);
- Peer/Other MA Town Approaches to Override – B. O’Herlihy; and
- FinCom Recommendations – S. Correia

K. Lappin asked Members to provide P. Roman with their material within the next few days and asked A. Methot to assist P. Roman in proofreading the draft presentation prior to the next regular meeting.

Topics Not Reasonably Anticipated by the Co-Chairs 48 Hours Prior to Posting, if any, and Setting Next Meeting:

K. Lappin noted that the School Finance Subcommittee was scheduled to meet on 4/24/2024 at 10:30 AM to discuss the FY26 budget process and requested that two to three FinCom members attend to provide input on the type of information to be included in the School Committee’s FY26 “budget book.” K. Lappin noted that P. Roman would be attending and A. Methot agreed to attend as well. The remaining Members had scheduling conflicts.

B. O’Herlihy suggested that the Question & Answer document, prepared by Susan Bottan, Schools Director of Finance & Operations, responding to questions raised on the School Acting Superintendent’s FY25 Recommended Budget might serve as a resource for developing a list of information for inclusion in the FY26 “budget book.”

S. Correia and K. Lappin noted that the Town Manager, as an interim step to the formation of a Capital Planning Committee, is in the process of setting up a working group to begin long-term planning for Town and School capital projects. K. Lappin noted that she had been asked to participate on the working group and agreed to do so, initially as both the FinCom and Town resident representatives. As of 6/30/2024, the FinCom will need to name a new representative to the working group, as K. Lappin will not be seeking reappointment to the FinCom, but she anticipated continuing as the Town resident representative.

The Members agreed to meet on 4/24/2024 at 7:00 PM, with the primary focus being the proposed FinCom FY25 budget presentation to the SB. K. Lappin will request that P. Roman post an agenda for the meeting.

Adjournment:

A. Methot moved to adjourn the meeting. S. Correia seconded. Motion passed by roll call vote of 5-0-0: J. Barnett (yes), S. Correia (yes), K. Lappin (yes), A. Methot (yes), and B. O’Herlihy (yes). Meeting adjourned at 8:32 PM.

Respectfully Submitted,

Brian O’Herlihy
Minutes Taker