

Finance Committee Minutes

November 6th 2017

This meeting was a joint meeting with the selectmen of New Marlborough. The meeting for the Finance Committee was called to order at 6:35PM. Present were Mr. Carson, Mr. Pshenishny, Mr. Miller, Mrs. Fracasso, Mr. Klein, Mrs. Walker, and Mrs. Spaulding. Present at the selectmen's meeting were Ms. White (chairperson,) Mr. Yohalem, Mrs. Shalaby and Mrs. Fleck. Guests were Mr. Thomas Stalker and Mr. Richard Long.

Prior Minute:

Minutes for October 10th 2017 were presented with amendments, motion to accept Mr. Klein 1st, Mr. Pshenishny 2nd passed unanimously.

Minutes for October 26th were presented, motion to accept Mrs. Walker 1st, Mr. Pshenishny 2nd passed unanimously.

Role of Finance Committee:

Ms. Walker referred to the state hand book on Finance Committees in which it is stated that the Finance Committee's responsibility is to "receive the budgets analyze them have a hearing with the department heads and public and present a balanced budget at town meeting". This varies from the way that the budget is established in New Marlborough. Ms. Shalaby stated, because the select board signs the warrant, it has always taken full responsibility for establishing the budget, with the recommendations of the Finance Committee. The handbook also states that the Finance Committee should defend the budget, and should be available to explain reasons for not recommending an item or items. (This has happened in the past). If the budget estimates made by the selectmen and the Finance Committee differ both figures should be included so that the voters have the opportunity of selecting the figure they prefer. Voters need to be made aware that proposed increases may affect the levy limit and an override may be needed. As a result of this discussion it was decided that further study was needed. Ms. Walker stated that the budget development and approval process should be in compliance with the law.

Projection Affecting the FY 2019 Budget:

Ms. Enoch presented informational sheets regarding FY 19 Budget and Capital expenses (see attached). An informational sheet presented an overview of the 2018 budget. With the total operating budget (showed a 6 % increase v. 2017) results in \$5, 609, 249, comprising the town's Prudence Spaulding
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operating budget (with a 2% increase v. 2017) of \$2,599,729, and New Marlborough's share of the school (with an 11% increase v. 2017 although the actual increase in the school assessment was 8.79% the difference due to the town's use of \$50,000 Free Cash in 2017) showed \$3,009,520.

Debt Service Schedule:

The total figures presently decline, with the fire truck (until 2026) and the school boiler/roof amount not as yet being finalized. The debt service does not affect the Levy Limit, but does affect the tax rate.

Revenue Sources:

Ms. Enoch also included a draft of the Revenue Sources. It was noted that the Motor Vehicle amounts may vary year- to- year due to the date that the state sends out the bills. If the bills go out early the revenue may occur in the prior year. The fluctuations in "Licenses and Permits" can occur for a variety of reasons. Building permits required by an expensive large building caused a substantial increase in the FY 17 over the FY 16 revenue. Mr. Klein questioned the fluctuations in the Total assessed value of the town taxable property which had been rising until 2016 when it was \$493,385,410, but dropped to \$487,244,850 in 2018. Ms. Shalaby stated that these figures are established by the state, and that the sales of real estate affects them, especially in adjustments made between assessments. Properties that are sold at less than their current assessed value can cause reductions in values in that "neighborhood" multiplying their impact. It was decided that further study regarding this is required.

It is hoped that by January more information about expected revenue will be available. Mr. Klein requested the past three year's final expenditures.

FY19 Budget Working List (draft):

FY 2018 Levy Limit was \$4,797,429, with an increase of 2 ½ (\$119,936) and estimates in new growth (\$30,000) will result in the proposed 2019 Levy Limit of \$4,947,395. The following items are expected to increase 1) School Assessment 2) Health Insurance 3) Workman's Compensation 4) COLAS 5) Contracts 6) Stipends. Vocational Education remains an unknown until the end of the budget appropriations season.

Capital Planning for FY 19:

Mrs. Shalaby has been working with the subcommittee on Capital Planning and presented the following informational sheet (see attached).

Annual Effort:-

Gather requests underway.

Update all town spread sheet.

Update road plan.

New Effort

Review reserves policies (Stabilization and Free Cash).

Debt Planning, managing outstanding debt, and debt service levels.

Debt Level, consider setting maximum and minimum % of Equalized Assessed Value and principal of borrowed fund and full term of lease obligation.

Debt Service consider maximum and minimum % of General Fund Revenue.

Debt Type, purpose and structure for which capital terms do we take debt versus pay cash, if debt do we borrow or lease, what rate term etc.

Ms. Walker asked if the town has a comprehensive list of all assets owned by the town, not just the vehicles. Ms. White responded that she had been establishing a spread sheet of items as they are purchased. This is required by state law for items over \$5,000; we include items of lesser value as well. Such a list would prove invaluable in the event of a fire. Mr. Long asked if the town kept periodic backup records of the information. Ms. Enoch responded that this is done.

Mrs. Shalaby also included a comprehensive list of road repairs (see attached).

Next Meeting:

The next meeting is scheduled for Thursday November 16th at 6:30PM.

Agenda:

1. Review November 6th Minutes.
2. Review end of year expenditures.
3. Continue discussion regarding the role of the Finance Committee in New Marlborough.
4. Review budget requests as received.
5. Deal with any emergency requests.

Meeting adjourned at 7:45PM Mr. Klein 1st, Mrs. Walker 2nd passed unanimously

Respectfully submitted, Prudence Spaulding Secretary.

Prudence Spaulding
November 9th 2017