

Finance Committee

May 18th 2017

The meeting was called to order at 6:38PM. In attendance were Mr. Mark Carson, Mrs. Marilyn Fracasso, Mrs. Sandra Walker, Mr. Robert Miller and Mrs. Prudence Spaulding. Guests included Mr. John Pshenishny, Mrs. Marsha Pshenishny, Mr. Tara White, Mr. Nathaniel Yohalem and Mr. Peter Schuyten.

The minutes for the meeting held on May 11th were accepted as amended, Mr. Carson 1st, Mr. Miller 2nd passed unanimously.

Mr. Yohalem came before the Committee to explain that the Broadband Committee may need funds from the **Reserve Fund**. The town had joined three other towns in negotiating for internet service, and although the town had been allotted \$5,000 this joint venture had used \$2,000 leaving \$3,000. However the estimate of cost for the lawyers' fees will be about \$30,000, and because one of the towns (Monterey) withdrew this needed amount would be divided among the remaining three. He stated that the negotiations are nearly complete with Frontier, and he is waiting to talk to one of the officials, and then the contract must be drawn up by the lawyers. Rich Holland, a member of a Boston law firm that specializes in this type of work will be doing the work for the town. Mr. Yohalem will return to the Finance Committee as soon as he has the final figures.

Mr. Carson then telephoned Mr. Klein who was in New Jersey. The Committee made (by a motion made by Mrs. Spaulding 1st, Mr. Carson 2nd passed unanimously) to include him in the deliberations by phone. The Committee then discussed the request of funds from the Reserve Account by Mr. Loring, the Highway Superintendent, for \$25,000 to replace the motor in the 2009 Mack 10 wheeler truck. To replace this truck would probably cost about \$200,000. \$30,780.33 remained in the **Machinery Account**. This truck is used for hauling materials for road work in the summer. While the Committee understood that there were other items that Mr. Loring had planned to use money from this account for repair, this was an emergency. Mr. Klein made a motion that the Committee transfer \$10,000 to the **Machinery Account** [20428.00] from the **Reserve Fund**. Mr. Loring could return later for funds if they were needed. Mr. Loring will have \$20,000 more to spend upon this truck's rear end as of July 1st, voted at the last Town Meeting. With these repairs it is hoped that this truck will last another five years.

The Committee then proceeded to discuss the next item on the agenda. Because the override did not pass the town still is facing the problem of "making ends meet" in FY 18. There is a

Prudence Spaulding
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shortfall of over \$46,000. The committee discussed because the override did not pass legally the school budget did not pass in our town. Thus the school must decide what action it should take. Added to this the school is being sued by Egremont because the little school in that town is not being opened this year. Of course the towns would like the school to reduce its budget! However, as Ms. White explained the school has used about \$500,000 of its A&D account, and is concerned that the new Medical program being now considered by the federal government may result in the loss of about \$200,000 in Medicaid funds! Until our town has heard what the school decides to do discussing what our recommendation regarding FY18 to the selectmen would seem unproductive. The SBRSD Finance Committee sent the original budget with no cuts back to the School Committee. Now it is up to that Committee to decide what action they wish to take.

On May 23rd at 5:00PM the school will discuss and decide upon the bond that will be taken out for the replacement of the roof and the boiler. Mr. Klein and Mr. Carson will attend this meeting hopefully other members of the Committee will be able to attend.

On May 25th at 6:00PM the School Committee will meet to decide upon the final presentation of their budget. Most of the New Marlborough Finance Committee will be there that night.

The Committee then began its review of the Financial Management Operations Review done in October 2014. Most of the Committee had reviewed this document. Mr. Carson stated that he noted that most of the recommendations had been met. Mrs. Walker stated that she was concerned that the Finance Committee didn't have specific policies regarding the Reserve Fund, Free Cash and the Stabilization Account. She was also concerned that there was not a yearly audit performed. She noted that the Free Cash had not been used to support the present year's budget but rather set aside for the FY18 years expenses (This was in line with one of the recommendations). She suggested that the Finance Committee establish a sub-committee to develop policies on these three funds, and also suggested that exploring policies of other town's Financial Committees! Mrs. Walker will do some research and bring back her findings to the Committee. Mrs. Walker made a motion to develop policies regarding setting target levels for reserves, and outline any limitations or strategies related to the use of revenues, i.e. Free Cash, Stabilization and Debt. Mr. Klein 2nd passed unanimously.

Because the school budget must be decided prior to the Committee's real discussion about finalizing the FY 2018 budget the next Finance Committee meeting will be scheduled for June 1st. The agenda will include a general item allowing any end of the year emergency to be presented if needed.

Motion for adjournment at 7:40PM by Mr. Miller 1st, Mrs. Walker 2nd passed unanimously.