



**COMMONWEALTH OF MASSACHUSETTS
TOWN OF NEW MARLBOROUGH
OFFICE OF THE BOARD OF SELECTMEN
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Nathaniel H Yohalem,, Chair
Richard Long
Tara B. White
Board of Selectmen

**Minutes
Joint meeting of the Finance Committee and Board of Selectmen
Thursday, January 16th, 2020
6:30 p.m.**

Board of Selectmen Members Present: Nathaniel H. Yohalem, Chair
Richard Long
Tara White

Finance Committee Members Present: Steve Klein, Chair
Barbara Marchione
Rob Miller
Doug Newman
John Pshenishny
Michele Shalaby
Sandra Walker

Others Present: Mari Enoch, Town Administrator
Marsha Pshenishny, Board of Assessors, Chair

The joint meeting was called to order by both boards at 6:03 p.m.

Review and approve Finance Committee Minutes:

The minutes of the December 12th Finance Committee meeting were approved by the Finance Committee.

Discuss FY 2021 Budget and Process:

Mari Enoch, Town Administrator, distributed the town budget calendar, school district budget calendar, free cash certification and analysis, debt schedule, and recap worksheet.

The following topics were presented and discussed:

- FY 2019: The FY 2019 books have been closed and free cash in the amount of \$550,086 was certified by the state on December 16th. There was explanation and discussion on the calculation of free cash which includes budget efficiencies (unspent monies), excess receipts, and adjustments made by the state relating to overdrawn accounts and deficits. While some of the line items with unspent balances were due to onetime unanticipated occurrences (health insurance premium holiday, reduction in school budget, etc) budgets that had large unspent balances will receive additional review during the upcoming budget process. To prevent the reoccurrence of overdrawn and deficit accounts, Steve asked the accountant, Tara White, to provide semiannual review of any deficit balances to the finance committee.

The current stabilization fund balance is \$857,187.

- FY 2020: The tax rate was set at \$10.31 and the Town had an excess capacity of \$60,890.28. Mari noted that though the tax rate decreased by \$.03 cents from the previous year, assessments increased and taxpayers saw increases in the actual amounts of their taxes. The Assessors will speak to the changes in town values at a future meeting.
- FY 2021: The total estimated debt service is \$210,561 and compared to FY 20 shows a reduction in total debt due do the payoff of the 2015 highway truck. The items currently on the schedule are the Firetruck (to be paid off in 2025) the Grader (to be paid off in 2029) and the School Roof/Boiler (paid off in 2032). It was noted we won't know what New Marlborough's assessment for the roof/boiler is until the school district calculates the FY 21 percentages of the member towns.

FY 2021 Levy Capacity:
 FY 20 levy limit \$5,159,395
 + 2 ½ % \$128,985
 Estimated new growth (5 year average) \$44,236
 Levy Limit \$5,332,616

Steve Klein asked that instead of using a 5 year average to estimate new growth, going forward we should make an estimation based on current building permits and the Assessor's field work for a more accurate prediction.

The allowable tax increase (2 ½ % + est. new growth + excess capacity) = \$234,112. In effect, this is the amount that can be added to recurring expenses provided all other revenue (state aid and local receipts) remain the same.

The Boards briefly listed the following areas in which we anticipate increases in the next fiscal year: Health insurance, retirement assessment, possible compensation adjustments as a result of the Human Resources study, HR personnel, and possible assessment for school merger consulting. Steve asked the Selectboard to apprise the finance committee as soon as other anticipated increases arise.

- FY 2022: Looking forward, the Town will likely begin repayment for Broadband in FY 2022 per the contribution assessment agreement with the State. Our agreement with the Commonwealth is that we will be assessed \$62,514.05 per year beginning in the first fiscal year that starts after the final completion of the project by Charter Communications.

Additionally, annual payments from a negotiated PILOT (Payment in Lieu of Taxes) agreement for the Knight Road solar project in the amount of \$45,750 will likely begin in FY 2022.

- The capital plan (including the five year road plan) still needs to be updated and will be addressed at a future meeting.
- Doug clarified that he will be the finance committee member assigned to the school budget and Steve will work on the transfer station budget.
- Michele pointed out that before we begin looking at individual budget lines, we should discuss a general strategy similar to what we did in previous years. The long term strategy over the last two years was to build excess capacity as a way to minimize the impact of a sudden increase in the school budget due to the variables in the school assessment formula. While the dramatic changes from year to year should begin to soften due to the recently changed formula, she recommends a similar strategy. She reminded the members that we previously used one time expenditures as a way to build capacity for the following year. The finance committee agreed to address strategy at its next meeting.

The finance committee set its next meeting for Thursday, January 30th.

Being that there was no further business to be brought before the board and the committee the meeting was adjourned at 7:45 p.m.

Submitted by,



Mari Enoch, Town Administrator

Approved by the Board of Selectmen:

January 28th, 2020