

Finance Committee Minutes

October 22nd 2015

A joint meeting was held with the selectmen for the purpose of reviewing the Finance Committee's policies, to discuss the large capital budget, the five year Road Plan and Broadband along with the goals for FY2016.

Attending were the three selectmen, Chairman Mrs. Shalaby, Ms. White, and Mr. Nathaniel Yohalem, Mr. David Herrick Chairman of the Finance Committee and other members of the Finance Committee Mr. Mark Carson, Mr. Burt Imberman, Mr. Ira Yohalem and Mrs. Prudence Spaulding. Mr. John Pshenishny attended by telephone assistance. Guests were Mr. Freddy Friedman, Ms. Mari Enoch (town administrator), Mr. Peter Schuyten (Five Village News reporter) Mr. Richard Long, Mr. Thomas Stalker and Mr. Chris Lynch (Director of Matrix Design Group, 11 Melanie Lane Suite 14, East Hanover NJ 07936; Phone 608-918-0478).

Mr. Herrick called the Finance Meeting to order at 7:10 circulating the minutes of the last meeting June 25th 2015. Motion to accept the minutes as read Mr. Carson 1st, Mr. Yohalem 2nd passed unanimously.

Mrs. Shalaby began the meeting stating that the town was in the process of obtaining a full staff. The treasurer Mr. Peter Gay was leaving and Mrs. Chretien would fill the position temporarily. Mr. Ira Yohalem asked about the software systems which the treasurer used and was told that they were geared towards municipalities and state uses. The members of the group had been provided with Finance Committee Policy drafts from both Sheffield and Great Barrington and a draft of financial policy for the Town of New Marlborough. Mr. Ira Yohalem asked if the town had any records of the percentage of second home owners who support the town through taxes, however cannot vote unless they take out residence in the town. This information is not available.

A draft of the proposed Financial Policies had been circulated to all the member of both the Board of Selectmen and the Finance Committee. Thus the group was ready to review it. Some additions were suggested, for instance the department heads returning the completed budget requests to the Town Administrator need to be sure these requests have the different items listed with the amounts of the various items that make up the total budget. Added to this the committee needs to know how much of the current budget has been spent and also needs to know what was spend during the preceding three years. This has proved very helpful in the deliberations that set the new budget. Mrs. Spaulding added that if the account upon which the

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budget was requested had used money from the Reserve Fund this information needs to be available.

When discussing "Capital Expenses" the useful life of a physical item (costing greater or equal to \$10,000) should read "5 years or greater"!

Questioning the term "technical equipment" covered computers etc. but is not related to broadband etc.

The discussion then turned to the Reserve Fund which become part of the "reserve "money the town has to use, and which is for this purpose clumped in with Stabilization and Free Cash. For the past ten years or perhaps longer the Reserve Fund has had \$50,000 per year. Some years much of that money had been needed. It is established to cover unforeseen expenses and a vote from the Finance Committee is required to release the money. Because the policy of the Committee was being set for the years to come Mrs. Shalaby suggested that rather than put the figure of \$50,000 which might not be appropriate for future budgets perhaps a percentage figure might suffice, such as 1% of the total budget be designated for the Reserve Fund. At present this would amount to about \$50,000! All agreed that there would be a minimum balance of 5% for Stabilization and 5% of Free Cash maintained.

Discussion centered about the money which is sometimes brought in when land goes through the Land court process and is auctioned off to pay taxes in arrears etc. This money is deposited to the general fund but the Committee does not wish it to be used to pay current expenses but rather placed in a stabilization fund and used for large capital expenses. Explanation of this would need to be shared with the voters especially as their vote would be required to release the money for the payment of a specific large item.

The last item on the Policy agenda was titled DEBT! The town may choose to take on debt, but this should never be taken to finance operating expenses. The Selectmen and Finance Committee have serious obligations to protect the credit of the town and before recommending any debt the total amount shall not exceed the financial consultant's recommendations. The financial integrity of the town's credit rating needs to be protected, and the size of the debt needs to remain within the boundaries established by the Department of Revenue of the Commonwealth of Massachusetts. The discussion about debt led into a discussion of "large ticket items" The roads of New Marlborough have been critically reviewed and divided into categories. However to put the roads into top condition would cost in the neighborhood of \$14 million! The discussion led to whether the town should get other small towns to join us in the paving activity, and then there was the question of how much money the state would contribute to our road improvement plans. If the town were to spend \$140,000 per year the roads could be vastly improved, however with the school debt (furnaces and roof)

and the possibility of investing in Broad Band the debt would exceed 10% of the budget! There was a question of taking a bond out to pay for these items or not! At this point Mr. Lynch wished to offer some advice about broadband, however since this meeting was mainly designed to discuss finances he was asked to come perhaps on Monday when the select board will discuss the broadband issue. Mr. Carson asked the selectmen to look into the installation of cell towers which would provide cell service to the town and help with emergencies etc. It would also help provide internet services for those who do not have it. This could be helpful since it is said that the MBI and Wired West will probably not provide internet service until 2020!

A brief report was given about the school financial error. The school in calculating what the towns owed to run the school made a rather sizeable error. At this point they overcharged some towns and undercharged others. When the error was discovered New Marlborough was under assessed an added \$40,000, however, the school was able to cut their budget which reduced the amount New Marlborough owed school, but Sheffield will still owes the school about \$126,000 and may have to go back to their voters to obtain it!

A motion to adjourn the meeting took place at 8:55PM, Mr. Carson 1st, Mr. Ira Yohalem 2nd passed unanimously.

Respectfully submitted,

Prudence Spaulding, Secretary.