

**Finance Committee – Meeting Minutes
December 13, 2021
6:30 pm
SLADE BUILDING**

Meeting called to order: 6.50 PM
Members present: Peter Russell, Charles Reed, Peter Walker
Other attendees: David Nixon, Acting Town Administrator; SelectBoard (joint meeting)

Joint Meeting with the SelectBoard:

- 1) ATA Nixon stated there are two reports he will be working from to discuss the budget. One is in graph form, one more of an explanation with some graphs. Chair Galante stated that this was in collaboration with TA Ryan McLane. ATA Nixon stated revenues are broken into three parts, Taxation which is driven by a formula. New Growth is projected at 45,000 but the following years are being kept at 30,000. Debt exclusion is the school roof. Only interest payments have been put in at this point. The next part is State Aid. This comes in the form of Unrestricted General Government Aid, Abatements to Veteran's and Blind, State-Owned Land, Veteran's Benefits and Exemptions, and Offsets(library). There is money that comes in from the Government which is put aside for the library and cannot be used for anything else. Chair Galante asked if the FY22 was solid, and ATA Nixon stated it was. The next part is Local Receipts. This is whatever we charge money for – i.e., building fees, electrical fees, police fees, interest earned by investments, assessors' fees, etc. We have about 1.3 million expected to be coming in this year. There is a line item for marijuana which was feathered in as we will not see full revenue for a few years. Chair Galante asked why the Board of Health fees dropped drastically from FY 2022 over the next 4 years. ATA Nixon stated that he looked at prior history and felt this lined up with those numbers better. That was the revenue summary.
- 2) On page 5 you will see the first of the 9 series of the budget. The first is the 100 series General Government. Looking at modest increases of 2-4% shows how the budget will grow over the next several years. 200 Series is Public Safety which includes Police, Fire and Ambulance and has a general increase of 3-4%. The 300 Series is Education (QRSD & Monty Tech) and is expected to increase almost a million dollars which is an increase of about 8%. Series 400 is Public Works and has a \$100,000 change over 5 years. This includes highway, snow and ice, street lighting, etc. Member Munroe asked, what departments have been consolidated into Land Use. ATA Nixon stated that the Land Use Department consists of Planning Board, Board of Health, Conservation, Building and Zoning. Series 500 is Human Services which includes COA, BOH and Veteran Services and has an increase of about \$8,000. Series 600 is Culture and Recreation which includes Library, Parks & Rec and Historical Commission and has an increase of about \$11,000. Series 700 is Debt which includes the debt principal and interest and again we don't have information regarding the

school roof so these numbers will change. Series 800 is Assessments. This is money that the state takes away from us. This is relatively minor in the grand scheme of things. It's about a \$2,000 increase over five years. Series 900 includes Unclassified/Benefits. This includes retirement, workers comp, life and health insurance and is expected to increase by about \$2,000,000 over the next five years.

- 3) Moving on to page 7, overall, when you compare it all together, the first 2 years you have debt surpluses and years 3-5 you start to see deficits. We can plan to mitigate this as we move forward and continue to plan. The picture gets better as we look at this budget from multiple perspectives. We look to see if we can eliminate the longer than budgetary cycle rhythms that are contained in the numbers and look to see where we have strengths and weaknesses. The good news on page 8 is that ATA Nixon has taken 22 perspectives on the total budget and 18 are stable positive and 4 need more research. None are negative which means that Hubbardston is in solid shape.
- 4) ATA Nixon went on to speak about General Fund Operations on page 10 of the report. He states that you see a healthy increase in operating surplus. Page 11, Tax Revenues have been adjusted for inflation and he states that the town is in good shape. There are no short falls or surpluses. Page 13 is Elastic Revenues which talks about the discretionary spending of the towns people. Are they spending money on cars, going out to dinner, are they spending money on things that make life enjoyable? There is a very healthy trend there. That tells ATA Nixon there's no real restriction. In general, people are doing ok and spending money. Page 14 is Intergovernmental Revenues, and this is a place ATA Nixon stated the Town should look at more closely. Intergovernmental revenues are relatively constant from 2017-2020 and takes off in 2021 which is the impact of Covid19. The Town has cut back on spending in 2022. There is more money coming out shortly from the Government. Chair Galante asked about the number under year 2021 being 18 million and questioned if it should read \$1.8 million. ATA Nixon stated yes, it should read \$1.8 and feels the decimal was placed in error. Page 15 is One Time Revenues. Each year in the past, the Town has relied on \$100,000 a year in free cash, and the good news is that this year TA McLane put together a budget that does not rely on free cash. ATA Nixon suspects in the next couple years that that number will go down. Page 16 is Stabilization Fund Balances. The Town added another \$100,000 to that this year and the Town is in excellent shape. Page 17 Uncollected Property Taxes. The town is doing an excellent job collecting taxes. In 2021 the total of uncollected taxes was at only 1 1/2 % and this year the tax collector has received \$77,000 for uncollected taxes. The next three pages are Debt Service. On Page 18 there is a healthy trend as the town uses 2 1/2 - 4 percent of the budget to pay off debt. Page 19 is Long Term Debt compared to assessed valuation which is trending downward as well. Page 20 is Debt Borrowing Limits. How much can you borrow? The Dept. of Revenue will allow the Town to borrow up to 5% of your operating budget. But the town is not even at 1/2% and this is very good. Page 21 is Town Expenditures Per Capita. This is how much the Town is spending per man, woman, and child and it is about \$920-\$960 per person which is a good sign that the Town is managing its costs well. The next 9 pages are the function of government based on the rest of the budget. What we need to look at is anything that is flat, sustainable and everyone is getting their fair share. General Government is stable as is Public Safety. Schools have 59% of the budget and even small swings equal big dollars. DPW is stable. Human Services is

stable. Culture and Recreations is stable. Debt percentages of total budget is stable and sustainable. Function by state is trending downward. Benefits, conditions warrant further review. There is an unfunded liability and there needs to be a closer look to come up with strategies for the future. The Town will be spending about \$300,00 on retirement and \$200,000 of that is funding the unfunded liability. ATA Nixon says he sees a town that is in good financial shape, very well managed and has strong financial foundations and the Town has a AA+ rating. We should explore getting that bumped up to the next level. Chair Galante said this is a long-term plan and a way to get to a stable condition so we can get to a point of addressing the major deficiencies we have in town. A lot of those deficiencies have to do with the infrastructure. Our goal is to have a plan and then see if the people of the town will go along with it. Vice Chair Williams stated this is good news. Chair Galante asked if the Select Board or the Finance Committee had any questions. There were none.

- 5) ATA Nixon stated that the state consensus revenue will be having hearings on December 21, 2021. The specialist will be forecasting their consensus number which is usually between 2-4%. The Governor will use that information to put his budget together for January. Departmental budgets are due on December 23, 2021 to ATA Nixon and he will use those to put together the town budget. Chair Galante thanked ATA Nixon for putting this together.

On motion duly made and seconded, it was unanimously

VOTED: To adjourn.

ADJOURNED at 7:25 PM.

Minutes submitted by:
Minutes approved by:

Charles Reed, Clerk *Pro Tem*
Susan Rayne, Chair



04/06/2022

Susan Rayne

Date