Rowe Finance Committee
June 19, 2017
6:00 P.M.
Rowe Town Hall

Finance Committee: Chair Wayne Zavotka, Loretta Dionne (arrived at 6:20), Paul McLatchy III, Charles Sokol

Audience of Citizens: Lance Larned (Requested by Finance Committee)

Call to Order: Chair Zavotka called the meeting to order at 6:08 P.M., a quorum of the committee present.

Agenda: The agenda was approved as submitted.

DPW Presentation: At the request of the Finance Committee, DPW Superintendent Lance Larned attended the meeting to discuss various projects and needs of the town in the future.

Currently the town has rolled over Chapter 90 funds from the last few years, and has accumulated nearly $580,000 in this account. Mr. Larned informed the committee that these funds had not been used the past few years at the direction of the selectboard, due to the possibility of needing them for projects such as bridge repair/replacement. This has limited the amount of work that has been done on other roads.

The project at the forefront seems to be the bridge leading to King's Highway. Estimates have come in for replacement, with $480,000 being at the top end. The selectmen are pursuing a grant for up to $500,000, but all avenues are being explored in case the grant does not come through.

In addition to the King's Highway bridge, Mr. Larned informed the committee that in the next few years, the following work will need to be done:

- Bridge repair work on Cyrus Stage Road.
- The bridge on Leshure Road will definitely need repair, possibly replacement.
- A culvert on Ford Hill Road will need to be replaced as the bottom of it is rotting. An estimate put replacement at $1 million due to the amount of fill on top of it.
- Determine if Yankee Road belongs to the town or Yankee Atomic. The road has been calculated in the town's Chapter 90 funding formula, but it is unclear if this road had been signed over to the company. If the town is responsible for it, a costly repair of culvert work will need to be done.

The dams in town are inspected every five years. Both the Pelham Lake and Mill Pond dams are fine, contrary to rumors around town.

The bridge to the lower part of Tunnel Road is another concern of Mr. Larned, as it is owned by the railroad and the only other road leading out of that area is currently impassable. It seems that discussions with the railroad company have come to a standstill. Ownership might need to be pursued and looked into in order to qualify for grants.

Mr. McLatchy explained that one of his goals this year was to create a road maintenance plan and with it a funding mechanism, likely through an override vote. Mr. Larned was asked for a copy of the current maintenance plan put in place by the previous superintendent. He agreed to provide this plan. When

asked about the needs of the roads in town. Mr. Larned was happy to provide what information he could, but recommended the committee look into a road scan, which would provide detailed information about all roads in town. Such details would include the depth of the road, number of layers, structural issues, etc… This would provide far more information and be more accurate than information provided by any person. He noted nearby towns had had this done in the last few years.

The last item discussed was the replacement of the 2010 F-550 highway truck. This vehicle is used primarily for the town's dirt roads, which cannot be handled by the larger vehicles. Mr. Larned explained that the vehicle is currently on its third transmission, and has had numerous other problems. He would like to look into the possibility of purchasing a Dodge Ram 5500, which he estimates would cost around $80,000-$100,000 fully equipped. While the current vehicle is only seven years old, it's had transmission replacements at $8,500-10,000, will need some hydraulic work done for another $13,000, will need a new dump body due to holes estimated at $7,000, and new fenders at $6,000. He is estimating approximately $35,000 in work that will need to be done over the next few years.

(PM3) Financial

Chair Zavotka wanted to make it clear that the Finance Committee's role in relation to the DPW is that of a watchdog. The Board of Selectmen have final authority over the department and will need to be involved in many, if not all, the above mentioned projects. The Committee thanked him for his input and willingness to come on short notice.

Minutes: The minutes of June 14, 2017 were approved as submitted without amendment.

Timeline: Chair Zavotka passed out a draft budget guideline from 2014 that had never been approved. It offers an idea of starting the budget process earlier in the year than normal. As one of his goals is to obtain more citizen feedback, he thought that a longer process might help to increase citizen involvement with the budget. Mr. McLatchy suggested having an "elected officials forum", by which all elected officials in town would meet and discuss what topics they view as important in regards to finances. This might help the various departments to understand the process and see how intertwined all the budgets really are. This idea was received positively and will be brought up at a joint meeting with the selectmen.

Fifth Member: Rachel Holbrook respectfully declined the offer to join the committee, but expressed interest in future involvement. Neither Chair Zavotka nor Mr. McLatchy have heard back from Walt Quist. Chair Zavotka said he would speak with Myra Carlow to see if she would be interested, and Mr. McLatchy will speak with Abi Phelps.

Next Meetings: The following meetings are scheduled:

Wednesday, June 28th at 6:00 P.M. This will be a joint meeting with the Selectmen to appoint a fifth member and possibly begin reviewing the financial policies. The agenda for this meeting was approved.

Monday, July 24th at 6:00 P.M. This will be the July monthly meeting of the Finance Committee.

Adjourn: A motion was made by Mr. McLatchy and seconded by Mr. Sokol to adjourn. The vote was unanimous in favor, and the meeting was closed at 7:45 P.M.

Respectfully Submitted,
Paul McLatchy III, Secretary

Approved on: 7/24/17

Wayne Zavotka

Wayne Zavotka, Chairman

Paul McLatchy III, Secretary

Loretta Dionne

Loretta Dionne, Member

Charles Sokol, Member

Attachments:

- Agenda for June 19, 2017 Meeting
- Time Line for Budget Preparation
- Calendar of Budget and Financial Events
- Proposed Agenda for June 28, 2017 Meeting

Time Line for Budget Preparation
Draft Proposal from FinCom in 2014

This proposal was originally written with only the FinCom in mind. BOS and FinCom should review and adapt as necessary. BOS is the responsible authority for the town's general operations.

1. Free Cash from previous FY should be certified on or before October 31st.
2. Starting work in August, the FinCom & BOS should begin to meet every two weeks to develop the budget guidelines which they expect the department/committee heads to use as they build their respective budgets. These guidelines should be completed and ready for dissemination by October 1.
3. Work with the assessor in October to get the tax rate for the coming FY so that the first estimate for projected revenues may be developed. This should be completed by October 31.
4. Beginning in October, work with departments/committees in a process of consultation and review as they develop their respective budgets. This should be completed by Nov 15.
5. The department heads prepare their formal budget requests by Nov 31.
6. Begin the capital planning process on Nov 1st. Encourage the department /committees to develop five year capital improvement plans, the first year of which will be considered for the next FY. If we are looking five years out, we are proactive, and with each passing year, there should be no surprises.
7. Initial projections for revenue and expenditures should be ready by Dec 15.

State Aid should be available as the governor releases "House 1" in January.

February: meet with department/committee leaders and begin the preparation of our budget recommendation

In March we will learn about andy Local Aid Resolutions and receive the Cherry Sheet forom the DOR

In March prepare the final projectioins for revenue and expenditures in preparation for Town Meeting

In March, prepare town meeting warrant recommendations.

operating and capital budgets from all town bodies, as well as non-departmental and other budget requests;

• *schedule for review and public hearings* allowing for public comment, questions, and justification of budget requests;

• *recommendations* by the finance committee to town meeting.

Calendar of Budget and Financial Events

The work of the finance committee can be year-round, although most committee activities take place from December to May. In a typical municipality, budget guidelines, worksheets and instructions are distributed to departments in the fall. Over the winter months, these requests are reviewed by the town administrator and selectmen, by the superintendent and the school committee, and by finance committee members. At some point in late winter, early or even late spring, these reviews culminate in the finance committee recommendations to town meeting.

When	Event	Who
Aug-Oct.	Certify free cash (used in coming fiscal year revenue projections.)	town accountant, Department of Revenue
October 31 (A) Estimate revenue	Begin budget process for coming year. Establish next fiscal year budget guidelines. Develop and distribute budget guidelines and forms.	selectmen, department heads, finance committee, school committee
October 31 B	Set tax rate for communities with semi-annual billing.	assessors, selectmen
Oct. - Nov. Helped	Review departmental budgets. (Oct - Nov 15)	town administrator
November 31	Submit budget requests. (2 week process)	department heads, school department, selectmen, town administrator
November	Set tax rate set for communities with quarterly billing. (New growth in tax levy calculated.)	assessors, selectmen
November 1	Begin capital planning process. (What's involved in this) See HANDBOOK WITH EXTRA EMPHASIS ON NEXT YEAR.	selectmen, department heads, finance comm., CIP committee,
December 15TH	Prepare initial revenue/expenditures projections for coming year. (including cap. expenditures)	selectmen, accountant, finance committee
January	Release "House 1"; first indication of state aid for coming fiscal year.	Governor
February	Begin preparation of budget recommendations. Meet with department heads.	finance committee
March	If Legislature passes a Local Aid Resolution, Cherry Sheets will be issued.	state legislature Department of Revenue
March	Prepare final revenue/expenditure projection for coming fiscal year in preparation for town meeting.	selectmen, finance committee
March	Prepare town meeting warrant recommendations.	finance committee
April-May	Town meetings take place.	
June	Make any reserve fund transfers necessary, to complete fiscal year.	finance committee
	Transfer funds within and between dept. budgets	selectmen, finance committee

In some communities, at certain stages during the review, a town administrator or manager may present a consolidated budget recommendation for consideration by the board of selectmen and finance committee.

The schedule on the preceding page summarizes the major financial events occurring during the fiscal year and notes the roles of various local and state officials. Town meeting dates influence the timing of some of the scheduled activities.

Any general schedule such as the one above will not reflect the unique and special circumstances of the Commonwealth's diverse local communities. The schedule for budget preparation depends upon a number of factors — the town's organizational structure, budget preparation bylaws, staff support and town meeting dates.

Budget Participants

The calendar of events reveals a surprisingly long list of participants who affect and influence the process of developing, reviewing and approving budgets. With the caveat that individual towns may depart from the norm, a brief description follows of the roles and responsibilities of these players in the budget process.

Board of Selectmen

The selectmen are the town's executive board with overall responsibility for the general operations of town government. Because of their broad role, they should participate in the budget process, provide leadership in the development of the capital improvement plan, and provide oversight and monitoring of the financial performance. In most towns, the board prepares the annual municipal budget. Professional staff appointed by the board generally oversee the town's day-to-day operations and town finances. In particular, these appointees may include a town administrator or town manager and/or a finance director.

Finance Committee

The finance committee is a town's official fiscal watchdog. Its primary responsibility is to advise and make recommendations to town meeting on the budget and other areas of finance, although in many towns they prepare and submit the budget as well as comment on it. The state statutory authority of the finance committee does not vary from community to community, but the role and process does. (See "The Role of the Finance Committee" at the beginning of the Handbook)

Town Accountant

The town accountant is responsible for maintaining the town's financial records, including the statement of revenues and expenditures, balance sheet, and any other records required by law or regulation. No bill can be paid without the approval of the town accountant. The authority of the town accountant is strictly governed by state law. The town accountant will generally play a key role in working with the town's independent auditor.

Treasurer/Tax Collector

The authority of town treasurers and tax collectors is strictly governed by state law. Most communities have combined the position of treasurer and tax collector, although there is no requirement to do so. As the town's cash manager, the treasurer is responsible for the deposit, investment, and disbursement of town funds. While only the treasurer can sign checks to pay the town's bills, treasurers cannot release any funds without the approval of the town accountant. The treasurer is also responsible for debt management as well as banking relations.

The tax collector is responsible for collecting property taxes and motor vehicle excise taxes, water/sewer charges and a variety of other municipal receipts.

Assessors

The board of assessors is responsible for the valuation of real and personal property for the purpose of levying the property tax. The assessors are also responsible for submitting the tax rate recapitulation (recap) sheet to the Department of Revenue, although the preparation of this document is generally a team effort by the town's finance officials. The tax recap sheet is the legal document used to set a community's tax rate. The assessors also have the authority to grant abatements and exemptions