Rowe Finance Committee
October 10, 2017
6:30 P.M.
Rowe Town Hall

Finance Committee: Chair Wayne Zavotka, Loretta Dionne, Paul McLatchy III
Board of Selectmen: Chair Jennifer Morse, Dennis May, Executive Secretary Janice Boudreau
Other Attendees: Rick Williams, Assessor

Note: Due to a lack of quorum, the meeting was not able to be called to order until 6:48. However, the following items were discussed by the Selectboard prior to the Finance Committee calling its meeting to order and may be helpful:

Assessor Rick Williams reported that the valuation of the town went down, which means the average tax bill goes up, due to the lower percentage of overall valuation that the utilities are responsible for. New growth for this year has been set at $22,495. Free Cash is $200,256. The projected tax rate is $6.65 (Residential) and $14.80 (CIP). Last year it was $6.19/$13.67. The Assessors have always tried to shift the burden from the residential to the CIP rates. If a single tax rate was in effect, for FY17, it would have been $12.37. The levy ceiling is approximately $7 million, so the town is far from reaching that. The goal of the Assessors is to have a tax classification hearing by the end of October, and bills sent out in November.

For FY19, the levy limit is $3,679,804:

$3,575,419 (FY18 Levy Limit)
$ 89,385 (2½ Increase)
$ 15,000 (New Growth Estimate)
$ 196,812 (Capital Stabilization Override)
$3,679,804

Call to Order: The meeting was called to order by Chair Zavotka at 6:48 P.M., a quorum of the committee present.

Budget: The FY18 budget was passed at the annual town meeting using $173,000 from other sources (such as free cash or assessor's overlay). This means that the town does not have a balanced budget, and has not for a number of years.

Reserves: Chair Zavotka reported on his research into how other towns manage their reserves. The current adopted policies state that the goal is to retain 5% of the general fund revenue in reserves, with a target of 10%. Ashfield aims for 20%, and Erving aims to have a reserve fund equal to its current annual budget. A question was raised about what funds contribute to the town's reserves. The municipal stabilization and the capital stabilization funds were definitely considered, as they are "savings accounts" and can be appropriated from at any time with a vote of the town. Even designated funds from those two accounts could be considered, as those funds could be redirected to another cause (or returned to the fund) with a vote.

Chair Zavotka asked Assessor Williams what he thought would be an amount that would be appropriate to help ease the transition in a worst-case scenario for the town (i.e. Bear Swamp closing). Assessor

Williams said that the question doesn't have a simple answer, as spending practices would change and revenue projections would be altered.

Mr. McLatchy then asked if a liability list could be created, to find out what the town is required to pay in the future. Ms. Boudreau said that numerous audits have recommended this, and to possibly set up a fund for this purpose.

Forum: A budget forum with all departments and committees will be held on October 18th at 6:30. Selectman Morse is working on a powerpoint. The agreed-upon answer to "how should we develop our budgets" question was that budgets should be built from the ground up, not from a particular percentage increase.

Capital Improvement Plan: The CIP will be updated and possibly revamped during the budget season this year. This will be mentioned at the forum and departments will be asked for information on capital items.

Surge Protectors: All three of the surge protectors at the school are not functioning, making all electric items susceptible to damage or ruin. The School Committee is looking to review this and possibly have them fixed.

Next Meeting: The committee will meet at the budget forum on October 18th at 6:30.

Adjourn: A motion was made and seconded to adjourn. The vote was unanimous in favor, and the meeting was closed at 8:07 P.M.

Respectfully Submitted,
Paul McLatchy III, Secretary

Approved on: 11/1/17

Wayne Zavotka, Chairman

Paul McLatchy III, Secretary

Loretta Dionne, Member