

## FinCom Meeting

January 10, 2017, submitted by Stewart Cady

### Agenda

- Convene
- Approve minutes of December 13, 2016
- Update and discussion of Town Accountant Report
- Update from Town Administrator and Police Chief on Police Department Budget
- Update and discussion of Financial Policies for the Town of Shirley
- Update and discussion of Budget Process and Timeline
- Adjourn

Convened at: 7:00 PM

### Members present:

Bryan Sawyer  
Mike Swanton  
Stewart Cady  
Joe McNiff  
John O'Keefe  
Brian Hildebrant  
Donna Allard, Town Accountant

Also present: Patrice Garvin  
Police Chief Goulden

- Approve minutes of December 13, 2016
- Motion to accept made by Stewart Cady, seconded by Joe McNiff. Approved unanimously.

- Update and discussion of Town Accountant Report

Town spending is at 53% at the end of December, 2016. This is due to some expenses that are paid in full at the beginning of the fiscal.

John O'Keefe requested an accounting of the Town's revenue to date. After some discussion, Patrice offered to put together a document that may address what John requested – revenues to date vs. projected revenues to date.

Enterprise expenses will be published each month.

Going forward, expense reporting will show rolling year to date vs. month to month expenses. This will reduce 'blips' when a transaction is mis-posted and revised.

- Update from Town Administrator and Police Chief on Police Department Budget

There will be an officer on light duty for the next 5 months due to pregnancy. That will be followed by 3 months of maternity leave.

A new Full Time officer has been appointed to replace another officer terminated last year.

The Chief reported problems with two vehicles – a blown transmission and a failed engine. The transmission was replaced with a rebuilt and the engine was partially covered by Ford (1/2 cost). The total cost was ~\$6,000.

- Update and discussion of Financial Policies for the Town of Shirley

Member John O’Keefe presented a series of suggestions for discussion regarding the content of the Draft Financial Policies. The recommendations and votes follow. Recommended text changes are entered in bold and underlined. Mike Swanton proposed changes as well in Section D Capital Improvement Plan and Policies.

Section A-1, paragraph 2, Mike Swanton made the motion to modify, Stewart Cady seconded and the vote was unanimously in favor.

The Town will not balance the budget by using one time or other nonrecurring revenues to fund ongoing expenditures. The Town will not use budgetary procedures that balance the budget at the expense of future years, such as postponing or deferring payment of expenses already incurred, accruing future year revenues, or rolling over short-term debt to avoid making principal payments **except as otherwise provided by Massachusetts General Laws or regulations**.

Section A-2, policy paragraph 1, John O’Keefe made the motion, Mike Swanton seconded, 3 yea, 1 nay, 1 abstention.

In consultation with the Finance Committee and departments, the Town Administrator shall prepare revenue projections for the upcoming fiscal year and gather budget requests from all Town departments. The Town Administrator shall prepare a proposed budget incorporating all Town revenues, including enterprise funds, for submission **in an electronic spreadsheet format** to the Finance Committee and the Board of Selectmen for review and consideration. The Town Administrator shall provide written documentation of budget assumptions.

Section A-3, paragraph 1, Mike Swanton made the motion, Joe McNiff seconded, vote was unanimously in favor.

A critical step in maintaining a sound financial plan is the preparation of a multi-year revenue/expenditure forecast(s). Long term financial planning, including revenue and expenditure assumptions, is one of the local government financial practices that credit rating agencies evaluate when assessing municipalities for credit quality. This includes a 3 to 5 year retrospective trend history

Section A-3, paragraph 6, Mike Swanton made the motion, Joe McNiff seconded, vote was unanimously in favor.

The Town Accountant, in cooperation with other Town departments, will review fiscal assumptions every year when the forecast is updated and will use information that is timely and accurate in preparation of the forecast. The forecast and the associated assumptions shall be made available to the Board of Selectmen, the Finance Committee, and the public no later than upon submission of the Capital Improvement Plan.

Section C, background, Mike Swanton made the motion, John O'Keefe seconded, vote was unanimously in favor.

Formal written policies that establish guidelines for funding and maintaining reserves can help a community sustain operations during difficult economic periods. Reserves can be used to finance unforeseen or emergency needs, to hold money for specific future purposes, or in limited instances, to serve as a revenue source for the annual budget. Reserve balances and policies can also positively impact a community's credit rating and as a consequence, the long-term cost to fund major projects. The discussion of reserves, and the attention of credit rating agencies, is generally focused on free cash, stabilization funds, and, sometimes, overlay surplus. In order to understand the targets being proposed, a 10 year trend analysis for each of these funds should be developed.

Section D-1, Policy, Section E-2, add a paragraph to policy, motion made by Mike Swanton, seconded by John O'Keefe, vote was unanimously in favor.

The Town shall comply with Article XXV of the Town's Bylaws as it relates to the capital planning process. The Finance Committee shall submit the annual capital budget to the ~~ATM-Selectmen by the last Monday in March of each year. The Committee and~~ shall also prepare an annual report that includes the proposed schedule of capital expenditures over the next five years.

Section D-3, Policy D3-a, motion made by Mike Swanton, seconded by John O'Keefe, vote was unanimously in favor.

In accordance with the Town Bylaw (Article XXV), the Finance Committee shall prepare an annual capital plan and submit it to the ATM Warrant Board of Selectmen. Per Town Bylaw, to qualify as a capital expenditure, a proposed purchase or project must have a useful life of five years or more, and must exceed \$10,000 in cost, be purchased or undertaken at intervals not less than 3 years, and have a useful life of at least three years. All Officers, Boards, Commissions, and Committees shall, by January 30 of each year, submit to the Finance Committee information concerning all anticipated Capital Projects and Purchases requiring Town Meeting action, as directed by the Bylaw.

Section D-3, Policy D3-a, motion made by Mike Swanton, seconded by John O'Keefe, vote was unanimously in favor to delete one of the additional policies.

- ~~The Finance Committee shall submit the Capital Improvement Plan to the Board of Selectmen by the last Monday in March of each year.~~

Section E-2, add second paragraph to Policy. John O'Keefe made the motion Brian Hildebrant seconded, vote was unanimously in favor.

In all cases where some costs are not covered (e.g. personnel related benefit costs or indirect costs) those costs should be clearly disclosed prior to the determination to accept the grant. With such disclosure, a proposed plan to cover such unreimbursed costs shall also be presented at the same time for concurrent approval.

Section F-1, Add a paragraph to the policy, John O'Keefe made the motion, Mike Swanton seconded, vote was unanimously in favor.

In such cases when fees do not cover costs, the Town may explore other options for the delivery of the services without additional cost to the Town.

Section G-1, Highly Volatile Revenue, motion made by John O'Keefe, seconded by Mike Swanton to add Glorrary entry. Vote was unanimously in favor.

Highly Volatile Revenue – Includes those revenues that are not assured, and in fact, show a trend that within the most recent 5 years there has been at least one fiscal year of no funding.

Section J-4, add text to paragraph 2, John O'Keefe made the motion, Mike Swanton seconded, vote was unanimously in favor.

The Town Accountant shall produce and distribute monthly budget-to-actual reporting to evaluate the Town's financial position. **Those reports shall be given to the Town Finance Committee.** This will enable the Town to take prompt management action in the event that fiscal problems are indicated or adjust spending behavior to meet financial challenges. If financial problems are indicated, the Accountant will review with the Town Administrator a monthly report of revenues and expenditures at the line item level.

Section J-6, add text to second paragraph, John O'Keefe made the motion, Mike Swanton seconded, vote was unanimously in favor.

Within thirty days after the end of each month, the Treasurer/Collector shall internally reconcile the cashbook to all bank statements, and the Treasurer/Collector shall internally reconcile all receivable balances with the receivable control. The results of these activities shall be forwarded to the Accountant's office and compared to the general ledger records. If differences are determined, the Treasurer/Collector and Accountant shall reconcile the variances (e.g., missing information, errors, and timing differences). **The Town Administrator/Manager shall ensure compliance with the timeliness and completion of this process**

- Update and discussion of Budget Process and Timeline

Budget discussions will take place with Town departments, Boards and committees on January 23 & 24 and 30 & 31.

Motion to Adjourn: Joe McNiff

Second: Mike Swanton

Adjourned at: 9:30 PM

Bryan Sawyer

Mike Swanton

Stewart Cady

Joe McNiff

Dreama Sloan-Kelly

John O'Keefe

Brian Hildebrant

Attachments available upon  
request in Town Clerk's  
office.