

FINANCE COMMITTEE MEETING MINUTES
UPSTAIRS MEETING ROOM, 1 AVENUE A, TURNERS FALLS, MA
WEDNESDAY, AUGUST 5, 2020
Page 1 of 3

The Chair opened the meeting

#1 Meeting was opened at 6.02 PM by virtual attendance in the in Upstairs Meeting Room

- **Finance Committee members participating remotely:** Jen Audley, Fred Bowman, Greg Garrison, John Hanold, and Francia Wisnewski.
- **Finance Committee Member Absent:** Chris Menegoni
- **Others participating remotely:** Town Accountant Carolyn Olsen
- The Chair announced that the meeting is being recorded by the Town of Montague via Zoom and asked if anyone else was recording the meeting. No one else was recording the meeting. Remote participation for both members and the public was provided by Zoom. The link to the Zoom recording is <https://vimeo.com/447539313>.

#2 Minutes

The last revision of the minutes was circulated in advance of this meeting.

Finance Committee Moved:

To approve the minutes of July 8, 2020

Vote: Audley –Aye, Bowman –Aye, Garrison –Aye, Hanold –Aye, Wisnewski- Aye,

Minutes for our joint meeting July 27 with the Selectboard are not yet available.

#3 Updates from Town Accountant (Closing Fiscal Year 2020 Fiscal Year 2021 Revenue Projections and Budget Updates)

Ms. Olsen submitted FY2020 closing documents for the Town of Montague, the Water Pollution Control Facility and the Turners Falls Airport to the state, and the following has been certified:

Town of Montague	\$1,035,256	Free Cash
WPCF	\$466,943	Retained Earnings
Airport	\$9,058	Retained Earnings

The high Free Cash balance includes about \$404,000 carried over from FY2020 Free Cash, due to Town Meeting having deferred action on funding several Reserve or Special Article requests. These will be addressed later in the fall. The remainder was not unusual, reflecting departmental under-spending rather than revenue increases; the delayed due dates for property taxes resulted in lower tax collections.

As in previous years, this prompt certification was made possible by the efforts of Eileen Seymour, Treasurer/Tax Collector, and Ms. Olsen.

FINANCE COMMITTEE MEETING MINUTES
UPSTAIRS MEETING ROOM, 1 AVENUE A, TURNERS FALLS, MA
WEDNESDAY, AUGUST 5, 2020
Page 2 of 3

End Of Year reports of departmental spending and town fund balances were briefly reviewed. The negative balances in several balance sheet accounts are caused by delayed reimbursements. No new projections of FY2021 revenue or expense were presented.

#4 Update on Financial Policies and Financial Forecast Projects

The first meeting of the Policies working committee occurred in late July, and was summarized at the July 27 Selectboard meeting (including the Finance Committee). Since then, a list of Policies proposed for revision has been submitted to Mr. Addelson (consultant), and he will submit a draft set of revisions in the next month, with a request for suggested input and review. He has requested that Steve Ellis be his point of contact. The next working committee meetings have not been scheduled.

Ms. Audley's meeting notes from the Forecast committee's meeting (edited) are attached to these minutes, and draw on material prepared for the Finance Committee before this meeting. The next working committee meeting will be scheduled in late August after Mr. Kingsley has familiarized himself with Montague's recent history.

Ms. Audley is a designated member of both committees and will attempt to broaden the input from Finance Committee members. She is adding space on the town website for communications concerning these groups.

#5 Summer Meeting Schedule

The next meetings will be August 19 (if necessary), and September 2, 2020.

#6 Topics not anticipated within the 48 hour posting requirements - none

#7 Motion to Adjourn

Finance Committee Moved:

To adjourn at 6:45 PM.

Vote: Audley –Aye, Bowman –Aye, Garrison –Aye, Hanold –Aye, Wisnewski - Aye

Respectfully submitted by John Hanold

List of Documents and Exhibits:

- Minutes of July 8, 2020
- Ms. Audley's notes -- July 29, 2020 meeting of the Financial Forecasting working group

FINANCE COMMITTEE MEETING MINUTES
UPSTAIRS MEETING ROOM, 1 AVENUE A, TURNERS FALLS, MA
WEDNESDAY, AUGUST 5, 2020
Page 3 of 3

Ms. Audley's Notes (edited) -- July 29, 2020 meeting of the Financial Forecasting working group

Mr. Kingsley shared observations and some recommendations based on historic revenue data (FY08-FY20) he'd compiled about Montague from the MA Dept of Local Services. The accountant, assessor, and treasurer offered some clarifications and answered questions. Highlights:

New Growth - 70% of the New Growth, and much of the increase in assessed value, that Montague has experienced recently is in the category of personal property. Because valuation can decrease in other areas, the assessors caution against levying to a limit based on forecasted New Growth that may not occur.

Shifted Burden - Over the past 12 years, the share of the levy that comes from Commercial, industrial and Personal Property (CtP) has increased from 28% to 44%, while Residential and Open Space (RO) has declined from 72% to 56%. Among other things, this "shift in the tax burden" means a large portion of our annual revenue derives from a handful of tax payers (all large utility companies).

Tax Rates - Montague's levy limit is below the levy ceiling set by Proposition 2 1/2, but most taxpayers' bills include a fire district tax that adds about \$3/\$1,000 to the bill, in addition to service on excluded debt. Because we have a split tax rate, CIP rate payers are taxed at a base rate above \$25/\$1,000 -- the FY20 tax CIP rate was set at \$26.94, and the R&O rate at \$17.57.

Excess Capacity - Kingsley noted that for communities like ours where personal property contributes significantly to New Growth and the Levy, preserving Excess Capacity (setting tax rates to result in a levy amount below the levy limit) makes sense for financial planning. He recommends setting a \$ goal in our policies and suggests that it could be higher than the \$300,000 we preserved in FY20 and tied to New Growth.

Retained Earnings - Kingsley observed that the WPCF's Retained Earnings were "dangerously low" for several years recently. It was observed that while FY20 WPCF Retained Earnings appeared to be better, much of that balance was used to pay bills that arrived after the Earnings were reported to the state.

Tax Collection - Kingsley commented that our collection rates are good. The Treasurer noted that the timing of the billing cycle worked to our advantage in FY20, but she is concerned about the pandemic's impact on tax collections in FY21 and beyond.

State Aid & Local Receipts - Kingsley observed that our "exposure" in these categories is "not tremendous." State Aid comprises 8% of our annual budget and Local Receipts is 7%. The remaining 85% comes from the Tax Levy.

Debt - The "big ticket" items that will affect tax bills for years to come are the Safety Complex and the DPW facility. The WPCF also has "a Fair amount" of debt. Kingsley noted that he was "not finished" with this section of the spreadsheet.