

MEETING MINUTES
FINANCIAL FORECAST COMMITTEE
Town Hall, 600 Chief Justice Cushing Highway
Select Board Hearing Room, 5:30 PM
Tuesday, October 5, 2021

In Attendance: Nancy Holt, Finance Director/Town Accountant; Joe DiVito, Director of Assessing; Pam Avitabile, Treasurer Collector; Bob Dutch, Director of School Finance & Business; Bill Burkhead, Superintendent of Schools; Peter Gates, School Committee and Chris Carchia, Capital Planning Committee Chair

Remote Participant: Jim Boudreau, Town Administrator

Members Not Present: Tony Vegnani, Chair and Select Board Member; Jamie Gilmore, Advisory Committee Chair

The meeting was called to order at 5:30 pm by Ms. Holt.

SCHEDULED ITEMS:

Acceptance of Agenda

Mr. Gates made a motion to accept the agenda as provided. The motion was seconded by Ms. Avitabile. Voted unanimously by roll call vote (8-0), Mr. Boudreau-yes, Dr. Dutch-yes, Mr. Burkhead-yes, Mrs. Avitabile-yes, Ms. Holt-yes, Mr. Divito-yes, Mr. Gates-yes and Mr. Carchia-yes.

Review/Approve Minutes

Mr. Carchia made a motion to accept the minutes of the March 9, 2021 meeting which was seconded by Dr. Dutch. The motion was approved by roll call vote (6-0-2), Mr. Boudreau-yes, Dr. Dutch-yes, Mr. Burkhead-yes, Mrs. Avitabile-yes, Ms. Holt-yes, Mr. Divito-yes, Mr. Gates-abstain and Mr. Carchia-abstain.

Review of FY21 Results

Ms. Holt noted that Free Cash and retained earnings all were certified as positive amounts despite the pandemic. Free Cash was strong at \$5,044,671 but that was driven by expense turnbacks of \$2.06M due to expense freezes and strong revenue in some areas. Permit revenue finished \$855,118 more than estimated due to the Toll Bros development and excise tax was also strong despite problems with the RMV issuing commitments. The final state budget also resulted in \$282,000 more than estimated as the state budget was not set until after the town's tax rate. She also noted that meals tax rebounded well at almost pre-pandemic levels.

Review of FY22 Year to Date

Ms. Holt updated the members that the revenue was approximately \$100,000 more than the prior period for the same period. The meals tax revenue receipts as of September 30th were at pre-pandemic levels. The room occupancy tax receipts as of September 30th were still hard to evaluate as the first year was a partial year, the second year had the percentage reduced from 6% to 4% and the third year first quarter was for a different number of months. She also reported that expenses were on track.

Review of October 2021 Special Town Meeting Funding

Ms. Holt noted that Free Cash and retained earnings would be used to support the unpaid bills article, the transfer to the SPED Reserve, OPEB Liability and Widows Walk Capital Stabilization and to support the capital plan.

Review of FY 23 Revenues and Expense Assumptions and Draft FY23 Forecast

Ms. Holt went through FY23 draft forecast line by line. She asked Mr. Divito to present his update on new growth. Mr. Divito noted that new growth for FY22 had been submitted to the Department of Revenue that day in the amount of \$1.6M. He expected that there would be some reductions. The new growth was driven by the Toll Bros development as well as 100 new homes in various stages of construction. He further noted that he felt that \$1.2M was possible for FY24 but then growth would level out, and he would prefer to be conservative in case of a change in economic conditions. He also noted that the Toll Bros development was built as sold so it was dependent on market conditions. Other developments included a 40B, A project on Country Way and Stockbridge Landing. Mr. Boudreau noted that he prefers to be conservative in the new growth estimate as it provides flexibility for state aid fluctuations.

Ms. Holt explained that the forecast currently reflected FY23 state aid at the same level as FY22 for receipts and assessments. Members discussed this was reasonable until more information became available such as the release of the Governor's budget in January 2022. Ms. Holt noted that the FY23 forecast reflected a local receipt estimate at the same level as FY22 of \$5.4M which was a 2.5% reduction from FY20 of \$5.6M due to the adjustment for the pandemic. Mr. Gates asked about the components of local receipts. Ms. Holt replied it included excise taxes, fees, permits, licenses, ambulance revenue, penalties and interest and investment income. Mr. Gates asked if that also included school parking fees and Ms. Holt confirmed that it did. Mr. Gates commented that he thought the estimate could be increased. Mr. Boudreau stated he would prefer to wait until later in the year to see how the revenues perform. Mr. Divito noted he was concerned about excise taxes due to the shortage of new vehicles and microchips. Dr. Dutch commented that there would still be change to revise it later.

Ms. Holt informed members that the meal tax estimate for FY23 had been restored to pre-pandemic estimate of \$230,000 as this revenue stream was performing well. She also reported that the overlay estimate was proposed to be increased by \$25,000 to \$300,000 for FY23. Mr.

Divito provided the information that the increased exemption amounts cost approximately \$210,000 per year coupled with increasing property values made the increase advisable. The regional assessment for South Shore Regional Vocational Technical High School (SSVT) and Norfolk Agricultural was reviewed with the school members and the proposed 5% increase was supported. Dr. Dutch pointed out the decreased enrollment at SSVT.

Ms. Holt continued through the remaining lines including returning the workers compensation and unemployment funding to the FY20 levels. She explained the property and general liability line was exhausted already in FY22 due to a 22% increase caused by reinsurance rates incurred by the carrier being passed on and the Committee had only estimated a 5% increase in the final FY22 forecast. The FY23 forecast included a 5% increase over the October 2021 special town meeting proposed adjustment of \$50,000 amendment to that line.

Ms. Avitabile confirmed that the FY23 forecast estimate of \$6M was correct and that the recent update from the Plymouth County Retirement Association would see the pension liability retired in 209. Mr. Gates asked what would happen after the pension liability was retired and Ms. Holt responded that the funding would then be directed to the OPEB liability.

Mr. Gates asked about the next meeting to review the FY23 forecast. The members discussed the certification of new growth and more information on the health insurance claims experience would be available in December and that a meeting should be set to review the forecast at that time. Dr. Dutch asked for confirmation as to the disposition of the additional new growth in FY22 which was confirmed by Ms. Holt to be credited to the stabilization fund pursuant to town meeting vote.

Discuss/Vote FY23 Preliminary Forecast

Dr. Dutch made a motion to adopt the FY23 preliminary forecast as discussed which was seconded by Mr. Carchia and voted unanimously by roll call vote (8-0); Mr. Boudreau-yes, Dr. Dutch-yes, Mr. Burkhead-yes, Mrs. Avitabile-yes, Ms. Holt-yes, Mr. Divito-yes, Mr. Gates-yes and Mr. Carchia-yes.

Adjournment

Mr. Carchia made a motion to adjourn the meeting at 6:10 PM as discussed which was seconded by Mr. Divito and voted unanimously by roll call vote (8-0); Mr. Boudreau-yes, Dr. Dutch-yes, Mr. Burkhead-yes, Mrs. Avitabile-yes, Ms. Holt-yes, Mr. Divito-yes, Mr. Gates-yes and Mr. Carchia-yes.

Respectfully Submitted,

Nancy Holt
Recorder