

MEETING MINUTES
FINANCIAL FORECAST COMMITTEE
Town Hall, 600 Chief Justice Cushing Highway
Select Board Hearing Room, 5:00 PM
Tuesday, September 20, 2022

In Attendance: Jim Boudreau, Town Administrator; Andrew Goodrich, Select Board Vice-Chair; 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 and Peter Gates, School Committee

Remote Participant: None

Members Not Present: Jamie Gilmore, Advisory Committee Chair; Chris Carchia, Capital Planning Committee Chair

The meeting was called to order at 5:00 pm by Mr. Boudreau.

SCHEDULED ITEMS:

Acceptance of Agenda

Ms. Avitabile made a motion to accept the agenda as provided. The motion was seconded by Mr. DiVito. Voted unanimously in favor (7-0).

Review/Approve Minutes

Mr. Gates made a motion to accept the minutes of the July 11, 2022 meeting which was seconded by Dr. Dutch. Voted unanimously in favor (7-0).

Mr. Burkhead joined the meeting.

Review of FY22 Results

Ms. Holt noted that Free Cash and retained earnings all were certified as positive amounts in July. Free Cash was strong at \$5M but that was driven by revenues exceeding estimates by \$2.3M and expense turnbacks of \$1.2M due to expense freezes and strong revenue in some areas. Mr. Boudreau noted they normally leave \$500K of Free Cash available for end of the year issues.

Review of FY23 Year to Date

Ms. Holt updated the members that the revenue was approximately the same as last year thus far. Mr. Boudreau noted that it was still very early in the fiscal year. She further noted that electricity and fuel costs were still a concern despite the additional funds added at the special

town meeting.

Review of FY 24 Revenues and Expense Assumptions and Draft FY24 Forecast

Ms. Holt went through FY24 draft forecast line by line. She asked Mr. Divito to present his update on new growth. Mr. Divito noted that new growth for FY23 would be submitted to the Department of Revenue in October and at this time he was comfortable with \$1.8M being in the forecast for FY23. He expected that it might increase but wanted to wait for the Department of Revenue's review. The new growth was driven by the major projects including Seaside, 3A and Driftway that are still ongoing but most of those would be ending finishing in FY23. He further noted that he felt that the \$800K in the forecast for future years was achievable but he would not want to increase that amount based on the known development. Mr. Boudreau noted that if interest rates increase, it might dissuade some developers from moving forward with their plans. Mr. Gates asked if the gas station was included in new growth and Mr. DiVito responded that 90% of the value would be reflected in FY23.

Mr. Gates and Mr. Goodrich both questioned the meals tax estimate based on the performance in prior years. It was decided by the members to re-visit that revenue source after the first quarter receipts were received. Mr. Burkhead questioned the components of local receipts and Ms. Holt responded that more than half of the estimate was due to motor vehicle excise and if supply of new vehicles remained low, consumers would not be replacing their vehicles which would reduce the revenue. She also noted that permit revenue was driving the surplus and that would also be cooling due to the development winding down. Ms. Avitabile noted that the revenue had already declined from those sources.

Ms. Holt stated that Superintendent Hickey of the South Shore Regional Vocational High School advised that there were 10 new enrollments expected which was a 25% increase. Ms. Holt noted that there was only a 5% increase in the forecast. Dr. Dutch asked Ms. Holt for the per pupil assessment cost which was calculated at \$18,432.

Dr. Dutch made a motion to increase the Regional School Assessment to 25% to reflect the expected increase in enrollment at South Shore Regional Vocational High School which was seconded by Mr. Gates. Voted unanimously in favor (8-0).

Ms. Holt explained there was a 7% increase in health insurance in the forecast as there have been two years of poor claims and the prior increase would have been 5% if not for the Medicare migration. She stated that she had reached out the MIIA representative and that person had advised using an 8-10% increase based on what was being seen in the industry currently. Ms. Holt stated that the spreadsheets included an 8% increase for the Medicare supplemental plans that had been at 0% for two years and accounted for almost 50% of the enrollment so she was comfortable using 8%. Ms. Avitabile noted that the Town would be meeting with MIIA in October for its health insurance review.

Mr. Boudreau made a motion to increase the health insurance estimated increase to 8% which was seconded by Ms. Avitabile. Voted unanimously in favor (8-0).

Dr. Dutch asked about increasing the bus lease line from \$250,000 as the current lease was \$300,000. Mr. Boudreau stated that the \$250,000 bus lease and \$125,000 street lights were set at that level so that neither group was negatively impacted in the forecast. He noted that if the bus lease was increased the town budget share would be decreased by 33% so the street lights would need to be increased to maintain the balance which made the change to the bus lease moot.

Mr. Boudreau noted that the FY24 local aid was a wildcard as there would be a new administration. He reviewed that the outgoing administration had pledged to match the local aid increase to the state budget increase and it was unknown how a new administration would approach municipalities. He also noted that the budget would be delayed due to the transition. Mr. Gates asked if the town would benefit from any of the state surplus that was being returned and Mr. Boudreau responded in the negative.

Ms. Holt noted that the Plymouth County Retirement Assessment was unknown at this time for FY24 and she was concerned that the 8% in the forecast might not be sufficient based on falling investment returns.

Mr. Gates questioned the local receipts estimate being maintained at the pandemic level rather than returning to the pre-COVID level. Mr. Boudreau noted it was still early in the fiscal year. Mr. Goodrich was concerned that the estimate was overly conservative. Mr. Boudreau responded that it was intended to be conservative to ensure the projection was always met and to insulate the community from economic downturns and 9c cuts. Discussion continued on the local receipt estimate and action was delayed until the next meeting to see the first quarter reports.

Dr. Dutch made a motion to adopt the FY24 preliminary forecast as discussed which was seconded by Mr. DiVito and voted unanimously in favor (8-0).

The members decided to have their next meeting in late October after new growth had been certified, the MIIA meeting had occurred and the first quarter revenue reports became available.

Adjournment

Dr. Dutch made a motion to adjourn the meeting at 5:49 PM which was seconded by Mr. Goodrich and voted unanimously in favor (8-0).

Respectfully Submitted,

Nancy Holt
Recorder