

MEETING MINUTES
FINANCIAL FORECAST COMMITTEE
Town Hall, 600 Chief Justice Cushing Highway
Select Board Hearing Room, 9:30 AM
Thursday, September 7, 2023

In Attendance: Andrew Goodrich, Chair and Select Board Vice-Chair; Jim Boudreau, Town Administrator; Nancy Holt, Finance Director/Town Accountant; Joe DiVito, Director of Assessing; Pam Avitabile, Treasurer Collector; Tom Raab, Director of School Finance & Business; Bill Burkhead, Superintendent of Schools; Peter Gates, School Committee; and Chris Carchia, Capital Planning Committee Chair

Other Attendees: Maura Curran, Select Board Chair; Maria Fenwick, School Committee

Members Not Present: Jamie Gilmore, Advisory Committee Chair

The meeting was called to order at 9:30 am by Mr. Goodrich.

SCHEDULED ITEMS:

Review/Approve Minutes

Ms. Avitabile made a motion to accept the minutes of the February 28, 2023 meeting which was seconded by Mr. Boudreau. The motion was approved by majority (7-0-2); with Mr. Carchia and Mr. Raab abstaining.

Review of FY23 Results

Ms. Holt noted that Free Cash and retained earnings all were certified as positive amounts. Free Cash was strong at \$6,613,053 but that was driven by expense turnbacks of \$1.4M, \$1M in investment income due to rapidly increasing rates, \$385K from ambulance receipts and \$300K from the sale of tax possessions. The ambulance revenue was skewed between fiscal years due to the cyber attack on the third party administrator. Permit revenue finished \$485,128 more than conservatively estimated but it was \$219,356 less than FY22 which was \$201,960 less than FY21. So, overall there has been a \$421,315 reduction in permit revenue from FY21 to FY23. Ongoing vacancies in public safety, library and DPW were responsible for a portion of the town turnbacks

Review of FY24 Year to Date

Ms. Holt updated the members that the revenue was approximately \$118,000 more than the prior period for the same period. That result is being driven by a one-time receipt of \$149,000 for the police boat and investment earnings. Overall, 10 of the 15 local receipt categories were performing worse than the prior year at the same time. The conservative budgeting in the investment earnings category should offset that trend if it persists but it will continue to be monitored monthly. She also reported that expenses were on track.

Review of FY 25 Revenues and Expense Assumptions and Draft FY25 Forecast

Ms. Holt explained the FY25 draft forecast included actuals for FY23. She called out the enterprise indirects had a higher than normal increase due to a one-time chargeback for workers compensation and unemployment expenses. She also noted that health insurance was estimated at 10% based on a recent meeting with MIIA. She commented that the general liability and property insurance was at 10% but it may be able to be revisited to a lower level. She explained the 12% increase in the Plymouth County pension assessment due to the 5% COLA provided to retirees in FY23 and that affects the OPEB liability funding proportionately. The regional school assessment was increased by 10% pending further enrollment updates and also as capital costs will be forthcoming. She asked Mr. Divito to present his update on new growth.

Mr. DiVito noted the FY24 estimate of \$1.2M is more likely to be \$1.8M but it is not yet certified. He stated there had been a decline in building permits and he feels strongly that \$800K for FY25 is appropriate as there are not any major projects that have started and others have now been completed. Mr. Gates asked when the number would be certain for FY24 and Mr. DiVito said about 6 weeks.

Mr. Boudreau stated FY25 was going to be a difficult year due to increases in fixed costs and requests for 18 new positions on the town side and there is not any plan to consider them for FY25. He said he thought FY25 would be very tight and there would need to be additional discussions with the Select Board going forward. He said the 12 part-time police officers are lost due to police reform and we need to add seven new officers over the next few years.

Ms. Curran asked when the new school would be online if approved and Mr. Raab said FY27 or FY28. Mr. Raab inquired about which local receipts were down and Ms. Holt responded. Mr. Boudreau stated the revenue turnbacks help provide a robust capital plan support. Mr. Goodrich said the town could get by for FY25 but beyond that there may need to be discussions about an operational override or a multi-year operational override.

Mr. Raab said the contractual obligations for teachers is about \$1M and in his experience it is at least 66% for other employees and he thought the School Department would need \$2M for FY25. Mr. Burkhead said the teachers' contract is up this fiscal year and the current COLAs are higher than in the past. Ms. Curran asked about the retirement rate and Mr. Raab replied that he did not have that information yet. Mr. Burkhead stated the ESSER funds will be ceasing in FY24 but those funds were not supporting personnel. Ms. Curran asked about how much was being turned back in the school budget and how much was being used to pre-pay tuitions. Mr. Raab replied they had done some pre-pays which allows them to handle any unexpected new SPED students that move into district. Mr. Goodrich asked if there would be any staff reduction if there was an elimination of a school. Mr. Raab said the enrollment would be the same so it was unlikely to see a reduction of staff. Mr. Burkhead said there were some retirements in the high school that were not filled for FY24.

Mr. Gates asked about the middle school proceeds and Mr. Boudreau provided an update on

the litigation being resolved shortly and Ms. Holt stated there was \$1.9M available for re-appropriation plus the remaining MSBA reimbursement when released.

Mr. Boudreau stated state aid should be increasing for FY25 as will assessments. He noted that meals tax and room occupancy were performing well. He also commented that the wind turbine and solar array support of the debt exclusion offset could be discontinued as it was a Financial Forecast recommendation. He noted that the support for the capital plan from the levy and meals tax could be offset with the strong free cash this year if necessary.

Mr. Goodrich asked about the timing of an operational override. Ms. Curran stated there would be the perception of operational savings if the new school passed but that really was not the case due to operational costs of a new building as noted by several members. Mr. Boudreau stated the maintenance funds would still be needed for the other schools. Mr. Gates asked if an override would be interpreted as mismanagement and Ms. Curran stated it had been 13 years since the last override. Mr. Goodrich noted the addition of police officers is an unfunded state mandate and Mr. Boudreau responded that there is not an appetite in the Legislature to address that portion of police reform.

Discuss/Vote FY25 Preliminary Forecast

Mr. Boudreau made a motion to amend the FY24 new growth figure to \$1.8M which was seconded by Mr. Gates and voted unanimously in favor (9-0).

Mr. Boudreau made a motion to adopt the FY25 preliminary forecast as discussed which was seconded by Mr. Carchia and voted unanimously in favor (9-0).

Members planned to meet after the capital budget requests were received and FY24 new growth was certified in five to six weeks.

Adjournment

Mr. Boudreau made a motion to adjourn the meeting at 10:11 AM which was seconded by Mr. Carchia and voted unanimously in favor (9-0).

Respectfully Submitted,

Nancy Holt
Recorder