



TOWN OF ADAMS FINANCE COMMITTEE AND SELECT BOARD JOINT MEETING MINUTES

TUESDAY, July 21, 2015 – 6:30 PM

ADAMS TOWN HALL, MEETING ROOM, 1st FLOOR, ADAMS, MA 01220

On the above date the **Board of Selectmen** and the **Finance Committee** held a joint meeting at **6:30 p.m.** in the Adams Town Hall.

Chairman Tim Burdick presided the **Finance Committee Meeting**. Present were members **Craig Corrigan, Brian Johnson, Paul Demastrie, Charlie Foster, Rachel Tomkowicz, Sandy Kleiner, Matt Pitoniak, Joan Smigel** and **Jeff Lefebvre, Matt Chittenden**. Absent were **David Allen, Leon Parrott, John Cowie, and Amy Giroux**.

Chairman Richard Blanchard presided the **Select Board Meeting**. Present were **Vice Chairman Jeffrey Snoonian, Members John Duval, Joseph Nowak and Arthur Harrington**. Also in attendance was **Town Administrator Tony Mazzucco**.

The Select Board Meeting was called to order at 6:30 p.m.

The Finance Committee Meeting was called to order at 6:30 p.m.

FINANCE COMMITTEE BUSINESS

Approval of Meeting Minutes

***Motion made to waive reading and approve the Finance Committee minutes for May 26, 2015
Second by Member Corrigan***

Discussion ensued regarding an error in which Article 33 wording stated the motion was to “Not Recommend” the article, and it should have read “No Recommendation”

Motion amended by Chairman Burdick to waive the reading and approve the Finance Committee minutes for May 26, 2015 with the change to Article 33 wording to read the Finance Committee had “No Recommendation”

Second by Member Johnson

Unanimous vote

Motion passed

Finance Committee Reorganization

It was noted that there were several members of the Finance Committee not in attendance and it was suggested by Chairman Burdick to postpone the reorganization until the next meeting.



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Motion made to postpone the reorganization and election of Chairman and Vice Chairman of the Finance Committee due to members not being present

Second by Member Tomkowicz

Unanimous vote

Motion passed

Overview of Municipal Finance

Town Administrator Mazzucco gave a presentation to the Finance Committee and the Select Board Members on *Municipal Finance*.

Topics that were covered included the *Stabilization Fund*, *Free Cash*, *Reserve Fund(s)*, *Revolving Funds*, *Revenue Sources*, *State Aid*, *Debt Service*, *Budgets*, *Audits*, *Capital/Capital Improvements*, *Proposition 2 ½*, and the *Tax Rate*.

Stabilization Fund

Discussion included setting fiscal policies to guide when to start the budget process, and how much the fund should be for good general practices. There is a limit to how much money is in the Stabilization Fund, but there can be more than one Stabilization Fund.

A suggestion was made that the Board of Selectmen adopt a policy on managing the Stabilization Fund, rather than creating a By-Law so if changes need to be made the policy can be amended more easily than changing the By-Law.

Free Cash

Free Cash is the sum of the funds left at the end of the year which is certified annually for appropriation. Surplus Revenue and Budget Turn-backs were explained, as well as how Free Cash is generated and reduced. It was noted that there are possible changes for Health Insurance next year.

Reserve Fund

The Reserve Fund was explained as a “contingency fund” that is set aside for “unforeseen and extraordinary expenses”. The fund is currently \$175,000.

Revolving Fund

Revolving Funds are designed to be small amounts, such as Promotional Revolving Funds for the Visitors Center and the Inspection Services Revolving Fund for Gas, Plumbing, and Electrical Inspections.



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Revenue Sources

Other Revenue Sources were identified as Excise, License and Permit revenues. Cell Phone Local Tax actually goes to the State and comes back to the Town indirectly through grants. The Solar Fee for the PILOT Program was discussed, as was the Parking Meter Fund, the Technology Fund, and the Cemetery Perpetual Care Fund.

State Aid

The School Aid Formula will be clarified by McCann Superintendent James Brosnan at the next meeting. Unrestricted General Government Aid (UGGA) was identified, as well as Veterans Benefits, Exemptions, State Owned Land, and Public Libraries.

The State Aid Formula and the deductions against State Aid were explained, which included Air Pollution, RMV Non-Renewal, and Regional Transit deductions.

Debt Service

Debt Service was outlined as the money that the Town has borrowed that is paid back regularly with interest. They are often referred to as “bonds”.

Current Debt Service includes the Wastewater Treatment Plant Upgrades, the Town Hall/Police Department/Library renovations and purchase Bond, the Tropical Storm Irene Bond, and the Water Channel Improvements Bond.

Budgets

Budgets are an estimate of expenditures and revenues and include Labor Costs and Commodities.

Audits

Audits are public documents and present an Auditor’s opinion as to whether the Town’s financial statements are materially accurate. An explanation was given about what an Audit does and what it shows. An audit is available for review if arranged with the Town Accountant.

Capital

Capital includes Facilities, Land, Rolling Stock, Infrastructure, and other Capital items like furniture and fixtures.

Capital Improvements

The Capital Improvements Planning Committee will reconvene in the near future to create a plan for the Capital items.

Proposition 2 ½

An explanation was given about the Levy Limit and the Levy Ceiling, and the difference between the two.



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Tax Rate

The Tax Rate was discussed briefly as being a projection because the final rate is not known until the autumn, when the State Budget is certified. An explanation and comparison of tax rates between the Town of Adams and the Town of Hadley were reviewed in short. The Tax rate was outlined as being a reflection of the total property value of the community, and an example was given to show how the tax bill is calculated.

A suggestion was made to give the same presentation to Town Meeting Members, and to post it on the Town website for the public. Finance Committee and Select Board Members were invited to email or call the Town Administrator with questions or input.

ADJOURNMENTS

Adjournment by Finance Committee

Motion made by Member Johnson to adjourn the Finance Committee meeting

Second by Member Tomkowicz

Unanimous vote

Motion passed

Finance Committee meeting adjourned at 7:51 p.m.

Timothy Burdick, Chairman