



## **FINANCIAL PLANNING COMMITTEE**

### **MEETING MINUTES**

Thursday, November 20, 2014

Selectmen's Meeting Room

7:00 p.m.

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**MEMBERS PRESENT:** David DeVries, Chair  
Michael Hodge, Vice Chair  
Roger Leland  
Richard Smith  
Thomas Spataro  
Heidi Bourque-Gleason (Arrived at 7:12 p.m.)

**ALSO PRESENT:** John Coderre, Town Administrator  
Jason Perreault, BOS Liaison

Meeting convened at 7:05 p.m.

#### **REORGANIZATION – ELECTION OF OFFICERS**

Mr. Coderre opened nominations for committee chair. Mr. Leland nominated Mr. DeVries for chair, seconded by Mr. Hodge. David DeVries approved unanimously as committee chair.

Mr. Coderre opened nominations for vice chair. Mr. Leland nominated Mr. Hodge, seconded by Mr. DeVries. Michael Hodge approved unanimously as vice chair.

Introductions were made to new committee member Tom Spataro. Mr. Spataro has a diverse background in finance, systems implementation, operations and project management. He is also the President of the Northborough Youth Basketball Association and recently completed the CPC capital project that upgraded several elementary school basketball courts. Committee members welcomed Mr. Spataro to the Financial Planning Committee.

#### **APPROVAL OF MINUTES – APRIL 28, 2014 MEETING**

Mr. Leland moved the committee vote to approve the meeting minutes of the April 28, 2014 meeting as submitted. Mr. Smith seconded the motion; minutes approved with two abstentions (T. Spataro, M. Hodge abstained as they were not present).

#### **DISCUSSION OF PRELIMINARY FREE CASH PLAN**

Mr. Coderre presented the preliminary FY2016 Free Cash Plan for consideration and use during the upcoming budget process. The FY2014 year-end Free Cash was certified at approximately \$3.9 million. This substantial Free Cash is a result of positive actual performance in both appropriations not spent as well as revenues realized in excess of the budget.

Mr. Coderre noted that revenues exceeded the FY2014 budget by \$1.52 million or 2.92%. Three sources account for 70% of this positive performance. Motor Vehicle Excise contributed over \$550,000, positive Property Tax Collections accounted for \$337,000 and Federal Storm Reimbursements were received in the amount of \$181,000. Expenditures returned were \$1.29 million or 2.54% of the FY2014 budget. The return of \$478,000 in Health Insurance and \$262,000 in Personnel appropriations accounted for 57% of the expenditure close outs to Free Cash. He added that the goal to keep year-end revenues and appropriations to within 2-3% of the operating budget was once again achieved.

Mr. Coderre added that unique to this year is the close to Free Cash of several accounts that were no longer necessary for their original intended purposes. These closed accounts provide a one-time increase in certified Free Cash and amounted to a total of \$1.05 million. The amounts closed were \$772,000 from Avalon Bay/ Loop Building Permit Fund, \$159,000 from Sidewalk Funds and \$116,000 from the Police Revolving Funds.

Mr. Coderre reported that the Town will be able to make an appropriation of \$200,000 to the Reserve Account which keeps it at the target range of 8 – 10% which is preferred by rating agencies. The Town will also continue to contribute the policy-targeted amount of \$500,000 into the FY2016 Operating Budget, and once again pay cash for a significant portion of the upcoming capital needs.

Mr. Coderre reiterated that the Free Cash Policy represents a conservative spending approach that serves as a planning guide by identifying appropriate uses of Free Cash. As the committee is aware, the final use of Free Cash is reviewed by the Appropriations and Financial Planning Committees and is subject to Town Meeting approval and appropriation.

#### **REVIEW OF CIP INSTRUCTION MANUAL**

Mr. Coderre reported that all departments were provided with the CIP Instruction Manual for upcoming Fiscal Years 2016-2021. Departments were instructed to review, update and resubmit all existing requests for FY2016-2020 and add any new requests for FY2021. All CIP requests were to be returned to the Town Administrator by October 21, 2014. At this time, preliminary requests have been submitted; however, numbers are still being firmed up by some departments.

#### **REVIEW OF BUDGET MANUAL AND TOWN MEETING CALENDAR**

Mr. Coderre reviewed the Budget Manual and noted that all warrant articles are due to the Town Administrator by February 2, 2015.

#### **OTHER BUSINESS**

##### Tax Classification Hearing

The Committee discussed the upcoming Tax Classification Hearing which will be held at the November 24, 2014 Board of Selectmen meeting. The Town's independent auditor will also be presenting the FY2014 audit results at the meeting. All committee members are invited to attend.

##### Commonwealth Budget Shortfall

The Committee discussed the possible impact of the Commonwealth's projected budget shortfall of \$325M.

#### Financial Trend Monitoring Report

A presentation of the Financial Trend Monitoring Report will be held on December 11, 2014 at 7 pm at the Library at a joint meeting of the Board of Selectmen, School Committee, Appropriations Committee and Financial Planning Committee. All FPC members are expected to attend if possible. One focus this year will be new financial indicators, focused on capital investment and pavement management. Another will be the projected state revenue shortfall for FY2015.

#### GFOA Distinguished Budget Award

Mr. Coderre was pleased to announce that the Town has received its fifth consecutive GFOA Distinguished Budget Award. Committee members extended their appreciation and congratulations to the Financial Team.

#### **NEXT MEETING DATE AND COMMITTEE SCHEDULE**

The next committee meeting will be held on December 4, 2014 at 7 p.m. The full committee schedule calendar will be discussed at that time.

#### **ADJOURNMENT**

Mr. Leland motioned to adjourn; seconded by Mr. Smith; unanimously approved at 8:30 p.m.

Respectfully submitted,

Michael Hodge

#### Documents used during meeting:

1. November 20, 2014 Meeting Agenda.
2. April 28, 2014 Meeting Minutes.
3. Preliminary Free Cash Plan.
4. FY 2016-2021 Capital Improvement Plan.
5. FY 2016 Budget Manual Instructions.
6. 2015 Town Meeting Calendar.
7. GFOA Distinguished Budget Presentation Award Memo.
8. MMA Advisory. "Administration Reveals \$325M Budget Deficit" [www.mma.org](http://www.mma.org). November 13, 2014.