



**Finance Committee Meeting
Agenda & Meeting Packet**

May 19th, 2021

6:00 PM

Meeting will be held at the **Municipal Building**
2nd floor, Council Chambers
355 East Central Street

The public will **NOT** be permitted to enter the building or participate in person. Only pre-approved participants on the meeting agenda will be allowed to enter the Building and participate in person. **Residents can attend and participate via the “ZOOM” Platform.**

A NOTE TO RESIDENTS: Due to the continued concerns regarding the COVID-19 virus and Governor Baker’s declared State of Emergency, we will be conducting a remote/virtual Finance Committee Meeting for all public access and participation. In an effort to ensure citizen engagement and comply with open meeting law regulations, citizens will be able to dial into the meeting using the provided phone number (Cell phone or Landline Required) OR citizens can participate by clicking on the attached [link](#) (Phone, Computer, or Tablet required). The attached link and phone number will be active for the duration of the meeting for citizens to ask questions/voice concerns. If residents are just interested in watching the meeting it will also be [live-streamed by Franklin TV](#) and shown on Comcast Channel 11 and Verizon Channel 29.

- **Link to access meeting:** May 19th, 2021 FinCom Meeting Link [HERE](#) -- Then click “Open Zoom”
 - Or copy and paste this URL into your browser: <https://us02web.zoom.us/j/86458097889>
 - **Call-In Phone Number:** Call 1-929-205-6099 & enter Meeting ID # 864 5809 7889--Then press #

Agenda

1. Call to Order
2. Public Comments
3. Approval of Minutes
4. Budget Stabilization Policy
5. State Aid Update
6. Future Agenda Items
7. Adjourn

Stabilization Fund - Comparables

[Franklin](#) - Maintain Stabilization account at \$6 million or 5% of recurring general fund revenue (less debt exclusions and SBA reimbursement). The General Stabilization account is what I commonly refer to as the Town's "dust bowl" account to contextualize that this fund is for an extreme emergency where no other financial options are available. This fund is most importantly here for financial protection, maintaining a strong bond rating, good financial audits and low interest rates. This fund should avoid any appropriations at all costs.

The Town also has approximately \$850,000 in its budget stabilization account.

[Bellingham](#) - The Town has established multiple stabilization funds, which are found within the General Fund fund balance. The stabilization fund has accumulated a fund balance of nearly \$1.4 million which represents 2.2% of general fund expenditures. The capital stabilization fund has an ending fund balance of \$0.3 million or 0.5% of general fund expenditures. The Town also maintains a tax stabilization fund, with an ending fund balance of approximately \$2.0 million or 3.1% of general fund expenditures. These funds can be used for general or capital purposes upon Town Meeting approval.

[Norfolk](#) - The Town maintains a general stabilization fund that was established under MGL Chapter 40, Section 5b. Appropriations in and out of the stabilization fund require two thirds vote of the Town Meeting. Investment income is retained by the fund. The balance of the stabilization fund at June 30, 2019 totaled \$1,708,929 and is reported as unassigned fund balance in the general fund.

[Walpole](#) - Since 2014 the Town's Stabilization Fund has grown from \$1,827,245 to \$8,328,795. Their goal is to have 10% of the Town's operating budget in the Stabilization Fund to ensure that the Town maintains a high bond rating and receives competitive interest in the bond rating market.

[Newton](#) - The fiscal year 2021 appropriation does not include a contribution to the City's Rainy Day Fund; one year ago, the contribution was \$150,000. With a current balance of \$21.9 million, the fund is equivalent to the required value of 5% of the total operating budget. The requested FY 2021 budget does not use any of the rainy day funds to close the gap in anticipated revenues because of the economic impact of the global pandemic.

[Natick](#) - Natick has five Stabilization Funds: the General Stabilization Fund, the Capital Stabilization Fund, the Operational/Rainy Day Stabilization Fund, the One-to-One Technology Stabilization Fund and the Inflow and Infiltration Stabilization Fund. Their General Stabilization Fund should, at a minimum, be at a level equal to 2% of revenues, with the target being 5% of revenues. The current stabilization fund revenue (FY20) is at 2% or \$3,617,000.

[Chelmsford](#) - As of May 1, 2020 the Town had a balance of \$11,360,000 in the General Stabilization Fund. Chelmsford has a general stabilization fund balance of approximately 6.5% of the Town's budget. It is sound financial practice for a community to maintain a fund balance of approximately 5-10% of its operating budget.

[Needham](#) - The available balance in the Stabilization Fund as of December 31, 2020 was \$4,408,061. The Town also established a Debt Service Stabilization Fund for the purpose of setting aside funds to smooth out the impact of General Fund Debt Service within the levy limit that may exceed the Town's goal that only three percent of General Fund revenues be designated for debt. The balance in the fund as of December 31, 2020 was \$2,152,709.

Administration & Town Policy Requests

1. **Snow & Ice Removal - \$670,000 HOLD**
 - a. Each year the Town reserves funds for snow and ice removal until April when we see the full costs of the winter. We set these funds aside due to quickly rising snow and ice removal costs.
 - b. Current Snow and Ice budget has exceeded operating budget appropriations and stands at \$1,125,000.

2. **OPEB Contribution - \$273,000**
 - a. \$273,000 of 10% of the overall certified free cash, will be deposited into the OPEB Trust. This is consistent with Town Council policy to set aside this amount annually.
 - b. An update of the OPEB actuarial that has recently been completed and shows a \$73 million liability, up from \$68.5 million in 2019. A presentation on this update will be forthcoming at a Town Council meeting in April.
 - c. The OPEB Trust Fund currently has \$8,245,507.

3. **Fire Truck Stabilization Contribution - \$0**
 - a. This request is postponed for FY21 due to the purchasing of 2 trucks through borrowing.
 - b. As we heard from the Fire Chief, the two new trucks set the department up for success for the next decade. Staff will consider revisiting the annual deposit next year.
 - c. The stabilization account currently has \$0.

4. **Turf Field Stabilization Contribution - \$150,000**
 - a. This amount will continue to set aside enough funds in the stabilization account to be prepared for the full cost of implementing new fields at the High School/Track and Beaver Street in approximately 2027. Estimated costs will be around \$2 million.
 - b. After this investment, the Town will have \$611,546 in the account and will be on schedule to replace fields in 2027-ish.

5. **Open Space Stabilization - \$0**
 - a. With the adoption of Community Preservation and having a low free cash year, it seems best to hold off on the deposit this year. The Community Preservation Act will add a 2% surcharge on Real Estate Taxes for Residential and Commercial properties starting in July 2021. A minimum of 10% of those funds raised each year must be allocated to Open Space.
 - b. The Open Space Stabilization account currently has \$2,372,367.85.

FY2022 Preliminary Cherry Sheet Estimates Franklin

PROGRAM	FY2021 CS	FY2022 Governor	FY2022 House	FY2022 SWM	Increase (Decrease) FY22 vs FY21	Increase (Decrease) Gov vs SWM
Education Receipts:						
Chapter 70	28,416,161	28,574,921	28,574,921	28,574,921	158,760	-
School Transportation	-	-	-	-	-	-
Charter Tuition Reimbursement	643,495	772,122	403,716	395,943	(247,552)	(376,179)
Smart Growth School Reimbursement	-	-	-	-	-	-

Offset Receipts:						
School Choice Receiving Tuition	-	-	-	-	-	-
Sub-Total, All Education Items:	29,059,656	29,347,043	28,978,637	28,970,864	(88,792)	(376,179)

General Government:						
Unrestricted Gen Gov't Aid	2,623,839	2,715,673	2,715,673	2,715,673	91,834	-
Local Share of Racing Taxes	-	-	-	-	-	-
Regional Public Libraries	-	-	-	-	-	-
Veterans Benefits	99,527	110,663	110,663	110,663	11,136	-
Exemp: VBS and Elderly	125,931	109,421	109,421	109,421	(16,510)	-
State Owned Land	139,571	140,848	149,936	159,023	19,452	18,175

Offset Receipts:						
Public Libraries						
Sub-Total, All General Government:	2,988,868	3,076,605	3,085,693	3,094,780	105,912	18,175

Total Estimated Receipts:	32,048,524	32,423,648	32,064,330	32,065,644	17,120	(358,004)
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PROGRAM	Cherry Sheet Estimate	Governor's Budget	House Budget Priorities	SWM Budget Priorities	Conference Committee	
County Assessments:						
County Tax	235,073	240,493	240,493	240,493	5,420	-
Suffolk County Retirement	-	-	-	-	-	-
Sub-Total, County Assessments:	235,073	240,493	240,493	240,493	5,420	-

State Assessments and Charges:						
Retired Employees Health Insurance	-	-	-	-	-	-
Retired Teachers Health Insurance	-	-	-	-	-	-
Mosquito Control Projects	131,843	135,724	135,724	135,724	3,881	-
Air Pollution Districts	11,030	11,398	11,398	11,398	368	-
Metropolitan Area Planning Council	17,838	18,779	18,779	18,779	941	-
Old Colony Planning Council	-	-	-	-	-	-
RMV Non-Renewal Surcharge	24,980	24,980	24,980	24,980	-	-
Sub-Total, State Assessments:	185,691	190,881	190,881	190,881	5,190	-

Transportation Authorities:						
MBTA	-	-	-	-	-	-
Boston Metro. Transit District	-	-	-	-	-	-
Regional Transit	256,623	256,623	256,623	256,623	-	-
Sub-Total, Transp Authorities:	256,623	256,623	256,623	256,623	-	-

Annual Charges Against Receipts:						
Multi-Year Repayment Program	-	-	-	-	-	-
Special Education	31,895	31,895	31,895	31,895	-	-
STRAP Repayments	-	-	-	-	-	-
Sub-Total, Annual Charges:	31,895	31,895	31,895	31,895	-	-

Tuition Assessments:						
School Choice Sending Tuition	320,186	320,186	320,186	320,186	-	-
Charter School Sending Tuition	4,971,113	5,369,529	5,024,680	5,001,063	29,950	(368,466)
Sub-Total, Tuition Assessments:	5,291,299	5,689,715	5,344,866	5,321,249	29,950	(368,466)

Total All Estimated Charges:	6,000,581	6,409,607	6,064,758	6,041,141	40,560	(368,466)
	26,047,943	26,014,041	25,999,572	26,024,503	(23,440)	10,462