



Finance Committee Meeting Agenda & Meeting Packet

Wednesday, February 7, 2024

7:00 PM

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

A NOTE TO RESIDENTS: All citizens are welcome to attend public board and committee meetings in person. Meetings are also live-streamed (and archived) by Franklin TV on the [Franklin Town Hall TV YouTube channel](#). Meetings are also shown live and on repeat on Comcast Channel 9 and Verizon Channel 29. In an effort to maximize citizen engagement opportunities, citizens can participate remotely via phone OR Zoom.

Link to access meeting via Zoom for the February 7, 2024 Finance Committee meeting:

- Zoom Link [HERE](#) -- Then click "Open Zoom".
- Or copy and paste this URL into your browser: <https://us02web.zoom.us/j/84605391018>
- Call-In Phone Number: Call 1-929-205-6099 and enter **Meeting ID # 846 0539 1018** --Then press #
- **REQUIRED: Your full name and address must be included in your Zoom Identification in order to be let into the meeting.**
- You will automatically be muted upon "entering" the meeting. In order to speak, you will need to "raise your hand" on the Zoom platform and request to be unmuted.

Agenda

1. Call to Order
2. Public Comment
3. Approval of Minutes
 - a. [January 10, 2024](#)
4. The Bill Dowd "Deep Dive" Series
 - a. None this meeting
5. [Review of Town Financial Policies](#)
6. [Discussion on Free Cash Summary](#)
7. Standing Updates:
 - a. FY25 House 1 by Governor Healey
 - b. FY25 Town Budget Dates & Update
8. Future Agenda Items/Next meeting
 - a. March 6th, 2024 - Joint Budget Subcommittee meeting - FY25 Budget Model
9. Adjourn



Finance Committee

Meeting Date: January 10, 2024

Present: Chairman Conley, Vice Chair Riley, Clerk Corbosiero, Keophannga (remote), Hamilton(remote), Nagel, Grace, Batchelor

1. **Call to Order:** 7:01 PM
2. **Public Comment** – None
3. **Approval of Minutes:** None
4. **The Bill Dowd “Deep Dive” Series**
5. **FY24 Capital Plan – all requests were approved by TA**
 - a. Town Policy Requests
 - i. OPEB Contribution - \$452,000
 - ii. Fire Truck Stabilization - \$100,000
 - iii. Recreation Fields Stabilization - \$150,000
 - iv. Budget Stabilization - \$250,000
 - v. Open Space Stabilization - \$100,000
 - b. Department Requests
 - i. School Department, Facilities, Technology - \$1,210,387
 - c. Facilities Department - \$300,000
 - d. Technology Department - \$36,000
 - e. Town Administrator - \$140,000
 - f. Fire Department - \$337,854
 - g. Police Department - \$373,375
 - h. Public Works - \$770,000
 - i. Water Enterprise - \$1,063,450
 - j. Sewer - \$500,000
6. **Standing Updates:**
 - a. **None**
7. **Future agenda items**
 - a. **February 7th, 2024**
 - b. **March 6, 2024 – Joint Budget Subcommittee Meeting**
8. **Adjourn – 8:43 p.m.**

Town of Franklin

Fiscal Policies 2022

Town of Franklin Fiscal policies should be reviewed at least every two years in order to maintain a competitive policy framework for good financial practices.

1. **Balanced Annual Operating Budget**
 - Annual costs are funded from current revenues.
 - Do not defer current annual operating costs to future years.

2. **Compensation and benefits**
 - Budget with current revenues.
 - Compensation of employees should be based on “market” and performance.

3. **Revenues**
 - Estimate annual revenues and expenses and project for the following five years.
 - Maintain full and fair market value of property assessments.
 - Assure fees charged cover costs in accordance with the Chapter 82 of the Town Code.

4. **Financial Reserves (adequately fund and maintain reserves)**
 - Short-term revenue surpluses shall fund non-recurring projects.
 - Free Cash will be used to fund the capital budget and for unforeseen expenses.
 - Overlay surplus will be used for capital budgets or non-recurring expenses.
 - General Stabilization account - A Stabilization account of \$6,000,000 or 5% of recurring general fund revenue (less debt exclusions and SBA reimbursement).
 - Budget Stabilization Account – Used to overcome short term budget issues.
 - Field Stabilization Account – Add \$150,000 each year.
 - Fire Engine Stabilization Account – Add \$100,000 each year.
 - Property and Projects Stabilization Account – AAdd \$100,000 each year.

5. **Budget Stabilization**
 - a. Maintain a target floor of 2% of prior year fiscal operating revenue (approximately \$2M-\$2.5M)
 - b. Fund is for a one-time revenue source of operating budget shortfalls.
 - c. No more than 50% of fund balance can be spent in any fiscal year.

6. **Long Term Debt**
 - Reserved for large capital projects over \$1,000,000
 - Net general fund debt service (non debt excluded or funded from enterprise revenue) should be up to 3.5% (target) of recurring general fund revenue.

7. **Capital Improvement Program (CIP)**
 - A five-year plan updated annually shall be maintained.

- Budget operating costs associated with CIP projects.
- Delaying maintenance on existing assets results in higher costs in future years.
- Postponing improvements to buildings/infrastructure results in higher costs.
- Free Cash, Overlay Surplus, and short-term revenues shall be used for the recurring capital items and smaller one time purchases or projects.
- Bonds will be used for large capital projects (over \$1,000,000) unless it can be paid off in under 5 years.

8. Enterprise Accounts for Water, Sewer and Refuse

The water, sewer, and refuse budgets are supported entirely by fees. This means that any changes to these budgets do not affect the general fund budget. If there are any excess funds at the end of the fiscal year, they are automatically closed to their respective account's fund balance. Further these funds pay for indirect costs that are carried in the general fund for accounting, pensions, health insurance, etc.

- Water fees will support a minimum of \$1,500,000 per year for infrastructure improvements.** Water fee rate will fund the annual operating budget, maintain a fund balance of approximately \$1,000,000 +/- and invest \$1,500,000 per year into water system improvements.
- Sewer Fees will support \$400,000 per year for infrastructure improvements.** Sewer fee rate will fund the annual operating budget, maintain a fund balance of \$1,000,000 and invest at least \$400,000 per year into sewer system improvements.
- Refuse.** Refuse fees will fund the annual operating cost. Fund balances in excess of \$100,000 will be used to smooth rate increases over time and accumulate to purchase replacement bins.

9. Snow and Ice budget

- A five year rolling average – discounting winters well above or below the normal range.

10. OPEB – Unfunded retiree Health Insurance Obligation

- Commencing in FY 19 budget \$550,000 in the annual budget and increase by \$50,000 per year and annually transfer 10% of Free Cash to the OPEB Trust Fund.

11. Hotel /Motel Tax

- The Town receives a 6% room tax from each hotel room rented. The amount of funds collected each year is directly related to the number of rooms rented. These funds should be captured and reflected in the Town's local receipts revenues and continue to be used for public infrastructure by being not used for the annual operating budget.

12. Marijuana Excise Tax Policy

- These funds are the excise tax on the sales of recreational marijuana only.
- These are separate funds outside of the Host Community Agreement impact fee revenue.
- Funds will fluctuate based on market forces each year.
- Funds from the collection of excise taxes on the sales of marijuana in the Town of Franklin shall be used for ongoing operating budget expenditures and will be reflected and captured in the Town's local receipts totals.

13. Ambulance receipts reserved

- Reserve \$135,000 annually from ambulance receipts for the replacement for Ambulances.

14. Roads/sidewalks/infrastructure

- Starting in FY 19 appropriate \$600,000 in the annual operating budget. Increase by \$50,000 per year. Further use Free Cash (\$500,000) and Hotel Tax funds (\$575,000) for roads unless there is another capital need.

Other fiscal policies

Fraud Policy – On File

Fund Balance Policy – On file

Investment policy – On File

Purchase Order Policy – On File

Risk Assessment – [Complete December 2018](#)

Current Balances (rounded) 1/12/22

General Stabilization Account - \$6,644,294

Budget Stabilization Account – \$1,044,030

Turf Fields Stabilization Account – \$639,113

Fire Engine Stabilization Account – \$16,929

Property, Projects and Facilities Stabilization Account – \$291,562

Open Space – \$2,545,027

OPEB Trust Fund – \$10,269,491

Ambulance receipts reserved – 184,000

	2023 Budget	Received Through 6/30/2023	Revenue Over (Under) Estimates
Fees	2,201,112	2,871,570	670,458
Motor Vehicle Excise Tax	4,626,500	5,266,161	639,661
Investment Income	28,235	397,605	369,370
Cannabis Excise Tax	89,521	320,992	231,471
Federal Revenue	339,220	527,644	188,424
Miscellaneous	75,825	244,074	168,249
Meals Tax	548,366	709,173	160,807
Departmental Revenue Recreation	516,958	672,218	155,260
Licenses and Permits	1,288,616	1,425,420	136,804
Room (Hotel) Tax	379,204	513,263	134,059
Penalties and Interest	259,042	389,762	130,720
Fines and Forfeits	57,565	78,798	21,233
Rentals	238,281	258,966	20,685
Special Assessments / Cannabis Fee	335,295	335,924	629
Payment in Lieu of Taxes	25,369	25,467	98
Property Taxes	91,023,619	90,411,849	(611,770) *
General Fund (0100)	102,032,728	104,448,886	2,416,158

Returns to the General Fund (See other Report)

1,932,233

Approximate Free Cash

4,348,391

*99.3% Collection Rate

FY23 Free Cash Dept Returns

DPW - 422,714.85
Benefits - 391,250.21
Police - 377,102.41
Facilities - 140,191.80
State Assessments - 92,629.00
Info Tech- 73,567.80
Veterans - 48,456.66
Human Resources - 48,276.59
COA - 45,075.29
Library - 42,270.87
Treasurer - 38,621.78
Comptroller - 33,372.89
Inspections - 30,375.33
Health - 30,162.13
Liability Insurance - 25,529.80
Planning - 20,898.94
Town Administrator - 15,703.83
Schools - 10,264.50
Debt Service - 9,999.98
Historical Commission - 9,934.59
Town Clerk - 8,018.75
ZBA - 6,423.86
Fire - 2,559.16
Central Services - 2,554.67
Elections - 1,829.70
Finance Committee - 1,148.00
Assessor - 1,072.11
Legal - 1,047.46
Recreation - 1,000.00
Total Departmental Returns - 1,932,052.96