

Town of Wales
Finance Committee Meeting Minutes
Dec 8, 2011

Call to order at 7:05 PM

Attendees: Bonnie Jean, Roy Lainson, Judy McKain, Valerie Bernier, Mike Milanese

The Finance Committee welcomed our newest member, Valerie Bernier, who brings a wealth of municipal knowledge to the committee. There are still three seats remaining open on the Finance Committee, please contact the Board of Selectmen's office if you have an interest in joining the Finance Committee.

1) Discussion of upcoming FY13 budget and schedule.

To date, the Finance Committee has received one FY13 Budget Request, which was from the town Treasurer. These amounts will be entered into the FY13 Budget spreadsheet. The FC would like to review a few of these items with the Treasurer when possible.

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Quick discussion to note that for purposes of clarity, the Finance Committee would like to ensure that the revenue budget is included in the annual report.

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General discussion in regard to budget

It was noted that, in general, a town's stabilization account should be between 3-5% of the town's operating expense (i.e. between \$110,000 and \$180,000). The Town of Wales' stabilization account is much smaller than this amount. This is common practice in many towns across the commonwealth.

We also discussed that Free Cash, as certified by the state in November each year, is an extremely variable number as it can change quite significantly from year to year. Therefore, most towns do not use Free Cash to cover regular annual expenses, but rather to cover one-time expenses and to make contributions to the towns Stabilization accounts for future capital purchases. The Finance Committee would like to assist in bringing the Town of Wales' use of Free Cash in line with the methods suggested by the Mass DOR.

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Other Post Employment Benefits (OPEB) – It should be noted that other surrounding towns (mostly our larger neighbors) have started setting aside funds for OPEB expenses. Some of these expenses are related to the upcoming Health Care legislation set to go into effect in 2014. The Finance Committee will be monitoring this legislation to determine how this will affect the town's expenses.

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Valerie Bernier reminded us that several years ago, a Special Purpose Stabilization Account was created in an annual town meeting for purposes of accumulating surplus funds collected by the transfer station (TS). It our understanding that any surplus funds placed in the trust fund would be used to offset deficits in following years, if any. To date, the TS has not had a surplus, however with the most recent structural changes to the TS, the Finance Committee would like to utilize the trust fund for this purpose, should a surplus occur in the next fiscal year.

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It was noted that the Highway Department outsourced the cleanup of brush on the sides of the road for approximately \$250,000. The Town of Wales will be reimbursed by the State for 75% of this expense. Approx. expense to Wales is between \$60,000 - \$70,000. It is our understanding that a loan will be pursued. The Finance Committee will be following up various departments to determine how the loan payments will be made and whether a line item will be needed for the FY13 budget.

2) Address any other business brought before us, as appropriate.

A Reserve Request was received from the Board of Selectmen to cover costs needed for the dam inspections. Total cost was \$9,300, amount encumbered from prior years was \$6,000. An additional amount of \$3,300 was needed to cover the remaining balance. Roy Lainson made a motion to approve the request for purposes of covering the cost of the dam inspections. Bonnie Jean seconded the motion. All were in favor.

Going forward, the Finance Committee would like to work together with various town departments to ensure that funds encumbered or set aside for expected future expenditures are sufficiently covered by the time the expense occurs. The FC will review other similar items at a later point.

Reserve Fund balance as of 12/8/11: **26,933.33**
(\$30,233.33 less \$3,300)

Motion to adjourn at 8:36 made by Bonnie Jean; motion seconded by Judy McKain. All were in favor. Minutes respectfully submitted by Roy Lainson.