

# Town of Wales

## Finance Committee Report for FY 2016

### OVERVIEW

FY16 will be a little more challenging than the last couple years, in which the budget increases have been fairly small. Last year, the budget amounted to a 1.5% increase over the prior year. This year we are higher, with an increase over last year of about 3.9%. The Finance Committee's goal is to take care of the financial needs of the town, to plan for the future and all the while keep the burden to taxpayers as low as possible.

The Finance Committee has continued to work with the Board of Selectmen and the Capital Planning Committee to ensure that the General Stabilization and Capital Stabilization accounts remain properly funded. We continue to believe in using these accounts so the town can avoid loans and bonds for vehicle and equipment purchases. The Finance Committee approved of the purchase of 5 Main Street and we look forward to seeing good things happen with the property; however that expense did decrease our stabilization accounts by \$110,000. We hope to replenish these accounts in the next few years.

### FY16 DETAILED BUDGET REMARKS

On January 1, 2015, the **minimum wage** was increased to \$9/hour. On January 1, 2016 and again on January 1, 2017, the minimum wage will be increased again by a \$1/hr in each year until it reaches \$11/hour. Largely in part of this increase, we have decided to provide for a 2.0% increase to both wage and salary line items.

For many years, the Wales budget has relied to some measure on **School Choice funds** coming back to the help lower the town operating budget. Working with the Elementary School last year, we agreed to gradually lower this amount to zero so that these funds could be used by the school to help fund unexpected or emergency repair items, similar to the way the town uses the Norcross fund. This year, the roof over the gymnasium has been leaking and it needs to be repaired quickly. This expense will be about \$25,000 - \$30,000. To account for this expense, you may notice that the School Choice line item under the school budget has been decreased from \$35,000 down to \$10,000 which accounts for a \$25,000 increase to our budget this year.

The Wales FD brought an important item to our attention and that is that it is customary for most towns in Massachusetts to provide an hourly wage to firefighters on duty and also while performing training exercises. While most of our neighbors provide a wage to firefighters, Wales does not and so we are at a disadvantage when it comes to retaining firefighters in Wales. The requested increase was for \$25,000 in FY16. However, we have agreed to phase in this expense for **FD Members Wages** and begin this year at \$12,500 over last year and we will review again in FY17.

Over the years, the Wales Police Department has funded the training of our officers out of the Salary expense line item. For this year and next year, we have broken out these expenses and added an additional \$2,000 for **Wales PD Training**. This will allow the Salary expense line item to be used more for actual hours on duty in addition to allowing our officers to receive the required training.

The Finance Committee approved \$3,120 for the purpose of providing a **Highway Department Clerk**, which will be sufficient for 5 hrs per week. Additionally, the **Vehicle Repair** line item was increased by \$2,000.

The Senior Center has had a paid Cook for many years. Over these years, we have had the good fortune of paying for this service using a grant. Unfortunately, the town is no longer eligible for this grant and so the town is picking up the expense in order to maintain a **Senior Center Cook** and funding it at \$6,000. **Senior Center Expenses** also increased by \$1,200 to account for software licensing and a new elevator licensing requirement.

As we all know, the Winter of 2014/2015 was extremely long and we set plenty of snowfall records. As of March, this year's **Snow & Ice deficit** amounted to just under \$70,000. Deficit spending is normal for this account; however this year's expense is higher than we've had in a very long time. As much as is possible, we will attempt to cover this expense with any unused FY15 funds, however we have planned for the amount to be covered in FY16 should FY15 amounts be insufficient.

The **Snow and Ice** account is unique in that it is the only account allowed by state law to go into deficit. Additionally, it is also unique in that the town may not decrease the amount budgeted toward this account from year to year. It can only go up, but never down. This is an exercise of balancing the fact that we do not want to create too much of a deficit at year-end, but we also do not want to raise the budgeted amount too high as it can never go lower. As with most expenses, these deficits are ever increasing and so we are increasing the budgeted amount by \$10,000 for this account in order to keep our year-end deficits to a minimum.

Every 3 years, the Board of Assessors is required by state law to perform a full revaluation of properties in town. Additionally, every 10 years, the Board of Assessors is also required to complete a **10-Year Cyclical Revaluation**. This expense costs \$8,000, however it will be funded at \$4,000 in FY16 and again in FY17.

The Finance Committee would like to thank each of the Departments, Boards, Committees and School officials who helped shape the FY16 Budget over the last few months. We would also like thank the residents of Wales for your continued support.

Finally, **Howard Whyte** will be stepping down this year from the Finance Committee due to other obligations. We'd like to publicly thank him very much for his continual service over the last three years. This means we will be looking for at least one new member to join us and can have up to two new members as allowed by our bylaws. If you feel that you'd like to serve the Town of Wales in this way, please send a letter of interest to the Board of Selectmen or stop by during one of our meetings.

Very truly yours,

**The Wales Finance Committee**

Roy Lainson, Chairman

Valerie Bernier, Member

Howard Whyte, Secretary

Bill Darnley, Member