

Town of Wales

Finance Committee Report

Fiscal Year 2018 (July 1, 2017 – June 30, 2018)

OVERVIEW

Fiscal Year 2018 represents a slightly above average year in terms of expected revenue and expenses. We have two significant changes in regard to the school system which have a large impact on the budget. These changes, amongst others, will be outlined below and can be seen on the Budget Detail and the Budget Outline. Last year our budget increased by 1.29%, this year it will increase by 3.6%.

Our **Certified Free Cash** available for this year is higher than in previous years, coming in at \$190,884. As usual, we continue to advocate that these funds be used for one-time items that can't be budgeted year to year, as is recommended by the Department of Revenue. Please reference the Summary of Free Cash Usage chart on the Budget Outline to see where these funds have been allocated.

In last year's Annual Town Meeting, the town approved the purchase of a new **Tanker for the Fire Department** which included taking out a 3-year loan for \$102,000. This year, the Finance Committee is recommending that \$102,000 of Certified Free Cash be used to pay the remaining principal on the Tanker loan. The payoff of the Tanker loan will take the Town of Wales back into a debt-free position.

FY16 marked the last year of payments on the **Tantasqua School Bond**. Per the Bond schedule, the Town of Wales is set to receive annual bond refunds through FY21. Last year, Wales received a \$680 refund and this year the Town is set to receive approximately \$17,748.

In November 2016, the **Highway Department Backhoe-Loader** suffered catastrophic damage to the boom and was in need of immediate replacement prior to the impending winter season. Working with the Board of Selectmen, the Finance Committee proposed a 5-Year Lease-to-Purchase plan for a new backhoe-loader costing \$116,900. The plan included immediate funds down of \$30,000 with the balance being paid in 5 annual payments of approximately \$18,900 coming out of Chapter 90 funds. Chapter 90 funds are provided by the State for the purpose of maintaining Town roads; these on-going payments do not represent an increase to the budget.

This past October, the Finance Committee sent a letter to the **Capital Improvement Committee** offering to assist with the capital planning process in any way possible, including an offer for the Finance Committee to absorb Capital Planning responsibilities into the Finance Committee.

Hearing no response, we assumed that no help was requested. However, the Finance Committee stands ready to assist the capital planning process in any way possible.

The Finance Committee continues to work with the Board of Selectmen 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.

FY18 DETAILED BUDGET REMARKS

The **Wales Elementary School** Budget increased by \$56,392 and **Tantasqua** increased by \$35,749 for a total school increase this year of \$92,141. Salary increases are the main driver of these increases. Additionally, Governor Baker proposed changes to the **Charter school** system which impacts the funding and assessments the Town receives. As a net effect, the Town has an additional expense of about \$46,000. It should be noted that this is a new process and this number may change before the final state budget is finalized.

Central Procurement includes utility expense for town buildings. This account has requested and received an additional \$5,000 from the Reserve Fund for the last two years and so we thought it appropriate to increase this account by \$3,000 this year and to possibly review again in FY19 if overages persist.

The Fire Department has 32 firefighters and each firefighter has their own **Turnout Gear** costing about \$2,300. The Finance Committee has created a new line item to fund 3 new sets every year which will, over time, help to keep turnout gear up to date. So this year, the FD budget was increased by \$6,900 for this purpose.

The **BOS IT Expenses** account has an increase of \$6,175 for the purpose of maintaining the Town website. Previously, website services were provided by a volunteer.

The Finance Committee voted to change the **Library funding method** this year and going forward. In the past, we have worked backwards from the Minimum Funding Amount required by the State, figured the salary amounts, and then lastly funded the expense account with the remaining funds. Rather than break out funding into multiple line items, we will instead fund ONE account for the full required amount. We feel that this approach is appropriate only for the Library as the minimum budget requirements are mandated by the State and the Library has additional budget certification requirements not required of other departments

The Board of Selectman approved a request to create a new **Senior Center Van Driver**. The new position is for \$8,300/year, which would allow for roughly 15 hours per week at minimum wage.

The Finance Committee approved the **Highway Department** request that we create a new Commissioner Allowance account for Boots, Tools & Clothing Allowances. This new line will be funded at \$500/year.

The Finance Committee recognizes all the hard and sometimes under-appreciated work that Town employees provide to residents. So beginning in July of this year, the Finance Committee is recommending a three percent increase to all **salary and wage employees**. We hope this increase helps to express our gratitude for everything that you do on the Town's behalf.

The Finance Committee would like to thank each of the Departments, Boards, Committees and School officials who helped shape the FY18 Budget over the last few months. We would also like thank the residents of Wales for your continued support.

Finally, we would like to thank **Bryan Darling** for his work on the Finance Committee over the last year; unfortunately he needed to step down due to other obligations. Also, **Valerie Bernier** has also resigned as she will be our new Town Accountant! The Finance Committee would like thank her for all her valuable experience over the last few years. If you feel that you'd like to serve the Town of Wales in this way, the Finance Committee has open positions available. 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

Bill Darnley, Member

Kimberly Jorge, Secretary

Bryan Darling, Member