

**BELMONT WARRANT COMMITTEE MEETING MINUTES
FINAL**

2016 DEC 27 AM 9:30

**NOVEMBER 16, 2016, 7:30 P.M.
CHENERY COMMUNITY ROOM**

Present: Chair Epstein; Members Alcock, Dash, Crowley, Gammill, Helgen, Libenson, Lisanke, McLaughlin, Schreiber; Selectman Baghdady

Town Administrator Kale

Members Absent: Fallon, Lubien, Mennis, School Committee Chair Fiore

The meeting was called to order at 7:34 pm by Chair Epstein.

Chair Epstein began by noting that there may be audience members and they will be given a chance to speak. He reminded the WC that only one person should speak at a time, with that person being recognized by the Chair. He also reminded WC members to speak into the microphones whenever possible.

The WC may need to only meet one more time this year; that date will be sorted out soon.

Chair Epstein then turned to the first item on the agenda.

Approval of Minutes

The minutes of 10/5/16 were approved with two abstentions.

The minutes of 10/17/16 were approved with two abstentions.

***Q1 Report: Review Financial Results from Town and School
(FY16 final numbers and FY17 Q1)***

Town

Mr. Kale began with a summary of the FY16 Revenues. He noted that the books have been closed on FY16 and free cash certification has begun. A recap sheet for the Department of Revenue (DOR) is being filled out. He briefly explained the process with regard to local receipts. He noted that there will be some amendments to the five-year projection, e.g., pension, new growth, Minuteman.

Concerning revenues (for FY16), he began with property taxes and noted that 100% of property taxes are not collected in the fiscal year billed. He reviewed motor vehicle excise tax, meals tax, penalties and interest, PILOT payments, and ambulance receipts. He also reviewed Town Clerk and Treasurer fees as well as fire alarm and rental fees (for

the Beech Street Center and Town Hall). The Cemetery fees were down and the expected revenue may need to be adjusted down as part of the recap process. The pool revenue was robust this year as memberships went up significantly. A portion of pool revenue may be put in a stabilization fund to help with future maintenance costs. This is done with ambulance receipts as well.

Mr. Kale reviewed that Zip car revenue is down, while Building Permits were above budget. Cushing Village will positively impact the FY17 permit number. Electrical permits were up as a result of the solar panels. Fines and forfeits were on target and the Earnings on Investments (EOI) came in higher than expected.

Concerning the total receipts, the town brought in \$1,298,126 more than expected.

Mr. Kale then reviewed free cash – both what was spent (modular units, a transfer to the General Stabilization Fund, etc.) and what will be replenished from excess revenues.

Mr. Kale next reviewed the FY16 expenditures. He referred to some “under expenditure” areas – where the town spent less than what was anticipated, e.g., the WC Reserve Fund, Legal Expenses, some salary as well as departmental savings. He also reviewed savings in the debt service budget, the unemployment compensation, and liability/insurance policies. The under expenditure amount is \$1.6M. This will also go toward replenishing free cash.

FY17 Q1

Mr. Kale began by noting that Q1 does not identify much in the way of meaningful data. The revenues are often not collected until Spring. Nevertheless, he reviewed some revenue areas, noting that they will be tracked each month. The big-ticket expenditure items are salaries, snow/ice expenses, and public safety retirements/overtime pay, etc.

Mr. Kale then reviewed the Revolving Accounts. The Senior programs (COA) is the largest Revolving Account. He then reviewed the following Revolving accounts: Recreation Department, Art Gallery, Rock Meadow, Library (lost books/copy machine), Storm Water, Belmont Against Racism, etc. Chair Epstein asked what procedures are followed if the fund balance grows beyond the annual expenditure limits.

School

Member Gammill reviewed the final results for the FY16 school accounts. He noted that the School Department expressed gratitude for the override funds. He noted that, in contrast to the Town accounts, the School Department receives significant funds from state and federal grants, which are accounted for separately from the General Fund accounts, and that a full picture of school spending includes both types of accounts. He noted that FY16 was the first year in three years that the School Department did not request a transfer from the Warrant Committee reserves. He discussed the compensation accounts, which ended with surpluses, and he explained that this is usually the case, as

the budget does not attempt to forecast the savings achieved through staff turnover. He discussed the deficit in the SPED tuition account of about \$694,000, and noted that the school administration officials had identified this shortfall early in FY16. Nevertheless, the administration was able to fund this SPED deficit internally, and was also able to significantly restock supplies throughout the schools.

Member Gammill then discussed the grants, noting that the FY16 budget used conservative (i.e., low) estimates of grants to be received, and the actual amount of grants received was higher than budgeted, particularly in the state's "circuit breaker" grant program, which partially reimburses the town for out-of-district SPED tuitions. Because there were sufficient funds in the General Fund accounts, not all of the circuit breaker grants received in FY16 were spent in FY16, and thus there is a surplus of about \$324,000 in the circuit breaker account, which can be carried over to FY17.

Member Gammill noted that, when looking ahead at the FY17 budget, there do not appear to be any big surprises on the horizon. The School Committee's Finance Subcommittee will meet soon to look at SPED expenses and to discuss issues regarding the funding of the full day Kindergarten program.

Reflections: Joint Meeting with the Retirement Board (RB)

Chair Epstein noted that the RB will file its pension funding plan by the end of the month (11/28/16). The Board of Selectmen put forth a recommendation (for the RB's consideration) on Monday of this week. That recommendation will be reviewed and possibly voted on tonight. Chair Epstein read the motion put forth by the BOS:

- "That the Retirement Board *consider* a funding schedule which includes these four points:
1. utilize a 7.50% ROI (return on investment)
 2. update the mortality assumptions
 3. fund years 2018 and 2019 at the current funding schedules using the valuation assumptions from the 2014 actuarial report: \$9,014,711 for 2018, and \$9,643,193 for 2019
 4. extend the funding schedule to 2030"

Chair Epstein then reviewed the other potential funding schedules that the RB is considering on schedules they distributed, e.g., 1(A), 1(B), etc. He noted that extending the funding schedule entails costs (much like extending a mortgage). He briefly discussed funding schedule 1(E), noting that "smoothing out" the final payment should bring down the growth rate of expenditure somewhat. He noted that the 7.5% ROI is only an average to be achieved over the payment horizon, with good years needed to balance out years with lower investment returns. He stated that he believes the BOS recommendation is a good one.

Chair Epstein briefly discussed the option put forth by Selectman Williams concerning the role of the Enterprise Funds in helping to cover amortization of the pension

obligation.

The WC briefly discussed the various funding schedules, particularly the motion put forth by the BOS. Member Libenson asked about the 2018, 2019 funding contributions. Member Gammill noted that only the FY18 and FY19 contributions are the binding parts of the RB's decision this month, and that the town should consider how the rating agencies will view changes to the longer-term funding schedule, considering that the town will likely issue debt within a few years for the BHS project. He said he is comfortable with the RB coming up with the appropriate funding schedule without input from the Warrant Committee. He said he appreciated that the Selectmen made it clear what level of funding in FY18 and FY19 they prefer, and he also supports funding at those amounts.

Member Crowley noted that a WC vote is advisory in nature; it is important for the WC to take a vote as part of its role in advising Town Meeting. He added that he would not like to wait two years to revisit the Enterprise Funds issue. Member Libenson added that TM requested the WC to take a leadership role on this issue and the recently released pension report resulted. This (pension funding) will have a huge impact on the town's overall fiscal outlook. He said he applauds the Board's efforts (with regard to the motion above) and that the WC has an obligation to provide insight.

Chair Epstein agreed that it is entirely appropriate for the WC to opine on this.

Member Dash moved: To support the recommendation to the RB as put forth by the Board, points 1, 2, 3, 4.

The motion passed with 11 in favor, 0 opposed, 1 abstained.

Updates: Board of Selectmen, School Committee and Minuteman

There were no updates.

Adjournment

Member McLaughlin moved to adjourn at 9:29 p.m.

Submitted by Lisa Gibalerio
WC Recording Secretary