



Town of Reading Meeting Posting with Agenda

Board - Committee - Commission - Council:

Finance Committee

Date: 2022-02-16

Time: 7:00 PM

Building: Reading Town Hall

Location: Conference Room

Address: 16 Lowell Street

Agenda:

Purpose: General Business

Meeting Called By: Jacquelyn LaVerde on behalf of Chair Ed Ross

Notices and agendas are to be posted 48 hours in advance of the meetings excluding Saturdays, Sundays and Legal Holidays. Please keep in mind the Town Clerk's hours of operation and make necessary arrangements to be sure your posting is made in an adequate amount of time. A listing of topics that the chair reasonably anticipates will be discussed at the meeting must be on the agenda.

All Meeting Postings must be submitted in typed format; handwritten notices will not be accepted.

Topics of Discussion:

This meeting will be held in-person in the Town Hall Conference Room and remotely via Zoom. It will also be broadcast on RCTV as usual:

Join Zoom Meeting

<https://us06web.zoom.us/j/81498697598>

Meeting ID: 814 9869 7598

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Find your local number: <https://us06web.zoom.us/u/kc8hng2LBI>

AGENDA:

- Liaison Reports
- Update on ARPA Subcommittee
- Vote to dissolve FINCOM ARPA Subcommittee
- Vote to appoint ex-officio FINCOM members to Select Board Reading ARPA Advisory Committee (RAAC)
- Discuss new FINCOM website page and give guidance to staff
- Authorize Jeanne and Marianne to work with staff on website details
- Discuss FINCOM email procedure
- Review of free cash projections
- Appreciation of Town Manager
- Approve meeting minutes
 - January 13, 2022

This Agenda has been prepared in advance and represents a listing of topics that the chair reasonably anticipates will be discussed at the meeting. However the agenda does not necessarily include all matters which may be taken up at this meeting.

DRAFT LANGUAGE — TOWN OF READING WEBSITE FOR DISCUSSION PURPOSES ONLY

Finance Committee

Town Meeting is the legislative body responsible for appropriating money to fund all Town and School expenses. The Finance Committee (commonly known as Fincom) is the principal financial advisor to Town Meeting. The Finance Committee is not a decision-making body; rather it is a deliberative and advisory committee. The Finance Committee has all the powers and duties granted to Finance Committees under the laws of the Commonwealth of Massachusetts, Town Charter and Bylaws, Town Meeting vote, and all other applicable laws.

The responsibilities of the Finance Committee include:

- Establishing budget guidance each year for the Town Manager and the School Committee
- Ensuring budget guidance adheres to Finance Committee policies
- Reporting approval or disapproval on all articles which involve the expenditure of funds in the Town Meeting Warrant
- Recommending a balanced budget at Spring town meeting per State Law (this means projected expenses must not exceed projected revenues)
- Overseeing the Town's appropriated Reserve Fund, voting to disburse money from this fund, upon the request of the Town Manager, when emergency, unforeseen, or extraordinary expenses occur
- Investigating the books, accounts, records, and management of any office, Board, or Committee in town

These responsibilities are carried out with the objective of providing sound and comprehensive advice to Town Meeting that promotes, maintains and strengthens the long-term financial health of the town within a level of property taxation that is sustainable and supportable by the residents of Reading.

The Finance Committee is made up of 9 members who are appointed and serve in accordance with Section 2.12.1 of the Town of Reading Home Rule Charter. Finance Committee members serve staggered three-year terms. No Finance Committee Member can serve for more than three (3) consecutive three-year terms. Finance Committee members are appointed by majority vote of an Appointment Committee made up of the Town Moderator, the Chair of the Select Board, and the Chair of the Finance Committee. Finance Committee members cannot be town employees and cannot be members of any other standing committee. However, Finance Committee members are allowed to be on Town Meeting.

Staff assistance is provided to the Finance Committee by the Town Manager, Town Finance Director, and others. The Town Finance Director provides direct staff support to the Finance Committee and attends its meetings. Members of the Finance Committee observe other Town boards and committees' public meetings to assist the Committee's understanding of current and emerging financial matters before the Town.

A Typical Fiscal Year for the Finance Committee

The Municipal Fiscal Year Runs from July 1 – June 30. Here's how a typical year looks for the Finance Committee.

July – August: Quiet Season

- The fiscal year begins on July 1.
- This is the quietest time of year for Fincom. There are typically few, if any, meetings.

September – October: Financial Projections and Guidance

- Fincom meets regularly in the fall to begin planning the following fiscal year's budget.
- Municipal Finance staff provide a minimum three-year financial projection to facilitate longer term financial planning.
- Fincom typically hosts at least one Financial Forum in the fall, bringing together the Select Board and School Committee in an Open Meeting. Municipal Finance Staff and Fincom share financial projections.
- Fincom provides input on how much, if any, free cash to use to stabilize the operating budget.
- Fincom provides budget guidance to the Town Manager and School Department.
- Fincom reviews all Subsequent Town Meeting Warrant Articles and provides a recommendation of approval or disapproval on all articles which involve the expenditure of funds.

November: Subsequent Town Meeting

- Fincom attends Subsequent Town Meeting and reports their recommendations on all articles which involve the expenditure of funds.

December – January: Presentations and Public Input

- From December through February 1st, the Town Manager, Superintendent of Schools, Town and School Staff, and Elected Boards hold public open meetings to discuss their budgets and work out any outstanding issues.

February: The Town Manager Prepares a Balanced Budget

- Per the Town Charter, The School Committee must present a budget to the Town Manager by February 1.
- Per the Town Charter, The Town Manager must present a balanced budget to Fincom by March 1. This budget includes line-item budgets for all municipal departments and an overall allocation for the Reading Public Schools.

March: Fincom Budget Recommendation to Annual Town Meeting

- Beginning in March, or late February if possible, Fincom reviews the Town Manager's Proposed Budget in a series of public Open Meetings.
- Per State Law, Fincom must vote a balanced budget in advance of Annual Town Meeting.
- Fincom reviews all Town Meeting Warrant Articles and provides a recommendation of approval or disapproval on all articles which involve the expenditure of funds.

April: Annual Town Meeting

- Fincom attends the Annual Town Meeting and reports their recommendations on all articles which involve the expenditure of funds.

May – June: Wrapping up the Fiscal Year

- Fincom reorganizes, electing a new Chair and Vice Chair.
- Meetings might focus on wrapping up any special projects or looking ahead of special projects Fincom might want to take up in the following fiscal year.
- The Fiscal Year ends on June 30.

DRAFT DOCUMENT – FOR DISCUSSION PURPOSES ONLY

TOWN OF READING, MA FINCOM WEBSITE PAGE

Landing page

- * Description of Finance Committee (Fincom)
- * Typical Fiscal Year for Fincom
- * Current Fincom Members and terms

Menu

Mission Statement

Current Fiscal Year Meeting Schedule

Current Fiscal Year Budget Calendar (Add)

Budgets – current and previous years

Liaisons

Fincom Policies (Cash Reserve, Debt/Capital, and OPEB policies as sub-headings under this)

Peer Community Benchmarking Guidelines

Minutes

Agendas

Packets and Presentations (including budget presentation to Town Meeting)

Archive:

Financial Forum Brainstorming from 2010 and 2014

Remove:

Town Manager and Finance Department Links (duplicative - exist in other places on the town website)

Possible for the Future:

Town Finances at a Glance (use spending scorecard?)

Procedures:

- Add “update website” to every fincom agenda moving forward to give staff guidance
- Add “review and update website” to annual fincom calendar (summer) to archive outdated information

Town of Reading, Massachusetts
Analysis of Changes in Certified "Free Cash"
Baseline Projection

| | Fiscal Year <u>2021</u> | Projected Fiscal Year <u>2022</u> | Projected Fiscal Year <u>2023</u> | Projected Fiscal Year <u>2024</u> | Projected Fiscal Year <u>2025</u> | Projected Fiscal Year <u>2026</u> | Projected Fiscal Year <u>2027</u> |
|--|----------------------------|---|---|---|---|---|---|
| Certified "free cash" beginning of year | 14,793,345 | 17,730,185 | 16,205,132 | 15,105,132 | 14,005,132 | 12,905,132 | 11,555,132 |
| Favorable variance from operations in fiscal year | 6,186,840 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 1,750,000 | 1,500,000 |
| Town meeting votes reducing "free cash" for: | | | | | | | |
| Current year (Oct TM) | | -450,000 | | | | | |
| Current year (Nov TM) | | -52 | | | | | |
| Current year (Dec STM) | | | | | | | |
| Current year (Jan TM) | | | | | | | |
| Current year (Feb TM) or Smart growth | | | | | | | |
| Current year (April TM) | | | | | | | |
| Subsequent years budget | -2,950,000 | -2,750,000 | -2,750,000 | -2,750,000 | -2,750,000 | -2,750,000 | -2,750,000 |
| Subsequent year (from overlay surplus) | -300,000 | -325,000 | -350,000 | -350,000 | -350,000 | -350,000 | -350,000 |
| Certified "free cash" end of year | 17,730,185 | 16,205,132 | 15,105,132 | 14,005,132 | 12,905,132 | 11,555,132 | 9,955,132 |
| Stabilization Balance | 1,711,121 | 1,715,228 | 1,719,344 | 1,723,471 | 1,727,607 | 1,731,753 | 1,735,910 |
| FINCOM Reserves | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Total Projected Reserves | 19,641,306 | 18,120,360 | 17,024,477 | 15,928,603 | 14,832,740 | 13,486,886 | 11,891,042 |
| Projection Revenues (3% increase assumed) | 103,745,140 | 108,313,986 | 115,534,537 | 118,166,410 | 121,711,402 | 125,362,744 | 129,123,627 |
| 7% Reserve Limit (Projected Revenues * .07) | 7,262,160 | 7,581,979 | 8,087,418 | 8,271,649 | 8,519,798 | 8,775,392 | 9,038,654 |
| Excess Reserves over 7% Limit | 12,379,146 | 10,538,381 | 8,937,059 | 7,656,954 | 6,312,941 | 4,711,494 | 2,852,388 |
| Free Cash/Overlay Surplus Used | 3,250,000 | 3,075,052 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 |
| Favorable variance from operations | 6,186,840 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 | 1,750,000 | 1,500,000 |
| Certified "free cash" end of year | 17,730,185 | 16,205,132 | 15,105,132 | 14,005,132 | 12,905,132 | 11,555,132 | 9,955,132 |

Town of Reading, Massachusetts
Analysis of Changes in Certified "Free Cash"
Baseline Projection

| | Projected Fiscal Year 2028 | Projected Fiscal Year 2029 | Projected Fiscal Year 2030 | Projected Fiscal Year 2031 |
|--|---|---|---|---|
| Certified "free cash" beginning of year | 9,955,132 | 8,355,132 | 6,755,132 | 5,155,132 |
| Favorable variance from operations in fiscal year | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Town meeting votes reducing "free cash" for: | | | | |
| Current year (Oct TM) | | | | |
| Current year (Nov TM) | | | | |
| Current year (Dec STM) | | | | |
| Current year (Jan TM) | | | | |
| Current year (Feb TM) or Smart growth | | | | |
| Current year (April TM) | | | | |
| Subsequent years budget | -2,750,000 | -2,750,000 | -2,750,000 | -2,750,000 |
| Subsequent year (from overlay surplus) | -350,000 | -350,000 | -350,000 | -350,000 |
| Certified "free cash" end of year | 8,355,132 | 6,755,132 | 5,155,132 | 3,555,132 |
| Stabilization Balance | 1,740,076 | 1,744,252 | 1,748,438 | 1,752,634 |
| FINCOM Reserves | 200,000 | 200,000 | 200,000 | 200,000 |
| Total Projected Reserves | 10,295,208 | 8,699,384 | 7,103,571 | 5,507,767 |
| Projection Revenues (3% increase assumed) | 132,997,336 | 136,987,256 | 141,096,873 | 145,329,779 |
| 7% Reserve Limit (Projected Revenues * .07) | 9,309,813 | 9,589,108 | 9,876,781 | 10,173,085 |
| Excess Reserves over 7% Limit | 985,395 | -889,724 | -2,773,211 | -4,665,318 |
| Free Cash/Overlay Surplus Used | 2028 | 2029 | 2030 | 2031 |
| | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 |
| Favorable variance from operations | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Certified "free cash" end of year | 8,355,132 | 6,755,132 | 5,155,132 | 3,555,132 |



Town of Reading Meeting Minutes

Board - Committee - Commission - Council:

Finance Committee

Date: 2022-01-13

Time: 6:00 PM

Building:

Location:

Address:

Session: Open Session

Purpose: General Business

Version: Draft

Attendees: **Members - Present:**

Chair Ed Ross, Vice Chair Jeanne Borawski, Geoffrey Coram, Marianne Downing, Jackie McCarthy, Joe McDonagh, Mark Zarrow

Members - Not Present:

Eric Burkhardt, Andrew Mclauchlan

Others Present:

Town Manager Bob LeLacheur, Town Accountant Sharon Angstrom

Minutes Respectfully Submitted By: Jacquelyn LaVerde

Topics of Discussion:

This meeting was held remotely via Zoom.

Chair Ed Ross called the meeting to order at 6:01 pm.

Vote on FINCOM Reserves Transfer for COVID Expenses:

Town Accountant Sharon Angstrom asked the Finance Committee to approve a transfer of \$80,000 from the Finance Committee Reserve Fund to purchase a pallet of COVID home test kits, which are hard to come by right now. The tests will be distributed for free to residents. ARPA would be a good source of funding, but the Select Board has not met yet to discuss the use of the funds. Ms. Angstrom will be appearing at the February 1st Select Board meeting and will ask them to put funds toward the emergency piece of ARPA.

Mr. LeLacheur stated that he and Health Director Ade Solarin had found \$9,000 and made a smaller order at a higher price per unit. Those tests were expected to be delayed, but arrived today. The tests will be for the public at large, and will likely be distributed at a drive-up event, and a certain number of tests will be allocated per car.

Mr. LeLacheur and Ms. Angstrom explained that the Reserve Fund could be replenished with ARPA funds, or at Town Meeting.

On a motion by Ms. Borawski, and seconded by Ms. Downing, the Finance Committee voted 7-0-0 to approve the transfer of \$80,000 from the Finance Committee reserve fund to purchase COVID home test kits.

Roll call vote: Jeanne Borawski-Yes, Marianne Downing-Yes, Geoffrey Coram-Yes, Jackie McCarthy-Yes, Joe McDonagh-Yes, Mark Zarrow-Yes, Ed Ross-Yes.

Approval of Meeting Minutes:

On a motion by Ms. Borawski, and seconded by Mr. Coram, the Finance Committee voted 6-0-1 to approve the meeting minutes of December 1, 2021 as presented, with Mr. McDonagh abstaining as he was not present at that meeting.

Roll call vote: Geoffrey Coram-Yes, Jeanne Borawski-Yes, Marianne Downing-Yes, Jackie McCarthy-Yes, Joe McDonagh-Abstain, Mark Zarrow-Yes, Ed Ross-Yes.

General Discussion:

Mr. Coram asked if the timeline was still on track for the ARPA Subcommittee. Mr. Ross explained that the proposed timeline was ambitious, and the Select Board still has to assign their members at their meeting next week. Mr. LeLacheur noted that the Town Treasurer borrowed \$2 million for the water tank and will need to know by September whether to roll that debt over or pay it down, so a decision from the ARPA subcommittee before then will be helpful.

Following a brief discussion regarding a decision on Free Cash, Mr. Ross stated that he will follow up with the Select Board after their meeting next week, and will ask the Finance Committee members their availability on February 9th or 16th for a meeting to include a discussion on free cash and the stabilization fund.

On a motion by Ms. Borawski, and seconded by Ms. Downing, the Finance Committee voted 7-0-0 to adjourn at 6:41 pm.

Roll call vote: Marianne Downing-Yes, Jackie McCarthy-Yes, Jeanne Borawski-Yes, Geoffrey Coram-Yes, Joe McDonagh-Yes, Mark Zarrow-Yes, Ed Ross-Yes.