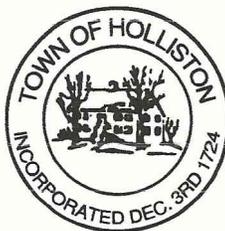


**HOLLISTON FINANCE COMMITTEE
MEETING MINUTES
December 16, 2014**

The Committee convened in Room 105 at Town Hall at 7:03 PM. Present from the Committee were Chairman Ken Szajda, Charlie Kaslow, Bill Dowd, Beth Liberty and Brendan Shea. Vice Chairperson Michelle Zeamer and Dan Alfred, were absent.

1. Minutes – Moved by Bill Dowd, Seconded by Brendan Shea to approve the minutes of the meeting on December 9, 2014 as revised by Ken Szajda’s correction to the amount of the Keefe Tech budget in the model to \$800,000. Charlie Kaslow expressed his objection to the minutes referring to a Vice Chairperson, a position that is not mentioned in the By-Law. Ken indicated the Committee has had a Vice Chairperson for many years, and believes it is within the Committee’s discretion to have such a position. Four in favor, one opposed (Kaslow), no abstentions, the motion carried.
2. FY16 Budget Planning – Several documents had been circulated to the Committee by Ken Szajda just prior to the meeting.
 - a. Guidance Memo (Attachment I) – Following a discussion during which several changes were made to the draft, Moved by Beth Liberty, Seconded by Brendan Shea to adopt the revised document and circulate it to all boards, committee’s and department heads. Four in favor, one opposed (Dowd), no abstentions, the motion carried.
 - b. Budget Review Schedule (Attachment II) – Following a discussion during which concerns were expressed about being able to regular budget review and Capital review at the same meeting, the consensus of the Committee was to proceed with the Schedule as drafted.
 - c. Liaison Assignments (Attachment III) – Following a conversation during which the Highway and Water were combined into a DPW, the Flagg-Cole Reuse Committee was deleted since it no longer exists, and Brendan Shea was added as the liaison to the Andrews School topic, the consensus of the Committee was to proceed as revised.
 - d. Budget Worksheet – The most recent version of the budget worksheet was reviewed reflecting updates to the Tax Levy, New Growth and State Charges
3. Financial Policies – Reserve Fund - The Committee reviewed the draft policy (Attachment IV) and a table showing the history of the fund since 2000. Following a discussion, Moved by Brendan Shea, Seconded by Beth Liberty to adopt the Reserve Fund policy as drafted. Five in favor, none opposed, no abstentions, the motion carried.
4. Next Meetings – The Committee agreed to meet on December 23, 2014 and, among other topics, take up the Stabilization Fund policy.
5. Adjournment – At 8:07 PM moved by Brendan Shea, Seconded by Charlie Kaslow to adjourn the meeting. Five in favor, none opposed, no abstentions, the meeting was adjourned.

Approved _____ 1/13/15 _____



FINANCE COMMITTEE FY16 BUDGET GUIDANCE

As always, the Finance Committee continues to monitor the macroeconomic picture and its impact to the town. The Finance Committee has been analyzing revenue and expense trends over the last several fiscal years and continues to work towards long-term financial stability for the town. For FY16, the Committee expects the Town's total revenue to increase slightly from current FY15, largely due to an expectation that local aid will remain nearly flat, as it has for many years. Expenses continue to climb, primarily due to increases in employee benefit costs. However, as a result of tight fiscal management over the past several years the Finance Committee believes that limited budget increases will be possible in FY16.

Unlike previous years, however, the Committee is asking that budgets be prepared differently: We would like to see a 'baseline' FY16 budget that consists of the FY15 budget with **only** any known contractual obligations or salary increases included. With that budget we would also like to see how each department would meet a 1.5% guideline increase from that baseline. Note that this may involve either budget cutting or budget expansion: If the 'baseline' budget as described requires more than 1.5% over the FY15 budget, then a prioritized 'cut list' should be prepared. If the 'baseline' budget is less than 1.5% over the FY15 budget then a prioritized list of budget additions should be prepared. In formulating budget recommendations the Finance Committee will consider both the wage component and the additional changes that get to 1.5%.

Along with this guidance, the Finance Committee has several recommendations for preparation of FY16 budgets:

1. In formulating budgets, departments should assume, per the Town Administrator, that the Personnel By-law Section 30, Job Compensation Plan, Part I, Schedule B, Hourly Rate Table that will take effect on July 1, 2015 will reflect a 1% increase from the current rate table.
2. The Finance Committee expects that all budgets will reflect appropriate non-wage funding; the Committee will not approve budgets that reduce non-wage funding below acceptable levels. In other words, cut lists should not create budget lines that are not realistic.
3. As stated in previous years, unless the local aid picture changes, it is likely that departments may see a similar funding scenario for the next several years. Budgets should be prepared with this in mind. Current Finance Committee budget planning expects a 1.5% guideline through FY18.
4. As always, the budget guidance is subject to change in the event that economic factors and assumptions change.

FINANCE COMMITTEE FY16 BUDGET GUIDANCE

In addition, the Finance Committee will be using the following procedures for reviews this year:

1. All budgets must be prepared and forwarded to the committee at least one week in advance of the scheduled review; PDF copies of budget materials should be emailed to the Finance Committee (fincom@hollistonfincom.com) as soon as they are available. The Committee will continue to use a budget template spreadsheet for reviews rather than using the output from MUNIS. Template spreadsheets for each department can be obtained from the Town Administrator. Please insure that 10 copies of any handouts are brought to your budget review.
2. All budgets should be entered into the MUNIS system prior to the meeting date with the Finance Committee. The Finance Committee hopes to have direct access to MUNIS during meetings so it is important that budget requests are in the system in advance of the meeting date.
3. For departments that are governed by an oversight board, the committee will not review budgets that have not been approved by a formal vote of the board prior to presentation to the committee. Along with this memo is the Finance Committee budget review schedule. Oversight boards should insure that they take up their budget at one of their meetings at least a week in advance of their scheduled budget reviews. For some departments that are early in the schedule this requires proper advance planning.
4. Departments are urged to begin their budget development as soon as possible. Given the number of budgets and the amount of material that must be reviewed by the Finance Committee, it will be important that reviews stay on schedule. Date changes will be considered only if absolutely necessary.
5. Also attached to this memo is a liaison list for FY16 budget reviews. If you have any questions about budget preparation, contact the appropriate liaison in advance of the scheduled budget review.

The Finance Committee understands that this budget guideline may still present difficulties to some departments. The Committee will work cooperatively with departments to minimize those negative impacts where possible.

Each year the Finance Committee carefully reviews over 40 budgets of various departments that make up the Town of Holliston's governmental structure. Our statutory role is one of "advise and consent," and therefore it is important that we understand the financial workings of each department. When presenting to the Committee, please remember that any questions we ask or suggestions we make are part of our effort to better execute our fiduciary responsibility.

In an effort to streamline the review process, the Finance Committee respectfully asks each department head to prepare the following additional information for discussion:

- Short- and long term goals that each department would like to achieve and how this budget would affect the realization of those goals.

FINANCE COMMITTEE FY16 BUDGET GUIDANCE

- Replacement cost information for capital equipment. **During budget reviews this year we will be discussing capital inventory and capital planning.** As in prior years, capital recommendations will be made for the fall town meeting after all operating budgets have been reviewed.
- Revenue streams (including outside sources of funding such as grants), along with a breakdown of those revenues and where those revenues end up (revolving fund, general fund, etc).
- Status of current fiscal year budgets to date (spending to plan). Be prepared to explain any significant deviations from the original budget plan for FY15. Any budgets that received supplemental funding at the October 2014 STM should be prepared to discuss why or if the supplemental funding should be continued in FY16.
- Description of any open, and/or unexpended Town Meeting appropriations.
- Revolving or reserve account balances (start of year, current, and expected end of year).
- Fee structure and commensurate costs (i.e., the cost of providing the service for which the fee is charged). This applies only to departments that collect fees for service.
- A detailed description explaining how current service levels provided by your department would be affected by this guideline.
- Initiatives to improve productivity. In particular, the Finance Committee would like to look at more effective use of labor-saving technology.
- Opportunities for collaboration or job sharing with other departments.
- Opportunities for savings, if any.

Each budget presentation will be scheduled for 30 minutes (including a question and answer period). Any questions about these guidelines should be directed to either the Town Administrator or your Finance Committee liaison (see e-mail addresses below).

Ken Szajda
Michelle Zeamer
Charles Kaslow
Daniel Alfred
William Dowd
Elizabeth Liberty
Brendan Shea

ken.szajda@hollistonfincom.com
michelle.zeamer@hollistonfincom.com
charlie.kaslow@hollistonfincom.com
daniel.alfred@hollistonfincom.com
bill.dowd@hollistonfincom.com
beth.liberty@hollistonfincom.com
brendan.shea@hollistonfincom.com

FY16 BUDGET REVIEW SCHEDULE

Tuesday, January 20 Finance Committee	7:05 Town Clerk, Elections 7:35 Debt 8:05 Solid Waste, Street Lighting, Sealer, Animal Control, Motor Vehicle Fuels 8:35 Finance Committee, Reserve Fund, Snow and Ice
Tuesday, February 3 Finance Committee	7:05 Assessors 7:35 Library 8:05 Building Inspector 8:35 Veterans Benefits 8:50 Technology
Tuesday, February 10 Finance Committee	7:05 Planning Board 7:35 Board of Health 8:05 Selectmen 8:35 Zoning Board of Appeals 8:55 Public Buildings
Tuesday, February 24 Finance Committee	7:05 Town Accountant 7:35 Treasurer/Collector 8:05 Employee Benefits 8:35 Parks and Recreation
Tuesday, March 3 Finance Committee	7:05 Youth and Family Services 7:35 Auxiliary Police 8:05 Keefe Tech
Tuesday, March 10 Finance Committee	7:05 Conservation Commission 7:35 Council on Aging 8:05 Fire, Ambulance, Emergency Management
Tuesday, March 17 Finance Committee	7:05 Community Preservation Committee 7:35 Police Department 8:05 DPW
Tuesday, March 24 Finance Committee	7:05 School Department
Tuesday, March 31 Finance Committee	Deliberations / Reserved for follow-up budget reviews
Tuesday, April 7 Finance Committee	Deliberations / Reserved for follow-up budget reviews
Tuesday, April 14 Finance Committee	Deliberations / Reserved for follow-up budget reviews

May 4

Town Meeting begins

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**Liaison Assignments
FY 15**

General Government

Accountant
Assessors
Cable Television
Community Preservation Committee
Conservation Commission
Debt Service
Finance Committee
Historical Commission
Housing Trust
Planning Board
Public Buildings
Selectmen
Technology
Town Clerk
Treasurer/Collector
Zoning Board of Appeals

Culture & Recreation

Agricultural Commission
Council on Aging
Golf Course Advisory Committee
Library
Open Space Committee
Park Commission
Trails Committee
Youth Services

Pensions & Benefits

County Retirement
Health Insurance
Medicare
Sick Leave Reserve
Unemployment Insurance
Veterans' Benefits

Public Safety

Ambulance/Fire
Animal Control Officer
Auxiliary Police/Police
Board of Health
Building Inspector
Emergency Management
Sealer of Weights & Measures

Public Works

Highway
Motor Vehicle Fuels
Solid Waste/Recycling
Street Lighting
Tree Warden
Water Department

Schools

Andrews Building
Flagg Cole Reuse Committee
Keefe Tech

Finance Committee

Mr. Alfred and Mr. Shea
Mr. Szajda and Mr. Dowd
Mr. Alfred
Ms. Liberty
Ms. Liberty and Mr. Dowd
Mr. Szajda

Mr. Szajda
Mr. Szajda
Mr. Dowd and Mr. Shea
Mr. Alfred
Mr. Szajda
Mr. Alfred
Mr. Szajda and Mr. Shea
Mr. Alfred
Ms. Zeamer and Mr. Shea

Mr. Kaslow
Mr. Kaslow and Ms. Zeamer
Ms. Liberty and Mr. Shea
Ms. Liberty and Mr. Szajda
Ms. Liberty
Mr. Kaslow and Ms. Zeamer
Ms. Liberty
Mr. Szajda

Mr. Szajda and Ms. Liberty
Mr. Szajda and Ms. Zeamer
Mr. Szajda
Mr. Szajda and Mr. Dowd
Mr. Szajda and Mr. Alfred
Mr. Szajda and Mr. Kaslow

Messrs. Szajda and Kaslow
Mr. Dowd
Messrs. Szajda and Kaslow
Ms. Zeamer and Mr. Dowd
Ms. Zeamer
Messrs. Szajda and Kaslow
Mr. Dowd

Mr. Alfred and Ms. Zeamer
Ms. Zeamer
Ms. Liberty
Mr. Szajda
Mr. Szajda
Mr. Dowd and Mr. Shea

Mr. Szajda
Mr. Szajda and Ms. Zeamer

Selectmen

Mr. Leary
Mr. Leary

Mr. Conley
Mr. Marsden
Mr. Conley

Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden

Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden
Mr. Marsden

Mr. Conley
Mr. Conley
Mr. Conley
Mr. Conley
Mr. Conley
Mr. Conley

Mr. Marsden
Mr. Conley
Mr. Conley

School Department

Mr. Szajda, Ms. Zeamer and Mr. Alfred Mr. Conley

DRAFT

TOWN OF HOLLISTON FINANCIAL POLICIES

I. INTRODUCTION

The following financial policies are established by the Town of Holliston through its Board of Selectmen and Finance Committee in order to set forth the broad framework for management of the Town's finances and to inform the annual budgeting process. The intent of these financial policies is that they serve as a guide for policy makers, administrators, department heads and advisors, recognizing that Town Meeting retains full right to appropriate funds and incur debt as it deems appropriate, subject to statutory constraints.

II. RESERVE FUND

Policy: Set aside a minimum of \$200,000 and not more than .5% of the Omnibus Budget each year to provide for extraordinary or unforeseen expenditures not anticipated before Town Meeting, and/or to allow immediate expenditures of funds in the event of an emergency.

Practice: The Reserve Fund is authorized by section 6 of Chapter 40 of the General Laws (see Appendix C) and has been utilized by the Town for more than seventy-five years. The unexpended balance, if any, at fiscal year's end is closed out to the General Fund and becomes part of the Free Cash calculation.

Plan: Maintain the existing Reserve Fund level.

Progress: The Reserve Fund has been \$212,675 for the last three fiscal years and is projected at that level through FY20.

III. STABILIZATION FUND

Policy: Maintain a minimum balance equal to 8.1% of General Fund expenditures with a target goal of 10% and a maximum goal of reaching 15% of General Fund expenditures.

Practice: Stabilization Funds are authorized by section 5B of Chapter 40 of the General Laws. The Stabilization Fund provides financial flexibility in times of economic stress (rainy day fund) and has been utilized by the Town for more than fifty years. It should be used only for extreme events, such as natural disasters, emergency conditions, sudden economic stress or as a bridge for a short term financial event. A plan to replenish the fund, preferably within one year but not more than three years, should be developed when the fund is used. The minimum balance is set to enable the Town of Holliston to reach and maintain a "strong" budgetary flexibility rating from Standard & Poor's based on the Stabilization Fund alone, without reference to the variable and volatile Free Cash balances. The Town will endeavor to reach the target balance, so that the fund can be used without impacting the credit rating.

Plan: Build the Stabilization Fund through transfers from Free Cash and other available funds (unexpended special articles, "excess" revolving fund balances, etc.) and appropriations of unanticipated and/or one time revenues.

TOWN OF HOLLISTON
RESERVE FUND HISTORY

19-Nov-14

DEPARTMENT	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	AVERAGE FY00-FY13
Selectmen	2,000	8,522	14,925	2,142	11,011			10,000						6,000		\$3,640
Finance	2,637	2,267		2,718			500	1,300	500					245		\$678
Accountant	3,251															\$217
Assessors					10,000		6,800					6,100	5,000		4,925	\$2,188
Treasurer/Collector	15,500			4,000	6,000			3,721							8,000	\$2,481
Technology				552	4,494	1,705			16,214							\$1,531
Conservation				266				5,018	19,840			4,671				\$1,986
Planning	13,525	2,805			650	1,450	33,082	12,341	67,650	35,653	4,500	6,105	3,735	3,737		\$7,796
Zoning			16,500	560				31,018		55,054	2,220	15,201	6,433			\$12,886
Public Buildings	700	6,383	2,500	10,383				3,000			2,215	8,987				\$2,278
Benefits											4,261					\$284
Police				48,800			29,815								36,275	\$11,303
Auxiliary Police				800							54,448					\$53
Police Station Comm.							11,400									\$760
Fire	10,270	10,465	8,250	7,500	17,000		35,850	8,996								\$6,555
Building	3,433				3,240											\$445
Animal Control			229							1,275						\$100
Keefe Tech								190								\$13
Highway						4,000	2,500						11,000	21,277	10,000	\$3,252
Snow & Ice	59,125	76,397	80,040	75,362	53,661				63,977	154,652	60,288	169,513		35,958	91,504	\$81,365
Solid Waste			28,602													\$1,907
Sewer			6,417							1,565						\$532
Fuels		11,500		3,300		35,000			41,502							\$6,087
Health		138	1,038	2,064	13,870	10,293	16,420	29,315	39,083						16,457	\$8,579
Council on Aging								7,755		1,976		1,988	9,150	3,928		\$1,653
Youth Services			1,000	2,153												\$210
Veterans							2,946	2,634		1,196	6,013				12,200	\$813
Library	1,000	4,750		1,535	15,264											\$2,356
Debt		1,773						2,922								\$313
Tax Credit									597							\$40
Total Expended	\$111,441	\$125,000	\$159,501	\$112,535	\$184,890	\$52,448	\$139,413	\$118,210	\$249,373	\$249,373	\$133,845	\$212,555	\$35,318	\$71,144	\$179,361	\$142,301
Unexpended	\$13,559	\$0	\$499	\$9,965	\$1,232	\$72,552	\$64,587	\$156,163	\$0	\$0	\$101,055	\$22,435	\$177,357	\$141,531	\$33,314	\$52,950
Total Reserve Fund	\$125,000	\$125,000	\$160,000	\$122,500	\$186,122	\$125,000	\$204,000	\$274,373	\$249,373	\$249,373	\$235,000	\$235,000	\$212,675	\$212,675	\$212,675	\$195,251