

# To the Citizens of Tyngsborough:

## **Background**

In Massachusetts, towns with a property valuation of over a million dollars are required to create a Finance Committee. Under Massachusetts General Law and Tyngsborough By-laws, a Finance Committee “shall consider any or all municipal questions for the purpose of making reports or recommendations to the town and shall submit a budget at the annual town meeting” (Massachusetts General Law, Chapter 39, section 16).

The Town of Tyngsborough By-laws state there shall be a Finance Committee consisting of five elected members. The By-laws also outline further duties of the Finance Committee including the consideration of all matters of business to be considered within the articles of any warrant and the requirements of a written report on such considerations. The Finance Committee Reports are made available at least seven days before town meeting.

## **FY2017 Operating Budget**

During the past several months, the Finance Committee has worked diligently with various departments and boards, as well as the Town Administrator, Finance Coordinator and Town Accountant in developing the FY2017 operating budget for consideration at Town Meeting. As a starting point, revenues supporting the operating costs of the Town were allocated to Municipal Government and School Department using the same method of revenue allocation that has been previously used. Given that the budget is still in the final stages of the development process the Finance Committee will make a recommendation at Town Meeting on Article 5. Currently, the budget plan as developed adds an additional police officer for improving public safety needs. In addition, a new benefits employee will be brought on to assist with human resources for both town and school department employees. A part-time dispatcher will be assigned to provide support to the communications center. Lastly, the Information Technology director will gain more hours to support the increasing technology needs of the town.

The Finance Committee recognizes that while the spending plan for FY2017 is a modest increase from last year's budget, the Town will be able to sustain services without any reduction in programs. The Finance Committee recommends a continued conservative budget management approach.

## **Free Cash Policy and Stabilization Account Funding**

Free Cash is a term used in municipal finance that represents the amount of the fund balance that is available for appropriation by the Town Meeting. Free Cash is generated when actual revenue collections are in excess of the revenue estimates and/or actual expenditures are less than the appropriations for a particular fiscal

year. The Director of the Bureau of Accounts of the Massachusetts Department of Revenue certifies the Free Cash amount as of July 1st of each fiscal year. It is only with this certification that the Free Cash is available for appropriation.

The Board of Selectmen, working with the Finance Committee and the School Committee, has established a policy regarding the use of Free Cash to prioritize its' use toward funding expenses rather than the Operating Budget. The Board of Selectmen and Finance Committee reviewed the status of the following funds: Town Stabilization, Capital Asset Stabilization, Other Post Employment Benefits (OPEB), and the Compensated Absence Fund. Articles 9 and 10 propose the appropriation of funds to these Stabilization accounts in the following amounts:

<u>Account Name</u>	<u>Current Balance</u>	<u>Proposed</u>
<u>Appropriation</u>		
Town Stabilization	\$895,204.35	\$326,771.77
Capital Asset Stabilization	\$317,190.33	\$249,884.29
OPEB	\$91,579.24	\$52,860.14
Compensated Absence Fund	\$116,505.08	\$48,054.67

The Finance Committee strongly suggests the approval of these appropriations as they continue to strengthen the Town's financial position both for today and the future.

### **Financial Planning**

With the economic conditions for FY2017 showing signs of modest growth, the fiscal operating condition of the Town of Tyngsborough should continue to be conservatively managed by the financial team. The Finance Committee believes the Town should have a three-year rolling budget outlook and is working to develop that for FY2018. The Finance Committee is committed to working with the other committees, boards and departments to ensure that the Town continues to meet the needs of its residents and businesses.

Respectfully Submitted,

Tyngsborough Finance Committee

Darryl Wickens, Chair  
Burt Buchman, Vice Chair  
Marie Lambert, Clerk  
Paul Morin, Member  
Christopher Mellen, Member