TOWN OF BRIDGEWATER

OFFICE OF THE
TOWN COUNCIL

Budget & Finance Committee
Meeting Agenda

Committee Members:		
William Wood, Chair *District 6 Councilor*	*Dennis Gallagher, Member* *At-Large Councilor*	*Edward (Ted) Haley* *At-Large Councilor*

Location: Academy Building
66 Central Square
Room 201A
Bridgewater, MA

Date & Time: Tuesday, November 21, 2017
7:00 p.m.

Agenda

A. Call to Order
B. Approval of minutes – 11/7/17
C. Measures Referred
   a) Order O-FY18-010: FY2018 Classification Tax Allocation-Adoption of Residential Factor
   b) Order O-FY18-012: Transfer Order - General Fund Transfer to Transfer Station
   c) Order O-FY18-013: Free Cash Allocation
   d) Resolution R-FY18-003: Bridgewater's FY2019 Budget Policy Guidelines
D. Public Comment
E. Adjourn

Bridgewater Town Council

In Town Council, Tuesday, November 7, 2017

Council Order: O-FY18-010

Introduced By:	Town Manager *(at the request of the Finance Director)*
Date Introduced	November 7, 2017
First Reading:	November 7, 2017
Second Reading:	
Amendments Adopted:	
Third Reading:	
Date Adopted:	
Date Effective:	

Order O-FY18-010

FY2018 Classification Tax Allocation-Adoption of Residential Factor

ORDERED that, pursuant to G.L. c. 40, § 56, the Town Council of the Town of Bridgewater, Massachusetts in Town Council assembled vote to adopt a residential factor of 1 for fiscal year 2018.

Explanation: The town council shall annually first determine the percentages of the local tax levy to be borne by each class of real property, as defined in section two A of chapter fifty-nine and personal property for the next fiscal year. In determining such percentages, the town council, shall first adopt a residential factor. Said factor shall be an amount not less than the minimum residential factor determined by the commissioner of revenue in accordance with the provisions of section one A of chapter fifty-eight and shall be used by the board of assessors to determine the percentages of the local tax levy to be borne by each class of real and personal property.

Committee Referrals and Dispositions:

Referral(s)	Disposition(s)
•	•

NOT FOR ACTION – FIRST READING ONLY

Bridgewater Town Council

In Town Council, Tuesday, November 7, 2017

Council Order: O-FY18-012

Introduced By:	Town Manager *(at the request of the Finance Director)*
Date Introduced	November 7, 2017
First Reading:	November 7, 2017
Second Reading:	
Amendments Adopted:	
Third Reading:	
Date Adopted:	
Date Effective:	

Order O-FY18-012

GENERAL FUND TRANSFER TO TRANSFER STATION – BALANCE 2018 BUDGET

ORDERED, **ORDERED**, pursuant to Section 6-4 of the of the Bridgewater Home Rule Charter, that the Town Council assembled vote to appropriate and transfer $29,761.50 from GF Account 03015282-569000 to Transfer Fund Account 64004-467000 to Balance FY2018 Budget. The Revenues to actual for FY2017 did not meet estimates in the Final FY2017 Budget.

Source of Funds	**Account No.**	**Purpose**	**Amount**
Bristol Agriculture HS Tuition	03015282-569000	Remaining Revised Budget (less students Enrolled)	($29,761.50)
Total:			$ (29,761.50)
Use of Funds	**Account No.**	**Purpose**	**Amount**
Transfer from GF	64004-497000	To Balance Budget FY2018	$ 29,761.50
Total			$ 29,761.50

Explanation:
The actual revenues in FY2017 did not meet the estimated Revenue projections.
The estimated revenues for FY2018 have been reduced, however, this transfer will be necessary to balance the budget for FY2018.

Committee Referrals and Dispositions:

Referral(s)	**Disposition(s)**
•	•

NOT FOR ACTION – FIRST READING ONLY

Bridgewater Town Council

In Town Council, Tuesday, November 7, 2017

Council Order: O-FY18-013

Introduced By:	Town Manager *(at the request of the Finance Director)*
Date Introduced	November 7, 2017
First Reading:	November 7, 2017
Second Reading:	
Amendments Adopted:	
Third Reading:	
Date Adopted:	
Date Effective:	

Order O-FY18-013

GENERAL FUND TRANSFER OF UNDESIGNATED FUND BALANCE

ORDERED, in accordance with 6-4 of the Town of Bridgewater Charter, that the Town Council of Bridgewater, Massachusetts in Town Council assembled vote to appropriate and transfer **from** below schedule Source of Funds **to** below schedule of Use of Funds:

Source of Funds	**Account No.**	**GL Account Description**	**Amount**
Free Cash-General Fund	0100-359000	Undesignated Fund Balance	$ 1,309,935
Total:			**$ 1,309,935.00**
Use of Funds	**Account No.**	**GL Account Description**	**Amount**
Other Employee Liabilities Trust	80044-49700	Transfer From General Fund	$ 300,000
GF Stabilization Trust	80054-49700	Transfer From General Fund	$ 600,000
Capital Stabilization Trust	80104-49700	Transfer From General Fund	$ 109,935
OPEB Trust	80114-49700	Transfer From General Fund	$ 100,000
One Time/Unforseen Expend.Trust	80134-49700	Transfer From General Fund	$ 200,000
Total			**$ 1,309,935.00**

Explanation:
Annual Allocation of the General Fund Undesignated Fund Balance (Free Cash) and fund the establish Trust Funds as noted above.

Committee Referrals and Dispositions:

Referral(s)	**Disposition(s)**
•	•

NOT FOR ACTION – FIRST READING ONLY

Bridgewater Town Council

In Town Council, Tuesday November 21, 2017

Council Resolution: R-FY18-003

Introduced By:	Councilor William Wood
Date Introduced:	November 7, 2017
First Reading:	November 7, 2017
Second Reading:	November 21, 2017
Amendments Adopted:	
Date Adopted:	
Effective Date:	

Resolution R-FY18-003

BRIDGEWATER'S FY 2019 BUDGET POLICY GUIDELINES

WHEREAS: The Town Council established orderly steps for the FY18 Budget creation process; and

WHEREAS: The Town Manager delivered a high-level overview of the FY19 Budget to the Town Council; and

WHEREAS: The economic outlook for FY19 continues to be uncertain, and a cautious approach to the budget is warranted; and

WHEREAS: Budget guidelines and Council priorities are beneficial to constructing the FY19 budget for effective Budget management.

RESOLVED: Pursuant to establishing guidelines and priorities for the Town Manager to develop the Annual Budget, the Town Council of Bridgewater, Massachusetts in Town Council assembled vote to adopt the following Policy Guidelines for the Town Manager to use in creating the FY19 Budget:

The Town Council is adopting these budget policy guidelines pursuant to Section 6-1 of the Bridgewater Home Rule Charter. Based on these guidelines, the Town Manager will develop budgetary goals and the Town Budget for Fiscal Year 2019.

Introduction

The following financial principles set forth the framework for our overall fiscal planning and management of the Town of Bridgewater's resources.

The principles outlined in this policy are designed to ensure the Town's sound financial condition now and in the future.

Sound Financial Condition may be defined as:
- Cash Solvency - the ability to pay bills in a timely fashion
- Budgetary Solvency - the ability to annually balance the budget
- Long Term Solvency - the ability to pay future costs
- Service Level Solvency - the ability to provide needed and desired services

VOICE VOTE REQUIRED

It is equally important that the Town maintain flexibility in its finances to ensure that the Town is in a position to react and respond to changes in the economy and new service challenges without measurable financial stress. To this end we will adhere to the following financial policies.

General Financial Policies

1. The town will avoid budgetary practices that balance current expenditures at the expense of meeting future year's expenses, such as postponing expenditures, and accruing future years' revenues.

2. Recurring operating costs will be funded by recurring sources of revenue. This protects the Town from fluctuating service levels and avoids concern when one-time revenues are reduced or removed which create a structural deficit. In addition in order to budget prudently and plan for contingencies the town sets the following:

a. Unreserved Fund Balance (free cash) will be planned at 3% to 5% (State Average is 3.79%, GFOA 5%-15%, Bond Rating Agency Guideline 5%) of the operating budget and used only for one-time expenditures such as capital improvements, capital equipment, unexpected or extraordinary expenses such as unbudgeted snow and ice removal expenses and/or to meet the stabilization reserve policy.

b. The Town will maintain a Stabilization Fund as its main financial reserve in the event of an emergency, unforeseen circumstances or an extraordinary need. It shall be the goal of the town to achieve and maintain a balance in the Stabilization Fund equal to 5% (State Average 2.90%, GFOA 5%, Bond Rating Agency 5%-10%) of its operating budget, understanding that this will take several years to accomplish. The established target will be reviewed upon meeting this goal.

3. Revenue Policies: Our Revenue Policies will address the need for diversification and stabilization, revenue estimating, user fee methodology and taxes.

a. Revenue Estimating: the revenues will be estimated conservatively, using an objective analytical approach. The goal of this policy is to predict revenues as accurately as possible while erring on the side of caution. Methodologies will be established that best fit the accuracy of forecasting, different methods for different revenue types.

Multi-Year forecasts, which give the Town, lead-time to react to expected revenue shortfalls and to intelligently manage predicted revenue surges are a valuable component of sound long-term financial revenue estimating practices.

The Town will maintain the historical data and a clear chronology of the budgeted to actual estimates results.

4. Expenditure Policies:

a. Maintenance of Capital Assets: Within the resources available each fiscal year the Town will maintain capital assets and infrastructure at a sufficient level to protect the Town's investment, minimize future replacement and maintenance costs, and to continue service levels.

b. The budget should consider impact of fixed costs including health insurance, retirement, sick leave buyback, transportation, COLA adjustments/Contractual Step Increases, and other costs and should be treated on a consistent basis with all departments for comparison purposes.

c. Program Review/Prioritization: The Town encourages delivery of services by other public and private organizations whenever and wherever greater efficiencies and effectiveness can be expected. In addition develop and use technology and productivity advancements that will help reduce or avoid personnel and related overhead costs. The intent is to control these costs as a proportion of the total budget, to more productively and creatively use available resources, and avoid duplication of effort and resources.

VOICE VOTE REQUIRED

d. Each department's budget will be broken down into three categories: salaries & wages, operating expenses, and capital expenses, if any. The salaries & wages portion will reflect the number of FTE for all departments.

e. Estimated allocation of health benefit costs by department and pension assessments should be provided.

FY19 BUDGET PRACTICES

In preparing the budget for FY19, the Town Manager should continue to use the following budget practices:

- Continue the Town's efforts within all departments to obtain grant funding from federal, state, and other sources, including the implementation of a college internship program.
- Continue the Town's efforts to maximize the use of Chapter 90 monies to expand upon the road repair program started in FY12 and updated in FY16.
- Review the possibilities and cost implication of contracted services vs. staffing in various departments and to eliminate overtime whenever practical.
- Continue to enhance the Town's website and use other technologies as cost effective means for delivering information and services, increasing public awareness, and encouraging public feedback.

FY19 FINANCIAL POLICIES

The first and foremost goal of the FY19 budget must be to continue to build undesignated fund balances and to build reserves for Stabilization. The budget should be constructed to anticipate positive Free Cash which will enable the Town greater budgetary flexibility in future years, and will continue to enhance the Town's bond rating. At the same time, the budget should maintain Town services.

Revenue:

- The Tax Levy is governed by statute and has a high confidence for receipt. For FY19 budget planning purposes, spending shall use 100% of the anticipated Tax levy amount after accounting for the appropriate overlay amount reduction.
- Given the uncertain economic forecast, New Growth projections shall be limited to $300,000.
- Local Receipts are highly influenced by economic conditions and forecasts. Therefore, for FY19 planning purposes, spending shall be limited to 85% of FY18 actual values per revenue classification plus 85% of the last three fiscal years of actual prison mitigation revenue.
- Downward adjustments to specific local receipt line items should be made to any line item where actual receipts increased by more than 25% between FY17 and FY18.
- Revenue from State Aid should be the numbers used in the Cherry Sheet estimates released March 1. If no FY2019 Cherry Sheets are available, use the final FY2018 Cherry Sheet values.
- General Fund revenues from Ambulance Receipts should be limited to $1.0 million.
- Grants may be used to calculate revenue if allowed by the terms of the grant.

Expenses:

- Expect that the Plymouth County Retirement assessment paid by the Town will increase by approximately $120,000.
- Assume an 11% increase in health care expenses.
- Identify all employees and their salary costs. Include written summaries of all initiatives greater than maintenance with the breakdown of expenditures and FTEs.
- Provide a summary of settled union contract impacts to payroll costs for FY19 and FY20.
- Each department's budget should be broken down into three categories: payroll costs, regular expenditures, capital expenditures. Estimated allocation of health benefit costs and pension assessments should be provided.

VOICE VOTE REQUIRED

Committee Referrals and Dispositions:

Referral(s)	Disposition(s)
• Budget & Finance Committee	• Committee meet 11/21/17. Disposition will be provided to full Council.

VOICE VOTE REQUIRED