

FINANCE COMMITTEE  
MINUTES OF MEETING  
THURSDAY, JANUARY 3, 2002  
FAIRBANK SENIOR CENTER  
7:30 PM

Present: Co-Chair Sheila Stewart, Co-Chair Jim Carlton, Rebecca Corkin, John Nikula, Bob Hurstak, Don Hutchinson, Larry Rowe, Mike Grosberg and Tracy Billig. Also present: Maureen Valente, Town Manager, and Kerry Speidel, Finance Director.

Item 1. FY 2003 Budget Kick-off.

Jim Carlton, Co-Chair, mentioned that earlier in the day, he and Co-Chair Sheila Stewart met with an ad-hoc committee made up of elected and appointed officials representing the Town, K-8, and LSRHS. The purpose of the group is to make a recommendation on a potential override amount. He then turned the meeting over to Maureen Valente, Town Manager.

Maureen Valente, Town Manager, referenced the work done last fall on the Financial Forecast. She stated that in October, we knew that revenue growth would only be approximately one-(1%) percent over estimated FY 02 revenue. This would produce a \$2.6 M deficit.

Valente reviewed the administrative budget process and advised the committee that the Level-Effort Budget requests for all three-(3) costs centers have produced a \$4.8 M deficit. None of the cost centers submitted anything over-and-above Level-Effort.

Valente stated that revenue estimates have deteriorated since the October Financial Summit. She outlined the following revenue problem areas.

1. Chapter 70- we are a minimum aid community
2. Chapter 81 (Highway Fund)- have been advised that this will be eliminated which will result in a loss of \$110,000 of state aid
3. School Transportation- reimbursement rate has dropped which has produced an estimated loss of \$50,000
4. Motor Vehicle Excise- we won't have the first commitment until February. Unsure what impact the downturn in the economy will have on motor vehicle purchase.
5. Investment Income- excess float from the school construction projects is gone and interest rates are about ½ what they were a year ago, therefore are estimates are down significantly.
6. Permits- most from Building Permit revenue. Building Permits have dropped off.
7. Free Cash- estimate is down \$800,000 from last year. If you keep budgeting cash as a revenue source, eventually you will need to use it.

Valente stated that the Selectmen are open to an override questions that all three-(3) cost centers can agree on, but they feel that there should only be one-(1) combined question. She said that in the meeting this morning, four-(4) potential budget scenarios to consider were identified- no override or override fails; 3.5% growth override; 5.0% growth override; and 6.96% growth override.

Valente stated that an override this year would not resolve the financial problem as we are already projecting deficits in FY 04 and 05. She stated that all area towns are facing the same problem as Sudbury and encouraged the Committee to look at addressing the "big picture."

The Committee then discussed the information presented. Jim Carlton stated that the FinCom must present a No Override Budget. He also stated concern over how the public will react to another override request. Bob Hurstak said that class size will go up and that an override question will actually be a vote on acceptable class size.

No action was taken on this item.

No other items of business were presented.

There being no further business, the committee adjourned.

Submitted by:  
Kerry A. Speidel, Finance Director