

**Finance Committee ~ Minutes of Meeting**  
**Thursday, January 23, 2003**  
**Town Hall - 7:30pm**

**Present: Vice-Chair Larry Rowe, John Nikula, Bob Jacobson, Sheila Stewart, Bob Hurstak. Also present: Finance Director, Kerry Speidel, and Recording Secretary Robin Porcella**

**Opening Remarks:**

Vice-Chair Larry Rowe opened the meeting at 7:45pm, and thanked everyone for attending tonight's meeting.

**FY2004 Revenue Presentation:**

Finance Director Kerry Speidel presented the discussion on FY2004 Revenue.

**Sources of Revenue:**

Kerry Speidel explained that the following are main sources of revenue for the Town of Sudbury:

- Real Estate Tax
- State Aid
- Local Receipts
- Other financing Sources

**Real Estate Tax:**

- Tax Base
- Proposition 2 1/2 - increase property tax rate by 2 1/2%
- New Growth - any new real estate developments that occur by June 30<sup>th</sup>
- Overrides and Exclusions - Overrides are permanent and there have been 5 over the last 10 years. Exclusions are temporary and are only good for the life of the project.

**Property Tax Projections:**

- Real Estate taxes are basically a straight calculation.
- FY 2004 projections are based on prior levy
- New Growth (\$600,000) is a fairly conservative estimate. There has been a slow development in single family homes.
- The amount of \$43,327,325 for Total Tax levy under FY 2004 is the total property tax to be raised.
- The 3.94% increase is with no override.

**State Aid:**

- Refers also to Cherry Sheet Aid
- The Town is expecting more information next week from the Governor regarding Aid cuts
- Kerry Speidel reminded the committee that even though some State Aid will be cut, the Town still needs to meet the contractual negotiations. Example is the Quinn Bill.

### State Aid Projections:

- The Town is expecting decreases everywhere. Hoping State Mandates are eliminated if the State Aid is cut.

### Local Receipts:

- These are some of the most difficult figures to project.
- Massachusetts General Law (Chapter 40 - Section 22F) allows the Town to set the amounts for permits.
- These are considered elastic revenues and are hard to project. The amount raised is based on the economy.
- Some fees are higher than past years, and the number of permits issued for renovations are higher.
- The local receipts are made up of the following components:
  - **Motor Vehicle Excise** - This is levied by the State. There are approximately 10 commitments (billing cycles) per year. The major commitment is issued in February.
  - **Penalties & Interest** - Hoping to do better in the future. The penalties and interest fees are based on late tax payments. Lots of delinquent tax payments are being made, citizens are refinancing with the interest rate being so low.
  - **Rentals** - The Town has been collecting money for the rental of land to cell towers. Will probably do better than expected, because a new contracts have been entered into.
  - **Licenses and Permits** - The Town has doubled the amount of the Building Departments permit fees from last year. According to the Building Inspector, the number of permits issued have not dropped since the increased fee was instated.
  - **Investment Income** - 2 factors are currently effecting the investment income
    - 1 - interest rates are dropping
    - 2- there is less income to invest
  - **Chapter 203** - This was adopted 3 years ago at Town meeting. Special bills are issued for this, and the commitment has just been completed for this year. \$50,000 is estimated for FY 2004, and might be higher.
  - **Melone Gravel** - Recently established a Revolving Fund for money raised over \$100,000. This money will be used to purchase equipment and supplies used at the gravel pit.

### Other Financing Sources:

- **Retirement Trust Funds** - this offsets the retirement benefits. Example would be retirement sick buy back
- **Overlay Surplus** - budget money into overlay abatement account. Once all abatement applications are completed, sometimes there is money left over. The Board of Assessors must release the money. This is not restricted.

### Free Cash:

Free Cash available for FY 2004 is \$940,000. This money became available in FY 2002, but there is a two year waiting period before the money can be used. Free Cash can be used as a general funding source.

### Enterprise Funds

Enterprise Funds are suppose to be self-sufficient. The Pool is not self-sufficient, and has not broken even in many years.

The Solid Waste Enterprise has been doing better each year, and is running self-sufficiently. The Solid Waste Enterprise Fund is able to pay all wages, benefits, expenses.

**New Estimated Deficit - 0% Scenario**

There are 3 adjustments that will effect the deficit in the 0% increase scenario:

- Change in Minuteman assessment
- Adjustment of school side liability insurance
- LSRHS – lower State Aid projection

Deficit with a 10% reduction in State Aid = \$391,787. More information should be available next week.

There being no further business, the meeting adjourned at 8:40pm.