

Longmeadow Finance Committee

Annual Report for 2009

Our mission, as taken from the town charter: The finance committee shall be an advisory committee to the town meeting ...shall have jurisdiction over the reserve fund... shall conduct long range fiscal planning...shall advise on fiscal policy... shall direct the budget review process...and shall advise the town's voters on budget suitability to meet town services needs.

The Finance Committee took action on the following issues in 2009:

Town Fiscal Management Practices and Policy –

Discussed with Peter Landon a draft of the Special Investment Study Task Force report. Of particular concern was the town's use of the Massachusetts Mutual Depository Trust as a vehicle for investing most of its savings. This vehicle contains no guarantee that town's invested money would be returned intact if the fund advisors make faulty decisions. The Finance Committee requested that the town move all of its investments out of MMDT's control into investments in which the safety of principal is guaranteed. This was done. The Committee also called for annual review of the town's investment policy.

Long Range Fiscal Planning –

With Jim Nittoli resigning from the Committee, Peter Greenberg and Roger Wojcik picked up the preparation of a long range fiscal plan for the town. During the year changes in several of the assumptions for estimating future revenues were made; the document continues to be a work in progress and serves as a reference for budget estimates, reviews and planning.

Regarding the town's unfunded liability for Other Post Employment Benefits (OPEB) -

Early in the year agreed to support funding of this liability, first by supporting a proposed warrant article to establish an OPEB trust account within town government and second by supporting a directive that surplus funds from any budgeted benefits accounts be transferred to this fund. The Committee agreed to transfer its residual reserve fund at fiscal years end to this OPEB Account. Later in the year held lengthy discussions with members of the Select Board and the Audit Committee about the options to paying down this \$28,000,000 obligation. Evaluation of these options continues.

Longmeadow's Bond Rating –

Discussed information obtained by the Audit Committee pertaining to establishing the town's bond rating; in particular it was noted that the level of the town's operating stabilization fund accounts carries a weight of only 10% in establishing the town's overall debt rating.

The Town Reserve Fund –

Authorized no expenditures from the Town's Reserve Fund in 2009.

Regarding the 2009 Annual Town Meeting Warrant –

Supported all warrant articles except recommended against a Community Preservation Act proposal to allocate \$8,192 for Community Preservation Committee administrative costs.

Regarding the October 2009 Town Meeting Warrant –

Supported all warrant articles for the October meeting.

Regarding the FY2010 Budget –

Held a Public Forum to discuss the proposed FY2010 budget and budget issues. The Committee approved without change the budget that was approved by the Select Board on March 18. The Committee recommended that the School Committee develop a business plan to show how the \$800,000 of federal special education stimulus money distributed to it will be spent and then requested quarterly reviews of the results with the Finance Committee and the Select Board.

Regarding the FY2011 Budget –

In June, developed an initial estimate of the FY2011 budget using long range fiscal plan assumptions and concluded that revenues would fall short of expenses by \$1.0M to \$1.5M dollars. Considered and planned discussions with department heads to provide input for future cost reductions. Agreed to plan on zero free cash for FY 2011 and to investigate using operating stabilization funds to help close the revenue-expense gap. Benchmarking information from other Massachusetts towns similar to Longmeadow was accumulated from the DOR, the DOE and Municipal Benchmarking, LLC to assist in defining cost reduction targets. After considerable discussion with the Select Board, the Board agreed to give the Finance Committee access to department heads for budget discussions. Paul Pasterczyk was requested to provide expense history information by department.

Respectfully submitted for the Finance Committee by Roger Wojcik, Clerk

Mark Barowsky, Chair
Peter Greenberg, Vice Chair
James Law
Richard Liasse
Kevin Ryczek
Edward (Ned) Steiger

February 23, 2010