

**TOWN OF MILLVILLE
FINANCE COMMITTEE
MINUTES OF MEETING
February 27, 2019 – 6:30 P.M.**

Board Members Present: Chairman, Aubrey Buono; Member, Gary Gill; Member, Ken Tubman; Member, Adrienne Pettit (joined meeting at 6:52 pm)
Board Members Absent: Brian Pacheco; Member

A. Buono opened the meeting at 6:31 pm.

Aubrey Buono made a statement, the of which is included in Appendix A of the Minutes of the Meeting to February 27, 2019. The January 18, 2019 Delinquency Notice from the Division of Local Services referenced in Ms. Buono's statement is attached hereto as Appendix B.

Gary Gill made a statement regarding the Finance Committee's failed efforts to retrieve basic financial information requested from the Town of Millville's responsible parties. Mr. Gill referenced a similar situation with financially distressed Uxbridge, MA and the [newspaper] articles in The Telegram regarding the Town of Uxbridge's financial situation. Additionally, Mr. Gill stated his mission as a Finance Committee member during the FY2020 budget preparation season and his frustration with the lack of transparency, collaboration on the part of the Town of Millville elected or employed officials in retrieving information; and discussing possible financial approaches to the FY2020 budget and override decision. Mr. Gill discussed the following items in a due diligent preparation for an override proposal to a town:

- Ground up review of services and finances
- Current financial reviews
- Comprehensive Financial Plan:
 - Operating Plan
 - Capital Plan
 - Infrastructure needs plan
- Bring it to the town to retrieve feedback
- Different ways to structure the override

On motion by G. Gill, second by K. Tubman, the Committee votes (3-0) to approve the minutes of the meetings held on:

- February 6, 2019

A discussion on open requests from departments/accounting – reference items from Appendix A regarding missing financial information from the Division of Local Services (DLS)

A recap and discussion of joint BOS/Fincom meeting from February 26, 2019:

- Copy of liability insurance (budget of liability insurance from BOH)

A discussion of the FY2020 budget approach was held noting:

- Balanced budget based on projected revenues
 - Review of funding from last year versus services to be included for fiscal 2020 in full review
- Public meeting of the FINCOM to determine the final submitted budget
- Current budget asks result in net increases of \$690K year-over-year 2019 v 2020
 - Proposed separate workshop to review the final 2020 FINCOM budget submission

A discussion of the Budget report format and Budget presentation (Ms. Pettit joined during the meeting during this discussion):

- Report presentation and format – add to agenda for the next Finance Committee meeting held on March 5, 2019
- Utilize Northboro, MA format possibilities

- Historical financial information, balance sheet, debt repayment schedules, summary of the revenue and expenses
 - Prior year annual reports to put together the balance sheet; however, assets
 - Pension is not valued by participant towns, only one liability for the Worcester Retirement system

A discussion of the large budget items was held:

- BMR Update: Meeting to be held between Superintendent, Asst. Superintendent, School Committee Chair, Ms. Buono and Ms. Pettit on Friday, March 1, 2019
 - Initial review of financial impact of Level Services and Zero-Based Budget (midpoint of budgets is approximately 20% increase to Millville)
 - Change in the Chapter 70 funding is \$100K funding formula impact
 - Engaged with BMRSD Superintendents Office
 - i.e. of discussions include efficiencies created through the restructure of headcount organization
- Public Safety Update:
 - Fleet and mileage and capital planning information was received from department and provided to G. Gill
- Highway, Snow and Ice Update: G. Gill provided an update on his discussions with Mr. Thomas Maullaney, Highway Department
 - Mr. Mullaney's diligent preparation for the meeting with Mr. Gill was noted
 - Discussion around current management approach to department, capital challenges, how to run transportation
 - Mr. Gill recommends the Finance Committee do a full Return on Investment (ROI)/ complete financial analysis of the potential structuring of the department for future fiscal years.

A review 2019 actuals to date as compared with the budget:

- March 5, 2019 meeting to review with Brian Pacheco
- January 2019 actuals to date v FY19 budget were received
- No items were noted for review at this time

Mr. Tubman provided an overview of his work with Mr. Pacheco on the revenue projection review:

- Review historical revenues for past three years
- Currently scheduling a revenue review with Justin Cole, Millville Town Accountant

Mr. Gill provided an update on Capital Planning workstream including the following:

- BOS will need to identify a member to represent on Capital Planning Committee
- Received update from current Capital Planning Committee Chair: framework to reinstate

A discussion of \$880,000 BOS override ballot question was held:

- Mr. Gill disappointed in approach to the BOS however remains committed to working with the Town of Millville; would like to approach the future financial plan by considering all options including the possibilities of:
 - Operational, capital override, debt exclusions, operational override, stabilization override
 - More complete plan for all of the options and all of the needs of the town including the capital plan, infrastructure plan
- Ms. Buono discussed the towns need to understand the total amounts of override and how
- Ms. Pettit noted the Town of Millville needs a continuous revenue increase for the town to operate as would be the impact of the operational override.
 - Disappointed in the approach of the override by the BOS as was not clear if they had worked with the school.
 - School discussion budget was not fully vetted and appeared to be the reason the BOS proposed an override without
 - School based budget meetings with the cost center owners which will detail the needs of the school

Ms. Pettit provided an overview of the Regional Agreement Amendment Committee (RAAC), the mission to provide a comprehensive review of the regional agreement, its impact on the school district's operations as a whole and to finalize a regional agreement to be reviewed with the member towns. Selection of a representative from the Town of Millville's Finance Committee is required. Ms. Buono noted the impact of the RAAC on the long-term finances of the Town. Interested members of the community can write a letter of interest to the school committee.

On motion by A. Buono, second by G. Gill, the Committee votes (4-0) to appoint Adrienne Pettit as the Town of Millville's Finance Committee representative on the BMRSD Regional Agreement Amendment Committee.

A public open forum was held at 7:20 pm. The following items were discussed:



- Ms. Jackie Lima:
 - Free cash and auction proceeds: what impact on appropriations of free cash and auction proceeds
 - Budget format request to include previous years' balances of one-time off funds, including stabilization funds, ambulance receipts, etc.
 - Request an override vote by the Finance Committee – agenda item for March 20, 2019
 - Regionalization Committee approach to communicating with the public
- Mr. Richard Hurteau:
 - Verification of the auction proceeds used versus how much total proceeds were received
 - How are dollars saved from the town trash services being used
 - Less money was utilized from one-time revenues
 - Marijuana revenue impact on current budgets
 - No revenues have been projected or are included in the revenue projections at this time
 - Trustee of the Millville Memorial Veterans Park
 - Discussion on grant received
- Ms. Ellen Bowen:
 - Discussion of the Finance Committee and its role as financial advisory board
 - Other options for the override
- Ms. Krista Foody:
 - Requested list of items that were still to be submitted to the state:
 - Schedule A – Statement of Funds
 - Balance Sheet (last year and this year)
 - Statement of Cash Flows (last year and this year)
 - Statement of Indebtedness (last year and this year)
 - Statement of Outstanding Receivables (last year and this year)
 - Financial documents should be provided to the Finance Committee in a reasonable timeframe
 - FINCOM was not able to answer all questions as it does not have the authority to manage the operations of the town or its consultants

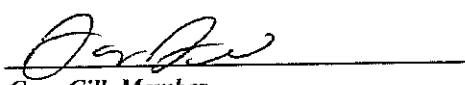
FINANCE COMMITTEE MEETING ADJOURNMENT

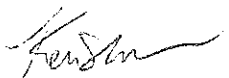
On motion by G. Gill, second by K. Tubman, the Committee votes (5-0) unanimously to adjourn the meeting at 7:44 pm.

Respectfully Submitted By:
Adrienne Pettit, Clerk

Approved By Finance Committee:


Aubrey Buono, Chairman

Adrienne Pettit, Clerk

Absent
Brian Pacheco, Vice Chairman

Gary Gill, Member


Ken Tubman, Member

The statement I am about to make is my own statement and has not been shared with the finance committee.

On January 22, 2019, on behalf of the Finance Committee, I requested the following information of Justin Cole, our town accountant:

1. Financial statements for the past 5 years
2. Up-to-date accounting of all accounts and funds
3. Balance sheet items
4. Cash flow items

The reason the Finance Committee requested this information was to help us get a better handle on the current financial health of the town. In the accounting world, this information is akin to a balanced check book or a bank account statement. I received an immediate response from Justin saying that he was tied up and could not provide this information right away but would provide it to us around Jan 31. After that date I have followed up with Justin 6 different times and have received no response. I also emailed the Board of Selectmen and did not receive the information from them. After trying and failing to get a response from our local leaders, I reached out to the Department of Local Services at the state. All of the information I have requested is required to be submitted to DLS on a yearly basis. I spoke with Mary Jane Handy, Director of Accounts at DLS and Zack Blake at the technical assistance bureau. They notified me of the following:

1. On January 18, 2019 a first delinquency notice was sent to Justin for failure to submit the required Schedule A for FY2018, which is akin to a balance sheet or statement of funds. This report was due to the state on November 30, 2018. As of yesterday, it had still not been submitted. This report is now 90 days past due. If it is not received by this Friday a second delinquency notice will be sent, and if it is not received by March 15, state aid will be withheld.
2. Millville's Balance Sheet has not been submitted to DLS for this year or last year. The last submission of a Balance Sheet for Millville was June 9, 2017. Failure to submit the balance sheet means that free cash has not been certified for 2018 and will not be certified for 2019 until it is submitted. As a result, any leftover auction funds are not currently available for our use. Additionally, the certification of free cash is crucial to maintaining good financial records.
3. The Cash Reconciliation Report has not been submitted to DLS since the end of 2016. This file would reconcile cash flow for Millville.
4. The Outstanding Receivables Report has not been submitted to DLS since the end of 2016. This file reports any outstanding receivables by Millville.
5. The Statement of Indebtedness has not been submitted to DLS since the end of 2016. This file reports and reconciles our debts. As a side note I have been asking Justin to assist me in reconciling his debt numbers with the debt amounts we are seeing on our debt schedules and have not received a response.

In summary, Millville is delinquent in submitting nine different reports to the state, some of which are approaching 2 years late. MJ and Zach indicated that typically when municipalities are delinquent in providing the information required of them it is because they do not have a handle on their numbers and cannot get their schedules to tie to one another. This would make sense to me because since I joined the finance committee, I have been trying very hard to reconcile our accounts and reconcile the statements I have to one another. We are a small community and we have a modest wallet. The fact that we cannot submit the basic information necessary to keep our house in order is evidence of financial mismanagement.

As many of you have seen, last Thursday, the Board of Selectman voted 4-0 to bring an \$880,000 override to the ballot box on April 1, 2019. They made this decision with absolutely no discussion with the finance committee. There was no cooperation, there was no collaboration, and there was not even advanced notice given to the finance committee. Beyond that, early last week the Board of Selectmen requested that I send to them my copy of the departments' budget requests so they could compare notes and confirm they had the correct version of the requests sent by the departments. In the spirit of collaboration, I sent to them the same information that the departments had sent to the finance committee and the selectmen. You may have noticed on Thursday if you attended the board of selectmen meeting or watched it online, the Board of Selectmen printed out the information I had sent to them and bound it with a cover that says "Finance Committee Budget". Please note, if you see this budget floating around it is NOT the finance committee's budget. It is simply the departments' request strung together and was a prop used by the Board of Selectmen to in some way communicate that the finance committee is working with the same conclusions they are.

Over the past week, I have spent nearly 30 hours working on developing the following:

- Year-over-year comparisons of department budgets
- Calculated tax rates with and without an override
- Tax impact to Millville households with and without an override
- Levy ceiling calculations across a period of seven years
- Projections of income and expenses with some generalized assumptions with and without an override. This includes projected deficits under both an override and no override scenario.
- A summary and chart of how override dollars will be spent across departments

No one else has this information because I did it myself. It was the product of a lot late nights and a lot of time spent away from my family. This is information that should be required before making a decision to put such a large tax increase to the citizens of Millville. It is not information that was utilized by the Board of Selectmen. The Board of Selectmen's decision to vote on and put forth an override without utilizing this type of information or soliciting the expertise of the finance committee was in my opinion reckless and quite frankly petty. I am willing to share the detailed analysis that I have done with the townspeople but not without compliance by Justin of the basic information that will allow us to understand the Town's financial picture. This includes submission to DLS of all outstanding reports as well as submission of these reports to the finance committee for our review and discussion. The reports must tie and make sense. Without this information we are working off of flawed assumptions and any information put forth is just conjecture.

It was important for me to make this statement in public because I have spent the last 6 months trying to be collaborative. I have tried to offer my opinion. I have tried to get information. I have not been

successful doing it the nice way. I feel an obligation to Millville to speak up, to do something different, and to get our house in order. I hope the people of Millville and the Board of Selectmen will get behind us and help us get back on track before things get worse.



DLS

DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Christopher C. Harding
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

January 18, 2019

Dear Accounting Official:

Re: FY2018 Schedule A

As of the E-mailing of this letter, your community has not submitted the Annual City and Town Financial Report (Schedule A) for the Fiscal Year ended June 30, 2018 in the Division of Local Services (DLS) Gateway system. Per State statute, this report was due by November 30, 2018.

The information in this report is incorporated into the DLS database of historical financial information and is used by State and Federal agencies and members of the Legislature in the development of programs and policies impacting cities and towns. The same information is also available to communities, interest groups and citizens-at-large through DLS' Municipal Databank, which is located on our website (www.mass.gov/dls). Ultimately, the completeness and accuracy of the data reported is critical to ensure that your community's profile is fairly represented when various State and Federal agencies use the information in their decision making processes.

We must advise that the Municipal Modernization Act, Chapter 218 of the Acts of 2016, authorizes the Commissioner of Revenue to delay current fiscal year state aid payments, as well as future fiscal year payments for any community not filing its report timely. Therefore, for any community not filing its FY2018 report by March 15, 2019:

- FY2019 monthly state aid will be withheld beginning March, 2019, and if not filed by August 19, 2019, withheld FY2019 state aid will be forfeited; and
- FY2020 monthly state aid will be withheld beginning July, 2019 and will continue to be withheld monthly until the report is filed.

The EXCEL upload program is available on Gateway.

Sincerely,

Marie Jane Handy
Director of Accounts