

RECEIVED-POSTED
23 JUN 28 PM 3:06

Town of Adams Massachusetts 01220-2087

**BOARD OF SELECTMEN
FINANCE COMMITTEE**

**TOWN HALL BUILDING
8 PARK STREET**

Wednesday, May 31, 2023, 6:00 p.m.

**ADAMS FREE LIBRARY, 92 PARK STREET, ADAMS, MA 01220
1st Floor Annex Meeting Room**

CALL TO ORDER: On the above date, the Board of Selectmen and Town Finance Committee held a joint workshop at 6:00 PM at the Adams Free Library. Chair of Board of Selectmen Christine Hoyt opened the meeting. Present for the Board of Selectmen: Chair Christine Hoyt, Vice-chair Howard Rosenberg, Members John Duval, Richard Blanchard, and Joseph Nowak.

Finance Committee Vice-chairman Jay Meczywor opened the workshop for the Finance Committee. Present for the Finance Committee were members Sarah Kline, Tim Burdick, Rachel Tomkowicz, Justin Duval, Jay Meczywor, Erin Mucci, and Dave Lennon. *Members Carol Cushenette, Carrie Burnett, Jeff King, Michele Butler, Jay Nocher, and Bob Murray were absent.*

Also present were Jay Green, Town Administrator; Crystal Wojcik; Town Finance Director; Bri Hantman, Recording Secretary; David Irwin of Adelson and Company; Haley Meczywor, Town Clerk; Kelly Rice, Treasurer/ Collector; and Bill Flynn of the Adams Retirement Board

Dave Irwin started by introducing the balance sheet and stating the only matter that precludes the Town from receiving a clean report is the retirement board which is not audited to GASB standards. Member Kline asked why Mr. Irwin's firm doesn't do retirement board audits. Mr. Irwin responded that type of audit requires very specific training.

Mr. Irwin then moved to the management discussion, which is required supplementary information. The majority of the assets are deposit based and the cash position of the Town has improved over previous years. All of the cash operations were clear and in order.

There are still some outstanding taxes, but the collection rate is about 96% on personal property and 98% collected in real-estate, which, Mr. Irwin stated, is great.

Board of Selectmen Member John Duval stated that there is a singular property that owes roughly \$800,000 (which includes interest and fees).

Jay Green, Town Administrator stated that there is a party that is interested in purchasing the property prior to the town taking ownership of it. This would require a particular financial

maneuver in order to make sure that the town is protected. In the state of Massachusetts, if you do not collect on a receivable, you cannot count it as revenue. During FY22 1.8 Million dollars were added to the fixed asset number. There were no unusual findings with the fixed assets.

The Town of Adams belongs to the retirement system. The net pension liability is 6.3 million dollars, but that number changes from year to year based on actuary tables. The entirety of the liability is an estimate based on the actuary calculations.

Bill Flynn of the retirement board stated that the state does a calculation and looks to see essentially how much money would need to be in the town in order to pay everyone for the rest of their lives. The estimation is that done based on a variety of factors including life expectancy. Everything is estimated.

Mr. Irwin stated that in regards to financial reporting, there is no danger to the retirement system. Adams has their retirement investments in PRIM which is regulated by Mass General Law. The town has met all of their debt requirements and everything is in order. The income sheets included long term expense, depreciations, and cash accruals.

Member Kline excused herself from the workshop at 6:30pm.

Mr. Irwin explained that in terms of calculating the undesignated fund balance, underspending often happens with large capital projects, often with the department of public works due to the nature of their projects.

There were no unusual findings with the fiduciary funds and all of the recording was done properly.

The town holds about 5.2 million in non-depreciable assets.

The Town operates on a fiscal year whereas the retirement fund operates within a calendar year. The Town's cash accounts were reconciled appropriately and there were no comments made on the cash funds. There is a suggestion to add language to the accounting policies and procedures regarding leases. Mr. Irwin stated that his firm believes that reimbursements should be sought in a timelier manner so that the Department of Revenue does not hit the free cash number.

2019-2021 there was a significant drop in free cash. Now it is moving a more positive direction. A town or a community should strive to have free cash between 5% and 15% of the total operating budget for that year. Mr. Irwin stated that he was very happy with this.

The stabilization fund is roughly 4.7% of the budget, which is a great trend forward. This fund is separate from the free cash. The Town has been doing a great job with improving their financial stance.

Regarding the excess capacity, the town has a gap of over \$700,000. That means that the Town does not tax to the full amount that they can.

The Town has debt that does not constitute a risk to the Town. While some of this debt is in regard to the Waste Water Treatment Plant, however there is an ongoing conversation about establishing an enterprise fund to shift that debt and become more sustaining. The debt is responsible and allows the towns to meet their needs without putting their finances in danger. Mr. Irwin stated that the Accounting department has done a great job in improving the financial position of the town. He stated that with the transition from Mary Beverly to Crystal Wojcik, the accounting has not diminished at all. He is very happy with the work of Ms. Wojcik and the accounting department.

Member Duval made a motion to adjourn. The motion was second by Member Blanchard. The Board of Selectmen adjourned at 7:19pm.

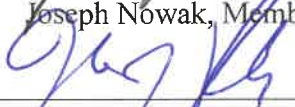
Member Burdick made a motion to adjourn. The motion was seconded by Member Mucci. The Finance Committee adjourned at 7:19pm.

Respectfully submitted by Bri Hantman, Recording Secretary.



Joseph Nowak, Member

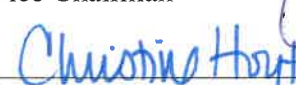
Richard Blanchard, Member



Howard Rosenberg, Vice Chairman



John Duval, Member



Christine Hoyt, Chairman