

A decorative graphic on the left side of the slide, consisting of a network of light blue lines and circles that resemble a circuit board or a neural network. The lines are of varying thickness and connect to small circles at various points.

# UPPING YOUR FINCOM GAME

HOW TO HARNESS AND DEVELOP  
VOLUNTEER ENERGY

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ATFC 2021

# MANY TOWNS RELY ON VOLUNTEER LABOR

- Smaller towns typically don't have a Finance Director
- Town Hall staff are already stretched
- Volunteer residents *want* to help
- Many residents have valuable skills to contribute

# KNOW YOUR ROLE

- M.G.L. c. 39, § 16

- The FinCom “shall consider any or all municipal questions for the purpose of making reports or recommendations to the town[.]”
- Your town’s particular rules.
  - Know the powers and duties set forth in your town’s bylaw.
- Build “social capital” to enable stronger and more productive collaboration.

# KNOW YOUR COMMITTEE MEMBERS

- Individual meetings/calls with each committee member
- Professional background & skills
- Personal interests & motivations
- Time available for “special projects”

# KNOW YOUR TOWN HALL STAFF

- Everyone on the “finance team”
  - BOS, Town Administrator, Finance Director, Treasurer, Accountant, Tax Collector, Town Clerk, Assessors,
- Establish communication protocols
  - Avoid unnecessary friction between volunteer committee members and staff.

# IDENTIFY HIGH-VALUE SPECIAL PROJECTS THAT ARE (ROUGHLY) WITHIN SCOPE

- Formal Financial Policies
- 5-Year Capital Plan
- Financial Forecasting Model
- FAQ explainers for town residents
- Up-to-date Master Plan

# BE SMART ABOUT TIMING

- Summer / post-ATM can be a good time to plan and initiate a special project.
- Set a realistic schedule and be able to adjust.
  - Resident-led projects take time. Don't get discouraged!



**Policies**

**EXAMPLE #1**

**FINANCIAL  
POLICIES**

# PITCH THE IDEA AND EARN SUPPORT

- Town Hall finance team
- Select Board
- FinCom

# ASSEMBLE YOUR CORE TEAM

- 1-2 primary drafters (volunteers from Fincom)
- Town Accountant
- Town Treasurer/Collector

# IDENTIFY A SUITABLE TEMPLATE

- Look for comparable towns' existing policies:
- <https://www.mass.gov/lists/community-compact-reports-and-completed-best-practices#financial-management-best-practices>

## Town Financial Policies

### Ayer's Financial Policies:

[http://www.ayer.ma.us/sites/ayerma/files/uploads/financial\\_policies\\_v2.pdf](http://www.ayer.ma.us/sites/ayerma/files/uploads/financial_policies_v2.pdf)

### Carlisle's Financial Policies (DRAFT created by DLS's Technical Assistance Bureau):

<http://www.mass.gov/dor/docs/dls/mdmstuf/technical-assistance/finmgtrv/carlisleccc122016.pdf>

### Littleton's Financial Policies:

[http://www.littletonma.org/filestorage/19479/19481/19588/Financial\\_Management\\_Policy-rev\\_10-2013.pdf](http://www.littletonma.org/filestorage/19479/19481/19588/Financial_Management_Policy-rev_10-2013.pdf)

### Lunenburg's Financial Policies:

<http://www.lunenburgma.gov/filestorage/204/836/8917/Policy-Rev-Final-140902.pdf>

Northborough's Financial Policies: [http://www.town.northborough.ma.us/Pages/NorthboroughMA\\_WebDocs/FY2016Budget/AppendixA.pdf](http://www.town.northborough.ma.us/Pages/NorthboroughMA_WebDocs/FY2016Budget/AppendixA.pdf)

### Ipswich's OPEB Policy:

<http://www.ipswichma.gov/DocumentCenter/Home/View/618>

### Shirley's Financial Policies:

[http://www.shirley-ma.gov/Pages/ShirleyMA\\_Bcomm/Selectmen/forms/Final-Financial%20Policies.pdf](http://www.shirley-ma.gov/Pages/ShirleyMA_Bcomm/Selectmen/forms/Final-Financial%20Policies.pdf)

## Other potentially useful resources

<http://www.mass.gov/dor/docs/dls/mdmstuf/technical-assistance/best-practices/reservepolicies.pdf>

[https://www.mma.org/images/stories/AbtLocalGov/BestPractices/mma\\_best\\_practices\\_vol1\\_jan2016.pdf](https://www.mma.org/images/stories/AbtLocalGov/BestPractices/mma_best_practices_vol1_jan2016.pdf)

[http://www.harvard.ma.us/sites/harvardma/files/uploads/cpic.policyprocedure\\_-\\_rev\\_2016-final.pdf](http://www.harvard.ma.us/sites/harvardma/files/uploads/cpic.policyprocedure_-_rev_2016-final.pdf)

# FOLLOW A WORKPLAN

1. Drafter produces first draft based on template. Drafter highlights “policy questions” to discuss with Core Team.

## FINANCIAL RESERVES

### PURPOSE

To help the Town stabilize finances and maintain operations during difficult economic periods, this policy establishes prudent practices for appropriating to and expending reserve funds. With well-planned sustainability, Bolton can use its reserves to finance emergencies and other unforeseen needs, to hold money for specific future purposes, or in limited instances, to serve as revenue sources for the annual budget. Reserve balances and policies can also positively impact the Town’s credit rating and consequently its long-term cost to fund major projects.

### APPLICABILITY

This policy pertains to short- and long-range budget decision making and applies to the Board of Selectmen and Advisory Committee in those duties. It also applies to the related job duties of the Town Administrator, the Town Treasurer, the Town Accountant, and the Board of Assessors.

### POLICY

The Town of Bolton commits to building and maintaining its reserves so as to have budgetary flexibility for unexpected events and significant disruptions in revenue-expenditure patterns and to provide a source of available funds for future capital expenditures. The Town will strive to maintain overall reserves in the level of **eight to ten** percent of the annual operating budget. Adherence to this policy will help the Town withstand periods of decreased revenues and control spending during periods of increased revenues. There are multiple types of reserves, including free cash, stabilization funds, and overlay surplus.

#### A. Free Cash

The Division of Local Services (DLS) defines free cash as “the remaining, unrestricted funds from operations of the previous fiscal year, including unexpended free cash from the previous year.” DLS must certify free cash before the Town can appropriate it.

The Town shall set a year-to-year goal of maintaining its free cash in the range of **three to five** percent of the annual budget. To achieve this, the Town Administrator shall propose budgets with conservative revenue projections, and department heads shall carefully manage their appropriations to produce excess income and budget turn backs. Further, budget decision makers will avoid fully depleting the Town’s free cash in any year, so that the succeeding year’s calculation can begin with a positive balance.<sup>1</sup> Moreover, as much practicable, the Town will limit its use of free cash to funding one-time expenditures (such as capital projects or emergencies and other unanticipated expenditures) and will appropriate any excess above **five** percent of the annual budget to a stabilization fund or to offset unfunded liabilities.

#### B. Stabilization Funds

A stabilization fund is a reserve account allowed by state law to set aside monies to be available for future spending purposes, including emergencies or capital expenditures, although it may be appropriated for any lawful purpose. Prior to the adoption of this policy, the Town established and appropriated to a general stabilization fund.

<sup>1</sup> In recent years, budget decision makers have aimed to begin each year with a \$350,000 free cash balance.

# FOLLOW A WORKPLAN

2. Meet with Core Team to agree on recommendations regarding “policy questions.”





## FOLLOW A WORKPLAN

3. Hold public meeting(s) to present full drafts. Be sure to identify key policy questions, noting where they are reflected in the document.



## FOLLOW A WORKPLAN

4. Repeat as necessary until document is finalized and formally accepted by Select Board and Finance Committee.

# BOLTON'S TIMELINE

- January 2017: Kick-off discussion with FinCom, BOS, and finance team.
- June 2017: Drafter produces initial set of policies.
- June – September 2017: Through multiple discussions, our FinCom, BOS, and finance team agree to “test drive” a set of draft policies for the upcoming budget cycle.
- June – October 2018: More edits to the policies.
- November 2018: Policies are finalized and accepted.
- January 2019: S&P announces AAA bond rating.

# FINANCIAL POLICIES - RESOURCES

- <https://www.mass.gov/info-details/municipal-finance-best-practices-training-and-resources>
- <https://www.mma.org/about-mma/publications/bestpractices/>

# CELEBRATE THE TEAM'S ACHIEVEMENT

- Post the finished product on Town website.
- Write-up for local newspaper?
- Communicate any positive consequences (e.g., improved bond rating).

**By Ken Cleveland Item Correspondent**

Posted Jan 19, 2019 at 12:58 AM



**BOLTON** – Adding a letter to a bond rating has real results.

For Bolton, it could save the town \$150,000, conservatively, Town Administrator Don Lowe said.

Moving from AA2 to AAA, the town's bond rating with Standard & Poors is now at the top rating, ahead of the U.S. government's.

“It is a validation of the hard work of a lot of people” on the financial team, he said. including a commitment to documenting financial practices and upgrading town financial policies.

“They liked seeing that,” Lowe said of the financial policies update.

# IMPLEMENT & COMMUNICATE

We continue to use “best practice” targets when evaluating the budget. Although these targets are not legally mandated, they are based on budgeting practices that have been effective over the long-term in other municipalities, and they are among the factors considered by investor service companies in assigning our bond rating. Our results are shown in the following table:

Target	Result
Achieve certified Free Cash of <b>3-5%</b> of total budgeted expenditures in the prior fiscal year ( <i>i.e.</i> , FY21).	<b>2.47%</b>
Maintain a Free Cash balance of <b>at least \$350,000</b> heading into FY22.	<b>\$348,506</b>
Maintain overall Reserves (Free Cash + Stabilization funds + Overlay Reserve) of <b>6-10%</b> of the operating budget (net of debt).	<b>7.93%</b>
Maintain Debt Service payments at <b>no more than 5-7%</b> of general fund revenues.	<b>4.54%</b>
Fund <b>100%</b> of Other Post-Employment Benefits (OPEB) actuarially determined contribution.	<b>100%</b>



# EXAMPLE #2

# MASTER PLAN UPDATE

# WHY CARE ABOUT A MASTER PLAN?

- Done well, a MP reflects core values and has community buy-in.
- MP provides a more rational basis for long-term decision making.
- The MP process is itself an act of community-building and an opportunity to define objectives/aspirations.

# PITCH THE IDEA AND EARN SUPPORT

- Planning Board
- Select Board
- FinCom
- Other town boards/committees
- Town staff

# WHAT'S IN A MASTER PLAN?

Per M.G.L. c. 41, § 81D, a master plan must address:

- Natural Resources
- Economic Development
- Infrastructure
- Transportation
- Historic & Cultural Resources
- Open Space & Recreation
- Land Use
- Housing
- Implementation

# POSSIBLE NEXT STEPS

- Already have an up-to-date MP?
  - Read it – then identify action items that involve the FinCom or CapCom.
- Need to update your MP?
  - Determine whether/how FinCom members can be involved (check bylaws).
  - Consider issuing a statement from the FinCom expressing support for an update.

#	Recommendation	Related Sections							Implementation Ownership	Supporting Partners	Level of Effort	Frequency	Timeframe Target	OOM Cost Estimate	Additional Funding Source	Priority
		LU	H	ED	NCH	OSR	PFS	T								
<b>Goal PFS2: Develop plans to address existing deficiencies in, and future needs for, the Town's capital assets and infrastructure. (continued)</b>																
PFS 2-4	For departments responsible for infrastructure support (e.g., DPW and Highway), review and enhance operations to achieve optimal efficiency in fleet and personnel levels, and to ensure adequate training is provided in line with departmental goals.							x	DPW	BOS, TA	Moderate	Persistent	Mid-term	\$\$		Important
PFS 2-5	Seek additional funding sources (such as federal and state grants) to support infrastructure spending.								DPW	PZD, SD, TA	Intense	Persistent	Short-term		DM	Important
<b>Goal PFS3: Ensure the Town has the resources necessary to handle the public safety and service needs of the community.</b>																
PFS 3-1	Develop a regularly administered community survey to gain feedback on the quality and quantity of the Town's public services.		x	x	x	x			TA	COA, DPW, FIRE, MPL, POL, SD	Moderate	Persistent	Mid-term			Necessary
PFS 3-2	Continue exploration of funding sources for the construction of a new fire station.								TA	BOS, CapCom, FinCom, FIRE, FSBC	Moderate	Persistent	Short-term			Necessary
PFS 3-3	Explore regionalizing fire and police dispatch services.								TA	FIRE, POL	Low	One-off	Long-term			Necessary
PFS 3-4	Support optimal personnel levels within the police and fire departments.								BOS	FIRE, POL, TA						Necessary
PFS 3-5	Develop and frequently update a coordinated Emergency Management Plan.								TA	DPW, FIRE, LEPC, POL						Important
PFS 3-6	Study and address the impact of population and economic changes on demand for public safety services.	x	x	x				x	TA	FIRE, POL, BOS						Necessary
PFS 3-7	Keep informed of evolving public safety technology and best practices, incorporating as appropriate.								TA	FIRE, POL, BOS						Necessary
<b>Goal PFS4: Advance decision-making that considers the Town's impact on, and implications from, climate change.</b>																
PFS 4-1	Conduct a climate vulnerability assessment through the State's Municipal Vulnerability Preparedness program and pursue program action grants to advance the Town's climate adaptation priorities.	x	x	x	x	x		x	DPW	ConsCom, FIRE, LEPC, PH, POL, PZD, SD, TA	Intense	Persistent	Short-term	\$\$	SP	Necessary
PFS 4-2	Prepare a municipal greenhouse gas emissions inventory to understand the Town's largest sources of emissions and opportunities for reduction.				x			x	TA	DPW, GCC, PZD	Moderate	One-off	Short-term	\$	SP	Necessary
PFS 4-3	Identify and pursue opportunities for climate action through regional coordination.	x	x	x	x	x		x	TA	ConsCom, DPW, GCC, PZD	Low	Persistent	Short-term			Necessary
PFS 4-4	Incorporate the implications of climate change into the long-term planning of the Town's capital assets and infrastructure via a resiliency checklist.			x	x	x		x	TA	BOS, CapCom, DPW, GCC, PZD, SD	Moderate	Persistent	Mid-term			Necessary

# IMPLEMENTATION IS KEY

- Use your MP's "implementation matrix" as a way of setting annual FinCom goals.
- Check to see whether your FinCom's decisions are consistent with the values & aspirations in the MP?
  - If not, why not?
  - Have you articulated reasons to the public?

# MASTER PLAN - RESOURCES

<https://www.mass.gov/service-details/regional-planning/resources>

<https://www.mma.org/resource/directory-of-agencies-and-organizations-for-local-officials/#planning>

<https://www.mapc.org>

## MORE RESOURCES

- <https://data.census.gov/cedsci/profile?q=0100000US>
- <https://www.mass.gov/municipal-databank-data-analytics-including-cherry-sheets>