

Let's Think about Finances

Part 3 of the series

Penny-wise Pound-foolish

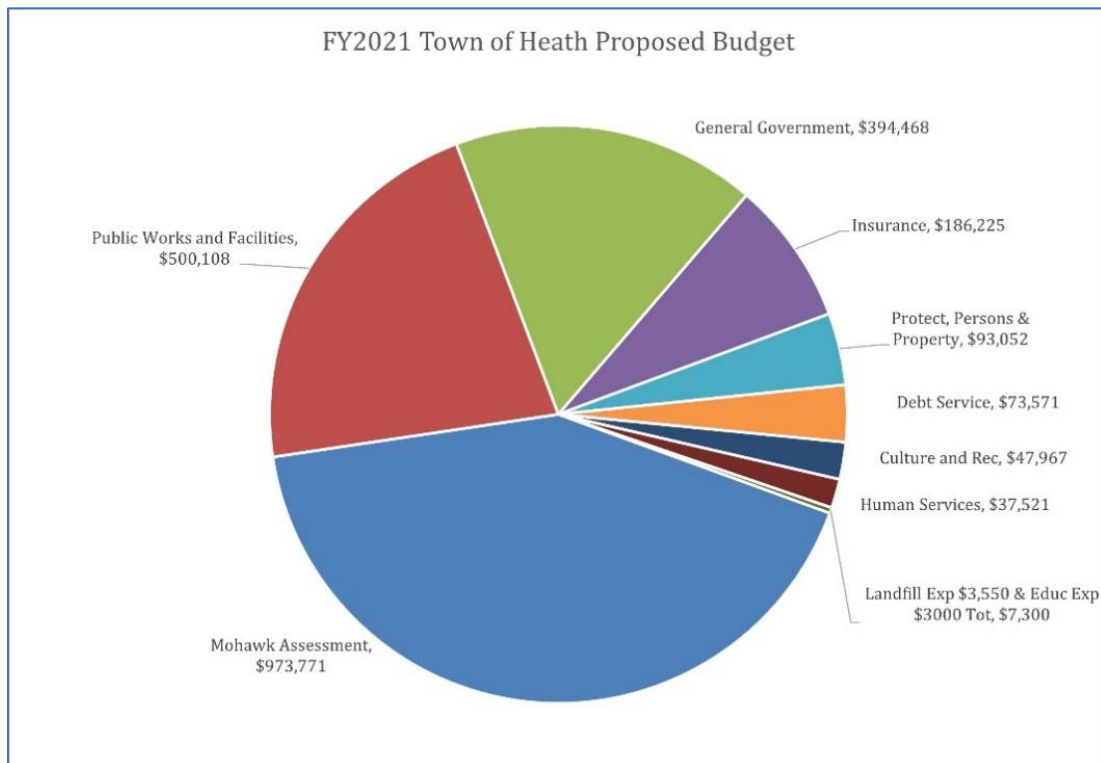
As consumers we sometimes forget to make sure we are getting the “best bang for our buck” over the long term, in an effort to save money now.

I have a vivid memory of my first town meeting in Heath where we had a 30-minute debate to decide which streetlights to turn off in Heath Center to save \$100. It was the longest discussion of the evening with the least impact on the budget. Short and long term impact on the bottom line was minimal. I am not suggesting we shouldn't pay attention to the smaller items, but we do need to balance their impact on the bottom line.

The old adage penny-wise pound-foolish refers to those who look after the cents but spend dollars freely. We live in a rural community. Over the decades townspeople have made choices to enhance and protect our rural existence. We have made decisions regarding our children's education, how best to maintain our roads, what services will help us maintain a good quality of life. We have tried to balance non-discretionary needs with discretionary needs. These decisions bring fiscal responsibilities with them. To make any lasting impact on the budget we have to look at the big picture.

Let's take a look at how our funds are divided amongst the different categories.

Below is a pie chart created by Pat McGahan using the categories and numbers in last year's **FY2021** Proposed Budget.



Education is over 40% of our budget. Recently we made the difficult decision to close our local town school and send our children to Hawlemont. We did this to offer our children a broader education, keep the community of Heath's young children and families together, and to be fiscally responsible. We have a couple of unexpected results. First is that many of our families have taken advantage of school choice options and our Heath community has not stayed together.

The second problem is an unanticipated financial impact. As part of leaving the Mohawk district for grades K through 6, we would need an estimated \$1,300,000 to cover retirement benefits for our past

school employees. How and when this will happen is still being researched. With this new knowledge, do our priorities stay the same? Would it be more effective to remain in the Mohawk District or to continue our move for a permanent agreement with Hawlemont?

Public works is also a major part of our budget. Maintaining town roads requires adequate supplies, well maintained equipment, and employees with the skills to do the job. How do we do a better job of meeting our highway department needs and still be fiscally responsible? Is it more financially responsible to lease or purchase large equipment? Do we have a long-range plan for equipment replacement? Deferring maintenance has already been costly and will continue costing us more in the end.

Broadband is not shown in the chart but is certainly another significant expense. The town approved a \$1,450,000 loan as a debt exclusion (the expense is part of your tax burden but does not show in your tax rate) for Broadband. Voters also approved an additional \$200,000 from the stabilization fund (a type of town savings account) for additional Broadband expenses. The coming of Broadband is eagerly anticipated by many, but the long-term financial implications are unclear. Can we expect to benefit from any profits made? If sign-ups do not meet the expected level who will carry the burden of any additional cost, the customers, or the town?

There is so much to look at in a town budget.

Along with the big items listed above we have discretionary programs, debt services, recreation, town government, building usage, and more. And where oh where are we looking at ways that we might increase incoming funds to offset budget needs?

Scroll down to see my final post which concerns biased evidence.

—*Susan Lively*