**DRAFT INDEPENDENT PROTOTYPE — NOT A TOWN OF WILBRAHAM SYSTEM**

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WILBRAHAM FINANCE COMMITTEE · WORKING FRAMEWORK

# Start with the decision. Then test the whole picture.

**One proposal enters the room.** The committee’s job is to understand what it changes, what it costs over time, who carries the risk, which alternatives are credible, and what evidence is still missing before offering advice.

**THE GOVERNING QUESTION**

What should Town Meeting authorize, given the full service, fiscal, household, and long-term consequences?

FRAMEWORK BOUNDARY

**Method, not a current recommendation**

| ARTIFACT | DATA STATE |
| --- | --- |
| **Portable working report v0.5.0** | **Governed worked example** |
| DATABASE | PUBLICATION |
| **Not connected · read-only extracts only** | **Not approved for current decision use** |

START HERE

# Begin with one proposal and one traceable record

**01**

### Name the exact decision.

Before testing numbers, be clear about what could actually be authorized.

**02**

### Follow the evidence chain.

Connect each important claim to its source and keep the unknowns visible.

**03**

### Test affordability with complete inputs.

If a required input is missing, the result is unknown—not zero.

**04**

### Write down the judgment.

Preserve the reason, strongest counterpoint, conditions, and trigger for another look.

GOVERNED WORKED EXAMPLE

# Here is the baseline—and where it stops

The FY2027 figures make the method concrete. They are a dated worked example, not a live decision record; each figure must be refreshed and reconciled before current use.

| SOURCE-REPORTED | SOURCE-REPORTED | CALCULATED |
|---|---|---|
| **$57.018m** | **$33.095m** | **58.042%** |
| **Final-voted General Fund** | **HWRSD assessment + debt** | **HWRSD share of final-voted GF** |
| Budget scope · FY2027 | Regional-school obligation · FY2027 | Exact numerator ÷ exact denominator |

GENERAL FUND DENOMINATOR

HWRSD SHARE · 58.042%

The separate workbook's rounded 55% display remains a source-reported figure; it is not silently overwritten.

| APR / WORKBOOK | MAY 6 ANTICIPATED MOTION | FINAL VOTE |
|---|---|---|
| $57,018,471 | $57,041,471 | $57,018,471 |
| | temporary +$23,000 | 0 of 588 displayed cells changed |

THE REVIEW SEQUENCE

# Eight questions before a recommendation

Begin with the choice itself, then move through the evidence. A precise forecast cannot rescue a vague decision or a weak baseline.

**01 · DECISION**

### What is being authorized?

Name the action, authority, deadline, and result before testing the numbers.

**02 · BASELINE**

### What exists today?

Show the current service, demand, asset, staffing, debt, reserve, and risk position.

**03 · MEASURE IDENTITY**

### What does each number mean?

Keep the value, unit, period, fund, stage, scope, source, and evidence state together.

**04 · MONEY FLOW**

### Where does each dollar come from and land?

Reconcile sources and uses, explain transfers and allocations, and prevent overlap.

**05 · AFFORDABILITY**

### Can the whole system carry it?

Test recurring balance, annual cash timing, capital sustainability, and household and service effects.

**06 · ALTERNATIVES**

### What else could meet the objective?

Compare the status quo, repair, phasing, replacement, and service-model choices on the same terms.

**07 · CONSEQUENCES**

### Who gains, pays, waits, or loses service?

Show value, distribution, opportunity cost, uncertainty, and whether the choice can be reversed.

**08 · ADVICE**

### What should happen—and under what conditions?

Record the recommendation, strongest opposing view, conditions, owner, milestones, and review triggers.

MACROECONOMIC AND EXTERNAL-FORCE REGISTER

# What could change the numbers before the Town acts?

Interest rates, property values, inflation, state aid, insurance, construction markets, and the broader economy can move the result even when the local proposal does not change. Each works differently, so they should never disappear into one vague “economic impact” number.

01

### Cash-flow change

Prices, wages, benefits, borrowing costs, or receipts actually change.

02

### Measurement change

A present-value or actuarial number changes even when benefit obligations do not.

03

### Legal-capacity change

Assessed value or state rules change a ceiling, limit, or allowable revenue path.

A · PRESENT ↔ FUTURE VALUE

## Discount and interest rates

A higher discount rate usually lowers the present value of the same future payment stream; a lower rate raises it. Market rates can also change new debt service, note rollover cost, and investment income.

**Control:** Show future cash flows, the selected rate, and at least one lower- and higher-rate case.

B · TAX BASE AND CEILING

## Assessed property value

The relevant base is taxable real and personal property—not land alone. Appreciation raises the absolute 2.5%-of-value levy ceiling and can lower the tax rate per $1,000 for the same levy.

**Control:** Never treat appreciation as automatic ordinary levy capacity.

C · PURCHASING POWER

## Inflation and cost escalation

Labor, health care, energy, materials, construction, insurance, and contracted services can rise at different rates. If recurring costs outpace recurring revenue growth, service pressure increases even without expansion.

**Control:** Keep general inflation, construction escalation, wage growth, and health trend as separate inputs.

WILBRAHAM PRECEDENT · FY2025 FINCOM PRESENTATION

# FinCom has already used discount-rate logic in public budget framing.

> “OPEB liability decreased significantly due to favorable discount rate that is used as a result of investing the OPEB funds.”

The Town-hosted FY2025 Budget Presentation lists **Kevin Hanks, Chair**, and **Todd Schneider, Vice Chair**. The source uses “Vice Chair,” not “co-chair.” The statement appeared in the presentation’s highlights alongside recommendations for $700,000 to Stabilization and $250,000 to OPEB and the decision not to spend to the levy limit.

**WHAT WAS SAID**

### A favorable rate helped the reported liability fall.

This is direct evidence that FinCom placed an actuarial present-value result into its FY2025 budget presentation. It is not merely a concept introduced by this model.

**WHAT IT MAY HAVE MEANT**

### Invested trust assets supported a higher valuation rate.

The FY2024 audit says the OPEB discount rate changed from 6.30% in 2023 to 7.00% in 2024. A higher rate discounts the same projected benefit payments more heavily, producing a lower present value. The presentation itself does not expose the actuarial derivation, so the audited note controls.

**WHY GREAT CAUTION IS REQUIRED**

### The rate did not erase the benefit obligation.

A rate change alone did not reduce retiree health benefits, cancel future payments, or create cash. Contributions and investment gains can add real assets, but a higher discount rate mainly changes today’s measurement—and the direction can reverse.

AUDITED FY2024 OPEB SENSITIVITY

| DISCOUNT RATE | NET OPEB LIABILITY | CHANGE FROM 7.00% |
|---|---:|---:|
| 6.00% | $10,402,863 | +$1,656,457 |
| **7.00%** | **$8,746,406** | **Base** |
| 8.00% | $7,370,082 | −$1,376,324 |

## One percentage point in either direction moved the reported net liability materially.

The audit's Note 22 held the projected benefit framework constant and changed the discount rate. This is the cautionary swing FinCom should expect every scenario model to disclose.

### HOW TO USE THE PRECEDENT IN A BUILDING SCENARIO

**FinCom's own FY2025 presentation establishes that discount-rate and present-value effects are relevant to local financial analysis.** A building model should therefore show nominal cash flows by year, an explicitly named discount rate, present value, and rate sensitivity. It should also keep present value separate from annual affordability: a lower NPV does not pay a peak-year debt bill or operating cost.

ASSESSED VALUE · THE BIG DISTINCTION

# The ceiling rose with property value. The annual levy limit did not become the ceiling.

Wilbraham’s taxable assessed value rose from $2.064 billion in FY2022 to $2.793 billion in FY2026—35.4%. The resulting levy ceiling rose from $51.591 million to $69.837 million. But Proposition 2½ still grows the ordinary annual levy limit from the prior limit, the 2.5% increment, certified new growth, and voter-approved changes.

| FY2026 ORDINARY LEVY LIMIT | FY2026 MAXIMUM ALLOWABLE LEVY | FY2026 ACTUAL TOTAL TAX LEVY | UNUSED LEVY CAPACITY |
|---|---|---|---|
| **$48,189,785** | **$50,069,014** | **$48,746,259** | **$1,322,755** |
| Before debt and capital exclusions | Includes $1,879,229 of exclusions | Amount actually raised | 2.64% of the maximum · legal room, not cash |

DIRECT ANSWER TO THE VALUATION QUESTION

## 30.2% decrease

If the FY2026 actual total levy stayed at $48,746,259, aggregate assessed value would have to fall from $2,793,481,911 to about **$1,949,850,360** for that levy to equal 2.5% of value.

**LEGAL CEILING TEST**

## About 31.0% is the cleaner statutory trigger.

The annual levy limit before exclusions is $48,189,785. The 2.5% ceiling would fall to that amount at assessed value of about $1,927,591,400—a 31.0% decline. Debt and capital exclusions may be raised above the ceiling, so total levy versus ceiling is an intuitive stress comparison, not the complete legal calculation.

> **Do not say:** “Property values rose, so the Town can automatically levy 2.5% of the new value.”
> **Say:** “Appreciation raised the absolute ceiling; current annual room is the $1.323 million difference between the DLS maximum allowable levy and the actual levy.”

Source: Massachusetts DLS Excess Levy Capacity and Override Capacity report, Wilbraham FY2022–FY2026, and the DLS Levy Limits Primer. Calculations: $50,069,014 − $48,746,259 = $1,322,755; $48,746,259 ÷ 2.5% = $1,949,850,360; 1 − ($48,746,259 ÷ $69,837,048) = 30.2%.

OTHER EXTERNAL DRIVERS TO KEEP IN THE SAME REGISTER

# A credible downside case looks beyond three variables

### State aid and the broader economy

Receipts can underperform assumptions; state policy can shift local funding burdens.

### Health-care and insurance trends

Group insurance and OPEB cash costs can rise faster than general inflation.

### Construction and energy markets

Bid prices, supply constraints, utilities, and maintenance can change project and operating costs.

### Credit and capital markets

Bond, BAN, and reinvestment rates can change timing, carrying cost, and reserve earnings.

### Enrollment and regional assessments

District cost allocation can change a major Town obligation without a matching local revenue increase.

### Recession, employment, and collections

Local receipts, delinquencies, demand for services, and state revenue can move together.

**SOON TO COME** **Framework visible · calculation not yet operational**

MANDATORY FINCOM TEST AFTER MACROECONOMICS

# Carry the future obligation into today’s review

This future gate should identify what a proposal really changes after the opening appropriation: cash payments, staffing and benefit commitments, debt, contracts, asset work, regional obligations, risk, or only an accounting measurement.

WHY THIS MATTERS

## Do not let the first-year price become the whole story

Before a recommendation, the workbench should test whether a proposal creates, enlarges, accelerates, defers, transfers, or resolves a future obligation and show the effect at five, ten, and twenty years.

WHAT IT WILL NOT CLAIM YET

## Why there is no live obligation total yet

The required proposal, payroll, contract, actuarial, capital, and funding records are not yet connected at a compatible decision level. Missing amounts remain unknown—not zero—and this section cannot support a current recommendation.

01

### Cash-funded or earned improvement

Real assets, funded service capacity, or lower future cash requirements are created.

02

### Structural change

A continuing cost, revenue, staffing level, contract, or service model changes.

03

### Risk reduction

Failure exposure, volatility, backlog, or an unfunded contingency is measurably reduced.

04

### Measurement-only

An actuarial or present-value amount changes without automatically changing the obligation or cash due.

05

### Deferral or cost shift

A cost moves to a later year, another fund, another body, employees, service users, or future taxpayers.

06

### Unresolved

The evidence cannot yet determine which economic effect occurred.

#### OBLIGATIONS THE GATE WILL COVER

- new or expanded staffing, compensation, pension, health, and OPEB effects;
- debt principal, interest, temporary financing, exclusions, and refinancing chains;
- compensated absences and other earned employee obligations;
- leases, subscriptions, service contracts, renewals, and termination costs;
- maintenance, renewal, replacement, decommissioning, and deferred asset work;
- environmental, remediation, permitting, and compliance responsibilities;
- HWRSD assessments, capital allocations, shared contracts, and other regional commitments; and

#### WHAT IS MISSING BEFORE REAL USE

- a stable proposal ID, exact decision scope, alternatives, authority, and version date;
- annual nominal cash flows by option, with start, stabilization, expiry, and exit assumptions;
- position/FTE records, salary schedules, bargaining and benefit assumptions, and employer pension/OPEB cash effects;
- executed and proposed contract, lease, subscription, debt, and grant terms;
- current asset condition, utilization, maintenance backlog, lifecycle plan, and current cost estimates;
- future HWRSD member allocations and aligned Town/District operating and capital forecasts;

- grant matches, operating tails, clawbacks, and obligations left when one-time funding ends.

- recurring and one-time funding sources, legal restrictions, reserve plans, and household effects; and
- source links, evidence states, owners, due dates, actual results, and non-duplication controls.

WHAT A COMPLETED GATE SHOULD SHOW

**For each alternative:** first-year and stabilized annual cost; five-, ten-, and twenty-year nominal cash; present value with rate sensitivity; recurring-versus-one-time funding match; pension/OPEB and other employee tails; debt and contract schedules; deferral or transfer effects; service and risk consequences; owner; review trigger; and the capacity remaining after the decision.

AFFORDABILITY LAB

# If an input is missing, the answer is not zero

The small lab can create a first-pass recurring stress test. It stays blank until every required input is supplied—and it does not replace a debt schedule, parcel model, or scenario forecast.

**MISSING** Supply all four values to calculate. Empty fields remain unknown.

01

## Recurring balance

Do dependable revenues cover continuing services and the proposal?

02

## Cash-flow timing

When do appropriations, borrowing, reimbursements, and payments occur?

03

## Capital sustainability

What does this displace across the complete asset and debt portfolio?

04

## Household + service

Who pays, who benefits, and what service changes if assumptions fail?

DATABASE-TO-DECISION MAP

# Show the evidence chain, not the database

The database may be enormous. A decision page should show only the evidence chain needed to understand the question, with the deeper record one step away.

ARTICLES · MOTIONS · VOTES

### Decision authority

What can be authorized?

BUDGETS · ACTUALS · STAFFING

### Operating baseline

What must recur?

ASSESSMENT · DEBT · ENROLLMENT

### Regional schools

What is shared and controlled?

ASSETS · CONDITIONS · PROJECTS

### Capital portfolio

What competes over time?

AUTHORIZATIONS · BANS · BONDS

### Debt + cash

When does cash leave?

LEVY · NEW GROWTH · RESERVES

### Revenue capacity

What can support it?

PARCELS · EXEMPTIONS · BILLS

### Household impact

Who pays and when?

SERVICE · ACCESS · UNCERTAINTY

### Outcomes + risk

What value changes?

Open the non-substitution guardrails

budget ≠ actual

appropriation ≠ cash

authorization ≠ issued debt

principal ≠ outstanding balance

levy ≠ audit property-tax revenue

fund balance ≠ free cash

assessment total ≠ Wilbraham share

empty / null ≠ zero

RECOMMENDATION RECORD

# Write the judgment so someone else can follow it

A recommendation should be more than “approve” or “reject.” It should preserve the reasoning, strongest opposing consideration, conditions, evidence limits, and the moment that would trigger another review.

| | |
|---|---|
| **ACTION** | Recommend approve / reject / defer / amend… |
| **BECAUSE** | The evidence shows… |
| **EVEN THOUGH** | The strongest opposing consideration is… |
| **PROVIDED THAT** | Approval is conditioned on… |
| **REVIEW WHEN** | Reconsider if this trigger occurs… |

READINESS 0%

CONTINUE WITH THE EVIDENCE

# Move between the question and the source

**ANNUAL FINANCIAL PROCESS**

Follow a request through review, warrant, vote, implementation, and closeout.

**CONNECTED DATA VIEW**

See what connected evidence can answer—and what Town context would carry it farther.

**DATA SOURCES**

Search the register of incorporated evidence.

**PROJECT OVERVIEW**

Return to all report paths.

THE COMMITTEE STANDARD

# A clear recommendation shows its work

**EVIDENCE AND USE BOUNDARY**

Data, calculations, analytics, and process descriptions may be incomplete, outdated, or inaccurate and must be independently verified against official sources. This prototype does not recommend any decision, advocate Town adoption or use, or replace official records, professional advice, or the judgment and authority of residents and Town bodies.