

Finance Committee Meeting
 June 18, 2013
 Acton Memorial Library
 MINUTES

R E C E I V E D
 JUL 16 2013
 TOWN CLERK, ACTON

Members Present: Steve Noone, Doug Tindal, Pat Clifford, Bob Evans, Mike Majors, Bill Mullin, Mary Ann Ashton, Margaret Busse, Herman Kabakoff, Brian McMullen (Assessor).

Chairperson Pat Clifford called the meeting to order at 7:30 p.m.

- I. Public Comment. None
- II. Minutes.
 - Mary Ann made a motion, seconded by Margaret, to approve the minutes of the **May 21, 2013** meeting. Motion passed.
 - Bill made a motion, seconded by Mary Ann, to approve the minutes of the **June 3, 2013** meeting. Motion passed with one abstention (Herman).
- III. Third Quarter Financial Report for Town of Acton – Brian McMullen
 - Standard & Poors (S&P) rating not expected to change within the two-year parameter of the outlook. This was accredited to the town proactively making necessary adjustments to produce balanced operations and strong financial reserves.
 - **FY 13 Town of Acton Operating Results:***

<i>FY 13 General Funds</i>	<i>Budgeted</i>	<i>Actual</i>	<i>Percent</i>
Revenues	\$80,479,199	\$60,466,500	75.1
Expenditures	27,649,225	19,794,451	72.6
<i>2013 Enterprise Funds</i>			
	<i>Revenues</i>	<i>Expenses</i>	<i>Profit/(Loss)</i>
Ambulance Fund	\$ 669,955	\$ 501,799	\$ 168,156
COA Van Fund	77,470	51,073	26,397
Transfer Station & Recycling Fund	650,181	528,393	121,788
Nursing Fund	560,903	413,403	147,500
Septage Fund	109,550	86,770	22,780
Sewer Fund	1,470,164	1,460,725	9,439
<i>Other</i>	<i>Revenues</i>	<i>Expenses</i>	<i>Profit/(Loss)</i>
FY 13 "Problems Solved" net	\$ 0	\$ 443,353	
FY 13 Net Estimated Turn-backs	600,000		\$ 156,648

(* - Unaudited results subject to change)

- Comments:
 - i. There was a discussion regarding Fund Balances - funding levels and questions regarding size of the Ambulance subsidy – currently \$271k.
 - ii. COA Van Fund includes \$50k ATM subsidy.
 - iii. Most revenues for Transfer Station received in Q1.
 - iv. Nursing Fund includes \$175k TM subsidy.
 - v. Sewer Fund expenses consist mainly of debt service.
 - vi. Estimated departmental turn-backs are net of "problems solved".

- Doug requested that the Town report back to the Finance Committee the status of the Enterprise Funds and that we expect continuous improvement.
- Bob asked about the level of funding – “how much do we need”?
- Pat indicated that Operating Results should be on our list.
- Margaret indicated to Brian that the reports should be formatted so that we can look at trends. Brian acknowledged that there is a need to show Revenues against Budget.
- Bill asked if there are any prior year projects (or other projects) that are unfunded? Brian responded “No”.
- Brian added that there may be a small increase (~ 7%) in Excise Tax revenue as well as active Building Permit activity.
- Bill added that there is a need for a higher level of detail regarding Acton’s Enterprise Funds to avoid over-taxing our citizens. We may need to ask for resources to monitor these funds with regard to cash flow.
- Doug noted that we should consider policy guidelines regarding Enterprise Funds.
- Herman agreed that future Financial Reports need to be submitted in far more detail.
- Mary Ann noted that there was nothing in the report that addressed snow & ice removal. Are there any troubling trends? Brian indicated that snow & ice expenses were not unusual and that there were no troubling trends.
- Pat asked if the Town is expecting any unusual revenue projections. Brian repeated that we may see an impact from auto related receipts as Acton residents aging automobiles are gradually replaced with newer models. We may also see more activity with building permit activity.
- Herman asked David Clough if the BOS approved year end spending. David responded that the BOS has approved only contracts from Town Meeting.
- Brian mentioned to the committee that most of this information is available online and in greater detail.
- Doug likes the idea of a monthly “heads up” regarding financial issues

IV. FY 13 Year End Financial Review for Acton Public and Acton-Boxborough Regional School Districts – presented by Don Aicardi

- Don covered year end status for APS and ABRSD, ABRSD Debt Refunding & Refinancing efforts, Regional OPEB Trust Fund News and OPEB liability review.
- **FY 13 ABRSD Budget – Year End Expenditures:**

<i>Funds Already Committed</i>	<i>Amount (\$)</i>	<i>Rationales</i>
Safety Equipment	60,000	ABRSC commitment to Safety Task Force
Lighting Equipment – High School	122,000	AB contribution to NStar energy project
<i>Recommended Expenditures</i>		
Science Room table replacements - JH	65,000	Reconfigure 10 science rooms
<i>Estimated FY 13 Year End Capacity</i>	620,000	
<i>TOTAL FY 13 YEAR END CAPACITY</i>	247,000	

- Questions/Comments:
- Margaret commented that APS excess funds should be returned to Town
- ABRSD E&D (Excess & Deficiency) funds are never returned directly, but can be used to reduce assessment.

- Bill noted that we are starting the fiscal year about \$1.3 million in the hole for replenishment of reserves.
- ABRSC has chosen to rebuild E&D fund balance reserves in the fall at the closure of the last two budget cycles.
- Acton Public School Projected Year End Balance is expected to be \$349k, which is about 1.3% of \$26.5 million budget.
- **FY 13 Acton Public Schools Budget - Year End Expenditures:**

<i>Funds Already Committed</i>	<i>Amount (\$)</i>	<i>Rationales</i>
Safety Equipment	90,000	APS commitment to Safety Task Force
<i>Recommended - Strongly</i>		
Reading & Writing Units of Study	15,000	New State "frameworks"
Carpeting - Gates School	9,000	Last 2 classrooms - health & maintenance
<i>Recommended - Partial</i>		
10 Desk & Chair replacements-Gates	60,920	Discussions with Principal - may need 5
15 Desk & Chair replacements-Douglas		Discussions with Principal
Cafeteria Tables - Conant		Cafeteria tables, 200 chairs, dolly
TOTAL FY 13 YEAR END CAPACITY	174,000	

- Conant furniture might be purchased from Community Education funding,
- Don then led a discussion addressing status of Bond Refinancing. School Committee is recommending proceeding with refunding and refinancing their debt due to negative arbitrage and lower interest rates.
- Based on the numbers as of late May, there could be significant savings to the taxpayers:

<i>The Opportunity</i>	
2004 Debt:	\$ 326,198
2005 Debt:	653,100
Potential Savings	\$ 979,298

- Don next led a discussion of the Regional OPEB Trust. Review of Unfunded Accrued Liability (UAAL) is nearly complete and should be published in July.

<i>OPEB Liability</i>	
UAAL thru 12/31/2010 ABRSD & Acton	\$ 100,000,000
UAAL thru 12/31/2010 - After plan design change (3/26/12)	\$ 87,000,000

- Don indicated that AEA Negotiations are ongoing. There are tentative agreements with OSA and AFSCME. Agreements ratified by OSA and AFSCME last week. School Committee will discuss next week. Both contracts fit within FY14 budget.
- Doug asked if there are any comparable data to measure these contracts. There is a need to have more visibility of the contract negotiations.
- Bill suggested the use of the Point-of-View Document to communicate our expectations.
- Mary Ann stated that the Finance Committee would like to see budgeting for equipment replacement. Even our "new" buildings are now 13 years old. Request was made to Don that we would like to see year-to-year comparisons for Table 6.
- Summer Projects - issue of off-budget accounts.

V. Finance Committee Organization

The Chairperson submitted a proposal for 2013-2014 FinCom committee assignments and asked the committee members to review.

VI. Margaret made motion for adjournment, seconded by Bill. Motion passed. Meeting was adjourned at 10:00 pm. Next meeting is July 9, 2013.