



**Acton Town Finance Committee
Meeting Minutes
Date: February 9, 2016
Room 204 Town Hall 7:30pm.**

(DRAFT. Awaiting Approval by the Committee)

All Members Present.

- I. Chairman Majors called the meeting to order at 7:35pm
- II. There was no Public Participation
- III. Municipal Q2 FY16 Budget Results: Brian McMullen presented the results of the second quarter FY16 as abstracted from the full financial data displayed on the town's website. In general terms, the Town is tracking very close to 50% of the annual budget here at the end of the second quarter. Local receipts are running at 25%, but are a reflection of the excise tax billings which are just now being sent out. General fund is running at 62% due to Middlesex Retirement lump sum payments, some asynchronous debt service payouts, and lump sum purchase orders.

Enterprise funds reflect the removal of the Nursing Service and COA and the insertion of the Transportation fund. The funds in general tend to be quite different in terms of what activities they represent, and consequently their degree of self-sufficiency or dependence on the General Fund. In order to be able to coherently report the performance of these funds, Mr. McMullen has been working to streamline the reporting to allow for real time tracking of fund balances as the quarters go by.

Members inquired as to the performance of the Nursing service and were told that the expenses for it are now scattered among several operating departments. Current data on the revenue side of the Nursing service were not yet available, although the receipts so far seem to be trending higher than last year. Members indicated that we intend to continue to monitor this area until such time as the new marketing campaign has reached its full strength.

Mr. McMullen pointed out that the recovering economy has resulted in increases in inspectional fees as well as new growth numbers reflective of projects like Quail Ridge. These elevated new growth numbers are not sustainable unless another large project

gets under way. The comprehensive revaluation of the town (at 9 year intervals) has provided new revenues. Also, the economy has led to an increase in excise taxes as people replace older cars.

IV. Regional School District financial report 2Q16: Dr. Glenn Brand and Claire Jeannotte.

Revenues are tracking at 50% through the end of December. Unbudgeted revenues may come in about \$200k above estimates. Expenses do include advance encumbrances and some lump sum payments. Nonetheless, expenses look good, as we are ahead on Workmen's Comp and Middlesex retirement. Project work has been carried on in the Summer months and capital maintenance which had been held back last year may do some catching up. Difficulties anticipated in SPED transportation. The District has reviewed all its fee areas to be sure that revenues are in place to offset expenses. The third quarter is the one where we can really bear down. New items include "Erate," a reimbursement program previously limited to landlines now made applicable to wireless phone costs at a gain of \$20k, and the Medicaid reimbursement now worth \$105k. Dr. Brand described the capital needs study process.

Members asked about tracking capital maintenance with its useful lives calculated. Staff reported that they are working towards detailed considerations of all building elements. Dr. Brand referred to a "tipping point" at the intersection of obsolescence and physical condition. He emphasized that sometimes there are code issues which are applied on a building-wide basis and which may be so costly to rectify that they alone tip the building into either replacement or total tear out.

The Schools will focus on submitting an application to the MSBA before its August deadline for a Statement of Interest (SOI). This might involve the future replacement or perhaps aggressive renovation of at least one building. This serves as a place holder for future efforts to achieve funding. (Noteworthy that only 1 in 10 applications are accepted by MSBA.) The schools will also assemble a two-tiered process involving a capital needs study committee at one level and a second phase involving a committee to look into visioning with participants drawn widely from the community. Both Claire and Glenn support the need to study comparable school systems for ideas.

V. Regional School District FY17 Budget: Dr. Glenn Brand and Claire Jeannotte. Dr. Glenn presented the FY17 preliminary budget.

Process for development of the new budget has been under way for months with the solicitation of opinions/requests of staff well before formal budget process begins.

Priorities based on identifying staff levels, educational and capital needs assessments, and classroom sizes and staffing levels. Staffing represents nearly 80% of the total budget. Overall staff salaries and stipends seem stable as budgeted. Emphasis is placed on the changing nature of the student body. The new budget moves to deal with large

caseloads of students needing instruction in English, in SPED and those who need psychological services. The budget is intended to closely manage out of district support services.

Overall effects reflect a 3.4% increase over FY16. One key variable is the ever changing composition of the student body with shifting needs for SPED, English instruction, and process for new students. Of necessity, in this setting some of the assumptions will be light on reliable data. One of the few bright sides is health insurance which came in at an increase of 3-4%. It appears that the assessments will be 4.5% for Acton and 3.4% for Boxborough.

During the Q and A period, members asked about the impact of the drop in enrollment, the ability to reduce classroom sizes, and the impact on E&D levels. The view was expressed that this seemed to be a 'steady as she goes' budget for a time characterized by steady drops in enrollment. Dr. Brand described current class room sizes as ranging from 18 to 20 at the kindergarten level up to 22 to 24 at grades four thru six. The question was asked as to how much the E&D levels should be at any given time. Ms. Jeannotte expressed an opinion that the present 2.2% level should be more like 5%.

- VI. Acton Leadership Group (ALG): The committee discussed the present ALG spreadsheet process in relation to desirable budget levels for expenditures. Some members described the present process as institutionalized deficit spending with budgets dependent on substantial dips into reserve funds every year. The BOS designee present suggested that the FinCom should consider making a greater effort to educate the members of the "spending" boards as to the impact of so-called deficit spending, use of reserves, and sources of replenishment of reserves. Some members expressed the view that the FinCom should re-think its position with respect to reserves use.
- VII. Approval of Minutes
- VIII. The Committee adjourned at 10:10.