

Finance Committee

Meeting Minutes

February 9, 2021

7:00 PM

* VIRTUAL MEETING *

Present: Roland Bourdon, Jason Cole, Steve Noone, Sahana Purohit, Christine Russell (Vice-Chair), Mike Majors, Adam Nolde

Ms. Russell called the meeting to order at 7:00PM via a virtual meeting with no Committee members in physical attendance and broadcasted via Zoom and ActonTV.

1. Citizen's Concerns

None

2. Presentation by John Petersen

Mr. Peterson, speaking as a citizen, reviewed current definitions and disclaimers and provided an overview of Acton's current tax rate reporting. He believes that spending and assessments should flow down from the levy limit. He presented slides highlighting that the school assessment is growing at a rate greater than 2 ½ % and is not sustainable without an override. Additional slides compared Acton and Boxborough's property valuations and its relationship to tax rates and percent of assessments for each town. Mr. Petersen suggests that the tax rate be broken down to reflect School and Town spending.

Mr. Bourdon expressed the need for the Town and School to live with a 2 ½ % annual increases. Savings need to be found, wants (nice to have) versus needs must be evaluated. Salaries at 4% are not sustainable.

Mr. Majors asked when is the last time we looked at the Acton/Boxborough regional split.

Mr. Cole reiterated that the committee has no appetite for an override but questioned if staying within 2 ½% was even possible given union agreements.

Mr. Petersen commented that items that are growing at greater than 2 ½% will create budget difficulties and the need to cut in other areas or reduce headcount.

Mr. Nolde asked what caused the swing between Acton's increase and Boxborough's decrease.

Mr. Petersen responded that out of district students are excluded from enrollment calculations

Mr. Noone stated that costs should not increase faster than our revenue

Mr. Petersen responded that the tax rate is more informative than the average tax bill

Mr. Bourdon commented that the average valuation along with broken out tax rate would need to be shown

Mr. Charles Kadlec, a citizen, would like the budget process to keep in mind how close we are to the levy ceiling. He believes taxpayers care about their bill not the tax rate and that increases are coming from the school assessments

3. FY21 Q2 Results

Mr. Stephen Barrett, Finance Director, presented the 2nd Quarter FY2021 Financial Report. The Tax Recap has \$100.5m (not inclusive of \$1.1 million in reserve use and \$3.3 million debt exclusion billings). The year to date revenue as of December 31st was \$48.8 million, roughly 48.5% of the total, which is in line with prior years tracking. Property tax and state aid actuals are also following previous year trends. Local receipts are trending with prior years as well, however, Mr. Barrett noted that Motor Vehicle Excise commitments are billed in the 3rd quarter. Local receipts are further broken down to show potential areas of vulnerability, such as interest income. On the expenditures side, General Fund expenditures as of December 31st were \$18,248,134 (out of \$35,615,202) which is roughly 51.2%. Mr. Barrett noted this figure includes \$5.1 million in pension and OBEP funding, which is paid in August each year. Mr. Barrett presented reports on the Enterprise Funds: Septage, Transfer Station & Recycling, Sewer, Ambulance, and Transportation. All funds appear to be trending in line with previous years with no concerns at this time. Mr. Barrett addressed the concern over the recent increase in the Town unemployment rate and the Towns quick response to implement numerous programs to help citizens impacted by Covid related hardships.

Mr. Noone asked by what % would local receipts be down.

Mr. Barrett responded that he believed it would be between 5-8%.

Mr. Noone expressed concern about years beyond FY22 if the State depletes its rainy-day fund.

Mr. Bourdon asked about the effect of the pandemic on meals tax

Mr. Barrett responded that the State adjusted their methodology regarding meals tax in light of Covid and set out meals revenue at \$280K, which is less than FY 20 actuals.

Ms. Russell asked Mr. Barrett to postpone explaining the difference between the residential and business tax calculation until a future meeting when more members were present.

4. Liaison Reports

Mr. Bourdon had no liaison reports but wanted to announce that the VA has Covid vaccine appointments available and to contact the VA officer for assistance

Mr. Noone reported on the Health Insurance Trust meeting, highlighting:

- Previous guidance was for 5%
- New data is suggesting a Covid bubble that will significantly increase costs
- Members decided on a 7% increase

Ms. Russell reported on the School Committee, highlighting:

- Committee is striving to bring budget numbers down
- Members seem very aware of the levy limit
- Efforts to reduce the budget could mean a reduction in OPEB and Middlesex contributions and increase use of reserves

Mr. Noone commented that if compensation isn't at 2 1/2 % it will be a losing battle in future years.

Mr. Bourdon expressed concern that the School Committee doesn't defer building maintenance as a way to reduce budgets.

Ms. Russell will bring up at ALG the desire for a joint committee on review cost saving measures

5. Meeting Minutes

None

Mr. Nolde moved to adjourn. Mr. Bourdon seconded. Ms. Russell called the roll:

- Ms. Russell – aye
- Mr. Majors – aye
- Mr. Nolde – aye
- Mr. Noone – aye
- Mr. Bourdon – aye

The Committee voted 5-0, the motion carried. The meeting adjourned at 8:33