



Town of Acton

Finance Committee

Meeting Minutes

Date: August 9th, 2016

Acton Town Hall • Room 204 • 7:30 pm

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Members in attendance: Bob Evans, Mike Majors, Margaret Busse (Chair), Roland Bourdon, Shuyu Lee, David Wellinghoff (Clerk), John Benson (Associate), Jason Cole, Steve Noone

Members absent: Doug Tindal (Vice-chair)

Other: Brian McMullen, Janet Adachi (BoS), Kristen Connell, Superintendent Brand, Clare Jeannotte, Steve Barrett,

Chair Busse called meeting to order at 7:31

Public participation – None.

Approve minutes – Motion to approve July 26th minutes, all affirmative except Jason Cole who abstains.

Overview of AB School District Finance – Clare Jeannotte presents School Finance Topics Update August 2016. Chapter 70 is up \$116 million (2.6%). 5,500 foundation students. Not aware of any pending special education legislation. Chapter 70 Foundation review commission discussing a change in formula for calculating special ed enrollment. It is unclear currently whether this is beneficial to Acton. Chapter 70 is considered one of the most complicated formulas for determining aid in the state. Formula using six factors provides a cap in aid (17.5%) for well off districts versus poorer districts that may be predominantly funded by state aid. Clare to get back to Committee on Foundation budget related to Net School spend budget.

Bond Rating – Brian McMullen presents on the three major rating agencies S&P, Moodys, and Fitch. The town provides 50-60 pages of information on demographics, property values,

business diversity, median household income, tax revenues, stability of finances, and the 3-year ALG plan which is looked upon favorably. Moodys not as familiar with Massachusetts general law so S&P local presence is favorable. Cost to town is a flat fee typically \$40-70,000. Pension liability is part of Middlesex County Retirement System to fully fund pension. Data provided is CAFRA audit on steroids. We provide financial advisor documents including CAFRA, ALG plan, and audited financials. Then they send list of questions, DOR data. Segal provides actuarial study on pension and OPEB. How often are Segal reports updated? Steve Barrett to provide latest report to Committee.

Overview of Reserves – Steve Barrett presents the Discussion on 'Reserves'. Comment to not use untaxed levy as a component of reserves since it was never intended that way. Steve Noone Email was also presented detailing differences between DOR and Town Warrants. Main differences come down to timing as well as State Law regarding budgets. Current reserves at 8% of total spending. Replenishment of reserves was \$1.7 million in FY13, \$2.4 million in FY14, and \$1.9 million in FY15. Concern that we are typically telling taxpayers that we are planning a \$2 million deficit year after year when in reality we are generating surplus. The primary reason is Town Meeting is a very different audience than rating agencies/DOR. There is also an 18 month difference between ALG model and certification of free cash. DOR does not think you should use reserves to fund operating budgets and Moodys had put the School system on Watch for overreliance on reserves. Chair would like to postpone this discussion for later meeting.

Review committee updates – BoS has 12 warrant articles for October 5th town meeting. Transportation update includes CAT usage improving, Shuyu will forward presentation. Would like to get a draft version of warrant for September 6th meeting. BOS closed draft warrant at prior nights meeting (August 8th) although zoning bylaws have not been reviewed by Planning Board. School Committee meeting discussed new enrollment projections and new building impact. School enrollment projected to be 4,454 in 2025 (Ashton) vs 4,987 NESDC. Jason suggests the 1,000 student decline in enrollment over the next decade as unreliable. Dore/Whittier suggests staggered school build to hedge realized enrollment numbers. They believe we could be underestimating enrollment. Ashton revising projections based on higher than expected housing turnover.

Chair's minute – September 8th does not work for 3-board social. September 14th and 21st are potential other dates, 14th favored. Chair introduces as Kristen as potential Associate member.

Next meeting September 6th with potential room conflict.

Meeting adjourned at 9:53pm.

Respectfully submitted,
Dave Wellinghoff
Finance Committee Clerk

Documents referenced:

School Finance presentation (School Finance Topics Update.pptx)

Reserves presentation (Reserve presentation for FINCOM Tuesday August 9th.pptx)

Rating agency presentation (UNDERSTANDING BOND RATINGS.pptx)

Steve Noone Email