

# **Town Council Finance Sub-Committee Meeting Minutes**

## **COUNCIL CHAMBERS**

### **Falmouth Town Hall**

#### **December 13th, 2017 – 5:00PM**

**Members Attendance:** Ned Kitchel (Finance Committee Chair), Andy Jones (Town Council)

**Others in Attendance:** Caleb Hemphill (Council Chair), Karen Farber (Town Council), Claudia King (Town Council), Danielle Tracy (School Board Chair), Cindy Han (School Finance Committee Chair), Julie Fraser (School Board).

Nathan Poore (Town Manager), Peter McHugh (Finance Director), Susan Gibney (Accountant), Geoff Bruno (School Superintendent), Dan O'Shea (School Director of Finance and Operations), Hank Farrah (Runyon, Kersteen, Ouellette), Parker Madden (Runyon, Kersteen, Ouellette).

The meeting was called to order @ 5:15PM

- **Approval of the minutes from the November 15, 2017 meeting**
  - a. Councilor Jones made a motion to approve, Councilor Kitchel seconded. The minutes were approved.
- **Joint Town and School Finance Committee Meeting**
  - a. Hank Farrah and Parker Madden from Runyon, Kersteen, Ouellette presented the FY2017 audit results and an overview of the FY2017 financial results.
    - i. Mr. Farrah presented a summary of the auditor's responsibilities when conducting an audit. He stated that no Single Audit was required to be performed as the Town did not meet the minimum threshold of \$750K or more in Federal Grants.
    - ii. Mr. Farrah then presented the Audit Management comments. There were three comments: One for the School regarding Activity Fund spending approvals and two for the Town concerning Police Officer Vacation Balances and TIF disbursements. All issues were found to be immaterial but warranted discussion. Town Management responded that they agreed with the comments and put procedures in place to ensure these items were corrected.
    - iii. Mr. Madden presented the Town's FY17 financial results. Highlights included total fund balance ending the year at \$10.6 million and Town expenditures were \$164K lower than Budget.
  - b. **FY19 Budget Outlook**
    - i. Nathan Poore presented an overview of how things are looking for the FY19 Budget from the Town perspective identifying challenges and opportunities as they currently stand. Many of the challenges were on the capital expenditure side of the Budget. A list of the Challenges and Opportunities is included at the end of the minutes.
      - 1. Councilor Farber asked why ambulance revenues were impacted by more revenue write-offs than we have seen historically.

- a. The increase was due in part to insurance coverage changes that reduced their contribution and increased patient co-insurance requirements. In addition, the Town is seeing an increase in the percentage of patients with no insurance.
  - ii. Dan O'Shea and Geoff Bruno presented an overview of challenges and opportunities they see in the FY18 Budget. As with the Town, Capital expenditures represent significant challenges in FY19. A list of the school Challenges and Opportunities is included at the end of the minutes.
    - 1. There are State Funding formula changes in the works to eliminate School System Administration from the formula in order to incent regionalization.
    - 2. Councilor King asked if there were corporate dollars available to fund STEM initiatives at the School. Superintendent Bruno said that was something worth following up on.
- **Adjourn**
  - a. Councilor Kitchel made a motion to adjourn to Executive Session pursuant to the Laws of Maine to discuss and consider the acquisition of real estate rights, pursuant to 1 M.R.S.A 405 (6) (C), Councilor Jones seconded. The motion passed by a vote of two in favor and none opposed.
  - b. The meeting adjourned at 7:02PM.

**Respectfully submitted by Peter McHugh**

# **FY19 Budget Challenges and Opportunities**

## **Opportunities**

Increased Interest Income due to rising CD rates

Excise tax growth rate is slowing but still should exceed the FY18 Budget level by 3%

A portion of Street Paving CIP dollars can be moved to the OceanView/NG TIF

Anticipated energy savings from street lights and building lighting projects

Harbor Float replacement funding from Insurance coverage

## **Challenges**

Wage increase for all employees

State Revenue Share uncertainty

Declining ambulance charge revenue due to reduced insurance payments, increase in % self-pay

Loss of Animal Control Revenue

Police/Public Works Union Contracts

Fire/EMS staffing

challenges

Fire/EMS Radio System Upgrade

Need to add a plow truck for the new driver position to CIP plan in FY19

Senior Services additional funding

Funding street light purchases

Funding Building energy efficient lighting replacements

Uncertainty around the level of DOT funding for Route 100 project

Senior Property tax discount

## **Service Opportunities**

Purchase of a generator for Mason-Motz would open facility for use as a warming center

Note: It is anticipated that capital fund items listed in Challenges above will be covered with no impact to the mil rate.

## School Department: FY19 Budget - Challenges and Opportunities

### Potential challenges:

- Significant changes in the EPS formula - unknown impact to state subsidy
- Push for regionalization: collaborating with other SAUs to provide more efficient services and combine resources. Identify needs, establish vision, and implement strategy.
- SAUs across the state take on CDS services for 3-5 year olds. Significant impact on budgets: required funding from town? Move to universal pre-school? Many unanswered questions - promised no impact to FY19 budget - implications for FY20 and beyond.
- Capital Needs/Considerations:
  - Squeezed for space in the central office (inadequate Special Ed admin/mtg spaces, lack of adequate District conference/meeting space;
  - Space for staff day-care; space for special education classrooms,
  - STEM space at HS
  - Redesign of the HS library: development of a learning commons model
  - Aging systems/furniture at HS - gym floor, theater tech (lights/sound), classroom furniture (teacher chairs), HVAC controls, security camera systems.
  - Adaptive audio systems for classrooms.
  - New sound/cameras for FES cafeteria (town/school meetings).  
Potential Cable fees funding?
  - School external signage/sign boards
- Staffing: more intensive special needs staffing (possible additional teacher and educational technicians)
- Additional guidance counselor at the elementary school? Behavioral support specialist? Considering changes in student support/leadership model at FES
- Initial signs of enrollment decline (outgoing grade 12 class at 175, incoming first grade at 130, somewhat offset by in-migration).

### Opportunities:

- Expanding Farm to School program (curriculum, greenhouse, gardens) - continue to seek interdisciplinary authentic learning experiences for students across all schools.
- Teacher and Sec/ET contract have settled for next two and three years respectively.
- Additional State funds approved in second year of biennium total \$140M, so Falmouth should see some positive gain for FY18-19 budget planning purposes, despite enrollment dip. Preliminary State revenue aid report should be to us by mid February.