

Town Council Finance Sub-committee Meeting Minutes
LARGE CONFERENCE ROOM
Second Floor
Falmouth Town Hall
October 29th, 2018 – 5:30PM

Members Attendance: Amy Kuhn, Ted Asherman, Hope Cahan

Others in Attendance: Caleb Hemphill (Council Chair), Claudia King (Town Council)

Nathan Poore (Town Manager), Peter McHugh (Finance Director), Susan Gibney (Accountant), Amy Lamontagne (Assistant Town Manager)

The meeting was called to order @ 5:45PM

- **Elect a Chairperson**

Councilor Hope Cahan nominated Councilor Amy Kuhn to serve as Chairperson, Councilor Amy Kuhn nominated Councilor Ted Asherman to serve as Chairperson. After some discussion, Councilor Amy Kuhn was elected Chair of the Finance Committee.

- **Audit RFP Response Review and Discussion**

- a. Town manager Nathan Poore presented the findings of the staff review of Audit RFP responses.
- b. The Town received responses from 3 firms: WIPFLi/MacPage; Runyon, Kersteen and Ouellette; and, RHR Smith.
- c. Staff reviewers consisted of Nathan Poore, Finance Director Peter McHugh, School Operations and Finance Director Dan O'Shea, and Accountant Susan Gibney. Staff found all three responses to be excellent. All three Firms were qualified and together account for a very large percentage of the audits for Maine Municipalities.
- d. The Staff recommended RHR Smith as the firm of choice and will enter into a three-year contract with an annual option to cancel the contract. RHR Smith was the lowest cost bidder at \$29,900 for three years but cost was not the determining factor.
 - i. The group discussed the review process and qualifications of each of the firms and agreed that RHR Smith was a good choice.

- **Review of Budget Development Schedule**

- a. The group reviewed the proposed Finance Committee meeting schedule for the remainder of the fiscal year including agenda topics and timing.
 - i. The group agreed that the schedule dates and times were acceptable.
 - ii. There was a general discussion about the Budget process and presentations.
 - iii. Nathan Poore mentioned that the Library was going to need a supplemental appropriation in December due to the delays in Library construction. The appropriation would cover continued Library operating expenses incurred due to the Library remaining open.

- iv. Councilor Claudia King asked that the Library come to the next Finance Committee meeting to allow Councilors to learn more about the Library's needs prior to the December Council meeting.

- **Presentation of Preliminary FY18 unaudited results**

- a. Peter McHugh presented the FY18 financial results
 - i. Highlights include:
 - ii. Revenues were below budget by \$67K due primarily to an unrealized loss on investment of \$323K. The loss is a paper loss as the Town always holds its investments to maturity. The loss represented what the value would be if the Town sold its investments prior to maturity.
 - iii. Total expenditures were \$183K lower than budget.
 - iv. There were \$502K in supplemental appropriations in FY18. The appropriations were for the Street Light project of \$420K that has a payback of roughly 9 years, and \$82K to replace harbor floats that were destroyed in a November 2017 storm.
 - v. Uncommitted fund balance decreased by \$1,473K for a new balance of \$11,140,508 or 23% of annual total expenditures.
- b. The group discussed uncommitted fund balance and its relation to the Town's Bond Rating.
 - i. Peter McHugh mentioned that the FY18 Budget included the use of \$660K in uncommitted funds for the new Tower Truck purchased by the Fire Department in addition to the supplemental appropriations mentioned above. The fire truck fund balance usage enabled the Town to avoid issuing a bond to pay for the truck.
 - ii. Peter McHugh stated that budgeted uses of uncommitted funds to avoid bond issuance for the new FD tower truck was something the rating agencies would see as a favorable use of fund balance and should not impact the Town's bond rating.

- **Other Items**

- a. Nathan Poore gave the group a high-level explanation of how a TIF works and why it can be a powerful tool to leverage valuation growth.
- b. The group discussed the Senior tax credit program results and what should be looked at for next year's program.

- **Adjourn**

The meeting adjourned at 6:56PM.

Respectfully submitted by Peter McHugh