

Town Council Finance Sub-committee Meeting Minutes

ELEMENTARY SCHOOL CAFETERIA

JANUARY 5th, 2015 – 5:00PM

Members Attendance: Russell Andersen, Caleb Hemphill, Sean Mahoney

Others in Attendance: Karen Farber (Council Chair); David Goldberg (Town Council); Andrew Kinley (School Board); Danielle Tracy (School Board); Josh Barrett (School Board); Lucy Tucker (School Board); Clare Harrington (school Board); Nathan Poore (Town Manager); Peter McHugh (Finance Director); Susan Gibney (Accountant); Parker Madden (RKO); Dan O'Shea (School Director of Finance and Operations); Geoff Bruno (School Superintendent)

The meeting was called to order @ 5:00PM

1. Approval of the minutes from December 4, 2014 Meeting.
 - a. Councilor Hemphill moved to approve, Councilor Anderson seconded. Motion carried 2-0 (Councilor Mahoney was not yet present).
2. Joint School and Town Finance Committee budget meeting.
 - a. Parker Madden presented the audit results stating that there were no material weaknesses with the Town's internal controls, no compliance findings with regard to the Federal Single Audit and that the financial statements are fairly stated in all material respects.
 - b. Parker Madden then presented a series of slides showing the financial results for FY 2014 and fielded questions from members of the Town Council and School Board.
3. Discussion of anticipated challenges and opportunities in the development of the FY2016 Budget.
 - a. Nathan Poore presented the Town's challenges and opportunities. Opportunities included incremental Cell tower rental income, Town ownership of street lights, incremental investment income, an increase in the overlay due to increased BETE reimbursement, Incremental excise tax revenue, and opportunities to move some operating and CIP expenses to new TIFs currently in development. Opportunities totaled approximately \$300K. Challenges included large health insurance increases due to an unfavorable Town experience rate, large increases in the cost of electricity due to the rising cost of natural gas, pension contribution could be negatively impacted by the new GASB liability assessment calculation, and possible wage increases resulting from union negotiations. Challenges also totaled approximately \$300K.
 - b. The School Finance Committee chair, Lucy Tucker presented the School Budget Challenges. The challenges included enrollment increases, state revenue uncertainty, the impact of charter schools, teacher retirement cost increases of between 2.5% - 3.5%, Special education cost increases, unfunded state mandates, and technology costs including iPad replacements, increased iPad requirements and bandwidth needs. On the opportunity side, health insurance costs should be flat year-over-year.

4. Discussion of Finance Committee schedule and agendas for the upcoming fiscal year.
 - a. The School and Town reviewed the proposed budget schedule with the Town and found that all meeting dates were acceptable except the March 30 meeting scheduled for the Comprehensive budget presentations at the Town Council meeting and public hearing.
 - b. After some discussion, it was decided that the School Board would get back to the Town Finance Committee with a decision on an acceptable date for this meeting. The two dates under consideration are April 6 or April 9.
5. Adjourn
 - a. The meeting adjourned at 6:40PM
6. The Town Finance Committee then had a short meeting to discuss the timing of the next Finance Committee meeting. It was decided to hold the meeting on January 22nd from 4PM-8PM.

Respectfully submitted by Peter McHugh