



# Franklin Regional Council of Governments

## Finance Committee — *MINUTES*

Date /Time:	Thursday, October 4, 2018 / 5:00 p.m.
Location:	JW Olver Transit Center, 12 Olive Street Greenfield, MA – Library
Facilitators:	Lynn Sibley, Chair, Finance Com & Bill Perlman, Chair Personnel Committee

### ATTENDEES:

- **Lynn Sibley**, *Chair*, Whately
- **John O'Rourke**, Conway
- **Kevin Fox**, Colrain
- **Ellen McKay**, Shutesbury
- **Jay DiPucchio**, Regionally Elected
- **Michele Giarusso**, Leyden
- **Kayce Warren**, Ashfield

### STAFF:

- **Linda Dunlavy**, Executive Director
- **Claire McGinnis**, Finance Director
- **Rebekah Boyd**, Administrative Services Coordinator

#### 1. Review and adopt 7.19.18 minutes

Lynn opened the meeting at 4:58 p.m. **John moved to adopt the 7.19.18 minutes. Kevin seconded, and the motion passed with 2 abstentions.**

#### 2. Review Fiscal Review of FY18 (draft attached)

Claire walked the committee through the draft fiscal review document, noting changes, such as the addition of the summary of FRCOG's work; the budgetary layout, which features the combined executive summary and the budget overview with a statement at end; use of a graph to illustrate that though there was a spike in revenue (with pass-through grants), small growth flow is steady; a listing of the total number of Fed and State grants, and introduction of the largest; the addition of an indirect rate appendix; and the document's name change to *Fiscal Review for FY20 Budget Development*.

Items of particular note covered in the FY18 fiscal review and shared with the committee include:

- **Revenues** up \$75,000 over FY17, mostly due to the indirect rate
- **Expenses** held to a \$10,000 increase
- **Surplus** for FY18 of \$96,000 as a result of good financial management. Linda reminded members that when they created the budget, staff had no confidence in what grants would come through, so budgeted and spent conservatively. FRCOG received more state and federal grants in FY18 than expected.
- **Municipals Service Programs** The Cooperative Inspection Program ended with a \$14,031 deficit because staff hired one building inspector who quit as a trainee, and then had to bring another on FT for two months of training. This overlap required more expense than expected.

- **General Fund Balance** OPEB savings is a large portion of FRCOG assets, and if the agency manages to continue to fund it, its balance will be bigger than all others. FRCOG has the responsibility for funding OPEB, because if the agency ever closed down, it would still be responsible to pay retiree benefits. OPEB funding keeps FRCOG from having to go to the state or towns to ask them to fund these benefits (*See agenda item 4, below*).

Claire and Linda asked the committee for comments and suggestions for changes to the *Review* before it goes to the full council next week. Claire allowed that staff can include the cash report in the workbook, if the committee thought it necessary. Jay suggested that staff add boxes with the highlighted narrative of reason for a loss or gain, so Council will see that some increases or losses won't carry out to FY19 (retirement/ paid-out vacation, for example).

The group planned for upcoming discussions for the FY20 budget regarding succession planning, with a major change in long time staffing anticipated; FRCOG's OPEB commitment (*See item 4*); long-term liability for office building capital costs; and the possibility of needing a new website.

### 3. Confirm budget development meeting schedule

Members confirmed the budget development schedule (*see Review*), and tentatively planned an "as needed" meeting the week of January 14.

### 4. Other Post Employment Benefits update

Linda reminded members that FRCOG currently pays no Massachusetts State Retirement System (MSRS) assessment, but annually budgets for the possibility that the expense may come down the pike. While others in the state system have paid for their employee retirement "normal costs" (as did FRCOG before moving to the state system in 2015), most regional planning agencies (RPAs) have not paid an assessment for 50 years. MSRS wants FRCOG to pay retirement costs to them along with the other RPAs, but currently they have no legal mechanism for doing so. Linda thought legislation would go into effect in FY19 because a related committee was meeting, but staff has heard nothing for 6 months, and meetings have apparently ceased. Nevertheless, FRCOG has built that potential assessment into all recent budgets, were legislation to be enacted. Council voted in FY17 for that estimated cost to fund OPEB each year it's not used for the MSRS.

Linda asked the committee if they felt it wise to continue the practice —to be prepared — and thus, retain the final paragraph regarding this budgetary strategy on page 24 of the *Review*.

Jay felt it made sense to keep it in the document. Lynn agreed, adding that it shows our communities that FRCOG is keeping on top of it and ready. People are sick of hearing about it, but OPEB will be funded, she said. OPEB is now more than 50% funded, said Claire. If we continue with 5% growth in health care expense inflation, and 6% assumed interest earnings, in 2023 we'll be 80% funded. The graph on page 24 of the *Review* shows that the projected cost for OPEB is not fixed, but a moving target. The committee approved of the new graph and agreed to move forward with the current plan. Lynn suggested that this pot of budgeted money could be reduced a bit if the committee finds they can't fund other needs or initiatives when preparing the FY20 budget.

## 5. Business Not Reasonably Anticipated 48 Hours in Advance of Meeting

Linda passed on the news that the FRCOG phone system died a few months ago. Staff is trying to replace it inexpensively, using a software — not a hardware — solution. She put the committee on notice that they may have to come back asking for capital reserve funds. So far the cost is less than budgeted for IT capital, so the money is not needed now.

**John made a motion for adjournment, Ellen seconded. The meeting adjourned at 5:46 p.m.**

### **DOCUMENTS DISTRIBUTED:**

- Agenda
- Draft minutes for 7.19.18 meeting
- *Fiscal Year 2018 Cash Report*
- *Draft FRCOG Fiscal Review for FY20 Budget Development*