



**Town of Atherton
FINANCE COMMITTEE
DRAFT MINUTES**

May 13, 2014

2:00 PM

TOWN COUNCIL CHAMBERS

94 Ashfield Road
Atherton, California

PLEASE NOTE: *Times listed on the Agenda are approximate; items may be taken up out of order.*

1. ROLL CALL

Cary Wiest, Greg Conlon, Alain Enthoven, Jim Massey, Rick DeGolia, Diane Beymer-Sandhu, Bob Polito

Present: Mayor Wiest, Vice Mayor DeGolia, Bob Polito, Jim Massey

Absent: Mr. Enthoven, Mrs. Beymer-Sandhu

2. PUBLIC COMMENT

REGULAR AGENDA

3. Approve Minutes of the January 14, 2014 Finance Committee Meeting.

Motion by Mr. Massey to approve minutes. All in Favor

4. Review Draft Minutes of March 11, 2014 Finance Committee Meeting

Motion by Mr. Polito to approve draft minutes. All in Favor

Review Draft Minutes of April 9, 2014 Special Finance Committee Meeting. Mr. Massey Motion to approve draft minutes with correction to spelling of name of Mr. Enthoven. Correction to add in comment by Chair Mr. Conlon suggestion that audit fees should have some down in item 3.

5. Review and Discuss the Assumptions, Forecast of Fiscal Year 14-15 Budget

- **Annual Financial Report**
- **5 Year Forecast**
- **Assumptions & department projections**

Staff reviewed and presented the Town's Annual Financial report to provide current financial status of the Town of Atherton. Presented were the combined Statement of Revenues, Expenditures and Changes in Fund.

Reviewed the Town of Atherton Assumptions for the FY 2014/15 budget Property Tax revenues were projected at 4% with building department revenues at 2%. Franchise fees are expected to be stable based on year ending projections. All other Charges for Services are expected at 2% and other revenues evaluated based on if they will be received annually. In this budget we are treating excess ERAF revenues as one time revenue. Potential that this revenue may decrease over the years. Consideration of the Parcel Tax revenue use split. One focus is the funding of the OPEB trust and its decrease in the ARC general expense, reduced costs for active portion by about \$130,000. Staff explained that department requests were minimal and any requests were based on maintaining operation service priorities. Discussion ensued that we are projecting 4% increase in property tax revenue despite our property value growth being 9% this year. The Town does not receive the complete property value growth due to the way the tax rate split with other agencies. We believe this is a conservative approach but do not want to budget a higher percentage growth in property tax and realize it doesn't come in as projected. The town could then be forced to adjust expenditures budget if property tax does not come in according to forecast. There was a presentation of the General Fund Revenues to Expenditures without the parcel tax. The FY 12/13 Actual was \$11.5 million in revenue to \$10.5 Million in expenditures. The FY 13-14 estimated was \$12.04Million in revenue to \$12.87 Million in expenditures. The estimated 12/13 included the \$2Million contribution towards OPEB Trust. The Projected Fiscal 14/15 included revenues of \$12.3 Million to expenditures of \$11.5 Million. Presented department expenditure over views and discussed budget needs were on enhanced operational services. Presentation of the 5 Year forecast included property taxes factor range of 2 to 3%, other revenues at 2%. ERAF revenue budgeted flat at \$700,000. General Operations expense is projected at 3.5 to 5%. Town 5 year projection without the Parcel Tax shows the revenue and expenditure gap closing, by FY 18/19 revenues of \$13.54 Million to expenditures of \$13.53 Million. Discussion ensued regarding the unallocated fund balance once the mandatory emergency and operational reserves are set aside. The use of unallocated balance could be for capital projects and paying down of long term liabilities. Staff also briefly discussed the researching for potential revenue alternatives to augment General Fund Revenue. Presented the Combined Statement of Revenues, Expenditures and Changes in Fund Balances on current financial status. Discussion ensued on budget, Parcel tax, funding of capital projects, and long term liabilities.

6. **Follow up discuss/clarification of Town Auditor.**
Discussion follow up of concern with the Sam Trans lawsuit of former employees of the agency. Maze and Associates is the independent auditor for Sam Trans. Discussed that Town staff was in communication with Maze & Associates about this issue. Without discussing the Sam Trans

entire issue, Maze & Associates contends there is no reason for concern for the Town and its independent audit performed by the firm.

7. Next Meeting Date, Future Agenda Items and Time-July 15

9. **Adjourn Chair Conlon Motion to adjourn meeting. All in Favor 3:35**

☞ Please contact the City Clerk's office at (650) 752-0500 with any questions

Pursuant to the Americans with Disabilities Act, if you need special assistance in this meeting, please contact the Park Program Manager at (650) 752-0534. Notification of 48 hours prior to the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting. (29 CRF 35.104 ADA Title II)

Posted: