

Special Board of Finance Meeting
6:00 p.m., Tuesday, December 15, 2016
2nd Floor Conference Room, Town Hall

Minutes- REVISED

1. Call to order
Lorraine Coe called the meeting to order at 6:15 p.m.

In attendance: Lorraine Coe, Rosemarie Naples, Laurie Tuttle, Martin Anderson, Molly Nolan, Chuck Stengel

Absent: Maryjane Malavasi

Others in attendance: Michele Loso & Andrew Switaj from Seward & Monde

2. Election of Officers
 - a. Chairman
MOTION BY ROSEMARIE NAPLES, SECONDED BY MARTIN ANDERSON, TO ELECT LORAIN COE AS CHAIRMAN. ALL AYE
 - b. Vice-Chairman
MOTION BY ROSEMARIE NAPLES, SECONDED BY CHUCK STENGEL, TO ELECT LAURIE TUTTLE AS VICE CHAIRMAN. ALL AYE
 - c. Clerk
MOTION BY ROSEMARIE NAPLES, SECONDED BY LORAIN COE, TO APPOINT MARTIN ANDERSON AS CLERK. ALL AYE
3. Presentation of June 30, 2015 Audit, Seward and Monde
Andrew Switaj and Michele Loso presented the June 30, 2016 audit; noted highlights below.

Adoption of GASB Statement No. 68 – the goal is to improve accounting and financial reporting by state and local governments for pensions. It includes the recognition of the net pension liability on the face of the Statement of Net Position and includes expanded note disclosure and required supplementary information.

Net Pension Liability – Actuarially determined Total Pension Liability less Plan Fiduciary Net Position shows a net pension liability of \$1,272,922. This reflects a 65.38% funding ratio. The percentage is not always indicative of a healthy vs. unhealthy pension plan. The ratios are determined at a point in time and include significant assumptions. As seen in the notes, a 1% swing (up or down) in the discount rate can significantly affect the net pension liability. The state of the economy on a given day can also have a positive or negative effect. Established goals for 100% funding, making the actuarially determined contribution, and continued monitoring of investments are viewed as important, if not more so than the actual point in time percentage.

Financial Highlights – Town is in a strong cash position with no debt (general obligation bonds or capital leases) as of June 30, 2015. The General Fund’s unassigned fund balance stands at a healthy 8.2% of General Fund expenditures. Tax collections continue to be strong with a 98.9% rate of the most recent grand list.

Other Matters – State laws regarding caps on the motor vehicle tax mill rate and 2.5% expenditure budget increases may impact the Town beginning in fiscal year 2018.

4. Minutes

a. Regular meeting of November 17, 2015

MOTION BY MARTIN ANDERSON, SECONDED BY LAURIE TUTTLE, TO APPROVE NOVEMBER 17, 2015 MEETING MINUTES AS PRESENTED. COE, NAPLES, TUTTLE, ANDERSON, NOLAN; AYE. STENGEL; ABSTAIN

5. Invoices

a. Seward and Monde, 6/30/15 progress billing

MOTION BY ROSEMARIE NAPLES, SECONDED BY LAURIE TUTTLE, TO APPROVE SEWARD AND MONDE BILLING AS PRESENTED IN THE AMOUNT OF \$7,800. ALL AYE

6. Correspondence

a. Article from Governing magazine

L. Coe asked members to review article.

7. Public Comment – None

8. Monthly Agency Reports

Board members reviewed a balance sheet as of December 3, 2015 submitted by the DVAC. After discussion they noted for the record that the balance sheet did not meet their request for specific financial information that was requested in a letter dated July 23, 2015 from both Laura Francis and Loraine Coe. Members expressed their frustration regarding receiving no acknowledgement of the request from either the DVAC or DVFC, the time frame in which has lapsed since the request, and the importance of having this information prior to the upcoming budget workshops in February.

MOTION BY CHUCK STENGEL, SECONDED BY MARTIN ANDERSON, TO REQUEST THAT THE FIRST SELECTMAN CONSULT WITH TOWN COUNSEL ON PROCESS AND PROCEDURE TO OBTAIN FINANCIAL INFORMATION FROM BOTH THE DVAC AND DVFC BY JANUARY 26, 2016. ALL AYE

Chuck Stengel presented members with a spreadsheet that he put together that represented the past five years of budget growth; both Town and RSD13.

9. 2016 Meeting Schedule

MOTION BY ROSEMARIE NAPLES, SECONDED BY LAURIE TUTTLE, TO APPROVE REGULAR MEETING DATES AS PRESENTED BELOW. ALL AYE

10. Acceptance of June 30, 2015 Audit

MOTION BY ROSEMARIE NAPLES, SECONDED BY LAURIE TUTTLE, TO ACCEPT THE JUNE 30, 2015 AUDIT AS PRESENTED. ALL AYE

11. Finance Director's Report

a. November 2015 Fiscal Analysis

The 2016 budget stands as follows:

	EXPENDITURES	REVENUE
Original Budget	30,347,812	30,347,812
General Appropriations	0	0
Grant Appropriations	0	0
Prior Year Carryovers	267,903	0
Reserve Appropriations	0	0
Revised Budget	30,615,715	30,347,812
YTD Encumbrances	13,926	0
YTD Expense/Revenue	14,154,794	15,093,404
Balance Unspent or Uncollected	16,446,995	15,254,408
Percent Spent or Collected	46%	50%

Revenues

We are not quite through the first half of the year, yet we have already collected 50% of our revenues. This is comparable to where we have stood at this time for the last few years. Therefore, our revenues are tracking favorably at this time.

Building department revenue is up this year; 65% of the budget is already collected. This is one of the line items that took the largest hit a few years ago, so it is good to see it coming back.

The State of Connecticut recently approved a Deficit Mitigation Plan that imposed cuts in addition to the ones made in September to direct municipal aid. In September, the effect of the reduction in FY 16 Statutory Formula Aid due to the implementation of MORE Lapse Savings equates to an \$18,672 reduction in aid to Durham. The recent Deficit Mitigation Plan imposed additional cuts mainly to education grants that may or may not affect our school district. Copies of CCM Legislative Alerts addressing the State's plan are attached. The overall effect to the Town of Durham's budget will be closely monitored since there is a potential of an \$18,000 revenue shortfall.

Expenditures

There are no additional issues in our expenditure budget at this time. All budget items are tracking where they are expected to be at this point in the fiscal year.

Balance Sheet

The balance sheet still shows over \$177,000 due in from the State for grant projects. The state is behind in its review of final documentation, therefore we are still waiting for final approval of two road projects.

We show a strong cash flow at this time since our money market savings has enough to cover our expected liabilities into January of 2016. New tax revenue after the first of the New Year will provide the necessary cash flow for the second half of the fiscal year.

b. 2015/2016 Budget Update

L. Coe met with John Jenkins to discuss areas of concern on Meeting House Hill and Haddam Quarter Road that currently have jersey barriers set up. He would like to take care of these two areas with the installation of guardrail prior to winter weather and presented her with the lowest of three bids in the amount of \$9,560. Board members agreed that these critical areas should be taken care of now and asked that J. Jenkins report back to the Board after the first of the year to discuss funding options.

L. Coe advised members that Governor Malloy and OPM released notice of \$15 million reduction in municipal aid; Durham's amount of reduction in fy16 equal \$18,672. The cuts were intended to be off-set by savings realized through the efforts of the MORE Commission but have yet to be realized. Town by town reductions were calculated based on a per-capita formula that reflected a variety of factors, including wealth.

c. 2016/2017 Budget Preparation Update

L. Coe reported that M. Malavasi has sent all department budget spreadsheets and a request to return the completed forms back to her just after the first of the year. It is M. Malavasi's plan to have budget books ready for pickup by the first of February. The Selectmen will be reviewing the budgets and plan to make a comprehensive recommendation to the Board of Finance at a tentative meeting date of February 18th.

12. Adjournment

Meeting adjourned at 8:40 p.m.

Respectfully submitted,

Beth Moncata