

**BOARD OF FINANCE
REGULAR MEETING MINUTES
MARCH 27, 2017**

I. CALL TO ORDER

The meeting was called to order at 7:01 p.m. at the Avon Town Hall by Chairman Thomas Harrison. Members present: Chairman Thomas Harrison, Vice Chairman/Secretary Thomas Gugliotti, Jeff Bernetich, Margaret Bratton, Catherine Durdan, Dean Hamilton and Michael Oleyer. A quorum was present.

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Dean Hamilton.

III. COMMUNICATION FROM THE AUDIENCE
(Including Board of Education Liaison Report)

Kathy Zirolli, Board of Education (BOE) member, reported that the BOE has booked their healthcare portion of the employer contribution of \$2.5 million for FY 17/18, in addition to a large administrative fee to Cigna and second payment for transportation. She noted that the estimate for the remainder of the year is the same; enrollment is at 3,321 at March 15th versus 3,323 in June 2016; last day of school is currently Tuesday, June 20th; and the AHS Principal search has begun with interviews in April; Smarter Balanced Assessments will be May 1st through the 12th; and a Public Information Session on the Open Choice Program will be held this Wednesday night.

IV. MINUTES OF PRECEDING MEETING:

February 27, 2017 Regular Meeting

Page 1, Sec. IV, mark Mr. Hamilton as abstained. Page 2, 2nd full paragraph, 6th line, strike “be” and drop “ed” from “answered.”

On a motion made by Dean Hamilton, seconded by Cathy Durdan, it was voted:

RESOLVED: That the Board of Finance approves the minutes of the February 27, 2017 Regular Meeting as amended.

Messrs: Harrison, Gugliotti, Bernetich, Hamilton, Oleyer and Mmes. Bratton and Durdan voted in favor.

V. OLD BUSINESS

16/17-03 Review and Discussion: FY 17/18 Budget Process

Mr. Harrison reported that the Public Hearing presentation would be drafted this week; the Hearing is very well publicized and we know what the challenges are. Mr. Robertson reported that the original budget proposed by him had a 3.08% increase and on March 21st Town Council reached consensus to include the Governor’s proposed revenue reductions but not the teacher’s pension and shall vote on it tomorrow night; it would equate to a mill rate increase of 3.62%. He noted that the majority of communities are approaching it the same way. In response to a question from Mr. Gugliotti, Mr. Robertson stated it is hard to solve for an amount we don’t know yet; it seems unlikely that we will be required to pay the teacher’s pension payment. A supplemental tax bill could be an option and depending on the amount there is a different appropriation required at different levels: under \$750K it is Town Council and Board of Finance, \$750K and \$2.7M is a

Town Meeting, and above \$2.7M is a Town Meeting that adjourns to a referendum and are listed in the Charter. He noted that we have been working with the Town Attorney to understand the statutory provisions involved. In response to a question from Mrs. Durdan, Mr. Robertson stated that the teacher pension/municipal contribution legal opinion is weak as the legislature can change the State statute. Mr. Harrison asked the Town Manager to have a rough number available for the budget workshop if surplus might be used to offset the State's revenue reductions. Mr. Robertson noted that he won't be able to offer adding back other revenues at the budget workshop; we already added back \$118,000 in revenue and took \$199,000 out of capital and moved it to LOCIP, Special Revenue Fund. In response to a question from Mr. Hamilton, Mr. Robertson responded that we are in compliance with the 2.5% municipal spending cap.

VI. NEW BUSINESS

16/17-11 CAFR Presentation by Blum, Shapiro & Company, P.C.

Ronald Nossek, Audit Partner & Jessica Aniskoff, Audit Manager, guided the Board through a review of the Comprehensive Annual Financial Report (CAFR) and Federal and State Single Audits. In response to a question from Mr. Gugliotti, Mr. Nossek stated that your Education Pension Fund is operated on behalf of non-certified personnel. In response to a question from Mr. Gugliotti, Ms. Aniskoff stated that the fund selection for these audit tests is based on the grants received, Federal over \$500K, State over \$200K, and a grant received at least once every three years. In response to a question from Mr. Gugliotti, Mr. Nossek stated that a brand new program or one with complex requirements will be high risk. In response to a question from Mr. Gugliotti, Mr. Nossek stated that testing includes documenting the internal controls for compliance. He noted that OPEB is about a \$27M actuarial liability and will hit the balance sheet in June 30, 2018. In response to a question from Mr. Oleyer, Mr. Robertson stated that one year we had a compliance issue with a grant reporting requirement due to change in staffing. In response to a question from Mr. Harrison, Mr. Nossek stated that OPEB liabilities are driving everything and are a big problem. In response to a question from Mr. Harrison, Ms. Colligan stated that the new audit partner transition went smoothly. In response to a question from Mr. Harrison, Ms. Colligan stated that the reconciliation process with the Board of Education has improved.

16/17-12 Response to Audit comments and recommendations to Management

In a memo from Ms. Colligan to Mr. Robertson dated March 24, 2017 she responded to the auditor's comments and recommendations to management for the fiscal year ended June 30, 2016. In response to a question from Mr. Harrison, Ms. Colligan stated that in lieu of distribution of work shared by multiple people we are building documentation and will not be a staffing burden. Mr. Harrison congratulated and thanked Ms. Colligan and the Finance Department for their hard work.

16/17-13 Supplemental Appropriation: Avon Board of Education, \$170,183

Dean Hamilton questioned the \$0 YTD Receipts for Open Choice Attendance (K-12) given there is an appropriation being requested for that line item. Ms. Zirolli stated that actual dollars are what have been received to date and is in excess of what the BOE budgeted and are now requesting the excess received. In response to a question by Mr. Oleyer, Ms. Zirolli stated that Open Choice funds are sent in different payments and the BOE does not request the funds until received. Mr. Robertson stated that we could clear this up for the Town Council meeting tomorrow night and have it on a future Board of Finance agenda, perhaps April 5th.

On a motion made by Tom Gugliotti, seconded by Dean Hamilton, it was voted:

RESOLVED: That the Board of Finance table agenda item 16/17-13 Supplemental Appropriation: Avon Board of Education, \$170,183 to the April 5, 2017 meeting.

Messrs: Harrison, Hamilton, Gugliotti, Bernetich, Oleyer and Mmes. Bratton and Durdan voted in favor.

VII. TOWN MANAGER'S REPORT

A. Monthly Financial Report Summary

Details were included in the packet report dated period ended 2/28/17 prepared and reported by Margaret Colligan. In response to a question from Mr. Harrison, Ms. Colligan stated that “% Collected” under Property Tax & Assessments is 99% for 16/17 as we do not budget for advance which is included and we have not received everything up to the appropriation level in the other areas. Mr. Harrison stated that at last year’s Public Hearing a taxpayer asked if the handout could show current fiscal year status. He has asked Ms. Colligan to include a similar chart to her financial summary for this year’s Public Hearing. Ms. Colligan stated that the numbers will go through March and noted that another column is being added to the 4-page handout showing revenues and expenditures for the current year. Mr. Gugliotti commented that current year data should not be part of next year’s budget process discussion next Monday.

B. Miscellaneous

VIII. OTHER BUSINESS

Mr. Harrison asked the Board to send changes regarding the Public Hearing budget presentation to Ms. Colligan over the next few days. He noted that it will not include all of the scenarios as previously illustrated at the March 21st three-board meeting.

IX. EXECUTIVE SESSION – No items discussed.

X. ADJOURN

On a motion made by Tom Gugliotti, seconded by Dean Hamilton, it was voted:

RESOLVED: That the Board of Finance adjourn the meeting at 8:29 p.m.

Messrs: Harrison, Gugliotti, Bernetich, Hamilton, Oleyer and Mmes: Bratton and Durdan voted in favor.

Respectfully Submitted,
Thomas A. Gugliotti, Secretary

Attest: Jennifer Worsman, Clerk

All referenced material is available to the public in the Town Manager’s Office.