

**BOARD OF FINANCE
REGULAR MEETING MINUTES
FEBRUARY 25, 2019**

I. CALL TO ORDER

The meeting was called to order at 7:04 p.m. in the Avon Town Hall by Chairman Thomas Harrison. Members present: Chairman Thomas Harrison, Vice Chairman/Secretary Cathy Durdan, Dean Hamilton, Ken Birk, Margaret Bratton, Catherine Salchert, and Katrina Marin (arrived at 7:10 p.m.). A quorum was present.

Mr. Harrison welcomed Catherine Salchert to the Board and he looks forward to working with her.

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Catherine Salchert.

On a motion made by Tom Harrison, seconded by Margaret Bratton, it was voted:

RESOLVED: That the Board of Finance move agenda items 18/19-14, 18/19-15, and 18/19-16 up before Old Business.

Messrs: Harrison, Birk, Hamilton and Mmes: Bratton, Durdan, and Salchert voted in favor.

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

David Cavanaugh, liaison for the Board of Education (BOE), reported that the BOE met on January 22nd and approved their proposed FY 19/20 budget with a 1.96% increase, and an approximate total of \$58.6 million. He noted that teachers' salaries are the number one driving factor however the BOE found savings elsewhere so the total net increase is a lower percentage than the teacher's contract.

IV. MINUTES OF PRECEDING MEETING:

December 17, 2018 Meeting

Page 1, Sec II, last line in paragraph, replace "father-in-law" with "mother-in-law."

On a motion made by Margaret Bratton, seconded by Cathy Durdan, it was voted:

RESOLVED: That the Board of Finance approves the minutes of the December 17, 2018 Meeting as amended.

Messrs: Harrison, Birk, Hamilton and Mmes: Bratton, Salchert, and Durdan voted in favor.

V. OLD BUSINESS

18/19-09 Review and Discussion: FY 19/20 Budget

Mr. Robertson reported that Town Council held their budget workshop this past Saturday and they will take action on the FY 19/20 proposed budget at their March 7th regular meeting; the budget right now would require a 5.2% tax increase of which 3% is due to new proposed spending and make up for the reduction in the mill rate as a result of the Grand List decreasing 2.14%. In response to a question from Mr. Harrison, Mr. Robertson responded that there are no significant appeals through the Board of Assessment Appeals. He noted that the Governor shared his budget last Wednesday; Intergovernmental Revenues net out; there is a proposal to require municipalities to pay a percentage of the current cost of the teachers' pension and the impact to Avon would be \$329,381 for the first year and then \$680,203 the next year; this is not currently in the budget that Council will act on. Mr. Harrison commented that it will become a Board of Education item assuming it passes. In response to a question from Ms. Durdan, Mr. Robertson responded that this item could be discussed at the Budget Public Hearing; and solve for it at the Budget Workshop a few days

later. In response to a question from Ms. Bratton, Mr. Robertson responded that there is nothing addressing that we did not get to negotiate their pension and will have no role in the oversight in the funds; ability to pay will remain one of the primary factors; Avon's net per capita shows an ability to pay. In response to a question from Ms. Bratton, Mr. Robertson responded that the local legislative body could reject a teacher's contract as a result of the pension piece. In response to a question from Mr. Hamilton, Mr. Robertson responded that with the proposed turf bill would be effective October 1st and we should have our project substantially complete by August 23rd. He noted that there is a proposed bill where towns with less than 15,000 parcels by FY 2022 will have to consolidate Assessor/Revenue functions. In response to a question from Mr. Birk, Mr. Robertson responded that would quantify financial resources from the State as minuscule. Ms. Durdan commented on options to budget for the teachers' pension liability whether or not it goes forward. In response to a question from Mr. Harrison, Mr. Robertson responded that the Sewer Fund (Fund 05) will go up 19% or \$348,000 as there is no resolution with Farmington yet; the WPCA is looking at a different model for assessments. Mr. Birk commented on Public Safety and Public Works benefits going up 6% and in response to his question, Mr. Robertson responded that we can discontinue interest rate reduction assumptions. He noted that workers compensation went up due to increased risk percentage by position in the industry, not due to bad experience.

VI. NEW BUSINESS

18/19-14 CAFR Presentation by Blum, Shapiro & Company, P.C.

Ron Nossek, Audit Partner, and Jessica Aniskoff, Audit Manager, guided the Board through a presentation of the Comprehensive Annual Financial Report (CAFR) and Federal and State Single Audits. Mr. Nossek noted that General Fund is in good shape. In response to a question from Mr. Harrison, Mr. Nossek responded that the 44.02% under Net Pension Liability is on the low side when compared to other towns in our geographic area versus Avon; Blum is seeing clients in the upper 60% and some near 80%. Mr. Nossek noted that they will provide the Board with a list. Mr. Robertson noted that the Town's Defined Benefit Plan closed in 1997; six employees remain in that Plan and our last annual required contribution is in 2030. In response to a question from Mr. Birk, Mr. Nossek responded that OPEB Liability is very comparable with other towns. Ms. Colligan clarified that the last Town contribution to Pension Liability will be in FY 2027 and will be close to an 80% funded ratio due to assumed interest rate and market performance and slightly over 100% at FY 2029. Mr. Nossek concluded by stating that Town and BOE staff is very responsive, has a good internal control system, and is an enjoyable client. Ms. Aniskoff added that the closed process has improved over the years. Mr. Harrison acknowledged staff and extended thanks for their hard work.

18/19-15 Response to Audit comments and recommendations to Management

In a memo from Ms. Colligan to Mr. Robertson dated February 22, 2019, she responded to the auditor's comments and recommendations to management for the fiscal year ended June 30, 2018. Ms. Colligan noted that the auditor's comments are primarily IT related and not meant to be publicly shared. In response to a comment by Mr. Hamilton, Ms. Colligan responded that there is a planned implementation to upgrade Windows 7 computers starting in FY 19/20. In response to a question from Ms. Durdan, Ms. Colligan responded that she would check with our consultant and get their recommendation on a good anti-virus program.

18/19-16 Appointment of Auditor for FY 18/19

A memo from Ms. Colligan to Mr. Robertson dated February 20, 2019 was included in the meeting packet. Ms. Colligan noted that in April 2016 we went out with an RFP and awarded the contract to Blum Shapiro for multiple years and we continue to have a good working relationship with them.

On a motion made by Margaret Bratton, seconded by Katrina Marin, it was voted:

RESOLVED: That the Board of Finance authorize the execution of an agreement with Blum Shapiro to serve as the Town's auditor for the FY 18/19 audit.

Messrs: Harrison, Hamilton, Birk and Mmes: Bratton, Durdan, Marin, and Salchert voted in favor.

VII. TOWN MANAGER'S REPORT

A. Monthly Financial Report Summary

Details were included in the packet report dated period ended 1/31/19 prepared and reported by Margaret Colligan. Ms. Colligan explained that Unassigned Fund Balance is available appropriations that have not been committed to anything yet, it is invested as part of pool cash; and the Board of Finance has a policy in place regarding its use as well as Charter requirements. Mr. Robertson noted the importance of Unassigned Fund Balance relating to rating agencies.

B. Miscellaneous

VIII. OTHER BUSINESS – No other items were discussed.

IX. ADJOURN

On a motion made by Katrina Marin, seconded by Dean Hamilton, it was voted:

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

Messrs: Harrison, Birk, Hamilton, and Mmes: Bratton, Durdan, Salchert, and Marin voted in favor.

Respectfully Submitted,
Cathy Durdan, Vice Chair/Secretary

Attest: Jennifer Worsman, Clerk

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