



The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)

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CFAC Committee:

Chair:

Laura Cronin

Members:

Robert Ciolek
Stanley Hodkinson
Ralph Krau
Henry McClean
Jacqueline Michelove
Gregory Plunkett
Laurie Young

Staff Liaison:

Mark Milne

Councilor Liaison:

James Tinsley
Debra Dagwan

CFAC MEETING MINUTES

11.05.12

7:00 PM

Growth Management Conference Room

CFAC Members Present: Laura Cronin, Robert Ciolek, Gregory Plunkett, Henry McClean, Ralph Krau, Jacqueline Michelove, Laurie Young

CFAC Members Absent: Stanley Hodkinson

Councilors Present: None

Staff Present: Mark Milne - Finance Director

1. Call to Order

Laura Cronin called the CFAC meeting to order at 7:00 PM in the Growth Management Conference Room.

2. Act on Minutes

Bob C. made a motion to accept the minutes of 10.15.12. Laurie Y. seconded. Approved unanimously.

3. Staff, Council & Chairman's Comments

Laura C. congratulated Mark M. on receiving the GFOA's excellence in financial reporting award for the fiscal year 2011 CAFR as well as being a presenter at the Association of Town Finance Committee's Annual Meeting.

4. Old Business

Bob C. distributed a draft letter to the committee on CFAC's recommendation of Option C for the FY14 Capital Improvement Program. The letter is addressed to Town Manager Lynch. Ralph K. made a motion to accept as drafted. Laurie Y. seconded. Bob C. will finalize and send to Town Manager.

5. New Business

CIP subcommittee members were formed. Members include Gregory P., Henry M., Laurie Y. and Jacqueline M.

Operating budget subcommittee was formed. Members include Robert C., Ralph K., Jacqueline M. and Laura C.

Mark discussed the idea of having a meeting for departments to present their capital submissions to CIP task force and CFAC subcommittee members. CFAC supported the idea.

Questions were raised as to the process used to evaluate capital submissions. Ralph K. provided an explanation.

Mark M. reviewed the certification of "Free Cash" letter from the Department of venue. The town's general fund balance grew to \$17.2 million as a result of returned appropriations and actuals revenue exceeding budget estimates.

The airport balance was down as a result of surplus appropriated to fund the FY13 capital program. Most of this should be reimbursed by Federal and State grants.

The golf course balance grew to over \$400,000 from a change in accounting for golf membership revenue. Previously, this revenue was deferred and recognized over 12 months based on membership renewals which run from April 1 to March 31. Since memberships are non-refundable, all revenue is now recognized in the year it is received.

Solid waste, marinas and sandy neck park free cash grew as a result of favorable budget operations; principally due to actual revenue exceeding budget estimates.

Water and sewer free cash grew from a combination of favorable budget operations and reimbursements received from the MWPAT on construction projects.

HYCC free cash stayed relatively the same.

Ralph K. asked if there was a history of the town's free cash balance. Mark M. would provide this to the committee.

Robert C. asked, based on the growth in general fund free cash, if the town may be overly conservative in its revenue estimates. Mark M. commented that there is some conservatism built into the projections but some of that is purposefully done so as to be in position to absorb future increases to the budget in later years. For example, the town hired 5 police officers with a federal grant. When the grant expires, these positions will be placed on the general fund.

Robert C. asked if the free cash could be used as a stabilization fund to address financial matters that may arise throughout the fiscal year. Mark M responded that this can be done. Cities can authorize a reserve fund budget that can be drawn upon during such circumstances.

Mark M. then reviewed the report issued on the analysis of the town's health insurance plan. The report evaluated the town's participation in the Cape Cod Municipal Health Group (CCMHG) which concluded that the town has paid \$5 million less in premiums over a 3 year period verses health expenses paid by the CCMHG on behalf of the town's subscribers. Although the town has been a recent drain on the group this can be cyclical and the Town has contributed to the CCMHG's surplus of over \$22 million in previous years.

The report also concluded that a self-insured plan or a fully-insured plan option would cost the town about \$3.7 to \$4.7 million more annually than the current option of participating in the CCMHG joint purchase group. Other joint purchasing groups were looked at as well and all were more expensive options and some even assessed surcharges for new members.

Mark M pointed out that 429 waivers to the health insurance plan currently exist and any increase to the 50% contribution by the town would most likely result in fewer waivers further escalating the town's cost for providing this benefit.

Mark stated that retired municipal teachers do not participate in the town's plan with the CCMHG but enter the state's Group Insurance Commission's plan upon retiring. The town is assessed back it shared of the cost for these retirees through the cherry sheet assessments.

Meeting adjourned at 8:10 p.m.

Next Meeting - Monday November 19th @ 7 p.m.

Document List:

The following documents were distributed during the meeting.

Comprehensive Financial Advisory Committee

Draft letter to the committee on CFAC's recommendation of Option C for the FY14 Capital Improvement Program.