



The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)
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CFAC Committee:

Chair:

Laura Cronin

Members:

Robert Ciolek
Cynthia Crossman
Ralph Krau
Gregory Plunkett
Lillian Woo
John Schoenherr
Joseph Mladinich

Staff Liaison:

Mark Milne

Councilor Liaison:

John T. Norman

MEETING MINUTES

10.26.15

7:00 PM

Growth Management Conference Room

CFAC Members Present: Lillian Woo, Ralph Krau, Laura Cronin, Robert Ciolek, Gregory Plunkett, John Schoenherr, and Joseph Mladinich

CFAC Members Absent: Cynthia Crossman

Councilors Present: None

Staff Present: Mark Milne, Director of Finance, Nathan Empey, Finance/Budget Analyst

1. Call to Order

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

2. Act on Minutes

The following minutes were approved by unanimous vote:

09.28.2015

3. New Business

Jessica Rapp Grassetto Town Council President requested the Comprehensive Financial Advisory Committee (CFAC) to appoint a liaison to the Water Resource Advisory Committee (WRAC). From this, CFAC unanimously approved Robert Ciolek as liaison; however, a subcommittee that will include Ralph Krau, Gregory Plunkett, and Lillian Woo will support him. The WRAC will advise the Town of Barnstable on the completion and implementation of its Comprehensive Water Management Planning Project..

On a separate matter, Ralph Krau has applied to be on the Water Resource Advisory Committee as a member at large.

Mark presented CFAC with a summary of the Town's financial reserves. The State of Massachusetts Department of Revenue (DOR) must certify the Town of Barnstable financial reserves annually before any additional appropriations by the town.

Key points:

- General Fund is slightly higher than last year's certified free cash. It is up from \$13.7 million to \$13.9 million.
- Water Pollution Control (WPC) certified free cash decreased by \$7million. This is largely due to accounting changes, which removed the Sewer Construction and Private Way Trust Fund (SCPWTF) and placed it as a standalone fund. Currently, the SCPWTF has \$10 million in financial reserves. The SCPWTF is no longer a part of the Water Pollution Control Enterprise Fund. There are no open projects currently for the SCPWTF.
- Solid Waste Enterprise Fund reserves are unchanged from the previous year.
- The Golf Enterprise reserves are up from the previous year due to positive budgetary performance. Good weather contributed to the positive performance.
- Airport Enterprise Fund reserves are down temporarily compared to the previous year because of their Capital Improvement Program initiatives. State and Federal Aviation Association (FAA) grant funding will reimburse the reserves in FY16.
- Marina Enterprise Fund reserves are down from the previous year. This is due to the pile replacement project caused by last year's winter.
- Sandy Neck Enterprise Fund reserves are down as a result of sand re-nourishment projects to protect the parking lot.
- Hyannis Youth & Community Center is unchanged from last year.
- There is \$10.4 million in reserves for the Capital Trust Fund, \$2.5 million in pension reserves to be used towards the annual assessments received from the Barnstable County Retirement Association, and \$2.1 million to address the unfunded Other Post-Employment Benefits (OPEB)
- The Town of Barnstable has more than \$50 million in financial reserves available. Mark noted that financial reserves are primarily used for extraordinary events and onetime costs such as capital projects. These reserves are typically not used for recurring operating cost, however, they can also be used for startup initiatives that are fee generating

Joseph Mladinich asked if the financial reserves balances have been audited , which Mark replied reserves have not been audited by an independent auditor, but the DOR does audit reserves independently. Robert Ciolek asked if there has ever been any significant changes from the DOR certified free cash and the Town's audited reserves to which Mark replied there and not been.

Mark noted the purpose of the DOR is to certify free cash for local governments, which helps prevent communities from getting into financial trouble. Communities may appropriate based on surplus already tied to specific obligations. The DOR formula adjusts cash reserves for encumbrances and short-term liabilities. The Town of Barnstable does not make budget-planning decisions until they received the letter from the DOR certifying free cash.

Town Council has adopted a financial reserve policy of 4% of operating expenditures for extraordinary events such as snow and ice deficits. For instance, of the \$13 million in free cash, \$5.8 million is restricted for such events.

Mark noted \$4million is being requested to transfer from the General Fund reserves into the Capital Trust Fund (CTF) because of a number of projects outstanding as well as help support debt services associated with CTF projects. This would leave \$10 million available for the General Fund. Currently, it would take over ten years to complete all requested Capital Improvement Projects with the financial resources in the CTF. Projects are prioritized based on an evaluation and rating process conducted by a task force made of town employees. This task force is a collaborative approach, which utilizes all departments heads and their experiences and opinions. Mark noted some projects could be approved outside the Capital Improvement Plan (CIP) process, for example, projects recently approved outside the process: Shooting Range Testing, Craigville Beach House, and Barnstable Harbor Dredging.

Community Preservation Fund has \$9 million in reserves, but \$2.5million is restricted for continuing appropriations already approved. The \$6.5 million is restricted for specific projects such as, open space, affordable housing, recreation, and open space land acquisition.

Department Heads must submit Capital Improvement Projects by Nov 23rd. CFAC will arrange tentative meetings with the Public Works and Community Services on Dec 14th, and School and Airport on January 11th.

4. Old Business

5. Other matters not reasonably anticipated by the chair

Laura noted the State Attorney's General Office concluded that CFAC did not violate any laws regarding its meeting and notices posting.

6. Discussion of topics for the next meeting

7. Adjournment

List of documents handed out

1. 9.28.15 Minutes
2. Massachusetts Department of Revenue (DOR) Certified Free Cash letter