Board of Finance
12/15/2014

Board of Finance (Monday, December 15, 2014)

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Present: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell (left at 5:20pm), Karen Paul (on phone at 5:15 pm, left at 5:40pm).

Also Present: CAO Bob Rusten; ACAO Rich Goodwin; City Attorney Eileen Blackwood; Julie Hulburd, HR; Ken Nolan, BED; Marcy Krumbine, Kirsten Merriman-Shapiro, CEDO; David Allerton, Norm Baldwin, DPW; Scott McIntire, Melanson, Heath and Co.

1. Agenda

Action, Minutes, Procedural: 1.01 Adopt/Amend Agenda

Approve the Agenda with an amendment to remove item 5.01.

Motion by Sharon Bushor, second by Joan Shannon

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodell

Not Present at Vote: Karen Paul

2. Public Forum

No one came forward to speak.

3. Approval of the Board of Finance Minutes

Action, Minutes: 3.01 December 8, 2015

Approve the Minutes

Motion by Joan Shannon, second by Sharon Bushor

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor, Jane Knodel

Not Present at Vote: Karen Paul

4. Discussion

Discussion, Information: 4.01 Review of FY2014 DRAFT Audited Financial with Auditor - C/T

Scott McIntire, Melanson, Heath and Co., stated they have included a portion of the overall audited financial including the key balance sheets and income statements. This audit was less challenging than previous audits and is done much earlier than past audits. The information that was not included in the packet was their opinion on the financial statements. Each year their opinion has included modifications of practices that do not comply with generally accepted accounting principles, primarily stemming from the $16.9 million loan to Burlington Telecom. He is pleased that their opinion will be an unmodified opinion, which means that their financial statements have been presented in compliance with generally accepted account principles. He noted that their fund balance was approximately $4.9 million. There are four classifications of fund balances within that- Nonspendable, Restricted, Committed, and Unassigned. The nonspendable fund balance was $2.8 million and represents assets and receivables that are not expected to be turned into cash within this fiscal year. A year ago that amount was over $20 million because of an amount due to money owed from Burlington Telecom. The restricted fund balance is unchanged. The committed fund balance was $2 million. Approximately $1 million is unspent money from grants that will be carried forward into FY15. Another $1 million represents money from a sale of property that are committed for settlement purposes. The most important fund balance is the unassigned fund balance, which is $72,000. That amount was negative in the previous year. It is very good to see this as a positive number. This changed because the influx of cash was greater than expenses by about $2.5 million. The special item is an asset due to the general fund from Burlington Telecom in the amount of $16.9 million. If they received those dollars, they would go into the general fund balance in the year that they were received. They have $2.5 million as a positive fund balance. They received $1.29 million in revenues over what was budgeted, primarily from the sale of a capital asset. Their total unspent appropriations were about $1.2 million. These two numbers combined result in the $2.5 million. This has helped their unassigned fund balance become a positive number.

Councilor Bushor inquired if having a clean audit means that the column for Burlington Telecom will not appear anymore. CAO Rusten stated that column is still there. They have written down the $16.9 million. Councilor Bushor inquired if the bottom line will just reflect how BT has done in that year. CAO Rusten stated that is correct. She inquired what is included in the non-major enterprise funds. Mr. McIntire stated those include the Water fund and the School fund. CAO Rusten stated this is a combined audit. They may make changes next year.

Mr. McIntire stated their financial statements are nearly completed. They are still working on reporting the required supplementary information that is required by their new accounting standards. CAO Rusten inquired why it is to the City's benefit to have a clean opinion. Mr. McIntire stated it helps because it removes any uncertainty as to why they are not following generally accepted accounting principles. Not following them could lead someone to think the financial statements are misleading. CAO Rusten inquired if this will be helpful for them when talking to Moody's about our bond rating. Mr. McIntire stated he thinks that it will, but he does not mean to imply that in and of itself will improve their bond rating. It will remove some questions that an analyst would have when looking at the financial statements.

Mayor Weinberger stated the administration is considering writing down the $16.9 million so that they will have an unqualified audit. The administration has not made a final decision to do this. He inquired if they have the Board of

Finance's support in making a recommendation to the Council to say they accept the audit as prepared. It was decided that a complete draft audit would be brought back to the Board of Finance for such a recommendation.

Councilor Bushor stated residents need to understand that if they make that change in the audit, the issue is not forgotten and there will be a goal to repay the City.

5. For Approval and Recommendation to City Council

Action, Resolution: 5.01 Authorization for Amendment of Archibald Garden Purchase and Sale Agreement - Parks

This item was removed from the agenda.

Action, Resolution: 5.02 Approval of Electric Vehicle Charging Station Rate - BED

Councilor Bushor inquired if they are proposing this rate while waiting for approval from the Public Service Board for a permanent rate. Ken Nolan, BED, stated they currently have six parking spaces that are being used for free. Their intent was to charge for them, but they have been held up by the Department of Public Service. They are proposing to put a rate in place based on their commercial rates. They began a rate design process to look at this further and they will come back to the Council with different numbers.

Motion by Joan Shannon, second by Sharon Bushor

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor

Not Present at Vote: Karen Paul, Jane Knodell

Action, Resolution: 5.03 Authorization for Reclassification and Title Change for CEDO Community and Neighborhood Services Position - HR

Councilor Bushor noted an error in the org chart. Her reservation is that she does not see a large change in the responsibilities in the position and is unsure how it came out to be a lower grade. Marcy Krumbine, CEDO, stated it came out just below the higher grade. The previous person holding this position had many years of experience. Mayor Weinberger inquired if the size of the AmeriCorps program has shrunk. Ms. Krumbine stated that it has. 50-60% of the job description has been changed so there are fewer managerial functions. Councilor Bushor stated they have changed the job description so that it reads they will develop and implement a strategic plan for long term funding for the program. It previously read that they will secure funds. She inquired who will be responsible for securing the funds. Ms. Krumbine stated the funds are AmeriCorps funds. They will also do grant writing and reporting for that funding. The strategic plan would be for adding additional grant opportunities. Almost all federal funds have been reduced to the point that they will not be able to fund the program.

Approve and Recommend City Council Approval

Motion by Joan Shannon, second by Miro Weinberger

Final Resolution: Motion Passes

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor

Not Present at Vote: Karen Paul, Jane Knodell

Action, Resolution: 5.04 Authorization for Procurement of Palletized Water Treatment Plant - DPW

Norm Baldwin, DPW, stated there are parts of their Waterfront Access North construction that cannot be done because of groundwater conditions. They are building next to a wetland and have the potential for groundwater infiltration. They knew that there would be a need for dewatering, but the amount is greater than they anticipated. The contractor will be pumping water out of the ground and it will need to be disposed of. The contract assumed that the City would be dealing with the excess water by pumping it to the Water Treatment plant. As they began the work, they identified that the groundwater was higher than anticipated and is a greater amount than they can handle. Their solution is to procure a system that can feed the water and discharge it through the stormwater system. The bids came in from $190,000-$250,000, which was much higher than anticipated. The City will be responsible for the discharge, so they will need to make sure that the water they are complying with normal practices and the water they are discharging is properly treated. This is the best time to do this work because of the water level of the lake. They are recommending the low bidder. There is a contingency for this project that they will be using to cover the additional expense.

The Board addressed the process for approval going forward.

Approve and Recommend City Council Approval

Motion by Sharon Bushor, second by Joan Shannon

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor

Not Present at Vote: Karen Paul, Jane Knodell

Action, Resolution: 5.05 Authorization to Accept Internet Crimes Against Children Task Force Grant - Police

Councilor Bushor inquired if it is important to include information about the Police Department covering fringe benefits in the resolution. City Attorney Blackwood stated she will look at the issue.

Approve and Recommend City Council Approval

Motion by Joan Shannon, second by Sharon Bushor

Ayes: Miro Weinberger, Joan Shannon, Sharon Bushor

Not Present at Vote: Karen Paul, Jane Knodell

6. Discussion

Discussion: 6.01 Discussion of Airport Revenue Bonds

ACAO Goodwin stated the Airport was successful in doing a refinance of $950,000. They reduced their annual debt by $280,000. The interest rate was very favorable at 3.74%. This is 1.25% lower than the previous interest rate. The upgrade from Moody's resulted in their ability to secure insurance from Assured Guarantee.

Discussion, Procedural: 6.02 Board of Finance Schedule

The Board approved the Board of Finance schedule.

7. Adjournment

Action, Procedural: 7.01 Adjournment

Without objection, Mayor Weinberger adjourned the Board of Finance meeting at 6:03pm.