

**MIDDLEFIELD BOARD OF FINANCE**  
**405 Main Street**  
**Middlefield, Connecticut 06455**

Minutes of the February 10, 2022 Regular Meeting

*\*\*\* Not Approved At The Time of Filing \*\*\**

Michael Skelps, acting chairman, called the regular meeting of the Board of Finance to order at 7:01 pm.

Attendance:

Members		Others	
X	Boyle, Kevin	X	Lee Matterazzo (Zoom, not yet sworn in)
X	Kowal, Melissa (Zoom)		Michelle, Seward & Monde
X	Lowry, David		Andrew, Seward & Monde
X	Skelps, Michael		
X	Wolak, Mary	X	Rusilowicz, Al

A=Absent

X=Present

The Pledge of Allegiance was recited.

Approval of the Agenda

Item 11 – Variance Analysis was tabled

Deleting Item 12 – Redundant listing of Road Survey

Mary Wolak made a motion, seconded by Melissa Kowal, to approve the agenda, as amended. Motion carried unanimously.

Mike welcomed Lee to the Board. Lee reported that she had not yet been sworn in, and therefore would not be casting any votes in tonight’s board meeting.

Public Comment

None.

### Review and Approval of Minutes from the January BOF Meeting

Dave Lowry made a motion to approve the minutes. Mary Wolak seconded. Motion passed unanimously.

### Audit Report from Seward and Monde

Melissa and Andrew from Seward and Monde were present. They said they were available now and in the future for questions. Audit was done mostly remotely. Al and other town staff were helpful throughout the report. There were no financial weaknesses or legal deficiencies noted. No single audit was required due to the fact that Middlefield federal expenditures were less than \$750,000 in the period. State single audit was required, because state funding comes through. It has been consistent from year to year. About 2.4 million in state assistance. \$1.9 million from ECS which doesn't have an audit requirement, plus \$528K which is subject to testing.

Statement of Net Position. Andrew continued the presentation. Nothing has changed in financial reporting structure from previous years. All that has changed is the numbers. Government-wide financial statements showed that net position increased by about \$1 million to \$17.7 million driven by increased property taxes, strong conveyance fee receipts, additional grant funding and minimal expense increases in most areas.

Al cautioned the board not to use the numbers in the audit as a basis for analyzing town's fiscal health and performance due to the fact that various factors were included in these financial statements, such as depreciation, pension liabilities, other non-cash expenses, etc. These statements are more important for outside financial assessment of the town, such as for bonding. The audit, also included other funds besides the general fund.

From a liability side, the town is in good shape should it need to seek bonding, since nearly all town debt has been retired.

New town fixed assets exceeded depreciation, which also contributed to the increase in the town position.

General fund balance is nearly \$4.1 million, an increase of \$589,000. The unassigned fund balance is nearly \$3.5 million, about 2.5 months of operating expenses, even after allocating \$500,000 to the previous budget. Overall, it was positive performance for the town in the 2020-2021 fiscal year.

Fiduciary funds were reviewed. There was a change this FY, due to GASB 84, which required fiduciary funds definitions were clarified and a change in reporting was required. Performance bonds were now being included in the general fund. It just changes where these were required to be reported.

Town debts are nearly paid off, with the exception of capital leases.

Budget to actual figures were reported. Revenues were over \$569,000. Strong tax collections, over budget \$544,000. CRF / FEMA funding was not budgeted but received, and strong building and conveyance fees that were over budget. For expenditures, overall they were favorable, \$278,000 under

budget. Nearly every department is showing some sort of savings. Highlights were remaining reserve and contingencies, police, public works, park and rec (due to no summer camp), all under budget.

Liabilities in MERS were discussed, largely being a factor of the discount rate – historically estimated discount rates were higher, but now interest rates are lower, increasing the discount rate.

Reserve fund for capital non-recurring expenditures was reviewed. Shows all of the projects with appropriated and unexpended funds listed. Ending at \$3.75 million, which agrees with the front page summary.

Mary asked if there was anything we needed to change regarding management of the town's funds. Michelle said there wasn't anything that stood out to them that would cause them to recommend a change.

Mike thanked Seward and Monde. He said he thought there was one more year in the audit contract, so we would be seeing Seward and Monde again next year.

Mary made a motion to accept the audit results. Seconded by Dave. Motion carried unanimously.

#### Discussion of February 8 referendum and school budget

Mike stated that the 7.5 bonding referendum had failed, barely carried in Middlefield (by 7 votes) and voted down by 700 votes (8:1 against) in Durham. BOE discussed several options.

- Prioritize repairs and include highest priority in this year's budget.
- Bond for a lower amount (there was some thought that a future bond referendum would also fail)
- Seek legislative relief
- Seek judicial relief

BOE commented that they were in a quandary due to the fact that they didn't have legal authority to close John Lyman school or the financial means to maintain it.

Lee asked if there were RFPs or backup/breakdown of the \$7.5 million. Mike and Dave suggested that this was available on the RSD13 website for review.

Mike said that the gross budget was up 4.6% and net budget was up 4.96% due to a reduction in out-of-district student tuition. Salaries and benefits represented 1.57% of the 4.96. Capital debt service including the field house was up 1.91%. Dave felt these numbers may have been transposed. Transportation, supplies, insurance and other operational costs were about 1% of the increase. An increase of \$1.7 million for the district. Because of the allocation of students, Durham is getting about \$300,000 increase, and Middlefield is getting \$1.3 million. Dave said that the Pickett Lane improvements were about \$1 million, as they were planning to do the entire project in one shot. There was also discussion about the likelihood that the budget would not be approved in the town referendum in its current state. Mike said that that superintendent acknowledged that the proposed budget could be trimmed if necessary, such as the field house, no head-count reduction, etc.

Kevin asked if the Middlefield Board of Finance could meet with the Board of Education. Mike said he would reach out to the Durham Board of Finance and RSD13 Board of Education for a joint meeting. Board of Selectman would not be invited.

### Road Survey

The Road Survey report was reviewed. The biggest problem areas for town roads were at the lake. A number of roads there were listed that required repair. The Board of Selectman will be reviewing the document in detail to develop a plan for prioritizing repairs. Lee asked if there was any federal or state grant money available. Dave suggested that the Clean Water Act might provide funds.

### Grand List Review and Discussion

The grand list went up due to price increases in real estate (up 21%), personal property (up 2.4%) and motor vehicles (up 24.1%). The overall increase in the grand list is up 17.31%. The revaluation has happened this fiscal year (2022). The state has proposed legislation to cap automobile tax rates at 29 mills. Considering our current mill rate and a hoped-for reduction, this cap may have little or no effect on revenues collected on automobiles in our town.

Mike also distributed and reviewed an attachment that showed potential changes with ECS grant increasing slightly and automobile taxes lowering due to the 29 mill cap (\$127,000 revenue reduction, based on current mill rate, but that may be lower if we set the mill rate lower and closer to 29 mills).

### Revenue and Expense Variance Analysis

This was not reviewed in detail, but Al discussed at a high level and said there were no “red flags” in revenue or expenditures that would cause concern.

### Chairman’s Report

Nothing to report other than Mike’s intention to keep meetings at 2 hours or less whenever possible.

### New Business

None

### Upcoming Meetings

- March 10, next regular BOF meeting including First Selectman’s proposed budget. In person.
- Workshops, Tuesdays and Thursdays starting March 15. To be held via Zoom.
- Al said he was checking with Dom regarding upcoming joint meeting with Durham and Middlefield and DMIAAB

### Adjournment

Dave made motion to adjourn. Mary seconded. Meeting was adjourned at 9:00 pm.