

Town of Colchester, Connecticut

127 Norwich Avenue, Colchester, Connecticut 06415

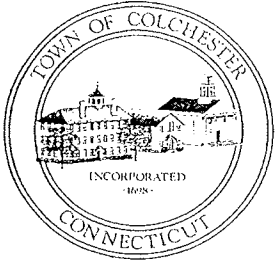
REGULAR MEETING of BOARD OF FINANCE

AGENDA – September 6, 2017 – Town Hall – 7:00

REGULAR MEETING

1. CALL TO ORDER
2. ADDITIONS TO THE AGENDA
3. APPROVAL OF MINUTES: August 16 Regular Meeting
4. CITIZENS COMMENTS
5. CORRESPONDENCE
6. BOARD OF EDUCATION UPDATE
7. DEPARTMENT REPORTS
 - a. Tax Collector
 - b. Finance
8. FIRST SELECTMAN
 - a. Transfer requests
 - b. First Selectman's report
9. NEW BUSINESS
 - a. Review of meeting with Lockton
 - b. 2018-2019 Budget - Discussion
 - c. Board of Finance Resignation and Vacancy
10. OLD BUSINESS
 - a. 2017-2018 Budget Update – Discussion and Possible Action
 - b. Board of Finance Objectives and Initiatives – Review and Update
11. LIAISONS' REPORTS
12. CITIZENS COMMENTS
13. ADJOURNMENT

RECEIVED
COLCHESTER, CT
2017 SEP - 1 AM 9:02
Gayle Furman
GAYLE FURMAN
TOWN CLERK



Town of Colchester, Connecticut

127 Norwich Avenue, Colchester, Connecticut 06415

RECEIVED
COLCHESTER CT
2017 AUG 22 PM 3:06

Board of Finance
Regular Meeting Minutes
August 16, 2017 – Town Hall – 7:00 pm

Gayle Furman
GAYLE FURMAN
TOWN CLERK

Members Present: Chairman R. Tarlov, R. Lepore, A. Migliaccio, T. Kane, A. Bisbikos, S. Lowe
Others Present: First Selectmen A. Shilosky, BOE B. Bernier, Parks & Rec C. Preston, J. McNair, S. Schuster, J. Kelly, and Clerk J. Campbell

1. CALL TO ORDER

R. Tarlov called the meeting to order at 7:00 pm.

2. ADDITIONS TO THE AGENDA

R. Tarlov asked that a general discussion on minutes be added to the agenda under item 3A. A. Migliaccio MOTIONED to approve the addition to the agenda, SECONDED by A. Bisbikos. All members voted in favor. MOTION CARRIED 6/0

3. APPROVAL OF MINUTES: August 2 Regular Meeting

A. Migliaccio MOTIONED to approve the minutes from the 8/2 regular meeting, SECONDED by S. Lowe. R. Tarlov stated there is a typo that needs to be corrected. 8b, 4th line from the bottom, Opengov is being held, should be held up. A. Migliaccio MOTIONED to approve the minutes with changes, SECONDED by R. Lepore. A. Bisbikos and T. Kane ABSTAINED. All other members present voted in favor. MOTION CARRIED.4/0/2

3a. General Discussion of Minutes

R. Tarlov mentioned that it seems other boards and commissions are not posting minutes on the web site until after the approval at the next meeting. R. Tarlov also stated that the minutes are a summary of the discussion and that the meetings are recorded so that people can check there for the detail. It would be cost prohibitive to have every word in the minutes.

4. CITIZENS COMMENTS

S. Schuster spoke using the attached letter. S. Schuster is asking for a forensic audit of the BOE to find out where all the revenue and expenditures are.

J. McNair shared his interest in voting patterns. He stated that over 4,000 residents have never voted in a referendum. In making phone calls, he found that some residents believe that the BOF has final control over all budget items.

D. Bouchard stated her agreement with the previous 2 speakers. She stated that the BOF was aware of monies from tuition from other area schools. Looking into the previous e-mails there is a variance on how much money was received. She has contacted the State Department of Education to see if the BOE can spend the tuition money on anything but back into the school. A school will use grant money to send a child to our school. Grant money is supposed to only be used for the intended purpose. D. Bouchard is questioning if the BOE then must follow the grant guidelines.

J. Kelly is asking how confident the BOF is on the reimbursement from the state on the school project. Will the money equal what the tax payers have been told?

5. CORRESPONDENCE

See attached Correspondence

6. RECREATION/PROGRAM FUND PRESENTATION

a. Program Fund Report and update on plan previously presented

C. Preston presented about the use of the Program fund as well the Parks & Recreation 2017-2018 budget. See the attached presentation for more details.

b. Department Head – discussion of 2018-2019 budget needs

7. DEPARTMENT REPORTS

a. Tax Collector – M. Wyatt was unable to attend but provided the attached reports

b. Finance – M. Cosgrove was unable to attend but provided the attached reports

8. FIRST SELECTMAN

a. Transfer requests - None

b. First Selectman's report – A. Shilosky reported that there are 3 public works employees that are no longer employed due to various reasons with a 4th one leaving on Thursday. M. Wyatt is still in the process of hiring a replacement for the Tax Collector's Office. G. Therian will be retiring August 25th. Interviews have been on going. The bridge on Norwich Avenue by the gravel pit is town owned and has failed inspection. A. Shilosky will be looking to hire someone to replace the bridge, most likely within 30 days. J. Paggioli is looking for a new microphone systems. The potential cost will be \$2-3,000. Our phone system is slowly failing. \$20,000-\$30,000 will be needed to replace the system.

9. NEW BUSINESS

a. Review of meeting with Lockton

Last Thursday M. Cosgrove, A. Shilosky, R. Tarlov, and B. Bernier met with Lockton. They together have come up with a plan to decrease the volatility of the insurance. Stonington has a plan in place which the Town would like to emulate. The town would like to decrease the volatility by 10% each year, which would take approx. 7 years, but could be quicker if annual claims experience is good

b. 2017-2018 Budget Process Review

B. Bernier suggested that each board discuss the budget process and what worked or didn't work with the budget process. T. Kane thought that with the exception of the absence of the state budget, the budget season was decent. A. Shilosky stated that people were engaged and communication was better. R. Tarlov felt the BOF and the voters had a better understanding on the BOE budget of the impact on the programs should additional cuts need to be made.

10. OLD BUSINESS

a. Budget Update – Discussion and Possible Action

R. Tarlov stated there is a lot of confusion on the reason behind why the MV tax bills have been delayed. There is currently with the new budget a proposed mill rate cap of 32. Our mill rate is 32.37. If we were to send them out at 32, the supplemental billing would cost too much in postage and handling and printing for the .37 mill rate. Gov. Malloy has several executive orders that he has said he will put forth if a budget is not reached by a certain date. The town manager in Tolland has sent out a well put together letter and we will add it to the 9-6-2017 agenda packet.

b. Board of Finance Objectives and Initiatives – Review and Update

Insurance will go on the agenda for the next meeting when Maggie is available. Mission statement has been added back onto the chart because of a discussion R. Tarlov had with J. McNair. T. Kane mentioned that November is the election and that the board should wait to talk about the Mission Statement until elections are done.

11. LIAISONS' REPORTS

A. Migliaccio reported the COA is looking for new members. They are willing to move their time to attract new members. They received \$14,665 from senior resources to support their making memories campaign. CT Dept. of Transportation has awarded them with an 80/20 grant for a new bus. The total for the grant is \$67,000. The Town pays 20% and the DOT granted 80%. The farmer's market vouchers has been suspended due to funding. The funding for the senior center bistro day has been eliminated due to state budget issues. Senior center will be hosting a food drive. Senior Center currently has 1,053 members. BOE Budget committee reported that the hiring of a replacement of a mandated PT position. There is a proposed 3 year contract for 11,000 for the first year and mid 20's for the remainder of the contract. The board is looking to create a committee consisting of the CFO, Superintendent, BOE, Community representatives, and special education representatives to see if consolidating services, such as IT, with smaller surrounding towns would be a cost saving idea. They are looking for sustainability within the cafeteria fund. There is a potential to hire an outside source to evaluate current services. R. Tarlov reported the WJMS building committee is ahead of schedule. Curbing and paving is in progress. Furniture that was still in good condition has been stored, therefore a cost savings there can be utilized. A reimbursement program for the 2nd gym, which was initially set to not have any reimbursement for the project, adjusted their requirements, and now we will be receiving some reimbursement.

12. Discussion – BOE action to use 2016-2017 Norwich Tuition Money

A. Migliaccio presented a statement from Principal Peel about finding money to purchase the language lab for Bacon. The board members discussed the lack of communication with BOF regarding the purchase of the Language Lab and monies that were used for the purchase. A. Bisbikos stated his concern for the use of this money when the state hasn't settled a budget. R. Tarlov is still concerned about the process for spending monies from this fund as it relates to out of district tuition other than Norwich and also felt that although he realized that the money to purchase the lab was in last year's numbers, money is money and that he didn't think this was the time for this buying decision. R. Lepore feels that the spending of this money was spent at a poor time and both BOE and BOF spoke that the money would not be spent until the state budget is settled. S. Lowe mentioned that during previous budget discussion the BOE Chairman R. Goldstein stated that he would not be spending tuition money until the budget is known.

13. CITIZENS COMMENTS

D. Bouchard stated her appreciation for BOF to bring the tuition money to discussion. She was under the impression that the monies were to put on hold pending the state budget. D. Bouchard stated that at the meeting she has attended most parents were in favor of sports and not the language lab. She is questioning if the BOE Budget committee has the authority to finalize a purchase of the language lab. She also restated her concern that the tuition money is grant money and can only be spent on what it has been intended for.

J. Kelly agreed with R. Tarlov about spending money to educate our children within another town, that money we receive from other towns should be used to defer that cost. J. Kelly feels the BOE is being fiscally irresponsible.

14. ADJOURNMENT

A. Migliaccio MOTIONED to adjourn the meeting at 9:56 pm, SECONDED by S. Lowe. All members present voted in favor. MOTION CARRIED. 6/0

Respectfully Submitted,

Jeanie Campbell, Clerk

Attachments:

Correspondence A & B
Tax Collector's Reports

Initiatives & Objectives
S. Schuster's Citizens Comment

Finance Reports

Parks & Rec Presentation

From: James D McNair III <jmcnair3@comcast.net>
Sent: Monday, August 28, 2017 3:41 PM
To: 'Migliaccio, Andrea'
Cc: Robert Tarlov
Subject: FYI BOE year end-better accountability needed??

Andrea,

Here is the BOE agenda from last year. Typically, this is when the BOE shows year end stuff. Notice, no issue releasing unaudited financials last year. I am just curious why year end reporting goes dark for months after year end close. Here is reply from Martha that I assumed meant you guys were given a verbal heads up on the amount. It appears I was wrong. My fear is the BOE is not pumping their brakes on spending this potentially large surplus. Their May 31,2017 report showed over \$800K in unspent and unencumbered funds for last fiscal year. Here is the link. <http://www.colchesterct.org/page.cfm?p=30>



Colchester: Monthly Budget Reports

www.colchesterct.org

Website Accessibility: The Colchester Public School District is committed to making our website content accessible to all members of the public, including those with ...

As a point of reference, their May 2016 report showed \$315K that eventually resulted in a \$146K surplus.

James,

The FY 2016-2017 year end report was not presented at the August 3rd Budget Committee meeting as items are in the process of being posted and verified. CFO Cosgrove provided a verbal update to the Committee.

The Budget Committee reviews each year's June 30th Unaudited Year End Budget Report before it is sent to the full Board. In prior years the reports have been available for review between September and December.

Martha

MARTHA L. INGVES
SECRETARY TO THE SUPERINTENDENT

From: Sen. Linares, Art <Art.Linares@cga.ct.gov>
Sent: Monday, August 28, 2017 1:58 PM
To: Robert Tarlov
Subject: RE: Colchester-State revenue History

Dear Rob,

Thank you for your heartfelt email regarding our state's budget crisis. I agree that towns with responsible budgets and planning should not be held financially responsible.

Please see attached our Republican budget proposal to address the budget crisis. We are in the process of updating the numbers after the SEBAC agreement was passed, but this should give you a good idea of our approach to solving the issues without raising taxes or passing teacher pension costs to the towns.

Sincerely,

Art Linares
State Senate –33rd District

From: Robert Tarlov [mailto:BOFChair@colchesterct.gov]
Sent: Saturday, August 26, 2017 9:37 AM
To: Rep. Orange, Linda; Rep. Ziobron, Melissa; Sen. Linares, Art
Cc: Art Shilosky; Ronald Goldstein; Board of Finance Members
Subject: Colchester-State revenue History

Linda, Melissa, Art,

I read that the Governor has defended cutting aid to towns by saying that State Aid has increased by 21% over the last 5 years. Both in the Governor's reports and my numbers (attached), for Colchester we are getting less money now than 5 years ago. In addition the State has cut funding of state programs like libraries and fire prevention schools, already shifting those costs to us outside of any of these numbers. Add to that we are shown as getting the second largest ECS cut in the state in the Democrat's numbers released on Tuesday.

The Governor has stated that towns with fund balances should bear a greater share in the sacrifice to balance the State budget. Although Colchester has worked hard to build our fund balance back up since 2011, when Moody's downgraded our rating because of our use of fund balance, there are MANY Connecticut towns getting increases in their ECS that have higher unassigned fund balances, (both \$\$\$ and %), higher ratings, higher reserves and much larger per capita commercial grand lists.

Not only is it fiscally responsible to have a rainy day fund, the rating companies demand it. For Colchester, with a school project under construction and a large bonding for it within the next 12 months, maintaining our unassigned fund balance is critical as the new ratings coming with that bond issue will determine the interest we pay on that debt for the next 25 years. The State's mismanagement of the state budget and the rainy day fund has resulted in the State's ratings being reduced and that will negatively impacted the ratings for towns seeking new reviews. Because the State and other towns have mismanaged their budgets and rainy day funds, taxpayers in towns like Colchester, who have paid additional local taxes to build and maintain responsible fund balances and avoid borrowing, should not be asked to now pay even more taxes to offset the State and those towns where taxpayer have not done the same.

As stated, Colchester has continued to see their State revenues fall absolutely, and in relationship to increasing costs. Also, the State has a long standing history of putting legislated mandates upon the towns that have significantly increased our costs. I have always wondered if the past legislators had to figure out how to pay for

these mandates, how many would have seen the light of day. As individuals, there are many "good" things we all want to buy and do, but can't because we don't have the money to do so.

In regards to the Teacher's pension fund, the State created the ground rules with no input from the towns and then proceeded to underfund it for years. I believe we are second only to Illinois in per capita underfunding. The underfunding of both the state employee and teacher pension funds is much worse than represented. To assume 8% and 8.5% return on investment is not prudent in any environment, but are especially high moving forward, and overstate the funding levels of both pensions. Over the last 10 years, the State has not achieved that average annual return.

If the towns are going to be asked to share in the teacher pension fund, it should be phased in over time, and it should be used to increase the funding levels to responsible levels of the pension, not lower the state's contribution of an already unacceptable underfunded amount.

Also, I recently read where Denise Napier, when referring to a good investment year just ending 6/30, said that this gives us extra money to spend on other needed programs. This is wrong. Funding levels should not be decreased based on one year's performance. Funding levels should be maintained to decrease the underfunding and are also needed to offset the years that will have performance under the assumed investment return (as most years will) or even a negative year. If the investments are down 20%, are we going to add that on to that year's budget? This is dangerous and the practice will increase funding volatility and increase the underfunding. Funding levels should be reduced only when long term past performance has been higher than the assumption and only when funding levels are at acceptable levels.

CT is on a downward spiral, and without major changes, there are no better times coming to fix these problems later.

Over the past several months I have read the Speaker, the Governor and others state that towns are being selfish and need to share in the sacrifice. What these statements fail to acknowledge is that those that pay the cost of running the State budget and those who pay to run the towns are the same people. To pass the responsibility for figuring out how to pay for the State's financial mistakes down to the local level, where in most towns, these decisions will be made by unpaid volunteers is unconscionable. The problems created by the State, should be solved at the State. Local leaders should not take the heat for the past actions of State leaders. If that requires increased income tax and increased sales tax, so be it. As local taxpayers we are going to pay the price for the State's overspending, over-borrowing and poor negotiating, regardless, either in increased taxes or in a loss of services and programs.

Rob

Rob Tarlov, Chairman, Board of Finance, Colchester
860-608-4293

From: Merja H Lehtinen <ctmlhr@yahoo.com>
Sent: Monday, August 28, 2017 8:00 AM
To: Robert Tarlov
Cc: Robert Tarlov
Subject: Re

Hi Rob,

I highly recommend Tearice Peters for the opening on BOF. You can work with her and she with you.

Best,
Merja

From: deee bouchard <deeedeee1963@yahoo.com>
Sent: Friday, August 25, 2017 9:53 AM
To: Robert Tarlov
Cc: Donald Peters
Subject: BOF CIP VACANCY

Dear Chairman Tarlov,

As you are now aware CIP BOF Member, Stefani Lowe has resigned from the BOF effective 8/25/17, due to an increase in her work responsibilities.

The Colchester Independent Party recognizes that due to the fiscal uncertainty of the CT State Budget and it's potential impact on the Town of Colchester, it is vitally important to have a full Board of Finance to address these unprecedented fiscal issues.

Having already adjudicated the question over who the vacant seat belongs to, the CIP moves to submit CIP Member Tearice Peters for the BOF vacancy.

Although there are several CIP members whom would be eligible to serve, CIP believes Ms Peters appointment to the BOF is fair and in the best interests of the BOF and the Citizens of Colchester.

Ms Peters was already interviewed by the BOF and you and VC Kane had expressed your recommendation to appoint her to the BOF if she was eligible to serve.

I respectfully ask that you move to make this appointment at your next BOF meeting on September 6th, 2017, or that you call a special meeting for this purpose as your September 20, 2017, meeting is cancelled due to the holiday.

This will ensure that the BOF adheres to the provisions set forth in the Colchester Town Charter.

Should you have any additional questions, please feel free to call me at 860-222-4617.

Sincerely,

Deanna E. Bouchard
Chairman
Colchester Independent Party – CIP

From: James D McNair III <jmcnair3@comcast.net>
Sent: Thursday, August 24, 2017 6:42 AM
To: Robert Tarlov
Subject: seeking official clarification-discretionary spending

Rob,

With the Democrat Plan on the table it appears the range of ECS reduction has a floor of about \$1 million. I find it interesting the Democrat plan seems to hit Colchester really hard versus other towns. Minutes have stated there is a spending freeze. Is this only discretionary spending, which is a small percentage, or extended to hiring freeze and other large expenses?

Thanks,

James

From: Robert Tarlov
Sent: Thursday, August 24, 2017 1:21 PM
To: James D McNair III
Cc: Art Shilosky; Ronald Goldstein
Subject: Re: seeking official clarification-discretionary spending

James,

On the Town, Art can provide you a more current report, but as discussed at our last two meetings, in those departments where we can hold off hiring, we have done so. As of the last meeting, we had eight vacancies. Where we have only one position or where we have had to hire a temp due to workload we are interviewing for replacements and will hire if we find a candidate. In Public Works we have had 3 vacancies, and we have held off hiring, but now with a fourth, we must hire, and as we approach the snow season we will have to do so also. People have complained about the embarrassment of weeds on the green around the gazebo, monuments and trees and also along the roads where mowing has been less frequent, a result of having been down 3 people.

I understand many projects have been delayed or slowed down and purchases like the Opengov software and hiring the part time clerk in the Planning Office are on hold.

Ron or Brad can probably provide more details for Board of Ed, but from talking with Ron, I understand that they have not hired replacements for vacant positions, including the Superintendent, unless mandated.

The current net number for the town is about -885,000.

Rob Tarlov, Chairman, Board of Finance
860-608-4293

Town and BOE of Colchester
7/1/2016 - 6/30/2017 Claim Projection
Project Current Experience to End of Current Fiscal Year 6/30/2017

Month	Medical		Rx Drug		Dental		TOTAL
	Claims	Contracts	Claims	Contracts	Claims	Contracts	Claims
Jul-15	383,883	401	109,907	401	42,602	402	536,392
Aug-15	401,484	398	95,182	398	31,829	399	528,495
Sep-15	316,690	396	74,739	396	30,601	398	422,030
Oct-15	312,235	396	121,106	396	27,260	396	460,602
Nov-15	421,649	398	99,893	398	26,697	398	548,238
Dec-15	711,518	402	88,578	402	37,583	402	837,679
Jan-16	549,692	397	109,459	397	31,095	398	690,245
Feb-16	369,558	394	111,248	394	28,679	395	509,485
Mar-16	677,060	393	116,333	393	33,153	395	826,546
Apr-16	481,556	393	142,129	393	29,527	394	653,211
May-16	436,461	391	100,153	391	23,199	392	559,813
Jun-16	566,615	392	115,492	392	40,520	394	722,626
Jul-16	335,091	391	138,432	391	28,488	391	502,011
Aug-16	377,334	391	102,110	391	36,098	391	515,542
Sep-16	447,419	409	137,121	409	25,934	409	610,473
Oct-16	263,973	407	85,529	407	22,632	407	372,134
Nov-16	354,431	407	85,754	407	26,588	407	466,772
Latest 12 Paid Claims	\$5,570,707	4,747	\$1,332,336	4,747	\$363,496	4,766	\$7,266,538
less ISL Claims	\$902,562						
Net Latest 12 Paid Claims	\$4,668,145						\$6,363,976
	\$983.39	396	\$280.67	396	76.27	397	
PEPM Paid Claims	\$983.39		\$280.67		\$ 76.27		
Trend Factor	1.0472		1.1016		1.0315		
Proj. Paid PEPM 12/2016 - 6/2017	\$1,029.82		\$309.18		\$ 78.67		
Proj. Paid 12/2016 - 6/2017	\$2,933,956		\$880,861		\$224,141		
Total 7/16 - 6/17 Fiscal Year	\$4,712,203 (1)		\$1,429,807		\$363,881		
Rx Allocation	\$1,429,807		<u>n/a</u>		<u>n/a</u>		
Total Paid Projection 7/16-6/17	\$6,142,010				\$363,881		\$6,505,891
Total Paid Projection 7/16-6/17 PEPY	\$15,184				\$900		\$16,084

(1) No stop loss claims paid to date during the current fiscal year

Experience Period:	12/1/2015	-	11/30/2016	5/31/2016
Projection Period:	12/1/2016	-	6/30/2017	3/16/2017
	Trend period (months):			9.5

	<u>Medical</u>	<u>Rx Drug</u>	<u>Dental</u>
Annual Trend % (2)	6.00%	13.00%	4.00%

(2) Estimated 12-month Trends

EXPENSES	Average Employees	7/1/16	Annual Cost
		PPO/HDHP Monthly Fees	
Medical ASO Fees	405	\$23.21	\$112,661
Dental ASO Fees	405	\$4.75	\$23,057
Aggregate Stop-Loss	405	\$7.17	\$34,803
Individual Stop-Loss	405	\$139.63	\$677,764
Managed Benefits Fee	405	\$4.38	\$21,261
Network Access Fee	405	\$32.75	\$158,956
ACA Fees (3)	405	\$7.82	\$37,938
Commissions			\$60,000
Total Expenses			\$1,126,440
Total Expected Medical/Rx/Dental Claims Liability (100%) through June 30, 2017			\$6,505,891
Maximum Medical/Rx (125%) + Expected Dental (100%) Claims Liability (4)			\$7,941,672
Total Expected Med/Rx/Dental Claims Liability (100%) plus Expenses through June 30, 2017			\$7,632,331
Maximum Medical/Rx (125%) + Expected Dental (100%) Claims Liability plus Expenses			\$9,068,112
		<u>7/1/2016 - Lockton Projection (5)</u>	
		\$7,930,893 Med/Rx and Dental (100%)	
		-3.8%	
		Updated expected cost vs. final expected	

(3) Comparative Effectiveness Research (PCORI) Fee and Transitional Reinsurance Fee

(4) From Anthem 7/1/2016 Final Renewal of May 4, 2016

(5) From 2016-17 Lockton Projections of December 22, 2015

**Town and BOE of Colchester
7/1/2017 - 6/30/2018 Claim Projection**

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Jan-16	549,692	397	109,459	397	31,095	398	690,245
Feb-16	369,558	394	111,248	394	28,679	395	509,485
Mar-16	677,060	393	116,333	393	33,153	395	826,546
Apr-16	481,556	393	142,129	393	29,527	394	653,211
May-16	436,461	391	100,153	391	23,199	392	559,813
Jun-16	566,615	392	115,492	392	40,520	394	722,626
Jul-16	335,091	391	138,432	391	28,488	391	502,011
Aug-16	377,334	391	102,110	391	36,098	391	515,542
Sep-16	447,419	409	137,121	409	25,934	409	610,473
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Net Latest 12 Paid Claims	\$4,668,145						\$6,363,976
	\$983.39	396	\$280.67	396	76.27	397	
PEPM Paid Claims	\$983.39		\$280.67		\$76.27		
Trend Factor	1.0967		1.2135		1.0641		
Proj. Paid PEPM 7/2017- 6/2018	\$1,078.44		\$340.59		\$81.15		
Rx Allocation	\$340.59		n/a		n/a		
Total Paid Projection 7/17-6/18 PEPY	\$17,028				\$974		\$ 18,002
Benefit Plan Adjustments	0.9631				1.0000		
Adjusted Total Paid Projection 7/17-6/18	\$6,511,063				\$388,570		\$6,899,633
Adj. Total Paid Projection 7/17-6/18 PEPY	\$16,401				\$974		\$17,375

Experience Period:	12/1/2015	-	11/30/2016	5/31/2016
Projection Period:	7/1/2017	-	6/30/2018	12/30/2017
	Trend period (months):			19.0

	Medical	Rx Drug	Dental
Annual Trend % (1)	6.00%	13.00%	4.00%
(1) Estimated 12-month trends			
Reserve \$ Estimate (IBNR)	\$487,655	\$55,650	\$16,695
(Est. base on Anthem 2015-16 Settlement)			\$560,000

EXPENSES	Projected	Estimated Renewal	Projected to June 30, 2018
	Employees	7/1/2017 Monthly Fees	Annual Cost
Medical ASO Fees	407	\$23.91	\$116,758
Dental ASO Fees	407	\$4.89	\$23,895
Aggregate Stop-Loss	407	\$7.53	\$36,769
Individual Stop-Loss	407	\$167.56	\$818,344
Managed Benefits Fee	407	\$4.38	\$21,392
Network Access Fee	407	\$32.87	\$160,546
ACA Fees (2)	407	\$0.45	\$2,198
Commissions			\$61,200
Total Expenses			\$1,241,102
Total Expected Medical/Rx/Dental Claims Liability (100%)			\$ 6,899,633
Maximum Medical/Rx (125%) + Expected Dental (100%) Claims Liability			\$ 8,527,399
Total Expected Medical/Rx/Dental Claims Liability (100%) plus Expenses			\$ 8,140,735
Maximum Medical/Rx (125%) + Expected Dental (100%) Claims Liability plus Expenses			\$ 9,768,501

7/1/2016 - Lockton Projection (3)

\$7,930,893 Med/Rx and Dental (100%)
2.6%

(2) Comparative Effectiveness Research (PCOR) Fee
(3) From 2016-17 Lockton Projections of December 22, 2015

7/17 - 6/18 projected cost vs. 7/16-6/17 projection

Town and BOE of Colchester
SELF-INSURED HEALTH BENEFITS COST ANALYSIS
CONTRACT PERIOD: JULY 1, 2017 through JUNE 30, 2018

Preliminary Proposed Budget as of
December 29, 2016
Expected Claims Split by Contract Counts

ITEM	DESCRIPTION	TOWN	BOARD OF ED	TOTAL
1a	Number of Contracts (1)	62	345	407
1b	Expected paid claims for contract period @ 100% split by contract counts	\$1,051,050	\$5,848,583	\$6,899,633
1c	Risk Corridor @ 25% of Med/Rx claims	\$247,964	\$1,379,801	\$1,627,766
2a	Retention Premium (ASO Fees)	\$21,426	\$119,227	\$140,653
		\$23.91		
		\$4.89		
2b	Managed Benefits Fee	\$3,259	\$18,133	\$21,392
		\$4.38		
3	Individual Stop-Loss Premium	\$124,662	\$693,682	\$818,344
		\$167.56		
4	Aggregate Stop-Loss Premium	\$5,601	\$31,168	\$36,769
		\$7.53		
5a	Network Access Fee	\$24,457	\$136,089	\$160,546
		\$32.87		
5b	ACA Fees (2)	\$167	\$932	\$1,099
		\$0.45		
5c	Commissions	\$9,323	\$51,877	\$61,200
6	Run Out Claims (IBNR) (3) split by contract count	\$85,307	\$474,693	\$560,000
7	Gross Total to be Funded	\$1,573,216	\$8,754,185	\$10,327,401

- (1) Contract counts based on December 2016 Anthem ASO P&E report
(2) Comparative Effectiveness Research (PCORI) Fee
(3) From Anthem 2015-2016 Plan Year Settlement

Town and BOE of Colchester
SELF-INSURED HEALTH BENEFITS COST ANALYSIS
CONTRACT PERIOD: JULY 1, 2017 through JUNE 30, 2018

Preliminary Proposed Budget as of
December 29, 2016
Expected Claims Split by Actual Paid Claims

ITEM	DESCRIPTION	TOWN	BOARD OF ED	TOTAL
1a	Number of Contracts (1)	62	345	407
1b	Expected paid claims for contract period @ 100% split by actual paid claims	\$769,309	\$6,130,324	\$6,899,633
1c	Risk Corridor @ 25% of Med/Rx claims	\$181,496	\$1,446,270	\$1,627,766
2a	Retention Premium (ASO Fees)	\$21,426	\$119,227	\$140,653
		\$23.91		
		\$4.89		
2b	Managed Benefits Fee	\$3,259	\$18,133	\$21,392
		\$4.38		
3	Individual Stop-Loss Premium	\$124,662	\$693,682	\$818,344
		\$167.56		
4	Aggregate Stop-Loss Premium	\$5,601	\$31,168	\$36,769
		\$7.53		
5a	Network Access Fee	\$24,457	\$136,089	\$160,546
		\$32.87		
5b	ACA Fees (2)	\$167	\$932	\$1,099
		\$0.45		
5c	Commissions	\$6,824	\$54,376	\$61,200
6	Run Out Claims (IBNR) (3) split by actual claims	\$62,440	\$497,560	\$560,000
7	Gross Total to be Funded	\$1,199,641	\$9,127,761	\$10,327,401

- (1) Contract counts based on December 2016 Anthem ASO P&E report
(2) Comparative Effectiveness Research (PCORI) Fee
(3) From Anthem 2015-2016 Plan Year Settlement

Town and BOE of Colchester
Projected Paid Claim Adjustments
Based on confirmed benefit plan changes



Group	2015-16 Plan	2016-17 Plan	Contracts (1)	Medical/Rx Adjustment Factor	Duration Adjusted	Medical/Rx Paid Claim Adjustment	Dental Adjustment Factor	Duration Adjusted	Dental Paid Claim Adjustment
BOE Nurses	\$30 PPO	\$30/\$40 PPO	0	0.9941	0.7500	0.9956	1.000	1.0000	1.0000
BOE Nurses	\$30 PPO	HDHP w/HSA	1	0.8139	0.7500	0.8604	1.000	1.0000	1.0000
Paraprofessionals	\$30 PPO	\$30/\$40 PPO (2)	50	0.9941	0.5000	0.9971	1.000	1.0000	1.0000
Paraprofessionals	HDHP w/HSA	HDHP w/HSA	5	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
Active/COBRA Teachers	\$30/\$40 PPO	\$30/\$40 PPO	52	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
Retired Teachers	\$30/\$40 PPO	\$30/\$40 PPO	24	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
Active Teachers - Current	HDHP w/HSA	HDHP w/HSA	48	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
Active Teachers - Migrating	\$30/\$40 PPO	\$30/\$40 PPO	96	0.8187	0.8333	0.8489	1.000	1.0000	1.0000
Retired Teachers	HDHP w/HSA	HDHP w/HSA	0	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
BOE Administrators	\$30 PPO	\$30 PPO	12	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
BOE Administrators	HDHP w/HSA	HDHP w/HSA	2	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
BOE Office Professionals	\$30 PPO	\$30/\$40 PPO (3)	16	0.9941	1.0000	0.9941	1.000	1.0000	1.0000
BOE Office Professionals	HDHP w/HSA	HDHP w/HSA	3	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
BOE Custodians	\$30 PPO	\$30/\$40 PPO (4)	29	0.9941	1.0000	0.9941	1.000	1.0000	1.0000
BOE Custodians	HDHP w/HSA	HDHP w/HSA	0	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
BOE Central Office (Supervisors)	\$30 PPO	\$30/\$40 PPO (2)	6	0.9941	0.5000	0.9971	1.000	1.0000	1.0000
BOE Central Office (Supervisors)	HDHP w/HSA	HDHP w/HSA	1	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
Police	\$20 PPO	\$20 PPO	9	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
Town MEUI Administrators	HDHP w/HSA	HDHP w/HSA	9	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
Town MEUI Administrators	HDHP w/HRA	HDHP w/HRA	2	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
Town Hall Union (Clerical)	HDHP w/HSA	HDHP w/HSA	10	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
Firefighters	HDHP w/HSA	HDHP w/HSA	3	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
Town Library	HDHP w/HSA	HDHP w/HSA	3	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
Town MEUI Highway (PW)	HDHP w/HSA	HDHP w/HSA	17	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
Town Non-union	HDHP w/HSA	HDHP w/HSA	9	1.0000	1.0000	1.0000	1.000	1.0000	1.0000
			407			0.9631	1.000		1.0000
		Total BOE	345						
		Total Town	62						
		Total Colchester	407						

(1) Contract counts based on December 2016 Anthem ASO P&E report - assumes 65% Active Teacher migration from PPO to HDHP
(2) Plan changes effective 4/1/16
(3) Plan changes effective 1/1/17
(4) Plan changes effective 11/1/16

Town & BOE of Colchester

Anthem Medical and Rx Paid Claims
Self-Insured Program



Month	Total EEs	Total Members	Paid Medical Claims	Med	Rolling 12	% Chg	Paid Rx Claims	Rx	Rolling 12	% Chg	Total Paid Claims	Med/Rx	Rolling 12	% Chg
				Claims per EE	Avg Med Claims per EE			Claims per EE	Claims per EE			Avg Rx Claims per EE	Claims per EE	
Jul-15	404	1,025	383,883	962.11	1,091.59	-3.6%	109,907	275.46	278.86	1.8%	493,790	1,237.57	1,370.45	-2.6%
Aug-15	398	1,006	401,484	1,006.23	1,133.45	3.8%	95,182	238.55	274.07	-1.7%	496,666	1,244.78	1,407.52	2.7%
Sep-15	397	1,009	316,690	783.89	1,086.01	-4.2%	74,739	185.00	272.33	-0.6%	391,429	968.88	1,358.34	-3.5%
Oct-15	395	1,004	312,235	784.51	1,069.64	-1.5%	121,106	304.29	274.00	0.6%	433,341	1,088.80	1,343.64	-1.1%
Nov-15	398	1,006	421,649	1,062.09	1,059.20	-1.0%	99,893	251.62	272.24	-0.6%	521,541	1,313.71	1,331.45	-0.9%
Dec-15	402	1,013	711,518	1,801.31	1,112.88	5.1%	88,578	224.25	271.73	-0.2%	800,096	2,025.56	1,384.61	4.0%
Jan-16	399	1,006	549,692	1,381.13	1,121.93	0.8%	109,459	275.02	270.04	-0.6%	659,150	1,656.16	1,391.97	0.5%
Feb-16	394	998	369,558	919.30	1,117.06	-0.4%	111,248	276.74	268.33	-0.6%	480,806	1,196.04	1,385.39	-0.5%
Mar-16	393	993	677,060	1,696.89	1,185.13	6.1%	115,333	289.05	273.66	2.0%	792,393	1,985.95	1,458.79	5.3%
Apr-16	393	992	481,556	1,222.22	1,182.33	-0.2%	142,129	360.73	282.96	3.4%	623,685	1,582.96	1,465.29	0.4%
May-16	391	990	436,461	1,110.59	1,152.24	-2.5%	100,153	254.84	270.07	-4.6%	536,614	1,365.43	1,422.32	-2.9%
Jun-16	392	991	566,615	1,441.77	1,179.71	2.4%	115,492	293.87	268.96	-0.4%	682,106	1,735.64	1,448.67	1.9%
Jul-16	391	981	335,091	857.01	1,171.45	-0.7%	138,432	354.05	275.40	2.4%	473,522	1,211.05	1,446.85	-0.1%
Aug-16	391	980	377,334	962.59	1,168.09	-0.3%	102,110	260.49	277.26	0.7%	479,444	1,223.07	1,445.36	-0.1%
Sep-16	409	1,012	447,419	1,144.29	1,198.86	2.6%	137,121	350.69	291.18	5.0%	584,539	1,494.99	1,490.04	3.1%
Oct-16	407	1,010	263,973	675.12	1,190.44	-0.7%	85,529	218.74	284.10	-2.4%	349,502	893.87	1,474.54	-1.0%
Nov-16	407	1,009	354,431	866.58	1,173.27	-1.4%	85,754	209.67	280.40	-1.3%	440,185	1,076.25	1,453.67	-1.4%
Dec-16	409	1,010	384,092	943.72	1,101.53	-6.1%	125,964	309.49	287.55	2.5%	510,056	1,253.21	1,389.08	-4.4%
Jan-17	407	1,017	329,731	810.15	1,053.33	-4.4%	108,371	266.27	286.78	-0.3%	438,102	1,076.42	1,340.10	-3.5%
Feb-17	406	1,018	377,962	924.11	1,053.54	0.0%	99,956	244.39	283.99	-1.0%	477,918	1,168.50	1,337.53	-0.2%
Mar-17	392	981	418,399	1,028.01	997.71	-5.3%	145,760	358.13	289.88	2.1%	564,158	1,386.14	1,287.59	-3.7%
Apr-17	397	978	340,198	837.93	965.74	-3.2%	86,671	213.48	277.59	-4.2%	426,869	1,051.40	1,243.33	-3.4%
May-17	397	973	511,183	1,304.04	981.53	1.6%	102,247	260.83	278.08	0.2%	613,430	1,564.87	1,259.61	1.3%
Jun-17	395	968	473,275	1,192.13	961.26	-2.1%	118,238	297.83	278.42	0.1%	591,512	1,489.96	1,239.68	-1.6%
July, 2014 thru June, 2015*			4,697,845	972.04			1,323,230	273.79			6,021,075	1,245.83		
Projected (from Anthem 2014-15 Renewal)				930.02				309.10				1,239.12		
Actual/Projected				105%				89%				101%		
Change from prior FY				22.1%				-4.4%				15.1%		
*Includes removal of ISL claims of \$776,551														
July, 2015 thru June, 2016**			4,625,599	969.52			1,283,217	268.96			5,908,816	1,238.49		
Projected (from Anthem 2015-16 Renewal)				901.55				301.44				1,202.99		
Actual/Projected				108%				89%				103%		
Change from prior FY				-0.3%				-1.8%				-0.6%		
**Includes removal of ISL claims of \$1,002,802														
July, 2016 thru June, 2017***			4,400,221	916.90			1,336,152	278.42			5,736,373	1,195.33		
Projected (from Anthem 2016-17 Renewal)				962.45				286.08				1,248.53		
Actual/Projected				95%				97%				96%		
Change from prior FY				-5.4%				3.5%				-3.5%		
***Includes removal of ISL claims of \$212,866														

Note: Employee lives lagged 2 months for per EE calculations

BOE of Colchester

Anthem Medical and Rx Paid Claims
Self-Insured Program



Month	Total EEs	Total Members	Paid Medical Claims	Med	Rolling 12	% Chg	Paid Rx Claims	Rx	Rolling 12	% Chg	Total Paid Claims	Med/Rx	Rolling 12	% Chg
				Claims per EE	Avg Med Claims per EE			Claims per EE	Avg Rx Claims per EE			Claims per EE	Med/Rx EE	
Jul-15	335	860	316,480	944.72	1,099.80	-4.7%	90,847	271.18	283.26	1.2%	407,327	1,215.90	1,383.05	-3.5%
Aug-15	331	847	379,421	1,146.29	1,149.63	4.5%	85,631	258.70	279.25	-1.4%	465,052	1,404.99	1,428.88	3.3%
Sep-15	332	852	276,988	834.30	1,092.49	-5.0%	67,225	202.49	278.05	-0.4%	344,214	1,036.79	1,370.54	-4.1%
Oct-15	329	846	263,019	799.45	1,074.67	-1.6%	112,714	342.59	282.38	1.6%	375,733	1,142.04	1,357.05	-1.0%
Nov-15	332	850	386,943	1,165.49	1,066.87	-0.7%	92,275	277.94	284.84	0.9%	479,218	1,443.43	1,351.71	-0.4%
Dec-15	335	854	677,735	2,023.09	1,136.20	6.5%	78,069	233.04	284.59	-0.1%	755,803	2,256.13	1,420.79	5.1%
Jan-16	333	850	490,643	1,473.40	1,139.61	0.3%	99,879	299.94	283.49	-0.4%	590,522	1,773.34	1,423.10	0.2%
Feb-16	331	847	327,336	988.93	1,130.79	-0.8%	103,188	311.75	283.59	0.0%	430,524	1,300.68	1,414.39	-0.6%
Mar-16	330	842	630,908	1,911.84	1,217.39	7.7%	104,138	315.57	290.20	2.3%	735,046	2,227.41	1,507.58	6.6%
Apr-16	330	840	401,472	1,216.58	1,211.92	-0.4%	124,220	376.43	301.47	3.9%	525,692	1,593.01	1,513.39	0.4%
May-16	328	838	379,128	1,155.88	1,223.14	0.9%	88,878	270.97	287.59	-4.6%	468,005	1,426.85	1,510.74	-0.2%
Jun-16	329	842	481,995	1,465.03	1,258.36	2.9%	98,826	300.38	287.70	0.0%	580,821	1,765.41	1,546.06	2.3%
Jul-16	328	834	276,226	842.15	1,249.83	-0.7%	130,158	396.82	297.94	3.6%	406,383	1,238.97	1,547.77	0.1%
Aug-16	328	833	347,319	1,058.90	1,242.69	-0.6%	97,811	298.20	301.23	1.1%	445,129	1,357.10	1,543.92	-0.2%
Sep-16	346	865	357,095	1,032.07	1,265.07	1.8%	129,885	375.39	317.55	5.4%	486,980	1,407.46	1,582.63	2.5%
Oct-16	345	862	227,929	660.66	1,257.18	-0.6%	80,501	233.34	309.67	-2.5%	308,430	894.00	1,566.85	-1.0%
Nov-16	345	861	318,444	923.03	1,235.54	-1.7%	80,509	233.36	305.62	-1.3%	398,953	1,156.39	1,541.16	-1.6%
Dec-16	346	861	309,580	894.74	1,138.44	-7.9%	118,574	342.70	314.54	2.9%	428,154	1,237.44	1,452.98	-5.7%
Jan-17	344	864	275,883	801.99	1,081.17	-5.0%	104,097	302.61	314.57	0.0%	379,981	1,104.59	1,395.73	-3.9%
Feb-17	344	865	350,854	1,019.92	1,084.06	0.3%	89,999	261.62	310.42	-1.3%	440,852	1,281.55	1,394.48	-0.1%
Mar-17	331	830	346,760	1,047.61	1,010.59	-6.8%	133,957	404.70	316.98	2.1%	480,718	1,452.32	1,327.57	-4.8%
Apr-17	333	824	301,389	905.07	982.59	-2.8%	77,776	233.56	304.47	-3.9%	379,165	1,138.63	1,287.06	-3.1%
May-17	333	819	430,208	1,291.92	994.98	1.3%	86,753	260.52	303.87	-0.2%	516,961	1,552.44	1,298.84	0.9%
Jun-17	331	815	380,425	1,149.32	969.14	-2.6%	107,324	324.24	305.74	0.6%	487,749	1,473.56	1,274.88	-1.8%
July, 2014 thru June, 2015			4,638,777	1,153.64			1,125,004	279.78			5,763,780	1,433.42		
Change from prior FY				26.5%				-7.4%				18.1%		
July, 2015 thru June, 2016			5,012,067	1,258.36			1,145,891	287.70			6,157,958	1,546.06		
Change from prior FY				9.1%				2.8%				7.9%		
July, 2016 thru June, 2017			3,922,111	969.14			1,237,345	305.74			5,159,456	1,274.88		
Change from prior FY				-23.0%				6.3%				-17.5%		

Note: Employee lives lagged 2 months for per EE calculations

Town of Colchester

Anthem Medical and Rx Paid Claims
Self-Insured Program



Month	Total EEs	Total Members	Paid Medical Claims	Rolling 12			Paid Rx Claims	Rolling 12			Total Paid Claims	Rolling 12		
				Med Claims per EE	Avg Med Claims per EE	% Chg		Rx Claims per EE	Avg Rx Claims per EE	% Chg		Med/Rx Claims per EE	Avg Med/Rx Claims per EE	% Chg
Jul-15	69	165	67,403	976.86	1,050.87	2.1%	19,060	276.23	256.99	5.3%	86,463	1,253.09	1,307.86	2.7%
Aug-15	67	159	22,063	329.30	1,052.95	0.2%	9,551	142.55	248.32	-3.4%	31,614	471.85	1,301.27	-0.5%
Sep-15	65	157	39,702	610.79	1,053.83	0.1%	7,514	115.60	243.91	-1.8%	47,215	726.39	1,297.74	-0.3%
Oct-15	66	158	49,216	745.70	1,044.70	-0.9%	8,392	127.15	232.41	-4.7%	57,609	872.86	1,277.11	-1.6%
Nov-15	66	156	34,706	525.85	1,021.11	-2.3%	7,617	115.41	209.72	-9.8%	42,323	641.26	1,230.83	-3.6%
Dec-15	67	159	33,784	504.23	997.10	-2.4%	10,509	156.85	207.88	-0.9%	44,293	661.09	1,204.99	-2.1%
Jan-16	66	156	59,049	894.68	1,034.22	3.7%	9,580	145.15	203.34	-2.2%	68,628	1,039.82	1,237.57	2.7%
Feb-16	63	151	42,222	670.19	1,048.97	1.4%	8,060	127.94	192.67	-5.2%	50,282	798.13	1,241.64	0.3%
Mar-16	63	151	46,152	732.58	1,025.23	-2.3%	11,194	177.69	191.67	-0.5%	57,346	910.26	1,216.90	-2.0%
Apr-16	63	152	80,084	1,271.18	1,034.68	0.9%	17,908	284.26	190.60	-0.6%	97,992	1,555.44	1,225.28	0.7%
May-16	63	152	57,333	910.05	796.30	-23.0%	11,275	178.97	182.13	-4.4%	68,608	1,089.02	978.43	-20.1%
Jun-16	63	149	84,620	1,343.17	782.15	-1.8%	16,665	264.53	174.27	-4.3%	101,285	1,607.70	956.42	-2.2%
Jul-16	63	147	58,865	934.36	774.26	-1.0%	8,274	131.34	161.20	-7.5%	67,139	1,065.70	935.46	-2.2%
Aug-16	63	147	30,015	476.43	788.41	1.8%	4,300	68.25	155.30	-3.7%	34,315	544.68	943.71	0.9%
Sep-16	63	147	90,324	1,433.71	859.83	9.1%	7,236	114.86	156.14	0.5%	97,560	1,548.57	1,015.98	7.7%
Oct-16	62	148	36,044	581.36	847.21	-1.5%	5,028	81.10	152.59	-2.3%	41,072	662.46	999.80	-1.6%
Nov-16	62	148	35,987	580.44	851.08	0.5%	5,244	84.59	149.90	-1.8%	41,231	665.02	1,000.98	0.1%
Dec-16	63	149	74,512	1,182.73	908.77	6.8%	7,389	117.29	146.61	-2.2%	81,902	1,300.02	1,055.37	5.4%
Jan-17	63	153	53,848	854.73	906.71	-0.2%	4,274	67.84	140.40	-4.2%	58,122	922.56	1,047.12	-0.8%
Feb-17	62	153	27,108	437.22	891.54	-1.7%	9,958	160.61	143.65	2.3%	37,066	597.83	1,035.19	-1.1%
Mar-17	61	151	71,638	1,174.40	928.88	4.2%	11,803	193.48	145.03	1.0%	83,441	1,367.88	1,073.92	3.7%
Apr-17	64	154	38,809	606.39	875.30	-5.8%	8,895	138.98	133.25	-8.1%	47,704	745.38	1,008.56	-6.1%
May-17	64	154	80,976	1,265.24	909.12	3.9%	15,493	242.08	139.23	4.5%	96,469	1,507.33	1,048.34	3.9%
Jun-17	64	153	92,850	1,450.78	918.85	1.1%	10,913	170.52	131.39	-5.6%	103,763	1,621.30	1,050.24	0.2%
July, 2014 thru June, 2015			835,620	1,029.09			198,226	244.12			1,033,846	1,273.21		
Change from prior FY				35.8%				18.5%				32.1%		
July, 2015 thru June, 2016			616,334	782.15			137,326	174.27			753,660	956.42		
Change from prior FY				-24.0%				-28.6%				-24.9%		
July, 2016 thru June, 2017			690,976	918.85			98,807	131.39			789,783	1,050.24		
Change from prior FY				17.5%				-24.6%				9.8%		

Note: Employee lives lagged 2 months for per EE calculations

Town & BOE of Colchester

Anthem Dental Paid Claims
Self-Insured Program



<u>Month</u>	<u>Total EEs</u>	<u>Paid Dental Claims</u>	<u>Dental Claims per EE</u>	<u>Rolling 12 Avg Clms per EE</u>	<u>% Chg</u>
Jul-15	405	42,602	106.24	76.82	-0.6%
Aug-15	399	31,829	79.57	76.78	-0.1%
Sep-15	398	30,601	75.56	77.18	0.5%
Oct-15	396	27,260	68.32	77.29	0.1%
Nov-15	398	26,697	67.08	77.34	0.1%
Dec-15	402	37,583	94.91	79.10	2.3%
Jan-16	398	31,095	78.13	79.16	0.1%
Feb-16	395	28,679	71.34	80.70	1.9%
Mar-16	395	33,153	83.30	79.74	-1.2%
Apr-16	394	29,527	74.75	78.19	-1.9%
May-16	392	23,199	58.73	76.54	-2.1%
Jun-16	394	40,520	102.84	80.06	4.6%
Jul-16	390	28,488	72.67	77.25	-3.5%
Aug-16	390	36,098	91.62	78.24	1.3%
Sep-16	402	25,934	66.50	77.51	-0.9%
Oct-16	397	22,632	58.03	76.68	-1.1%
Nov-16	396	26,588	66.14	76.59	-0.1%
Dec-16	399	32,706	82.38	75.55	-1.4%
Jan-17	397	31,960	80.71	75.76	0.3%
Feb-17	396	27,425	68.74	75.54	-0.3%
Mar-17	393	33,200	83.63	75.57	0.0%
Apr-17	398	18,454	46.60	73.22	-3.1%
May-17	398	31,301	79.65	74.96	2.4%
Jun-17	397	27,064	68.00	72.06	-3.9%

July, 2014 thru June 2015

	403	374,391	77.43
Projected (from Anthem 2014-15 Renewal)			79.03
Actual/Projected			98%
Change from prior FY			4.9%

July, 2015 thru June 2016

	398	382,746	80.21
Projected (from Anthem 2015-16 Renewal)			81.81
Actual/Projected			98%
Change from prior FY			3.6%

July, 2016 thru June 2017

	396	341,850	71.97
Projected (from Anthem 2016-17 Renewal)			85.62
Actual/Projected			84%
Change from prior FY			-10.3%

Note: Employee lives lagged 1 month for per EE calculations



TOWN of TOLLAND / 21 tolland green, tolland, connecticut 06084

Steven R. Werbner
Town Manager
(860) 871-3600
swerbner@tolland.org

August 8, 2017

Secretary Benjamin Barnes
State of Connecticut
Office of Policy and Management
450 Capitol Avenue
Hartford, CT 06106

Dear Secretary Barnes:

I am in receipt of your letter dated August 7, 2017 requesting certain information on Tolland's fiscal health. The information on our fund balance levels is attached. Tolland has always prided itself on doing things correctly to ensure a strong financial position for the community. We have never had a defined benefit pension plan; we have some of the best written collective bargaining agreements in the State; we were one of the first towns to move to high deductible health plans; we have limited OPEB exposure; we have strong financial policies covering our debt service and use of fund balance; we have over the last ten years kept mill rate increases to no more than on average 0.58 mill increase; and provide excellent services well below the average cost of surrounding towns with our per pupil expenditure being 154th state wide. In addition, we have regionalized services where possible as evidenced by our Health District, use of regional police, shared IT with Coventry and South Windsor and the first multi-Town and Board of Education health insurance program in the State (ECHIP). All these actions in years past to current are a result of strong internal management as well as Town Councils and Board of Educations that understand the need to operate the Town in a sustainable manner.

Tolland was one of the fastest growing communities in the State in the early 2000's. As such, it had to build facilities and infrastructure to accommodate the growth. This required substantial borrowing and increased debt service which is a prime contributor today to the fact that Tolland's equalized mill rate is the 34th highest in the State. It also accounts for the reason that emphasis was placed on improving our bond rating so that we could lower the long-term interest costs associated with debt service. From the time I was hired in 2005 to now, our financial rating has increased from an AA- to AAA. With little commercial or retail within the community, our strong financial rating is based on a solid fund balance level and a strong management team and financial policies. We are one of only a few towns in the Country to have received a perfect score from Standard and Poor's using their financial management rating scale. Yet our fund balance level is still well below the standard used by GFOA which is two months of operating revenue or expenditures which would mean a fund balance of \$9,301,097.

Everything that Tolland has done over the years to position itself as one of the best communities to live in, in the country, as determined on two occasions by Money Magazine is in jeopardy as a result of the financial crisis at the State level. Losing 76.82% of our ECS funds in one year or over 8 million dollars as recommended by the Governor's budget would be a devastating blow. To make up for that loss alone and retain current service levels would require over a 20% increase in taxes or a 7+ mill increase. To absorb that sort of decrease in revenue and try to offset it with a combination of service cuts, fund balance use and tax increase would still be devastating with no scenario we have looked at being palatable. For the School system depending on the scenario used it could be a loss of 40 staff people out of some 300 which is the loss of more positions in one year than over the last nine years. This type of structural change is almost impossible for our school system to absorb. For the Town, we have already reduced last year's expenditures by over \$300,000 by reducing our Resident Trooper Program by 50% or from four Troopers to two and going to every other week recycling, reducing bulky waste pickup and other service adjustments. I have recently recommended another \$400,000 in reductions which may impact everything from our response time to weather events particularly snow to buying books for the Library.

Tolland's budget process includes a mandatory referendum which normally commences on the first Tuesday in May and continues every other Tuesday until a budget is adopted. Therefore, whatever is recommended by the Town Manager and Council is ultimately subject to final approval by the voters. This year, based on the lack of State budget and uncertain information on state revenues, our budget process was suspended in March. The first installment of tax bills were sent out on July 1st using the current mill rate. We by Charter can provide an adjustment in the mill rate in the second installment which must be in the January bills. To do that we need a mill rate by no later than December 1st and I am allowing at least two months for us to complete our budget process including referendum(s). In addition we have determined that based on current cash flow projections we cannot go beyond January without an infusion of dollars or we will be cash poor. Thus, we cannot wait any further to commence our budget process. School is starting at the end of August and the Board of Education has to plan class offerings and class size now and not wait and adjust after school starts and we on the municipal side must begin planning for the winter season and how our municipal operations will be impacted with cost saving measures over the remainder of this fiscal year.

I have recently presented to the Council a budget that I call a Hope and Prayer budget because it is not based in terms of revenue on any better information now than when we suspended the process last March. As you are aware, we are one of the Towns that is most impacted by the loss of ECS funds so our margin of error if we guess wrong on the final revenue numbers is great. If I budget a 10% reduction like many Towns have and it's ultimately 50%, then either we deplete our fund balance to cover the gap or have massive expenditure reductions jeopardizing all services. So in my Hope and Prayer budget I estimated a 50% loss of ECS funds, increased the use of fund balance from our normal \$200,000 to \$1.4 million, reduced the Board of Education by \$600,000 from last year's expense level and the Town by \$330,000 as well as eliminated all general fund contributions to capital projects. This plan still requires a

7.17% increase in the mill rate or an increase of 2.45 mills. Our mill rate currently is 34.19 mills. As noted, this plan does increase the use of fund balance which you know is a one-time infusion of dollars that cannot be sustained in future years. Nor do we project large surpluses in future years so the ability to replenish fund balance over time will be limited. I have projected that in FY18/19, with normal expenditure increases, use of fund balance at no more than \$200,000 and flat state revenues we will need another large increase in the mill rate of over 6% or 2.20 mills. Thus, in a two year time span we could increase our mill rate from the current 34.19 mills to over 38 mills.

Tolland is in the perfect storm scenario. **First**, we are one of the communities most impacted by the crumbling foundation problem. Currently we have 66 homes that have received reduced assessments resulting in a loss of tax revenue of over \$100,000. We know that over 2,000 of 5,000 residences were built during the impacted timeframe and the quarry in question is just miles from Tolland. Conservatively, we have estimated that 30% of those 2,000 homes will be impacted but others think the percentage will be higher. We have just found out we have one school and at least one fire station that has the problem. The ability to buy and sell a home in this Town is severely impacted. **Second**, we are a residential community now and always will be. Less than 10% of the remaining land mass is zoned for commercial or retail use. The ability for us to diversify our tax base is very limited. We all know the importance of the central cities. Similarly, towns such as Tolland which are suburbs to the city as well as to the University of Connecticut are as important to provide a residential base for those looking for a more rural style of life. Without vibrant suburbs, the ability of the central cities to attract employees will be severely impacted. Our residents commute not only to Hartford for employment but to Springfield, Worcester and Boston. If we have to raise substantially, what is already a high mill rate, we will no longer be competitive with surrounding towns impacting our ability to retain current residents and attract new residents. To absorb a 7 mill increase would put us over 40 mills making us some 10 mills higher than towns like Ellington, Mansfield, Columbia, Avon, Farmington, Suffield, Coventry and Willington, all competitors of ours for new residents and commercial growth. **Third and lastly**, our attractiveness is strongly predicated on the service level we can offer through both the Town and Board of Education. To decimate our services will mean there will virtually be no reason for anyone to stay or come to our community. While we know service levels or the way in which we provide services over time must change, we need time for an orderly planning process to address those changes. If ECS must be reduced, then announce a reasonable plan done over time so that Towns can adjust. To assume that in one year, a town like Tolland, that has the other problems that I have mentioned above and a budget referendum process that is mandatory, can absorb a large loss of its ECS funding is just not a reasonable assumption.

We in Tolland feel that our future is being negatively impacted by factors completely out of our control. We did not cause or contribute to the crumbling foundation issue, yet we are suffering the impact. We did not cause the financial crisis facing the State, yet we are being negatively impacted at a dollar level much higher than the vast amount of other communities. We do not deserve to have our standard of service level decimated because of problems other

Secretary Benjamin Barnes
Page Four
August 8, 2017

towns and cities are experiencing again which is out of our control and we should not be penalized for proper management and prudent financial planning over the years. Failure to address the crumbling financial issue at the State level, failure to come up with a reasonable state budget and failure to come up with a long-range economic plan to address the cost of pensions, methods for financing education as well as other state obligations will only result in suburbs like Tolland being the next centers of financial concern for the State to have to address.

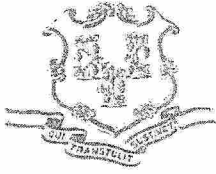
Sincerely,



Steven R. Werbner

SRW/ltb
Enclosure

cc: Lieutenant Governor Nancy Wyman
Town Council
State Senator Tony Guglielmo
State Representative Sam Belsito
State Representative Tim Ackert
Superintendent of Schools Walt Willett
Finance Director Lisa Hancock



STATE OF CONNECTICUT
OFFICE OF POLICY AND MANAGEMENT
OFFICE OF THE SECRETARY

August 7, 2017

Dear Mr. Werbner,

On August 2nd, the Governor directed the Office of Policy and Management to produce a series of reports on the fiscal health of municipalities (please see attached).

To that end, I am requesting updated information on your municipality's fund balance. We have historic data already reported to our office, which we have included below. We are looking for estimates of your General Fund's total fund balance and unassigned fund balance for as of June 30, 2017. In addition, we are requesting projections of your municipality's General Fund total fund balance and unassigned fund balance as of June 30, 2018, based on the assumptions from your adopted FY 18 budget.

TOLLAND

General Fund

	<u>Total Fund Balance</u>	<u>Unassigned Fund Balance per GASB 54</u>
FY 15 Actual	8,466,220	6,853,234
FY 16 Actual	8,942,439	7,113,653
FY 17 Estimated	8,613,653	6,013,653
FY 18 Projected (based on adopted municipal budget)	7,213,653	5,863,653

Finally, please provide any supplemental information about the potential impact of a continuing state budget impasse on your community's finances, such as contingency plans to utilize fund balance, issue supplemental taxes or reduce spending.

Please email the requested information to Michael Izadi on my staff at michael.izadi@ct.gov by August 16, 2017.

Sincerely,

Benjamin Barnes
Secretary

Cc: Lisa Hancock, Finance Director
Michael Izadi, Office of Policy and Management
Kerry Kelley, Office of Policy and Management

Prioritize		2017 - 2018 BOF Objectives and Initiatives - August 16, 2017	NEXT STEP	NEXT DATE	
(A, B, C)	(1, 2, 3)				
A	1	<ul style="list-style-type: none"> • HEALTH INSURANCE FUNDING – establish a new policy for calculating annual funding and reserve requirements. <ul style="list-style-type: none"> ◦ Revise formula to minimize year to year volatility ◦ Create policy - no official funding policy has been adopted in writing 	Meeting with Lockton held on August 10, will review at September 6 meeting.	6-Sep	2017
X	X	<ul style="list-style-type: none"> • BOF: Powers, Responsibilities, Expectations, Limitations <ul style="list-style-type: none"> ◦ Communication during off budget season. - continue work done on communicating, Informing and Educating the Voter during <ul style="list-style-type: none"> ▪ How do we want to communicate? <ul style="list-style-type: none"> ◦ Informational Meetings? ◦ Web Site ◦ Facebook ◦ TriBoard Discussions ◦ ◦ What do we want to communicate <ul style="list-style-type: none"> ▪ Declining Enrollment, per pupil spending, test results - Graphs forward to BOE <ul style="list-style-type: none"> ◦ ▪ Fund Balance Policy and History <ul style="list-style-type: none"> ◦ (We had a piece previously approved by Board - changes recommended by Maggie were approved) ▪ Budget and Tax Rate History <ul style="list-style-type: none"> ◦ ▪ Revaluation <ul style="list-style-type: none"> ◦ ▪ Unexpended BOE Fund Balances <ul style="list-style-type: none"> ◦ Graph forwarded to BOE ▪ Department Fundraising <ul style="list-style-type: none"> ◦ ▪ People Costs <ul style="list-style-type: none"> ◦ Have official document explain benefits package in contracts ◦ STEPS: what are they? ◦ STEPS: a document stating # staff get contractual increases by increase range 1-2%, 3-5%, 6% and higher 	Tom created communication pieces for Links on Art's Weekly Update to new budget communications.	Sept	2017
		<ul style="list-style-type: none"> • Budget Facebook Page <ul style="list-style-type: none"> ◦ How do we want to use? <ul style="list-style-type: none"> ▪ Post information and/or Direct People to Web Site where information will be posted? ▪ Allow people to ask questions? <ul style="list-style-type: none"> ◦ Can questions be posted anonymously? ◦ Can questions be submitted through page, without posting, and then post questions and answers? 		Sept	2017

Prioritize		2017 - 2018 BOF Objectives and Initiatives - August 16, 2017	NEXT STEP	NEXT DATE	
(A, B, C)	(1, 2, 3)				
A	2	<ul style="list-style-type: none"> • Budget Season Communications <ul style="list-style-type: none"> o Graphs and a Budget in Brief <ul style="list-style-type: none"> § Review BOF graphs and new ones created on 6/24 by Town staff § Choose relevant graphs: how to best create relevant and objective graphs to be included in a "Budget in Brief" § Create Budgets in Brief that are similar for BOE and Town § Having Budget document showing headcount trends for Town and BoE. 	<p>On the web site: full budget, abbreviate budget with just the department total pages and Stan's presentation from 3/31 and tax impact chart.</p> <p>Stated at 4/1 Meeting, would like to see this</p>	Sept	2017
		<ul style="list-style-type: none"> • SURVEY • Budget Direction <ul style="list-style-type: none"> ▪ Town budget - 2016 - 2017 process - repeat for 2017-2018? <ul style="list-style-type: none"> · Approach to budget - present the cost of those items that are ongoing items to determine the cost of maintaining current · Have departments prioritize new initiatives and and assign cost/benefit to each separate from the above. <ul style="list-style-type: none"> § Department Review to Begin Review with BOF in October · Connecting the continuing current services with a dollar amount and % increase. There was a lot of confusion what <ul style="list-style-type: none"> § New initiatives" calculated separately to see impact on the mil rate. This would also produce the impact on the mill rate if § Also if spending were the same as last year, what would mil rate be? 	<p>Agreed for 17/18</p>		
A	1	<ul style="list-style-type: none"> • GRANTS - How the Town and BOE are using. 	<p>Andreas presented info received from the FOI requests on 6/21/2017. He suggested the Town and BOE should prepare an annual list of grants that were received in prior FY. Art was in agreement and Rob spoke with Ron about the same. Rob sent e-mail to Ron and Art on 7/28 for 2016-2017 list. Discussion at 8/2 meeting with Maggie as to how to create - she thinks that a report she provides the State in September might work.</p>	October	2017
A	1	<ul style="list-style-type: none"> • OPENGOV - implementation • ENERGY PROJECT - Using what we save above lease payments - absorb into operating budgets or capital projects? <ul style="list-style-type: none"> ▪ Create policy as to what lease payments will be used for when they expire in XX/XX/20XX. 	<p>opengov.com in the 2017/2018 Budget, on hold until State Budget numbers known.</p> <p>Will ask Jim to present annual audit in October or November</p>	October	2017
		<ul style="list-style-type: none"> • BUILDING REPAIR/MAINTENANCE/REPLACEMENT <ul style="list-style-type: none"> ▪ Update Funding Plan for the Schools and Town Buildings Plans ▪ Determine annual funding amounts over the <u>next 5 years</u> • Update Current Equipment Reserve Plan <ul style="list-style-type: none"> ▪ Heavy Apparatus - it was proposed we factor in as lease purchases (fire engines, ambulances, etc) 	<p>11/18/2015 - Jim P and Ken Jackson presented updated plan</p> <p>Added to the Reserve Plan</p> <p>Maggie presented updated plan on 1/20/2017</p>	2017	Fall
A		<ul style="list-style-type: none"> • BY LAWS REVIEW 	<p>last updated October, 2016</p>	Dec	2017

Prioritize		2017 - 2018 BOF Objectives and Initiatives - September 6, 2017	NEXT STEP	NEXT DATE	
(A, B, C)	(1, 2, 3)				
A	1	<ul style="list-style-type: none"> • POLICE Department - cost of state trooper program vs other alternatives • Police and 24/7 - Other alternatives - Resident Trooper Program - Rob and Stan met with the Police Commission (July 2015) and communicated that in these times of tight budgets, that the Town could not take on this type of expense without definitive data that would justify the cost. 	Waiting for a State Budget before other towns continue talks.	Dec	2017
		<ul style="list-style-type: none"> • Create a policy for funding from operating budget to maintain Unassigned/Undesignated fund balance %? At this point we create by 			
		<ul style="list-style-type: none"> • Continued study of reorganization of Town Hall 			
		<ul style="list-style-type: none"> • BOE: <ul style="list-style-type: none"> ▪ Should the capital needs of the schools be removed from the BOE budget - discussed with BOE <ul style="list-style-type: none"> § The actual building projects are a Town expense, the ongoing maintenance is not. § The BOE when faced with a decision of capital vs operation has always deferred the capital and maintenance § BOE cannot do capital planning (funding) beyond the current year. § Having capital maintenance within the BOE budget removes BOF ability to plan and make these decisions § The Town has transfers and capital outside the operational budget, BOE does not. ▪ 3 - 5 year plan to adjust to declining enrollment reviewed at 8/19/2015 meeting ▪ BOE - do we want to communicate expectations of what we would like to see the budget accomplish? 	BOE stated they will handle in their budget.		
			done on November 18, 2015		
		<ul style="list-style-type: none"> • FIRE/AMBULANCE Department Strategic Plan Implementation <ul style="list-style-type: none"> ◦ Plans for Retention? <ul style="list-style-type: none"> ▪ ◦ Plans to Increase Call Response Time? ▪ ◦ Plans to Increase Call Response Participation ? - Ambulance Incentive Plan was to increase this <ul style="list-style-type: none"> ▪ ◦ Training Issues ◦ Hybrid Department vs Full time ? 	Chief Cox discussed, Ambulance Incentive Program results, challenges in recruitment, training, and retention. Status of research on Paramedic Services	2-Aug	2017
	<ul style="list-style-type: none"> • AMBULANCE <ul style="list-style-type: none"> ◦ Review net costs of Services ◦ Review annual report for the Ambulance Incentive Program 				
		<ul style="list-style-type: none"> · Create a policy for approving use of reserve accounts 	DONE		
		<ul style="list-style-type: none"> · Health Insurance Funding – establish a new policy for calculating annual funding and reserve requirements. 	DONE (2014)		
		<ul style="list-style-type: none"> · Finalize an agreement with BOS/First Selectman for approving expenditures that require line item transfers before the money is 	DONE		
		<ul style="list-style-type: none"> · Have Budget document for Town and BoE showing labor salaries and benefits as % of Budget 	DONE		
		<ul style="list-style-type: none"> · How do we create parity for nonunion position pay increases with union 	DONE		
		<ul style="list-style-type: none"> · Policy for elected officials pay 	DONE		

Prioritize		2017 - 2018 BOF Objectives and Initiatives - September 6, 2017	NEXT STEP	NEXT DATE	
(A, B, C)	(1, 2, 3)				
		<ul style="list-style-type: none"> • BOF Web Page: what do we want to add? <ul style="list-style-type: none"> ◦ centralized location to retrieve BOF policies and Town policies relating to BOF <ul style="list-style-type: none"> ▪ Fund Balance Policy ▪ Budget Transfer Procedures - Use of Capital Reserve Fund ▪ BOE Unexpended Funds Policy ▪ Compensation Policy for Nonunion Employees and Elected Officials 	DONE DONE DONE DONE	COMPLETED AUGUST 4, 2016	
		<ul style="list-style-type: none"> • Review Board of Finance and Board of Finance Members Purpose, Responsibilities, Limits of Authority, Meetings, FOI 	Done, June 7, 2017	2017	June
		<ul style="list-style-type: none"> · SNOW REMOVAL budget plan: Jim P presented at 10/21 meeting - 	New Policy Created February, 2016		
A	1	<ul style="list-style-type: none"> • PROGRAM FUND - 5 year plan, budget vs fund expenses 	Cheryl to present FY report for last 24 months	16-Aug	2017
		<ul style="list-style-type: none"> · Additional Items <ul style="list-style-type: none"> ▪ ▪ ▪ ▪ 			
		<ul style="list-style-type: none"> ▪ ▪ ▪ ▪ ▪ ▪ ▪ ▪ ▪ ▪ ▪ ▪ ▪ ▪ ▪ ▪ ▪ ▪ ▪ ▪ 			