

Board of Finance
Special Meeting – September 23, 2008
MINUTES

Attending:

Board of Finance Members: Al Alper, Robert Kelso, Jim Meinhold, Andy Pforzheimer, Warren Serenbetz, Lynne Vanderslice

Others: Joseph Dolan, Brian Shea, Kara O'Connor

Call to Order:

Robert Kelso called the meeting to order at 7:30 p.m.

With the Board's permission, Mr. Kelso scrambled the agenda to discuss preliminary unaudited FY '08 results before the mill rate model.

Approval of Minutes:

- Regular Meeting of July 15, 2008

Al Alper motioned that the Minutes be approved as written; Warren Serenbetz seconded, and the motion passed 6-0.

Consideration of a Grant Application by the Police Department:

Joe Dolan explained that the Police Department annually applies for a grant from the State of Connecticut Department of Transportation to support enforcement of DUI laws for selective patrols during the holidays and noted that because the Town's portion of the contribution was in-kind, there would be no impact to the budget.

Mr. Kelso asked for a motion to approve the Police Department grant application for \$48,819.84 to the Connecticut DOT for selective DUI enforcement during holidays; Mr. Serenbetz so moved, Mr. Alper seconded and the motion carried unanimously.

Consideration of a Proposal from UHY to Conduct “Agreed Upon Procedures” at Parks and Recreation:

Mr. Dolan advised that he and two members of his staff had met with Bill Sawicki from UHY to discuss the Parks and Rec audit, and that UHY had proposed an “Agreed-upon Procedures” approach as outlined in the draft engagement letter. Mr. Dolan explained that a thorough examination of procedures and documentation would be conducted, as the Parks and Rec operation had gotten more complex over the past few years with fee-based programs and a fairly intricate computer system for booking events and enrolling people, including recently instituting the use of credit cards. He opened the floor to questions and comments.

Mr. Alper expressed concern that the engagement letter was not worded to specifically state that recommendations or comments would be made by UHY on the sufficiency of those procedures that were being examined. Lynne Vanderslice also stated she would like to see the letter expanded to specifically include making recommendation of policies and procedures which don’t already exist but should. Andy Pforzheimer asked whether UHY would do any cost benefit analysis of any of the programs.

Mr. Dolan said his understanding was that UHY would come back with recommendations for changes or different procedures, as well as suggestions as to what controls should exist but don’t, but that he would be happy to have UHY amend the engagement letter to include specific wording to that effect. He clarified that what was being proposed was not an economy and efficiency review, as that would be a management decision by Parks and Rec.

Ms. Vanderslice motioned to conditionally approve the Parks and Recreation audit by UHY, subject to amendment of the engagement letter and schedule to specifically amend #1 to include reporting on areas which lack policies and procedures and making recommendations as to improvements or additional policies and procedures that are necessary; Mr. Alper seconded and the motion carried unanimously.

Note: Prior to adjournment, Mr. Alper clarified that Mr. Dolan would send the amended engagement letter and schedule to the Board after UHY had revised it; Mr. Dolan confirmed he would do so and asked Mr. Alper to advise if it did not satisfy the requirements of the Board’s conditional approval.

Preliminary, Unaudited FY 2008 Year-end Results: (Summary Report Attached)

Mr. Dolan strongly stressed that the material he was distributing was unaudited and subject to change, and he gave a brief overview of the following points:

- Adopted original ’08 budget as recommended by the BOF and voted by the Town Meeting;

- Revised budget including encumbrances carried from FY '07 to FY '08 and unexpended capital appropriations reflected in adjusted fund balance beginning;
- FY '08 estimate done in Feb-March, 2008 upon which BOF based FY '09 budget;
- FY '08 unaudited results;
- Actual-to-estimate variances.

Mr. Dolan noted that under revenues, total taxes exceeded estimates by \$356,103, comprised largely of current taxes and interest. The other material revenue difference was Interest Income, where actual exceeded estimates by \$155,000.

Extensive discussion and Q&A followed.

Mr. Kelso stated that it appeared that the Town had about \$1.833 million more than budgeted, and asked Mr. Dolan if there were any surprises in the results. Mr. Dolan said he was pleased to report that tax collections were 99.5% of the current levy which is consistent with recent years' experience. He did caution the Board that the current economic crisis could affect FY 09 revenues such as taxes, fees sensitive to the real estate market, and interest.

Therefore, the \$1.83 million favorable variance in FY 08 might not be fully available for the FY 10 budget.

Additionally, Mr. Kelso asked Mr. Dolan to respond to an email he received from Mr. Pforzheimer asking how the Town is currently investing its short-term money. Mr. Dolan advised approximately half, or \$22 million, was in a Vanguard U.S. Government Money Market and the other half in the State Treasurer's Short Term Investment Fund. He also noted that he had emailed to the Board a statement received from the State Treasurer's Office stating that except for yield, the fund was not vulnerable to the current market variations.

Ms. Vanderslice asked about the collection status of the July 1 tax bills; Mr. Dolan advised that the collection rate seemed to be right on a par with the past 9 years, i.e. 51.2% of the total grand list levy.

BOE Financial Report for June, 2008:

Mr. Kelso explained that he had spoken earlier that day to Ken Post, who was unable to attend tonight's meeting, and he briefly reviewed the BOE Financial Report for June, 2008 as forwarded. Discussion by the Board followed, with Mr. Kelso suggesting that if individuals had additional questions, they should email them to Mr. Post for response.

Discussion of FY 2010 Mill Rate Model Scenarios:

Mr. Kelso thanked Ms. Vanderslice for her analysis work on the Fiscal Year 2010 mill rate model and asked her to lead the group through the model projections. Ms. Vanderslice explained the process by which she developed the baseline and various scenarios, which were based on the range of assumptions discussed at the July 15 meeting, and she outlined the projections for each.

Extensive discussion and debate by the Board ensued, especially on whether or not it was appropriate to identify a specific target number to recommend to the BOS and BOE at this time.

Mr. Kelso stated that he would be reluctant to give a specific number this early in the process and that he would instead favor working cooperatively with the respective boards to educate them as to where the Town's finances are heading based on the scenarios discussed. He emphasized that if the BOF identified a number, it should be a reasonable one to be taken seriously and not rejected out of hand because it was impossible to meet.

Mr. Serenbetz stated that although he was inclined to give a specific number, it would be difficult deciding what that target should be, but felt strongly that it was important to share what the impact of the various scenarios were with the boards as soon as possible.

Jim Meinhold stated that giving the BOS and BOE all the background was excellent in explaining the problem, but that he would still strongly favor having the BOF give specific target guidelines at this time.

Ms. Vanderslice stated that she thought giving the respective boards the workup of the millrate projections and partnering with them would be a good approach. She also suggested writing a letter to the editor inviting people to share their thoughts as a way of soliciting feedback.

Mr. Alper agreed that approaching the boards early on to work cooperatively was a good idea, and he suggested moving the process forward in a shorter period by scheduling special meetings rather than waiting for regularly scheduled board meetings.

Mr. Pforzheimer stated he thought sharing scenarios would make the point without having to set a number, but that he would aggregate BOS and BOE spending allotments and not separate them into two figures.

After much discussion, it was agreed that Ms. Vanderslice would revise the scenarios based on the discussions that had just taken place and email those to board members in the next few days and that Mr. Kelso would approach the First Selectman and the Superintendent of Schools to try to set up a joint meeting to discuss the Fiscal 2010 financial projections shortly thereafter.

Other Business:

Joint Purchasing Management Study:

Mr. Alper reminded the group that they had discussed exploring a joint management study for cooperative services with neighboring towns at the July 15 meeting, and asked what the status of that was. Mr. Kelso advised that he had not initiated any contact with other towns yet; Mr. Serenbetz volunteered to do so after Mr. Alper emailed contact names to him.

BOF Webpage:

Mr. Meinhold advised that John Savarese had set up an email address on the BOF webpage that currently went to him only, and he asked for feedback as to whether that email should go to all board members as well. Mr. Alper commented that he had difficulty finding the webpage on the Town site as it was not linked from the “Departments” page; Mr. Meinhold clarified that it was linked under “Boards and Commissions.”

Public Comment:

No public comment.

Adjournment:

There being no further business, Mr. Kelso asked for a motion to adjourn. Mr. Serenbetz so motioned; Mr. Alper seconded, and the motion passed unanimously at 9:12 p.m.

Respectfully submitted,

Anna Corra
Recording Secretary

PRELIMINARY AND UNAUDITED FY 2008 GENERAL FUND OPERATIO

	Adopted FY 08 Budget	Revised FY 08 Budg.	FY 08 Estim.	FY 08 Unaudited	Budget to Estimate Variance	FY 08 Adopted Budget
Adjusted Fund Balance-Beginning	15,518,682	16,753,476	19,169,338	19,169,338	-	17,270,000

Estimated Revenues						
Total Taxes	91,794,365	91,794,365	92,203,000	92,559,103	356,103	95,63
Intergovernmental Assistance						
Education	1,657,463	1,657,463	2,735,752	2,813,159	77,407	2,36
Town	806,314	806,314	883,408	872,170	(11,238)	98
Licenses, Permits & Fees	1,977,654	1,977,654	1,867,707	1,913,057	45,350	1,84
Other	278,698	278,698	428,430	446,945	18,515	33
Operating Transfers	-	-	192,623	192,623	-	
Interest	<u>1,645,000</u>	<u>1,645,000</u>	<u>1,405,000</u>	<u>1,559,604</u>	<u>154,604</u>	<u>75</u>
Total Revenue	98,159,494	98,159,494	99,715,920	100,356,661	640,741	101,91
Estimated Expenditures						
Debt Service	9,019,690	9,019,690	9,013,882	9,017,631	(3,749)	9,10
Board of Education	64,592,872	64,987,644	64,636,043	64,130,195	505,848	68,65
Board of Selectmen Operating	25,645,765	25,788,840	25,375,424	24,738,914	636,510	27,15
Board of Selectmen Capital	<u>1,809,175</u>	<u>2,587,837</u>	<u>2,537,654</u>	<u>2,533,374</u>	<u>4,280</u>	<u>1,60</u>
Subtotal Board of Selectmen	27,454,940	28,376,677	27,913,078	27,272,288	640,790	28,75
Charter Authority	<u>1,010,674</u>	<u>928,959</u>	<u>50,000</u>	-	<u>50,000</u>	<u>1,06</u>
Total Expenditures	<u>102,078,176</u>	<u>103,312,970</u>	<u>101,613,003</u>	<u>100,420,114</u>	<u>1,192,889</u>	<u>107,58</u>
Revenues over (Under)						
Expenditures	<u>(3,918,682)</u>	<u>(5,153,476)</u>	<u>(1,897,083)</u>	<u>(63,453)</u>	<u>1,833,630</u>	<u>(5,672)</u>
Adjusted Fund Balance-Ending	11,600,000	11,600,000	17,272,255	19,105,885	1,833,630	11,60
Fund Bal as % of Revenue	11.8%	11.8%	17.3%	19.0%		1

DRAFT - NOT YET APPROVED