

**Board of Finance**  
**Regular Meeting – March 17, 2009**  
**MINUTES**

**Attending:**

Board of Finance Members: Al Alper, Robert Kelso, Jim Meinhold, Andy Pforzheimer, Warren Serenbetz; Lynne Vanderslice (7:33 p.m. arrival)

Others: Joseph Dolan, Dr. Gary Richards, Kenneth Post, Karen Birck, Dick Dubow, Brian Shea (Bulletin)

**Call to Order:**

Warren Serenbetz called the meeting to order at 7:30 p.m.

**Approval of Minutes:**

- Regular Meeting of February 10, 2009

Jim Meinhold motioned that the Minutes be approved; Robert Kelso seconded, and the motion passed 4-0, Al Alper abstaining (Vanderslice not present for voting)

- Special Meeting of February 10, 2009

Mr. Alper motioned that the Minutes be approved; Mr. Kelso seconded, and the motion passed 5-0. (Vanderslice not present for voting)

- Special Meeting of March 10, 2009

Mr. Alper motioned that the Minutes be approved; Andy Pforzheimer seconded, and the motion passed 5-0. (Vanderslice not present for voting)

**Board of Education January, 2009 Financial Report:**

Ken Post reviewed and highlighted the BOE January, 2009 Financial Report as follows:

- As of end of January, BOE projects a year-end budget surplus of \$99,221. Special education contracted services projected to exceed budget by \$963,000, partially offset by savings in salaries, outplacements, property and liability insurance, supplies, staff development and building operations resulting from a freeze on discretionary spending effective November 1. The net deficit is expected to be \$558,619 which will be eliminated by applying that much of the Excess Cost grant.

- Filed initial excess cost claim in December for \$1,696,751 and expect a funding level of approximately 90 percent, which would result in Town receiving a little more than \$1.5 million; Town recently received first installment of approximately \$1.228 million. Since Town is obligated to credit BOE to extent overspent on Special Ed budget, it would create a net surplus of \$657,840 in the BOE general fund.
- Medical benefits for the first seven months of the year under budget by slightly less than \$200,000. Claims higher than budgeted over the summer, lower September through December, higher again in January. Based on this information, Ed Nordgaard's projection is that claims will probably end slightly lower than budgeted. Due to uncertain and potentially volatile nature of this category, still projecting no variance at the end of the year.

Mr. Post opened the floor to questions at the end of his presentation.

Mr. Alper asked several questions, including whether the BOE had looked into any health insurance plans which incent employees for unspent premiums as a cost savings measure. Mr. Post responded that although this specific type of plan had not yet been explored, there had been some discussion of introducing health savings accounts. He noted, however, that any change in health plans would have to be a negotiated contract item.

Mr. Pforzheimer asked if any of the savings resulting from the spending freeze would be ongoing. Mr. Post clarified that the spending freeze itself was on discretionary items, which by nature are one-time only, but that some on-going programs had also been put in place, such as shutting computers off at night. Mr. Pforzheimer also asked if there had been any revision in projected school enrollment or retirement trends in light of the current economic climate. Mr. Post advised there was no change in projected retirement; with respect to student enrollment, he stated that kindergarten enrollment was already higher than projected and may increase further over the summer.

#### **Discussion of Stimulus Package Education Grant(s):**

Mr. Post reported that he had participated in a briefing that week with respect to the stimulus package education grants being administered by the State Department of Education. He emphasized that there were still many unanswered questions to specifics the BOE was awaiting guidance on with respect to using the funds but that participants had been assured that such clarification would be forthcoming in a week or two.

Mr. Post advised that the BOE was expecting two pieces of funding totaling approximately \$930,000 for the school system through the IDEA special education grant as follows: \$890,000 for the regular IDEA, which is spread over two years and can be used through June, 2011; and \$40,000 for the preschool. He explained that the overriding purpose of the funds is job retention or job creation which would need to be sustainable and ongoing after these funding sources run out in two years. He said that the grants have to be used to "supplement not supplant" current budgeted funds.

Extensive Q&A and discussion followed.

Mr. Kelso asked whether capital-type items would qualify under the program and what happens at the end of the two years. Mr. Post stated that the grant money is restricted to special education and that the State is encouraging school districts to be innovative in the hope that funding will be continued afterwards, and he reiterated that he would have more guideline information soon. Dr. Gary Richards, Superintendent of Schools, added that he and Karen Birck had discussed exploring the possibility of these funds offsetting costs of some of the facilities work of the special needs space at Miller Driscoll.

Mr. Serenbetz thanked Mr. Post for both his financial report and stimulus grant update.

### **FY 2010 Budget Issues and Mill Rate Model:**

Mr. Serenbetz stated that the Board needed to discuss several issues in advance of the upcoming public hearings, including ending fund balance, an additional pension fund contribution and the senior tax relief program. He explained that there was a sizeable ending fund balance versus budget resulting from the budgets that were submitted by the BOE and BOS, as well as from limited use of the Charter Authority. He also advised that the pension fund was down \$13 million as of February, 2009 versus the June, 2008 actuarial report, resulting in what may be an additional \$2 million contribution over and above what would normally be required. Mr. Serenbetz also noted there was some question whether the current estimate for the elderly and disabled tax relief program was sufficient.

Extensive discussion by the Board ensued.

Mr. Kelso asked about the tax collection rate estimate being dropped to 98.5 percent. Joe Dolan stated that he was being conservative on tax collections, as there appeared to be a slight increase in delinquencies. He noted, however, that budgeted tax revenue as a percent of the levy may be skewed due to considerably higher tax relief this year than in prior years, as well as from Board of Assessment Appeals adjustments which were made resulting in \$268,000 in lost tax revenues. The Board agreed that 98.5 percent was the more realistic number on tax collection.

With respect to the pension fund, Mr. Pforzheimer asked whether there would be any advantage to spreading the \$2 million contribution into two payments of \$1 million this year and next instead of funding the entire amount this year. Lynne Vanderslice also noted that due to a change in the actuarial method, there will be a one-time reduction benefit in the pension contribution this year. Mr. Dolan suggested that he ask the actuary to do a very quick “back of the envelope” calculation on the contribution.

With respect to the elderly and disabled tax relief program, Mr. Dolan stated there was some concern that the current estimate may be too light as FY '10 would be the second year of the revised program. He said the new program has an escalator for income limits for both credits and deferrals, as well as an escalator tied to the percent change in the mill rate. His concern was that because of declining investment income, many more people might qualify for the program.

He further explained that because the program application period runs until May 15, the Board will have to recommend a budget to be voted on at the Town Meeting long before there is a sense of what that true number will be.

Ms. Vanderslice stated that she feels some people may be confused by what is published in the legal notice prior to the public hearings because it is not put into the context of what the mill rate increase translates to, especially as that percentage may change after the BOF votes on the budget. Mr. Dolan clarified that, by Charter, the hearings are on the budget requests of the Board of Education and Board of Selectmen. The Charter further requires the legal notice be published no less than 10 days before the hearings. He reminded the Board that the purpose of the hearings is to get public sentiment on the budget requests and that it might be seen as presumptuous for the Board to start voting prior to listening to the comments. Mr. Meinhold also pointed out that what is going to the public hearings is the BOF's best estimate at this point in time and that it should communicate areas of possible concern at the meetings.

**Other Business:**

*Budget Calendar:*

Mr. Dolan reviewed the budget meeting calendar for March and April. After discussion, it was agreed that the meetings scheduled for March 19 with the Board of Selectmen and for March 24 with the Board of Education were not needed and therefore were cancelled. The April 8 BOF mill rate deliberation meeting was also cancelled due to a conflict with Passover.

*Council on Ethics Decision re: Meinhold and Ambler Farm:*

Mr. Meinhold advised that he had been asked to join the Friends of Ambler Farm Board recently and that after discussing the matter with Mr. Serenbetz, it was decided to seek an advisory opinion from the Council on Ethics to ensure there was no conflict of interest. He distributed a copy of the Council's advisory opinion dated March 12 (copy appended hereto) which opined that Mr. Meinhold may serve on both boards but that he was required to disclose this affiliation to the BOF and recuse himself in all future discussion on all capital projects that come up at the same time as Ambler Farm.

*Area Board of Finance Chairmen's Meeting:*

Mr. Serenbetz highlighted some of the items discussed at a meeting of the Board of Finance heads from seven neighboring towns which he attended recently, including tax collection rates and issues, health accounts, staffing and salary levels, and budget cuts.

**Public Comment:**

No public comment.

**Adjournment:**

There being no further business, Mr. Serenbetz asked for a motion to adjourn. Mr. Alper so motioned; Mr. Pforzheimer seconded, and the motion passed unanimously at 8:50 p.m.

Respectfully submitted,

Anna Corra  
Recording Secretary