

Minutes
Town Council Finance Committee
July 11, 2016
Town Hall Conference Room B

1. The meeting was called to order at 7:00 PM.

Present: Matthew O'Brien, Andy Brodersen, Julie Blanchard

Also present: John Elsesser, Town Manager; Beth Bauer, Finance Director

Absent: Hannah Pietrantonio

2. **Acceptance of Minutes:**

Andy Brodersen moved and Julie Blanchard seconded to accept the minutes of June 13, 2016. The following corrections were requested:

- A. Page 2, item E, 8th line: Revise sentence to read, "Matthew said he believes Richard had done this when he was on the Board in the past and found it helpful.
- B. Page 2, item E, 9th line: add the word "the" prior to "whole Council."

The motion to approve the minutes with the above corrections carried on unanimous vote.

3. **Reports:**

A. **Chairman:** none.

B. **Committee members:** none.

C. **Finance Director, Beth Bauer:**

There were no surprises as of the end of June. We are doing excellent revenue collection. We are still processing year-end transactions. We can still get things we didn't know about both for expenditures and revenues. We got some revenue for the Police Department today (sale of permits, fingerprints etc.) We are not yet at final numbers but it is looking very positive. Revenues are high, expenditures are low.

General fund expenditures are a little lower than this point last year, but until we get through the months of July and August we won't really know the final figures. The main activity during month of June was to get ready for tax bills. They were mailed during the middle of the week and delivered on Saturday, July 2. July 4 was a Monday and then we had a lot of people here on Tuesday to pay. This is unusual. There were lines at the Tax Office again today. Julie noted there has been a little buzz on Facebook about fees to pay with a credit card. John said that is Recreation – there is a three percent convenience fee. Beth said if you pay your tax bill online with a credit card there is a fee but you can also pay out of your checking account online with no fee. The bank had initially planned to charge a fee for that service but never instituted it.

Matthew said we hadn't been able to discuss the Board of Education reports because they came right before our meeting last time, so he looked at them and did some analysis. He was curious and has some questions. Special Education Excess Cost seems to change dramatically at the end of the year and he wonders why. It seems like a dramatic amount of money. The same thing occurs with general fund surplus. He wants to make a formal request to get all of the

transfer requests with dates. He would like to get some narratives as to why things changed so dramatically. He distributed a document outlining the changes along with a list of information needed (*attached to these minutes*). John said one thing to watch is excess cost - if they over-estimate it would come out of our general fund revenues next year.

Beth said if you look at the revenue report, the local revenues section includes tuition and Medicaid. Medicaid is all of the Medicaid tuition reimbursement. Those increase the Board of Education appropriation. They were told they could only increase their appropriation by these two students. That was \$27,000. You can see they received a total of \$76,000. Matthew asked if they had other students who they received tuition for that they didn't request reimbursement for. Beth said what has been explained to her is they do not budget for any of the tuition. John said the only changes should be the two revenues and Medicaid. This is on the RSTAT report as local revenues. Beth said it looks like they are doing a projection of how much they are going to get from the State directly and coming up with their estimate. The numbers from the State change. They get their first payment in January/February and then a second payment with some calculations. The second payment is not known until they receive it, usually in April.

D. Supplemental Appropriation Status:

The report was reviewed. Beth said there were three additions in June. Matthew asked whether additional funds are needed for salt. John said no, we stayed within our operating budget. We ended the year with half a barn full which is fine. Julie noted the purchase of the Hottenstine property isn't listed on the report. John replied this report is for the Council's 1.5 percent fund. The Town meeting draws directly from general fund balance. The Hottenstine purchase is listed at the bottom of the report.

Julie noted that the Finance Director's monthly report indicates the building and zoning office could have a surplus. How did we get to the initial projection? Beth said it was based on revenue collection staying at same pace. It didn't continue at the same pace. John said we had a mild winter which distorted the early part of the year on projects that might have waited until March or April. When you try to do a month to month projection you do yourself a disservice because the factors are complex. We ended with a surplus of \$54,000. Julie asked whether we are on the downside moving into next year. John said it depends - perhaps a builder has been sitting on lots and is now moving them, etc. We have a condo subdivision that is coming up for renewal but have heard nothing regarding activity on that.

E. Board of Education reports:

Matthew noted regarding the proposed Memorandum of Agreement for the preschool fund, if the Board of Education is going to do this next year he would encourage them to do a better job of presenting what they want to do and the impact. John said he discussed this matter with the Board Chair and thinks they will be ready to present more detail when we meet.

4. Consideration: Development of Policy Governing Authority to Make Inter-Fund Allocations:

Matthew said he thinks this matter belongs to the Steering Committee. Andy asked what problems we might have if we had a procedure. Would it slow things down? John said we could respond better if we knew what the concerns are and what you're looking for. Beth said the problem stemmed from a transfer of allocation to COVRRRA mid-year. It wasn't that it wasn't discussed; it was discussed during the budget process but the issue seemed to be the date of the transfer. Would the desired policy be not to change anything mid-year for special revenue funds - is that the goal or is it something else? Matthew said he doesn't have a problem with anything that was done, but it was not reported that it was done and he wasn't aware of it. If there had been a conversation then it wouldn't have been a problem. He thought the transfer was going to be done on July 1st. John said there are a lot of different types of transactions. That one was personnel. Sometimes it is equipment, like the scale at the transfer station, which we took from COVRRRA funds or the well at Miller Richardson – we took all the Recreation repair funds but there was still some in Parks at Public Works. Sometimes things just happen and we tend to look at the bottom line. Sometimes a fund can go negative, or a fund could have a surplus and then we wouldn't need to transfer from the general fund. If we don't transfer it might be in violation should a policy be set. Beth said we might want to have a discussion about setting a policy if the transfer causes a change in allocation of overhead. Matthew emphasized he was never trying to say anything was wrong. He just wants the Council to have some input. He will try to come up with something for review that doesn't interfere with management.

5. Other Business:

John said the Library Building Committee and the Building Energy Committee will be at the next Council meeting to discuss next steps on both projects. Matthew asked if the issue of probate is still a concern for the Library. John replied their attorney is a former probate judge which is probably why that wording was included in the Board's letter of intent to turn the building over to the Town. He noted that the Library project is not just a matter of budget amount; it is also a matter of timing. Matthew said he didn't say as he saw was indicated in the Steering Committee minutes that he had asked for things to come out of the Library budget. John said we may have not communicated that clearly. There was a discussion of capital items that would need to be covered if the project is not done. John will have that information for the meeting.

Matthew asked if there have been any updates regarding the State budget. John said we have no definitive answers. Information comes in dribs and drabs. Today we got information that they will no longer cover rabies testing and it will be the homeowner's responsibility. We cut a deal on the transport and storage of dead bodies. Those types of things keep showing up. So far we have not been told we are not getting the revenue we are counting on. Matthew said the things that are hanging over us that we can't control are of real concern to him.

6. Adjournment:

The meeting was adjourned at 8:05 PM on a motion by Julie Blanchard, seconded by Andy Brodersen and unanimously approved.

Respectfully submitted,

Laura Stone
Town Council Clerk

ATTACHMENT

Board of Education Management Report Information

	General Fund Surplus	Special Ed Tuition/Excess Cost	Total Surplus
1/31/16	\$151,275.78	\$94,199.04	\$245,474.82
2/29/16	186,936.45	79,654.95	266,591.40
3/31/16	198,512.50	57,595.41	256,107.91
4/30/16	63,417.08	135,320.81	198,737.89
5/31/16	-104,998.12	218,890.06	113,891.94
Change From 1/31/16	-\$256,273.90	\$124,691.02	\$131,582.88

Board of Education Transfers

- Require more details – need to be incorporated into these numbers

Information needed

- Description of events and actions taken that resulted in the changes above
- Identify the total of all excess funds (surplus) realized in the 2015 - 2016 budget year
- Identify the reason for the surplus funds generated
- Identify how all of the surplus funds were used / spent (What was the Board able to fund that did not appear in their approved budget)
- Identify the source of all additions to the Board's budget (Medicaid, tuition, etc.)
- Request work orders or invoices related to the provision of services to the student(s) that were placed in the schools that resulted in tuition being received by Coventry