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TOWN OF COLCHESTER, CT
2010 APR 28 PM 4:08
Cathy Hayn
TOWN CLERK

**TOWN OF COLCHESTER
BOARD OF FINANCE – REGULAR MEETING
TOWN HALL
127 NORWICH AVENUE
Wednesday, April 21, 2010 – 7:00 p.m.**

MINUTES

Members Present: Chairman Hayn, Cathy Pompei, Rob Tarlov, Rob Esteve

Members Absent: Mike Caplet, John Ringo

Others Present: Gregg LePage, Treasurer; First Selectman Gregg Schuster; Ron Goldstein, BOE Chairman/Liaison; Walter Cox, Don Lee, Tricia Coblentz

1. **CALL TO ORDER:** Chairman Hayn called the meeting to order at 7:02 p.m.
2. **MINUTES OF PREVIOUS MEETING**
 - 2.1 **April 7, 2010 Regular Meeting:** R. Esteve motioned to approve the minutes of the April 7, 2010 meeting, seconded by C. Pompei. All members present voted in favor with C. Pompei abstaining. **MOTION CARRIED.**
3. **CITIZENS COMMENTS:** None
4. **ADDITIONS TO THE AGENDA:**

C. Pompei motioned to add as Item 9.2, Discussion and Possible Action to officially approve funding for the 2006 portables project through Resolution, seconded by R. Esteve. All members present voted in favor. **MOTION CARRIED.**

R. Tarlov motioned to add under Item 8, SCCOG meeting, seconded by R. Esteve. All members present voted in favor. **MOTION CARRIED.**
5. **DEPARTMENT REPORTS**
 - 5.1 **Finance Department:** Expenditure and Revenue reports through 3/31/10 were distributed to be reviewed.
 - 5.2 **Tax Collector:** Tax Collection report for period 3/01/10 through 3/31/10 and Delinquent Report through 4/21/10 was distributed. T. Coblentz would like to work with Rossi Law Offices, a debt collection agency, in attempt to collect back taxes. A marshal is now used to collect delinquent taxes on motor vehicles and property but now will be able to make the decision to sue. A tax payers assets and ability to pay will be evaluated before the Town would sue. Board members were in favor and encouraged Ms. Coblentz to proceed.
6. **FIRST SELECTMAN'S REPORT:**
 - 6.1 **Selectman's Agenda:**
 - 6.1.1 **Transfer Requests**
 - * **Budget Transfer for Fire Department:** Chief Cox explained the advantages to having a training site in town and the reason for the transfer request. C. Pompei motioned to approve Fire Department transfer in amount of \$9480 as presented (*attached), seconded by R. Tarlov. All members present voted in favor with R. Esteve abstaining. **MOTION CARRIED.**
 - Chief Cox and Don Lee took this time to inform the Board of the following:
 - The Federal Grant that was applied for to purchase a police vehicle had been denied. A senior bus that is no longer useable is being transformed into a police vehicle. The cost of the conversion is unknown at this time.

- Last week the new ambulance arrived and should be in use within a couple weeks.
- The new pumper is being built. The cost for the fire truck currently remains under budget and the Department continues to look for ways to save.

6.1.2 First Selectman's Update:

- A police officer has requested a leave of absence. He is not expected to return. Two additional officers are expected to announce their intentions to take jobs in other towns. First Selectman Schuster is examining ways to keep officers in Town longer. Being short on officers will drastically affect the overtime budget for the Police Department.
- Top Constituent Concerns Regarding the 2010 Census from Representative Joe Courtney's office was handed out to all members.
- A draft of the Budget Hearing presentation was sent to all Board members. If any members feel there are additional changes to be made they need to contact him.

7. CORRESPONDENCE: None

8. LIAISON REPORT:

R. Tarlov –

Sewer and Water:

- ✓ Mark Decker spoke with the Economic Development Commission in March outlining the areas in which the extension of sewer and water will be.
- ✓ Negotiations are underway with a consultant for the STEAP grant.

Economic Development:

- ✓ Tom Murano, Economic Developer for NEU, attended last month's meeting and spoke about the importance of reaching out to existing businesses to ensure they are happy in Town and will not leave.
- ✓ A new business friendly website has been discussed.
- ✓ First Selectman Schuster has been considering the idea of alleviating Planning and Zoning fees for businesses to attract them to Colchester. The taxes generated from the new business will prove more beneficial.

SCCOG Meeting: R. Tarlov and First Selectman Schuster attended a SCCOG meeting last week.

There was discussion regarding no TAR money for coming years and between a three to four billion dollar shortfall. It appears schools will not be affected.

R. Esteve –

Board of Education:

- ✓ Jack Jackter Intermediate school ranked 2nd in performance for economically challenged students.
- ✓ School physician, Dr. Konrad, was honored for his 50 years of service to the school.
- ✓ Bacon Academy wrestling team was honored for winning the State Championship.
- ✓ Invoice for Milone and MacBroome, architects for the track, was approved.
- ✓ Officer Suchecki gave a presentation on the activities of the Resource Officer position over the last year. Principals of all schools were extremely complimentary saying that Officer Suchecki is dedicated to the job 7 days a week.
- ✓ A contract negotiation committee was established.
- ✓ Diane Hettrick has offered to head up the anti-bullying committee.

G. LePage –

Treasurer:

- ✓ He spoke with People's Bank last week regarding services and reviewed a few things that can be done to reduce service fees.

- ✓ He will be speaking with a company regarding CD rates and ways to earn additional income.

9. OLD BUSINESS;

9.1 Discussion and Possible Action on Undesignated Fund Balance: Rating agencies look at undesignated fund balances to evaluate the risk level in issuing debt to a municipality. There is no set amount for such a fund but typically between 7% and 10%. The Board has previously liked to keep the amount at 7% of operating budget. Currently the fund is at 6.60%. First Selectman Schuster gave his recommendation for Board of Finance to adopt an undesignated fund balance policy. (attached) R. Tarvlo developed a chart to use as a reference in where the BOF would like the fund to be. (attached)

9.2 Discussion and Possible Action to official approve funding for the 2006 portables project through Resolution: C. Pompei motioned to make the following resolution:

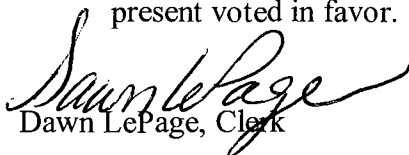
RESOLVED, pursuant to the resolution approved by Town voters at referendum held May 9, 2006 approving an EIGHT HUNDRED FIFTY THOUSAND DOLLARS (\$850,000) appropriation and borrowing authorization for the 2006 Portable Classrooms Refurbishment and Relocation Project, that the Board of Finance hereby determines that to the extent not defrayed from project grants, the above appropriation shall be funded from the proceeds of bonds or notes.

Motion was seconded by R. Tarlov. All members present voted in favor. **MOTION CARRIED.**

10. NEW BUSINESS:

- The process used for Tuesday night's budget hearing was discussed.
- C. Pompei has met with organizations to discuss the budget. Citizens are very concerned.

11. ADJOURNMENT: R. Esteve motioned to adjourn, seconded by C. Pompei. All members present voted in favor. **MOTION CARRIED.**


Dawn LePage, Clerk

Town of Colchester
General Fund
Budget Transfer/Additional Appropriation

Department:

Reason for Request:

These training modules will provide the department with the necessary training facilities locally so that the department can meet the regulatory requirement of OSHA and the Consensus Standards requirements of the National Fire Prevention Association. These modules will provide the necessary facilities at a local level so that the department can be compliant with both the quarterly and annually mandated training. These requirements fall under OSHA 1910.156 and 1910.134 and NFPA Standards 1500, 1001,1403.

Reason for Available Funds:

FY 2009 put a hold on needed training due to budget freeze and cost of apparatus repairs from vehicle maintenance. With training cost budget reductions in proposed FY 2011, the decision was made to cost effectively provide the necessary training to fire department members.

From:

| Account Number | Account Name | Amount |
|----------------|--------------|--------|
| 12202-43213 | Training | 9,480 |
| | | |
| | | |

To:

| | | |
|-------------|-------------------------|-------|
| 12202-48404 | machinery and equipment | 9,480 |
| | | |
| | | |

Date Requested

Walt Cox

Department Director or Supervisor - Signature

Print Name

Date Reviewed

[Signature]

Chief Financial Officer

Date Approved

[Signature]

First Selectman

Date Approved

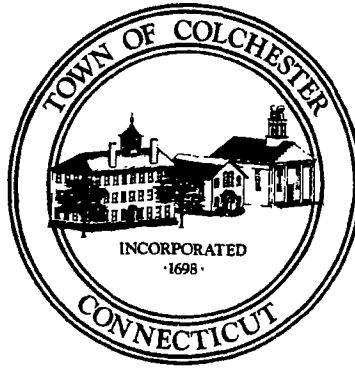
[Signature]

Board of Selectmen Clerk

Date Approved

Board of Finance Clerk

Gregg Schuster



First Selectman

MEMORANDUM

To: Board of Finance

Cc: Board of Selectmen
Maggie Cosgrove, CFO

From : Gregg Schuster, First Selectman

Date:

Re: Undesignated Fund Balance Usage

The undesignated fund balance exists primarily as a safety net in case an emergency situation requires large amounts of spending. This has been termed the "rainy day fund" at times. Rating agencies often look to the balance, amongst other factors, to see how risky issuing debt to the municipality may be.

There is no set boundary for this number. Some municipalities prefer to maintain it between 7% and 10%. Other municipalities are lower because they are comfortable enough with their debt levels and capital reserves. No "right" number exists for every town as it is unique to their particular circumstance.

Previously, the Board of Finance has endeavored to keep the fund balance at or above 7% of the operating budget. This is a reasonable level to keep the fund during normal times. Unfortunately, we find ourselves in a time with severe budget constraints that may force us to utilize fund balance in the interim to bridge the next couple of years.

Undesignated Fund Balance Facts

- Per the audit, the balance was \$3,470,913 or 7.29% as of 6/30/09
- Current estimates have us finishing FY09-10 with \$3,054,628 or 6.60% of the operating budget due to funding revenue shortfalls
- Fund balance is not the only factor examined by rating agencies. Long-term planning, reserve balances, and overall fiscal health represent other factors that are considered

Recommendation

I believe using undesignated fund balance to fill a short-term operational budget gap is an appropriate use of that fund if done so in a planned and controlled manner. FY10-11 and FY11-12 will both be difficult years financially and using fund balance is feasible provided the town adopts a firm policy on how much will be used and how it will be replenished.

My recommendation is that the Board of Finance adopt the following policy governing undesignated fund balance usage with the assumption that no significant, unplanned event occurs:

- 1. For FY10-11, the undesignated fund balance shall not be lower than 5.75% of the operating budget (approximately \$300,000 reduction)**
- 2. For FY11-12, the undesignated fund balance shall not be lower than 5.00% of the operating budget**
- 3. For FY12-13, the undesignated fund balance shall not be lower than 5.50% of the operating budget**
- 4. For FY13-14, the undesignated fund balance shall not be lower than 6.00% of the operating budget**
- 5. For FY14-15, the undesignated fund balance shall not be lower than 6.50% of the operating budget**

| | | | |
|-----------------|-----------|--|---|
| Hi Caution | <5% | Emergency Only | Would need the vote of 4 members of BOF plus a plan to restore to 5% within 2 years |
| | | Mill Rate Relief would not be considered an emergency | |
| Cautionary Zone | 5% to 7% | Mill Rate Relief if mill rate increase more than CPI + 1% Should not bring the projected fund balance below 5%. | Need 4 members of BOF to approve. Should attempt to fund one time expenditures to avoid needing to replace this item in the following year budget. |
| Target Spread | 7% to 10% | Underfunded Reserves | Discretionary with a majority vote of BOF members present Should attempt to fund one time expenditures to avoid needing to replace this item in the following year budget. |
| | | Set aside for anticipated debt | |
| | | Debt reduction or reserve for debt reduction | |
| | | Mill Rate Relief | |
| >10% | | Underfunded Reserves | Required action to bring down to 10% Should attempt to fund one time expenditures to avoid needing to replace this item in the following year budget. |
| | | Designate for anticipated debt | |
| | | Debt reduction or reserve for debt reduction | |
| | | Mill Rate Relief | |