

**TOWN OF COLCHESTER
BOARD OF FINANCE – REGULAR MEETING
TOWN HALL
127 NORWICH AVENUE
Wednesday, May 19, 2010 – 7:00 p.m.**

MINUTES

MEMBERS PRESENT: Chairman Bruce Hayn, Cathy Pompeii, John Ringo, Robert Esteve, and Robert Tarlov

MEMBERS ABSENT: Michael Caplet

OTHERS PRESENT: First Selectman Schuster, Selectman Coyle, Treasurer Gregg LePage, Trisha Coblentz, Board of Education Chairman Ron Goldstein, and other citizens.

1. CALL TO ORDER

Chairman Hayn called this Regular Meeting to order at 7:00p.m.

2. APPROVAL OF PREVIOUS MEETING MINUTES

2.1 May 5, 2010 Regular Meeting

J. Ringo moved to accept the minutes of the May 5, 2010 Regular Meeting of the Board of Finance, seconded by R. Esteve. Unanimously approved. MOTION CARRIED

3. CITIZENS COMMENTS. None

4. ADDITIONS TO THE AGENDA.

J. Ringo moved to add item # 5.2.1, "Collections," seconded by R. Esteve. Unanimously approved. MOTION CARRIED.

5. DEPARTMENT REPORTS

5.1 Finance Department. No report.

5.2 Tax Collector. Tax Collector, Tricia Coblentz, reported that collections have increased this year compared to the same time last year. Chairman Hayn commented on Delinquent Tax report. There were no questions.

NANCY A. BRAY
TOWN CLERK

Nancy A. Bray

2010 MAY 20 AM 10:36

RECEIVED
COLCHESTER, CT

5.2.1 Collections. The collection agency has collected \$57,000 in delinquent motor vehicle taxes since April 2010. First Selectman Schuster, Chairman Hayn, C. Pompeii, and R. Esteve had questions regarding collections. There was consensus from the Board to approve the filing of lawsuits against delinquent taxpayers pursuant to contract to be executed by the Board of Selectmen.

6. FIRST SELECTMAN'S REPORT

6.1 Selectman's Agenda:

6.1.1 Transfer Requests

R. Tarlov moved to approve the budget transfer of \$325 from "Highway Telephone (13201-45216)" to "Fleet Maintenance Telephone (13202-45216)," for reason as noted on the attached transfer form, as authorized by the Board of Selectmen, seconded by J. Ringo. Unanimously approved. MOTION CARRIED.

6.1.2 First Selectman's Update

First Selectman Schuster noted Community Development Block Grant projects no longer accepts in-kind payments and is now cash only. Senior Center will now be fifty-percent matching cash. Thursday, May 20, the Town will go to market for a bond purchase. The Town is currently working on a capital improvement plan. The D.A.R.E. corvette's frame is rotting out. Chairman Hayn commented. No questions.

7. CORRESPONDENCE

None.

8. LIAISON REPORT

Treasurer LePage commented on the Bond Issue and the banking situation. R. Esteve commented on the Board of Education, the Track Building Committee, and Insurance Committee. R. Tarlov commented on the Economic Development Commission and the Sewer & Water Commission.

9. OLD BUSINESS

None.

11. NEW BUSINESS

11.1 Discussion and Possible Action on 2010-2011 Mill Rate

C. Pompeii moved to set the Town of Colchester 2010-2011 Mill Rate at 25.07, seconded by R. Tarlov. Chairmain Hayn commented and applauded all involved boards and commissions for their work on the budget. Unanimously approved. MOTION CARRIED.

11.2 Discussion and Possible Action on Town Fund Balance Policy

R. Esteve moved to accept the Town Fund Balance Policy with changing "debit" to "debt," and changes in line with the GFOA book, seconded by J. Ringo. Unanimously approved. MOTION CARRIED.

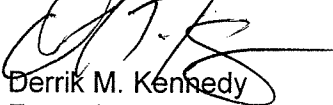
11.3 Discussion and Possible Action on Strategic Planning 2011-2012

R. Tarlov and C. Pompeii recommended that strategic planning be a discussion item at each Board of Finance meeting.

12. ADJOURNMENT

J. Ringo moved to adjourn at 8:15p.m., seconded by R. Tarlov. Unanimously approved. MOTION CARRIED.

Respectfully submitted,



Derrick M. Kennedy
Executive Assistant to the First Selectman

Attachment:

- Proposed Fund Balance Policy
- Budget Transfer Request

TOWN OF COLCHESTER

Fund Balance Policy

The Town of Colchester (the "Town") shall maintain an Unreserved Undesignated Fund Balance (the "Fund Balance") to improve and maintain the Town's financial stability. The Fund Balance provides a reserve to the Town in the event of unforeseen or unbudgeted situations, such as declining tax collection rates, loss of a major taxpayer, sudden changes in revenues or spending requirements, natural disasters, major infrastructure failures or unexpected litigation.

DEFINITION AND TARGET

The Fund Balance represents available financial resources of the Town that have not been designated for a specific purpose.

The Town strives to maintain a level of Fund Balance of 7% to 10% of its annual operating expenditures (including debt service). The level of Fund Balance may exceed 10% and may fall below 7%, but it cannot be allowed to fall below 5% without a determination of an "emergency" in accordance with this policy.

USE OF FUND BALANCE:

If the Fund Balance is in excess of 10%, the Board of Finance should provide an explanation why such a level is necessary and/or desirable.

If the Fund Balance exceeds the 7% target, then the excess over 7% may be used as determined by majority vote (but no less than 3 members) of the Board of Finance members present at an official meeting. The funds can be used to repay debt (if permissible), capital projects, general mill rate relief, other designated accounts or one-time uses.

If the Fund Balance is between 5% and 7%, then the excess over 5% may be used as determined by a vote of 4 members of the Board of Finance at an official meeting. The funds can be used only for general mill rate relief and only if the percentage of mill rate increase without the use of Fund Balance is greater than the prior calendar year's percentage rate increase in the Consumer Price Index (CPI) plus 1%. For purposes of this Policy, the CPI shall be the index as calculated by Bureau of Labor Statistics, Northeast Region All Items.

If the Fund Balance is less than 5%, then Fund Balance can only be used as determined by a vote of 4 members of the Board of Finance at an official meeting, and only upon the determination of a specific urgent situation by both the Board of Finance and the Board of Selectmen (by regular voting procedures). In addition, in such an urgent situation, the Board of Finance shall adopt a plan to restore the Fund Balance to greater than 5% over the next two fiscal years. For purposes of this policy, general mill rate relief does not constitute an urgent situation.

TOWN of COLCHESTER

Unreserved: Undesignated Fund Balance Policy

		POTENTIAL USES	REQUIRED ACTION TO USE
Hi Caution	< 5%	<p>Specific Urgent Situation Only</p> <p>Mill Rate Relief does not constitute a Specific Urgent Situation</p>	Requires approval by a vote of 4 members of the Board of Finance at an official meeting, and only upon the determination of a specific urgent situation by both the Board of Finance and the Board of Selectmen (by regular voting procedures).
	5% to 7%	<p>The funds can be used only for general mill rate relief and only if the percentage of mill rate increase without the use of Fund Balance is greater than the prior calendar year's percentage rate increase in the Consumer Price Index (CPI) plus 1%. CPI shall be the index as calculated by Bureau of Labor Statistics, Northeast Region All Items</p>	<p>Requires approval by 4 members of Board of Finance.</p> <p>Should attempt to fund one time expenditures to avoid needing to replace this item in the following year budget.</p>
Target Spread	7% to 10%	<p>Capital Projects</p> <p>Repay debit, if permissible</p> <p>Other Designated Accounts</p> <p>Other One Time Projects</p> <p>Mill Rate Relief</p>	Requires a majority vote of Board of Finance members present, but no less than 3 members in favor of approval
	>10%	<p>Capital Projects</p> <p>Repay debit, if permissible</p> <p>Other Designated Accounts</p> <p>Other One Time Projects</p> <p>Mill Rate Relief</p>	<p>Possible action to bring down to 10%. If the Fund Balance is in excess of 10%, the Board of Finance should provide an explanation why such a level is necessary and/or desirable.</p> <p>Requires a majority vote of Board of Finance members present, but no less than 3 members in favor of approval</p>

Town of Colchester
 General Fund
 Budget Transfer/Additional Appropriation

Department: Highway/Fleet Maintenance

Reason for Request: Consolidation of Highway and Fleet Maintenance phone system billing is \$27 month more than estimated.

Reason for Available Funds: Consolidation of Highway and Fleet Maintenance phone system billing costs (approx. \$65 per month) no longer charged to Highway, \$38 overall savings.

From:	Account Number	Account Name	Amount
	13201-45216	Highway Telephone	325
To:	13202-45216	Fleet Maintenance Telephone	325

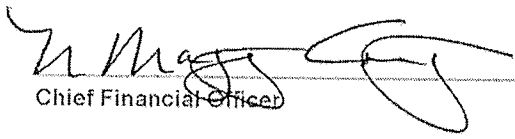
May 3, 2010



Date Requested Department Director or Supervisor - Signature

Print Name Mark Decker

5/3/10
 Date Reviewed



Chief Financial Officer

Date Approved First Selectman

Date Approved Board of Selectmen Clerk

Date Approved Board of Finance Clerk