



# Town of Colchester, Connecticut

127 Norwich Avenue, Colchester, Connecticut 06415

Board of Finance Minutes  
Regular Meeting Minutes  
Wednesday, March 16, 2016  
Colchester Town Hall @ 7PM

RECEIVED  
TOWN OF COLCHESTER, CT  
2016 MAR 16 PM 2:30  
TOWN CLERK

**MEMBERS PRESENT:** Chairman Rob Tarlov, Rob Esteve, Thomas Kane, James McNair, Andreas Bisbikos and Andrea Migliaccio

**MEMBERS ABSENT:** none

**OTHERS PRESENT:** First Selectman Art Shilosky, BOS R Coyle, BOS D Mizla, PW Director J Paggioli, BOE M Tomasi, BOE B Bernier, BOE R Besaw, CFO M Cosgrove, Registrar D Mrowka, Tax Collector M Wyatt, J Malsbenden, J Kelly, W Maurice, V Rose, S Schuster, J Maine, N Bibee, J Holmes, J Mattos, N Groeger, Clerk T. Dean and other citizens.

**1. Call to Order**

Chairman R Tarlov called the meeting to order at 7:00 p.m.

**2. Additions to the Agenda**

R Tarlov asked that the following be added on the agenda #4 Approval of Minutes: March 8 – Special Meeting; Add to #5 Budget Workshop March 1, delete March 8; Add #8b First Selectman Report, and renumber remaining items.

R Esteve moved to approve the additions/deletion as presented, seconded by J McNair. Unanimously approved.  
MOTION CARRIED

**3. Approval of Minutes: March 2 – Regular Meeting**

J McNair moved to approve the Regular Board of Finance meeting minutes of March 2, 2016, seconded by R Esteve. Unanimously approved. MOTION CARRIED

**4. Approval of Minutes: March 8 – Special Meeting**

T Kane moved to approve the Special meeting minutes of March 8, 2016, seconded by A Bisbikos. Unanimously approved. One abstention by R Esteve. MOTION CARRIED.

**5. Review of Meeting – Budget Workshops March 1, 3, 7**

The Board had no comments

**6. Citizen's Comments**

N Bibee – spoke in opposition of the BOE budget increase  
S Schuster – spoke in opposition of the BOE budget increase. Opposed with cutting Town budget by \$50,000.  
J Kelly – spoke in opposition of the BOE budget increase. Opposed with cutting Town budget by \$50,000  
J Matos – spoke in support of the BOE budget increase  
W Maurice – spoke in support of the BOE budget increase.  
V Rose – spoke in support of the BOE budget increase.  
N Groeger – spoke in support of the BOE budget increase.

**7. Correspondence**

R Tarlov indicated that he received a letter that included strong language. The Board reached a consensus that it would be posted with redactions.

**8. Department Reports**

**a. Finance Department** – CFO M Cosgrove stated February reports were distributed. Revenue wise looks to be in good shape, except where the State made decisions. Tax collection percentage is up. Expenses are also in good shape due to low snow percentage.

**b. Tax Collector** – M Wyatt stated figures; 930 delinquent tax statements, 613 motor vehicle supplemental, 314 real estate, 257 real estate outstanding, 554 motor vehicle outstanding. On 4/1 sending out 10-day demand notices, 4/15 intent to lien notices, 5/1 motor vehicle delinquents to collections. Hired two state marshals.

**9. First Selectman**

**a. Transfer Requests** - none

**b. First Selectman's Report**

Senior Center van engine blew. Getting quotes for a new mini-van, funding from vehicle reserves, approximately \$25,000. Liverant family wants to donate to build a replica of the school for colored children.

**10. Liaison Reports**

A Migliaccio reported on the Commission on Aging – won a national recognition for "Game of Life" program. Grant has been submitted for a van.

T Kane reported on Planning & Zoning – approved the Mill Project. Tonight is starting process for the gas station in Westchester.

**11. Budget Discussion**

**a. Graph and Charts** – Discussion took place between Board members on graphs to update and what to include. R. Tarlov said he wanted to add a footnote to the Peer Group charts as the Town's student per household rate was the highest in the group and was impacting the result, so wanted to note that in the graph.

**b. Discussion of Budgets to send to Public Hearing**

J McNair stated that he realizes they are now spending more money to educate fewer kids. He stated the reality is to put it in and if the budget gets defeated they go from there. He supports the BOE budget increase and supports the Town budget with the cut.

A Migliaccio stated that enrollment is down but the service cost is up. She supports the BOE budget increase and supports the Town budget with the cut.

T Kane stated it was he that originally stated that 0% was a good place for the BOE to start. This was the initially before the process started, and looking at it from a purely political standpoint. He supports the BOE budget increase and supports the Town budget with the cut.

R Esteve stated he originally strongly suggested a 0% increase on the BOE budget. Then BOE showed what 0% would look like and this is what changed his thought on 0%. He supports the BOE budget increase and supports the Town budget with the cut.

A Bisbikos stated the common theme he heard from residents was for no tax increase. At 0% increase for the BOE side, there is still a \$800,000 surplus. Stated that each referendum costs money. He stated that the cost per student vs proficiency scores does not support an increase. He does not support the BOE budget increase and supports the Town budget with the cut.

R Tarlov stated that the budget survey tallies show, for those that participated, 72% weighed in that they would approve a tax increase, and 75% weighted in that they would approve a tax increase over 1%. R Tarlov explained the strategy being used to cut road funding on the town side of the budget. He also explained his thought process on arriving at the decision to put \$100,000 back into the budget. He supports the BOE budget increase and supports the Town budget with the cut.

**c. Citizens Comments on Budgets**

J Malsbenden – asked the Board to not allow for back and forth conversation of residents during citizen's comments. Stated cost of living has not gone up. Addressed the 5-year plan comment on education. Stated an undesignated fund balance comment for the Board to consider.

M Gilman – spoke in support of the BOE budget increase. Commented on Special Education

S Schuster – stated that the taxpayers have been very generous to the BOE over the past years.

J Maine – addressed savings in energy and insurance

J Kelly – asked about a 1.5M figure being stated.

W Maurice – stated appreciation for the information on the Budget Facebook page

V Rose – asked for resident civility on both sides. Spoke in support of the BOE budget increase.

**d. Action on Budgets to send to Public Hearing**

R Tarlov stated the Public Hearings will occur on April 4<sup>th</sup> and 5<sup>th</sup>. There will be BOF meetings on 4/6 & 4/20, at one of these meetings they will set the budgets to be voted on, which then will go to the BOS to send to a Town Meeting.

T Kane moved to send the budget to Public Hearing for the Town in the amount of \$14,389,712, seconded by J McNair. Unanimously approved. MOTION CARRIED.

T Kane moved to send the budget to Public Hearing for the Board of Education in the amount of \$39,895,363, seconded by R Esteve. Five in favor, with Bisbikos opposed. MOTION CARRIED.

**12. New Business**

**a. Health Insurance Funding Discussion**

Discussion on the Board took place regarding going down to 115% vs the current 120%. R Tarlov stated that anything over 125% is insured. Stated that it's hard to reach 125%, that it is very remote that it would reach that level. The Board discussed risk corridor, factors, PPI fees, HAS and funding requirements. The Board will work on getting an official policy in place for the funding level percentage. CFO M Cosgrove, stated that it would be prudent to get the volatility out

of the budget. NO ACTION. TABLED

**13. Old Business**

**a. Recreation Field Subcommittee – update** – J McNair stated at the last meeting the group collected information.

Discussed on adding staff attention to the field itself. Stated the understanding that there is a cost associated to maintaining fields. Would like to ask CCM to research to see what other towns do to maintain fields. A Bisbikos stated that he will look into Newtown's plan and benchmark from their plan.

**b. Senior Center Task Force – discussion and possible action** – T Kane stated the last meeting was in executive session. Next meeting scheduled for 4/6.

**c. 2015-2016 BOF Goals and Objectives – review and update** – none

**d. Ambulance White Paper – Discussion and Possible Action** – R Esteve updated the review with the requested additions from the last meeting, he added background and conclusion. (attached)

J McNair moved to accept the Ambulance Transport Service Review and post it, seconded by A Bisbikos. Unanimously approved. MOTION CARRIED.

**14. Citizens Comments**

N Groeger – offered a suggestion to move the \$50,000 cut from the town budget to fund improvements to the recreation fields.

**15. Adjournment**

R Esteve moved to adjourn at 9:31 p.m., seconded by J McNair. Unanimously approved. MOTION CARRIED.

**Attachments:**

Ambulance Transport Services Review

Correspondence (1)

Graphs & Charts

Respectfully submitted,

Tricia Dean, Clerk

## **Ambulance Transport Services Review**

### **Background**

During the Fire Department Budget Needs presentation given at the Board of Finance meeting held November 18, 2015 with continued discussion on December 2, 2015 the need for funding the purchase of two new ambulances was discussed. At that time the Board of Finance felt the need to research options before authorizing vehicle purchases on the order of \$500,000. A review of privatizing ambulance transport services was initiated. This white paper provides a summary of that review.

### **Discussion**

The Colchester Fire Department currently holds two licenses with the CT Department of Health for providing Emergency Medical Services for the Town of Colchester. One license authorizes first responder emergency care which includes initial patient evaluation and stabilization at the scene of the emergency. The other authorizes the Colchester Fire Department to provide ambulance transport services to an appropriate medical facility.

Members of the Colchester Hayward Volunteer Fire Company, along with Town of Colchester career Fire / EMS personnel provide the necessary manpower to staff both services. Regardless of volunteer or career, all individuals are medically certified as either an Emergency Medical Technician, EMT, or an Emergency Medical Responder, EMR. The EMTs or EMRs can fill either role as a first responder or to staff the ambulance transport depending on the situation.

Should the Colchester Fire Department no longer provide ambulance transport services, the town would relinquish the associated ambulance revenue generated to the new service provider. There is no opportunity to sell the rights for ambulance transport as no private ambulance company in the State of CT currently pays a town for exclusive ambulance transport authority. Therefore the net cost avoidance for shifting the transport services to a private entity would not offset the loss of revenue generated. The Colchester Fire Department would still be required to provide the first response emergency care and incur the operating cost associated with that service. The only staffing reduction realized by this move would be a reduction in volunteer time. The need to train and equip the same number of volunteers would remain. The career personnel would still be needed at current staffing levels to cover the fire and first responder services. Only a portion of the EMS supplies and equipment would no longer be needed to be purchased.

### **Conclusion**

Even after taking into account the need to purchase two ambulances every 8-10 years, the Town of Colchester would lose close to \$300K / year by contracting with a private service assuming the arrangement came at no cost to the town. There is a likely scenario that the private service would charge the town an additional fee above and beyond retaining the ambulance revenue making the idea of privatizing the service even less financially prudent.

**Ambulance Transport Services Review (cont)**

**Balance Sheet Summary For Ambulance Transport Services**

*Example given is Fiscal Year 14-15 which is representative*

<b>Ambulance Revenue (Transport Services)</b>	<b>\$ 498,392</b>
Transport Related Service Contracts	\$ 6,068
Ambulance Incentive Program	\$ 72,000
Professional Services	\$ 35,625
EMS Supplies	\$ 24,400
Fuel	\$ 12,844
Gear and Clothing	\$ 8,900
Training Equipment	\$ 1,000
Annualized Ambulance Replacement Cost	\$ 50,000
<b>Ambulance Expenses (Transport Services)</b>	<b>\$ 210,837</b>
<b>Fiscal Year 14-15 Operating Gain (Loss)</b>	<b>\$ 287, 555</b>

Respectfully submitted  
**Robert Esteve**, Board of Finance Vice Chair  
**Walter Cox**, Chief, Colchester Fire Department

March 5, 2016

Reviewed and accepted by the Board of Finance

March 16, 2016

**Tricia Dean**

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**Subject:** FW: Agenda Item: Correspondence

**From:** Bill Sullivan  
**Sent:** Friday, March 11, 2016 7:46 PM  
**Subject:** Education Budget

I can't understand why someone who indicates that they are concerned about cost would allow the finance board to raise the BOE budget because an extremely small fraction (read that extremely small ) shows up to complain about funding.

State funding in all areas will be lowered. The number of students is drastically lower and continues to trend down. But the finance board which is supposed to support all of the people not just an extremely small fraction bows to the pressure.

You and your boards don't listen to the majority. Special interests is all you and your predecessors care about. You are not following the wishes of the majority. If you are going to be 1st Selectman then be that. Don't bow down and kiss the ass of the minority

I am getting exactly what I expected from the new regime. No balls.

Period. End of story.

Bill Sullivan. Tell Rob Tarlac that's how I feel.

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**From:** Robert Tarlov  
**Sent:** Wednesday, March 16, 2016 6:44 AM  
**Subject:** Fw: Education Budget

Mr. Sullivan,

Although only part of the reason that I voted to restore 100K of the 242K that the BOE had reduced, I will address the issue of community feedback first.

When people come to a meeting to express their opinion, they want to be heard. I cannot assume what the majority of those not present are thinking, but always recognize that both sides do not always show up for any particular meeting. I have heard people on both sides of an issue say we don't listen when they speak at a meeting. People who did not attend a meeting and are on the "other side" of the comments, tell me that those attending and speaking were the minority opinion, and that the majority feels differently.

For the first 3 meetings, all with 2 -3 periods of citizens comments, all but one who spoke, asked for a restoration of 242K of BOE cuts, the other speaker did not want C3 funding reduced. One person, who attended the first three meetings, stated at the end of the 4th meeting that he was disappointed that we had restored 100K of the 242K BOE reduction. That citizen knew before that meeting started that there was good possibility that 100K would be restored, so the decision made that evening was not a surprise to him, but he failed to speak until after the decision had been made and the room was empty.

I have received three letters, including yours. One received before March 7 felt that there was a need for increased funding but was concerned that the budget might fail and felt we needed 0% to pass the budget. A second was received after our decision, stating she was against the increase. Both letters are posted on the Budget Facebook Page.

Facebook posters on multiple sites seem to be about 50/50. Those against the school budget increase, are a lot more prolific in posting their opinion on different sites as well as doing many reposts of their position. Most of those against the school budget increase, have posted and spoken in favor of the Town increase. The mill rate increase is from the Town Budget (capital increases and health insurance) as the Board of Education mill rate is lower than last year. Many of those want us to take the BOE increase and use it on the Town side to repair the buildings and roads that have been so long neglected. So the negative feedback on proposed BOE 0.25% budget increase is to support a 0% school budget, but not a 0% tax increase.

You state that a majority of the citizens who did not attend the meetings will not support a tax increase. Not sure how you know that. I have talked to many people, but not as many as showed up for the 4 meetings, but about 3/4 have told me they would accept a small tax increase. The survey of 400 people (about 20 - 25% of the number who typically vote) showed that 72% of the people responding said they would accept a tax increase greater than 0%, 75% of those said they would accept a tax increase greater than 1%.

The ultimate question is who will show up to vote? We know based on the past it will be less than 2000 and less than 20% of the voting population. We know on a first referendum that 10 - 11% of the population will either vote yes to pass, or no to move it to a second vote. 8 - 9% will be on the other side and over 80% do not show up to "speak". Many people claim the Yeses stay home and the Nos always vote, but who really knows?

In terms of this budget, I explained the following at the March 3 meeting:

I was in the 0% camp, although I never expressed that number in my conversations with the BOE chair and at Board of Ed workshops. At a BOF meeting in November, the Superintendent and BOE chair attended at BOF's request and Mr Mathieu stated he was going to come in at 0% in his opening remarks. The only reaction at that meeting to those statements was Tom Kane who said it was a good place to start but wasn't sure if 0% was enough to pass the budget.

The other BOF members expressed expectations related to presentation transparency and the need to explain the cost drivers in the budget and have less about the accomplishments of the district.

I stated 3 expectations at that 11/18:

1. The budget must address declining enrollment, either by reducing the budget to reflect the drop or explain what was causing them to be unable to.
2. Capital spending needed to match the funding plan in the Facility Repair, Maintenance and Replacement Plan
3. Don't use the savings that I knew were coming in insurance and other areas to hide other cost increases.

After seeing the 1/26 presentation, I communicated the many things I saw in the presentation that were not transparent, did not disclose all the facts or were in error. I also said I could not understand how the Superintendent could tell us he was going to come in a 0%, not a number that BOF had requested, and then be +242, especially in view of large net savings in several areas. (I outline these all at the 3/3 meeting) I also said that I needed an explanation as to why the current capital project funding had so many items missing from the list projected in last year's budget. Although about 55K in new items were added, 162K had been removed.

I then spent the next week, and I mean the entire week as I was on vacation, researching enrollment history, the history of the certified positions, history of classified positions, for Colchester and many comparable school districts. In addition. the Special Ed requirements as well as the history of the State changes in special ed classification.

I attended the 2/3 BOE budget workshop. BOE members and all District Administrator were present as they reviewed the proposed reductions of 242K. Included in that number was another 45K in capital cuts. I listened as principals explained the impact of the special ed and reading specialist positions. I shared my research, asked questions and urged them to change their budget presentation to reflect the results of that data and to explain how today's schools and their challenges are so different than what most of today's voters experience when we were in school.

BOE voted (4 -2) to approve the reductions on 2/23, with those voting yes saying they did so because of the pressure put on them by Board of Finance and not because they felt that the reductions were unnecessary costs that should be cut. No citizens spoke at that meeting, I think there was one present.

I voted to add 100K of the 242K back into the budget because of

1. my prior research,
2. my meetings with school staff,
3. and the response of those citizens speaking at the four meetings.

Had anyone of those things had been missing, I would have likely stayed at 0%, so although the citizens speaking impacted my decision, it would not have done so without the other two items.

Rob Tarlov, Chairman Board of Finance.



**Tricia Dean**

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**Subject:** FW: Correspondence Reply - Sullivan

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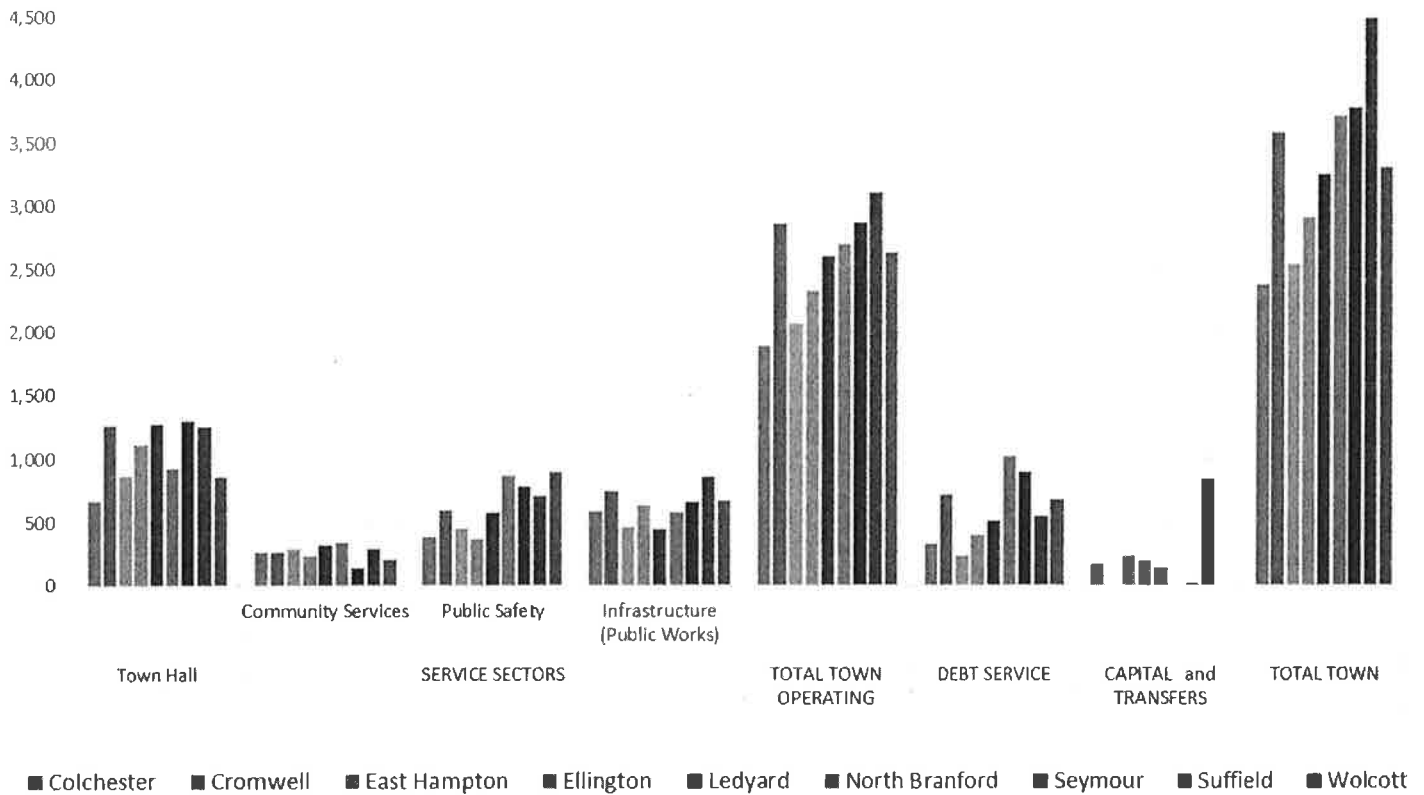
**From:** Bill Sullivan  
**Sent:** Wednesday, March 16, 2016 7:26 AM  
**To:** Robert Tarlov  
**Subject:** RE: Fw: Education Budget

Rob,

When the majority votes the referendums down the majority still don't get reductions that they request. Keep responding to the special interests. People on the finance board I would think would be in tune with the issues related to public government finances and be making more restrained decisions. Same old same old.

Bill Sullivan

# TOWN BUDGETS - EXPENDITURES PER HOUSEHOLD<sup>1</sup> (2015/2016 Fiscal Year)



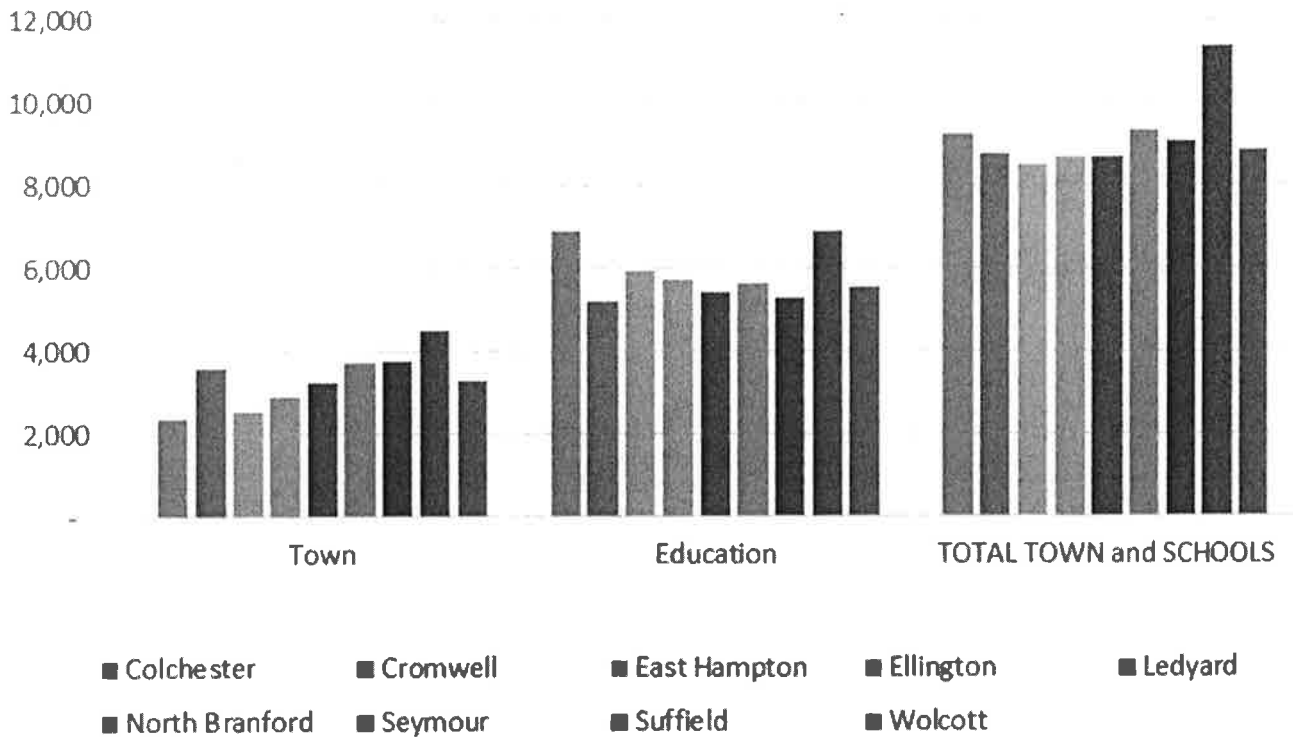
TOWN OPERATING					DEBT SERVICE	CAPITAL and TRANSFERS	TOTAL TOWN	
Town Hall	SERVICE SECTORS			TOTAL TOWN OPERATING				
	Community Services	Public Safety	Infrastructure (Public Works)					
Colchester	665	261	382	578	1,887	328	161	2,376
Cromwell	1,266	259	591	745	2,862	713	0	3,575
East Hampton	869	291	452	457	2,070	232	235	2,536
Ellington	1,114	226	358	631	2,330	388	192	2,910
Ledyard	1,277	312	571	443	2,603	505	137	3,245
North Branford	922	337	863	569	2,693	1,020	0	3,712
Seymour	1,302	134	779	653	2,869	891	16	3,776
Suffield	1,255	285	704	860	3,104	547	834	4,485
Wolcott	855	206	893	670	2,625	680	0	3,305

The peer towns were identified based on those closest to Colchester: Grand List, Households, Population and Per Capita Income.

Towns whose nonresidential Grand List was far greater than Colchester were eliminated. Cromwell, although higher in Commercial Grand List, was included as not as high as those towns eliminated, and a close match on other factors.

Neighboring town, East Hampton, was included although slightly under the range on population, but a close match on our factors.

# TOTAL TOWN BUDGETS - EXPENDITURES PER HOUSEHOLD<sup>1</sup> (2015/2016 Fiscal Year)



	Town		Education		TOTAL TOWN and SCHOOLS	
	\$ per Household	Rank <sup>1</sup>	\$ per Household	Rank <sup>1</sup>	\$ per Household	Rank <sup>1</sup>
Colchester	2,376	9	6,870	2	9,245	3
Cromwell	3,575		5,192		8,767	
East Hampton	2,536		5,948		8,484	
Ellington	2,910		5,737		8,646	
Ledyard	3,245		5,410		8,655	
North Branford	3,712		5,619		9,331	
Seymour	3,776		5,288		9,065	
Suffield	4,485		6,888		11,374	
Wolcott	3,305		5,542		8,847	

1. Expenditures Per Household Rank: 1 (highest) to 9 (lowest)

The peer towns were identified based on those closest to Colchester: Grand List, Households, Population and Per Capita Income. Towns whose nonresidential Grand List was far greater than Colchester were eliminated. Cromwell, although higher in commercial Grand List, was included as not as high as those towns eliminated, and a close match on other factors. Neighboring town, East Hampton, was included although slightly under the range on population, but a close match on other factors.

## RELATIONSHIP OF MILL RATE TO TAXES PAID<sup>1</sup>

	Current Residential Assessment per Household		Mill Rate			Tax on Average Residential Assessment	
	70% of Assessed Market Value on Last Revaluation	Rank <sup>2</sup> Peer Group	2015/2016 Fiscal Year	Rank <sup>2</sup> Peer Group	State Rank <sup>3</sup>	Amount Per Household	Rank <sup>2</sup> Peer Group
Colchester	152,451	8	30.76	4	69	4,689	9
Cromwell	155,617		31.38			4,883	
East Hampton	188,564		27.78			5,238	
Ellington	157,831		30.50			4,814	
Ledyard	155,528		30.40			4,728	
North Branford	174,039		31.08			5,409	
Seymour	148,749		34.59			5,145	
Suffield	216,113		27.78			6,004	
Wolcott	167,693		28.08			4,709	
					State Rank <sup>3</sup>		
Salisbury	526,573		10.70		190	5,634	
Greenwich	1,106,549		11.271		189	12,472	
Hartford	16,199		74.29		1	1,203	
Waterbury	49,836		58.22		2	2,901	

1. Connecticut 2013 Income by Towns - Data source: 2009-2013 American Community Survey (ACS) 5-year Estimates - Compiled by DECD Research  
2013 Equalized Grand List - (State of Connecticut Office of Policy Management) [http://www.ct.gov/opm/cwp/view.asp?a=2987&q=385970&opmNav\\_GID=1807](http://www.ct.gov/opm/cwp/view.asp?a=2987&q=385970&opmNav_GID=1807)

2. Peer Group Rank - 1 (highest) - 9 (lowest)

3. State Rank - 1 (highest) - 190 (lowest)

Many people use the mill rate to determine whether a Town's taxes are higher than another's. Mill Rates, by themselves do not illustrate the differences in taxes paid. The mill rate is multiplied by a home's assessment (70% of the market value on the last revaluation date) and then divided by 1000 to arrive at the tax. (Colchester Avg. Home:  $152,451 \times 30.76 / 1000$ )

The chart above shows the mill rates in our peer towns as well as the two towns with the lowest mill rates in CT and the two towns with the highest mill rates. Salisbury and Greenwich have the lowest mill rates, but because their homes are assessed at much higher amounts than most towns, the lowest mill rate does not translate into the lowest tax. Conversely, Waterbury and Hartford with their high mill rates do not have the highest taxes. Although many things need to be considered, such as level of services, quality of education, etc, the major contributor to low tax to mill rate ratio in Hartford and Waterbury are their high nonresidential grand lists. Hartford at 79% and Waterbury at 49%, compared to Colchester at 26%.

Among our Peer Towns, there are 5 towns with lower 2015/2016 mill rates than Colchester, but when multiplied by the average assessed value (on the last revaluation date), Colchester has the lowest tax on the average household. As many things go into assessments and mill rate calculations, this comparison is intended to illustrate how mill rates relate to home values in different towns. With all other things being equal, if our market values were twice as high, the mill rate would be  $\frac{1}{2}$  of 30.76 and the taxes paid the same. Conversely if the market values go down through revaluation, the mill rate would be higher than 30.76, but if expenses, state aid and other nontax revenue remained the same, the taxes would not change.

1. Connecticut 2013 Income by Towns - Data source: 2009-2013 American Community Survey (ACS) 5-year Estimates - Compiled by DECD Research  
2013 Equalized Grand List - (State of Connecticut Office of Policy Management) [http://www.ct.gov/opm/cwp/view.asp?a=2987&q=385970&opmNav\\_GID=1807](http://www.ct.gov/opm/cwp/view.asp?a=2987&q=385970&opmNav_GID=1807)

## UNASSIGNED FUND BALANCE POLICY AND HISTORY

The Town's Unassigned Fund Balance Policy was created by Board of Finance in 2010, and amended in 2012.

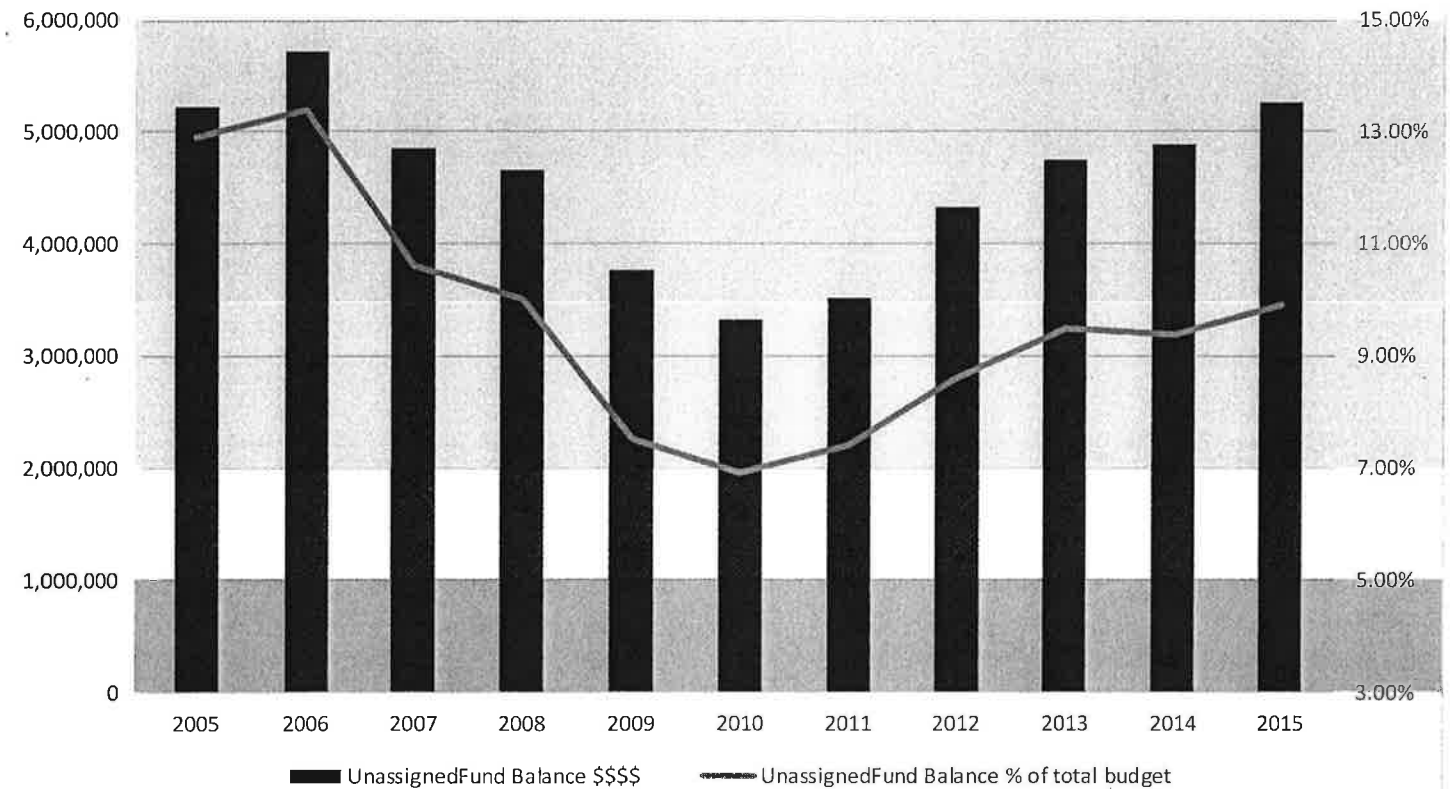
The Unassigned Fund Balance is our rainy day fund/emergency fund/opportunity fund. It is also one of the key measures the rating companies use. Post 2008, the rating companies would like to see the amount above 10%, (of our operating budget) we do not want to tie that much capital up when there are so many current needs, so we have chosen to balance the % and needs by using 7 - 10% as our goal. Having a policy, and following it, is also a key measure. In the two months between the Moody's and Fitch reviews (below), one major thing happened - we did not use the 2010/2011 budgeted transfer from fund balance. Lower ratings = higher interest rates paid on our bonds. Although we have used unassigned fund balance during the years for unexpected expenses last year's snow removal expense and a large legal expense, we have not used it in the proposed budgets as a revenue item.

From the Town's audit:

- In June 2011, Moody's Investors Service downgraded the Town's bond rating to Aa3 from Aa2 mainly due to consistent declines in reserve levels from 2006 to 2010 driven by the Town's practice of appropriating General Fund reserves to balance annual operating budgets (mill rate relief), and revenue shortfalls in those years. Moody's went on to note that the FY 2011-2012 adopted budget did not include a fund balance appropriation which will help prevent any further decline in reserves and stabilize the Town's financial position.
- In August 2011, Fitch Ratings affirmed the Town's bond rating of AA. Fitch noted that Town finances are stabilizing after four years of planned draws on General Fund funds balance, and that the Town has a below average debt burden with a rapid payout, and a strong tax collection rate. Fitch also noted the recently approved fund balance policy which sets forth that reserve levels will be maintained within a range of 7-10% of total expenditures.

Many use the terms General Fund and Unassigned Fund Balance synonymously, but General Fund includes other accounts such as Assigned Fund Balances (earmarked for future anticipated expense) or Restricted Fund Balances (which can only be used for specific expenses). ~~The General Fund is like one big interest bearing checking account where revenue flows in and from where expenses are paid out.~~

### Unassigned Fund Balance History



FY Ending:	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Unassigned Fund Balance	5,227,345	5,714,137	4,855,205	4,670,244	3,756,835	3,315,299	3,518,813	4,334,548	4,758,733	4,888,372	5,255,366
Balance %	12.90%	13.40%	10.60%	10.00%	7.50%	6.90%	7.40%	8.60%	9.50%	9.37%	9.92%

Existence of Fund Balance Policy

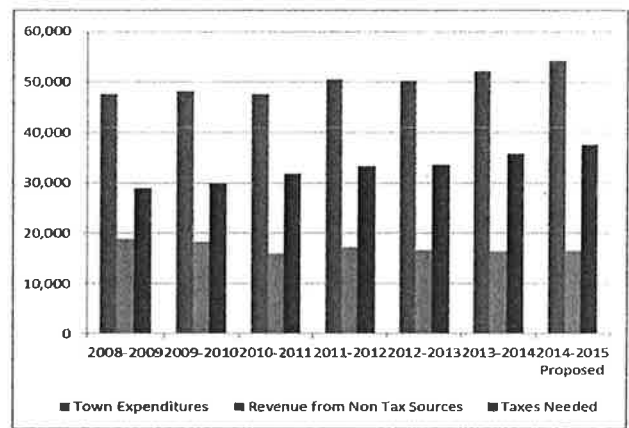
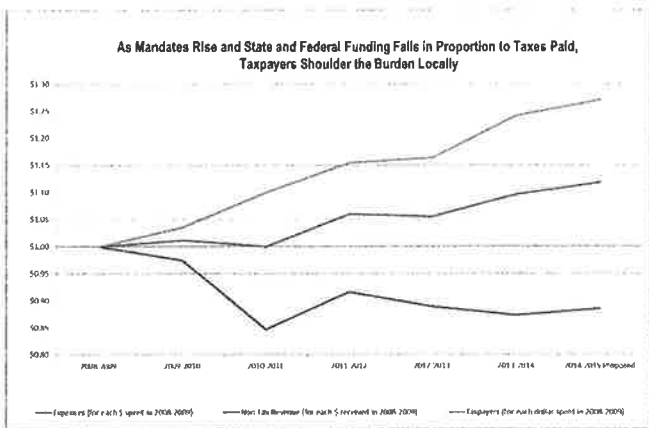
**TOWN of COLCHESTER**  
**Unassigned Fund Balance Policy**

		POTENTIAL USES		REQUIRED ACTION TO USE
Hi Caution Zone	< 5%	Specific Urgent and Unexpected Situation Only as deemed by the Board of Finance and the Board of Selectman		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).  Board of Finance shall adopt a plan to restore the Fund Balance to greater than 5% over the next two fiscal years
Cautionary Zone	5% to 7%	Specific Urgent and Unexpected Situation as deemed by the Board of Finance.		Requires approval by 4 members of Board of Finance.  Board of Finance shall adopt a plan to restore the Fund Balance to greater than 5% over the next 2 fiscal years and to replace funds over 5 fiscal years
Confidence Zone	7% to 10%	Capital Projects Repay debt, if permissible Other Designated Accounts Other One Time Projects	Should not bring Fund Balance below 7%	Requires a majority vote of Board of Finance members present, but no less than 3 members in favor of approval Identify one time expenditure; or expected revenue or expense reduction to occur in next fiscal year. Board of Finance shall adopt a plan to restore the Fund Balance to greater than 7% over the next 2 fiscal years and to replace funds over 5 fiscal years
High Confidence Zone	>10%	Capital Projects Repay debt, if permissible Other Designated Accounts Other One Time Projects	Should not bring Fund Balance below 7%	Requires a majority vote of Board of Finance members present, but no less than 3 members in favor of approval Board of Finance shall adopt a plan to restore the Fund Balance to greater than 7% over the next 2 fiscal years and to 10% over 5 fiscal years.

Adopted by Board of Finance in 2010 and amended by the Board Finance in February, 2012

Charts from the Adopted Budget that should be included:

- Page 12 Yes
- Page 13 Yes
  - Chart
    - yes but should have the same time period as graph below it
    - should include a total non tax revenue
  - Graph
    - Can the chart be lengthened a little to show the drop in ECS clearer?
- Page 14 Yes, but can a line be added showing the non tax revenue or used a chart similar to these

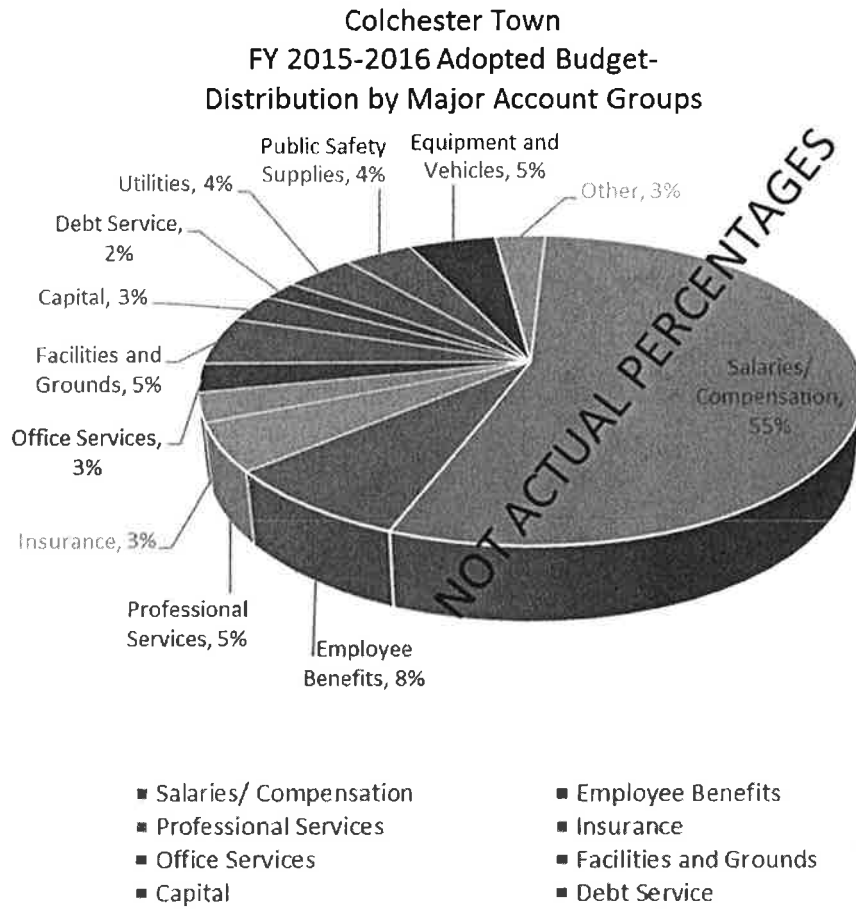


- Page 15 Yes – graph and chart
- Page 16 ???
  - Top: Is there enough of a distinction between this one and the one on bottom of page 15 for the taxpayer.
  - Bottom – why is this not with graph on top of 15, and although other financing is on this should only one of the two charts be used?
- Page 17 ??? Although two different types of charts and a longer time period, What is the difference as to what is shown here and what is shown on tops of page 15? Can these be combined.
- Page 18 –
  - Top – other than debt and capital, not much change, and board of ed totals being large, make it difficult to see the the ones that changed, especially transfer/capital
    - Can we max the chart out at 80% and make the chart longer to make the changes in debt and capital easier to see on the bars?
- Bottom – information is good to show – some suggested a chart
- Page 20 - Yes
- Page 21
  - Top – yes
  - Bottom – no – as it has the same info in the graph on the next page
- Page 22 – yes on both graphs

- Page 23 – yes – put felt we should leave FY 15/16 on the chart and not change the chart as vehicle leases not seen any longer and could return with other vehicles.
- Page 24 – yes but make the chart longer so reader can better distinguish the changes in the earlier years on the chart.
- Page 26 – no – use alternative graph and chart shown earlier. The narrative at the top of this page needs to be changes as the policy does not permit us to use fund balance for mill rate relief.
- Page 27
  - Top - Yes – make the chart higher so the annual difference can be seen better.
  - Bottom – should be % of operating budget as payroll and benefits are operations costs.
- Page 28
  - Top – Yes
  - Bottom – No – legal like snow is not an expense that can be controlled nor reasonable budgeted for.
- Page 29 – Yes – although the medical symbol is distracting
- Page 30 – Yes
- Page 31 – Yes
- Page 51 – Yes – but change 3<sup>rd</sup> foot note to “2” and note 1. Revaluation Year – market values/ assessments increase and 2. Revaluation Year – market values/ assessments decreased.
- Page 57 – Yes
- Page 67 - Yes



Pie Chart similar to the BOE one, something like this based on the chart of accounts that follows. (chart for reference to creating the pie, not for posting)



	Regular	40101	
	Overtime	40103	
	Temporary	40105	
Salaries/ Compensation	Resident State Trooper	44200	
	Resident State Trooper Overtime	44204	
	Compensation (Fuel Comp Volunteer Fire)	44243	
	Contract Settlements - union contracts in negotiations	50950	
Employee Benefits	Employee Related Insurance		
	Life/AD&D	41210	
	Long Term Disability		
	Health Insurance	41211	
	FICA and Retirement		
	FICA (Social Security/Medicare Defined Contribution)	41230	
	Workmens Comp	41260	
	Unemployment	44243	
	Professional Services	44206	
Insurance	Municipal Insurance	44206	
	Copier	42233	
	Office Supplies	42301	
	Books, Magazines, Periodicals	42342	
	Technical Reference Materials	42343	
	Library Media Supplies	42344	
	Mileage, Training & Meetings		
	Mileage to conferences	43213	
	Conference Fees		
	Professional Memberships	43258	
Office Services	Financial and Accounting (Town share)	44202	
	Legal	44203	
	Data Processing	44205	
	Indexing and Recording	44207	
	Postage	44217	
	Service Contracts	44223	
	Legal Notices	44230	
	Advertising	44231	
	Printing and Publications	44232	
	Micro Film Repair	44271	
	Custodial/Maintenance Supplies	42331	
	Paint/Paint Supplies	42332	
	Sand Salt Gravel	42333	
	Grounds Maintenance Supplies	42334	
	Facilities and Grounds	Transportation - Garbage Pick-up	43212
		Household Hazard Disposal	46228
		Building Repairs	46226
Building and Grounds		48417	
Road Improvement		48439	
Landfill Operation		44259	

Capital	Transfer to Capital Reserve	50474	
	Transfer to Capital	50500	
Debt Service	Bond Principal	49245	
	Bond Interest	49246	
	Transfer to Debt Service	50700	
	Telephone	45216	
	Fuel/Heating	45221	
Utilities	Water and Sewer	45222	
	Water	45350	
	Traffic Control Lights	45389	
	Electric	45622	
Public Safety Supplies	Protective Clothing and Safety Equipment	42323	
	Uniform Purchases	42324	
	Police Equipment and Supplies	42333	
	Emergency Medical Supplies	42345	
	Fire Equipment Supplies	42346	
	Fire Fighting Foam	42347	
	Uniform Rental	44238	
	Physicals and Testing	44286	
Equipment and Vehicles	Other Repairs	46229	
	Other Equipment Repairs	46327	
	Vehicle Maintenance and Fuel	46390	
	Machinery and Equipment	48404	
	Equipment Repairs	46224	
	Fleet Repair and Maintenance Supplies	42341	
	Equipment Rental	44237	
Other	Other/Operating Purchased Supplies	42340	
	Hebron Taxes	45250	
	Parades and Celebrations	47242	
	Probate per capita fee	47250	
	Chatham Health District	47260	
	Programs	47282	
	Animal Control (town funding)	50496	
Contingency	50900		