

Board of Finance
September 22, 2011

The Board of Finance held a regular meeting in the Council Chamber of the Newtown Municipal Center, 3 Primrose Street, on Thursday, September 22, 2011. Mr. Kortze called the meeting to order at 7:37pm

PRESENT: John Kortze, James Gaston, Harry Waterbury, Martin Gertsten and Michael Portnoy
ABSENT: Joseph Kearney

ALSO PRESENT: First Selectman E. Patricia Llodra, Finance Director Robert Tait, one member of the public and two members of the press.

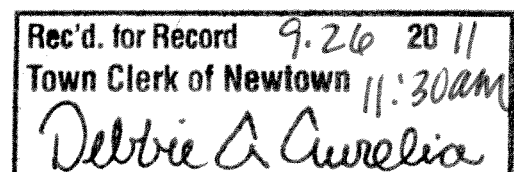
VOTER COMMENTS: none.

COMMUNICATIONS: Mr. Kortze acknowledged receipt of an email from Susan McGuinness Getzinger relative to the Board of Education, Board of Education votes, special education and buses.

MINUTES: Mr. Gersten moved to approve the minutes of September 12, 2011. Mr. Gaston seconded. All in favor.

FIRST SELECTMAN REPORT: Following up on the last meeting, First Selectman Llodra said a certificate of occupancy was never withdrawn from the Middle School during the roof work. The Sandy Hook water line is just about complete; the project has been done within budget, \$391,000, with the public works department helping on the project. The Middle School roof is 99% complete, on time and under budget. There was \$370,000 in contingency; about \$200,000 has been used. The subcontractors on the Newtown High School project have not been coming to finish their work, open items have been carried on a list for months and months. Retainers are being held back on all the subs. Mr. Tait reported there is nothing new; there are problems in all areas. Items on a punch list are slowly getting done; subcontractors not responding will be put on notice and must respond within 72 hours. First Selectman Llodra said that the on call monthly fee will not be paid anymore. The Animal Control Facility is underway; Public Works is doing the site work. The Hawley HVAC, which is in the CIP, has been referred to the Public Building and Site Commission. Boggs Hill Road will be closed for six weeks to replace the failed box culvert. The re-profiling of Hanover Road will begin soon. There is a lot of paperwork involved in FEMA reimbursement; the reimbursement will be received this fiscal year. The cost of the storm, through Sept. 1 was \$191,000; there was still a lot of work over the next four days, one of those days being a holiday. Mr. Gersten suggested arbitration if the contractors/subcontractors don't meet timelines saying they've lost interest in the job because they've gotten most of their money. Mr. Gaston suggested it is time to not only push but to also shove. First Selectman Llodra said the contract for Code Red was for \$5,000 per year which provided 25,000 contact minutes. 165,000 contact minutes were used for the storm. A three year contract, with unlimited minutes cost \$14,000 a year. This contract will buy back the 165,000 and wipe the slate clean.

FINANCE DIRECTOR REPORT: Mr. Tait provided detail of variances within last year's budget (Att. A) and handed out the unaudited Town of Newtown General Fund (Att. B). Mr. Kortze asked what substantially lower interest rates mean to the Town of Newtown. Mr. Tait said that if things stay the way they are in March 2012 there is a 2004 refunding issue that can be refunded for approximate interest savings of \$950,000 that can be spread out in the first two or three years. First Selectman Llodra said the pension plan benchmarks were recalibrated last year, the expected rate of return was lowered to 7.75% and the anticipated average wage increase was lowered to 4%. The expected contribution for next year will be approximately \$20,000. Mr. Kortze asked First Selectman Llodra and/or Mr. Tait to put together the history of the percentage increase of the budget, proposed vs. actual, to understand what the assumptions have been so an informed decision can be made. He would like to see the Board of Education and the Board of Selectmen separately. First Selectman Llodra said the CIP was recalibrated on a refined understanding of what the actual increase in the budget has been rather than the assumed increase. He asked that the Selectmen budget and debt service be separated also. Mr. Kortze noted there is discussion of expanding on Mr. Davis's council motion to decrease taxes 1%, to 5%, which will have a huge impact on an operational basis and a capital basis. Mr. Gaston would like to see based



on a 2.5% reduction in the budget, a 5% reduction in the budget, a zero and a 2.5% increase to see exactly how that affects the capital improvement projects. Mr. Tait would like to revisit how the estimated budget increase is calculated.

UNFINISHED BUSINESS:

Discussion and Possible Action:

- 1. Policy on depositing unexpended funds to the Capital/Non-Recurring Fund:** Att. C (see below discussion)
- 2. Board of Education Transfer Policy:** Att. C (see below discussion)
- 3. Board of Education Reserve Fund Statute:** Att. C (see below discussion)
- 4. General Fund Balance Policy:** The General Fund Balance Policy, as approved by the Board of Selectmen on September 19, 2011, was given to the Board of Finance (Att. D).
- 5. Email communication between B. Hart & J. Kortze:** Att. C (see below discussion)

Mr. Kortze referred the board to Att. C saying he requested information from Bill Hart on how to put unexpended funds in, the transfer policy and the new statute; to date he has not received a response. Mr. Hart did respond to an inquiry about the legal costs associated with the owner operator lawsuit saying that Floyd Dugas gave a pretty good public presentation on the ramifications of the owner operator complaint at the Board of Education 7/26 meeting; a time can be scheduled to go over this with the Board of Finance. The questions of the BOF regarding the potential ramifications, where the town stands and what type of legal costs we face were not addressed at the Board of Education's meeting of 7/26; there was no discussion about legal costs or potential liability. Mr. Kortze asked First Selectman Llodra, in the absence of a response, how the town and the boards responsible get an understanding of any liability. First Selectman Llodra said the Board of Education and their attorneys have done the research and have the information. She suggested turning to Bill Hart and Floyd Dugas for a discussion on these issues. The issues are not strategy or negotiations which would fall under executive session; they can be discussed publicly. Mr. Gaston agrees with Mr. Kortze. The information may weigh heavily on decisions that the Board of Finance or Legislative Council makes with respect to budgets and the CIP. Without the information you cannot get a full picture of the financial aspects; the public has a right to know also why decisions are made as they are. Mr. Gersten said the questions are 1.) Is there a basis for liability? 2.) If so, who is liable? 3.) If we are liable, what is the magnitude? Mr. Gaston asked who is going to pay for it and how soon because it affects debt service and the operational budget.

NEW BUSINESS

Discussion and Possible Action:

- 1. Capital Improvement Plan – Town of Newtown:** First Selectman Llodra went over the Planned Adjustments to the Current Approved CIP Plan (Att. E) and the Board of Selectmen Recommended CIP (Att. F). The Queen Street Area Traffic Improvement Plan is based on the Safe Routes to School grant proposal; the project is not proposed to be bonded but funded through a grant. The Edmond Town Hall and the Library are in later years. First Selectman Llodra informed the board of a potential project that does not appear in the CIP. An outdoor performance area at Fairfield Hills would be grant funded if approved; it was the only project that there was an audience for. Also, not on the CIP is a pocket park for Hawleyville. Mr. Tait went over the CIP binder. The facilities study group is waiting for information from Janet Robinson and Ron Bienkowski on the costs related to converting Reed to house grades 6, 7, 8. Mr. Kortze asked to have the groups that have a source of revenue and fund balance come in to explain – the Edmond Town Hall, the Library and Parks & Recreation.

ANNOUNCEMENTS: Mr. Kortze asked the Board to look at the Board of Education August 31, 2011 Financial Report (Att. G).

Board of Finance
September 22, 2011

ADJOURNMENT: Having no further business the Board of Finance adjourned their special meeting at 8:57pm.

Respectfully submitted



Susan Marcinek, Clerk

- Att. A: Town of Newtown General Fund, June 30, 2011 (variances)
- Att. B: Unaudited Town of Newtown General Fund
- Att. C: 9/12/11 & 9/14/11 email between J. Kortze & B. Hart
- Att. D: General Fund Balance Policy, approved by BOS 9/19/11
- Att. E: Planned Adjustments to the Current Approved CIP Plan
- Att. F: Town of Newtown BOS Recommended CIP 2012-2013 to 2016-2017
- Att. G: Board of Education Monthly Financial Report, Aug. 31, 2011

SCHEDULE 1
(1 of 2)

TOWN OF NEWTOWN, CONNECTICUT

GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | |
|---|--------------------|--------------------|--------------------|----------------------------------|---|
| PROPERTY TAXES: | | | | | |
| Collections - current year..... | \$ 91,559,032 | \$ 91,559,032 | \$ 91,587,482 | \$ 28,450 | |
| Collections - prior years..... | 575,000 | 575,000 | 251,979 | (323,021) | a |
| Interest and lien fees..... | 425,000 | 425,000 | 423,587 | (1,413) | |
| Motor vehicle supplement list..... | 550,000 | 550,000 | 507,032 | (42,968) | b |
| Telecommunications Property Tax Grant..... | 149,000 | 149,000 | 85,169 | (63,831) | c |
| TOTAL PROPERTY TAXES..... | 93,258,032 | 93,258,032 | 92,855,249 | (402,783) | |
| INTERGOVERNMENTAL: | | | | | |
| Veterans additional exemptions..... | 10,450 | 10,450 | 11,664 | 1,214 | |
| Elderly tax relief - circuit breaker..... | 122,290 | 122,290 | 131,383 | 9,093 | |
| In lieu of taxes..... | 907,197 | 907,197 | 912,401 | 5,204 | |
| Totally disabled..... | 1,757 | 1,757 | 1,872 | 115 | |
| Town aid for roads..... | 234,000 | 234,000 | 234,101 | 101 | |
| Manufacturers' machinery and equipment..... | 242,996 | 242,996 | 192,643 | (50,353) | d |
| Mashantucket Pequot fund grant..... | 618,289 | 618,289 | 684,286 | 65,997 | e |
| Connecticut school building grants..... | 863,512 | 863,512 | 863,513 | 1 | f |
| Equalized cost-sharing grant..... | 4,309,646 | 4,309,646 | 3,717,626 | (592,020) | f |
| Public school transportation aid..... | 130,045 | 130,045 | 145,965 | 15,920 | |
| Non-public school transportation aid..... | 15,625 | 15,625 | 15,035 | (590) | |
| Health services - St. Rose..... | 11,500 | 11,500 | 9,279 | (2,221) | |
| Miscellaneous grants..... | 0 | 0 | 52,381 | 52,381 | g |
| LOCIP grant..... | 201,170 | 201,170 | 198,000 | (3,170) | |
| Services for the blind..... | 3,500 | 3,500 | | (3,500) | |
| TOTAL INTERGOVERNMENTAL..... | 7,671,977 | 7,671,977 | 7,170,149 | (501,828) | |
| CHARGES FOR SERVICES: | | | | | |
| Town clerk - conveyance tax..... | 325,000 | 325,000 | 380,876 | 55,876 | h |
| Town clerk - other..... | 230,000 | 230,000 | 246,747 | 16,747 | |
| Police recruitment..... | - | - | 5,025 | 5,025 | |
| Parks and recreation..... | 220,000 | 220,000 | 176,669 | (43,331) | i |
| Tuition..... | 16,000 | 16,000 | 12,800 | (3,200) | |
| School generated fees..... | 123,106 | 123,106 | 113,133 | (9,973) | |
| Building..... | 375,000 | 375,000 | 441,540 | 66,540 | j |
| Permit fees..... | 5,000 | 5,000 | 975 | (4,025) | |
| Landfill permits..... | 400,000 | 400,000 | 435,416 | 35,416 | k |
| Senior center membership fees..... | 10,000 | 10,000 | 5,268 | (4,732) | |
| Land use..... | 100,000 | 100,000 | 50,654 | (49,346) | l |
| TOTAL CHARGES FOR SERVICES..... | 1,804,106 | 1,804,106 | 1,869,103 | 64,997 | |
| INVESTMENT INCOME..... | 400,000 | 400,000 | 292,602 | (107,398) | m |
| OTHER REVENUES: | | | | | |
| Miscellaneous revenue - police..... | 49,000 | 49,000 | 3,385 | (45,615) | n |
| Miscellaneous revenue - board of education..... | 1,500 | 1,500 | 20,553 | 19,053 | |
| Miscellaneous revenue - selectmen..... | 100,000 | 100,000 | 130,287 | 30,287 | |
| TOTAL OTHER REVENUES..... | 150,500 | 150,500 | 154,225 | 3,725 | |
| TOTAL REVENUES..... | 103,284,615 | 103,284,615 | 102,341,328 | (943,287) | |

(Continued)

TOWN OF NEWTOWN, CONNECTICUT
GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES - BUDGET AND ACTUAL (CONCLUDED)

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE |
|--|--------------------|-----------------|----------------|----------------|
| OTHER FINANCING SOURCES: | | | | |
| Appropriation of fund balance..... | \$ 1,000,000 | \$ 1,000,000 | \$ | \$ (1,000,000) |
| Transfers in..... | | | 124,177 | 124,177 |
| Cancellation of prior year encumbrances..... | | | 23,157 | 23,157 |
| TOTAL OTHER FINANCING SOURCES..... | 1,000,000 | 1,000,000 | 147,334 | (852,666) |
| TOTAL REVENUES AND OTHER FINANCING SOURCES..... | \$ 104,284,615 | \$ 104,284,615 | \$ 102,488,662 | \$ (1,795,953) |

(Concluded)

TOWN OF NEWTOWN, CONNECTICUT

GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | |
|--|--------------------|------------------|------------------|----------------------------------|---|
| GENERAL GOVERNMENT: | | | | | |
| Selectmen..... | \$ 339,533 | \$ 478,509 | \$ 475,907 | \$ 2,602 | |
| Selectmen - other..... | 291,525 | 291,525 | 254,608 | 36,917 | p |
| Tax Collector..... | 190,989 | 192,765 | 190,472 | 2,293 | |
| Probate Court..... | 4,050 | 4,050 | 3,999 | 51 | |
| Town Clerk..... | 218,411 | 219,889 | 213,064 | 6,825 | |
| Registrars..... | 114,389 | 145,377 | 141,410 | 3,967 | |
| Assessor..... | 218,662 | 229,750 | 225,321 | 4,429 | |
| Finance..... | 327,883 | 331,908 | 331,814 | 94 | |
| Technology..... | 301,525 | 301,525 | 282,846 | 18,679 | q |
| Social security..... | 837,030 | 839,156 | 830,605 | 8,551 | |
| Pension fund..... | 806,104 | 807,279 | 807,279 | - | |
| Employee Benefits..... | 3,214,436 | 3,224,377 | 3,215,941 | 8,436 | |
| Professional organizations..... | 36,112 | 36,112 | 36,112 | - | |
| Insurance..... | 994,000 | 980,400 | 936,044 | 44,356 | r |
| Legislative Council..... | 43,510 | 43,510 | 43,010 | 500 | |
| Hattertown Historic District..... | 500 | 500 | 500 | - | |
| Economic Development Commission..... | 116,315 | 116,315 | 116,059 | 256 | |
| TOTAL GENERAL GOVERNMENT..... | 8,054,974 | 8,242,947 | 8,104,991 | 137,956 | |
| PUBLIC SAFETY: | | | | | |
| Communications..... | 850,414 | 850,414 | 796,882 | 53,532 | s |
| Police department..... | 4,066,249 | 4,066,249 | 3,952,601 | 113,648 | t |
| Fire department..... | 1,183,142 | 1,183,682 | 1,123,540 | 60,142 | u |
| Emergency Management/N.U.S..... | 43,045 | 43,045 | 36,332 | 6,713 | |
| Canine control..... | 118,034 | 118,451 | 98,404 | 20,047 | v |
| Lake authorities..... | 49,077 | 49,077 | 49,077 | - | |
| N.W. safety communication..... | 9,783 | 9,783 | 9,783 | - | |
| Paramedic..... | 260,000 | 260,000 | 260,000 | - | |
| Northwest CT Emergency Medical Service..... | 250 | 250 | 250 | - | |
| TOTAL PUBLIC SAFETY..... | 6,579,994 | 6,580,951 | 6,326,869 | 254,082 | |
| HEALTH AND WELFARE: | | | | | |
| Social services..... | 85,129 | 85,574 | 84,828 | 746 | |
| Senior Services..... | 279,951 | 280,808 | 269,528 | 11,280 | w |
| V.N.A. of Newtown..... | 500 | 500 | 500 | - | |
| Kevin's Community Center..... | 45,000 | 45,000 | 45,000 | - | |
| Children's adventure center..... | 25,000 | 25,000 | 25,000 | - | |
| Regional hospice..... | 5,500 | 5,500 | 5,500 | - | |
| Veterans' guidance..... | 250 | 250 | 100 | 150 | |
| N.W. Regional Mental Board..... | 2,941 | 2,941 | 2,941 | - | |
| Youth & Family Services..... | 265,600 | 265,600 | 265,600 | - | |
| Danbury Regional Commission on Children..... | 2,750 | 2,750 | 2,750 | - | |
| Women's Center of Danbury..... | 10,000 | 10,000 | 10,000 | - | |
| Ability Beyond Disability..... | 4,500 | 4,500 | 4,050 | 450 | |
| Newtown Cultural Arts Commission..... | 2,000 | 2,000 | 2,000 | - | |
| Amos House..... | 3,300 | 3,300 | 3,300 | - | |
| Literacy Volunteers..... | 1,000 | 1,000 | 900 | 100 | |
| Shelter of the Cross..... | 2,500 | 2,500 | 2,250 | 250 | |
| WeCAHR..... | 1,000 | 1,000 | 900 | 100 | |
| The Volunteer Center..... | 1,000 | 1,000 | 1,000 | - | |
| Newtown Parade Committee..... | 1,375 | 1,375 | 961 | 414 | |
| Parent Connection..... | 20,000 | 20,000 | 20,000 | - | |
| NW Conservation District..... | 500 | 500 | 500 | - | |
| Booth library..... | 1,011,562 | 1,011,562 | 1,011,562 | - | |
| Tick Action Committee..... | - | 2,750 | 2,281 | 469 | |
| Newtown Health District..... | 264,618 | 264,618 | 264,618 | - | |
| TOTAL HEALTH AND WELFARE..... | 2,035,976 | 2,040,028 | 2,026,069 | 13,959 | |
| LAND USE..... | 457,952 | 472,115 | 465,629 | 6,486 | |

(Continued)

SCHEDULE 2
(2 of 2)

TOWN OF NEWTOWN, CONNECTICUT
GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES - BUDGET AND ACTUAL (CONCLUDED)

| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | VARIANCE WITH FINAL BUDGET | |
|---|-----------------------|-----------------------|-----------------------|----------------------------------|----|
| PUBLIC WORKS: | | | | | |
| Building inspector..... | \$ 253,447 | \$ 256,139 | \$ 235,318 | \$ 20,821 | x |
| Highway..... | 4,923,839 | 4,857,640 | 4,839,801 | 17,839 | y |
| Winter maintenance..... | 615,000 | 805,249 | 804,750 | 499 | |
| Landfill..... | 1,340,385 | 1,379,385 | 1,374,426 | 4,959 | |
| Public building maintenance..... | 625,429 | 622,768 | 609,899 | 12,869 | z |
| Car pool..... | 5,000 | 5,000 | 5,000 | - | |
| TOTAL PUBLIC WORKS..... | 7,763,100 | 7,926,181 | 7,869,194 | 56,987 | |
| PARKS AND RECREATION..... | 1,839,860 | 1,842,696 | 1,746,859 | 95,837 | aa |
| FAIRFIELD HILLS..... | 385,000 | 385,000 | 305,477 | 79,523 | bb |
| BOARD OF EDUCATION..... | 67,194,734 | 67,194,734 | 66,521,228 | 673,506 | cc |
| CONTINGENCY..... | 509,000 | 938 | - | 938 | |
| DEBT SERVICE..... | 9,294,025 | 9,294,025 | 9,290,175 | 3,850 | |
| TOTAL EXPENDITURES..... | 104,114,615 | 103,979,615 | 102,656,491 | 1,323,124 | |
| OTHER FINANCING USES: | | | | | |
| Transfers out: | | | | | |
| Edmond Town Hall..... | 170,000 | 170,000 | 170,000 | - | |
| Capital and nonrecurring fund..... | | 135,000 | 135,000 | - | |
| TOTAL OTHER FINANCING USES..... | 170,000 | 305,000 | 305,000 | - | |
| TOTAL EXPENDITURES AND OTHER FINANCING USES..... | \$ 104,284,615 | \$ 104,284,615 | \$ 102,961,491 | \$ 1,323,124 | |

(Concluded)

Town of Newtown

Budget and Actual – Analytical Review

For the Fiscal Year Ended June 30, 2011

| <u>Variance</u> | <u>Explanation</u> |
|-----------------|---|
| a. | Each year the Town collects over 99% of current taxes. The remaining 1% has become harder to collect. Lien companies have become more selective in choosing properties because of stressed property values. There are a few larger accounts that have been delinquent for a while. They will be collected eventually. The revenue estimate for this account will be reduced in the next budget process. |
| b. | The 2010 estimated revenue amount for the MV supplemental list was \$425,000. The actual amount collected was \$444,541. Motor vehicle sales started to increase so the estimated revenue amount was increased to \$550,000 for fiscal year 2011. This happened to be an over estimate. Actual revenue turned out to be \$507,032. |
| c. | Reasons for this shortfall include the fact that companies are not investing in new assets and that acquisitions are not outpacing the effects of depreciation on older equipment. Additionally, fully depreciated assets are no longer subject to taxation under CGS §12-80a. |
| d. | The State subsequently reduced the amount available to the municipalities for this grant. |
| e. | The State subsequently reduced the amount available to the municipalities for this grant. |
| f. | \$614,836 of the ECS grant was given directly to the BOE because the State used ARRA funds to supplement this grant. This shortfall is offset by a positive variance in the BOE expenditure line item (see note cc). Because the \$614,836 was given directly to the BOE, the BOE was able to not spend that amount in their budget. |
| g. | Miscellaneous grants comprise |
| h. | Town clerk conveyance had a positive variance due to improving conveyance activity. This corresponds to increased permit fees (item j.). |
| i. | Parks & recreation fees declined due to the higher costs at the NYA (compared to using school space). The recreation special revenue fund used to turn over a small balance from operations, to this account, each year. Now the programs, in the special revenue fund, use the NYA which costs more. So the special revenue fund did not have an operating surplus to contribute. |
| j. | Permit fees had a positive variance due to improving building activity. This corresponds to increased town clerk conveyance fees (item h.). |
| k. | Some contractors were using other town landfills even though they were required to use the Newtown landfill. Once discovered this situation was rectified. Positive variance due to increased activity. |
| l. | Land use |
| m. | Investment income has been declining for some time. Thought interest rates would start turning around at the time this revenue estimate was calculated. Interest rates have not turned around and appear will not for some amount of time (2013?). The revenue estimate for this account will be significantly reduced in the next budget process. |
| n. | The actual amount for this line item is actually on the transfers – in line item (see item o.). |
| o. | This amount is a transfer in from the police private duty fund. It represents the police private duty fund operating surplus. The surplus off sets the wear and tear on police vehicles, the gasoline and any related employee benefits (social security payments). |
| p. | Positive variance mainly due to saving in the office supplies and postage accounts. |

Town of Newtown

Budget and Actual – Analytical Review

For the Fiscal Year Ended June 30, 2011

continued

| <u>Variance</u> | <u>Explanation</u> |
|-----------------|--|
| q. | Positive variance mainly due to not filling an open position till October. |
| r. | Positive variance due to a reduction in the worker's compensation insurance premium because of favorable claims experience. This premium reduction was not announced till after the budget process. |
| s. | Positive variance mainly due to unfilled positions (for a period) and lower than expected equipment rental costs. |
| t. | Positive variance mainly due to four unfilled positions thru out parts of the fiscal year. |
| u. | Positive variance mainly due to savings in training, utilities and capital accounts (capital account had lower than expected bid). |
| v. | Positive variance mainly due to unfilled position for part of the year. |
| w. | Positive variance mainly due to unfilled position for part of the year. |
| x. | Positive variance mainly due to position out on worker's compensation part of the year. |
| y. | Highway positive variance due to small savings in multiple accounts. |
| z. | Positive variance mainly due to a savings in the "heat" account. Utility costs for the municipal center lower than expected. |
| aa. | Positive variance due to employees out on worker's compensation for part of the year. Lower than expected costs in the summer camp program and saving in the utilities account because a new water line was not installed which saved in water costs and irrigation costs. |
| bb. | Positive variance due to reducing the time of the property manager and lower than expected repair costs (which can fluctuate). |
| cc. | Large positive variance mainly due to a \$614,836 ARRA grant. This large positive variance is offset by a negative variance (of the same amount) in the ECS grant revenue account (see item f.) |

**TOWN OF NEWTOWN
GENERAL FUND (BUDGET), FUND BALANCE**

JUNE 30, 2010 (Per audited financial statement)

| | | <u>% of budget</u> |
|---|---------------|--------------------|
| Fund Balance: | | |
| Reserved: | | |
| Encumbrances | 1,354,552 | |
| Unreserved: | | |
| Designated for subsequent year's budget | 1,000,000 | |
| Undesignated | 6,903,051 | 6.71% |
| Total Unreserved | 7,903,051 | 7.68% |
| Total Fund Balance @ June 30, 2010 | 9,257,603 | 9.00% |

JUNE 30, 2011 (Per unaudited financial statement)

| | | <u>% of budget</u> |
|--|---------------|--------------------|
| Fund Balance: | | |
| Restricted | | |
| Assigned: | | |
| Encumbrances | 760,701 | |
| Unrestricted | | |
| Unassigned | 7,430,222 | 7.12% |
| Total Fund Balance @ June 30, 2011 | 8,190,923 | 7.85% |

FUND BALANCE:

Fund balance is the difference between the fund's assets and liabilities.

Fund balance was divided into reserved and unreserved portions. Fund balance classifications have since been changed by Governmental Accounting Standards Board (GASB) Statement 54. There are now five possible classifications of fund balance. The two classifications that will be most common for the general fund (budget) are:

Assigned Fund Balance - A fund balance that is restricted based on the government's intent, as determined by a person authorized to assign funds to be used for a specific purpose

Unassigned Fund Balance - this is the residual classification for the general fund (budget) that represents fund balances not included in the other four classifications. This represents available current financial resources (available as defined in the Town's fund balance policy).

Other classifications are:

Nonspendable Fund Balance - Includes funds that are not in spendable form; for example inventory, capital assets and funds legally required to be maintained intact.

Restricted Fund Balance - A fund balance where the constraints placed on the resources are externally imposed, such as a grantor, or imposed by law through enabling legislation.

Committed Fund Balance - A fund balance used for a specific purpose that is imposed by a formal action of the government's highest level of decision-making authority.

FW: CIP and other items

Wed 9/14/2011 8:30 AM

From: Kortze, John

To: Jeff@theCapecis.com, Benjamin Spragg, Mary Ann Jacob, Kathy Fetchick, pat.lodra@newtown-ct.gov, Bob Tait (finance.director@newtown-ct.gov), Harrison Waterbury (harrison.waterbury@sbcglobal.net), James Gaston (OKJT@aol.com), jkearney19@aol.com, Martin Gersten (mjglaw@aol.com), View All (12)

Bill,

Following up, I think there are a handful of items that we need to connect on. I had a conversation with Jeff Capeci regarding some and discussed our last evening's meeting with him. We also discussed some of the issues with Pat. So we are all on the same page, I'd like to list the outstanding issues:

- 1) Some time ago I had sent an email to you and the appropriate areas of the council (Jeff and Ben) to gather input on implementing a policy/regulation that would establish a standard practice to place money in a "savings" account for the BOE, to be held over from budget year to budget year. This request was to get your input on how that may be best utilized by the BOE and basically formalize and implement the new statute that empowers the Town to do so. This item was referred to us by the council.
- 2) I understand and read the minutes of your 7/26 BOE meeting at the time and re read them pursuant to your email below. Unfortunately there is not a lot of "color" in the minutes, and our concern lies in the issues highlighted in the potential liabilities the Town may face regarding the O/O lawsuit...if any. I'm sure that info is sensitive and we'd be happy to schedule an executive session to discuss. In our meeting last night and in my conversation with Jeff today, the BOF and Council would like to understand the gravity of the situation. Pat also echoed those concerns last evening. Let us know how we can arrange a discussion in the proper format, to better understand the issue.
- 3) On the issue of transfers, the BOF has asked Bob Tait to run the most recent year end report past the auditor. It looked as if we are in good shape, but wanted his input. In so far as your current pending transfer policy, we still have not connected. That discussion, as I've communicated via email and over the phone, needs to take place with the entire BOF and effects the BOE, BOF, council and ultimately the Town. It needs the proper emphasis and collective audience to make sure there is a complete understanding. As previously communicated, I sent the pending drafts (both of them) to the auditor and he expressed concerns as drafted. We also had a conference call with the auditor and Bob Tait to discuss and those concerns remain. I forwarded the comments to you, but if you need me to resend, please let me know. The BOF, and I'm sure all, would want to be consistent with the auditor's recommendations.
- 4) There was a request last evening to understand the legal costs associated with the O/O suit. Please forward at your convenience.
- 5) Thanks for the CIP information. The regulation requires the backup and impact statements. Please forward at your convenience as well. The numbers have been updated and some reduced and the information should be current.

Thanks in advance for your help in these matters and I apologize for the lengthy email. However, we wanted to be clear in the outstanding issues. Let me know when we can collectively discuss.

John

From: William Hart [mailto:whartboe@gmail.com]
Sent: Monday, September 12, 2011 5:01 PM
To: Kortze, John
Subject: RE: CIP and other items

John,

Debbie Leidlein is planning to be at your meeting this evening to discuss the CIP. I, unfortunately, have a conflict and cannot attend.

Floyd Dugas gave a pretty good public presentation on the ramifications of the O/O complaint at our 7/26 meeting. We can schedule a time to go over that information with your board in the future.

As the schedule permits, the next step on the transfer issue is a BOE policy subcommittee meeting. I'll let you know when that is scheduled. The final meeting of the space needs committee was preempted by the Irene. I plan to hold that meeting as soon as we can get everyone together.

Bill

From: Kortze, John [mailto:john.kortze@wellsfargoadvisors.com]
Sent: Monday, September 12, 2011 11:07 AM
To: William Hart
Cc: pat.llodra@newtown-ct.gov; Jeff@theCapecis.com; Mary Ann Jacob; Kathy Fetchick; Bob Tait (finance.director@newtown-ct.gov); Harrison Waterbury (harrison.waterbury@sbcglobal.net); James Gaston (OKJT@aol.com); jkearney19@aol.com; Martin Gersten (mjglaw@aol.com); Michael Portnoy (mike@trustadvisors.net); Susan Marcinek
Subject: CIP and other items

Bill,

As you are aware, we have the BOE CIP on our agenda for this evening. A couple things that I wanted to mention and re-highlight.
First, I read through the info sent from Deb.

I'm assuming someone from the BOE will present tonight?
Also, I think we need to reconvene not only on the space needs issue as we will be taking up your CIP request, but also the transfer issue.
Finally, I think its important that that the BOF understand the potential ramifications of the Owner Operator suit, if any.
The item is not on our agenda, but would like to schedule that issue for a future meeting and possible executive session.

Thanks.

John

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General Fund Balance Policy

Updated for GASB54 Fund Balance Reporting and Governmental Type Definitions

POLICY STATEMENT

A positive fund balance serves three important functions:

1. Eliminates the need for short term borrowing to handle cash flow between the start of the fiscal year and receipt of revenue from taxes;
2. Can be periodically used to lower taxes to smooth out major fluctuations in the property tax rates;
3. Serves as a contingency fund that enables the Town to respond to unanticipated emergencies or opportunities.

Credit rating agencies determine the adequacy of the unreserved fund balance using a complex series of financial evaluations. The size of the fund balance is an important, but not the only consideration in the Town's rating. Other important factors are the reliability of a government's revenue sources, economic conditions, community wealth factors, cash position, debt ratios, management performance, and fiscal decisions made by the legislative body.

A town's ability to accurately plan and develop sufficient fund balance is a common characteristic of highly rated municipalities.

This policy is intended to provide for a fund balance which satisfies the cash flow and contingency needs of the community, supports our positive bond rating with the rating agencies, and at the same time avoid over taxing the citizens through an excessively large fund balance.

GOVERNMENTAL FUND TYPE DEFINITIONS

- General Fund – all funds not reported in another fund
- Special Revenue Funds – Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt and capital projects. Restricted or committed revenues are the foundation for a special revenue fund.
- Capital Project Funds – Used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Debt Service Funds – Used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, including resources being accumulated for principal and interest maturing in future years.
- Permanent Funds – Used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs – that is for the benefit of the government or its citizenry. Permanent funds do NOT include private purpose trust funds.

FUND BALANCE DEFINITIONS

- Fund Balance is the difference between the Town's current assets (cash, short-term investments, receivables) expected to be available to finance operations in the immediate future and its current liabilities.
- Fund balance is initially characterized as being restricted and unrestricted.

Unrestricted Fund Balance Categories

- **Unassigned fund balance** – Amounts that are available for any purpose as defined in this policy; these amounts are reported only in the general fund. In other governmental funds, if expenditures incurred exceeded the amounts restricted, committed or assigned it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts are available, the Town considers the fund balance to be spent in the following order: committed, assigned, and then unassigned.

Unrestricted Fund Balance is the Total Fund Balance minus the Nonspendable minus the Restricted

Restricted Fund Balance Categories are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation

- **Committed fund balance**– Amounts constrained to specific purposes by the Town itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purposes unless the government takes the same highest-level action to remove or change the constraint.

The decision making authority for purposes of this policy is the Board of Finance.

- **Assigned fund balance**– Amounts the Town intends to use for a specific purpose; intent can be expressed by the Town or by and official or body to which the Town delegates the authority. Appropriations of existing fund balances to future budgets are considered assigned fund balance. The Town shall not report an assignment that will result in deficit in Unassigned fund balance. Negative fund balances cannot be considered assigned.

The body authorized to assign amounts to a specific purpose for purposes of this policy is the Board of Finance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Town considers the restricted fund balance amount to have been spent first until exhausted and then any available unrestricted fund balance.

- **Nonspendable fund balance**– Amounts that cannot be spent because they are (a) not in spendable form (such as inventory, prepaid items, long term portions of notes receivables), or (b) legally or contractually required to be maintained intact (such as the corpus of an endowment fund).

GUIDELINES

The Board of Finance shall propose annual budgets that provide for an unrestricted (unassigned) general fund balance of not less than eight (8) percent nor more than twelve (12) percent of the total operating general fund expenditures.

In the event the unassigned fund balance is greater than twelve (12) percent at the end of any fiscal year, the excess may only be used in one or a combination of the following ways:

1. Transfer such excess to the Debt Service Fund for future debt payments.
2. Transfer such excess to the Capital or Nonrecurring Fund for future capital projects.
3. Use directly to reduce the tax rate in the subsequent year provided that care is taken to avoid a major fluctuation in the tax rate in succeeding years.

As a general rule, unrestricted (unassigned) fund balance in the general fund should represent no less than one month of operating revenues or operating expenditures (whichever is less volatile).

The following circumstances may justify a significantly higher minimum target levels:

- Significant volatility in operating revenues or operating expenditures;
- Potential drain on resources from other funds facing financial difficulties;
- Exposure to natural disasters (e.g. hurricanes);
- Reliance on a single corporate taxpayer or upon a group of corporate taxpayers in the same industry;
- Rapidly growing budgets; or
- Disparities in timing between revenue collections and expenditures.

Annually, the Board of Finance shall monitor and modify the minimum fund balance requirements based on the aforementioned criteria.

The use of unrestricted (unassigned) fund balance will be allowed under the following circumstances:

- Operating emergencies
- Unanticipated budgetary shortfalls

If at the end of a fiscal year, the unrestricted fund balance falls below eight (8) percent the Board of Finance shall prepare and submit a plan for expenditure reductions and or revenue increases. The Board of Finance shall take action necessary to restore the unrestricted fund balance to acceptable levels determined by this policy.

Note: The unrestricted fund balance is now at 7.12% and does not meet the 8% required by the proposed policy. This policy language requires the BoF to develop a plan of action to bring the fund to the required minimum level. This plan could call for meeting the minimum standard within a period of time, say 5 years or so.

This policy is subject to review on a bi-annual basis, on or before the anniversary date of its final approvals. The Board of Finance is responsible to lead the review process and shall collaborate with the Legislative Council and the Board of Selectmen in that action.

Epl and Rt July 28, 2011

Approved by consensus by the BoS on September 19 and forwarded to the BoF for review and action.

PLANNED ADJUSTMENTS TO THE CURRENT APPROVED CIP PLAN YEARLY TOTALS
- TO BE APPLIED TO THE NEXT CIP PLAN (2013-14 TO 2016-17)

Att. E

2012 - 2013:

| | | |
|--|-------------------------|-----------------------|
| CURRENT BONDING TOTAL (CURRENT CIP) | 5,215,000 | |
| ADD - PRIOR YEAR BRIDGE AMOUNT | 430,000 | |
| LESS - BRIDGE AMOUNT | (315,000) | |
| LESS - BOE ADJUSTMENTS | (700,000) | |
| SUBTOTAL | 4,630,000 | <<< WORKING CIP TOTAL |
| <u>PLANNED (2012-13 TO 2016-17) CIP BONDING TOTAL</u> | <u>4,630,000</u> | |

AMOUNT TO REDUCE (FROM CURRENT PROJECTS)

-

2013 - 2014:

| | | |
|--|-------------------------|-----------------------|
| CURRENT BONDING TOTAL (CURRENT CIP) | 7,849,338 | |
| ADD - PRIOR YEAR BRIDGE AMOUNT | 315,000 | |
| LESS - BRIDGE AMOUNT | (355,000) | |
| LESS - BOE ADJUSTMENTS | (630,000) | |
| SUBTOTAL | 7,179,338 | <<< WORKING CIP TOTAL |
| <u>PLANNED (2012-13 TO 2016-17) CIP BONDING TOTAL</u> | <u>6,000,000</u> | |

AMOUNT TO REDUCE (FROM CURRENT PROJECTS)

1,179,338

2014 - 2015:

| | | |
|--|-------------------------|-----------------------|
| CURRENT BONDING TOTAL (CURRENT CIP) | 6,485,000 | |
| ADD - PRIOR YEAR BRIDGE AMOUNT | 355,000 | |
| LESS - BRIDGE AMOUNT | (265,000) | |
| LESS - BOE ADJUSTMENTS | (840,000) | |
| SUBTOTAL | 5,735,000 | <<< WORKING CIP TOTAL |
| <u>PLANNED (2012-13 TO 2016-17) CIP BONDING TOTAL</u> | <u>5,000,000</u> | |

AMOUNT TO REDUCE (FROM CURRENT PROJECTS)

735,000

2015 - 2016:

| | | |
|--|--------------------------|-----------------------|
| CURRENT BONDING TOTAL (CURRENT CIP) | 25,000,000 | |
| ADD - PRIOR YEAR BRIDGE AMOUNT | 265,000 | |
| LESS - BRIDGE AMOUNT | (414,000) | |
| LESS - BOE ADJUSTMENTS | (1,851,000) | |
| SUBTOTAL | 23,000,000 | <<< WORKING CIP TOTAL |
| <u>PLANNED (2012-13 TO 2016-17) CIP BONDING TOTAL</u> | <u>25,000,000</u> | |

AMOUNT TO REDUCE (FROM CURRENT PROJECTS)

(2,000,000) (ADD)

2016 - 2017 (NEW CIP YEAR):

PLANNED 2012-13 TO 2016-17 CIP BONDING TOTAL 5,000,000 TO 7,000,000

TOWN OF NEWTOWN
BOARD OF SELECTMAN RECOMMENDED CIP (2012 - 2013 TO 2016 - 2017)

Att. F
09/19/2011

| RANK | 2012 - 2013 (YEAR ONE) | | | Proposed Funding | | | |
|---------------------|---|----------|------------------|------------------|-----------|--------------|-----------|
| | | Dept. | Amount Requested | Bonding | Grants | General Fund | Other |
| | Capital Road Program | PW | 2,000,000 | | | 2,000,000 | |
| 1 | Bridge Replacement Program | PW | 430,000 | 430,000 | | | |
| 2 | Dickinson Playground | P & R | 420,000 | 420,000 | | | |
| 3 | Infrastructure Renovations Treadwell Park | P & R | 450,000 | 350,000 | | | 100,000 |
| 4 | Newtown H & L Fire House Construction (Phase 2 of 3) | FIRE | 500,000 | 500,000 | | | |
| | Queen Street Area Traffic Improvement Plan | BOROUGH | 400,000 | | 300,000 | 60,000 | 40,000 |
| *** | Sandy Hook Streetscape Program | ECON DEV | 200,000 | 200,000 | | | |
| | | | 4,400,000 | 1,900,000 | 300,000 | 2,060,000 | 140,000 |
| RANK | 2013 - 2014 (YEAR TWO) | | | Proposed Funding | | | |
| | | Dept. | Amount Requested | Bonding | Grants | General Fund | Other |
| | Capital Road Program | PW | 2,000,000 | | | 2,000,000 | |
| 1 | Bridge Replacement Program | PW | 315,000 | 315,000 | | | |
| 2 | Newtown H & L Fire House Construction (Phase 3 of 3) | FIRE | 500,000 | 500,000 | | | |
| 3 | FFH Infrastructure | FFH | 1,400,000 | 400,000 | 1,000,000 | | |
| 4 | Open Space Acquisition Program | LAND USE | 1,000,000 | 1,000,000 | | | |
| | Artificial Turf Replacement at Treadwell Field | P & R | 500,000 | | | | 500,000 |
| *** | Sandy Hook Streetscape Program | ECON DEV | 200,000 | 200,000 | | | |
| | | | 5,915,000 | 2,415,000 | 1,000,000 | 2,000,000 | 500,000 |
| RANK | 2014 - 2015 (YEAR THREE) | | | Proposed Funding | | | |
| | | Dept. | Amount Requested | Bonding | Grants | General Fund | Other |
| | Capital Road Program | PW | 2,000,000 | | | 2,000,000 | |
| 1 | Bridge Replacement Program | PW | 355,000 | 355,000 | | | |
| 2 | Open Space Acquisition Program | LAND USE | 1,000,000 | 1,000,000 | | | |
| 3 | Community Center Design Phase | P & R | 500,000 | 500,000 | | | |
| 4 | FFH Walking Trails Phase II (2 of 3) | FFH | 250,000 | 250,000 | | | |
| *** | Sandy Hook Streetscape Program | ECON DEV | 200,000 | 200,000 | | | |
| | | | 4,305,000 | 2,305,000 | - | 2,000,000 | - |
| RANK | 2015 - 2016 (YEAR FOUR) | | | Proposed Funding | | | |
| | | Dept. | Amount Requested | Bonding | Grants | General Fund | Other |
| | Capital Road Program | PW | 2,000,000 | | | 2,000,000 | |
| 1 | Bridge Replacement Program | PW | 265,000 | 265,000 | | | |
| 2 | Open Space Acquisition Program | LAND USE | 1,000,000 | 1,000,000 | | | |
| 3 | Dickinson Sprayground/Bath House | P & R | 980,000 | 980,000 | | | |
| 4 | Community Center Construction Phase (1 of 2) | P & R | 10,000,000 | 10,000,000 | | | |
| 5 | FFH Building Demolition | FFH | 6,000,000 | 6,000,000 | | | |
| 6 | Addition To Fire House Sub-Station | FIRE | 400,000 | 400,000 | | | |
| 7 | Replacement of Fire Tankers (2) | FIRE | 700,000 | 400,000 | | | 300,000 |
| 8 | Edmond Town Hall | ETH | 810,000 | 810,000 | | | |
| 9 | FFH Complete Walking Trails (2 of 3) | FFH | 515,000 | 515,000 | | | |
| 10 | Bath House/Concession Stand at Eichlers Cove | P & R | 425,000 | 425,000 | | | |
| | Hawleyville Sewer Extension | ECON DEV | 5,000,000 | | | | 5,000,000 |
| | Newtown Technology Park | ECON DEV | 815,000 | 725,000 | 90,000 | | |
| | | | 28,910,000 | 21,520,000 | 90,000 | 2,000,000 | 5,300,000 |
| RANK | 2016 - 2017 (YEAR FIVE) | | | Proposed Funding | | | |
| | | Dept. | Amount Requested | Bonding | Grants | General Fund | Other |
| | Capital Road Program | PW | 2,000,000 | | | 2,000,000 | |
| | Bridge Replacement Program | PW | 414,000 | 414,000 | | | |
| | Replacement of Fire Tanker (#9) & Engine (#111) | FIRE | 975,000 | 800,000 | | | 175,000 |
| | Library | LIB | 250,000 | 250,000 | | | |
| | Senior Center Design Phase | SR CTR | 500,000 | 500,000 | | | |
| | Treadwell/Dickinson Parking Lot Paving (Phase I of 3) | P & R | 300,000 | 300,000 | | | |
| | Community Center Construction Phase (2 of 2) | P & R | 5,000,000 | 5,000,000 | | | |
| | Police Facility Design | POLICE | 800,000 | 800,000 | | | |
| | | | 10,239,000 | 8,064,000 | - | 2,000,000 | 175,000 |
| GRAND TOTALS | | | 53,769,000 | 36,204,000 | 1,390,000 | 10,060,000 | 6,115,000 |

**NEWTOWN BOARD OF EDUCATION
MONTHLY FINANCIAL REPORT
AUGUST 31, 2011**

SUMMARY

Information available for the second financial report in fiscal year 2011-12 continues to be limited at this time. This is generally the case as anticipated obligations are not indicated and would end up being the budgeted numbers until the account-by-account analysis progresses. Any event that would negatively impact our budget as the school year begins will be addressed and brought forward immediately. Routine account analyses begin as time allows throughout the year.

The budget is lean and will be monitored closely with important issues identified as quickly as we become aware of them. There is nothing significant that has been identified that will impact our financial condition right now.

The same non-certified sub-object accounts that reflected a negative position last month are listed here with the addition of nurses and the out-of-district tuition account.

| | | |
|-------------------------------------|-------------|---|
| Clerical Salaries | (\$7,400) | Clerical salaries for the tech secretary who provides services to the town. This will be reimbursed. |
| Educational Assistants | (\$175,186) | The 18 educational assistants cut and the reduced hours for 17 others have not yet been applied to the ledger. |
| Nurses & Medical Advisor | (\$6,005) | Project Starr New Fairfield student will reimburse these expenses. |
| Special Education Services Salaries | (\$223,139) | A good portion of this shortage will be covered by the Special Education Excess Cost Grant. |
| Tuition Out-of-District | (\$41,098) | This negative balance will continue to increase as contracts are encumbered. Again, excess cost will cover these shortages. |

Issues that will show up soon include:

ACES, the regional center for the arts magnet school, has nine students attending. We budgeted for six tuitions and nothing for transportation. Tuitions will require approximately \$12,120 more. Transportation will need approximately \$19,000 more after the magnet transportation

grant. There will be \$4,000 less in the Danbury Magnet Grant because less children are attending.

Due to our claim history, student athletic insurance will probably cost three times what is budgeted. The policy is designed as a supplemental plan to family coverage, but in the present economy many families can either no longer afford primary insurance or they have increased their deductibles and/or co-payments so we must pay the entire cost or the difference on medical expenses for sports injuries.

Forecasting anticipated obligations on the financial plan will modify the fund balances required to end the fiscal year within the allotted budget.

Ronald J. Bienkowski
Director of Business
September 13, 2011

TERMS AND DEFINITIONS

The Newtown Board of Education's Monthly Financial Report provides summary financial information in the following areas:

- Object Code – a service or commodity obtained as the result of a specific expenditure defined by eight (of the nine) categories: Salaries, Employee Benefits, Professional Services, Purchased Property Services, Other Purchased Services, Supplies, Property and Miscellaneous.
- Expense Category – further defines the type of expense by Object Code
- Approved Budget – indicates a town approved financial plan used by the school district to achieve its goals and objectives.
- Current Budget – adjusts the Approved Budget calculating adjustments (+ or -) to the identified object codes.
- Year-To-Date Expended – indicates the actual amount of cumulative expenditures processed by the school district through the month-end date indicated on the monthly budget summary report.
- Encumber – indicates approved financial obligations of the school district as a result of employee salary contracts, purchasing agreements, purchase orders, or other identified obligations not processed for payment by the date indicated on the monthly budget summary report.
- Balance – calculates object code account balances subtracting expenditures and encumbrances from the current budget amount indicating accounts with unobligated balances or anticipated deficits.

The monthly budget summary report also provides financial information on the Education Jobs Fund, State of Connecticut grant reimbursement programs (Excess Cost Grant and Magnet Grant Transportation). These reimbursement grants/programs are used to supplement local school district budget programs as follows:

Education Jobs Fund – is a two year program. This year is the second year. It is designated to assist local boards to provide continuing employment for school personnel at risk due to budget cuts.

Excess Cost Grant – this State of Connecticut reimbursement grant is used to support local school districts for education costs of identified special education students whose annual education costs meet or exceed local education tuition rates by 4 ½. Students placed by the Department of Child and Family Services (DCF) are reimbursed after the school district has met the initial local education tuition rates. School districts report these costs annually in December and March of each fiscal year. State of Connecticut grant calculations are determined by

reimbursing eligible costs (60%-100%) based on the SDE grant allocation. Current year detail changes will be forthcoming in future report narratives

Magnet Transportation Grant – provides reimbursement of \$1,300 for local students attending approved magnet school programs.

The last portion of the monthly budget summary reports school generated revenue fees that are anticipated revenue to the Town of Newtown. Fees include:

- High school fees for three identified program with the highest amount of fees anticipated from the high school sports participation fees,
- Building related fees for the use of the high school pool facility, and
- Miscellaneous fees.

Providing current financial information to the Board of Education is essential in order to remain within the allotted budget while maintaining a financial spending plan that meets the mission and goals of Newtown Board of Education.

NEWTOWN BOARD OF EDUCATION

BUDGET SUMMARY REPORT
FOR THE MONTH ENDING 08/31/2011

| OBJECT CODE | EXPENSE CATEGORY | 2011-2012 | | | | |
|--|--------------------------|----------------------|----------------------|---------------------|----------------------|----------------------|
| | | APPROVED BUDGET | CURRENT BUDGET | YTD EXPENDITURE | ENCUMBER | BALANCE |
| <u>GENERAL FUND BUDGET</u> | | | | | | |
| 100 | SALARIES | \$ 42,907,275 | \$ 42,907,275 | \$ 1,105,350 | \$ 39,807,890 | \$ 1,994,034 |
| 200 | EMPLOYEE BENEFITS | \$ 10,575,126 | \$ 10,575,126 | \$ 774,629 | \$ 824,896 | \$ 8,975,601 |
| 300 | PROFESSIONAL SERVICES | \$ 715,720 | \$ 715,720 | \$ 70,717 | \$ 49,047 | \$ 595,957 |
| 400 | PURCHASED PROPERTY SERV. | \$ 1,891,169 | \$ 1,891,169 | \$ 210,984 | \$ 287,399 | \$ 1,392,786 |
| 500 | OTHER PURCHASED SERVICES | \$ 6,686,624 | \$ 6,686,624 | \$ 677,015 | \$ 1,201,211 | \$ 4,808,398 |
| 600 | SUPPLIES | \$ 4,802,441 | \$ 4,802,441 | \$ 456,169 | \$ 1,849,409 | \$ 2,496,863 |
| 700 | PROPERTY | \$ 329,975 | \$ 329,975 | \$ 61,130 | \$ 4,795 | \$ 264,050 |
| 800 | MISCELLANEOUS | \$ 63,097 | \$ 63,097 | \$ 41,561 | \$ 925 | \$ 20,611 |
| TOTAL GENERAL FUND BUDGET | | \$ 67,971,427 | \$ 67,971,427 | \$ 3,397,554 | \$ 44,025,572 | \$ 20,548,301 |
| <hr/> | | | | | | |
| <hr/> | | | | | | |
| GRAND TOTAL | | \$ 67,971,427 | \$ 67,971,427 | \$ 3,397,554 | \$ 44,025,572 | \$ 20,548,301 |
| Excess Cost Grant Reimbursement Offset | | | 77.26% | | | \$ 1,409,380 |
| Net Projected Balance | | | | | | \$ 1,409,380 |

NEWTOWN BOARD OF EDUCATION

BUDGET SUMMARY REPORT
FOR THE MONTH ENDING 08/31/2011

| OBJECT CODE | EXPENSE CATEGORY | 2011-2012 APPROVED BUDGET | CURRENT BUDGET | YTD EXPENDITURE | ENCUMBER | BALANCE |
|-------------|---------------------------------|---------------------------|----------------------|---------------------|----------------------|---------------------|
| 100 | SALARIES | | | | | |
| | Administrative Salaries | \$ 2,816,460 | \$ 2,816,460 | \$ 381,766 | \$ 2,267,376 | \$ 167,318 |
| | Teachers & Specialist Salaries | \$ 29,677,257 | \$ 29,677,257 | \$ 63,739 | \$ 29,031,149 | \$ 582,370 |
| | Early Retirement | \$ 16,000 | \$ 16,000 | \$ - | \$ - | \$ 16,000 |
| | Continuing Ed/Summer School | \$ 78,939 | \$ 78,939 | \$ 33,364 | \$ 35,711 | \$ 9,863 |
| | Homebound & Tutors Salaries | \$ 260,452 | \$ 260,452 | \$ 12,954 | \$ 143,635 | \$ 103,864 |
| | Certified Substitutes | \$ 572,100 | \$ 572,100 | \$ - | \$ - | \$ 572,100 |
| | Coaching/Activities | \$ 541,749 | \$ 541,749 | \$ - | \$ - | \$ 541,749 |
| | Staff & Program Development | \$ 138,580 | \$ 138,580 | \$ 19,938 | \$ 87,398 | \$ 31,244 |
| | CERTIFIED SALARIES | \$ 34,101,537 | \$ 34,101,537 | \$ 511,761 | \$ 31,565,269 | \$ 2,024,507 |
| | Supervisors/Technology Salaries | \$ 597,487 | \$ 597,487 | \$ 69,451 | \$ 498,906 | \$ 29,131 |
| | Clerical & Secretarial salaries | \$ 1,960,105 | \$ 1,960,105 | \$ 141,344 | \$ 1,826,161 | \$ (7,400) |
| | Educational Assistants | \$ 1,669,633 | \$ 1,669,633 | \$ 18,921 | \$ 1,825,899 | \$ (175,186) |
| | Nurses & Medical advisors | \$ 559,337 | \$ 559,337 | \$ 3,652 | \$ 561,690 | \$ (6,005) |
| | Custodial & Maint Salaries | \$ 2,770,430 | \$ 2,770,430 | \$ 270,740 | \$ 2,490,176 | \$ 9,515 |
| | Bus Drivers salaries | \$ - | \$ - | \$ - | \$ - | \$ - |
| | Career/Job salaries | \$ 101,256 | \$ 101,256 | \$ 8,441 | \$ 84,946 | \$ 7,869 |
| | Special Education Svcs Salaries | \$ 648,087 | \$ 648,087 | \$ 46,325 | \$ 824,902 | \$ (223,139) |
| | Attendance & Security Salaries | \$ 145,140 | \$ 145,140 | \$ 10,168 | \$ 129,943 | \$ 5,030 |
| | Extra Work - Non-Cert | \$ 97,900 | \$ 97,900 | \$ 16,099 | \$ - | \$ 81,801 |
| | Custodial & Maint Overtime | \$ 213,363 | \$ 213,363 | \$ 5,369 | \$ - | \$ 207,994 |
| | Civic activities/Park & Rec | \$ 43,000 | \$ 43,000 | \$ 3,080 | \$ - | \$ 39,920 |
| | NON-CERTIFIED SALARIES | \$ 8,805,738 | \$ 8,805,738 | \$ 593,589 | \$ 8,242,622 | \$ (30,473) |
| | SUBTOTAL SALARIES | \$ 42,907,275 | \$ 42,907,275 | \$ 1,105,350 | \$ 39,807,890 | \$ 1,994,034 |

NEWTOWN BOARD OF EDUCATION

August Fin.xls

BUDGET SUMMARY REPORT

FOR THE MONTH ENDING 08/31/2011

| OBJECT CODE | EXPENSE CATEGORY | 2011-2012 | | | | |
|----------------|------------------------------------|----------------------|----------------------|-------------------|-------------------|---------------------|
| | | APPROVED BUDGET | CURRENT BUDGET | YTD EXPENDITURE | ENCUMBER | BALANCE |
| 200 | EMPLOYEE BENEFITS | | | | | |
| | Medical & Dental Expenses | \$ 8,081,152 | \$ 8,081,152 | \$ 109,021 | \$ 471,801 | \$ 7,500,330 |
| | Life Insurance | \$ 85,385 | \$ 85,385 | \$ 13,282 | \$ - | \$ 72,103 |
| | FICA & Medicare | \$ 1,261,524 | \$ 1,261,524 | \$ 117,465 | \$ - | \$ 1,144,059 |
| | Pensions | \$ 439,463 | \$ 439,463 | \$ 403,413 | \$ 33,550 | \$ 2,500 |
| | Unemployment & Employee Assist. | \$ 243,602 | \$ 243,602 | \$ 4,632 | \$ - | \$ 238,970 |
| | Workers Compensation | \$ 464,000 | \$ 464,000 | \$ 126,816 | \$ 319,545 | \$ 17,639 |
| | SUBTOTAL EMPLOYEE BENEFITS | \$ 10,575,126 | \$ 10,575,126 | \$ 774,629 | \$ 824,896 | \$ 8,975,601 |
| 300 | PROFESSIONAL SERVICES | | | | | |
| | Professional Services | \$ 489,684 | \$ 489,684 | \$ 26,918 | \$ 14,140 | \$ 448,626 |
| | Professional Educational Ser. | \$ 226,036 | \$ 226,036 | \$ 43,799 | \$ 34,907 | \$ 147,330 |
| | SUBTOTAL PROFESSIONAL SVCS | \$ 715,720 | \$ 715,720 | \$ 70,717 | \$ 49,047 | \$ 595,957 |
| 400 | PURCHASED PROPERTY SVCS | | | | | |
| | Buildings & Grounds Services | \$ 672,300 | \$ 672,300 | \$ 126,514 | \$ 238,262 | \$ 307,524 |
| | Utility Services - Water & Sewer | \$ 123,450 | \$ 123,450 | \$ 9,592 | \$ - | \$ 113,858 |
| | Building, Site & Emergency Repairs | \$ 460,850 | \$ 460,850 | \$ 61,998 | \$ 16,488 | \$ 382,363 |
| | Equipment Repairs | \$ 246,571 | \$ 246,571 | \$ 9,268 | \$ 22,707 | \$ 214,595 |
| | Rentals - Building & Equipment | \$ 291,498 | \$ 291,498 | \$ 3,611 | \$ 9,941 | \$ 277,945 |
| | Building & Site Improvements | \$ 96,500 | \$ 96,500 | \$ - | \$ - | \$ 96,500 |
| | SUBTOTAL PUR. PROPERTY SER. | \$ 1,891,169 | \$ 1,891,169 | \$ 210,984 | \$ 287,399 | \$ 1,392,786 |

NEWTOWN BOARD OF EDUCATION

BUDGET SUMMARY REPORT
FOR THE MONTH ENDING 08/31/2011

| OBJECT CODE | EXPENSE CATEGORY | 2011-2012 | | | | |
|-------------|--------------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|
| | | APPROVED BUDGET | CURRENT BUDGET | YTD EXPENDITURE | ENCUMBER | BALANCE |
| 500 | OTHER PURCHASED SERVICES | | | | | |
| | Contracted Services | \$ 393,983 | \$ 393,983 | \$ 125,938 | \$ 55,709 | \$ 212,336 |
| | Transportation Services | \$ 4,423,601 | \$ 4,423,601 | \$ 116,716 | \$ - | \$ 4,306,885 |
| | Insurance - Property & Liability | \$ 333,731 | \$ 333,731 | \$ 87,597 | \$ 211,146 | \$ 34,988 |
| | Communications | \$ 148,718 | \$ 148,718 | \$ 15,811 | \$ 97,036 | \$ 35,871 |
| | Printing Services | \$ 54,560 | \$ 54,560 | \$ 5,843 | \$ 424 | \$ 48,293 |
| | Tuition - Out of District | \$ 1,104,055 | \$ 1,104,055 | \$ 318,257 | \$ 826,896 | \$ (41,098) |
| | Student Travel & Staff Mileage | \$ 227,976 | \$ 227,976 | \$ 6,853 | \$ 10,000 | \$ 211,123 |
| | SUBTOTAL OTHER PURCHASED SER. | \$ 6,686,624 | \$ 6,686,624 | \$ 677,015 | \$ 1,201,211 | \$ 4,808,398 |
| 600 | SUPPLIES | | | | | |
| | Instructional & Library Supplies | \$ 983,763 | \$ 983,763 | \$ 180,859 | \$ 184,156 | \$ 618,749 |
| | Software, Medical & Office Sup. | \$ 169,107 | \$ 169,107 | \$ 38,326 | \$ 33,258 | \$ 97,523 |
| | Plant Supplies | \$ 361,100 | \$ 361,100 | \$ 69,948 | \$ 68,769 | \$ 222,383 |
| | Electric | \$ 1,637,617 | \$ 1,637,617 | \$ 125,637 | \$ 1,511,980 | \$ - |
| | Propane & Natural Gas | \$ 398,287 | \$ 398,287 | \$ 3,020 | \$ - | \$ 395,267 |
| | Fuel Oil | \$ 544,034 | \$ 544,034 | \$ - | \$ - | \$ 544,034 |
| | Fuel For Vehicles & Equip. | \$ 471,739 | \$ 471,739 | \$ - | \$ - | \$ 471,739 |
| | Textbooks | \$ 236,794 | \$ 236,794 | \$ 38,380 | \$ 51,247 | \$ 147,168 |
| | SUBTOTAL SUPPLIES | \$ 4,802,441 | \$ 4,802,441 | \$ 456,169 | \$ 1,849,409 | \$ 2,496,863 |

NEWTOWN BOARD OF EDUCATION

BUDGET SUMMARY REPORT
FOR THE MONTH ENDING 08/31/2011

| OBJECT CODE | EXPENSE CATEGORY | 2011-2012 | | APPROVED BUDGET | CURRENT BUDGET | YTD EXPENDITURE | ENCUMBER | BALANCE |
|-------------|---------------------------------|-----------|-------------------|-----------------|-------------------|-----------------|-------------------|-------------------|
| 700 | PROPERTY | | | | | | | |
| | Capital Improvements (Sewers) | \$ | 124,177 | \$ | 124,177 | \$ | - | \$ |
| | Technology Equipment | \$ | 155,102 | \$ | 155,102 | \$ | 61,130 | \$ |
| | Other Equipment | \$ | 50,696 | \$ | 50,696 | \$ | - | \$ |
| | SUBTOTAL PROPERTY | \$ | 329,975 | \$ | 329,975 | \$ | 61,130 | \$ |
| 800 | MISCELLANEOUS | | | | | | | |
| | Memberships | \$ | 63,097 | \$ | 63,097 | \$ | 41,561 | \$ |
| | SUBTOTAL MISCELLANEOUS | \$ | 63,097 | \$ | 63,097 | \$ | 41,561 | \$ |
| | TOTAL LOCAL BUDGET | \$ | 67,971,427 | \$ | 67,971,427 | \$ | 3,397,554 | \$ |
| | TOTAL BUDGET ALL SOURCES | \$ | 67,971,427 | \$ | 67,971,427 | \$ | 44,025,572 | \$ |
| | | | | | | | | 20,548,301 |

NEWTOWN BOARD OF EDUCATION

August Fin.xls

BUDGET SUMMARY REPORT
FOR THE MONTH ENDING 08/31/2011

| OBJECT CODE | EXPENSE CATEGORY | 2011-2012 | | ENCUMBER | BALANCE |
|----------------|------------------------------------|-----------------|--------------------------------|--------------|---------|
| | | APPROVED BUDGET | CURRENT BUDGET YTD EXPENDITURE | | |
| | <u>SCHOOL GENERATED FEES</u> | | | | |
| | HIGH SCHOOL FEES | | | | |
| | NURTURY PROGRAM | \$8,000 | \$0.00 | \$8,000.00 | 0.00% |
| | PARKING PERMITS | \$20,000 | \$0.00 | \$20,000.00 | 0.00% |
| | PAY FOR PARTICPATION IN SPORTS | \$84,800 | \$0.00 | \$84,800.00 | 0.00% |
| | | \$112,800 | \$0.00 | \$112,800.00 | 0.00% |
| | <u>BUILDING RELATED FEES</u> | | | | |
| | ENERGY - ELECTRICITY | \$313 | \$0.00 | \$313.00 | 0.00% |
| | HIGH SCHOOL POOL - OUTSIDE USAGE | \$8,000 | \$0.00 | \$8,000.00 | 0.00% |
| | | \$8,313 | \$0.00 | \$8,313.00 | 0.00% |
| | <u>MISCELLANEOUS FEES</u> | | | | |
| | | \$200 | \$45.00 | \$155.00 | 22.50% |
| | <u>TOTAL SCHOOL GENERATED FEES</u> | \$121,313 | \$45.00 | \$121,268.00 | 0.04% |