

**Town of Newtown Legislative Council Regular Meeting
Wednesday, October 3, 2012
3 Primrose Street, Newtown, CT**

PRESENT: Jeff Capeci, Mary Ann Jacob, George Ferguson, Joseph Girgasky, Daniel Honan, Kathy Fetchick, Dan Amaral, Mitch Bolinsky, Dan Wiedemann, Paul Lundquist, Phil Carroll, Bob Merola

ALSO PRESENT: First Selectman Pat Llodra, Finance Director Robert Tait, Schools Superintendent Dr. Janet Robinson, Schools Business Manager Ron Bienkowski, approximately 10 members of public, 3 members of press, Jan Andras (Clerk)

Other Boards invited to this meeting for discussions:

BOARD OF SELECTMEN: Will Rodgers, James Gaston

BOARD OF EDUCATION: Debbie Leidlein, Cody McCubbin, Laura Roche, Keith Alexander

BOARD OF FINANCE: John Kortze, Harry Waterbury, Joseph Kearney, James Gaston, Jr., Carol Walsh, Richard Oparowski

Chairman Capeci called the meeting to order at 7:30 p.m. with the Pledge of Allegiance.

VOTER PARTICIPATION: None noted at this time.

APPROVAL OF MINUTES: Upon motion by Ms. Jacob, the minutes of the 10/03/12 Regular Meeting were unanimously approved.

Discussion with the Board of Selectmen, Board of Education and Board of Finance on the 2013/2014 Budget Cycle

The recent Charter Revision Commission reported that towns they surveyed who are successful in passing budgets with the first vote, begin early with collaboration of the boards involved in the process. Chairman Capeci invited these three boards to begin discussions to help understand what we will be facing during the 2013/14 Budget cycle.

It was stressed that it is early in the process and any numbers presented this evening are very preliminary estimates. Mr. Tait began by giving a presentation (attached) on the municipal portion of the budget, involving four major items:

- 1) Expenditures – What are the drivers?
- 2) Revenues – Will state revenue stay at the current level? Will charges for services revenue stay stable?
- 3) Taxable Grand List Growth – How much will the GL increase?
- 4) Fund Balance (unassigned) – Strengthening Newtown's financial position.

At this time, it is estimated that there could be a 1.52% increase in cost to provide a "same services" municipal budget, or a net increase of \$421,000. This represents a "best case" scenario as medical costs could change and we are in negotiations with three of the unions.

This year we received \$7,572,970 in state revenue. However, with the massive economic problems in the state, what will happen there is an unknown at this point.

Ms. Leidlein and Mr. Bienkowski gave a general overview of expectations for the school budget. The drivers include:

- 1) Contractual obligations – a known increase of 1.76% or \$1,201,000
- 2) Carry over items (including full day kindergarten) – totaling an estimated increase of 3.4% or \$2,324,000.
- 3) Other (including fuel oil increases, technology, teacher evaluation implementation and a Superintendent search process) – totaling an estimated 1.15% or \$785,000.

Again, these are very preliminary numbers prepared by Mr. Bienkowski and the Board of Education members are seeing some of them for the first time tonight.

Ms. Leidlein stated that with the declining enrollment, they are offering early retirement for employees and will continue to look for other areas to reduce. She added that they are asking for more details in budget requests and meeting with Mr. Tait to set up the education budget so that the level of detail and format would be the same as the municipal budget presentation.

Ms. Fetchik reported that the Education Committee met earlier this evening and they recommend that more information be available to the public:

- 1) Why are costs continuing to rise when the population is going down?
- 2) Strategic Plan – we still don't have a good feeling on the status of the Plan, where we are, and how we measure progress.
- 3) The public really needs to understand the numbers for full-day kindergarten.

VOTER COMMENT: Michelle Ku, 28 Platts Hill Road – it is impressive that there are so many volunteers here this evening working to make our community a better place. There is a lot of talk around town about the possible closing of an elementary school and that deserves an answer before the budget referendum.

Michelle Assante, 16 Wendover Road – hopes there are several more meetings like this one. She also suggests a poll of the community to find out what questions people have about the budget.

Kinga Walsh, Horseshoe Ridge - we need to educate the public to help "sell" the budget.

Dawn Briggs, Pleasant Hill Road – Head o'Meadow School has an advocacy committee that will be coordinating with the other schools to have better dialogue with the Legislative Council.

The other boards left the meeting at this time and the Council continued with items on the agenda.

COMMUNICATIONS: None

COMMITTEE REPORTS: No reports

FIRST SELECTMAN REPORT: The Board of Selectmen acted on the Capital Improvement Plan and forwarded it to the Board of Finance, who will be meeting again on 10/25.

OLD BUSINESS

Anti-Blight Ordinance

Ms. Jacob reported that the Ordinance Committee has drafted an ordinance. Mr. Gaston will bring this to the Borough Board of Burgesses for their comments and report them to the Ordinance Committee. Any substantive changes will be handled by the Ordinance Committee before bringing this back to the full Council.

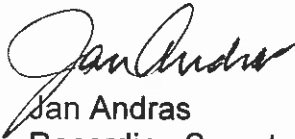
Charter Charge Committee

Ms. Jacob moved to re-engage the Charter Charge Committee and direct them to begin looking at any changes to include in a charge to a possible Charter Revision Commission. Motion seconded and unanimously carried.

Charter Appointment Committee

Ms. Jacob moved to re-engage the Charter Appointment Committee and direct them to recommend a slate of members for a possible future Charter Revision Commission. Motion seconded and unanimously carried.

Having no further business, the meeting was adjourned at 9:55 p.m.



Jan Andras
Recording Secretary

att: Robert Tait Presentation

These are draft minutes and as such are subject to correction by the Legislative Council at the next regular meeting. All corrections will be determined in minutes of the meeting at which they were corrected.

EXPENDITURES

SUMMARY OF EXPENDITURES

	2012 - 2013 ADOPTED	2013-2014 FORECAST	
<u>BOARD OF SELECTMEN BUDGET:</u>			
MUNICIPAL SERVICES			
WAGES & SALARIES	10,793,000	10,976,000	1.70%
FRINGE BENEFITS	4,290,000	4,401,000	2.60%
INSURANCE	975,000	975,000	0%
OPERATING EXPENSES	7,483,000	7,610,000	1.70%
CAPITAL	1,764,000	1,764,000	0%
CONTINGENCY	250,000	250,000	0%
CONTRIBUTIONS TO OUTSIDE AGENCIES:			
TOWN AGENCIES	2,083,000	2,083,000	0%
OTHER AGENCIES	93,000	93,000	0%
TOTAL MUNICIPAL SERVICES	27,731,000	28,152,000	1.52%
CAPITAL FINANCING - DEBT SERVICE	10,060,000	10,060,000	0%
TOTAL BOARD OF SELECTMEN BUDGET	37,791,000	38,212,000	1.11%

FRINGE BENEFITS:

	<u>2012 - 2013</u>	<u>2013-2014</u>	
	<u>ADOPTED</u>	<u>FORECAST</u>	
MEDICAL	2,425,000	2,522,000	4%
PENSION	820,000	820,000	0%
SOCIAL SECURITY	822,000	836,000	1.70%
OPEB	100,000	100,000	0%
LIFE INS / LT DIS	69,000	69,000	0%
OTHER	54,000	54,000	0%
	<u>4,290,000</u>	<u>4,401,000</u>	<u>2.6%</u>

SUMMARY OF EXPENDITURES

	<u>2012 - 2013</u>	<u>2013-2014</u>	
	<u>ADOPTED</u>	<u>FORECAST</u>	
<u>BOARD OF SELECTMEN BUDGET:</u>			
MUNICIPAL SERVICES			
WAGES & SALARIES	10,793,000	10,976,000	1.70%
FRINGE BENEFITS	4,290,000	4,449,000	3.70%
INSURANCE	975,000	975,000	0%
OPERATING EXPENSES	7,483,000	7,610,000	1.70%
CAPITAL	1,764,000	1,764,000	0%
CONTINGENCY	250,000	250,000	0%
CONTRIBUTIONS TO OUTSIDE AGENCIES:			
TOWN AGENCIES	2,083,000	2,083,000	0%
OTHER AGENCIES	93,000	93,000	0%
TOTAL MUNICIPAL SERVICES	<u>27,731,000</u>	<u>28,200,000</u>	<u>1.69%</u>
CAPITAL FINANCING - DEBT SERVICE	10,060,000	10,060,000	0%
TOTAL BOARD OF SELECTMEN BUDGET	<u>37,791,000</u>	<u>38,260,000</u>	<u>1.24%</u>

REVENUES

TOWN OF NEWTOWN
 BUDGETED REVENUES
 2012 - 2013

SUMMARY OF REVENUES

	2012 - 2013	
<u>REVENUE TYPE</u>	<u>ADOPTED</u>	
PROPERTY TAXES	96,248,905	90.6%
INTERGOVERNMENTAL	7,572,970	7.1%
CHARGES FOR SERVICES	1,948,613	1.8%
INVESTMENT INCOME	250,000	0.2%
OTHER REVENUES	104,350	0.1%
OTHER FINANCING SOURCES	122,000	0.1%
TOTAL REVENUES & OTHER RESOURCES	<u>106,246,838</u>	<u>100.0%</u>

INTERGOVERNMENTAL:

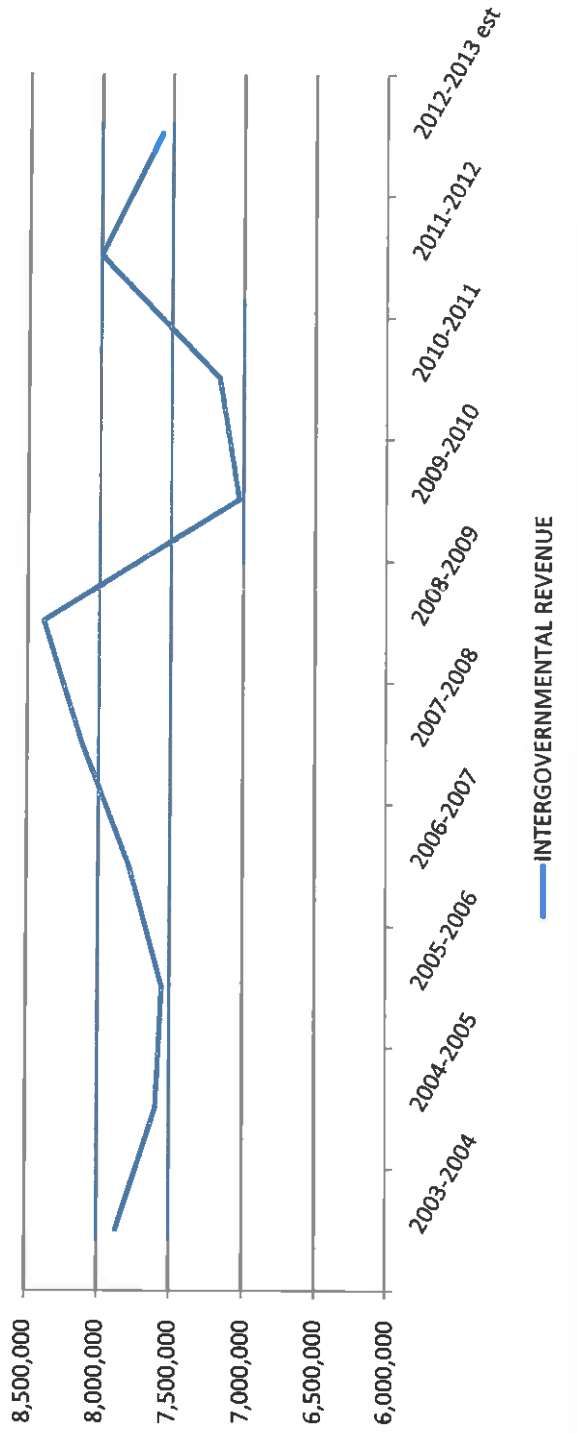
EDUCATION COST SHARING GRANT	4,338,374	57%
IN LIEU OF TAX-ST OWNED PROP	886,692	12%
MASHANTUCKET PEQUOT	688,160	9%
CT SCHOOL BUILDING GRANTS	630,688	8%
TOWN AID FOR ROADS	234,239	3%
LOCIP GRANTS	204,621	3%
MANUFACTUR - MACHIN/EQUIP	192,643	3%
ELD. TAX RELIEF - CIRCUIT BR.	140,245	2%
STATE REVENUE SHARING	125,000	2%
PUBLIC SCHOOL TRANSPORT	87,634	1%
OTHER	44,674	1%
	<u>7,572,970</u>	<u>100%</u>

2012 - 2013
ADOPTED
BUDGET

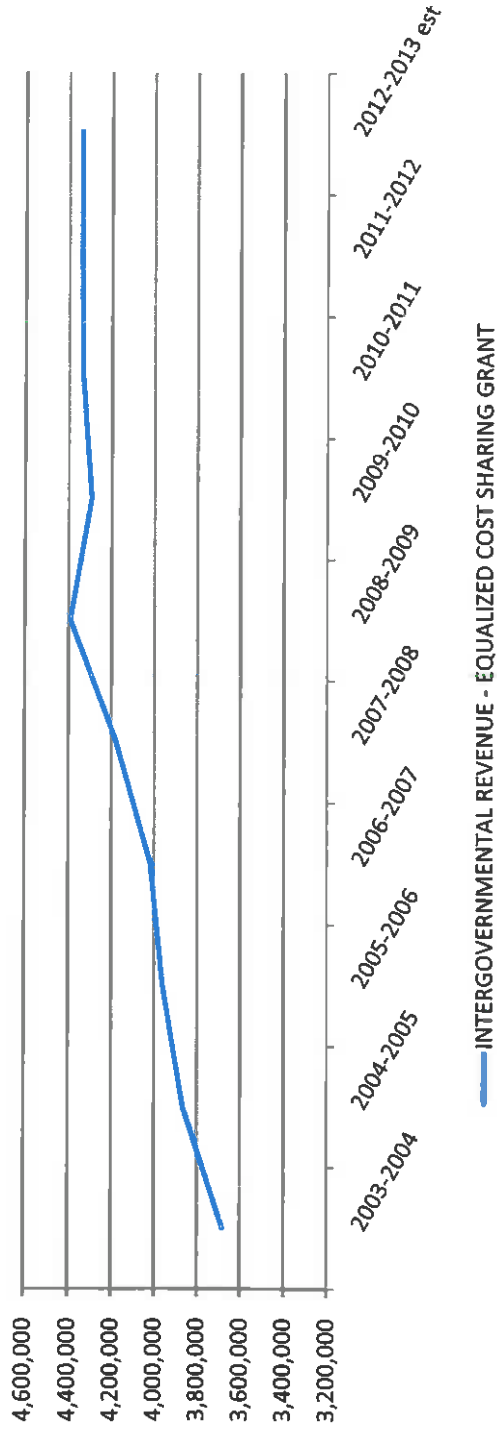
CHARGES FOR SERVICES:

BUILDING	485,000
LANDFILL PERMITS	425,000
TOWN CLERK CONVEYANCE	400,000
TOWN CLERK - OTHER	275,000
PARKS AND RECREATION	190,000
SCHOOL ACTIVITY FEES	113,763
OTHER	59,850
	<u>1,948,613</u>

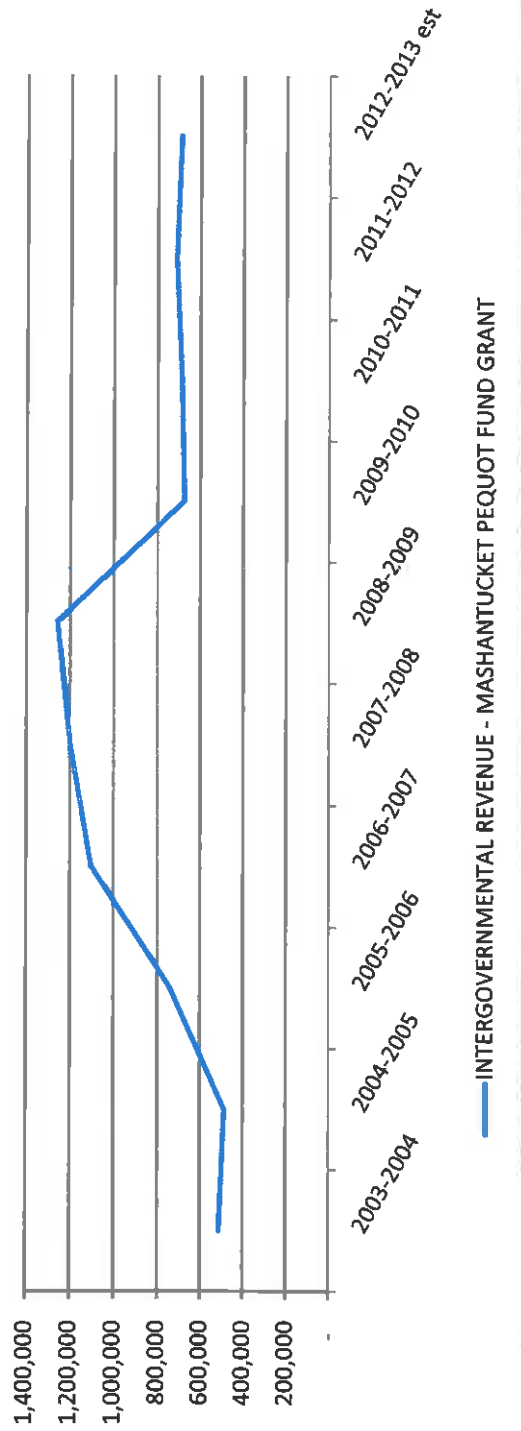
INTERGOVERNMENTAL REVENUE



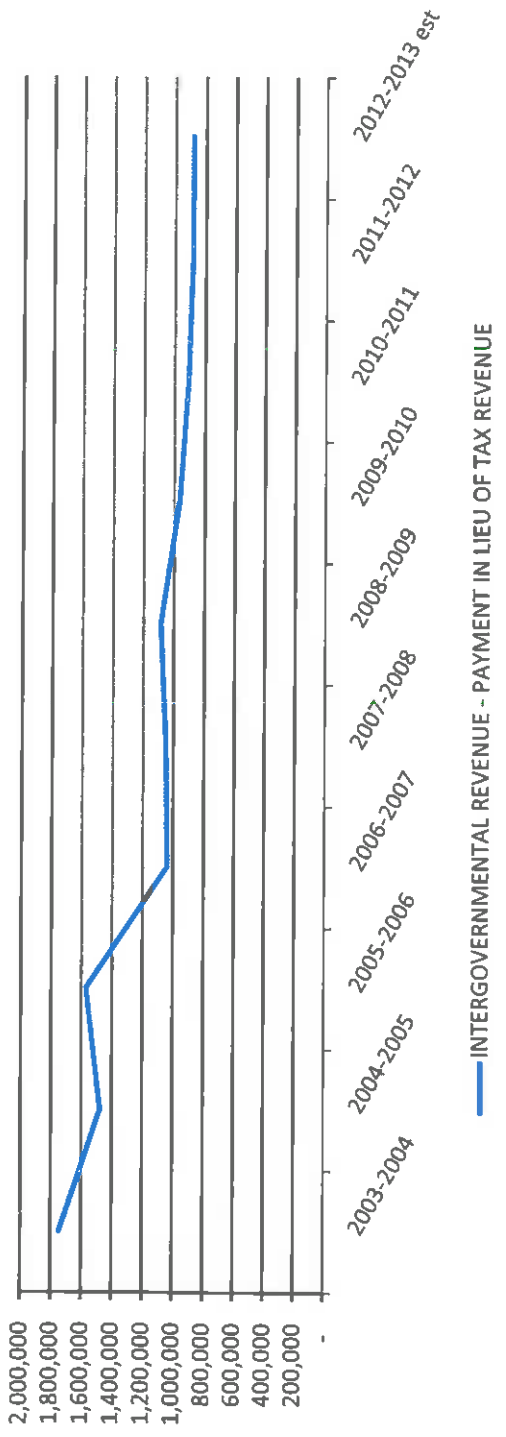
INTERGOVERNMENTAL REVENUE - EDUCATION COST SHARING GRANT



INTERGOVERNMENTAL REVENUE - MASHANTUCKET PEQUOT FUND GRANT



INTERGOVERNMENTAL REVENUE - PAYMENT IN LIEU OF TAX REVENUE





News from:

COMPTROLLER KEVIN LEMBO

FOR IMMEDIATE RELEASE

OCTOBER 1, 2012

Contact: Tara Downes
860-702-3308
Tara.Downes@po.state.ct.us

COMPTROLLER LEMBO PROJECTS \$26.9-MILLION DEFICIT FOR FISCAL YEAR 2013

Comptroller Kevin Lembo today announced that the state is currently on track to end Fiscal Year 2013 with a \$26.9-million deficit and warned that a slow national and state economic recovery continue to influence the state budget.

In a letter to Gov. Dannel P. Malloy, Lembo reported that his office generally agrees with the Office of Policy and Management's current budgetary deficit projection, which is a deterioration of \$30 million from last month.

While sales tax and casino revenues remain weak, there are positive trends in other tax categories to offset those weaknesses, including the income tax. However, Lembo said Medicaid spending continues to trend higher than budgeted.

"The slow national economic recovery continues to influence Connecticut's state budget in Fiscal Year 2013," Lembo said. "Despite weak sales tax revenues, the state could still reach its revenue targets due to a positive income tax trend and other factors. Our deficit projection is driven by the spending side, where the rising Medicaid caseload continues to grow and will likely run \$100 million over budget."

Medicaid added more than 1,700 additional clients in the month of August alone -- a one month increase of 0.7 percent, and well above budget expectations, Lembo said.

Lembo said Medicaid will run \$100 million over budget, half of which will be offset by a federal match. The other offset to the \$50 million in net higher Medicaid spending is a \$20 million reduction in debt service cost due to lower than anticipated rates of borrowing.

Balance Sheet

Governmental Funds

June 30, 2011

(Expressed in Thousands)

	<u>General</u>	<u>Debt Service</u>	<u>Transportation</u>	<u>Restricted Grants & Accounts</u>	<u>Other Funds</u>	<u>Total Governmental Funds</u>
Assets						
Cash and Cash Equivalents	\$ -	\$ -	\$ 119,062	\$ 77,956	\$ 610,314	\$ 807,332
Investments	278,228	-	-	-	103,840	382,068
Securities Lending Collateral	-	-	-	-	18,681	18,681
Receivables:						
Taxes, Net of Allowances	1,011,100	-	42,457	-	-	1,053,557
Accounts, Net of Allowances	270,123	-	10,408	8,436	36,990	325,957
Loans, Net of Allowances	3,419	-	-	2,072	244,544	250,035
From Other Governments	553,065	-	-	183,988	13,189	750,242
Interest	-	116	77	-	-	193
Other	-	-	-	-	3	3
Due from Other Funds	19,581	-	116	320,659	674,250	1,014,606
Due from Component Units	19,026	-	-	-	-	19,026
Inventories	13,572	-	27,733	-	-	41,305
Restricted Assets	-	708,645	-	-	2,235	710,880
Other Assets	-	-	-	-	292	292
Total Assets	<u>\$ 2,168,114</u>	<u>\$ 708,761</u>	<u>\$ 199,853</u>	<u>\$ 593,111</u>	<u>\$ 1,704,338</u>	<u>\$ 5,374,177</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable and Accrued Liabilities	\$ 365,049	\$ -	\$ 24,861	\$ 120,137	\$ 78,993	\$ 589,040
Due to Other Funds	1,015,957	116	-	2,568	185,866	1,204,507
Due to Component Units	-	-	-	324	12,664	12,988
Due to Other Governments	186,931	-	-	15,520	-	202,451
Deferred Revenue	586,963	-	5,175	10,447	45,713	648,298
Medicaid Liability	525,733	-	-	-	-	525,733
Liability For Escheated Property	578,709	-	-	-	-	578,709
Securities Lending Obligation	-	-	-	-	18,681	18,681
Other Liabilities	206,081	-	-	-	-	206,081
Total Liabilities	<u>3,465,423</u>	<u>116</u>	<u>30,036</u>	<u>148,996</u>	<u>341,917</u>	<u>3,986,488</u>
Fund Balances						
Nonspendable:						
Inventories/Long-Term Receivables	36,017	-	27,733	-	-	63,750
Permanent Fund Principal	-	-	-	-	97,485	97,485
Restricted For:						
Debt Service	-	708,645	-	-	-	708,645
Transportation Programs	-	-	142,084	-	-	142,084
Federal Grant and State Programs	-	-	-	444,115	-	444,115
Other	-	-	-	-	1,257,497	1,257,497
Committed For:						
Continuing Appropriations	178,649	-	-	-	-	178,649
Budget Reserve Fund	48	-	-	-	-	48
Assigned To:						
Surplus Transfer to Fiscal Year 2012	236,923	-	-	-	-	236,923
Other	-	-	-	-	13,971	13,971
Unassigned	(1,748,946)	-	-	-	(6,532)	(1,755,478)
Total Fund Balances	<u>(1,297,309)</u>	<u>708,645</u>	<u>169,817</u>	<u>444,115</u>	<u>1,362,421</u>	<u>1,387,689</u>
Total Liabilities and Fund Balances	<u>\$ 2,168,114</u>	<u>\$ 708,761</u>	<u>\$ 199,853</u>	<u>\$ 593,111</u>	<u>\$ 1,704,338</u>	<u>\$ 5,374,177</u>

The accompanying notes are an integral part of the financial statements.

**Pension and Other Postemployment Benefit Plans
Required Supplementary Information
Schedules of Funding Progress**

(Expressed in Millions)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) Actuarial Accrued Liability (AAL)	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of Covered Payroll
SERS						
6/30/2005	\$8,517.7	\$15,987.5	\$7,469.8	53.3%	\$2,980.1	250.7%
6/30/2006	\$8,951.4	\$16,830.3	\$7,878.9	53.2%	\$3,107.9	253.5%
6/30/2007	\$9,585.1	\$17,888.1	\$8,303.0	53.6%	\$3,310.4	250.8%
6/30/2008	\$9,990.2	\$19,243.4	\$9,253.2	51.9%	\$3,497.4	264.6%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$9,349.6	\$21,054.2	\$11,704.6	44.4%	\$3,295.7	355.1%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%

*No actuarial valuation was performed.

TRS						
6/30/2005 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2006	\$10,190.3	\$17,112.8	\$6,922.5	59.5%	\$3,137.7	220.6%
6/30/2007 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2008	\$15,271.0	\$21,801.0	\$6,530.0	70.0%	\$3,399.3	192.1%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$14,430.2	\$23,495.9	\$9,065.7	61.4%	\$3,646.0	248.6%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%

*No actuarial valuation was performed.

JRS						
6/30/2005	\$160.3	\$235.0	\$74.7	68.2%	\$30.2	247.8%
6/30/2006	\$169.7	\$246.9	\$77.2	68.7%	\$31.8	242.8%
6/30/2007	\$182.4	\$261.2	\$78.8	69.8%	\$33.8	233.1%
6/30/2008	\$191.7	\$267.0	\$75.3	71.8%	\$34.0	221.5%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$179.7	\$276.8	\$97.1	64.9%	\$31.6	307.3%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%

*No actuarial valuation was performed.

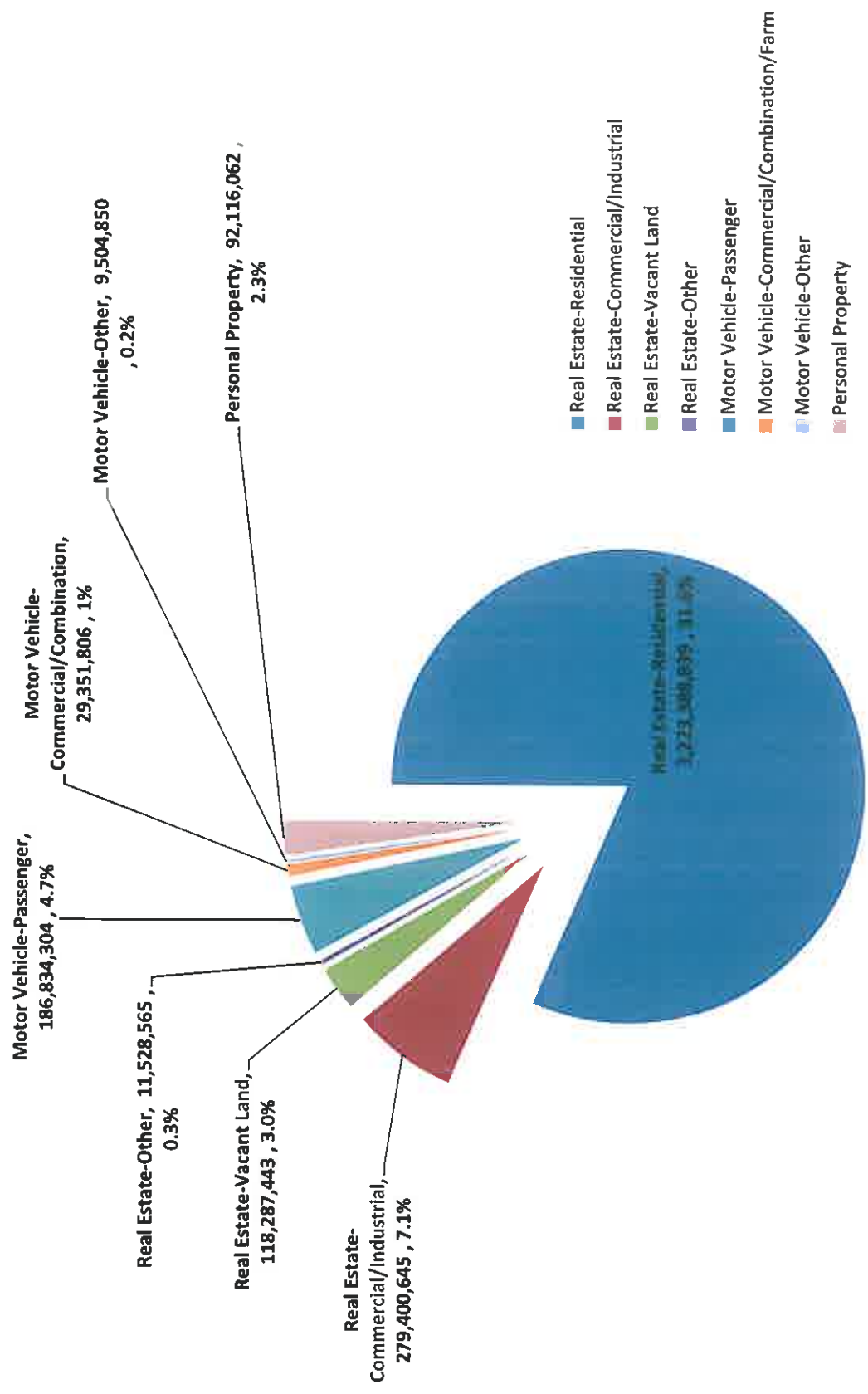
RTHP						
6/30/2008	\$-	\$2,318.8	\$2,318.8	0.0%	\$3,399.3	68.2%
6/30/2009 *	\$-	\$-	\$-	0.0%	\$-	0.0%
6/30/2010	\$-	\$2,997.8	\$2,997.8	0.0%	\$3,646.0	82.2%
6/30/2011 *	\$-	\$-	\$-	0.0%	\$-	0.0%

*No actuarial valuation was performed.

Actuarial valuations for other postemployment benefit plans are required to be disclosed starting with fiscal year 2008.

TAXABLE GRAND LIST

2011 GRAND LIST BREAK DOWN (FISCAL YEAR 2012-13)



- Real Estate-Residential
- Real Estate-Commercial/Industrial
- Real Estate-Vacant Land
- Real Estate-Other
- Motor Vehicle-Passenger
- Motor Vehicle-Commercial/Combination/Farm
- Motor Vehicle-Other
- Personal Property

**TOWN OF NEWTOWN
NET TAXABLE GRAND LIST**

<u>LIST YEAR</u>	<u>FISCAL YEAR</u>	<u>NET ASSESSMENT *</u>	<u>% CHANGE</u>
2011	2012-13	3,950,412,514	0.66%
2010	2011-12	3,924,524,807	0.42%
2009	2010-11	3,908,204,114	-0.08%
2008	2009-10	3,911,449,143	-0.04%
2007	2008-09	3,912,900,563	REVAL YR
2006	2007-08	3,042,109,216	1.80%
2005	2006-07	2,988,375,396	-

* State of CT M-13 Report

NOTE: A 1% increase in the net taxable grand list creates approximately \$1,000,000 in new taxes.

FUND BALANCE

FUND BALANCE – WHAT THE RATINGS AGENCIES SAY:

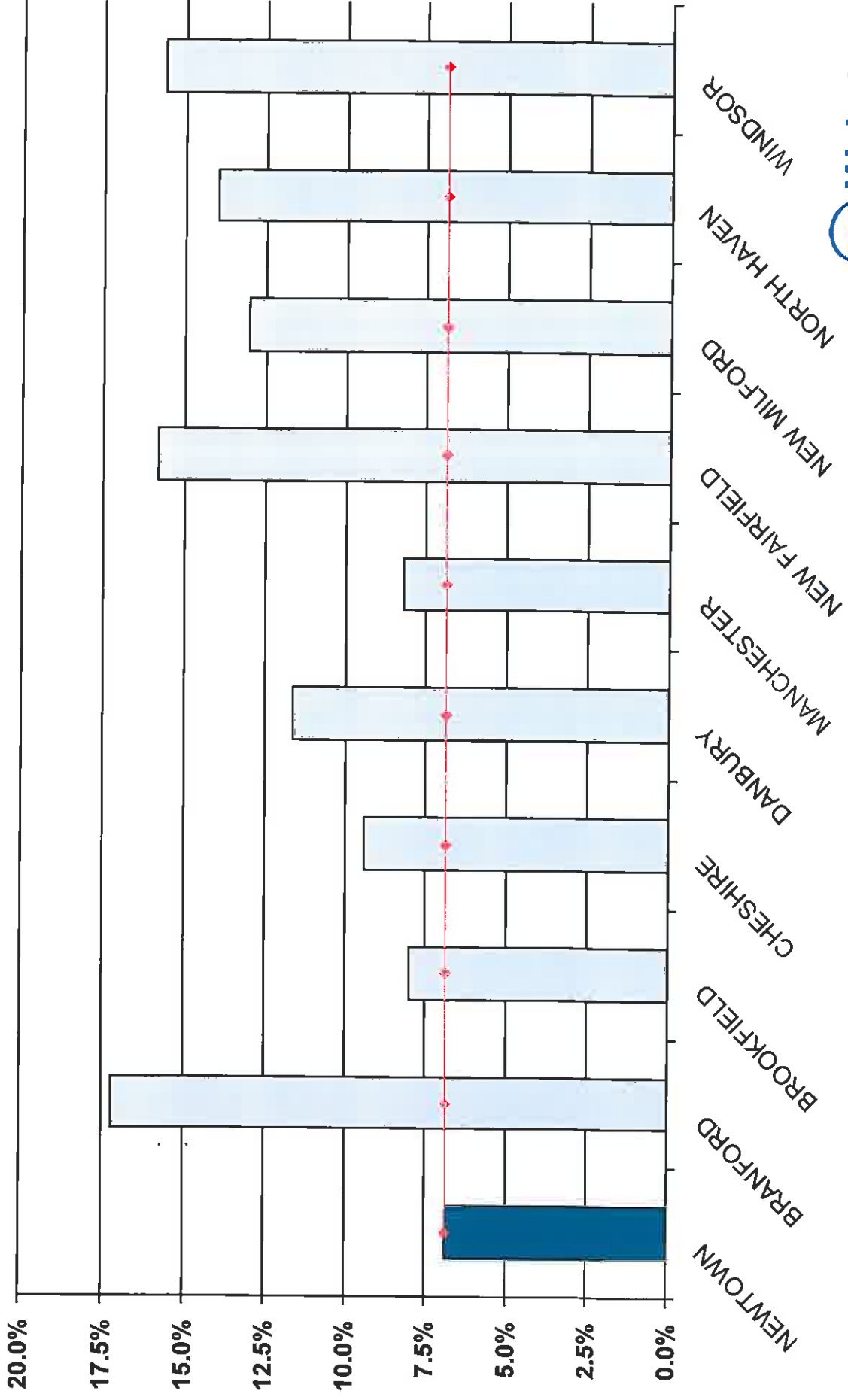
MOODY'S 2/8/2012

- What could make the rating go up
 - Improvement to the town's financial position
 - Strengthening of tax base and demographic profile
- What could make the rating go down
 - Protracted structural imbalance
 - Depletion of general fund balance
 - Deterioration of tax base and demographic profile

STANDARD & POOR'S 2/9/2012

- ...We do not expect to change the rating within the two-year outlook horizon given the town's good financial position. Should the town continue to adopt structurally balanced budgets and establish a record of compliance with its new reserve policy, the rating will be raised.

Unassigned Fund Balance as % of Revenues



TOWN OF NEWTOWN
UNDESIGNATED/UNASSIGNED FUND BALANCE ANALYSIS
FOR THE FISCAL YEAR ENDING 2006 THRU 2013 AND BEYOND

<u>Fiscal Year</u>	<u>Undesignated/ Unassigned Fund Balance</u>	<u>Total Budget</u>	<u>Percent of Budget</u>	<u>Change in Fund Balance</u>	<u>Budget Increase</u>
2005-2006	8,777,567	90,056,226	9.75%		
2006-2007	8,171,392	95,370,206	8.57%	(606,175)	5.90%
2007-2008	7,821,198	99,935,877	7.83%	(350,194)	4.79%
2008-2009	7,636,522	105,464,444	7.24%	(184,676)	5.53%
2009-2010	6,903,051	102,910,715	6.71%	(733,471)	-2.42%
2010-2011	7,408,816	104,284,615	7.10%	505,765	1.34%
2011-2012	8,358,816	105,555,075	7.92%	950,000	1.22%
2012-2013	8,458,816	106,146,838	7.97%	100,000	0.56%
2013-2014	8,858,816	107,208,306	8.26%	400,000	1.0% increase
2014-2015	9,258,816	108,816,431	8.51%	400,000	1.5% increase
<u>MEDIUM TERM</u>					
2015-2016	9,758,816	110,448,677	8.84%	500,000	1.5% increase
2016-2017	10,358,816	111,553,164	9.29%	600,000	2.0% increase
2017-2018	11,058,816	113,784,227	9.72%	700,000	2.0% increase
2018-2019	11,858,816	116,628,833	10.17%	800,000	2.5% increase