**AGENDA**
**REGULAR MEETING**
**BOARD OF FINANCE**
**Monday, January 22, 2018**
**7:30 P.M.**
**Town Hall Hearing Room**

## AGENDA

1. To approve minutes of Regular Meeting held on December 18, 2017 and Special Meetings held on December 12, 2017 and December 18, 2017
2. Public Comment
3. Tax Collector's Report
4. Finance Director's Report
5. Treasurer's Report
6. Schools Budget Update
7. Reports from Individual Board members as assigned
8. Correspondence and Administrative matters
9. Public Comment

# TOWN OF REDDING
# FINANCE DEPARTMENT

## Memorandum

**To:** **Town of Redding Boards of Finance and Selectmen**

**From:** *Steve Gniadek*

Date: January 22, 2018

**Re:** **JANUARY 2018 Monthly Report**

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**2017 CAFR Update** – CAFR was filed with the State of CT prior to December 31, 2017 statutory deadline. The report has also been submitted to GFOA for consideration of attaining Certificate of Achievement for Excellence in Financial Reporting.

**2018-19 Budget** – The Selectmen's Budget Workshop was held on Friday, January 5, 2018 with a 2 hour delayed start due to the weather. At the meeting, I reported that I had included a transfer of $ 275k from the Debt Service Fund to cover the year-to-year increase in Bond Premium. I request BOF discuss and make appropriate motion if deemed necessary. Including this amount, the Selectmen's Budget as presented at the meeting was an increase of $406k or 2.75%. A 5% increase in medical is included, but the actual number will not be available until March. Each 1% represents about $20k. Other than Debt, this is the largest dollar line item.

**Schools Audit Update**– meeting of BOF Sub-Committee held Thursday, January 18, 2018. Results to be reported at January BOF meeting

**RFQ (Request for Quote)** – for Engineering Services related to design of Station Rd Bridge was posted January 11, 2018 until January 24, 2018

**Shared Contractors** – have put together a list of outside contractors used for maintenance of Town Facilities. The BOE will put together a similar list, after which we will meet and compare to see if we can combine some services to achieve cost savings

**WPCC Project Lease** – as reported in an email to the BOF, I was able to obtain a second quote for the project from Horizon-Keystone in the amount of $149,957.61. I also reached out to CalFirst and asked them to sharpen their pencil on their original quote of $148,187.59 as presented at a prior BOF meeting. They did come back with a slightly lower quote of $147,337.50 (also attached), which is the one I recommend as the best leasing option if the project is approved

**Meeting Date Change** – The Tuesday, May 1, 2018 Budget Referendum has been changed to May 8, 2018. Accordingly, the BOF Meeting to set the Mill Rate has also been changed

REDDING CONNECTICUT

# Minutes of Board of Finance, 12/18/2017 7:30pm

AGENDA: Board of Finance

*RECEIVED 12/21/2017 12:24pm*
*Michele R. Grande – Redding Town Clerk*

**Board of Finance Meeting**
Monday, December 18, 2017
7:30 p.m., Town Hall Hearing Room

**MINUTES**

Present: Dr. Kim Yonkers, Chair; Ward Mazzucco; Susan Clark; Robert Dean; Jamie Barickman; Edward Miller.

Also present: First Selectwoman Julia Pemberton; Selectman P. O'Donnell; Selectman Michael Thompson; Director of Finance S. Gniadek; Treasurer W. Higgins; Superintendent Dr. McMorran; members of the Board of Education; members of the public; videographers.

The meeting was called to order at 7:50 p.m.

**1. To approve Minutes of meeting held on November 27, 2017**
On the motion of Mr. Mazzucco and the second of Mr. Dean, the Board voted unanimously to approve the 11/27/17 Meeting Minutes as amended: Page 4, delete last sentence under "Item 11."

**2. Joint meeting with Board of Selectmen and Board of Education to discuss 2018-19 Budget**
First Selectwoman Pemberton reviewed the current status of the budget. She has asked for a reduction of 5% for non-contractual expenditures with a separate column delineating what services would be affected. Receipt of TAR funds was noted and changes in the grant list and in interest income are anticipated.

A budget workshop is scheduled for 1/5/18 with a 1/6/18 snow date.

Mr. Miller questioned the reason for a 5% budget cut. First Selectwoman Pemberton replied that the intent is to get to a flat budget.

Dr. McMorran reviewed a PowerPoint presentation outlining projected demographics and trends from Prowda and NESDEC. He noted that 55% of Barlow students will be from Redding next year.

Changes in staffing were the primary reason for the unspent amount of $833,000 from 2016-2017.

Dr. McMorran provided an overview of future changes including Pre-K classes, world language in the Middle School and the Middle School music program. Insurance will be changed from PPO to HSA. Permitting tuition-paying students has been considered but requires more evaluation.

**3. Public Comment**
Wolf Boehme, Chalburn Road, noted his concern re: police staffing levels. First Selectwoman Pemberton clarified that auxiliary officers are not official officers. Mr. Boehme compared the town of Tolland, CT to Redding in terms of population and crime statistics.

On the motion of Mr. Mazzucco and the second of Mr. Dean, the Board voted unanimously to adjourn the meeting at 8:55 p.m.

Submitted by:
Kristi C. Reilly

REDDING CONNECTICUT

# Minutes of Board of Finance Special Meeting, 12/12/2017 6:00pm

AGENDA: Board of Finance Special Meeting

*RECEIVED 12/21/2017 12:01pm*
*Michele R. Grande – Redding Town Clerk*

**Board of Finance Special Meeting**
Monday, December 12, 2017
6:00 p.m., Town Hall Hearing Room

MINUTES

Present: K. Yonkers; W. Mazzucco; S. Clark; R. Dean; E. Miller. Absent: J. Barickman.

Also present: First Selectman Julia Pemberton; Selectman P. O'Donnell; Selectman M. Thompson; Dir. of Finance S. Gniadek; Treasurer W. Higgins; Technical Consultant J. Wyss; Technical Consultant J. Wendschuh.

The Chair, K. Yonkers, called the meeting to order at 6:00 p.m.

**1. Appointment of Additional Technical Consultant**

On the motion of K. Yonkers and the second of W. Mazzucco, the Board voted unanimously to appoint Jeanne Wendschuh, a member of the public who is an experienced certified public accountant, as an additional technical consultant.

**2. 2017 CAFR Audit Draft**

Chair K. Yonkers began the discussion of the third draft with the observations that the quality of the CAFR reflects the financial condition of the town forever and that ratings agencies and others will judge the Town based on its accuracy. She pointed out that, for a physician, accuracy and detail are of paramount importance and that the auditors should strive to minimize errors in the CAFR. R. Dean, E. Miller, and P. O'Donnell echoed her sentiments.

J. Wendschuh stated that it is ultimately up to the Town to prepare a proper CAFR. Although they sometimes do more, the auditors should only verify it. J. Wyss added that when a prior draft reflected an inaccurate Net Balance for the Town, it was a red flag.

J. Pemberton observed that the auditors seemed to spend somewhat less time at town hall this year than in the two prior years. She echoed that the CAFR should be as accurate as possible. She also mentioned that she is investigating consolidating some financial functions of the Board of Education and the Town for greater efficiency, transparency, and accuracy.

S. Gniadek stated that he and the partner in charge of the audit tend to focus on the largest and most important numbers and that they already made a large number of corrections. He said accuracy is most important with the Fund Balance, Net Position, and Profit & Loss. He also pointed out that he needed more accurate and timely responses from the Board of Education's Director of Finance so that the CAFR would properly reflect the condition of that Board's finances. Board of Finance members supported his efforts to obtain information over which he does not have direct control.

Chair K. Yonkers encouraged S. Gniadek to copy her on all requests to the Board of Education's staff so she can remain informed and assist his efforts if needed.

W. Higgins described his successful efforts to minimize the credit risk associated with the Town's bank deposits.

J. Wyss, J. Wendschuh, and P. O'Donnell then proceeded to review their lengthy lists of questions and concerns. Board members also raised various questions and concerns. S. Gniadek answered many auestions but will address remaining issues with the auditors so they can provide a more refined CAFR at the meeting of Dec. 18. They will also provide a copy of their annual grant audit.

Reflecting the sentiments of the entire Board, S. Clark thanked J. Wyss and J. Wendschuh for their extraordinary efforts to review the CAFR and to offer their expertise at no cost to the town.

**3. Public Comment**

No comments.

On the motion of W. Mazzucco and the second of S. Clark, the Board voted unanimously to adjourn the meeting at 8:12 p.m.

Submitted by:
Ward J. Mazzucco,
Acting Secretary

REDDING CONNECTICUT

# Minutes of Board of Finance Special Meeting, 12/18/2017 6:30pm

AGENDA: Board of Finance Special Meeting

*RECEIVED 12/21/2017 12:21pm*
*Michele R. Grande – Redding Town Clerk*

**Board of Finance Special Meeting**
Monday, December 18, 2017
6:30 p.m., Redding Community Center

**MINUTES**

Present: Dr. Kim Yonkers, Chair; Ward Mazzucco; Susan Clark; Robert Dean; Jamie Barickman; Edward Miller, seated at 6:38 p.m.

Also present: First Selectman Julia Pemberton; Selectman Peg O'Donnell, at 6:43 p.m.; Michael Thompson, Selectman; Director of Finance Steve Gniadek; Treasurer Wes Higgins; members of the WPCC; members of the public; videographers.

The Chairman called the meeting to order at 6:30 p.m.

**1. Funding Options for Capital Projects.**

Steve Gniadek reviewed the potential funding options for capital projects. Funding was discussed as it relates to the scope of the WPCC project. First Selectwoman Pemberton noted that the Local Capital Improvement Projects grant may be used to fund the John Read bridge replacement and thus may not be available for the WPCC project.

Mr. Gniadek reported that 5-7 years is the estimated useful life of the WPCC membrane replacement. Jim Miller stated that he did not state a useful life figure. Mr. Gniadek noted that it is fiscally conservative to obtain a funding term that correlates to the length of the equipment.

First Selectwoman Pemberton questioned why the unassigned fund balance isn't a better option. Mr. Mazzucco noted his concerns re: state aid reduction.

A list of capital projects for FY 18-19 were delineated by First Selectwoman Pemberton. Mr. Miller suggested 3-5 year financial planning which was confirmed by First Selectwoman Pemberton.

On the motion of Mr. Mazzucco and the second of Mr. Dean, the Board voted unanimously to supplement to the prior motion of 11/27/17 (which recommended the expenditure requested by the WPCC) to finance the capital portion of $688,000 with a 5-year municipal lease in accordance with the term sheet that Steve Gniadek provided dated 12/11/17.

Mr. Higgins questioned the lease rate. Mr. Gniadek responded that it is based on a swap rate of 2.14% but may change depending on when the agreement is signed. Mr. Miller stated that the Board should comply with the Town bidding policy. Mr. Gniadek will attempt to secure additional quotes. Mr. Gniadek spoke to the benefit of a municipal lease and the amount to be financed was confirmed as $688,000.

On the motion of Mr. Mazzucco and the second of Ms. Clark, the Board voted unanimously to amend the motion to add to the end “or any better municipal lease terms that Mr. Gniadek may locate and the balance above $688,000 (reflecting the costs incurred by the Town while the sewage treatment plant was shut down) would be drawn from the unassigned fund balance.” Mr. Dean concurred with the amendment.

**2. To review FY 2016-17 CAFR Audit Report (Scott Bassett-RSM, LLC)**

Scott Bassett from RSM, LLC was present to review the audit report, still in draft form. Mr. Mazzucco suggested accelerating the process next year so the review is of the final report instead of multiple draft reports.

On the motion of Mr. Mazzucco and the second of Ms. Clark, the Board voted unanimously to approve the CAFR Audit Report as presented subject to minor corrections by the Board of Finance, Auditor, Director of Finance or consultants. Members and consultants were asked to provide comments to Mr. Gniadek within the next few days.

**3. Public Comment**

Jenifer Wyss noted receipt of the draft Audit Report today and would like the opportunity to review in full and made additional changes regarding her concerns.

On the motion of Mr. Mazzucco and the second of Mr. Barickman, the Board voted unanimously to adjourn the Special Meeting at 7:42 p.m.

Submitted by
Kristi C. Reilly