AGENDA
REGULAR MEETING
BOARD OF FINANCE
Monday, April 23, 2018
7:30 P.M.
Town Hall Hearing Room

AGENDA

1. To approve minutes of Regular Meeting held on March 26, 2018
2. Public Comment
3. Tax Collector's Report
4. Finance Director's Report
5. Treasurer's Report
6. Draft Mill Rate Schedule
7. Reports from Individual Board members as assigned
8. Correspondence and Administrative matters
9. Public Comment

REDDING CONNECTICUT

Minutes of Board of Finance, 03/26/2018

AGENDA: Board of Finance

RECEIVED 03/29/2018 9:28am
Michele R. Grande – Redding Town Clerk

Board of Finance
Monday, March 26, 2018
7:30 p.m., Town Hall Hearing Room

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

Also present: Julia Pemberton, First Selectwoman; Peg O'Donnell, Selectman; Steve Gniadek, Finance Director; Pat Moisio, Tax Collector; Wes Higgins, Treasurer; Dr. McMorran, Superintendent; members of the Board of Education; members of the public; reporters; videographers.

The Chairman called the meeting to order at 7:30 p.m.

1. To approve Minutes of Regular Meeting held on February 26, 2018 and March 15, 2018

On the motion of Mr. Mazzucco and the second of Ms. Clark, the Board voted unanimously to approve the February 26, 2018 Meeting Minutes.

On the motion of Ms. Clark and the second of Mr. Mazzucco, the Board voted to approve the March 15, 2018 Meeting Minutes. J. Barickman abstained.

2. Public Comment

Jeff Fligelman, Pocahontas Road, read a letter in support of the BOE budget as presented.

3. Tax Collector's Report

Pat Moisio reported that tax collections of $46,105,000 representing $100,000 over budget after overpayment refunding. There are 94 partially paid parcels. Mrs. Moisio reported that she is preparing for a tax sale. Tax sale criteria and process was reviewed.

GLDC has a balance of $2.2 million in taxes and $2.1 million in interest.

Dr. Yonkers stated that Redding is lucky to have Mrs. Moisio and commended her on her willingness to assist residents.

4. Finance Director's Report

Mr. Gniadek reviewed his monthly report. Town Aid Road funds are still not confirmed. The first lease payment to Veolia re: WPCC will be made July 15, 2018. A new three-year electrical contract will begin in December at a slightly favorable rate to the current rate.

A meeting is scheduled for 3/27/18 to continue reviewing medical insurance options.

5. Treasurer's Report

Treasurer Wes Higgins reviewed the Treasurer's Report as submitted.

6. Discussion of 2018-19 Budget

The proposed Town budget was discussed. Julia Pemberton confirmed that the Region 9 SRO is not included in the Town budget. The Police Department budget is presented with a 7% reduction.

The Board of Education budget as presented represents an increase of 4.34%. Mr. Barickman noted the underfunding of health insurance in the past. Dr. McMorran noted that the proposed budget includes $250,000 that was removed last year plus 10%. Claims are expected to be lower with the new higher deductible insurance plan.

Mr. Mazzucco reviewed recent budget surpluses. Dr. Melinda Irwin, Chair of the Board of Education, noted that the new insurance plan was desirable due to the lower cost. Mr. Dean noted his concern in having confidence in a plan based on an assumption but without a history.

Dr. McMorran stated that the budget surplus of $800,000 was due in part to personnel departures. He noted that the budget goal is to spend 99% and funds will only be used if needed. Dr. McMorran stated that funds will be recouped from Easton due to catastrophic illnesses at Joel Barlow.

Dr. McMorran stated that an increase in the cost of providing special education is part of the narrative of the budget this year. Mr. Barickman questioned if there were any variables that would be up-savings. Dr. McMorran reviewed the possibilities of providing in-house services instead of going out of town, regionalization of services and shared transportation as areas to investigate. It was noted that formal regionalization is costly and doesn't necessarily amount to cost savings. Mr. Dean noted the regionalization of the probate court system and suggested determining if regionalization has saved money.

Mr. Dean noted his concern regarding the proposed staffing increase for special education. Dr. McMorran stated that they are obliged by law to provide free appropriate publication education. He noted that the special education identification rate in town is the same as the State average. He also indicated that the town seems to face some "one-time" financial challenges so that perhaps the fund balance could be used to offset an increase in the mill rate.

Mr. Barickman stated that some towns have a variable mill rate whereby rates differ based on a variety of criteria.

Mr. Mazzucco stated that the budget issues are not a one-time problem but rather a first time problem. He continued that teacher pensions will surface in the future and stated his resistance in using the fund balance as a source of funds. Dr. Yonkers noted the need to prepare for the possibility of contributing toward teacher pensions.

Mr. Barickman stated that enrollment projects, inflation, teacher contracts and special needs are all projectable and encouraged finding ways to save money. Mr. Miller stated it is a difficult tax year and a strong economy. He stated that there are multi-faceted issues that require multi-faceted solutions and he doesn't think students should be paying the price. Mr. Barickman suggested that Region 9 decrease their budget. Dr. Yonkers encouraged Board members to attend Region 9 meetings.

Mr. Mazzucco commended Mr. Barickman on his budget worksheet but noted the difference between what we want vs. what we can reasonably afford to do. He cited the loss of state aid, risk of teacher pension costs, change in federal tax law, decline in assessments and grand list and decline in housing prices as factors suggesting caution in setting budgets.

Mr. Miller stated that the proposed addition of a psychologist is positive and could lead to earlier intervention. Mr. Parkin, BOE, stated that the Board of Finance doesn't have line item veto. Mr. Mazzucco responded that it was an example and not a recommendation. Dr. Yonkers quoted a report from Dr.

McMorran that Redding is the largest in the state in special education contribution.

Dr. Irwin stated that the proposed budget is higher due to health insurance, teacher contracts, special education and transportation. Dr. McMorran noted a significant change under new direction in how the budget was done.

On the motion of Mr. Mazzucco and the second of Mr. Dean, the Board voted unanimously to approve the Selectmen's Budget of $14,796,773.

Mr. Barickman moved and Mr. Miller seconded to approve the Board of Education budget as presented at $21,652,623. Miller and Barickman approved. Dean, Mazzucco, Clark and Yonkers opposed, so the motion failed.

Mr. Mazzucco moved and Ms. Clark seconded to approve the Board of Education budget of $21,167,676. Mazzucco and Clark approved. Dean, Barickman, Miller and Yonkers opposed, so the motion failed.

Mr. Dean moved and Mr. Barickman seconded to approve the Board of Education budget of $21,552,623. Dean, Barickman, Miller and Clark approved. Mazzucco and Yonkers opposed.

7. Reports from Individual Board members as assigned

Mr. Mazzucco noted that the auditor received additional material from the Central Office. Progress is being made on the central office procedures. Mr. Gniadek will ask again for a completion date.

8. Correspondence and Administrative matters

Mr. Barickman will investigate the variable mill rate. First Selectwoman Pemberton will review with Town Counsel.

On the motion of Mr. Mazzucco and the second of Ms. Clark, the Board voted unanimously to approve the combined budget of $36,349,396.

9. Public Comment

Selectwoman Peg O'Donnell requested that funds not be used from the fund balance. Dr. Irwin thanked Dr. Yonkers and noted her appreciation for the budget dialogue. Stan Rhodes suggested using space in schools due to declining enrollment as space for in-house services currently going out of town. Rudd Anderson noted the need for professional development for teachers.

First Selectwoman Pemberton reviewed real estate metrics and stated that the median house price has declined but the number of houses being sold

has increased.
The Chair adjourned the meeting at 10:10 p.m.

Submitted by:
Kristi C. Reilly

TOWN OF REDDING
FINANCE DEPARTMENT

Memorandum

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

From: *Steve Gniadek*

Date: April 23, 2018

Re: **APRIL 2018 Monthly Report**

TAR (Town Aid Road) – still no word on this earlier commitment to fund the 2nd TAR payment for this year ($135k).

Board of Ed Review Project – Status report as of April 16th has been sent to BOF. Going forward, the auditor plans to have a Draft available for review by the end of May, with the final report ready for presentation at the June 25th BOF meeting.

FY 2017-18 Revenue – although we still have over 2 months left in this FY, I am cautiously optimistic that we will meet our revenue budget. The shortfall in State Aid will mostly be offset by increased Investment Income. Town Services like Conveyance Fees are tracking on budget, but Building and Zoning will probably fall short. Park & Rec fees are hard to predict at this time. Tax Collections are tracking at 99% budgeted. At this point, I would not anticipate any excess revenues contributing to the unassigned fund balance.

FY 2017-18 Expenditures – also cautiously optimistic on expenses. Some known overruns like fuel oil and electric, will be offset by savings in gasoline/diesel. Highway snow overage can be balanced by savings in other highway line items. A couple of items to keep an eye on are Legal Expenses and Retro pay for PD and Highway Unions. Will continue to manage and monitor other expenses to insure the total budget is not exceeded. As with revenues, I would not anticipate expense saving making any significant contribution to the unassigned fund balance.

Eversource Rebate – received for RES HVAC capital project. Mike D'Agostino to provide details

Redding Board of Education Review Project

Status Report - April 16, 2018

Description of Procedure to be performed as detailed in Engagement letter	Completed	Status
➢ Review of procurement and payment procedures, including major contracts	In Process	Tested bidding related to disbursement testing. Additional testing to be performed.
➢ Document the process and procedures for disposition of end of year budget surplus, including identification, review and approval	No	Selections to be completed week of 4/16/18
➢ Review all accruals, encumbrances and payments recorded in May or June (last 2 fiscal years), regardless of their size, character, or timing	No	Selections to be completed week of 4/16/18
➢ Determine whether any payments or transfers after fiscal year-end were improperly attributed back to the prior fiscal year	No	Selections to be completed week of 4/16/18
➢ Determine whether payments from accounts and transfers among accounts were appropriate and authorized. Review the procedures for identification, review and approval of such transfers	Yes	Transfer testing completed
➢ Determine whether amounts budgeted under grants legally fulfill the requirements and all amounts expended are in accordance with the submission	Yes	Disbursement testing completed
➢ Review and investigate filings and internal review procedures with respect to state reimbursements for special services and determine why payment discrepancies existed	In process	Selected students for testing. Will be completed next week
➢ Prepare a listing of consultants hired by central office administration. Determine what services they provide, what they were paid, and why the services were needed	In process	Performed initial review of vendor list. Obtaining information on services provided

Redding Board of Education Review Project

Status Report - April 16, 2018

	Description of Procedure to be performed as detailed in Engagement letter		Completed		Status
	➢ Assessment of central office finance staff and capabilities		In process		On going through project
	➢ Determine and list the duties of Director of Finance		In process		Obtained job description to be reviewed
	➢ Review of current policies and procedures in place for adequacy of internal controls and recommend improvements.		In process		Have reviewed the majority of transaction cycles. Will be completed next week.