

**BOARD OF FINANCE
REGULAR MEETING MINUTES
DECEMBER 22, 2014**

I. CALL TO ORDER

The meeting was called to order at 7:00 p.m. at the Avon Town Hall by Vice Chairman/Secretary Thomas Gugliotti. Members present: Vice Chairman/Secretary Thomas Gugliotti, Margaret Bratton, Catherine Durdan, Dean Hamilton, James Speich and Brian Stoll. Chairman Thomas Harrison was absent. A quorum was present.

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Thomas Gugliotti.

III. COMMUNICATION FROM THE AUDIENCE

Ms. Zirolli, liaison for the Board of Education, reported the Board of Education at their December meeting unanimously approved the Superintendents' proposed budget. It represents a net increase of 1.3%. There were a number of new AP and elective courses added at the High School level. The Financial Summary report for the period ended October 31, 2014 and November 30, 2014 were included in the meeting packet. The Board is anticipating \$400,000 in unanticipated FMLA expenses and will cover this through salary savings and supplies mitigation. There is no anticipated net savings. The absence policy is in the process of being changed to align with the State mandate. Students will be permitted 10 absences per year changed from per semester. In response to a question from Mr. Gugliotti, Ms. Zirolli stated that the Pre-K expenses up for discussion later in tonight's agenda are not in next year's budget because the preschool will not be located at a separate facility. For 2015-2016 the intent is to move the program into our two existing elementary schools and this is reflected in the gross budget. In response to a question from Mr. Stoll, Superintendent Mala stated that once the absence policy is put into effect by the Board, it will be communicated to the families. There will be a phase in to the new policy.

IV. MINUTES OF PRECEDING MEETING:

October 27, 2014 Regular Meeting

On a motion made by Cathy Durdan, seconded by Dean Hamilton, it was voted:

RESOLVED: That the Board of Finance approve the minutes of the October 27, 2014 Meeting as drafted.

Messrs: Gugliotti, Hamilton, Stoll and Mmes: Bratton and Durdan voted in favor. Mr. Speich abstained.

V. OLD BUSINESS

14/15-07 Review and Discussion: FY 15/16 Budget Process

Mr. Robertson reported the Board of Education has completed their work. He has been meeting with department heads and reviewing Capital budget requests. He is on track to have something to the Council by January. In response to a question from Mr. Hamilton, he stated in 2016 about \$98,000 in debt service will be dropping off and the intent is to capture that amount and use it for paving management. On the town side the priority is equipment replacement and there are a couple of projects on the Board of Education side.

VI. NEW BUSINESS**14/15-08** Board of Education-Request for Supplemental Appropriation \$290,377 (Fisher Drive Pre-K and Special Education)

Mr. Robertson stated this was approved at the last Council meeting. A revision to the resolution was distributed reflecting a lower dollar request due to a revenue duplication in the original request. It had already been included and approved in the current budget. Mr. Mala clarified that the difference between the gross budget increase of 1.72% and the net increase of 1.3% Ms. Zirolli reported includes \$200,000 of new revenue. Mr. Spang gave a short presentation on the Pre-K and Special Education services at Fisher Drive. This year the half day program was expanded to a full day program. The space was not available at PGS and the program was moved to the 150 Fisher Drive location. The application before the Board this evening is to access the revenue from grant and other revenue sources to pay for additional start-up expenses. Superintendent Mala clarified that the expansion to a full day program was in response to advocates and attorneys for parents of disabled youngsters making a demand for such a program. It was a new challenge. It is a trend in the Farmington Valley area. Next school year it will be relocated into the existing elementary schools and they will both become Pre-K to 4 programs. In response to a question from Ms. Bratton, Mr. Mala stated that the rental of the Fisher Drive location was for one year only. We did not have enough classrooms at PGS to house the entire program, but we do have enough classrooms utilizing both elementary schools. Mr. Speich asked Mr. Spang to review the revenue sources. In response to a question from Mr. Speich, Mr. Spang stated that every school is required to have preschool for special education students beginning at age 3. Regular students may participate in this program. They are required to pay tuition and provide their own transportation. In response to a question from Mr. Stoll, Mr. Spang clarified that this full day program has been active since August.

On a motion made by Margaret Bratton, seconded by Cathy Durdan, it was voted:

RESOLVED: That the Board of Finance hereby amends the FY 14/15 Budget by increasing:

REVENUES

General Fund, Intergovernmental, Education Program Grant, Open Choice, Account #01-0330-43343 in the amount of \$73,500; General Fund, Other Local Revenues, Rent & Reimbursements, Account #01-0360-43619 in the amount of \$52,000; General Fund, Charges for Services, BOE Tuitions Receipts-Parent Paid, Account #01-0340-43507 in the amount of \$7,850 for a General Fund total \$133,350; and State and Federal Education Grants Fund, Intergovernmental, Open Choice Capital Grant, Account #13-0330-43343 in the amount of \$75,000 for an all funds total of \$208,350

and increasing

APPROPRIATIONS

General Fund, Board of Education, General Service Account, Account #01-9401-52185 in the amount of \$133,350; and State and Federal Education Grants Fund, Board of Education, Education Grant Programs, Account #13-9401-59200 in the amount of \$75,000 for an all funds

total of \$208,350, for the purpose of providing Pre-K and special education services.

Messrs: Gugliotti, Hamilton, Speich, Stoll and Mmes: Bratton and Durdan voted in favor.

14/15-09 Review and Discussion: FY 13/14 Year End Transactions

A binder was included in the meeting packets outlining the year end transfers and appropriations. Mr. Robertson stated that there is no action required by the Board this evening on the transfers because the transfers do not hit the limit as stated in the Charter. Ms. Colligan reported tabs A-C are primarily housekeeping items for compliance with the Charter and the budget. There are designations that will require Board approval. These are funds that are set aside for expenditure at a later time. In response to a question from Mr. Gugliotti, Ms. Colligan stated the word designation was the old terminology. The new terminology for fund balance is assignment and encumbrance is an assignment within fund balance. It is a portion of fund balance. No portion of General Fund, fund balance, was required to balance the budget. Tab D numerates the request for approval for transfers, assignments, and commitments of Fund Balance for future years for future purposes. This request has already gone before the Town Council. There is money being returned to surplus. Tab E details an appropriation from a special revenue fund that is needed for Charter compliance. In response to a question from Mr. Speich, Ms. Colligan stated the transfer for Fire Protection is because the hydrants are budgeted in this area including meter rentals, the quarterly, etc. We have not been able to budget accurately in this area due to rate increases.

Mr. Stoll requested a high level summary report including budgeted revenue, actual revenue, identify sources by either Town or BOE collected over what was expected versus what was additional grants, and the same on the expenditure side and what this means for our unassigned fund balance. Ms. Colligan stated she will create this report. She stated the differences in GAP versus budgetary reporting could be substantial in the outcome. She identified that Mr. Stoll is looking for a budget to actual report with footnotes. In response to a follow up question from Mr. Stoll, Ms. Colligan stated that of the \$1,300,000 balance at the fiscal year end, the Town is asking to assign 1.2 million as numerated on tab D and will move to surplus \$600,000. She went through each of the items providing some detail. There was a difference of opinion between Mr. Gugliotti and Mr. Stoll over which method of holding funds is more transparent to the taxpayers. Mr. Stoll stated accumulating all surplus in the unassigned fund balance and withdrawing it to reduce budget expenses is more transparent than assigning funds to a specific account for a undetermined use in the future. This was directed at number three on tab D. Mr. Robertson stated whenever these funds are used it is disclosed in the transmittal letter and disclosed in the budget documents. Mr. Stoll did not understand why this \$800,000 is treated any different than other budget expenses. In response to a follow up question from Mr. Stoll, Mr. Robertson stated that he is in the process now of developing the Capital Budget and expects a good portion of the \$912,384 fund balance will be spent in 2016 primarily in road overlay.

On a motion made by Jim Speich, seconded by Margaret Bratton, it was voted:

RESOLVED: That the Board of Finance hereby approves the Fiscal Year End Transactions: Transfers and Encumbrances, Supplemental Appropriations, Assignments, Appropriations from Fund Balance, as outlined in the booklet Final Fiscal Year Transactions FY 2013-2014, and as described in the memoranda from the Director of Finance to the Town Manager.

Messrs: Gugliotti, Hamilton, Speich and Mmes: Bratton and Durdan voted in favor. Mr. Stoll was opposed.

VII. TOWN MANAGER'S REPORT**A. Monthly Financial Report Summary**

Details were included in the packet report dated period ended 11/30/14 prepared and reported by Ms. Colligan. Budget stressors at this time are to do with the Water Company. Our snow services contract with a vendor may be cancelled and the second lowest bidder will be offered the contract. This will result in a need to identify \$14,000 - \$15,000 of funds in the budget to cover this additional expense. In response to a question from Mr. Gugliotti, Ms. Colligan stated she did not know what the savings on the Track project at the High School was but will find out for him.

B. Adoption of Policies Required by GASB 67 & 68

Details were included in the memo dated November 19, 2014 from Ms. Colligan to Mr. Robertson. This policy was approved by the Town Council. GASB 67 went into effect June 30, 2014 and GASB 68 is going into effect June 30, 2015. The policies have to do with the disclosures and accounting on pension plans. Past practice has been to fund our defined benefit pension plan based on the actuarial valuation of the annual required contributions. We took our practice and put it into a policy. We are funding the ADC. It was recommended so that when we as a AAA bond community go to market it would be looked upon favorably that we not only have a policy we adhere to, but that it is written.

C. Miscellaneous Updates

Mr. Gugliotti stated the Town has been notified that it is the recipient of the Distinguished Budget Presentation Award for the 30th consecutive year. He congratulated Ms. Colligan on her efforts.

On a motion made by Margaret Bratton, seconded by Cathy Durdan, it was voted:

RESOLVED: That the Board of Finance congratulate and commend Margaret Colligan and her department for winning this award.

Messrs: Gugliotti, Hamilton, Speich, Stoll and Mmes: Bratton and Durdan voted in favor.

VIII. OTHER BUSINESS

There was none

IX. EXECUTIVE SESSION

There was none

X. ADJOURN

On a motion made by Brian Stoll, seconded by Dean Hamilton, it was voted:

RESOLVED: That the Board of Finance adjourn the meeting at 8:04 p.m.

Messrs: Gugliotti, Hamilton, Speich, Stoll and Mmes: Bratton and Durdan voted in favor.

Respectfully Submitted,
Thomas A. Gugliotti, Secretary

Attest: Mary Marinello, Clerk

All referenced material will be available to the public in the Town Clerk's office.