

April 13, 2009

The following minutes of the Board of Finance meeting are submitted subject to approval at the next meeting.

Special Budget Meeting

Chairman, Michael Jackson called the meeting to order at 5:00 pm.

Present:

Members: Jack Field, Michael Jackson, Craig Schoon, Rex Swain

Selectmen: Mark Lyon, Nick Solley

Guests: Linda Savitsky, Tony Bedini

The purpose of the Special Budget meeting was to receive and discuss initial proposed expenditures for the 2009-2010 Town's General Fund, Nonrecurring Capital Fund, Open Space Fund and Housing Fund from the Board of Selectmen.

Financial Procedures Review:

Ms. Linda Savitsky expressed her pleasure in meeting with the Boards and reviewed her background experience in local and state governmental finance. She had been engaged by the Board to review the financial operations of the Towns and make recommendations in accordance with statutory responsibilities and internal control structure of the Town.

Ms. Savitsky had met with town employees involved in matters of finance. She presented a draft of her recommendations, which suggested greater efficiency could be achieved if a thorough review of the financial operations were done and written policies and procedures were documented. The responsibilities for managing the financial operations are spread among the First Selectman's office, Treasurer, Board of Selectmen and Board of Finance. Significant Issues included:

- * The physical environment where the majority of financial functions are performed is inadequate for the level of work required.
- * Noting the Town has benefited from the collective knowledge and dedication of its workers, she made the Boards aware that there is no succession plan in the event that some individuals who are at, near or beyond normal retirement age, may desire to retire.
- * The current accounting system was not developed as an integrated Fund Accounting Application. While the current level of reporting is accurate, timely and detailed, there are too many records maintained on a manual basis which leads to duplicative work.

Ms. Savitsky's preliminary recommendations included:

- * Reorganizing the space allocated for the financial operations so that the area is completely segregated. This would provide better working conditions and allow each person to have their own work area. Space must be included for the Treasurer and records.
- * Issue an RFP to acquire an integrated Financial Management system (software & hardware) to include all fiscal functions of the Town. A cost benefit analysis should be conducted to determine if Payroll/HR recordkeeping should be included. Analysis should also be considered as whether to acquire a server based system or ASP environment with web access. There are systems available that specialize in small-town needs.
- * Review Town Hall environment to insure that server and equipment have a "clean" power source and appropriate storage. Consideration should be given to installation of a wireless network with sufficient controls.

- * Upon acquisition and implementation of a new financial system, a full encumbrance system should be implemented for better financial controls.
- * Develop written policies and procedures as the system is implemented which will be updated on a periodic basis. This will start the process of planning for succession in key positions.
- * Review and update job descriptions (financial positions) including new technology and to insure segregation of duties.
- * Prepare a succession plan for Town Hall staffing needs.
- * Consider contracting for part-time Financial Management Services to provide the Town with a CFO. Washington does not need a full time CFO, but someone on an “on call” basis to deal with issues that continue to arise related to overall financial management and stewardship. This function should also include accounting oversight. Currently the Town contracts with someone to write the MD&A; this could be done by a part time CFO likely at a cost savings. Changes in Auditing standards require the Town to have a significant role in the preparation of financial statements. This individual should be involved in the development of the succession plan.
- * Review the management of the Retirement Plan including all service providers. It is good practice to review this on a periodic basis, to insure that the Town is paying reasonable fees for the services provided.
- * GASB 45 is currently effective for governments. The Town is a Phase 3 government which means that the statement must be implemented for the 6/30/2010 audit. The Town should take the necessary steps to prepare for this standard.

Recommended Next Steps included:

- * Meet with the BOF/BOS to review the report in its entirety.
- * Assist in prioritization of implementation.
- * Provide FY 10-FY11 Budget estimates for implementation based upon actions by the BOS/BOF.
- * Develop a full implementation schedule.

Preliminary pricing estimates were also included. Ms. Savitsky noted her willingness to continue her services on an hourly basis; however, the number of consulting hours may be less based upon services provided by a successful vendor.

These recommendations will be reviewed and discussed in detail by both Boards for future considerations. The Boards noted their appreciation to Ms. Savitsky for her expertise and efforts on behalf of the Town and will communicate further with her.

PROPOSED 2009-2010 PRELIMINARY BUDGET:

The Selectmen presented their initial budget proposal for the coming fiscal year.

General Fund Expense:	\$3,951,125	1.6% increase
Nonrecurring Net Capital Expense:	\$1,156,900	.6% increase
Total G.F. & NRCEF Expense:	\$5,018,125	.6% increase
Education Net Expense:	\$9,316,763	3.1% increase
		45.95% of Education budget.

An attempt by the Selectmen to maintain a 0% increase in the overall budget was unsuccessful as certain areas were beyond their control.

The initial proposal included the following major items:

GENERAL FUND:

- * A “0%” increase for employees’ compensation.

- * An increase of \$17,000 in 020 Health Insurance. Actual costs will not be available until May 1.
- * Postage expense from most areas has been transferred to 021 Office Expense. This includes the purchase of a postage machine.
- * An increase in 032 Winter Maintenance of \$39,000 for materials.
- * An increase in the 044 Pension deposit of \$15,000 as recommended by actuary.
- * An increase in the 048 Judea Cemetery Line to assist the New Preston Cemetery.

All areas were discussed with comments in the following areas:

002 Assessor: CAMA support system: This line item of \$3,953 was returned to the budget. It had not been included in the 2008-09 budget as it had been included in the Revaluation package. It is a necessary support and backup system for the Assessor's figures. Further fee information will be requested. Additional expenses for educational courses may be considered.

003 Tax Collector: Legal ads and legal fees reduced.

006 Building Inspector: Contracted Service. Expense costs are based on a percentage of Income in this area. A decline in this year's income was noted.

008 Elections: Based on three referenda.

Land Use Areas: Janet Hill has been relieved of secretarial duties in the Planning and Zoning areas as she takes on new duties as Land Use Coordinator. She will continue as secretary for Inland Wetlands Commission. Shelley White will serve as secretary to the Planning, Zoning, ZBA and Conservation Commissions. High legal fees are anticipated in the forthcoming year, and whether this item should be budgeted separately will be investigated further. Recommendations from a study of the Land Use area are being followed and improvements are being seen in this area, though hard to quantify financially.

017 Town Hall: Increases in electric costs are due in part to a meter now shared with the old firehouse building. Fuel oil costs are high at \$2.45/gal, which had been contracted through a consortium with other towns and schools. It was suggested the Board seek a price differential allowance if we remain a member of the consortium; however, membership in the consortium is contracted close to a year in advance. Utility costs are taken into account when renting the upstairs of the building.

019 Surety Bonds and Insurance: It had been anticipated that worker's comp costs might decrease but cases remaining open continue to drive costs up.

020 Health Insurance: Actual costs will not be available before May 1 according to insurance company regulations. Various plans, higher deductibles, health savings accounts, etc. are all being considered in an attempt to reduce costs. These were discussed in detail. More information will be forthcoming. Mark noted he did not want to increase health insurance costs to employees with a 0% increase in their payroll anticipated.

021 Office Expense: All postage costs, including a possible postage machine, have been moved to this line item.

026 Police: A proposal by the Governor to increase the Towns' responsibility from 70% to 85% for costs for Resident Trooper services remains pending, though this has not been included in the budget estimates. Most towns are against this proposal. This would require the necessity of a functioning police chief in order to continue with the services of town constables. Additional services, such as jail, etc. currently provided by the State would also become the responsibility of the towns. The sharing of troopers with other towns has been discussed.

031 Tree Work: Increase in amount of work needed.

032/033 Highways: Increase in cost of materials.

035/036 Sanitation: Increase in cost of rental of land. All hauling contracts, as well as running of transfer station, are currently out to bid.

048 Judea Cemetery: Increase to \$6,000. New Preston Cemetery has requested assistance due to diminishing funding from endowment. Town would be required to take over cemetery if unable to remain operational. It was suggested this item may be transferred to the Capital account as a one-time expense.

NONRECURRING CAPITAL EXPENDITURES:

Discussion included:

Police Boat: May be postponed. Current boat is not in good shape and was not designed for heavy use.

New emergency repeater for radio tower at Fenn Hill is required as the current repeater will not be legal in 2010. Backup is installed at Devereux. May move current one to that location.

New truck: to maintain replacement cycle as planned.

Open Space and Housing funding will no longer be included with Capital Fund expenditures. They will be voted on as separate items. This will be reviewed with the Town's auditor. They are proposed at \$75,000 and \$25,000, respectively.

FINANCIAL PLANNING MODEL:

An updated financial planning model was provided by Jack Field. This will be revised as the budgeting process continues.

The meeting was adjourned at 7:00 pm.

Respectfully submitted,
Kathy Gollow, Secretary