Minutes
Finance Committee Regular Meeting
July 13, 2020
Town Hall Conference Room B

1. The meeting was called to order at 7:00 PM.
Present: Matthew O’Brien, Julie Blanchard, Richard Williams (via Zoom), Lisa Thomas (via Zoom)
Also present: John Elsesser, Town Manager; Amanda Backhaus, Finance Director

2. Acceptance of Minutes:
Lisa Thomas moved to accept the minutes of the Finance Committee meeting on June 8, 2020 seconded by Richard Williams. The following corrections were identified:

- Page 1 – first sentence under 4A needs the word budget at the end
- Page 2 – $111k is the incorrect number. It should be $117k.
- Page 2 – end of first paragraph should have “The Town is not expecting to receive this full amount as it is the total amount that we are applying for FEMA reimbursement.
- Page 3 – Item 7, 3rd line down should read “as we create” a fund rather than “is creating”
- Page 3 – Item 7, 4th line down should be “revised” rather than “revision”
- Page 4 – 2nd line down “now all these revenue sources may come into play” should be replaced with “could be used after all other grant revenue sources and expenditure savings”
- Page 4 – 2nd paragraph, 5 lines from the bottom – Lisa’s question should have a question mark
- Page 4 – 2nd paragraph list sentence should read “nor can we bind them”
- Page 5 – COVID Response Plan – First line – insert “to” after is
- Page 5 – Item 8 – last line should include “but did not recommend specific projects at this time”
- Page 6 – 2nd paragraph – 2nd line should read “decided upon” rather than “be part of”

The motion to accept the minutes as amended carried on unanimous vote.

3. Reports:
A. Committee Chair: Matthew O’Brien: Nothing to report.

B. Committee Members: Nothing to report.

C. Review: Finance Director – Amanda Backhaus:
Amanda Backhaus gave highlights of her monthly report. Tax collection is at 99.45% and total revenues are at 99.99%. She noted we still have the 60-day accrual to do for taxes – in which any payments made from July 1 to August 30 for prior year taxes get recorded in FY20. John noted if we had been able to have the tax sale we might have collected 100%. She discussed we are currently at 98.61% for expenditures and outlined our current year-end projection which shows a positive variance of $508,067. Amanda noted that we still have 2 days of payroll to process for FY20 and a few more AP runs so these numbers are very preliminary at this time.

COVRRA collections are at 99.56%. Amanda noted she has included budget comparisons for the special funds as part of year-end analysis. The COVRRA balance is currently around $18,000 higher than what we had projected based on the budget.
Sewer use collections were at 112.23% and the sewer fund increased $77k overall from the prior year. They have a large balance of $880k at this time but do have $350,000 in capital projects planned for FY21.

The recreation fund ended the year right around where we had projected.

Amanda noted that the Tax office was busy during June getting the tax bills prepared and mailed out. The Assessor’s department did the local Homeowner Credit during June. Matt inquired about the correction number on the 2019 Grand List as it was very high. John and Amanda explained these are true corrections due to errors in assessments.

The Finance department has been working to close out FY20 and start preparing for the upcoming audit. Amanda notes she has also been busy with retirees as is typical with the end of the school year.

**D. Review/Discussion Monthly Finance Reports:**

Matt asked if anyone has questions about the monthly finance reports. Richard asked for additional detail on the transfers that are listed in the monthly report. He noticed there were a significant number of them in June and a few were very large. Amanda noted departments are allowed to transfer within their budget per the charter and at year-end, they often move funds around for year-end purchases. John noted the biggest transfer was from snow to trees – which is an issue we will be dealing with for years to come. Richard noted a lot of transfers in police and fire. Amanda noted we also purchased re-branded badges for the fire department as well as new pagers for the fire department due to upgrades done by Tolland County. Amanda noted the police also used some money for rifles. Lisa noted that Chief Palmer had discussed that purchase at the Steering meeting. Richard inquired who makes the decision to move all of this money around which we often have an issue with the BOE doing. Amanda noted the BOE over-expends the lines and transfers after. In the Town, the department submits the transfers to Finance, John reviews and approves and then the department is able to spend. Richard voiced concern in buying unbudgeted items and not turning the money back to the General Fund. John noted year-end purchases allow for motivation during the year for departments to save money and allows purchases to be made now so that they do not need to be included in future budgets. Matt noted it is standard practice.

Richard asked about recreation’s revenue and if the fund was going to be able to sustain itself with the lack of camp revenue. Amanda noted that the fund should be OK for FY21 but if we are not able to get programming back up and running during the year the fund will need to be evaluated for FY22.

Richard asked if Amanda felt comfortable with the BOE Summary on the cumulative management report, as he noted many shifts. Amanda noted she does not know they determine savings versus COVID savings but she did notice large swings in salaries and a few other lines. Richard asked if she has been able to ask questions about this report. Amanda noted she is not able to ask questions and John noted that review of the BOE reports is not the role of the Town and that the Finance Director has no oversight of the BOE. Matt noted it is the Council’s role to at least consider it. Lisa asked about the BOE Summary Report in general and who generates the report. Amanda noted she prepares this report using the monthly BOE Management reports that are provided by the BOE. John noted this report was requested by the Finance Committee. Richard notes it is helpful to have the cumulative total.
E. Board of Education fiscal reports:
Matt O’Brien noted that there are a number of things in the BOE management reports that are not consistent. He noted the savings from excess cost are listed at $37k on the second page but is not reflected anywhere in the management report on the first page. He is curious if this will impact the total expected unexpended fund or COVID savings number. Matt also questioned the $32,000. Amada noted she had discussed this with Bob and thought it was resolved. She will follow up with him. Lisa noted the BOE suggested that they intend to have firm up numbers when we meet with them on July 30, at which time we will be able to have a better clearer conversation about this. Perhaps we should wait until then to discuss since we are talking in circles.

Lisa did noted that we did receive the equitable services update from Commissioner Cardona on ESSER. Lisa noted Secretary Devos has made some policy changes that will require districts to support private schools under what is called equitable. Lisa asked if we know how this will impact our district or if that question should wait until the 30th as well. John noted we have no idea and we can add that our question list for the joint meeting with the BOE.

Matt noted the food services record as of 5/31 shows a balance of $39k and he noted the profit and loss statement was not attached this month.

Richard asked about the preschool and when this fund would start receiving revenue again. He inquired if there was an anticipated opening date for the preschool. John noted the preschool is open during the summer for those students who we are required to provide service for. Town staff are unaware if there are currently tuition paying students attending or what current enrollment numbers are.

Matt noted we received the Municipal CRF Program. Matt noted the third page outlines the funding guide. Municipalities apply to FEMA, then to CDBG for sheltering/congregate housing and then last to CRF. BOE’s apply to CSDE first for ESSERF and then what is not covered by that can be submitted to FEMA. Last, the Town can submit costs to CRF on behalf of the BOE.

Matt noted that he has included recent correspondence that was sent to the BOE for the July joint meeting.

4. Finance Plan and Prioritization for Possible November Referendum:
Matt noted Amanda sent out a packet this afternoon relating to the bonding. On the first page, Matt inquired if we only needed to bond $750,000 for the Library project since we had previous bond money available. John noted that we have not been instructed by the Council as to whether or not that was being used. Amanda confirmed there is $100k available in the Energy bond and is for items included in the project. Lisa noted that will impact what the Library Committee discussed with us when they presented. Lisa noted that they came with a project that was slightly over the $1.7 million and wondered if we would be discussing that as a Council. Matt said it will but we can discuss our recommendation to the Council now. Lisa noted that she would like to motion to recommend to the Council that we fund the full project as presented by the Library Committee. Matt requested that before she make the motion perhaps John could outline what the Library Board meant in the letter that they had submitted to Finance last week. John noted the letter outlines they have committed to covering some of the costs that were previously removed from the project such as furnishings. Lisa noted the letter shows their good faith efforts to contribute funds to help maintain the library. Matt noted he heard that Pomfret has a $400k grant
for library renovation and that the Library is fundraising for the full match. Richard noted that one of our Council goals was to move the library project forward at a certain level of funding. Matt agreed noting the funding was $1.7 million. Richard feels if that was the number put out then that is the number we should be moving forward with. He thinks the library has funds available that they could be using to put toward the project to make it whole. Matt noted we have no control over how the Library choses to use their funds – only the Library Board can do that. Richard noted that if you look at the historical financials – there were years where they did not expend the full amount that was given to them by the Town. He feels there should be tracking of where the money went or what it was used for – and if there is money available it should be used towards this project. Richard notes perhaps they already have all the money they need to complete the full project that they wanted. Matt noted all we can do is determine what level of funding the Town will contribute. Lisa asked about the results from this current year Library operations and inquired if the next Council meeting is the last one to determine what we put forward to referendum. John confirmed it is as our attorney needs to prepare resolutions. He noted that our agreement with the library is a contract for services – they take the risk of operations costing more or less and it is just like the contracts we have with probate court and the health district. Matt agreed and noted he will be requesting year-end operating results during budget time. Lisa noted the difference between the $1.7M and what the Library Committee requested is only $33,180. Matt noted it is $100,000 more than – depends on how we use the $100k remaining from the Energy Bond. Also, Lisa would like to hear from the Library Board directly as to how much they are able to assist in funding the additional costs. Richard notes there is still other work to be done and hopes they can put forward more than what was presented, as we know there are additional things that need to be done to fully complete the project. Lisa made note the Library Board is turning over the building to us once renovations are complete and this is a huge item that we need to keep in mind. Lisa made a motion that Finance recommend the Council approve $1,833,180 for the Library Renovation Project. No second. Richard made a motion to recommend the Council approve $1,700,000 for the Library Renovation Project and for the Town to borrow $750,000. Motion seconded by Matt. Discussion: Richard thinks it is great we are moving forward with the project in the exact way we had promised to the taxpayers. Motion passes with Richard and Matt in favor and Lisa opposed.

Matt noted the next item is the school roof and fire alarms. He noted that the total cost is $2,680,000 and after grant reimbursement, the Town would look to borrow $1,430,000. Richard moved that we recommend the school roof project, at the level stated, to the Town Council for approval. Lisa seconded the motion. Motion passed unanimously.

Matt noted softball fields are also included. Lisa said she thought that it wasn’t going to be possible to get that on the November ball as there were still too many questions that we do not have answers to. Lisa asked if anyone has spoken to the Softball Committee about this. John notes he has been in touch with the Chair and the Council rep regarding updates relating to this project. He noted we used some of the remaining engineering money to hire Anchor Engineering to do the broader study relating to pricing. John noted this project will still need to go through planning and zoning review. John noted hopefully while the project continues we can find grant opportunities as well which could reduce borrowing amounts. Matt thanks the Softball Committee for all they have done and looks forward to moving forward with this when it is ready.

John noted the final cost for bonding is the bonding costs. Matt asked if there was prior money available to cover this. Amanda noted we can only use those funds for debt payments or for the projects purposes that they were approved for. John noted further in the packet – we are in a good position for this bonding and even with this bond we will still see a decrease each year in our debt payments going forward. John noted we do have some major drops in the next few
years. Richard asked why the bond expense was so high for such a small bond. It was discussed that even though it is authorized we do not need to bond immediately and could potentially combine with other bonded projects later on – similar to what we did with the Energy Bond and the Road Bond.

5. **Creation of COVID-19 Financial Response Plan:**
   Matt noted that he had identified a few issues at the last Council meeting that he would like to discuss in regards to the Covid-19 Financial Response Plan. Amanda noted that she made revisions to this document based on the comments that were made at the last meeting. Richard made a motion to recommend the Council adopt the Covid-19 Financial Response Plan. The motion was seconded by Lisa and passed unanimously.

6. **Booth and Dimmock Library Financial Reports, Contract and Relationships with the Town of Coventry and Information about the Library Assets:**
   Matt noted that Amanda had said the Library Board was meeting last week and we might potentially have more information from them. Based on that he included these documents for discussion. Matt notes without more info we do not have additional to discuss on this item. Amanda noted the attached letter from Kathleen came after the meeting and in addition Margaret had reached out and said if Finance has any specific questions that she could pass them along through her. Richard notes he does have a question: How much money is available to put towards the renovation project? What is the maximum amount the library is able to put towards it? Amanda said she will pass this question along to Margaret.

7. **COVRRRA: Request for Tipper Cart for Lake Association**
   Matt noted this was a letter sent to all Council members regarding tipper cart for one of the lake associations. Matt notes he talked to David about it and they are not sure they are going this route – just want to know if it is an option. John said staff’s opinion is that is allowed. John noted a standard tipper barrel will need to be brought to the road on collection day. Matt noted they are still reviewing options but he wanted to be able to get back to him on if it was possible.

8. **Adjournment:**
   The meeting was adjourned at 8:40 PM on a motion by Lisa Thomas, seconded by Richard Williams and unanimously approved.

Respectfully submitted,

Amanda L. Backhaus, CPA
Finance Director

*These minutes are draft until approved at the subsequent Finance Committee Meeting.*