

TOWN OF WINDSOR, CONNECTICUT

Special Meeting Notice



AGENCY: Finance Committee
DATE: January 25, 2017
TIME: 6:30 PM
PLACE: Town Hall – Ludlow Room

AGENDA

1. Call to Order
2. Public Comment
3. *Review of FY 16 Annual Financial Audit
4. *Discussion of FY 17 Mid Year Financials
5. *Discussion of Annual Financial Audit services
6. Staff Reports
7. Approval of Minutes
 - a) *December 19, 2016
8. Adjournment

*Backup materials

Public Act 75-312 requires notice of Special Meetings to be posted in the Town Clerk's Office not less than 24 hours prior to the time of such meeting. No other business shall be considered at this meeting than that listed on this Agenda.

Agenda Item Summary

Date: January 25, 2017

To: Members of the Finance Committee

From: James Bourke, Finance Director 

Subject: Presentation and Discussion of the FY16 Audit Report and Federal and State Compliance Report

Representatives of the town's independent auditor, RSM US LLP, will present the results of the town's FY 2016 audit to the Finance Committee at tonight's meeting. Below is an observation that was noted during the audit. This observation is not considered a material weakness or significant deficiency.

Observation

During the testing of the Student Activities accounts and more specifically for Clover Street School, it was noticed that the same person collects and deposits the money.

Recommendation

It is recommended that the teachers and administrative personnel fill out and sign the deposit transmittal sheet.

The FY 2016 Comprehensive Annual Financial Report, Federal & State Compliance Report and Report to the Town Council were previously distributed to the council members. Please bring your copy of the report to the meeting.

Agenda Item Summary

Date: January 25, 2017

To: Members of the Finance Committee

Prepared By: Jim Bourke, Finance Director

Reviewed By: Peter Souza, Town Manager 

Subject: General Fund Budget Report - Second Quarter FY 2017

Background

Attached is the General Fund Budget Report (unaudited) for the second quarter of FY 17. This report is provided for Finance Committee discussion purposes.

Discussion/Analysis

Overall revenues reflect 87.4% collections as of the second quarter of the fiscal year vs. 85.9% for the same time period last year. Significant changes in revenues received between the two fiscal years are as follows:

- General Property Tax is at 99.2% collected this year versus 98.0% collected for the same period last year. The General Property Tax collections are coming in strong and we expect to exceed our budgeted revenues in this category by the end of the fiscal year.
- Licenses and Permits is at 50.9% collected for the second quarter of FY 17 versus 93.8% collected for the same time period last year. The decrease between fiscal years is due primarily to some larger building permit applications in the first quarter of FY 16. Our expectation is that we will meet our budgeted projection for building permits for FY 17.
- Although State School Aid and State Grants In Lieu of Taxes revenue categories appear to be on track in terms of percentage of collections thus far for the fiscal year; we believe that we will not meet budgeted expectations in these categories. We anticipate being down mostly due to the Transportation and Municipal Revenue Sharing grants as a result of reductions made by the State at the time of their budget adoption. However, we believe these reductions in funding will be offset with our General Property Tax collections as well as favorable conveyance fee revenue and interest income. We will continue to monitor the revenues as the fiscal year progresses.

FY 17 expenditures are comparable to the second quarter of FY 16 with a 0.2% difference between the two fiscal years (47.3% spent for FY 17 versus 47.5% for FY 16). Any significant changes in expenditures/encumbrances between the two fiscal years can be attributed to timing differences – meaning the time the vendor invoices or purchase orders are entered into the system. Presently we anticipate some year-end expenditure savings as a result of partial year vacancies in a few departments.

Other Board Action

None

Recommendations

This item is presented for review and discussion. No committee action is requested.

Attachment

FY 17 Second Quarter General Fund Budget Report

**TOWN OF WINDSOR
GENERAL FUND BUDGET REPORT
SECOND QUARTER - FY 2017
July 1, 2016 - December 31, 2016**

REVENUE	FY 2016 - through December			FY 2017 - through December		
	Budget	YTD Actual	Received	Budget	YTD Actual	Received
910 GENERAL PROPERTY TAX	88,290,620	86,561,245	98.0%	92,250,720	91,482,407	99.2%
915 LICENSES AND PERMITS	629,230	590,510	93.8%	628,560	320,051	50.9%
920 FINES AND PENALTIES	40,000	16,983	42.5%	38,000	7,980	21.0%
925 REVENUES FROM USE OF ASSETS	513,830	221,367	43.1%	548,830	311,109	56.7%
930 STATE SCHOOL AID	13,367,400	2,924,733	21.9%	13,008,110	2,923,905	22.5%
935 STATE GRANTS IN LIEU	1,724,060	265,825	15.4%	2,543,740	842,243	33.1%
940 OTHER STATE GRANTS	45,000	-	0.0%	47,200	-	0.0%
950 REVENUES FROM OTHER AGENCIES	113,750	11,500	10.1%	111,830	-	0.0%
955 CHARGES FOR CURRENT SERVICES	734,650	360,971	49.1%	760,500	587,431	77.2%
960 OTHER REVENUES	25,600	19,770	77.2%	25,500	10,613	41.6%
965 OPENING CASH	900,000	450,000	50.0%	900,000	450,000	50.0%
TOTAL REVENUES	106,384,140	91,422,904	85.9%	110,862,990	96,935,739	87.4%

EXPENDITURES	FY 2016 - through December			FY 2017 - through December		
	Budget	YTD Actual	Expended	Budget	YTD Actual	Expended
10 INFORMATION SERVICES	436,140	246,105	56.4%	447,510	236,131	52.8%
11 ADMINISTRATIVE SERVICES	2,152,930	1,018,846	47.3%	2,224,840	1,088,111	48.9%
12 DEVELOPMENT SERVICES	1,799,370	793,062	44.1%	1,800,720	832,814	46.2%
13 GENERAL GOVERNMENT	966,020	552,589	57.2%	991,110	594,007	59.9%
18 COMMUNITY DEVELOPMENT	92,500	46,250	50.0%	93,860	46,930	50.0%
20 RECREATION & LEISURE SERVICES	1,412,430	896,408	63.5%	1,450,120	895,914	61.8%
25 LIBRARY SERVICES	1,590,340	760,212	47.8%	1,612,660	757,092	46.9%
35 HUMAN SERVICES	787,460	348,489	44.3%	810,580	378,932	46.7%
38 HEALTH SERVICES	477,170	207,535	43.5%	471,410	211,515	44.9%
40 PUBLIC WORKS	5,277,280	2,865,897	54.3%	5,346,700	2,809,706	52.6%
50 TOWN SUPPORT FOR EDUCATION	4,604,720	2,073,812	45.0%	4,825,360	2,151,618	44.6%
52 BOARD OF EDUCATION	66,025,950	29,631,081	44.9%	67,471,330	29,783,365	44.1%
60 SAFETY SERVICES	9,976,810	4,825,974	48.4%	9,965,720	4,631,604	46.5%
90 GENERAL SERVICES	10,785,020	6,230,801	57.8%	13,351,070	7,973,877	59.7%
TOTAL EXPENDITURES	106,384,140	50,497,061	47.5%	110,862,990	52,391,616	47.3%

Beginning Total Fund Balance, July 1	19,935,850	20,666,186
<i>Transfers out of Fund Balance:</i>		
Opening Cash	(900,000)	(900,000)
9/08/15 Town Green Fountain	(30,000)	
4/25/16 Caring Connection Transfer	(147,574)	
9/19/16 Teamsters Retroactive Wages		(54,369)
10/17/16 Teamsters Retroactive Wages		(47,366)
Estimated Surplus	1,807,910	
Projected Fund Balance, June 30	20,666,186	19,664,451

Agenda Item Summary

Date: January 25, 2017
To: Members of the Finance Committee
Prepared by: James Bourke, Finance Director
Reviewed by: Peter Souza, Town Manager 
Subject: Annual Financial Audit Services

Background

In 2014, the Town Council appointed the firm of RSM US, LLP as the town auditor to carry out the annual financial audit of the town for fiscal years 2014, 2015 and 2016, with an option for two one-year extensions. This appointment was the result of a Request for Proposal (RFP) process for audit services that was conducted in January of 2014.

Discussion/Analysis

The fiscal year 2016 audit is the last audit to be conducted per the three-year engagement mentioned above. The current options are to negotiate a new one-year extension agreement with RSM US, LLP or conduct another RFP process. The cost for the fiscal year 2016 audit was \$60,700.

It is requested that the finance committee provide guidance as to either issuing an RFP for annual audit services or to recommend to the Town Council that a one-year extension be approved with RSM US, LLP to conduct the financial audit for fiscal year 2017, subject to negotiations with the Town Manager as to final scope, schedule and price.

Other Board Action

None

Recommendations

It is requested that the finance committee provide guidance as to either issuing an RFP for annual audit services or to recommend to the Town Council that a one-year extension be approved with RSM US, LLP. Below are two motions for the Finance Committee to consider

“MOVE to recommend that the Town Council direct staff to issue a Request for Proposals related to financial audit services for fiscal years 2017, 2018 and 2019 with an option to extend for up to two additional years.”

OR

“MOVE to recommend that the Town Council appoint the firm of RSM US, LLP as the Town Auditor to carry out the financial audit of the Town of Windsor for fiscal year 2017, and authorize the Town Manager to finalize a one-year agreement with said firm.”

Attachments

None

**TOWN OF WINDSOR
FINANCE COMMITTEE
SPECIAL MEETING
DECEMBER 19, 2016
TOWN HALL – ROGER LUDLOW ROOM**

UNAPPROVED MINUTES

1. CALL TO ORDER

Deputy Mayor Jody Terranova, Chair of the Finance Committee, called the meeting to order at 6:00 p.m. with Councilors Randy McKenney and Donald Jepsen present. Town Manager Peter Souza was also present.

2. PUBLIC COMMENT

Mr. Bradshaw Smith of 23 Ludlow Road inquired about fuel commodity projections for Fiscal Year 2018 (FY18). He said state revenues will be flat or slightly lower.

3. REVIEW OF FY 2018 BUDGET ASSUMPTIONS

Town Manager Souza said staff is projecting a 1.5% decrease in the Grand List, which equates to \$42 million in assessed value. The decrease is due to a \$20 million reduction in real estate values and a \$22 million reduction in personal property values. Town Manager Souza said he estimates a \$500,000 decrease in state aid to Windsor.

Finance Director James Bourke reviewed FY18 expenditure assumptions.

Deputy Mayor Terranova asked why pension contributions are going up so much. Finance Director Bourke said the increase is due to a planned decrease in investment return projections.

Councilor Jepsen asked what percentage funded is the town's pension plan. Finance Director Bourke answered approximately 93%.

Town Manager Souza said that there is a possibility that Town Aid Road revenues and Local Capital Improvement Plan revenues will be reduced. He said that the Board of Education expenditures are projected to increase 2.25%, which would result in the mill rate increasing over 4% using present assumptions.

Councilor McKenney MOVED and Councilor Jepsen seconded that the Finance Committee recommend to the Town Council that the attached FY18 budget parameters and assumptions be approved as presented.

Motion Passed 3-0-0

4. REVIEW OF FY 2018 BUDGET FORMAT

Town Manager Souza and Finance Director James Bourke provided information about the state's motor vehicle tax cap and how it would result in the motor vehicles having a different mill rate than the mill rate for personal property and real estate. Also discussed was a proposed new presentation in the budget document that shows the separation of the calculation of the mill rate for real estate and personal property from the calculation of the motor vehicle tax levy at the cap of 32 mills.

Councilor McKenney MOVED and Councilor Jepsen seconded that the Finance Committee recommend to the Town Council that the FY 2018 budget format remain the same as the format utilized for FY 2017.

Motion Passed 3-0-0

5. REVIEW OF FY 2018 BUDGET CALENDAR

Councilor McKenney MOVED and Councilor Jepsen seconded that the Finance Committee recommend to the Town Council that the attached FY 2018 budget calendar be approved, as promulgated by town staff.

Motion Passed 3-0-0

6. STAFF REPORTS

Town Manager Souza summarized the subject matter covered at the last meeting of the Town Improvements Committee.

7. APPROVAL OF MINUTES

a) December 5, 2016

Councilor McKenney MOVED and Councilor Jepsen seconded to approve the unapproved minutes of December 5, 2016.

Motion Passed 3-0-0

8. ADJOURMENT

Councilor McKenney MOVED and Councilor Jepsen seconded to adjourn the meeting at 6:43 p.m.

Motion Passed 3-0-0

Respectfully submitted by,

Jonathan Luiz, Assistant Town Manager