



**TOWN OF WINDSOR
FINANCE COMMITTEE
June 10, 2019
TOWN HALL – ROGER LUDLOW ROOM
APPROVED MINUTES**

1. CALL TO ORDER

Deputy Mayor Jody Terranova, Chair of the Finance Committee, called the meeting to order at 7:00 p.m. with Councilor Joseph McAuliffe and Councilor Donald Jepsen present.

Staff Present: Town Manager, Peter Souza; Finance Director, Jim Bourke; Assistant Finance Director, Linda Collins; Management Analyst, Kelly Barrett

2. PUBLIC COMMENT

None.

3. REVIEW OF YEAR END PURCHASE ORDERS

Town Manager Souza distributed an updated list of year-end encumbrances. Mr. Bourke, Finance Director, explained that when goods and services are received and paid for in the next fiscal year, a purchase order must be opened to encumber the funds. By encumbering the funds, the Town Council is formally extending budgetary authority into the next fiscal year for that line item.

There are five FY 19 General Fund open purchase orders as of June 10, 2019 totaling \$117,775 that are expected to be encumbered. There was a last-minute one added for the purchase of a firearms training simulator for the Police department. Town Manager Souza explained that the simulator is a software system with a variety of video trainings that are very life-like.

Councilor Jepsen asked how real the experience is and if virtual reality goggles are used? Town Manager Souza said that this particular version does not have goggles. He also added that the Chief recommended purchasing the training simulator in part due to the fair number of newer officers that don't have as much on the job experience.

Councilor Jepsen asked if there are annual cost associated with the software. Town Manager Souza responded that there are none that he knows of currently, but an annual maintenance fee could be built into the initial cost.

Town Manager Souza said that the Fire Department has carry forward encumbrances. This due to the Fire Chief wanting to see where things would come out at year-end as far as their budget, knowing that the MDC billing and a rescue truck repair were the cause of those lines going over budget. Since the Police Department came in under budget due to vacancies, there is room to purchase these two items for the Fire Department.

Councilor Jepsen asked if all of these encumbrances get booked against FY 19 or FY 20. Mr. Bourke said that they will be charged to the FY 19 budget based on Council authority and this is in compliance with audit rules.

MOVED by Councilor McAuliffe, seconded by Councilor Jepsen that the Finance committee recommend that the FY 19 General Fund open purchase orders as of June 10, 2019 be submitted and approved by the Town Council until October 21, 2019.

Motion Passed 3-0-0

4. REVIEW OF YEAR END TRANSFERS

Town Manager Souza explained that there is one service unit that is projected to go over budget by an amount greater than \$5,000 for FY 19. General Services is projected to be over budget by \$53,500, bringing the total FY 19 General Fund funding to \$14,548,470 versus the adopted budget amount of \$14,494,970. This is mainly due to two reasons. One is for a transfer of \$37,000 due primarily to prior year tax refunds as stipulated by the State of Connecticut Superior Court for two assessment appeals. The other is for a transfer of \$16,500 to the Caring Connection line to provide funding necessary to cover the additional operating loss in FY 19. During FY 20 budget deliberations, the Town Council reduced the transfer to the Caring Connection from the General Fund knowing that an appropriation would be requested during year-end transfers to cover the additional FY 19 projected operating loss.

It is recommended that a transfer of \$53,500 be made from the FY 19 Safety Services budget to General Services for these two items as the Safety Services budget is projected to have a \$153,000 year-end balance.

Deputy Mayor Terranova asked why Safety Services had a savings this year. Town Manager Souza explained that it was a result of vacancies, workers comp claims and new hires starting at a lesser pay than the officers leaving.

MOVED by Councilor McAuliffe, seconded by Councilor Jepsen, that the Finance Committee recommend to the Town Council that the Director of Finance be granted authority to make year-end transfers in the General Fund of not more than \$5,000 per Service Unit.

Motion Passed 3-0-0

MOVED by Councilor McAuliffe, seconded by Councilor Jepsen that the Finance Committee recommend to the Town Council approval of a transfer of \$53,500 from Safety Services to General Services to fund the projected year end deficit in the tax refund category and the FY 19 Caring Connection operating loss; and that \$16,500 be transferred from General Services to the Caring Connection Adult Day Care Enterprise fund to cover the anticipated FY 19 operating loss.

Motion Passed 3-0-0

5. REVIEW OF FY 19 GENERAL FUND YEAR END FINANCIALS

Mr. Bourke explained that revenues are projected to come in with a favorable variance of approximately \$3.5 million. Revenue categories that show the most significant positive year-end variances as compared to budget consist of property taxes (including amounts received from the delinquent property tax sale) as well as building permits, interest income, and conveyance fees.

Expenditures, including the Board of Education, are estimated to be approximately \$365,000 or less than one percent (0.5%) of the budget. The savings are primarily due to vacant positions and savings in the storm control budget.

Councilor Jepsen asked what makes up the Charges for Services coming in over budget. Mr. Bourke stated that it was mostly due to Conveyance Fees and Special Education Tuition from Other Towns.

Councilor Jepsen asked if the \$3.5 million in additional revenues is abnormally high. Town Manager Souza stated that it is a bit higher than normal and is due to items such as the tax sale which is not budgeted for and generally only occurs every other year.

6. STAFF REPORTS

Town Manager Souza reviewed and highlighted what was published in the most recent version of Council Communications concerning the conference call with Standard & Poor's and the recent bond and note sale. The Town's AAA bond rating was reaffirmed, and the results of the bond sale were generally positive. The Town sold \$10,000,000 in general obligation bonds and a one-year bond anticipation note in the amount of \$11,970,000. The annualized interest rate that was used in the multi-year debt service forecast was over 3.5%, and the actual equivalent interest rate after the bond sale is 3.2%. So, as a result of that, we anticipate having interest savings of \$28,000 from the General Obligation issue in the first year. For the one year note, the interest rate that was used in the budget was 2%, but the actual interest rate from the note sale was 3%, so we expect to have higher interest costs for the note.

Town Manager Souza explained that both issues came with premiums, which together total approximately \$450,000. The premiums to the Town offset the higher coupon rates we are required to pay in the early years of the term, with the trade-off being the higher coupon rates serve to make the issue more attractive to investors. For the note, the effective rate is approximately 1.5% when the 3% coupon rate and premium are taken into consideration together.

Councilor Jepsen asked about the impact to future years and if interest costs are higher than what was expected in the early years. Town Manager Souza stated that the actual results were consistent to how we modeled it, where we were using 5% coupons in the first 5 years.

7. APPROVAL OF MINUTES

MOVED by Councilor McAuliffe, seconded by Councilor Jepsen to approve the unapproved minutes of February 28, 2019 as presented.

Motion Passed 3-0-0

8. ADJOURNMENT

MOVED by Councilor Jepsen, seconded by Councilor McAuliffe to adjourn the meeting at 7:25 p.m.

Motion Passed 3-0-0

Respectfully submitted by,

Linda Collins
Assistant Finance Director