

TOWN OF WINDSOR, CONNECTICUT

Special Meeting Notice



AGENCY: Finance Committee
DATE: January 27, 2020
TIME: 5:30 PM
PLACE: Town Hall – Ludlow Room

AGENDA

1. Call to Order
2. Public Comment
3. *Review of FY 19 Annual Financial Audit
4. *Review of FY 20 second quarter financials
5. *Discussion of Windsor Volunteer Ambulance financials
6. Staff Reports
7. Approval of Minutes
 - a) *December 9, 2019
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 27, 2020

To: Members of the Finance Committee

From: Jim Bourke, Finance Director

Reviewed By: Peter Souza, Town Manager 

Subject: Presentation and Discussion of the FY19 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 2019 audit to the Finance Committee. There were no significant deficiencies or material weaknesses identified by the audit firm during the course of, or as a result of, the annual audit.

Highlights:

General Fund expenditures came in under budget by \$1,088,481, or 0.09%. Revenues, on a budgetary basis, exceeded the budget by \$3,503,740, for a total budgetary surplus of \$4,592,221. Sources of revenues that exceeded budgeted amounts mostly consisted of property tax collections from the delinquent property tax sale, building permits and conveyance fees. Uses of General Fund reserves included an appropriation of \$400,000 for the School Safety and Security Project, \$195,000 for the Clover Street School partial roof replacement and \$55,000 for improvements to the Mill Brook property. Total FY 19 appropriations from General Fund reserves were \$1,550,000. This amount included \$900,000 for opening cash, however the overall budgetary surplus was sufficient enough so that the use of opening cash was not required.

On a GAAP basis, the General Fund unassigned fund balance as of June 30, 2019 is \$25,900,614, which is an increase of \$3,032,148. The \$25.9M in the unassigned fund balance is 21.8% of the FY 20 adopted budgeted expenditures of \$118,719,040.

The town invested approximately \$5.7M in new capital assets in FY 19 through pay-as-you go cash, bonding and grants. These investments consisted of \$4.1M for buildings and improvements and \$1.7M for new machinery and equipment. When taking into account depreciation on existing and new assets, total capital assets of the town increased by approximately \$5.0M to \$113.5M at the end of FY 19. Some of the major additions during the year included Kennedy and Ellsworth School HVAC Improvements, LED lighting at Elementary Schools and Fire Alarm and Security System Improvements at town facilities.

The town's total bonded debt increased by \$4.0M during FY 19 and stands at \$43,090,000 as of June 30, 2019. Debt service payments made in FY 19 totaled \$7,067,791, which is 6.0% of budgeted operating expenditures and within the town's policy guidelines of 6.0% to 8.0%.


The FY 2019 Comprehensive Annual Financial Report, Federal & State Compliance reports were previously distributed to the council members in hard copy and digital form.

Agenda Item Summary

Date: January 27, 2020

To: Members of the Finance Committee

Prepared By: Jim Bourke, Finance Director

Reviewed By: Peter Souza, Town Manager 

Subject: General Fund Mid-Year Budget Report - FY 20

Background

Attached is the General Fund budget report as of December 31, 2019. This report is being provided to the Finance Committee for discussion purposes.

Discussion/Analysis

Overall revenues reflect 88.1% collections as of the second quarter of the fiscal year vs. 89.0% for the same time period last year. Notable changes in revenues received between the two fiscal years are as follows:

- Licenses and Permits are 60.6% collected as of the second quarter of this year as compared to 151.3% collected for the same period last year. This is primarily due to more building permit revenues collected in FY 19. The Verizon project on Pigeon Hill Road brought in over \$290,000 in August of FY 19.
- Fines and Penalties are 31.4% collected for the second quarter of this year versus 25.5% collected for the same period last year. The difference is due to more court fine revenues collected so far this year.
- Revenues from Use of Assets are 61.9% collected for the second quarter of this year versus 82.8% collected for the same period last year. The difference is due to interest income, which is coming in over budget for the second quarter of the fiscal year at approximately 66% collected, but was over 100% collected for the same period last year. The FY20 approved budget increased the amount of expected interest income by \$460,000 compared to the FY19 budget.
- Other Revenues are 227.7% collected for the second quarter of FY 20 versus 95.7% collected in FY 19. The difference is due to a payment from the State of Connecticut for the acquisition of a portion of 45 Central St. and an easement related to the rail line improvements.

Overall expenditures for the second quarter of FY 20 are comparable to the second quarter of FY 19, with a 0.2% difference between the two fiscal years (49.7% spent for FY 20 versus 46.1% for FY 19). Most of the differences relate to the timing of when expenditures occur and when purchase orders are opened in the accounting system. Notable changes in expenditures between the two fiscal years are as follows:

- General Government reflects 58.5% expended for the second quarter of the fiscal year versus 68.9% spent for the same time period last year. This is due in part to the Elections section of

the General Government budget. A state primary and state election were held in the first quarter of FY 19 as opposed to FY 20 in which those events did not occur.

- Board of Education reflects 47.6% expended through the second quarter of the fiscal year versus 41.9% for the same time period last year. The first payroll of January was posted in December due to the New Year's holiday.

There have been two appropriations from the General Fund unassigned fund balance so far this year – \$25,000 to fund an A-2 survey and hazardous materials testing at the former Roger Wolcott School and \$346,000 to fund the Sage Park Middle School LED lighting project.

Other Board Action

None

Recommendations

This report is being provided to the Finance Committee for discussion purposes.

Attachment

FY 20 General Fund Mid-Year Budget Report

July 1, 2019 - December 31, 2019

REVENUE	FY 2019 - through December			FY 2020 - through December		
	Approved	FY19 Actual	Percent Received	Adopted	FY20 Actual	Percent Received
	Budget			Budget		
910 GENERAL PROPERTY TAX	97,360,030	96,386,476	99.0%	100,237,450	98,910,700	98.7%
915 LICENSES AND PERMITS	625,960	947,264	151.3%	629,410	381,276	60.6%
920 FINES AND PENALTIES	36,000	9,182	25.5%	36,000	11,301	31.4%
925 REVENUES FROM USE OF ASSETS	1,048,830	868,359	82.8%	1,518,830	940,416	61.9%
930 STATE SCHOOL AID	13,010,540	2,886,916	22.2%	12,847,660	2,886,916	22.5%
935 STATE GRANTS IN LIEU	1,488,740	477,607	32.1%	1,728,240	507,247	29.4%
940 OTHER STATE GRANTS	37,460	-	0.0%	43,210	-	0.0%
950 REVENUES FROM OTHER AGENCIES	108,370	-	0.0%	118,370	-	0.0%
955 CHARGES FOR CURRENT SERVICES	583,500	451,952	77.5%	639,370	446,204	69.8%
960 OTHER REVENUES	20,500	19,616	95.7%	20,500	46,673	227.7%
965 OPENING CASH	900,000	450,000	50.0%	900,000	450,000	50.0%
TOTAL REVENUES	115,219,930	102,497,372	89.0%	118,719,040	104,580,733	88.1%

EXPENDITURES	FY 2019 - through December			FY 2020 - through December		
	Approved	FY19 Actual	Percent Expended	Adopted	FY20 Actual	Percent Expended
	Budget			Budget		
10 INFORMATION SERVICES	491,270	269,927	54.9%	540,080	318,160	58.9%
11 ADMINISTRATIVE SERVICES	2,313,740	1,210,948	52.3%	2,403,970	1,195,965	49.7%
12 DEVELOPMENT SERVICES	1,318,030	630,642	47.8%	1,344,760	643,826	47.9%
13 GENERAL GOVERNMENT	1,015,240	699,479	68.9%	1,036,260	606,424	58.5%
18 COMMUNITY DEVELOPMENT	103,800	51,900	50.0%	103,800	51,900	50.0%
20 RECREATION & LEISURE SERVICES	1,538,390	1,021,025	66.4%	1,600,390	1,038,412	64.9%
25 LIBRARY SERVICES	1,678,840	790,113	47.1%	1,717,780	815,731	47.5%
35 HUMAN SERVICES	865,940	410,076	47.4%	898,800	418,717	46.6%
38 HEALTH SERVICES	494,800	247,782	50.1%	508,150	245,640	48.3%
40 PUBLIC WORKS	6,260,520	3,347,745	53.5%	6,448,640	3,309,681	51.3%
50 TOWN SUPPORT FOR EDUCATION	5,229,500	2,305,111	44.1%	5,447,480	2,368,931	43.5%
52 BOARD OF EDUCATION	69,068,800	28,943,214	41.9%	70,913,360	33,787,451	47.6%
60 SAFETY SERVICES	10,346,090	4,818,757	46.6%	10,764,580	4,953,529	46.0%
90 GENERAL SERVICES	14,494,970	8,426,834	58.1%	14,990,990	9,282,919	61.9%
TOTAL EXPENDITURES	115,219,930	53,173,553	46.1%	118,719,040	59,037,286	49.7%

INTEROFFICE MEMORANDUM

TO: Peter Souza, Town Manager
Enita Jubrey, Assistant to the Town Manager

FROM: Laura Casey, Early Childhood Manager

SUBJECT: FY 20 2nd Quarter Review with Fiscal Year Projections

DATE: January 27, 2020

2nd Quarter Revenues & Fiscal Year Projections:

Revenues for the first 6 months are trending \$2,257 less than budgeted. Although charges for services is slightly lower than budgeted for the second quarter the additional revenue from the gym rental has decreased the loss from \$8,422 to \$2,257. See chart below for projected new student enrollments.

Based on current revenue collections I have decreased the bad debt expense from \$3,000 to \$2,000. At this time 99% of our parents are on track with their tuition payments. Since the addition of a payment link on our website parents are able to meet tuition deadlines by having access from home. The remaining expenses are expected to come in on budget.

The FY21 deposits are currently being collected. I am recommending that a 1.5% tuition increase be considered as part of the FY21 budget. In addition to the tuition increase it is recommended that 4 spaces in the toddler program be converted to full-day spots for FY 21.

Enrollment Up Date

Program	Start of quarter Enrollment/ Capacity	Ratio	Vacancies	New Enrollments	Anticipated Start Date (Deposits already collected)
Infant	6/8	1:4	2	1	1/15/20
				1	2/01/20
½ Day Toddler	5/8	1:4	2	1	1/01/20
				1	1/06/20
Full Day Toddler	8/8	1:4			
Primary	55/60	1:10	5	1	1/01/20
				1	2/10/20
Elementary	24/25	1:10	1	1	1/27/20

**TOWN OF WINDSOR
CHILD DEVELOPMENT ENTERPRISE FUND
STATEMENT OF REVENUES AND EXPENSES**

	FY 2019 Actual	FY 2020 Budget	FY 2020 Estimate	FY 2021 Proposed	FY 2021 Adopted
Operating Revenue:					
Charges For Services	1,110,238	1,114,190	1,104,190	1,175,380	-
Permits & Other Revenues	822	5,120	14,070	9,200	-
Total Operating Revenue	1,111,060	1,119,310	1,118,260	1,184,580	-
Non-Operating Revenue:					
Donations	-	-	-	-	-
Interest Income	8,351	4,400	4,400	5,000	-
Total Non-Operating Revenue	8,351	4,400	4,400	5,000	-
Total Revenue	1,119,411	1,123,710	1,122,660	1,189,580	-
Operating Expenses:					
Personal Services	897,886	949,520	949,520	1,015,540	-
Supplies	18,907	19,600	19,600	20,600	-
Services	36,761	56,820	55,770	58,820	-
Marketing	7,446	8,000	8,000	8,000	-
Maintenance & Repairs	11,105	18,500	18,500	22,700	-
Grants and Contributions	-	-	-	-	-
Capital Outlay	904	-	-	-	-
Energy & Utility	16,340	22,590	22,590	20,700	-
Administrative Overhead	-	-	-	-	-
Rent	118,830	118,830	118,830	118,830	-
Other (bad debt)	6,905	3,000	2,000	2,000	-
Total Operating Expenses	1,115,084	1,196,860	1,194,810	1,267,190	-
Non-Operating Expenses:					
Depreciation	1,000	1,000	1,000	1,000	-
Total Non-Operating Expenses	1,000	1,000	1,000	1,000	-
Total Expenses	1,116,084	1,197,860	1,195,810	1,268,190	-
Annual Income/(Loss)	3,327	(74,150)	(73,150)	(78,610)	-
Net Assets (Retained Earnings), Beginning of Year	398,352	343,942	401,679	328,529	-
Net Assets (Retained Earnings), End of Year	401,679	269,792	328,529	249,919	-
Personnel Requirements					
	FY 2019 Actual	FY 2020 Budget	FY 2020 Estimate	FY 2021 Proposed	FY 2021 Adopted
Full Time Equivalents (FTE)					
Regular Full Time Employees	9.83	10.00	10.00	11.00	-
Regular Part Time Employees	7.08	7.56	7.56	7.66	-
Temporary/Seasonal Employees	-	-	-	-	-
Total	16.91	17.56	17.56	18.66	-

**TOWN OF WINDSOR
CHILD DEVELOPMENT ENTERPRISE FUND
STATEMENT OF REVENUES AND EXPENSES**

	FY 2019 Actual	FY 2020 - Adopted Budget	FY 2020 Monthly Average ~ Adopted budget divided by 12 ~	FY 2020 Second Quarter Actuals & Year End Projections												FY20 Projection vs FY20 Adopted Budget	
				Jul-19 Actual	Aug-19 Actual	Sep-19 Actual	Oct-19 Actual	Nov-19 Actuals	Dec-19 Actuals	Jan-20 Projection	Feb-20 Projection	Mar-20 Projection	Apr-20 Projection	May-20 Projection	Jun-20 Projection		Total FY 20 YTD
Operating Revenue:																	
Charges For Services	1,110,238	1,114,190	92,849	92,227	94,132	93,216	89,041	89,844	90,213	94,115	94,115	94,115	105,000	105,000	63,172	1,104,190	(10,000)
Other Revenues	823	5,120	427	-	-	1,471	1,400	1,400	1,894	1,400	1,400	1,400	1,400	1,400	905	14,070	8,950
Total Operating Revenue	1,111,061	1,119,310	93,276	92,227	94,132	94,687	90,441	91,244	92,107	95,515	95,515	95,515	106,400	106,400	64,077	1,118,260	(1,050)
Non-Operating Revenue:																	
Interest Income	8,351	4,400	367	487	450	400	297	503	494	297	297	297	297	297	284	4,400	-
Total Non-Operating Revenue	8,351	4,400	367	487	450	400	297	503	494	297	297	297	297	297	284	4,400	-
Total Revenue	1,119,411	1,123,710	93,643	92,714	94,582	95,087	90,738	91,747	92,601	95,812	95,812	95,812	106,697	106,697	64,361	1,122,660	(1,050)
Operating Expenses:																	
Personal Services	897,886	949,520	79,127	85,177	80,246	72,373	77,112	73,912	70,969	86,645	75,343	82,878	82,878	79,110	82,878	949,520	-
<i>Payroll Weeks</i>	<i>52.0</i>	<i>52.4</i>		<i>4.6</i>	<i>4.4</i>	<i>4.2</i>	<i>4.6</i>	<i>4.2</i>	<i>4.4</i>	<i>4.6</i>	<i>4.0</i>	<i>4.4</i>	<i>4.4</i>	<i>4.2</i>	<i>4.4</i>	-	
Supplies	18,907	19,600	1,633	180	1,085	2,067	1,527	59	929	2,292	2,292	2,292	2,292	2,292	2,292	19,600	(0)
Services	36,761	56,820	4,735	9,787	4,195	6,246	4,869	3,115	1,478	4,347	4,347	4,347	4,347	4,347	4,347	55,770	1,050
Marketing Expenses	7,446	8,000	667	-	125	-	2,154	-	500	870	870	870	870	870	870	8,000	-
Maintenance & Repairs	11,105	18,500	1,542	225	830	830	830	830	1,707	2,208	2,208	2,208	2,208	2,208	2,208	18,500	-
Capital Outlay	904	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Energy & Utility	16,340	22,590	1,883	111	244	1,935	578	1,408	1,810	2,751	2,751	2,751	2,751	2,751	2,751	22,590	-
Administrative Overhead	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	118,830	118,830	9,903	9,903	9,903	9,903	9,903	9,903	9,903	9,903	9,903	9,903	9,903	9,903	9,897	118,830	-
Other (Bad Debt)	6,905	3,000	250	-	-	-	-	48	-	-	-	-	-	-	1,952	2,000	1,000
Total Operating Expenses	1,115,084	1,196,860	99,738	105,383	96,628	93,354	96,973	89,275	87,296	109,015	97,714	105,248	105,248	101,481	107,194	1,194,810	2,050
Non-Operating Expenses:																	
Depreciation	1,000	1,000	83	83	83	83	83	83	83	83	83	83	83	83	87	1,000	-
Total Non-Operating Expenses	1,000	1,000	83	83	83	83	83	83	83	83	83	83	83	83	87	1,000	-
Total Expenses	1,116,084	1,197,860	99,822	105,466	96,711	93,437	97,056	89,358	87,379	109,098	97,797	105,331	105,331	101,564	107,281	1,195,810	2,050
Annual Income/(Loss)	3,327	(74,150)	(6,179)	(12,752)	(2,129)	1,650	(6,318)	2,389	5,222	(13,286)	(1,985)	(9,519)	1,366	5,133	(42,920)	(73,150)	1,000
Net Position (Deficits), Beginning of Year/Month	398,352	343,942		401,679	388,927	386,798	388,448	382,130	384,519	389,741	376,455	374,470	364,951	366,317	371,450		
Net Position (Deficits), End of Year/Month	\$ 401,679	\$ 269,792		\$ 388,927	\$ 386,798	\$ 388,448	\$ 382,130	\$ 384,519	\$ 389,741	\$ 376,455	\$ 374,470	\$ 364,951	\$ 366,317	\$ 371,450	\$ 328,529		
Subtract capital assets in Net Position	(7,000)	(6,000)							(6,000)						(6,000)		
Unrestricted Net Position (Deficits)	\$ 394,679	\$ 263,792							\$ 383,741						\$ 322,529		

INTEROFFICE MEMORANDUM

TO: Peter Souza, Town Manager
Enita Jubrey, Assistant to the Town Manager

FROM: Cheryl Rosenbaum, Caring Connection Coordinator

SUBJECT: Caring Connection FY 2020 Second Quarter Financials and Year end Projections

DATE: January 27, 2020

The projected FY 20 budget as of the end of the 2nd quarter shows a reduced year end deficit of \$154,700 as compared to the 1st quarter forecast amount of \$172,020. This is primarily a result of reducing the part-time payroll line due to not filling the vacant part-time therapeutic recreation position. We have not been able to fill the part-time position and will be incorporating the continued use of a contractual art therapist, existing staff and volunteers as part of our weekly program for the remainder of the year. In addition the transfer payment to the General Fund Transportation Services Division is forecasted to be \$2,650 less than budgeted.

There have been no significant changes to the client census. Year end revenues are still projected to be approximately \$68,000 less than budgeted. Projections for year end indicate there will need to be funds transferred into the budget by the end of March as current available funds are projected to be utilized in April.

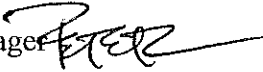
TOWN OF WINDSOR
CARING CONNECTION ENTERPRISE FUND
STATEMENT OF REVENUES AND EXPENSES

	FY 2019 Actual	FY 2020 - Adopted Budget	FY 2020 Monthly Average ~ Adopted budget divided by 12 ~	FY 2020 Second Quarter Actuals & Year End Projections												FY20 Projection vs FY20 Adopted Budget	
				Jul-19 Actual	Aug-19 Actual	Sep-19 Actual	Oct-19 Actual	Nov-19 Actual	Dec-19 Actual	Jan-20 Projection	Feb-20 Projection	Mar-20 Projection	Apr-20 Projection	May-20 Projection	Jun-20 Projection		Total FY 20 YTD
Operating Revenue:																	
Charges For Services	295,352	334,000	27,833	23,035	22,592	21,905	26,182	20,259	18,688	23,430	21,300	23,420	23,430	21,300	24,709	270,250	(63,750)
Other Revenues	19,917	26,000	2,167	-	-	2,856	1,509	980	5,173	1,581	1,581	1,581	1,581	1,581	1,577	20,000	(6,000)
Total Operating Revenue	315,269	360,000	30,000	23,035	22,592	24,761	27,691	21,239	23,861	25,011	22,881	25,001	25,011	22,881	26,286	290,250	(69,750)
Non-Operating Revenue:																	
Donations	3,525	2,000	167	-	-	-	3,000	200	25	-	-	-	-	-	25	3,250	1,250
Interest Income	356	300	25	55	50	37	88	60	53	-	-	-	-	-	7	350	50
Total Non-Operating Revenue	3,881	2,300	192	55	50	37	3,088	260	78	-	-	-	-	-	32	3,600	1,300
Total Revenue	319,150	362,300	30,192	23,090	22,642	24,798	30,779	21,499	23,939	25,011	22,881	25,001	25,011	22,881	26,318	293,850	(68,450)
Operating Expenses:																	
Personal Services	249,813	263,210	21,934	22,925	17,865	16,488	20,320	18,423	19,333	21,458	18,659	20,525	20,525	19,592	20,525	236,640	26,570
Payroll Weeks	52.0	52.4		4.6	4.4	4.2	4.6	4.2	4.4	4.6	4.0	4.4	4.4	4.2	4.4	-	
Supplies	10,342	12,650	1,054	789	318	413	813	562	1,306	1,025	1,025	1,025	1,025	1,025	1,024	10,350	2,300
Services	36,037	41,700	3,475	378	759	920	3,000	3,495	1,221	5,821	5,821	5,821	5,821	5,821	5,822	44,700	(3,000)
Marketing Expenses	9,455	8,000	667	-	1,542	171	3,631	-	1,265	232	232	232	232	232	231	8,000	-
Energy & Utility	3,337	3,600	300	-	250	320	405	445	280	317	317	317	317	317	315	3,600	-
Administrative Overhead	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	69,090	69,090	5,758	5,758	5,758	5,758	5,758	5,758	5,758	5,758	5,758	5,758	5,758	5,758	5,752	69,090	-
Transfer Payment to GF Transportation U	71,680	76,080	6,340	6,340	6,340	6,340	6,340	6,340	6,340	6,340	6,340	6,340	6,340	6,340	6,340	73,430	2,650
Other (Bad Debt)	3,641	1,000	83	-	-	-	-	-	-	-	-	-	-	-	1,000	1,000	-
Total Operating Expenses	453,395	475,330	39,611	36,190	32,832	30,410	40,267	35,023	35,503	40,951	38,152	40,018	40,018	39,085	38,359	446,810	28,520
Non-Operating Expenses:																	
Depreciation	2,199	1,740	145	145	145	145	145	145	145	145	145	145	145	145	145	1,740	-
Total Non-Operating Expenses	2,199	1,740	145	145	145	145	145	145	145	145	145	145	145	145	145	1,740	-
Total Expenses	455,594	477,070	39,756	36,335	32,977	30,555	40,412	35,168	35,648	41,096	38,297	40,163	40,163	39,230	38,504	448,550	28,520
Annual Income/(Loss)	(136,443)	(114,770)	(9,564)	(13,245)	(10,335)	(5,757)	(9,633)	(13,669)	(11,709)	(16,085)	(15,416)	(15,162)	(15,152)	(16,349)	(12,186)	(154,700)	(39,930)
Net Position (Deficits), Beginning of Year/Month																	
	64,289	-		4,346	105,871	95,536	89,779	80,146	66,477	54,768	38,683	23,266	8,104	(7,048)	(23,398)		
Transfer In - Gen Fund General Svs Budge	76,500	114,770		114,770													
Net Position (Deficits), End of Year/Month	\$ 4,346	\$ -		\$ 105,871	\$ 95,536	\$ 89,779	\$ 80,146	\$ 66,477	\$ 54,768	\$ 38,683	\$ 23,266	\$ 8,104	\$ (7,048)	\$ (23,398)	\$ (35,584)		
Subtract capital assets in Net Position	(1,929)	(1,740)							(1,740)						(1,740)		
Unrestricted Net Position (Deficits)	\$ 2,417	\$ (1,740)							\$ 53,028						\$ (37,324)		

Agenda Item Summary

Date: January 27, 2020

To: Members of the Finance Committee

From: Peter Souza, Town Manager 

Subject: Windsor Volunteer Ambulance Association Financials

The ambulance association has brought to my attention a cash flow issue they are encountering. Their revenues are primarily from Medicare, Medicaid, insurance providers and private payers. These payments can be delayed for various reasons which can cause an imbalance in terms of cash flow to meet operating expenses.

The ambulance association reports they have utilized nearly all of their available cash through the first seven months of the year. They are requesting town assistance in terms of cash flow to meet upcoming payroll and other expenditures in February and likely for the remainder of the fiscal year.

There is also a 'structural challenge' relative to revenue and expenditures. For example, WVA is paid a set rate for calls involving persons covered by Medicare and /or Medicaid. In many cases, this payment rate does not equal WVA's actual costs. This can also be the case with the various hospitals which establish a set contract rate for certain types of advanced and basic life support calls for service. Approximately 73% of the EMS calls involve persons covered by Medicare or Medicaid.

The goal of this agenda item is to inform the Finance Committee of the ambulance association's present cash flow situation and to discuss the possibility of the Town Council providing some form of financial assistance to the ambulance association.



**TOWN OF WINDSOR
FINANCE COMMITTEE
December 9, 2019
TOWN HALL – ROGER LUDLOW ROOM**

UNAPPROVED MINUTES

1. CALL TO ORDER

Deputy Mayor Joseph McAuliffe, Chair of the Finance Committee, called the meeting to order at 5:30 p.m. with Councilor Lisa Rampulla Bress and Councilor Donald Jepsen present.

Staff Present: Peter Souza, Town Manager; Jim Bourke, Finance Director; Linda Collins, Assistant Finance Director; Mark Goossens, Solid Waste Manager; Laura Casey, Director of Discovery Center; Cheryl Rosenbaum, Caring Connection Manager; Bob Jarvis, Director of Public Works/Town Engineer; Tristen Dodd, Accountant; Danielle Batchelder, Board of Education Director of Business Services

2. PUBLIC COMMENT

None.

3. REVIEW OF FY 19 & FY 20 FINANCIALS – ENTERPRISE FUNDS

DISCOVERY CENTER ENTERPRISE FUND

Laura Casey, Director of the Discovery Center, gave an overview of the FY 19 results as well as FY 20's first quarter as follows:

FY 19 Year End Review (unaudited)

The town budgeted for the Discovery Center to experience a \$59,260 operating loss in FY 19. The enterprise fund ended FY 19 with a \$3,327 unaudited gain which resulted in a net position of \$401,679 as of June 30, 2019.

1st Quarter FY 20 Revenues & Fiscal Year Projections

The first three months of the FY 20 fiscal year revenues were \$282,383. The FY 19 first quarter revenues totaled \$265,360. Therefore revenues are trending \$17,023 higher than the same time period last year. We anticipate at this time to be under our budgeted revenue projections by \$1,050. This is due to student vacancies amongst the various programs offset by additional revenue from gym rentals.

1st Quarter FY 20 Expenses & Fiscal Year Projections

The Child Enterprise Fund expenditures for FY 20 are \$13,761 more than the 1st quarter of FY 19 or a 4.9% increase. This is due primarily to increased recruitment costs, salary & benefit cost increases, as well as the number & timing of field trip payments.

Ms. Casey discussed the challenges of not being able to fill client spots due to being short staffed. It is harder and harder to recruit qualified personnel. The number of students going into the field is becoming less and less. The ones that do go into the field, can make more money in the private sector.

Going forward it's anticipated that there will be increased summer revenues by shifting the age ranges in the groups around and by taking a look at the high cost of offsite trips. Marketing efforts are continuing, including providing tours to potential clients.

Councilor Rampula Bress asked what kind of qualifications are required to work at the center? Ms. Casey said she looks for a minimum of a CDA and someone who is working on an associate's degree, which is mostly due to having to meet the accreditation requirements.

Councilor Rampula Bress asked what venues are being looked into for hiring because she was a teacher and suggests that the retiree and/or student teacher population might be a good place to put feelers out to or on CT REACH. Ms. Casey stated that she does reach out to these groups including going to school job fairs and care.com.

Ms. Casey added that Goodwin College only has 40 students in their associate and bachelorette teacher programs and that this is a problem for everyone in the same industry.

Deputy Mayor McAuliffe asked how the Finance Committee could help with the challenges. Ms. Casey explained that next year, the tuition has to go up because of minimum wage increases. It's hard to attract personnel with low wages are they are. She also mentioned how the gym is being rented out for extra income and to boost traffic in the facility and that it is working out well so far. In fact, renting to a gymnastic program has attracted several new toddlers into the Discovery program.

Councilor Rampulla Bress wanted to confirm that the after school program has more capacity for students but there isn't enough staff. Ms. Casey confirmed this statement and added that it is mostly due to the staff's scheduled hours and the timing of the mandated ratio of 5 teachers to 10 students. Re-allocating staff may be a future possibility to overcome this obstacle.

Councilor Rampulla Bress thanked Ms. Casey for all that she is doing.

TRANSFER STATION ENTERPRISE FUND

Transfer Station Enterprise Fund - FY 19 4th Quarter Results

Mark Goossens, Solid Waste Manager, discussed the FY 19 results as well as FY 20's first quarter as follows:

For Total Revenue, the Transfer Station Enterprise Fund received \$277,612 for FY 19. This was primarily from permit fees, as well as fees for bulky waste deliveries from residents.

Total Operating Expenses for FY 19 were \$181,859.

The Annual Operating Income (where revenues and expenses are considered together) earned by the Transfer Station Enterprise Fund was \$95,753 for FY 19. Adding this to the Annual Operating Income from the previous fiscal year, yields a total of \$481,084 in retained earnings at the conclusion of FY 19.

Mr. Goossens explained that the revenue variances are mostly driven by tonnage and an overall increase in business. The Transfer Station has more attractive fees than other same services in the area. More tonnage has been accepted for scrap metal and yard waste. Thus correspondently increasing expenses as a direct result of increased revenues.

Councilor Jepsen asked if there is a projected amount in which retained earnings would be increased and when will there be a shift to the budget on a break-even basis. Town Manager Souza said that this year there will be capital outlay expended, mostly for the compactor project. There is currently no policy as to where we want to get to regarding retained earnings. The regional waste energy plant is going to be rebuilt and could increase tipping fees to up to over \$100 a ton. We will monitor this through the summer months to see how it evolves. There is a three year plan to increase fees currently and we will have to dip into retained earnings if we can't increase fees enough to compensate for increased tipping fees.

Transfer Station Enterprise Fund - FY 2020 1st Quarter Results

For Total Revenues, the Transfer Station Enterprise Fund received \$127,973 for the 1st quarter. As was described previously, permit fees and revenues from bulky waste and MSW deliveries were the primary revenue sources. Mr. Goossens added that revenues are seasonal. There is a large amount of the budget revenues that have been received already because of summer usage, but this will taper off as the fiscal year progresses.

Total Operating Expenses were \$41,878 in the first quarter, with personnel services expenses and transportation and disposal of wastes being the largest components respectively.

The Total Operating Income shown for the 1st quarter was \$86,095.

LANDFILL ENTERPRISE FUND

Landfill Enterprise Fund – FY 2019 4th Quarter Results

Mark Goossens, Solid Waste Manager, discussed the FY 19 results as well as FY 20's first quarter as follows:

For Total Revenue, the Landfill Enterprise Fund received \$725,682 for the fiscal year. This was comprised of \$416,004 in interest income and \$309,679 from the State DEEP Reimbursement Grant for expenses related to landfill closure costs. The Town will continue to submit reimbursement requests to the DEEP for more of the \$2,000,000 grant during the current fiscal year as presented in the approved FY 20 budget.

Total Expenses were primarily related to closure and capping of the landfill and totaled \$1,644,148.

Annual Operating Income, the Landfill Enterprise Fund expended more than it received by \$955,519 for FY 19. This scenario is anticipated for subsequent years and is reflected in the current FY 20 adopted budget

Deputy Mayor McAuliffe asked when will the landfill be fully capped (not wetlands.) Mr. Goossens said that it should be capped by the end of FY 21.

Landfill Enterprise Fund – FY 2020 1st Quarter Results

For Total Revenue, the only revenue received by the Landfill Enterprise Fund was \$99,590 in interest income. Additional revenues are anticipated in future quarters as a result of expected reimbursements from the State grant.

For Total Expenses, \$178,742 was expended.

The Operating Loss was \$79,152 for the first quarter.

Mr. Goossens also said that the balance in retained earnings at the end of the quarter come to approximately \$24 million.

Town Manager Souza added that by the end of the closure, including the wetlands project, the anticipated retained earnings will be approximately \$20.7 million.

Councilor Jepsen asked when the 30 year liability begins. Mr. Goossens stated that it will most likely begin in calendar year 2022 when everything is said and done.

CARING CONNECTION ENTERPRISE FUND

Cheryl Rosenbaum, Caring Connection Manager, discussed the FY 19 results as well as the FY 20 first quarter as follows:

FY 19 Year End Review (unaudited)

The town budgeted for the Caring Connection to experience an \$86,490 operating loss in FY 19. The enterprise fund ended FY 19 with a \$136,443 unaudited loss which resulted in a net position of \$4,346 as of June 30, 2019. The increase in the loss was primarily due to a reduction in the census, offset in part with personnel and services expenditure reductions.

1st Quarter Revenues & Fiscal Year Projections

The first three months of the FY 20 fiscal year revenues were \$70,530. The FY 19 first quarter revenues totaled \$79,631. Our first quarter has been affected by a census loss of seven clients. These discharges represent one client death, two admissions to long-term care and four clients seeking other care arrangements such as a move, more care needed at home and hospice. We do not anticipate at this point to meet our budgeted revenue projections due to the census changes.

1st Quarter Expenses & Fiscal Year Projections

The Caring Connection expenditures for FY 20 are \$8,485 less than the 1st quarter of FY 19. The main reasons for the decrease are salary savings as a result of a short term

disability in addition to savings in service expenditure lines. The transportation costs will be adjusted during the course of the fiscal year in accord with service usage.

Overall FY 20 Projection

Based on the first quarter, we project an end of fiscal year loss of \$172,020. That loss would be \$57,250 more than the \$114,770 loss projected in the FY 20 adopted budget. We anticipate \$63,750 less in revenues offset by the planned expenditure savings of \$6,500 as noted above.

Ms. Rosenbaum added that currently they are experiencing an average of 16 clients daily. She is hopeful that clients may be generated from programs through CT Anthem and Medicare that will offer coverage for one day. Staff at the Caring Connection are helping families check to see if they have clients who may qualify for this.

Deputy Mayor McAuliffe asked if the drop from 19 to 16 occurred from last year. Ms. Rosenbaum responded that was the case and also mentioned that 3 new clients are expected.

Councilor Rampulla Bress asked if other insurance companies besides the ones mentioned were going to offer one day coverage. Ms. Rosenbaum said no, just the ones mentioned.

Councilor Rampulla Bress asked if having a client come just one day would cause a problem. Ms. Rosenbaum said no and they have clients ranging from anywhere from two half days a week to a full week.

Councilor Rampulla Bress asked if there is anything the Finance Committee can do to help. Ms. Rosenbaum suggested that they talk to everyone in the community to get the word out about the services they provide. Ms. Rosenbaum added that she is very proud of the programs they offer.

Councilor Jepsen mentioned that even though we are contributing \$114,000 this year in General Fund contributions that we would lose \$106,000 in revenues, so we are still at a breakeven point.

Councilor Jepsen asked if there were any retained earnings in this fund. Town Manager Souza stated that there are not.

Councilor Rampulla Bress suggested there be informative workshops at the senior center as a means of recruiting new clients, not for the seniors, but for those taking care of parents. Ms. Rosenbaum said that she hasn't done so recently, but she does lead programs there and stops by often. She also targets families rather than just the clients themselves. She has also provided elder law and care for the caregiver programs.

Councilor Rampulla Bress thanked Ms. Rosenbaum for providing the services that she does.

4. REVIEW OF FY 19 YEAR END FINANCIALS – GENERAL FUND

Jim Bourke, Finance Director reviewed the FY 19 Year-End General Fund financials as follows:

Revenues came 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, came in with a favorable variance of approximately \$700,000 or less than one percent (0.9%) of the budget. These savings are primarily due to vacant positions and savings in the storm control budget.

The additional revenues, expenditure savings and use of fund balance are projected to result in an increase to the General Fund budget balance of approximately \$3.0 million. This takes into consideration that the \$900,000 Opening Cash appropriation was not needed to balance the budget, as actual revenues exceeded actual expenditures during the year.

Uses of the fund balance totaled \$650,000. Appropriations consisted of \$400,000 for the School Safety and Security project, \$55,000 for Mill Brook Property improvements, and \$195,000 for the partial roof replacement at Clover Street School.

Town Manager Souza discussed the future proposed use of the General Fund balance that was previously communicated to the Finance Committee and Town Council. There is \$26.8 million in the fund balance as of June 30, 2019. This amount is reduced for FY 20 opening cash by \$900,000, and further reduced for the two appropriations of the fund balance that have occurred in FY 20 (\$25,000 for the A-2 survey and hazardous materials testing at Wolcott School and \$346,000 for the Sage Park Middle School LED lighting project). This brings the unassigned fund balance to \$25.5 million. The town's General Fund balance policy is to maintain an unassigned fund balance in the General Fund of 15% to 20% of the next year's adopted expenditure budget. \$25.5 million constitutes 21.8%, so we are over our policy ceiling at this time. Town Manager Souza explained that our multi-year debt financing program for the Public Safety Complex renovation, combined with our typical annual borrowing for debt-financed CIP projects, will require upwards of \$2 million in funds above our 3% annual increase in the budgeted debt service appropriation over a 4 to 5 year time frame. It has been our intention to use fund balance reserves to cover this overage. He also explained that it is good to have a healthy fund balance, so that if we face a tough budget year, we have the flexibility to use the fund balance as necessary.

Councilor Jepsen asked what interest rate is being used to project debt service for the Public Safety Complex financing. Mr. Bourke said that it is approximately 4%, and this is conservative, and it could actually come in lower.

Deputy Mayor McAuliffe asked if this will keep us in that 20% level of fund balance. Town Manager Souza responded by saying that he projected out future budgets using a 3% expenditure increase assumption. For example, in FY 23 the budget is projected to be \$129 million, and 20% of that is \$26 million and this is more or less where we currently are now.

Deputy Mayor McAuliffe asked what the rating agencies would think if we were at 15%. Town Manager Souza said that rating agencies know we have a policy and that we work to maintain it and that we use some of the fund balance to supplement the operating budget. Mr. Bourke mentioned that the policy also has methodology to build the fund balance back up should it fall below the 15% and that the rating agencies are also aware of that.

Councilor Jepsen asked about the FY 19 TSE savings. Why doesn't it reflect the \$90,000 for the state teacher's retirement payment. Town Manager Souza replied that the state teacher's retirement was budgeted for in FY 20 not FY 19 and that the \$50,000 savings that was seen was mostly for a Public Works vacancy.

5. REVIEW OF FY 20 FIRST QUARTER FINACIALS – GENERAL FUND

Jim Bourke, Finance Director reviewed the FY 19 Year-End General Fund financials. Overall revenues reflect 82.9% collections as of the first quarter of the fiscal year vs. 83.4% for the same time period last year. FY 20 expenditures are comparable to the first quarter of FY 19 with a 0.9% difference between the two fiscal years (24.6% spent for FY 20 versus 23.7% for FY 19). Most of the differences relate to the timing of expenditures and purchase orders and when they are entered into the accounting system.

Councilor Jepsen asked if the state grant funding for paving hits here and what impact will that have if we don't receive the money. Mr. Bourke explained that this funding is not General Fund money. Town Manager Souza added that we use Town Aid for Road funding for salt and paving and if we don't receive it from the state, then there may be a request for use of the General Fund Unassigned Fund Balance for those purposes.

Councilor Jepsen asked when the ECS money will come in. Mr. Bourke said that 50% comes in at the end of October, then 25% in the spring and 25% at the end of the fiscal year. The hold up from the state is due to state bonding and that it affects the town's LOCIP grant as well.

Deputy Mayor McAuliffe asked if we should be concerned about not getting this funding. Town Manager Souza stated that we, unlike other communities, plan for this by drawing down on the monies from a year behind. He also mentioned that he feels the state will not hold back both grants, if any.

6. REVIEW OF FY 21 BUDGET PARAMETERS

Town Manager Souza said Mr. Bourke will go over the parameters, but he wanted everyone to keep in mind that they are in their draft state and these assumptions can and most likely will change.

Jim Bourke, Finance Director reviewed the FY 21 budget parameters as follows:

The October 1, 2019 grand list will not be formally completed until January 31, 2020. At this time, it is expected that the net taxable grand list will be approximately \$3.12 billion, which is a 1.2% increase as compared to the October 1, 2018 grand list.

Non-property tax revenue categories comprise approximately 16% of the current budget and includes such items as state aid, interest earnings, fees, permits and use of General Fund reserves.

Building permit fees, real estate conveyance fees and land recording fees are projected to be similar to what we budgeted from these sources for FY 20. Interest earnings for FY 21 are projected to decrease as the interest rate environment is weakening.

On the expenditure side, our assumptions and projections related to individual expenditure categories will become more firm over the coming months as we gather new data from our vendors, suppliers and cooperative purchasing coalitions. We are currently projecting increases in health insurance costs of approximately 8% and retirement costs of approximately 7%. Additionally, we are expecting electricity expenses to increase by 8% (combination of expected rate change and the addition of Addison Road facility.) Budgeted unit prices for gasoline and diesel are projected to increase as compared to the current year unit pricing. The Metropolitan District Commission (MDC) ad valorem sewer assessment is projected to increase by approximately 8% and MDC water use rates are projected to increase by approximately 6%.

Mr. Bourke added that the projected expenditure budget is a 3.3% increase and that the grand list and state funding reflects a 2.87% mill rate change.

Deputy Mayor McAuliffe asked if OPEB is underfunded and are we still trying to catch up. If so, should the FY 21 amount be higher. Mr. Bourke responded by saying the contribution is actuarially assumed and should be at several million a year.

Council Jepsen asked if the internal goal is to bring the contribution to \$750,000 per year and are we drawing down on it yet. Mr. Bourke replied that the trust has \$3.6 million in it currently and that we are not drawing down on it yet. Town Manager Souza added that it could be 15 to 20 years before we start to draw down on it. He also added that it took the town a lot of years to come up to the \$47 million liability, so it's expected to take a lot of years to build up the trust.

Deputy Mayor McAuliffe asked if the Finance Committee should think about increasing the \$750,000. Councilor Jepsen responded by saying they will, in April.

Town Manager Souza also added that the pension trust is 83% funded.

MOVED by Councilor Jepsen, seconded by Councilor Rampulla Bress that the Finance Committee recommend to the Town Council that the attached FY 21 budget assumptions and parameters be approved as presented.

Motion Passed 3-0-0

7. REVIEW OF FY 21 BUDGET CALENDAR

Jim Bourke, Finance Director reviewed the FY 21 budget calendar as follows:

The proposed schedule calls for a public hearing on Monday, February 3, 2020 to hear budget requests and comments. The proposed budget will be transmitted to the Town Council on Friday, March 27, 2020. On Monday, April 6, 2020 a public hearing will be held prior to the Council's regularly scheduled meeting. Town Council budget sessions are scheduled for Monday, April 13, 2020; Monday, April 20, 2020; and Wednesday, April 22, 2020. There is no budget workshop scheduled for Wednesday, April 8, 2020 due to the Passover holiday. Council discussion and preliminary deliberations are scheduled for Monday, April 27, 2020 with the final budget adoption being proposed for Wednesday, April

29, 2020. The calendar includes public information and community forums on Thursday, February 20, 2020 and Thursday, April 2, 2020.

There will be additional community budget forums on Thursday, April 30, 2020 and Wednesday, May 6, 2020. These forums are sponsored by the League of Women Voters and Windsor CT Votes and will allow the public to hear more about the proposed budget as well as the budget that will be presented at the referendum.

Councilor Jepsen asked that since four councilors have children in school, should the April 13th meeting be moved to the 8th since the 13th is vacation week. Ms. Barrett replied that Passover begins at sundown on the 8th, so we did not schedule a meeting on this day.

Councilor Rampulla Bress asked why some of the meetings had tentative for the date. Town Manager Souza explained these dates are not meetings, but are for when we need to receive certain information from the Board of Education concerning Public Act 13-60.

Councilor Rampulla Bress asked which of these meetings are televised. Town Manager Souza said that all of the April meetings are and that the outreach meetings are by outside groups.

Councilor Jepsen asked if they should consider moving the BOE to it's own night since the 20th is already crowded. The discussion concluded in not moving it because there was no night available to move it to.

Councilor Rampulla Bress asked how far in advance we get the BOE budget. Ms. Batchelder said it depends on how many changes there are from the BOE, but she should expect it at least a couple weeks prior to the BOE presenting.

MOVED by Councilor Jepsen, seconded by Councilor Rampulla Bress, that the Finance Committee recommend to the Town Council that the FY 2021 budget calendar be approved as presented.

Motion Passed 3-0-0

8. REVIEW OF FY 21 BUDGET FORMAT

Jim Bourke, Finance Director reviewed the FY 21 budget format as follows:

The *Town Charter* requires that should the Town Council desire any changes to the budget format that these changes must be adopted by January 15th. Staff is not proposing changes to the budget format for FY 2021.

Town Manager Souza added that there will be changes in some departments due to new supervisor responsibilities. This is just informational only and not a format change.

Councilor Rampulla Bress asked if one of those new responsibilities includes Enita Jubrey and the Caring Connection and Child Development and she said that if so, it will help those funds immensely. Town Manager Souza confirmed that it did include that.

MOVED by Councilor Jepsen, seconded by Councilor Rampulla Bress, that the Finance Committee recommend to the Town Council that the FY 2021 budget format remain the same as the format utilized for FY 2020.

Motion Passed 3-0-0

9. STAFF REPORTS

Town Manager Souza mentioned that the annual audit is coming to completion soon. In January we will have a finance committee meeting where Scott Bassett from RSM will present the FY 19 results.

10. APPROVAL OF MINUTES

MOVED by Councilor Rampulla Bress, seconded by Councilor Jepsen to approve the unapproved minutes of July 1, 2019 meeting as presented.

Motion Passed 3-0-0

11. ADJOURNMENT

MOVED by Councilor Rampulla Bress, seconded by Councilor Jepsen to adjourn the meeting at 6:47 p.m.

Motion Passed 3-0-0

Respectfully submitted by,

Linda Collins
Assistant Finance Director