

# TOWN OF WINDSOR, CONNECTICUT

## Special Meeting Notice



### Zoom Instructions

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Please call: **1 312 626 6799** or **1 646 558 8656**

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3. During Public Comment if you do not wish to speak you may type your comments into the Q&A feature.

**AGENCY:** Finance Committee

**DATE:** December 14, 2020

**TIME:** 5:30 PM

**PLACE:** Town Hall – Ludlow Room

### AGENDA

1. Call to Order
2. Public Comment
3. \*Review of FY 2022 Budget Parameters
4. \*Review of FY 2022 Budget Calendar
5. \*Review of FY 2022 Budget Format
6. \*Discussion of auditor extension for FY 21 through FY 22
7. Staff Reports
8. Approval of Minutes
  - a) \*October, 26 2020
9. 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: December 14, 2020

To: Members of the Finance Committee

Prepared By: Jim Bourke, Finance Director

Reviewed By: Peter Souza, Town Manager 

Subject: Preliminary Budget Guidelines and Parameters for FY 2022

### Background

As part of the annual budget process, the Town Council provides staff with a set of budget guidelines and parameters to be used in preparing the annual operating budget. The challenge of forecasting revenues and expenditures for the remainder of FY 21 and through FY 22 is made even more complex due to the impacts of the COVID-19 pandemic.

As we proceed through the budget process, these preliminary projections for revenues and expenditures will be refined as new information is gathered.

### Discussion/Analysis

Attached are suggested revenue, expenditure and service delivery guidelines and parameters for FY 22. These parameters set the stage for developing a proposed budget that will attempt to maintain current levels of service, identify resources to address unmet and emerging service delivery needs, as well as continuing multi-year investments in programs such as open space preservation, debt and asset management, infrastructure improvements and funding for other post-employment benefits (OPEB).

The October 1, 2020 grand list will not be formally completed until January 31, 2021. At this time, it is expected that the net taxable grand list will be approximately \$3.18 billion, which is a 1% increase as compared to the October 1, 2019 grand list. Included in this amount is additional real property value from the Amazon and Windsor Station assessment abatement agreements totaling approximately \$5.9M. We are projecting a decrease of approximately 5.5% in motor vehicle values for the October 1, 2020 grand list.

Non-property tax revenue categories comprise approximately 16% of the current budget and include such items as state aid, interest earnings, fees, permits and use of General Fund reserves. As in years past, it can be a challenge to forecast non-tax revenues at this early stage in the budget process, as a number of factors influence these revenue sources. One uncertainty is the level of municipal state aid we anticipate to receive. We will not know these proposed amounts until the Governor's budget is introduced in February. So at this time, we are assuming level-funding state aid across all categories.

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 21. Interest earnings for FY 22 are projected to decrease due to the continuing weak interest rate environment.

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 13%. Additionally, we are expecting electricity expenses to increase by 8%, in part due to the public safety building projects being fully operational. Budgeted unit prices for gasoline and diesel are projected to remain consistent to FY21 levels. The Metropolitan District Commission (MDC) ad valorem sewer assessment is projected to decrease by approximately 5%.

Required increases in the State's minimum wage level will take place August 2021. This will result in additional costs in FY 22. The August 2021 increase and future planned increases in 2022 will place upward pressure on a range of general fund departmental budgets as well as programs funded through various user and program fees.

As in the recent past, the suggested guidelines and parameters include direction to present a budget that reflects current levels of service as well as identifies needed resources to address unmet and emerging service delivery needs. Also included is direction to continue the multi-year investment program in open space preservation as well as asset management activities including pavement management, fleet, technology, facilities, athletic fields, parks and aquatic facilities.

#### Other Board Action

None

#### Recommendations

If the Finance Committee is in agreement, the following motion is recommended for approval:

**“MOVE that the Finance Committee recommend to the Town Council that the attached FY 22 budget assumptions and parameters be approved as presented.”**

#### Attachments

Proposed FY 22 Budget Assumptions & Parameters

## **Proposed Fiscal Year 2022 Budget Assumptions and Parameters**

### **Revenues**

As previously mentioned, at this early stage there is uncertainty relative to the amount of state aid we are anticipating to receive. The General Assembly may need to take measures that could affect state aid, so at this time we are assuming to be level-funded for State Aid until the Governor announces his budget in February.

Building permits, conveyance fees and land recordings are projected to remain level with FY 21 adopted budget amounts.

Interest earnings have declined and are projected to return approximately 0.25%.

### **Expenditures**

Employee and retiree insurance benefit (health, life, dental) premiums are projected to increase approximately 8% (\$255,000).

Town contributions to defined benefit and defined contribution retirement plans are forecasted to increase approximately 13%. This includes the 2<sup>nd</sup> year of phasing in the increases of the new actuarial recommended mortality tables. (\$570,000).

Budgeted costs for electricity are projected to increase 8% (\$85,000)

Budgeted costs for gasoline and diesel are expected to remain stable.

MDC water consumption rates are scheduled to increase on January 1, 2021 as is the annual fire hydrant maintenance charge. (\$9,500)

MDC sewer ad valorem assessment is projected to decrease 5% (\$258,000)

General Fund appropriation for debt service is projected to increase 3% (\$228,000)

Continue planned incremental increase to the OPEB Trust Fund appropriation (\$25,000)

Capital spending forecasted to increase 5% (\$111,000)

Continue contribution to the Caring Connection

Provide potential financial support to the Discovery Center and Windsor Volunteer Ambulance

**Service Delivery**

Present a budget that reflects current levels of service as well as identifies needed resources to address unmet and emerging service delivery needs (e.g., neighborhood code enforcement, employee training, succession planning, public infrastructure maintenance.)


Continue multi-year investment program in open space preservation as well as asset management activities including pavement management, fleet, technology, facilities, athletic fields, parks and aquatic facilities.

## Agenda Item Summary

Date: December 14, 2020

To: Members of the Finance Committee

Prepared By: Jim Bourke, Finance Director

Reviewed By: Peter Souza, Town Manager 

Subject: FY 2022 Budget Calendar

### Background

The attached budget calendar outlines the process for submittal, review and adoption of the annual operating budget.

### Discussion/Analysis

The proposed budget calendar is generally consistent with previous budget calendars. Once again it incorporates dates related to Public Act #13-60. This act requires the Town Council to make recommendations and suggestions to the local Board of Education regarding the consolidation of non-educational services within 10 days of the Board of Education submitting its budget information.

The proposed schedule calls for a public hearing on Monday, February 1, 2021 to hear budget requests and comments. The proposed budget would be transmitted to the Town Council on Friday, March 26, 2021. On Monday, April 5, 2021 a public hearing would be held prior to the Council's regularly scheduled meeting. Town Council budget sessions are proposed for Wednesday, April 7, 2021; Monday, April 19, 2021; and Wednesday, April 21, 2021. There are currently no budget workshops slated during the week of April 12-16, 2021.

Council discussion and preliminary deliberations are scheduled for Monday, April 26, 2021, with the final budget adoption being proposed for Wednesday, April 28, 2021. As in years past, the formal setting of the referendum date is established when the Town Council adopts the budget. The recommended date for the Adjourned Town Meeting (referendum) is traditionally the second Tuesday of May, which would be Tuesday, May 11, 2021.

We will continue our public information efforts as the budget process evolves. Tentative dates for budget information meetings hosted by the town manager have been scheduled for Thursday, February 18, 2021 and Tuesday March 30, 2021, although the format of these meetings has yet to be decided. Traditionally these informal meetings provide residents an opportunity for discussion of the budget process, our overall revenue picture, as well as various fiscal and service delivery topics.

Community budget forums sponsored by the League of Women Voters and Windsor CT Votes have traditionally been held in various locations after the Council has approved the budget and before the referendum. This winter, staff will initiate discussion with the two groups relative to possible dates and formats for these forums.

Financial Impact

None

Other Board Action

None

Recommendations

If the Finance Committee is in agreement, the following motion is recommended for approval:

**“MOVE that the Finance Committee recommend to the Town Council that the FY 2022 budget calendar be approved as presented.”**

Attachments

Draft FY 2022 Budget Calendar



**TOWN OF WINDSOR, CONNECTICUT  
FY 2022  
BUDGET CALENDAR BY DEPARTMENT**


<b>Date</b>	<b>Day</b>	<b>Step</b>
February 1, 2021 7:15 PM	Monday	Public Hearing by Town Council to hear budget requests from citizens
February 18, 2021	Thursday	Board of Education to submit to Town Council information regarding Public Act 13-60 ( <i>tentative date</i> )
February 18, 2021	Thursday	Informational meeting on Proposed Budget ( <i>hosted by staff</i> )
March 1, 2021	Monday	Town Council suggestions due to the BOE per Public Act 13-60 within 10 days of BOE submission
March 2021	<i>Tentative</i>	Board of Education to submit written responses to Town Council regarding suggestions made per Public Act 13-60.
March 10, 2021	Wednesday	Finance Committee Meeting ( <i>tentative date</i> )
March 26, 2021	Friday	Estimated receipts and expenditures submitted to Town Council by Town Manager (proposed budget)
March 30, 2021	Tuesday	Informational meeting on Proposed Budget ( <i>hosted by staff</i> )
April 5, 2021 7:00 PM	Monday	Town Manager's Presentation of FY 22 Proposed Budget  Public Hearing re: public opinion regarding budget as proposed by Town Manager  Regular Town Council meeting
April 7, 2021 6:30-9 PM	Wednesday	Board of Education, Revenues, Public Works, Landfill Enterprise Fund, Resident Transfer Station Enterprise Fund
April 19, 2021 6:30-9 PM	Monday	Board of Education, Health Services, Information Services, Library, Human Services, Safety Services, Recreation & Leisure Services, Child and Adult Day Care Enterprise Funds
April 21, 2021 6:30-9 PM	Wednesday	Development Services, Community Development, Administrative Services, General Government, General Services/Capital Spending, Insurance Internal Service Fund, Town Support for Education
April 26, 2021 6:30-9 PM	Monday	Public Comment, Price Guide, Preliminary Deliberations
April 28, 2021 6:30-9 PM	Wednesday	Public Comment, Town Council final deliberations and vote
May 11, 2021	Tuesday	Recommended date for Adjourned Town Meeting (referendum)
May 17, 2021	Monday	Regular Town Council Meeting; Council sets tax rate
June 21, 2021	Monday	Tax bill mailing completed
June 30, 2021	Wednesday	End of current fiscal year

Additional Community Budget Forums – **unknown at this time**

Windsor school vacation week is April 12-16, 2021



## Agenda Item Summary

Date: December 14, 2020  
To: Members of the Finance Committee  
Prepared By: Jim Bourke, Finance Director  
Reviewed By: Peter Souza, Town Manager   
Subject: FY 2022 Budget Format

### Background

The *Town Charter* requires that should the Town Council desire any changes to the budget format that these changes must be adopted by January 15<sup>th</sup>.

### Discussion/Analysis

Finance staff is not proposing any changes to the budget format for the FY 22 budget.

With that said, we will be submitting an application to the Government Finance Officers Association (GFOA) for the Distinguished Budget Presentation Award for FY 22. To earn this recognition, budget documents must meet program criteria related to topics such as policy document, financial plan, operations guide, and a communication tool. As part of meeting the award criteria, additional information may be added to the town's budget document. This information would consist of supplemental data to enhance the material provided but would not change the current format of the budget. An example of this is the requirement to include statistical data that describes the organization, its community, and population. This could include information such as population, land area, major employers and industries, comparisons to other local communities and other similar information.

### Financial Impact

None

### Other Board Action

None

### Recommendations

If the Finance Committee is in agreement, the following motion is recommended for approval:

**“MOVE that the Finance Committee recommend to the Town Council that the FY 2022 budget format remain the same as the format utilized for FY 2021.”**

### Attachments


None

## Agenda Item Summary

Date: December 14, 2020

To: Members of the Finance Committee

Prepared by: Jim Bourke, Finance Director

Reviewed by: Peter Souza, Town Manager 

Subject: Annual Financial Audit Services

### Background

In 2018, 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 2018, 2019 and 2020, 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 2018.

### Discussion/Analysis

The fiscal year 2020 audit is the last audit to be conducted per the three-year engagement mentioned above. The current options are to negotiate either a new one year extension, or a two year extension agreement with RSM US, LLP or conduct another RFP process. The cost for the fiscal year 2020 audit was \$67,000.

It is requested that the Finance Committee provide guidance as to issuing an RFP for annual audit services or to recommend to the Town Council that a two year extension be approved with RSM US, LLP to conduct the financial audit for fiscal year 2021 and 2022, subject to negotiations between RSM US, LLP and 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 two 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 2021, 2022 and 2023 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 2021 and 2022, and authorize the Town Manager to finalize a two year agreement with said firm.”**

### Attachments

None



**TOWN OF WINDSOR  
FINANCE COMMITTEE  
VIRTUAL MEETING  
October 26, 2020**

**UNAPPROVED MINUTES**

**1. CALL TO ORDER**

Deputy Mayor Joseph McAuliffe, Chair of the Finance Committee, called the meeting to order at 6:30 p.m. with Councilor Lisa Bress and Councilor Donald Jepsen present.

Staff Present: Peter Souza, Town Manager; Scott Colby, Assistant Town Manager; Jim Bourke, Finance Director; Linda Collins, Assistant Finance Director; Kelly Barrett, Budget Analyst; Cheryl Rosenbaum, Caring Connection Manager; Laura Casey, Discovery Center & Montessori School Director; Enita Jubrey, Assistant to Town Manager, Paul Norris, Recreation Director

**2. PUBLIC COMMENT**

None.

**3. REVIEW OF FY 20 YEAR END UNAUDITED FINANCIALS**

Jim Bourke, Finance Director, stated that Revenues are favorable to budget by approximately \$2.2 million, including \$900,000 in Opening Cash.

Expenditures, including the Board of Education, saw a savings of approximately \$1.6 million or 1.4% as compared to the budget.

During the course of the year, the Town Council approved a total of \$743,000 in appropriations from the General Fund Unassigned Fund Balance.

The additional revenues, expenditure savings and use of fund balance resulted in an increase to the General Fund budgetary fund balance of approximately \$2.1 million. This figure includes the \$900,000 Opening Cash appropriation, which is not needed to balance the budget, as actual revenues exceeded actual expenditures during the year.

Councilor Jepsen asked if the rebate for the Sage School LED lighting is included in the FY 20 financials. James Bourke said that no it's not. It can be put back in the General Fund or Capital Project Fund when we get it.

Councilor Rampulla Bress asked if the Board of Education (BOE) is going to see the same type of savings in FY 21. Town Manager Souza stated that the FY 20 BOE savings was a result of a decrease in materials and supplies and utility costs and that it's hard to determine where FY 21 is headed.

#### **4. REVIEW OF FY 21 QUARTER FINANCIALS (GENERAL FUND, ADULT DAY CARE, CHILD DAY CARE)**

##### General Fund

James Bourke, Finance Director, stated the tax payment deferral program adopted by the Town Council that extended the payment deadline was taken advantage of by many taxpayers. The adopted budget for the current levy for FY 21 is \$102,182,330. This amount consists of the total of real estate, personal property and motor vehicle taxes due and payable for FY 21. As of September 30<sup>th</sup>, we collected approximately 96.0% of the current levy budgeted amount, as compared to 98.4% for the same time period last year.

- Licenses and Permits are 211.4% collected for the first quarter of this year as compared to 25.6% collected for the same period last year.
- Revenues from Use of Assets are 20.8% collected for the first quarter of this year versus 33.6% collected for the same period last year.
- Charges for Current Services is 35.0% collected this year as compared to 44.6% last year.
- State Grants in Lieu of Taxes reflect collections for the first quarter of 7.1% vs. 0.0% in the previous fiscal year.

FY 21 expenditures are comparable to the first quarter of FY 20, with a 0.9% difference between the two fiscal years (24.6% spent for FY 20 vs. 23.7% for FY 21).

- Information Services reflects 29.5% expended for the first quarter of the fiscal year versus 37.8% spent for the same time period last year.
- General Government reflects 49.2% expended in the first quarter of the fiscal year versus 46.9% for the same time period last year.
- Recreation and Leisure Services reflects 38.7% expended in the first quarter vs. 47.9% last year, and Human Services reflects 22.0% expended in the first quarter vs. 24.2% for the same time period last year.

Councilor Rampulla Bress asked if the tax deferral program had an effect on what was collected. Mr. Bourke said that as of right now, there was no negative impact.

Deputy Mayor McAuliffe asked if we saw a drop in interest income as a result of collecting revenues later. Mr. Bourke stated that it didn't really effect interest income since interest rates are so low.

Councilor Rampulla Bress asked about the late tax payment interest going back to July even though they are as late as October. Mr. Bourke said that this is based on state statutes.

Councilor Jepsen asked if businesses were eligible for the deferment. Town Manager Souza said that they are, but if they are a landlord, they had to fill out a form and attest that their impact was COVID-related.

Councilor Jepsen asked what the interest income percent is. Mr. Bourke said that it's below 0.15 percent.

### Adult Day Care

Cheryl Rosenbaum, Caring Connection Manager, stated the town budgeted for the Caring Connection to experience an \$114,770 operating loss in FY 20. The enterprise fund ended FY 20 with a \$127,140 unaudited loss which resulted in a net position of \$46,976 as of June 30, 2020. This includes the \$114,770 transfer from the General Fund General Services adopted budget and the \$55,000 transfer from the General Fund Unassigned Fund Balance that the Town Council appropriated on April 6, 2020.

- In the first three months of the FY 21 fiscal year, revenues were \$46,892. The FY 20 first quarter revenues totaled \$70,530. Therefore, revenues are trending \$23,638 lower than the same time period last year.
- The Caring Connection expenditures for FY 21 are \$19,377 less than the 1<sup>st</sup> quarter of FY 20.

### FY 2021

At this time, we anticipate \$100,065 less than budgeted revenues offset by the projected expenditure savings of \$33,590 as noted above. We project an end of fiscal year loss of \$189,325. That loss would be \$66,475 more than the \$122,850 loss projected in the FY 21 adopted budget.

Councilor Rampulla Bress said thank you for keeping committed to the community and for the marketing efforts. Based on the new clients and increased attendance, will this continue as a trend? Cheryl Rosenbaum stated that the unpopular options right now may continue to be unpopular.

Councilor Rampulla Bress asked if there were available grants to apply for. Town Manager Souza said that Ms. Rosenbaum looks for them and currently she is providing home meals. Ms. Rosenbaum added that she hasn't seen anything that they would be eligible for.

Councilor Jepsen asked how much more the Caring Connection would need from the General Fund for the annual loss anticipated. Town Manager Souza said approximately \$25,000 based on the projections as of today.

### Child Day Care

Laura Casey, Discovery Center & Montessori School Director, stated the town budgeted for the Discovery Center to experience a \$74,150 operating loss in FY 20. The enterprise fund ended FY 20 with a \$250,782 unaudited loss which resulted in a net position of \$337,897 at June 30, 2020.

The first three months of the FY 21 fiscal year revenues were \$177,507. The FY 20 first quarter revenues totaled \$282,383. Therefore revenues are trending \$104,876 lower than the same time period last year.

The Child Enterprise Fund expenditures for FY 21 are \$39,346 less than the 1<sup>st</sup> quarter of FY 20 or a 13.3% decrease. This is due primarily to decreased personnel costs and savings in contractual services as a result of field trip and bus service savings.

At this time, we project an end of fiscal year loss of \$403,210 for FY 21. The projected loss would leave the Child Enterprise Fund with a negative net position of \$65,314 at the end of the FY 21.

Deputy Mayor McAuliffe said that it's tough times. Councilor Rampulla Bress added that she commends Laura for the highbred program, for the creativity and for the partnership in making the program work and having adjusted to the new needs.

## **5. RECAP OF COVID IMPACT ON REVENUES AND EXPENSES**

Paul Norris, Recreation Director, stated the impact of the COVID-19 pandemic has impacted user fee revenues for a number of programs and increased expenses. There also are several grant initiatives that will help provide some financial relief. The purpose of this agenda item is to provide a high-level overview and context relative to revenue impacts and several grant activities that have occurred over the course of the last several months.

**Recreation Program** - at this time, the combined loss of revenue in these programs is estimated at approximately \$170,000.

**Grants Summary** - town staff has submitted a grant application to FEMA for reimbursement of expenditures related to such items as personal protective equipment, cleaning agents and sanitizers, information technology equipment, signage and barriers. The amount of the grant submission is approximately \$160,000 and a 75% FEMA reimbursement would be \$112,000 if all costs are deemed eligible by FEMA. Our application is still under review at this time.

**Unemployment Summary** - approximately 70 employees were placed in a furlough status during the spring of 2020 in response to certain programs being scaled back. Under the CARES the town is eligible to receive up to a 50% reimbursement on unemployment claims between March and December 2020. Approximately \$80,000 in unemployment claims were incurred prior to the end of FY 2020. The town has received the 50% reimbursement in the form of a credit toward future unemployment claims (COVID or non-COVID related claims).



Town Manager Souza stated that later in the Spring he would go to the Council to ask for approximately \$170,000 in lost revenues to be able to fund other programs that get funded through the lost sources. He went on to state that there are reserves available in the General Fund, but it's hard to say how FY 22 will fair.

Councilor Bress thanked the town staff for keeping the programs running at some capacity over the summer and for the virtual programs going on now.

Deputy Mayor added that he appreciates the programs going on at Northwest Park.

Councilor Jepsen asked when the athletic programs will resume. Paul Norris said that there may be a basketball program with limited players.

Town Manager Souza said that Paul is conscientious of raising revenues but safety at the same time.

Town Manager Souza added that overall we are in good shape and that he appreciates the Council's efforts to keep a reserve for times like this.

Deputy Mayor McAuliffe asked if there's any concerns with Windsor Volunteer Ambulance. Town Manager Souza said that they have somewhat stabilized and there is a meeting with them scheduled in November.

Councilor Rampulla Bress stated that the community is hurting and hopefully we can mitigate their hardships with the town's budget decisions.

## **6. STAFF REPORTS**

Town Manager Souza stated that we are in the last year of the 3 year contract with the auditors. The contract states that there is an option for two one year extensions.

Town Manager Souza also explained about the refunding process and where things are at.

He also went on to mention that In December the Finance Committee discusses the budget parameters and budget calendar.

## **7. APPROVAL OF MINUTES**

MOVED by Councilor Rampulla Bress, seconded by Councilor Jepsen, to approve the unapproved minutes of the June 8, 2020 meeting as presented.

Motion Passed 3-0-0

**8. ADJOURNMENT**

MOVED by Councilor Rampulla Bress, seconded by Councilor Jepsen, to adjourn the meeting at 8 p.m.

Motion Passed 3-0-0

Respectfully submitted by,

Linda Collins  
Assistant Finance Director