

**Town of Stonington**  
**Board of Finance, Budget Book Subcommittee**  
**APPROVED Minutes of Special Meeting, held July 25, 2018**  
**Location - Town Hall, 153 Elm Street, Stonington CT, first floor meeting room.**

Board of Finance Members in attendance, Blunt White, Danielle Chesebrough, Lynn Young and Michael Fauerbach. Town Staff - Director of Finance James Sullivan. No members of the public were in attendance.

The meeting was called to order at 4:05pm. A motion to approve the minutes of the July 9 meeting was made by Chesebrough and seconded by Fauerbach, after a typographical correction they were approved unanimously. There were no comments or communications from the public.

It was agreed the Subcommittee's next meeting would be Wednesday August 8<sup>th</sup> at 4:00pm at Town Hall.

Recommendations for formatting

- 1) Reduce redundant columns, for example, Adopted Budget and Revised Budgets, eliminate Revised Budget. Retain actuals and consider adding more Actuals from prior fiscal years.
- 2) Requirement for certain topics to be included by Department Heads in their narratives; for example, for the current year anticipated budget variances with explanations. Discussion of unusual non-recurring costs such as legal or consulting fees. Discussion of trends, such as number of employees (FTE and part time), cost per employee (base and fully loaded with benefits).

Director of Administrative Services to discuss legal costs of lawsuits against the Town. Improve presentation of benefit costs.

Director of Finance to discuss how the Town manages its risk profile (insurance, Unassigned Fund Balance).

- 3) Capital Leases obligations and payments to be moved from CIP to Long Term Debt section.

Recommendations for Town Website

- 1) Provide an interactive tax dollar calculator (at the proposed Mill Rate) tied to the input of a property address (link to Town GIS).

Recommendations for Outreach

- 1) During, or in advance of Budget Season hold a workshop for Citizens.

## Recommendations for a New Section - Introduction

- 1) A Board of Finance Executive Summary (BOF Chair to write) describing the “key financial issues” contained in the First Selectman’s Budget. Discuss trends (year over year and longer), risks and mitigants. Refer to the section in the Audit titled Management Discussion and Analysis for “tone” and like topics; length about 1 to 2 pages. For FYE 6/2019 a key financial issue would’ve been Use of Fund Balance, CIP spend reliance on non-recurring cancellation of State Grants.
- 2) Mill Rate, make it easier for Citizens to understand; for example instead of talking in “mills/thousands” speak in “percentages/hundredths.” To speak percentages move the decimal point in the Mill Rate one place to the left; for example a Mill, Tax Rate of 22.68 is the same as a Tax Rate of 2.268% of a property’s assessed value.
- 3) For the proposed Budget, a new one page P&L presentation, global GAAP style summary (include BOE), plus a second page with a 10 year history of past Budgets for comparison purposes (same format). GAAP style means Revenues appear at the top, below that Expenses then Surplus/Deficit with a line for Transfers to fund the Deficits. In the expenditures section include rows for Health Insurance, Pension and OPEB.

Include in the annual budget process the budgeting of certain Balance Sheet accounts; for example, Unassigned Fund Balance.

Include a paragraph on key issues shown by the data.

Alternatively this could be the place for the top line to include State and Federal Grants, (external 3<sup>rd</sup> party funding sources) and their uses (pair the grant revenues with associated program expense). Top line would show Gross revenues, then Net Revenues (net of program expenses). Purpose to identify cost of programs funded by outside sources.

Include discussion of what the Mill Rate would’ve been if the programs were continued in the absence of outside funding sources.

- 4) 3 Charts - For the most recent available 3 prior fiscal years (one chart for each year in the same format as #2 above) a Budget to Actual with variances. Include certain Balance Sheet accounts such as Unassigned Fund Balance.

Include a paragraph on key issues shown by the Chart data.

- 5) Charts or chart – A 7 year history of State and Federal grants, amount Budgeted, paired against Actual received with variances. Group by General Fund (separate charts for General Government, BOE and CIP?) and Special Revenue Funds (separate chart for School Spend/budgeted reimbursement).

Include a paragraph on key issues shown by the Chart data.

For the proposed Budget, a Chart showing Budgeted State and Federal Grants amounts. Include discussion of risk of curtailment and how it could be mitigated.

- 6) Chart – 10 year history of Unassigned Fund Balance with metrics such as 2 months operating Adopted Expenditures (2/12 = 17%).

Include a paragraph on key issues shown by the data plus discussion of trends.

- 7) Charts or chart – A 3 year history of noteworthy Special Revenue Accounts showing funds flows activity. These flows are not part of the General Fund (off budget), but are noteworthy especially in situations where receipt of 3<sup>rd</sup> party grants or Transfers (subsidies) out of the General Fund are anticipated. For example, School construction spend and State reimbursement and WPCA reliance of General Fund subsidies plus subsidy of administration cost.

Include a paragraph on key issues shown by the data.

- 8) Chart or charts – 5 year history of Budgeted CIP expenditures plus 10 year forecast (Gross and Net of Grants).
- 9) Chart showing a 10 year history of Mill Rate and its gearing (Numerator - Adopted Expenditures, less Revenue Offsets equals Amount to Be Raised by Taxes and Denominator - Net Grand List).

Include a paragraph on key issues shown by the Chart data.

- 10) Chart – 10 year history of key Budget and Actual with metrics, for example; per capita Long Term Debt, per capita number and cost of Town Employees.

Include a paragraph on key issues shown by the Chart data.

- 11) Chart – 10 year history of student population and education spend per pupil. Include projection for enrollment.

Include a paragraph on key issues shown by the Chart data.

- 12) Chart for proposed Budget showing (pictogram) how it is allocated across a typical home (e.g., education, police, highway, debt service, etc.)

#### Recommendations for BOE's Section

- 1) An Executive Summary describing the “key financial issues” contained in their Budget. Discuss trends (year over year and longer), risks and mitigants. Refer to the section in the Audit titled Management Discussion and Analysis for “tone” length about 1 to 2 pages.
- 2) Continued use of the present summary, GAAP style format P&L. Eliminate Revised Budget column. In the Revenue section add new lines for 3<sup>rd</sup> party revenue sources (all State and Federal Grants), and their uses (pair the grant revenues with associated program expense). Top line would show Gross revenues, then Net Revenues (net of 3<sup>rd</sup> party payments). Purpose to

identify cost of programs funded by outside sources. In the Expenditure section add rows for Benefit costs (rows for Health Insurance, Pension and OPEB). If appropriate create a standalone P&L summary for Special Education.

Include discussion of what the Mill Rate would've been if programs funded by 3<sup>rd</sup> parties were continued in the absence of those outside funding sources.

- 3) Chart – 10 year history of key areas using Budget and Actual metrics; for example student population and education spend per pupil, number of employees and cost per employee (teacher and administrative costs). Projection for enrollment and future education costs.

Include a paragraph on key issues shown by the Chart data.

#### Recommendations for CIP Section

- 1) Current and future CIP budget requests should be determined with enough certainty to be within 10%.

Upon motion duly made and seconded the meeting was adjourned at 5:10pm

Respectfully submitted  
Blunt White  
Acting Secretary

Approval 8/20/2018  
Blunt White, Acting Secretary