

**MINUTES OF THE CHESHIRE TOWN COUNCIL BUDGET COMMITTEE MEETING
HELD ON THURSDAY, JANUARY 10, 2019 AT 6:30 P.M. IN ROOM 207-209 TOWN
HALL, 84 SOUTH MAIN STREET, CHESHIRE CT 06410**

Present

Chairman Timothy Slocum, Jeffrey Falk; Absent: Sylvia Nichols
Staff: Sean Kimball, Town Manager; James Jaskot, Finance Director;

1. ROLL CALL

The clerk called the roll and a quorum was determined to be present.

2. PLEDGE OF ALLEGIANCE

The group Pledged Allegiance to the Flag.

3. Discussion and possible approval of Fund Balance Policy.

A copy of the proposed changes to the Fund Balance Policy was distributed to those in attendance, and copy is attached to these minutes.

Town Manager Kimball reviewed the proposed changes (highlighted in red print in the policy).

- The term “unassigned” is deleted throughout the policy.
- Percentage changed to minimum of “9.25%” (replacing 8% to 9%).
- Policy review by the Budget Committee every “two (2) years”.
- #6 - “For financial reporting in accordance with Generally Accepted Accounting Principles (GAAP)...”

Mr. Kimball explained that an unassigned fund balance is a GAAP based accounting term. Cheshire looks at fund balance on a budgetary basis, and maintaining a 9.25% minimum is on a budgetary basis.

With regard to #4, Mr. Slocum asked if this is traditional and addressed in initial policy that this is what Council or rating agencies want to see.

Mr. Jaskot said this was put together and adopted by Council, and he is unaware of any outside guidance suggesting use of a five (5) year period.

Budgetary statements are run on a GAAP basis, and Mr. Jaskot said it is confusing and inappropriate to talk about “unassigned fund balance”, when it should be focused on “budgetary fund balance.” This is more in line with what is being done in practice.

Footnote #1 – Mr. Kimball said it defines the general fund balance net of amounts assigned for the subsequent year’s budget. This is a technical thing; the town operates off a budgetary basis and not a GAAP basis.

Mr. Jaskot advised that this is always shown on tables, budget documents, and financial statements. This is a technical thing; the town operates off a budgetary basis and not a GAAP basis.

6 – Mr. Kimball said the new sentence is a further delineation of financial reporting on a GAAP basis in the financial statements; fund balance reserves will be reported in governmental funds under the cited categories.

5 – Mr. Jaskot stated the two (2) years is considered a reasonable amount of time, and there is nothing out there which says it should be five (5) years.

According to Mr. Kimball, this review time of two (2) years is stated in other policies, and has a more positive spin within which to work than a five (5) year review.

The town is on track of every two years to sell bonds, and Mr. Jaskot noted there is always a rating with a bond sale.

With a formal request for a rating, Mr. Kimball said the town gets the best ratings. In off years the rating agencies reserve the right to adjust the town's rating.

Mr. Falk commented on the fact that the fund balance must stay at a minimum of 9.25% in order to not impact the town's ratings.

Last year the town had a healthy surplus of 10.4% fund balance, and Mr. Jaskot stated that Cheshire is compared to similar communities. Mr. Jaskot explained that this provided an opportunity to raise the threshold, and compared to other towns, Cheshire is now on the lower end of the spectrum.

The issue of using "assigned" and "unassigned" was raised by Mr. Slocum, who asked the purpose of using the terms.

Mr. Jaskot informed the Council members that the Federal Accounting Standards Board came out with a statement that requires the town to have a policy regarding the hierarchy of the components of the fund balance. These components are stated on the 2nd page of the policy, #6.

They all involve fund balance, and Mr. Kimball explained that page #1 refers to everything on a budgetary basis. Page 2, (#6 and #7) is required by GASB 54 and refers to GAAP based accounting.

In #6 we are no longer talking about budgetary, but GAAP based accounting, and agencies want the town to use the categories cited.

In #7, the town has a commitment to use restricted resources first, then assigned, and lastly unassigned fund balances. #7 refers to the definitions in #6 for the hierarchy of

use. Theoretically, there could be a second fund balance policy on the hierarchy of GAAP fund balances.

Mr. Kimball informed the Council that the consultant has reviewed the amended fund balance policy.

The auditors are auditing the GAAP financial statements, and Mr. Jaskot explained the budgetary basis of accounting recognizes encumbrances as an expenditure...this is not recognized on the GAAP financial statements. The fund balances in the two statements are different by the amount of encumbrances. Page #2 requires a policy for financial reporting.

This is not uncommon, and Mr. Kimball said GASB 54 is tacked onto the policy. The GASB standardized everything.

MOTION by Mr. Falk; seconded by Mr. Slocum.

MOVED that the Budget Committee accepts and approves the amended Fund Balance Policy, and forwards it to the full Town Council for approval.

VOTE The motion passed unanimously by those present.

4. Acceptance and appropriation of a \$100 donation from Stephen and Lauren Fisher to the Human Services Gift Account for general purposes.
5. Acceptance and appropriation of a \$500 donation from Michael and Marilyn D'Angelo to the Cheshire Fuel Bank Account.
6. Acceptance and appropriation of \$2,000 from the Artsplace Art Market Proceeds to the Cheshire Performing and Fine Arts Gift Account for Scholarships.
7. Acceptance and appropriation of a \$109 donation from the November Town Employee Dress Down Fund to the Cheshire Fuel Bank Account.
8. Acceptance and appropriation of a \$50 donation from Cathleen Devlin To the Cheshire Fuel Bank Account.
9. Acceptance and appropriation of a \$70 donation from an anonymous donor to the Human Services Gift Account for general purposes.
10. Acceptance and appropriation of a \$50 donation from an anonymous donor to the Human Services Gift Account for general purposes.

11. Acceptance and appropriation of a \$1,000 donation from Temple Lodge AF AM to the Cheshire Fuel Bank.
12. Acceptance and appropriation of a \$5 donation from an anonymous donor to the Human Services Gift Account for general purposes.
13. Acceptance and appropriation of a \$1,857.60 donation from Collette Travel to the Human Services Gift Account for the Senior Center.
14. Acceptance and appropriation of \$300 from the Thursday Evening Setback League to the Human Services Gift Account for the Senior Center.
15. Acceptance and appropriation of a \$200 donation from Rose M. Jones to the Human Services Gift Account for the Senior Center.
16. Acceptance and appropriation of a \$30 donation from Vanda O'Rielly in memory Of Velma Hague to the Library Gift Account to be used for general purposes.
17. Acceptance and appropriation of a \$30 donation from Martin Cobern to the Library Gift Account to be used for general purposes.
18. Acceptance and appropriation of a \$30 donation from Barbara Rua in honor Of Michael White to the Library Gift Account to be used for general purposes.
19. Acceptance and appropriation of a \$30 donation from Barbara Rua in honor Of Cora Elizabeth White to the Library Gift Account to be used for general purposes.
20. Acceptance and appropriation of a \$250 donation from Cathleen Devlin in honor of Joan Devlin to the Library Gift Account to be used for general purposes.
21. Acceptance and appropriation of a \$16 donation from Donald Button to the Library Gift Account to be used for general purposes.
22. Acceptance and appropriation of a \$150 donation from James and Jayne O'Brien to the Library Gift Account to be used for general purposes.
23. Acceptance and appropriation of a \$50 donation from Edward Kania in memory of Janice Miner to the Library Gift Account to be used for general purposes.
24. Acceptance and appropriation of a \$6,000 JAG Local VCP Grant for proactive patrols to combat auto theft and larceny from motor vehicles.

MOTION by Mr. Falk; seconded by Mr. Slocum.

MOVED to approve and accept agenda items #4 through #24 and forward to the full Town Council for approval.

VOTE The motion passed unanimously by those present.

25. Approval of bidding requirements.

MOTION by Mr. Falk; seconded by Mr. Slocum.

MOVED to approve and accept agenda item #25, and forward to the full Town Council for approval.

Discussion

Town Manager Kimball explained that the change is requested due to inflation increases over the last four (4) years. He is requesting non-construction services bid limit increased to \$15,000 (from \$14,000), and construction related services bid limit increased to \$30,000 (from \$28,000). These limits are evaluated on an annual basis. Mr. Kimball advised that the town still solicits bids for services and gets comparable quotes. The bid limits also apply to the Dept. of Education.

Mr. Slocum requested information on whether CREC saves money for the town and DOE. Mr. Jaskot will get this information.

VOTE The motion passed unanimously by those present.

26. Amendments to elderly tax relief programs; approval of income levels for the 2018 Local Elderly Property Tax Credit Program.

MOTION by Mr. Falk; seconded by Mr. Slocum.

MOVED to approve and accept agenda item #26, and forward to the full Town Council for approval.

Discussion

The approval of income levels is done annually. Mr. Jaskot reported that the town keeps consistent with the State levels and provisions. There are minor changes from last year with \$100 increases across each income level from the State. The Cheshire brackets are higher than the State brackets, The staff recommendation is to increase the limits in each income level in each of the town program brackets as submitted.

VOTE The motion passed unanimously by those present.

27. Approval of building permit fee waiver for handicapped veteran accessibility renovations at 1137 Fox Hill Road.

MOTION by Mr. Falk; seconded by Mr. Slocum.

MOVED to approve and accept agenda item #27, and forward to the full Town Council for approval.

Discussion

Mr. Kimball explained that the ordinance amendment to Section 3-3 was approved by the Council. With regard to the particular permit fee waiver of \$700 for Mr. Caldwell, 1137 Fox Hill Road, the Council must approve an individual waiver.

Section 3-3 (d) The Town Council may waive the fees for new construction provided that..."

For this section of the ordinance, Mr. Kimball said "may" should remain as it provides the Council the ability to deny a request.

VOTE The motion passed unanimously by those present.

28. Discussion and possible approval re: Town public safety vehicle auction sales
To be used towards capital purchases of replacement public safety vehicles.

MOTION by Mr. Falk; seconded by Mr. Slocum.

MOVED to approve and accept agenda item #28, and forward to the full Town Council for approval.

Discussion

It was pointed out by Mr. Kimball that there was a resolution #082515-5 for Public Works Department auction sales funds going into a special revenue account towards purchases of PW Dept. vehicles and equipment. The request before the Council is to extend that same program beyond the PW Dept. to all town departments (i.e. Fire and Police) for capital equipment purchases.

There was a \$15,000 sale of fire engine #3, which Mr. Kimball wants to apply towards purchase of the new fire engine. The resolution before the Council on January 15, 2019 will be amended to state "Town vehicles and Equipment". The current program has worked well and extending it to all town departments is an incentive to sell vehicles and equipment with the funds used towards future purchases.

VOTE The motion passed unanimously by those present.

Before adjournment, Chairman Slocum discussed having a "pre-budget" workshop, and asked if Mr. Kimball wants to move forward with this meeting.

The department budgets are due to Town Manager Kimball by January 18th, and Mr. Kimball has had budget discussions with department heads. He said it would be helpful to see where the budgets come in and what the percentage increase looks like. There could be a special budget committee meeting to begin discussions and have guidance on the percentage number for the budget. Mr. Kimball will keep the Budget Committee updated on the status of the budget, and he supports having a special meeting on the upcoming budget.

The State budget will not be final until June, and Gov. Lamont has an additional two weeks to present his budget due to a new administration.

For the record, Chairman Slocum stated the Council does not need the decision packages which were used last year during the budget process. He said they were more like "offensive information" from department heads.

29. ADJOURNMENT

MOTION by Mr. Falk; seconded by Mr. Slocum.

MOVED to adjourn the meeting at 8:05 p.m.

VOTE The motion passed unanimously by those present.

Attest:

Marilyn W. Milton, Clerk