

Gardiner, Linda

From: Mayer, Robert
Sent: Friday, March 03, 2017 3:54 PM
To: Tetreau, Mike; Chris Tymniak (ctymniak@gmail.com); Bateson, Edward; Flynn, Thomas; Brown, James; James F. Walsh (jwalsh1000@aol.com); LeClerc, Mary; DeWitt, Christopher; Becker, David; Mitola, John; Hoffkins, Kevin; Marmion, Sheila
Cc: Gardiner, Linda; Bosse, Caitlin
Subject: DOCS REVISED
Attachments: PROPOSED ADJUSTMENTS.xlsx; Fund Balance (Reduced Budget).xlsx

Hello all,

As was reported last evening, the use of bond premium and the reserve transfer are recorded in the budget as revenue items. Though this is a reasonable approach from a budgetary perspective, we will be accounting for these transactions as contra expenses. Budgeting these transactions as we would account for them, would reduce both budgeted revenue and expenditures. These changes by themselves would have no impact on the net budget nor the mill rate for the Town; however, it would reduce the amount required to be budgeted for Contribution to Surplus to maintain the current fund balance percentage. Attached is a Schedule of Proposed Adjustments which would incorporate these changes, and a corresponding revised General Fund Balance Analysis schedule. The result of these changes would be a \$190k decrease to Contribution to Surplus and a corresponding decrease to the tax rate.

On another note, yesterday afternoon we identified a potential duplication in the budget in that \$294k of BAN premium was included as both a revenue item and as an offset item. We have confirmed this duplication. We have two choices; one, we could remove the duplicate entry which would cause a 0.12% increase in the tax rate, or, two, accelerate the use of currently realized future years bond premium to offset the duplication. There are no IRS or regulatory issues with accelerating the use of bond premium.

Regards,
Bob

SCHEDULE OF PROPOSED ADJUSTMENTS

GF REVENUE:

<u>Description</u>	<u>Object</u>	<u>Incr/(Decr)</u>	<u>Comment</u>
Transfer From Reserves	49101	(\$919,000)	To conform with accounting treatment
Transfer In Bond Premium	49201	<u>(1,122,313)</u>	To conform with accounting treatment
TOTAL REVENUE		<u><u>(\$2,041,313)</u></u>	

GF EXPENDITURES:

<u>Dept#</u>	<u>Department</u>	<u>Object</u>	<u>Description</u>	<u>Incr/(Decr)</u>	<u>Comment</u>
2010	Contingency	58010	Contingency	(\$919,000)	Accrued Salary
10030	Debt Service	58600	Redemption of Bonds	(\$1,122,313)	Bond Premium
2020	Contrib to Surplus	58970	Contrib Surplus	<u>(\$190,000)</u>	Contrib to surplus
	TOTAL EXPENDITURES			<u><u>(\$2,231,313)</u></u>	

CONTRIB SURPLUS SAVINGS **(\$190,000)**

**Town of Fairfield
General Fund Balance Analysis**

Budgetary Basis

Total General Fund					
Fiscal Year	Unassigned Fund Balance	Expenditures and Other Financing Uses	Percent	Act/Bud	Change
	\$12,286	\$245,243	5.01%	Act	
	\$13,414	\$250,067	5.36%	Act	0.35%
	\$14,593	\$262,398	5.56%	Act	0.20%
	\$17,408	\$270,596	6.43%	Act	0.87%
	\$21,168	\$277,245	7.64%	Act	1.20%
	\$24,260	\$284,271	8.53%	Act	0.90%
	\$27,435	\$290,960	9.43%	Act	0.90%
(1)	\$27,985	\$293,510	9.53%	Bud	0.11%
(2)	\$29,225	\$306,723	9.53%	Bud	-0.01%

- (1) FY17 Bud based on \$550k budgeted contribution to surplus
(2) FY18 Bud based on proposed \$1,240k contribution to surplus

GAAP BASIS

Total General Fund					
Fiscal Year	Unassigned Fund Balance	Expenditures and Other Financing Uses	Percent	Act/Bud	Change
	\$12,286	\$256,813	4.78%	Act	
	\$13,414	\$261,933	5.12%	Act	0.34%
	\$14,593	\$277,697	5.26%	Act	0.13%
	\$17,408	\$288,149	6.04%	Act	0.79%
	\$21,168	\$298,010	7.10%	Act	1.06%
	\$24,260	\$300,390	8.08%	Act	0.97%
	\$27,435	\$309,762	8.86%	Act	0.78%
(1)	\$27,985	\$312,510	8.95%	Bud/Est	0.10%
(2)	\$29,225	\$317,763	9.20%	Bud	0.24%
(3)	\$28,425	\$317,723	8.95%	Est	-0.25%

- (1) FY17 Bud based on \$550k budgeted contribution to surplus and STRB contribution of \$19m.
(2) FY18 Bud based on proposed \$1,240k contribution to surplus and reduction of STRB contribution by \$9m to \$11m improves GAAP basis by 0.24%.
(3) FY18 Bud based on \$440k contribution to surplus and reduction of STRB contribution by \$9m to \$11m maintains GAAP basis at 8.95%.