

**BOARD OF FINANCE  
DRAFT MINUTES OF QUARTERLY REVIEW MEETING  
February 18, 2014**

The Quarterly Review Meeting of the Board of Finance was held on Tuesday, February 18, 2014 at 7:30 p.m. in Seminar Room 300, Board of Education Administrative Offices, 501 Kings Highway East, Fairfield, Connecticut.

**MEMBERS PRESENT**

Catherine Albin, David Becker (7:42), Ken Brachfeld, James Brown, Christopher DeWitt, Thomas Flynn, Mary LeClerc, Robert Stone, James Walsh (7:35)

**MEMBERS ABSENT**

None

**ALSO PRESENT**

Michael Tetreau, First Selectman, Town of Fairfield

Robert Mayer, Chief Fiscal Officer, Town of Fairfield

Caitlin Bosse, Controller, Town of Fairfield and Clerk of the Board of Finance

Phillip Dwyer, Chairman, Board of Education, Town of Fairfield

David Title, Superintendent of Schools, Board of Education, Town of Fairfield

Doreen Munsell, Assistant Superintendent of Schools, Finance, Board of Education

Brian Vahey, Joint Retirement Board, Town of Fairfield

**ACTION TAKEN:**

1. Approved the minutes of the Regular Meeting of the Board of Finance from February 4, 2014 with a vote of 6 yeas, 0 nays, 2 abstentions (Albin, Stone).

Chairman Flynn called the meeting to order at 7:30 p.m.

Mrs. LeClerc led the Pledge of Allegiance.

**AGENDA**

1. To approve the minutes of the Regular Monthly Meeting of the Board of Finance from February 4, 2014.

**On a motion made by Mr. Brown and seconded by Mr. DeWitt, the minutes of the Regular Meeting of the Board of Finance from February 4, 2014 were approved with a vote of 6 yeas, 0 nays, 2 abstentions (Albin, Stone).**

2. To review the current status of the Town's Pension and OPEB Funds.

Mr. Vahey presented this item to the Board. Mr. Vahey reviewed the reports with the Board. Mr. Vahey reported that OPEB has an IPS in place that is similar to the one in place for the Pension. Mr. Vahey noted that the actuaries will be present at the BOF meeting in March, perhaps March 4<sup>th</sup>, to discuss the reports with the Board and answer any questions.

When asked if there was a Pension Assets Report, Mr. Vahey noted that the Board has not met in 2014 yet but a meeting is scheduled for next week.

Mr. Becker arrived at the meeting at this time.

Mr. Vahey reported that the returns are currently at 10% +or- for the 1<sup>st</sup> six months. Mr. Vahey, in response from a question from Mr. Flynn, noted that the Board is reviewing the existing managers and everything appears to be in a good place.

3. To review the BOE financial position versus budget as of Q2 FY14.

Dr. Title and Mrs. Munsell presented this item to the Board and distributed BOE Budget Books to all members of the Board. Dr. Title reported that the current year expenses were recalculated when the budget book was printed so the deficit, as it appears on page 107 of the budget book, is now at \$742K, not \$1.4M as previously reported.

Mr. Flynn asked for an update on the medical insurance expenses performance. Dr. Title reported that the good news is they are ahead of the projections but the bad news is they are not as far ahead as they were 3 months ago and the trend has deteriorated. Dr. Title noted that the 13-14 budget projections are \$600K ahead but the 14-15 budget projections are behind if the trend continues in the direction it is now going.

Mr. Mayer reported that the January 2014 data will be available before the end of February.

Dr. Title noted that an additional savings of about \$50K-\$75K could be realized via personnel items.

Mr. DeWitt asked about some differences in budgeted amounts and Dr. Title explained that the differences were the result of lowering the parking fees for students at the high schools and not requiring sports teams that use outside facilities for their practices to pay for the rental of those facilities.

Mr. Becker asked if the BOE would have a finite estimate for the next BOF meeting. Mr. Flynn noted that this will require discussion with the BOS on how to cover the \$600K-\$700K deficit. Mr. Flynn noted that there is a possibility that insurance might be available to be used to facilitate this deficit but further discussions need to take place before a solution is determined.

Mr. Stone stated that the Town budget is already very lean and, in his opinion, the BOE should look at further cuts in their budget. Dr. Title responded that the BOE is doing all they can but they are closing in on the finals amount to be around \$700K.

Mr. Walsh inquired if the BOE is working alone on this problem or is the Town working with the BOE. Dr. Title reported that there have not been many discussions with the Town to this point but the BOE is working diligently on lowering the deficit amount. Mr. Tetreau informed the Board that the Town, Dr. Title, Mr. Mayer and Mr. Flynn have all been in discussions on this item and, the Town feels, the deficit amount estimate is close enough to begin work on a solution. Mr. Tetreau stated that discussion is taking place to determine the actual end of the fiscal year when the deficit needs to be resolved. Dr. Title stated that the BOE is required, by State Statute, to end the fiscal year with a balanced budget and the end of the fiscal year is June 30.

Mr. Walsh noted that emergency cost savings should be instituted now. Mr. Tetreau informed the Board that the Town is looking into all options; none are good but all involve trade-offs.

Mr. Flynn stated that he hopes to have some resolution by the March 6<sup>th</sup> BOF meeting. Mr. Flynn also noted that the Town does not have many operating options in this lean budget. MR. Flynn stated that he will arrange a conversation with the First Selectman on this subject to take place as soon as possible.

Mr. DeWitt asked if members of the Board could offer suggestions on how to resolve the deficit. Mr. Flynn informed the Board that all suggestions would be most welcome and anyone having a possible solution should email him directly.

4. To review Town financial position versus budget as of Q2 FY14.

Mr. Mayer presented this item to the Board and reviewed the handouts with the members of the Board. Mr. Mayer noted that the variance analysis reports were done by using both top down and bottom up approaches. Mr. Mayer also noted that vacancies were pulled together for the summary report.

Mr. Brown requested Mr. Mayer to produce a report on the history, for the last 3-5 years, of what is budgeted yearly by the DPW for storm costs and what is actually used. Mr. Brown expressed his concern that this item may be under budgeted. Mr. Mayer informed the Board that a 3 year average is used to calculate this item for the budget.

Mr. Walsh asked Mrs. Bosse to distribute a report of the actual costs for storm removal for FY2013 to the BOF.

Mr. Flynn expressed his concern with the amount of overtime in the actual for the Police budget. Mr. Flynn noted that the reason this Quarterly Review Meeting was moved to a later date was so that the BOF would be able to have follow-up data and/or department personnel present to explain any overages. Mr. Walsh asked Mr. Mayer to have Chief McNamara present at the March 6<sup>th</sup> BOF meeting to explain the overages in the police overtime account.

Mrs. LeClerc and Mr. DeWitt questioned the process of holding contract settlement amounts in the Contingency Account until the contract is settled and then moving the contingency amount to the individual department budgets. Mrs. LeClerc noted that these moves used to be made on a timely basis during the course of the year after being approved by the BOF.

Mr. Brown offered to set up a meeting with the Finance and Reports Sub-Committee to review the reports format and contents including the following items:

- make sure department heads have reasons for overages
- overages should be explained to BOF prior to BOF Quarterly Review Meetings
- perhaps department heads should be present at BOF Quarterly Review Meetings if an overage exists in their department

Mr. Mayer reported that the Town administration and the Police are aware of the situation with the overtime and the issue is being addressed.

Mr. Becker noted that, in his opinion, due to the current circumstances with the BOE deficit, it is important to understand any and all overages.

In response to a question from Mr. Becker concerning the balance in the contingency account, Mr. Mayer explained that contracted contingency items are only discussed in private executive session with the BOF.

Mr. Walsh requested Mr. Mayer to produce a summary of the \$150K difference on the Solid Waste and Recycling item on the Summary Report but Mrs. Bosse was able to explain the difference to Mr. Walsh's satisfaction.

Mr. Walsh suggested the Finance Department develop a consistent standard report for department heads to submit for any overage situations. Mr. Mayer informed the Board that such a report format already exists and the reports will be sent to all BOF members in the future.

Mr. Flynn noted that the Summary Report was very helpful in the process to determine how to handle to BOE deficit problem. Mr. Flynn asked Mr. Mayer to inform the BOF of any areas of concern he may have and Mr. Mayer noted the following areas could warrant some watching:

- heart and hypertension
- unemployment compensation
- prior year tax levy

Mr. DeWitt asked if the IT department will be using their remaining \$25K in the Contingency Account for the project they specified. Mr. Mayer reported that the IT Department will probably not need the remaining \$25K.

Mr. Walsh asked if the investment premium can be taken more aggressively, legally, to help with the deficit. Mr. Mayer responded that it may be possible to arrange.

Mr. Mayer reminded the BOF that the budgeted \$675K Contribution to Surplus is still in the FY2013-2014 budget.

5. To hear the Investment Sub-Committee Policy Update.

Mr. Brachfeld requested that this item be postponed until a future meeting. The Committee is still working on the presentation of their findings.

6. To hear, consider and act upon any communications.

Mr. Flynn suggested that the start time of meeting to be held on March 6, 2014 be moved to 7 p.m. due to the need to discuss the BOE deficit in addition to the budget deliberations. Mr. Flynn asked the members of the BOF to email him their availability asap.

On a motion made by Mr. Brachfeld and seconded by Mr. DeWitt, the meeting was adjourned at 9:34 p.m.

Respectfully submitted,

Deborah J. Garavel  
Recording Secretary