

BOARD OF FINANCE
MINUTES OF QUARTERLY REVIEW MEETING “draft”
November 18, 2014

Pursuant to the call and written notice the Regular Meeting of the Board of Finance was held on Tuesday, November 18, 2014 at 7:30 p.m. in the Board of Education Administrative Offices, Seminar Room 295A & B, 501 Kings Highway East, Fairfield, Connecticut.

MEMBERS PRESENT

Thomas Flynn, James Brown, Robert Stone, James Walsh, Mary LeClerc, David Becker (arrived at 7:40 p.m.).

ABSENT: Catherine Albin, Christopher DeWitt, Ken Brachfeld

ALSO PRESENT

Michael Tetreau, First Selectman, Town of Fairfield (arrived at 8:09 p.m.)
Robert Mayer, Chief Financial Officer, Town of Fairfield (arrived at 8:09 p.m.)
Caitlin Bosse, Controller, Town of Fairfield and Clerk of the Board of Finance
Linda Gardiner, Budget Director, Town of Fairfield
David Title, Superintendent of Schools, Board of Education, Town of Fairfield
Doreen Munsell, Deputy Superintendent of Schools, Finance, Board of Education, Town of Fairfield
Erik Fiedler, Vice President, AON
Carlton Lindgren, Vice President, AON

Chairman Flynn called the meeting to order at 7:33 p.m.

Caitlin Bosse, Clerk of the BOF, led a Pledge of Allegiance

1. To review the current status of the Town’s Pension and OPEB Funds.

The Board reviewed and discussed this item. Chairman Flynn noted they are within target on all investment mix with the exception of domestic equity. He requested a follow up on percent differential on domestic equity and private equity with respect to the pension fund. He also requested a follow up on US stock funds regarding the OPEB fund.

The Board asked for clarification regarding the lack of communication as to why Mr. Vahey was not present for this item and will follow up at the next meeting.

Chairman Flynn called a five minute recess at approximately 8:15 p.m. and resumed at 8:20 p.m.

2. To hear an update on the Internal Service Fund for FY14 and FY15.

Mr. Mayer presented this item and reviewed the reports with the Board. Mr. Mayer reported for the year June 30, 2014 the Internal Service Fund has improved by \$1.5M. This is due to a combination of favorable experience in the Town’s medical combined with some favorable improvements in workers compensation. The rating agencies and will see an improvement in this area. Mr. Mayer also reported the offset is the positive reduction turns to a negative increase in the fund balance by the same amount. The BOE is utilizing \$1.5M of their excess reserve to fund this year’s medical expense. This is something the Town

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will be looking into during the year. The Town's changes in medical have a positive potential recovery and is in the process of being mitigated. Mr. Mayer will know more by the next quarterly report on what the numbers will look like. Overall, he anticipates it going in the opposite direction for this current fiscal year.

Following a lengthily discussion, the Board questioned the \$500,000 that should be in Risk Management.

Mr. Walsh stated the BOE is 1.5 ml at a projected loss on their medical side and are going to have to budget real dollars for their medical expenses because there is no more reserve.

Erik Fiedler, Vice President, AON reported the BOE has two large claims, which are very significant, mainly due to two claims of \$800,000 each. He noted the Town side is running good.

3. To review the BOE Q1 FY15 financial position.

Dr. Title and Mrs. Munsell presented and discussed the financial reports for the first quarter of fiscal to the Board. Dr. Title informed the Board that he is not seeing educational expenditures at this time and is ahead in terms of salary accounts. Dr. Title also reported contributions to the health insurance and medical retention funds were made. There are new positions in terms of special needs students moving into the district with particular needs.

Mr. Walsh asked in terms of savings, how many retirements were over budgeted.

Dr. Title noted they had an additional twenty (20) retirements, which nineteen (19) were budgeted and totaled approximately thirty (30). Dr. Title also noted a balance of approximately \$700,000 net is now sitting in the Delta account, which will help them with any foreseen changes that may arise. He will keep the Board updated going forward.

Mr. Walsh requested that the Board be notified ay every quarter review on how the BOE is tracking against the \$700,000 delta as discussed.

Chairman Flynn asked if the BOE had any large maintenance issues forthcoming.

Dr. Title noted Holland Hill School had major work done on the boiler and a couple of maintenance projects are on hold, which are normally accomplished in the spring.

Chairman Flynn inquired as to the teachers three year contract, which is still under negotiations.

Dr. Title reported a proposed agreement is in effect.

Chairman Flynn asked if the Board could get an electronic copy of proposed agreement and summary of proposed changes for the following meeting.

Mr. Stone asked if they are experiencing fuel savings.

Dr. Title noted going forward for next fiscal year there could be potential savings on electricity if he Town approves the installation of power purchase for solar panels for Warde, Ludlow and Tomlinson schools.

4. To review the Town Q1 FY15 financial position.

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Mrs. Bosse presented and gave a brief overview of projected net estimated variance for June 2015 as follows:

REVENUE

Police Parking Ticket Revenue came in unfavorable at (\$89).
State Revenue - Exhibit C came in favorable at \$32.
Park and Recreation Revenue came in unfavorable at (\$110)
Insurance came in favorable at \$338
Transfers from disc projects is favorable at \$46

Subtotal is \$217

EXPENSES

Unemployment Compensation came in unfavorable at (\$170)
FEMA- Witt O'Brien Consulting came in unfavorable at (\$50)
FY14 Operations came in favorable at \$223
Vacancies- \$223

Subtotal is \$3

Net Estimated Variance totaling at \$220

Following discussion:

Mr. Mayer reported the unemployment bills for July and August on the BOE side is \$61,000 and \$56,000 and the Town side is \$9,000 and \$10,000. The total budget for the year is \$200,000. He noted the main reason for the difference in the BOE numbers is due to the School Lunch Program. After factoring the actual activity the expense is \$370,000 for the year, which will be a negative variance of approximately \$170,000.

5. To hear a report of the FY15 Budget process from the Budget Sub-Committee.

James Brown discussed and reported the following Budget Sub-Committee Meeting Minutes and recommendations with the board:

A. What was good?

- a. Budget presentations were much better.
- b. Electronic materials beforehand (.pdf on Town website).
- c. Scheduled breaks and time cap for meetings.
- d. Fairs recording of meetings.

B. What was bad?

- a. Budget sub-committee report did not occur as the first agenda item in June meeting of each year as recommended. Committee did not meet until November.
- b. Still no "not-for-profit" process.
- c. Last minute updates not disclosed in time to be included in final budget vote.
- d. Data not provided 24 hours before budget deliberation.
- e. Need a long term strategic plan, including IT.

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C. Future Actions (recommendations).

- a. Close on the "charity/not-for-profit" approval process.
- b. When schedules are provided in budget book, there should be a marking that clearly states "This Department has Revenue".
- c. Need to know Board of Assessment Appeals (BAA) status as soon as available for the budget process.
- d. Clearly state the current contract state in regards to salaries, add likely contract Closure date.
- e. Reinstate June deadline for budget Sub-Committee report.

Following discussion: Selectman Tetreau asked that the Board of Selectman be included on the Sub-Committee budget process as well as step improvements.

Chairman Flynn agreed that a representative from the Board of Selectman be present and will follow-up at the January meeting going forward.

Mr. Walsh asked prior to the BOF making a vote, if the Board could be provided with BAA adjustments.

Chairman thanked the Sub-Committee for their efforts.

Chairman Flynn reported, Catherine Albin, tendered her resignation from the Board of Finance, effective December 3rd. He thanked her for many years of service, not just on this Board but also with the Board of Education and other capacities. She will be missed.

There being no further business to come before the Board, James Brown, moved and Mary LeClerc seconded to adjourn the meeting at 9:23 p.m. Motion passed unanimously.

Respectfully submitted,

Josephine M. Keogh
Recording Secretary