

**January 12, 2005**  
**Board of Finance Meeting**  
**Elmer Thienes School, Room 318**  
**Marlborough, CT**

Chairman Mike Gut called the meeting to order at 7:33 p.m. Present were Mike Gut, Carl Cavaliere, Cathi Gaudinski, Joseph LaBella, William Secord, Pasquale Amodeo and seated for Brian Breeden was alternate John Cunningham. Also present was First Selectman Nancy Bader and Assistant Treasurer Jill Ogushewitz. Jerry Paradis from Scully & Wolf was also present.

**PUBLIC FORUM**

There was no public forum.

**FY 2004 TOWN OF MARLBOROUGH FINANCIALS**  
**– REPORTS OF SCULLY & WOLF.**

Jerry Paradis from Scully & Wolf discussed the financial statements and the results of operations for the fiscal year and the Management Letter. He told the Board that this is the second year that the report is being done in accordance with Gaspe 34 (the standards that revised the reporting methodology for governments).

The Independent Auditors' Report is Scully & Wolf's unqualified opinion on the financial statements of the Town. These statements indicate that the financial statements are in accordance with "Government Auditing Standards" which is required by the State of Connecticut. Scully & Wolf does not express an opinion on Management's Discussion and Analysis and budgetary comparison information, however these are required to be displayed by the "Standards". This section is written by the management of the Town and gives an overview of the operations and their results.

Two different pictures are presented said Mr. Paradis. There is an entity-wide picture with a statement of net assets and a statement of activity. This brings together and reports in one column all of the funds of the Town excluding the fiduciary-type funds. There is also a fund perspective which is the one that has been used in the past for observing the funds with each fund having its own asset and liability as well as revenue and expenditures. The latter is the one that the Board needs to know about and to follow in terms of setting the mill rate.

Mr. Paradis discussed the Statement of Net Assets by saying that these are the entity-wide financial statements. Net assets are total assets minus liabilities. There are two different breakdowns with the "Net Assets" portion. The first is invested in capital assets, net of related debt which means taking the capital assets and subtracting the bonded debt or bond anticipation notes that have been spent to acquire more assets and everything else is unrestricted. Exhibit II indicates a change in net assets of 4.4M due to a receipt of a capital grant that was used for a school building. This is the primary reason that net assets are higher than last year.

The fund statements are contained in Exhibits III and IV. These funds can change from year to year said Mr. Paradis and each of these major funds can be tested and an opinion given by Scully & Wolf. In the portion “Notes to Financial Statements” beginning on page 16 of the report breaks into pieces some of the reconciling items found on the exhibits.

Mr. Gut questioned the portion “Statement of Debt Limitation” and Mr. Paradis answered by saying that this schedule is required by the State of Connecticut and is not to be considered a guide and is in the report only because it is required.

In referring to the budgetary statements said Mr. Paradis, revenues did well coming in at almost \$600,000 above the budget with \$314,000 of that amount in the property tax category, and licenses, fees and permits totaling \$181,000. He summarized by saying “across the board, the local revenues were very strong.” And on the expenditure side, there was \$335,000 less spent in that category, highlighting the amount of \$241,000 less spent in education.

On page 33 of the Statement, Comparative Balance Sheet, the undesignated fund balance at 1.6M is about 10 percent of the budget which he felt was a solid number.

Tax collections were 99.25 percent of the current year levy and this is considered to be very strong and is shown on page 34.

The “other” funds of the Town are presented on page 35, and the Debt Management Fund, one of the more significant funds, is shown on page 36.

The breakdown of Agency funds and Capital Assets Used in the Operation of Governmental Funds are shown in different ways.

Mr. Paradis said that the firm of Scully & Wolf had issued a report on compliance with State laws and regulations for the State funds. There were no findings or compliance issues cited in that report. There was no Federal single audit required this year because the Town’s level of Federal funding is not over \$500,000.

A Management Letter has been issued. It contains infrastructure reporting and is a reminder that the Town has to implement the infrastructure provisions of GASPE 34 until FY2006-2007. There were some problems with the Student Activity Fund in reconciling the check register to the manual accounting records. It is recommended that a standardized accounting package be used and that they eliminate manual records.

Mr. Paradis left the meeting at 8:05 p.m.

## **CORRESPONDENCE**

- Memo from Jill Ogushewitz to Mike Gut highlighting dates for budget workshops, public hearing and the town meeting. The budget should be received by the Board no later than 3/10/05; the public hearing should be 4/25/05 and the town meeting should be on 5/9/05.
- Follow-up information from Al Covino regarding scope of potential RHAM audit.
- Copy of letter from E. Mattei, Day, Berry & Howard to William Silver, Ed.D dated December 9, 2004 regarding the audit.
- Two bills from Scully & Wolf - \$6,550 for services in connection with the annual audit; \$2,550 for services in connection with audit of the State Single audit, both for year ended 6/30/04.
- Notice of Public Forum on 1/24/05 regarding potential capital expenditures.
- Five-year Plan of Budget Analysis.
- Information on current debt schedules for the Town in regard to potential future projects.
- Lists of potential projects to be discussed on 1/24/05 public forum.
- Proposal from AHM regarding budget for next fiscal year.
- Letter and copies of IRS Forms 990 for Marlborough Youth Athletic League for years 2002 and 2003.
- State of Connecticut letter from Susan C. Maloney, Governor's Highway Safety Representative to Nancy Bader dated December 2, 2004 stating that the Town has access to funds of \$10,000 in regards to Hazardous Moving Violation Enforcement.

**MOTION** was made to accept the minutes of the December 8, 2004 meeting by Joseph LaBella and seconded by William Secord. Cathi Gaudinski abstained. All others voted in favor. **MOTION PASSED.**

## **TOWN MONTHLY FINANCIAL REPORTS**

Jill Ogushewitz reported that it is expected that the coming fiscal year will be a bit over budget. Heating oil has gone up 91 percent and diesel oil has gone up 85 percent. Snow removal is a big item and the cost of sand has risen 25 percent. The amount of repairs to vehicles and to buildings has risen and also heating repairs have been accomplished at the library. Ms. Ogushewitz reminded the members that they need to be mindful of an additional cost for maintenance and an addition to a building used to house the canine population if needed.

## **REQUESTS FOR TRANSFERS**

There were none.

## **DISCUSSION OF FY 2006 SPENDING TARGETS**

Mr. Gut noted that the RHAM operating budget may possibly be targeted at 6.0 percent, the local BOE budget by 6.0 percent, and the Town operations budget by 6.0 percent as well. There is a possibility that AHM which is a component of the school budget and Town budget may increase by 2 percent. All three towns will vote on the increase on February 15. Discussion followed about the involvement and support of the Town in

AHM. Mr. Gut suggested that the actual expenditures of AHM for the first six months of the year be acquired and the members can further discuss the pros and cons of the proposed increase at the next BOF meeting. Mr. Gut would like to receive more information on the FRC grant.

Joseph LaBella reported that the local BOE, at its subcommittee meetings, has asked the BOF for input and direction for a target amount. Mr. LaBella explained the working system of the BOE process to a proposed budget. This year there is a 13.3 percent increase in their working budget. Discussion followed about how the BOE arrives at a working proposed budget. Mr. Gut commented that 13 percent is not acceptable. All members said they tend to agree with that statement. Mr. Secord suggested 4.5 to 5 percent increase. Mr. Cunningham suggested that the BOE consider anything above fixed and negotiated costs and then fix the rest as low as one percent. Ms. Gaudinski recommended keeping the increase flat – one can always go up later she said. Mr. Gut suggested a 4 percent possible increase. Further discussion seemed to indicate that a 4.5 percent increase might be a reasonable target.

RHAM – Mr. Gut discussed bonding and asked for feedback regarding a proposed increase for the RHAM BOE. Discussion followed and it seemed that the 4.5 percent increase that might be proposed for the local BOE should and could be the same proposed for RHAM. Mr. Gut emphasized that the request would be that both boards increase their spending by 4.5 percent from last year's spending amount. All members except Ms. Gaudinski seemed to think that this amount might be appropriate.

#### **PUBLIC FORUM OF SELECTMEN**

Discussion about the public forum scheduled for January 24, 2005 followed. The purpose of this session is to present the projects on the lists and have the various sponsors give information and answer questions and have the public know about the options. A debt schedule extension will be presented on the five-year plan of the budget analysis for another five or six years said Mr. Gut in order to see the debt cost more clearly for impact on future years, taking into consideration the Grand List as well.

**A MOTION** was made to pay Scully & Wolf bills for year ending 6/30/04 of \$6,550 for services in connection with the annual audit, and \$2,550 for services in connection with the audit of the State Single audit by Joseph LaBella and seconded by John Cunningham. **MOTION PASSED.**

**A MOTION** was made to adjourn at 9:30 p.m. by William Secord and seconded by Joseph LaBella. **MOTION PASSED.**

Respectfully submitted,

Ann Preissner  
Board Clerk

