

BOARD OF FINANCE

Minutes of the Special Meeting held on May 9th, 2019

	<u>Regular Members</u>	<u>Others</u>
Present	Y Joe Pryor (CHM) N Lisa Lansing Y David Hubbard Y William Hurlburt Y Janet Sanders Y John LaPorta	Y Gordon M. Ridgway, First Selectman Y Barbara Herbst, BoF Clerk Y Selectmen Bramley Y John Green, Treasurer Hector Prud'homme <u>Alternate members</u> Y K.C. Baird N Darilyn Woods

Call to Order

7:01 p.m.

1 - Reports

Board of Selectmen

First Selectman Ridgway reported in brief on the following items.

- a) **Town Meeting**: The date of the Town Meeting has been changed to **May 17th** from May 24th. Local ordinance directed this change.
- b) **Cornwall Businesses Meeting**: There will be a meeting of Cornwall Businesses from 5-7 on **5/17/19** at the Old Pottery Store. The meeting will focus on setting up a business hub which will become a resource for residents to learn about opportunities in the area.
- c) **May 25th**: At 2 o'clock there will be a "soft opening" of "The Bend" project with H.V.A.
- d) **NW COG**: At a recent meeting of the NW COG, a presentation was provided about the website "Discover Litchfield Hills". This regionally coordinated website is a guide to connect and "Find things to do and places to go throughout the Litchfield Hills - all in one place." "Our towns and villages offer a wide variety of experiences and destinations for all to enjoy." Information on Cornwall Business, entertainment events and sporting activities are listed and the Cornwall CT website is poised to have a direct link on it.
- e) **Additional Capital Appropriation of \$10,000**: The Board of Selectmen appropriated an additional \$10,000 in the proposed capital budget to accommodate completion of the **Town Plan Project**
- f) **Transfer Station new hire**: It has come to the attention of the Board of Selectmen that the new hire at the Transfer Station that will replace Tommy Juiliano will not be requesting health insurance coverage so the proposed budget can be reduced by \$25,000 to reflect that.

Finance Director

Finance Director, Barbara Herbst submitted a written report on the activities of the Finance office for the month of April. Said report is appended to these minutes.

2 - Proposed Budget

Copies of the proposed budget which included the two changes were available to all members present.

Motion

Janet Sanders Made a motion to approved the changes to the proposed budget for FY 2019-2020, as outlined by First Selectman Ridgway, and to send the proposal totaling \$7,053,978 to the 5/17/19 Town Meeting to be voted on by the electors and citizens.

David Hubbard Seconded the motion.

Motion passed unanimously.

A Proposed Revenue worksheet was provided by the Finance Director. Explanation of each estimate was provided.

Motion

John LaPorta Made a motion to approve the revenue estimates for FY 2019 - 2020 as presented.

Bill Hurlburt Seconded the motion.

Motion passed unanimously

Barbara Herbst passed out schedule that provided a projection of the Unassigned General Fund² balance as of 6/30/2019. The bottom of the sheet showed alternative appropriations of the UGFB and the effect that would have on the proposed Mil rate as well as the amount that would be retained as a reserve based on each option.

Chairman Pryor started a discussion and asked each Board member for their input regarding the amount of an appropriation from the UGFB that they would be comfortable with.

Motion

David Hubbard Made a motion to appropriate \$176,500 of the UGFB to the FY 2019-2020 revenue budget.

Bill Hurlburt Seconded the motion.

Motion passed will a majority vote of three to one

Janet Sanders voted nay, the Chairman did not vote as there was not a tie.

3 - Public Comment

Audience member Hector Prud'homme requested that the document he submitted on 5/8 be placed on the next BoF Agenda. Said document was forwarded to the Board members and is appended to these minutes.

Mr. Prud'homme tried to give a weeks' notice thinking that the BoF would meet for the scheduled May 16th meeting. Many members responded that they had read his letter and were complimentary regarding the scope and detail of the information it contained. Mr. Prud'homme expressed his desire for the BoF to consider creating a "Long-Range Financial Plan" and will be returning to the BoF again to discuss in detail his ideas and philosophy behind his request.

John LaPorta Made a motion to adjourn the meeting.

Adjournment

Janet Sanders Seconded the motion

Motion passed unanimously

8:40 PM

Barbara E. Herbst, Board Clerk

Note:

Minutes remain "Draft" until accepted at the next regular scheduled meeting, please see subsequent meeting minutes for any corrections to these minutes.

Finance Director's Report for BoF meeting 5.16.19

1. Treasurer Office Activities in April:

- a. Prepared and submitted *LoCIP reimbursement*.
- b. Prepare and distribute *Proposed Budget documents* for the *Budget Hearing*.
- c. Two *BoF meetings* and the *Budget Hearing*.
- d. *CoG survey* regarding UGFB and Budgets.
- e. Prepare /submit *Appointment of Auditor FYE '19*
- f. Prepare / submit *W/C and LAP insurance renewals*.
- g. Close *CCS checking account*.
- h. Prepare/submit *quarterly payroll returns* for BoS and BoE ~ (six total)
- i. Research and reissue *stale checks* (older than 90 days) as necessary.
- j. *Auditor* has scheduled *preliminary field work* for May 15 and 16.
- k. *129 accounts payable* checks totaling **\$251,997**
- l. *89 payroll and payroll liability* checks totaling **144,712**

2. Actual vs Budget

Revenue

Revenue is strong, 100.5% of budgeted revenue has been received through 4.30.19

April tax revenue \$160,352

Town Aid Road Grant has been received in full, the 2nd ½ was received in April (\$112,285)

Total Revenue for April = \$289,552

Expense

Total Expense for April = \$396,584

MAY 8 2019

TOWN OF CORNWALL

Memo to: Board of Finance
From: Hector Prud'homme
Date: May 8, 2019

Subject: Creating an Overall, Long-range Financial Plan

As you know, I am concerned that the town has not been investing enough in itself.

For big-scale town investments other than real estate, buildings and equipment, there are only two borrowings on the books. The outstanding total is +/- \$2.66 million, debt service is a quite modest 5% of your \$7.1 million proposed FY 2019-2020 budget. These are minimal investments.

We need a long-range financial plan to carry out as many of the major projects which are on the horizon as we can reasonably afford. (We are talking millions of dollars, not hundreds of thousands.)

For your consideration, here is an outline of actions which might help to address the town's future needs.

1. Briefly assemble the facts and attempt some long-term projections.

Review, for example, trends in population, employment & income, housing, and the grand list, and use the results to help prioritize new investments.

2. Try to take into consideration some anticipated effects of climate change.

Review, for example, the effects on the environment (warmer and wetter, less predictable), on economy, infrastructure, jobs, housing, health.

3. List all the really big, foreseeable projects and put an estimate or cost range on each.

Review, for example: fiberoptics, school options, West Cornwall and Cornwall Bridge options, investments to increase employment including possible tax incentives, investment in workers' and senior housing, again with possible tax help, to come up with a rough total.

4. Calculate the town's financial capacity now and going forward for the next 10-15 years.

Consider, for example: reserves on hand, possible grants from likely sources, estimate of future borrowing capacity, possible foundation, business and public support, effects of inflation on costs over time.

5. See how costs (#3 above) and resources (#4 above) fit together. Come up with some -- probably very approximate -- priorities and suggest a few overall conclusions.

Consider, for example: effects on the mil rate and the town's bond rating, see which projects can be shared with neighboring towns. Some back-of-the-envelope prioritizing

will likely be needed.

6. Consider hiring an advisor to do the leg-work, under BOF guidance.
Ask NHCOCG for suggestions.

7. Update the entire long-range financial plan at least semi-annually to accommodate new data, unforeseen changes (favorable or unfavorable) or emergencies (such as natural disasters).

Some will object that it is impossible to make such a plan -- there are just too many variables. But that is not very accurate. Without a plan, the future is left to chance and short-term fixes. The future is change, sometimes rapid.

This is not rocket science. It does not need to be overly precise. It is what every government and corporation does all the time. (Would you buy shares of a business which had no long-range plan?) Potential investors in the town -- public or private, government or local -- will want to see a plan. It may be somewhat crude at first, but with refinement over a few years it could become very useful.

Start by investing in a plan.

We have a lot of financial talent in Cornwall among residents and weekenders, and I feel sure many experienced people would be glad to work on creating such a plan, if asked.

Annual budgeting and a 5-year capital plan are obviously necessary and important for short-term operations. But the current 5-year capital plan is essentially for maintenance and replacement of equipment. The big ticket items are not shown.

The above is a larger agenda. It is a tough agenda. It will take time and effort pull everything together. Maybe the planning should be done in stages or by sub-committees of your Board. Maybe consultants are needed. But a plan is needed, given our current circumstances and the fast-moving, competitive world around us.

I can think of no other agency or group in Cornwall which is better situated to carry out the task than BOF. It should be part of your job description.

So please grasp the nettle and see if we can figure out the best ways to invest in our town for the long haul.

Our citizens deserve nothing less.

Many thanks -- Hector