

APPROVED

STATE OF CONNECTICUT
MUNICIPAL ACCOUNTABILITY REVIEW BOARD
SPRAGUE SUBCOMMITTEE
SPECIAL MEETING MINUTES

Meeting Date and Time: Friday, June 5, 2020 10:00 AM – 12:00 PM

Meeting Location: This meeting was held telephonically. Meeting materials can be found at <https://portal.ct.gov/OPM/Marb/Sprague-Committee-Meetings-and-Materials>

Telephonic Meeting: Telephone: (860) 840-2075
Access Code: 487 614 174

Members in Attendance: Kimberly Kennison (OPM Secretary designee), Christine Shaw (State Treasurer designee), Mark Waxenberg, Sal Luciano, Matthew Brokman

Town Officials in Attendance: First Selectman Cheryl Blanchard, Melissa Sevigny, Superintendent William Hull, Michele Demicco

OPM Staff in Attendance: Julian Freund

I. Call to Order

The meeting was called to order at 10:03 AM

II. Approval of Minutes:

a. January 30, 2020 Subcommittee Special Meeting

Ms. Shaw made a motion, with a second by Mr. Waxenberg, to approve the minutes. All voted in favor.

b. March 30, 2020 Subcommittee Special Meeting

Mr. Luciano made a motion, with a second by Mr. Waxenberg, to approve the minutes. All voted in favor.

III. Review, discussion and possible action: Recommended FY 2020 Budget

Mr. Freund provided a review of the proposed budget as released by the Board of Finance on May 28. The Board of Finance intends to take final action on the budget on June 11. There will be no referendum on the budget this year due to the Covid related executive order. An open comment period for public input is underway and the Town is soliciting feedback through

various channels. Overall revenues increase by 1.6%, attributable almost entirely to property taxes. A one mill increase is included in the budget, consistent with the previously approved 5-Year Plan. State Aid projections are consistent with the State budget. Expenditures increase by 1.7%, attributable to a 3% increase in the Education budget. First Selectman Cheryl Blanchard added that the Town has mailed a copy of the budget to all households and have set up a dedicated email account for feedback. Comments can also be provided by mail or at a drop box at Town Hall. Residents have until June 10 to provide comments to the Town. Ms. Kennison asked about the projected FY 2020 budget results. Mr. Hull indicated that the Board of Education expected to end the year with a balance of about \$125,000 to \$160,000. Members discussed the major cost drivers in the Education budget. Members discussed the Education increase and whether it provides sufficient stability to the Education budget to mitigate against similar increases in subsequent years. Subcommittee members opted not to take action on the proposed budget prior to the Board of Finance approving the budget.

IV. Review and discussion: Draft 5-Year Plan FY 2021-2025

An overview of the draft plan was provided. The plan's assumptions and the projected revenues, expenditures and impact on fund balance were discussed. One change in assumptions from the original plan is a more conservative projection for Education expenses. In the previous plan, Education expenditures were offset by projected increases in the ECS grant. The updated plan assumes no growth in ECS funding, but includes annual increases in Education expenditures. The current draft projects an ending fund balance that is still negative. Much of the change in fund balance projections is the result of the property lease payment that generated \$325,000 in cash at the signing of the lease, but which will be amortized over the life of the lease in the Town's financial statements. As a result, the Town's fund balance projections are significantly lower than included in the original 5-Year Plan. The Town and Board of Education will work on closing the deficits in the draft plan and bring a revised plan back to the Subcommittee for consideration.

V. Update: Corrective Action Plan

Ms. Blanchard reported that there have been no changes to the status of the items in the plan. The Board of Finance will be retaining the same auditor as the prior fiscal year. The Board of Finance may issue an RFP for audit services for the next fiscal year. The finding related to development of policies and procedures will not be closed in the FY 2020 audit. Some of the other findings will be closed.

VI. Adjourn

Mr. Luciano made a motion to adjourn with a second by Mr. Waxenberg. The meeting adjourned at 11:10 AM.