

**APPROVED MINUTES
BOARD OF FINANCE REGULAR MEETING
March 3, 2009
7:30 PM –Room 119**

The meeting was called to order at 7:34PM by Chairman Murry Stegelmann. All members except Gwen Mogenson were present. Finance Director Kate Clarke Buch was present. The meeting was broadcast by Channel 79. First Selectwoman Evonne Klein was present, as well as Board of Education Chairman John Boulton. Several other officials and members of the public were in attendance. Gwen Mogenson joined the meeting at 7:36PM.

Receiving of Budgets from the Board of Selectmen and the Board of Education

First Selectwoman Evonne Klein presented the Board of Selectman's Proposed Budget of \$37,929,489. Mrs. Klein made the following comments:

**BUDGET REMARKS 2009/2010 BOARD OF SELECTMEN BUDGET
BOARD OF FINANCE MEETING
3 MARCH 2009
Evonne M. Klein**

Good evening.

Halting capital projects and instituting a hiring freeze on all positions other than health, safety and mandated personnel has filled budget shortfalls realized during the current fiscal year. These decisive actions taken by the Town of Darien early this past fall in response to the economic downturn set the stage for the FY 2009/2010 Board of Selectmen Budget.

On February 24, 2009 the Board of Selectmen unanimously approved the FY 2009/2010 Budget.

Total Operating Budget	\$24,486,112;
Debt Service	\$10,573,505;
Total Transfers to Other Funds	\$ 2,869,872.

The Board of Selectmen Budget Total is \$37,929,489 a no growth budget at (0.04%) decrease compared to FY 2008/2009 budget request.

The bottom line of the Board of Selectmen's Budget is less than the amount anticipated in the Five Year Financial Forecast. Comparing the FY 2009/2010 Budget to the detail of the Five Year Financial Forecast, the following areas are below forecast:

- Board of Selectmen Operating;
- Town Property and Liability Insurance;
- Town Workers' Comp;
- Town Medical;
- Total Operating and
- Debt Service.

The following areas are above forecast:

- Town Energy;
- Town Medical;
- Transfers/Other Capital and
- Transfers to Animal Control.

Pension and Police Retiree Medical is as forecasted.

OPERATING BUDGET

The Operating Budget requests \$24,486,112. The increase in the operating funds over last year's is 3.41%. The request includes an increase in funding to support the increase in requests for services the Department of Social Services has received during these difficult financial times; funding to support our Emergency Services and First Responders and funding to continue the progress made in infrastructure improvements and asset maintenance.

During this budget season other communities have reduced their staffing levels to those levels that Darien has maintained for several years. Positions that have been cut by other communities are positions Darien would never dream of creating. Four positions have been eliminated in the FY 2009/2010 Budget. They are:

- FT Social Services;
- PT Fire Inspector and
- 2 FT Health Department.

The Library Operating increase over last year's is 4.49%. This funding supports the Library's ability to deliver a high level of service to the Darien Community as well as anticipates operating expenses in the new building.

It is important to note that in some areas operating expenses have been reduced as a short term measure to address the current economic environment and these reductions cannot be sustained over the long term without having a negative effect on the community.

DEBT SERVICE

Debt Service for FY 2009/2010 is proposed at \$10,573,505 which is a decrease from this current fiscal year of \$589,483 or (5.28%). It is assumed that the Baker Flood Mitigation project will proceed. The Board of Selectmen reduced this line

item by \$100,000 in anticipation of bond refinancing and or the timing of the Baker Flood Mitigation project debt which may not necessitate payments in FY 2009/2010.

CAPITAL BUDGET

Included in the Capital Budget request of \$6,918,985 is \$4,500,000 in funding for the Baker Flood Mitigation project. The Board of Selectmen continued to fund all Equipment Reserve Funds. In an effort to realize greater efficiencies in the use of staff time, the Board of Selectmen supported funding to update the computer and data management systems in the Department of Public Health. Improvements to the Town Hall are included in this request as are small infrastructure projects that improve our public spaces as well as address safety concerns.

TRANSFERS

The largest increase is in the Solid Waste Fund. Although we have realized some savings by contracting with City Carting, this fund cannot be self supporting through its fees. The Solid Waste Fund continues to need a subsidy from the General Fund. Whether or not we intend this fund to be self supporting through its fees or included in the General Fund may be something we resolve this year.

CLOSING COMMENTS

The Board of Selectmen continued our practice of setting priorities for the Town of Darien with an emphasis on Fiscal Responsibility. Although each budget season presents challenges, this year we faced a unique set of challenges. The Staff and the Board of Selectmen worked together to achieve our goals and keep our commitment to our community:

- 1) To put forward a budget that relieves the tax burden from our residents;
- 2) Maintain our position as a premier Town in the State of Connecticut;
- 3) Provide the level of service our residents have come to expect, depend upon and enjoy;
- 4) Continue to move the Town of Darien forward and
- 5) Strengthen the foundation for future success.

You have before you, for your consideration and review the Board of Selectmen 2009/2010 Budget, which not only reflects the economic realities we face today, but also a budget that looks beyond today. It allows us to maintain what we have accomplished thus far, and positions us to move forward when the economic climate improves.

Mr. John Boulton, Chairman of the Board of Education, presented the Board of Education's proposed budget and handed out a presentation which included the following:

- Total operating budget of \$68,915,458
 - 3.82% increase over 2008-09 Budget
 - Enrollment increase of 4 students (0.01%)
 - DHS down by 7, MMS up 44, Elementary down 33.
- Capital budget request of \$922,500
 - Includes \$425k Royle Boiler project approved by BOF
 - Most projects maintained on list, subject to further discussion with BOF

Calculation of Major Accounts

- Salaries
 - Each Employee Placed On Negotiated Scale
 - New DEA contract reflected in costs
 - \$60,382 salary used for proposed new teachers
- Transportation
 - Each Bus by Contracted Price (3% increase)
 - Number of Buses Needed
 - Contracted Price for Special Runs
- Out of District Placement Tuition is based actual current student tuition (\$91,000 avg)
- Fuel & Utilities – Bid Consortium and Rate Lock-ins
- Benefits & Ins. – Exp & Rates managed aggressively

Reasons for Budget Increase

- New initiatives presented by Administration at start of BOE budget process:

NONE

Reasons for Budget Increase

- Personnel: 6.3% increase in costs
 - DEA Teachers contract: 3.9% less benefit savings (total net impact = 2.55%)
 - Overall increase w/o new SPED FTEs = 3.4%
- Fixed Expenses: 0.2% increase
 - Fuel and Transportation down, Insurance flat, Utilities and Retirement up about 10%

Special Education

- Change in presentation
 - Now show full cost of program upfront
 - Impact: approx. \$640k
- Excess Cost Reimbursement
 - 90% of revised estimate of submittable costs
 - 10% not budgeted = approx. \$300k
 - Impact of stimulus plan still unknown
- Over the past 3 fiscal years, our actual Special Ed costs – before State reimbursement – have increased by 16% per annum.
- We have benefited from conservative budgeting of State reimbursement versus actual.
 - This has helped us offset unexpected increases in costs
- Of the 3.8% increase in the proposed 2009-10 budget, 2.7% represents increased Special Education funding.
- Impact of Federal stimulus plan still not verified.

Special Education – Cost Increases

Reasons for Special Education Increase

\$ 2,346,947 Published Increase 22.2%

\$ (753,663)	Catchup for Estimated 2008-09 Increases
\$ (638,858)	Revised Fully Costed Budget for 2009-10
\$ (609,376)	General RC - 24 Increase Req. for 2009-10
\$ (72,457)	1.2 New Teachers Requested 2009-10
\$ (210,994)	7 New Paraprofessionals Requested 2009-10
\$ (61,599)	1.2 New Nurses Requested 2009-10

Of the \$754k in “catch-up” expenses, \$404k involved 8 new high-need students who became our responsibility after July 1, 2008.

Budget Changes – 2/10/09

Goals: Maintain the core educational program; protect class size policy.

- Changes to Special Education (\$563k)
 - Excess Cost increase (\$317k), ELP Tuition increase (\$100k), Various (\$146k)
- Technology Plan – portions deferred (\$220k)
- New Interscholastic Athletics Revenue Line (\$200k)
 - Board has not determined how this will be generated.
- Energy Conservation Project (\$152k, to RTM 3/16/09)

- Full Day Kindergarten introduced (\$133k)
 - Shown in budget as reduction in busing account
- Equipment – All but \$15k central fund were eliminated (\$90k)

The Variables

- “The Comeback Kids”
 - Will we see a migration back from private schools?
 - MMS is near peak capacity
 - Budget does not anticipate a major inflow
 - The devil is in the distribution
- Special Education
- Stimulus help on the way???
- High-need children moving into Darien after July 1
- Changes in IEPs for existing students
- Variability in State excess cost reimbursement

The members of the Board of Finance thanked Mrs. Klein and Mr. Boulton for their remarks.

Chairman Murry Stegelmann commented that he had met with the chairs of other nearby towns’ Boards of Finance and that if Darien enacted a 4 percent budget increase it would be higher than other communities.

PRESENTATION OF FY2008 COMPREHENSIVE ANNUAL FINANCIAL REPORT (BLUM SHAPIRO)

Mr. Gerald Paradis, Partner in charge of Darien’s account, Blum Shapiro, presented the financial statements.

Kate Buch reported that the trust language for the OPEB trust is being worked on by our attorney. If approved, the trust would be in financial statements for FY 2009.

TRANSFERS UNDER \$5000

The DPW requests a transfer totaling \$4500 from the Part Time and Telecom accounts to Repairs and Maintenance. Tom Volpe made a motion to approve the transfer. The motion was seconded and passed unanimously, 7-0.

DEPOT SPELLING BEE

Murry Stegelmann, Gwen Mogenson and Liz Smith Mao volunteered to represent the Board of Finance at the Depot Spelling Bee on March 29, 2009.

DEBT REFUNDING

Murry Stegelmann and Kate Buch gave an update on the refunding of certain debt. It is anticipated that the debt would be refunded sometime during the week of March 9.

Upon motion by Liz Mao and a seconding, The Board voted 7-0 to go into Executive Session with the Board of Selectmen to discuss land acquisition.

At 10:05, the Board exited Executive Session, and Gwen Mogenson made a motion to adjourn. The motion was seconded and approved 7-0. The meeting was adjourned at 10:05 PM.

Respectfully submitted,

Elizabeth Smith Mao, Clerk