



BOARD OF FINANCE

Bethel Municipal Center, 1 School Street
Bethel, Connecticut 06801 Telephone: (203) 794-8501

MINUTES OF SPECIAL MEETING

Monday, July 14, 2014
7:00 p.m.

CJH Municipal Center – Meeting Room “A”

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TOWN OF BETHEL
TOWN CLERK

PRESENT: William Kingston, Chairman, Bruce Cornwell, Patricia Smithwick, Eileen Freebairn, Claudia Stephan, Gary Regan and Timothy Draper. Also in attendance were First Selectman Matthew Knickerbocker, Comptroller Robert Kozlowski and Assistant Comptroller Brad Heering.

William Kingston called the Special Meeting to order at 7:01 p.m.

1.) Consideration of discussion on General Fund

William Kingston, among other comments, advised that several residents had asked the Board of Finance to consider using funds from the General Fund/Fund Balance to offset the mill rate increase associated with the proposed budget. Comptroller Robert Kozlowski, among other comments, advised that the fund balance stands at approximately \$11,000,000 of which \$2,000,000 is owed to the town by several enterprise funds. He noted that the rating agencies have made it very clear that they do not support using fund balances to pass budgets, and that doing so could result in a downgrade of the town's credit rating.

William Kingston, among other comments, offered that using a portion of the fund balance would automatically create a shortfall next year, making that budget, virtually impossible to pass.

Comptroller Robert Kozlowski advised, among other comments, that there were several key items which increased the fund balance, which included increased revenues in conveyance tax due to several large land transactions and an extremely good tax collection rate due to several tax sales and due diligence by the Tax Collector's Office. He continued that this is not a result in over taxation rather the result of some unanticipated revenues.

He also provided a scenario that should we be downgraded back to a AA+ rating, based on the anticipated projects on the horizon, it would equate to approximately \$1,500,000 in extra interest costs.

First Selectman Knickerbocker offered that it is possible for the town to create a Budget Stabilization Policy for the future and will provide the Board of Finance a policy proposal when prepared.

Timothy Draper, among other comments, offered that he thought the fund balance was a little higher than what is required but that he is not necessarily in support of using the fund balance to offset the mill rate and would entertain using a portion for future debt reduction, which would provide some (future) budget relief. Comptroller Robert Kozlowski advised that the rating agencies do not have an issue with this as we would essentially be trading an asset for an asset.

William Kingston concluded that it did not appear to be the recommendation of the Board of Finance to use any portion of the fund balance to offset the current proposed budget.

2.) Consideration of discussion of Budget Contingency Planning

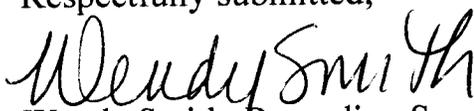
Discussion took place regarding the impact should this fourth budget fail at referendum. A zero increase would have a significant impact, Comptroller Robert Kozlowski, among other comments, suggested several scenarios in order to make up the difference, including eliminating the funding for the capital non-recurring, elimination of at least 5 positions, perhaps, shorter work hours, furlough days and closing the building one day a week. He did note though that there would be the cost of unemployment as the town self insures for unemployment and the cost would have to be paid.

William Kingston advised that there will be discussions on cost savings, town operations, etc. regardless of the budget passing.

Bruce Cornwell wondered what else can be done to get the word out so that more people participate in the budgeting process and come out to vote.

As there was no further business on tonight's agenda, Patricia Smithwick made a motion, which was seconded by Timothy Draper, to adjourn the meeting at 7:38 p.m. Vote, all in favor, motion unanimously approved.

Respectfully submitted,


Wendy Smith, Recording Secretary