

**ASHFORD BOARD OF FINANCE  
REGULAR MEETING  
JANUARY 24, 2013  
7:00 p.m.**

**Members Present:** Cathryn Silver-Smith (Chairperson), Susan Eastwood (Clerk), Paul Canavan, Jane Cercena, Chuck Funk, Merrill Simpson, Tony Horn (Alternate), First Selectman Ralph Fletcher (Ex-Officio), Francine Hodovan (Recording Secretary).

**Guests:** Cheryl Bowen (Town Treasurer), Linda Gagne (Ashford Tax Collector), Don Wesson (Chairman, Ashford BOE).

1. **Call to Order:** Ms. Silver-Smith called the Regular meeting of the Ashford Board of Finance to order at 7:00 p.m.
2. **Seating of Alternates:** None.
3. **Approval of Meeting Minutes of Regular Meetings of January 10, 2013:**  
**MS. EASTWOOD MOVED AND MR. FUNK SECONDED A MOTION TO APPROVE THE MINUTES OF THE REGULAR MEETING OF THE BOARD OF FINANCE HELD ON JANUARY 10, 2013. THE MOTION PASSED WITH EVERYONE VOTING AFFIRMATIVELY EXCEPT FOR MS. CERCENA WHO ABSTAINED.**
4. **Hear From Public:** None.
5. **Communications:** Ms. Silver-Smith noted that she, Selectman Fletcher, Ashford BOE Chairman Wesson and School Superintendent Dr. Longo will meet on Wednesday, January 30, 2013 for an informal budget discussion.
6. **Old Business:**
  - a. **Monthly Town/School Financial Reconciliation.**

Ms. Bowen stated that no one from the school has contacted her concerning the reconciliation since the January 10 BOF meeting. Mr. Wesson stated that the report from the School's BMSI system has not been produced yet and he has not been provided with a date for its completion. The Town and School BMSI systems need to match as much as possible and both finance offices should have written procedures in place for monthly reconciliations. Mr. Wesson stated that the School's procedures are being documented and their BMSI report should be completed before the February 14 BOF meeting. Ms. Bowen stated that her reconciliation procedures should be documented by then as well, provided she receives the report from the School to work with.
7. **New Business:**
  - a. **Selectman's Update:**

The Selectmen are working on the Town's General Government budget. While Mr. Fletcher feels that the expenditure portion should be fine, he expressed concerns about revenues, noting the state's current deficit. Region 19 may also prove to be in difficult straits in the upcoming year. Health Care remains an issue with an anticipated 8 to 10% increase over last year. He hopes to have a firm number before the Town budget is put to vote
  - b. **2013-2014 Financial Policies and Goals.**  
**MR. SIMPSON MOVED AND MS. EASTWOOD SECONDED A MOTION TO ACCEPT THE PROPOSED 2013-2014 BUDGET POLICIES AND FINANCIAL MANAGEMENT GOALS WITH UPDATED DATES. THE MOTION PASSED WITH EVERYONE VOTING AFFIRMATIVELY.**

**c. 2013 – 2014 BOF Budget.**

Board members reviewed the proposed department budget, which is flat. The need for, content and form of the Annual Report were discussed. Mr. Wesson requested a sample of a report from the Secretary of the BOE to refer to. Board members will review report requirements in detail at a subsequent meeting to determine what will be included and the report's final form.

**8. Review of 2012 – 2013 Revenue and Expenditures:**

Expenditures that have been encumbered and accounts with balances of four cents were explained by Ms. Bowen as contracted items that have been pre-paid and spread evenly across the months. It was noted that the BOF has not received the finalized 2012-2013 Audit Report from the auditors. Ms. Silver-Smith will follow-up. Selectman Fletcher stated that he will get a copy of the debt service schedule to Ms. Silver-Smith for review at the next Board meeting.

**9. Agenda Items for Next Meeting:**

- Monthly School/Town Financial Reconciliation
- Debt Service

**10. Remarks for the Good of the Board:**

None.

**11. Adjournment:**

**MS. CERCENA MOVED AND MR. CANAVAN SECONDED A MOTION TO ADJOURN THE JANUARY 24, 2013 REGULAR MEETING OF THE ASHFORD BOARD OF FINANCE. THE MOTION PASSED WITH EVERYONE VOTING AFFIRMATIVELY.**

The Regular Meeting of the Ashford Board of Finance was adjourned at 8:22 p.m.

Respectfully submitted,

Cathryn Silver-Smith, for BOF Clerk

*Attachments:*

2013-2014 Budget Policies  
2013-2014 Financial Goals

**ASHFORD BOARD OF FINANCE  
BUDGET POLICIES  
For Fiscal Year 2013-2014**

1. Formal budgetary integration is employed by the Board of Finance as a management control device during the year for the General Fund and the Capital Projects Fund, which are the only funds with a legally adopted annual budget. The General Fund includes General Government, Debt Service, Ashford Board of Education, Ashford's portion of Region 19 Board of Education, outside financing sources such as the Babcock Library, Recreation and Fire Department. Budgetary comparisons are included in the appropriate financial statements and schedules.
2. Prior to January 11, 2013, each department head, office, agency, board or commission of the Town, supported wholly or in part from Town funds, shall submit budget requests in the form required by the Board of Selectmen so as to indicate the program, activities, and work accomplished in the current fiscal year and to be accomplished during the ensuing year. These shall be accompanied by detailed estimates of expenditures to be made and of revenues other than taxes to be collected during the ensuing fiscal year, along with such other information as may be requested by the Board of Selectmen.
3. On February 21, 2013, the Board of Selectmen shall present to the Board of Finance:
  - a. A budget message outlining the financial situation of the Town government and describing the important features of the budget plan;
  - b. Statements of the Board of Selectmen's proposed operating program and expenditures for the Town functions and Town-supported functions, other than those of the Boards of Education, along with comparisons of amounts expended in the last completed fiscal year and estimated amounts to be expended in the current fiscal year;
  - c. Information on amounts of revenue, other than property taxes collected, by source, in the last completed fiscal year, estimates for the current and for the ensuing year, along with information and estimates regarding property tax revenues for the same periods;
  - d. Statements of the condition and estimated condition of the Town funds and of the debt service obligations of the Town, proposed capital improvements to be undertaken during the ensuing fiscal year or later years, and the proposed method of financing them;
  - e. And such other information as will assist the Board of Finance and the Town Meeting in deciding on an annual appropriation and a capital improvement program.
4. On March 7, 2013, the Ashford Board of Education shall present to the Board of Finance and Board of Selectmen:
  - a. Statements of the Board of Educations' proposed operating program and expenditures for Ashford School, along with comparisons of amounts expended in the last completed fiscal year and estimated amounts to be expended in the current fiscal years;
  - b. Information on amounts of revenue in the last completed fiscal year, and estimates for the current and ensuing year;
  - c. And such other information as will assist the Board of Finance and the Town Meeting in deciding on an annual appropriation.
5. On March 14, 2013, Ashford members of the Region 19 Board of Education shall attend a Board of Finance meeting to present the proposed Region 19 budget to the Board of Finance. On March \_\_, 2013, the Region 19 Board of Education will hold a Public Hearing to present its budget proposal.

**ASHFORD BOARD OF FINANCE**  
**BUDGET POLICIES**  
**For Fiscal Year 2013-2014**

6. The Board of Finance shall hold at least one Public Hearing on the budget. A Public Hearing for the 2013-2014 budget will be scheduled for April 9, 2013. Following the Public Hearing, the Board of Finance shall review the recommendations and adopt a proposed budget, including a recommended appropriation, which shall be published in a newspaper in general circulation in the Town at least five days prior to the annual Town Meeting for budget consideration.
7. The Town's Annual Budget Meeting shall be held on April 23, 2013. This meeting shall consider the budget presented by the Board of Finance and may approve or lower the general Government, Ashford Board of Education and/or Capital projects budgets. (The Region 19 budget cannot be approved or lowered during this meeting as it is subject to a separate Region 19 referendum.) The Annual Budget meeting will adjourn to referendum to be held May 7, 2013. If the budget is not adopted at referendum by July 1, the last budget adopted by referendum shall remain in effect for the new fiscal year until a new budget is approved at referendum.
8. The level of control for all legally adopted budgets (the level at which expenditure may not legally exceed appropriations without Board of Finance and/or Town Meeting approval) is at the department level for the General Government portion of the General Fund. Budgetary transfers from one department to another within the General Government may be made by the Board of Finance. Transfers or new appropriations that exceed \$20,000 must be approved by consecutive actions of the Board of Selectmen, Board of Finance and a Town Meeting. The Ashford Board of Education and Region 19 Board of Education have full authority over transfers within their own budgets.
9. Except for encumbrance accounting in the General Fund, all budgets are prepared on the modified accrual basis of accounting. Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration. Since the Town intends to honor contracts in process at year end, encumbrances outstanding as of June 30 reported as reservations of fund balance, since they do not constitute expenditures or liabilities.
10. Unencumbered appropriations lapse at fiscal year end, except for capital project budgets, which remain in effect until completion.

**TOWN OF ASHFORD  
FINANCIAL MANAGEMENT GOALS  
For Fiscal Year 2013-2014**

The Board of Finance has developed the following to aid current and future board members in planning, monitoring and communicating to the community the Town's approach to financial management. These goals are revisited every year to keep them current.

**FINANCIAL REPORTING PERFORMANCE GOALS**

- The Town will adhere to full and open disclosure of all financial activity.
- Records will be maintained on a basis consistent with accepted municipal accounting standards.
- The Comprehensive Annual Financial Report will be prepared in conformity with generally accepted governmental accounting principles and financial reporting practices.
- An independent public accounting firm will be employed to perform an annual audit of all Funds, Authorities, Agencies and Grant Programs, And the annual audited report will be made available to the general public, bond and financial consultants, and other interested citizens and organizations. The audit will be completed and submitted to the Board of Finance within one hundred seventy-five (175) days of the close of the Town's fiscal year.
- 501(c)3 organizations that use funds provided by the Town must report how those funds were used to the Board of Finance on an annual basis.

**FUND BALANCE GOALS**

- The goal is to preserve the Town of Ashford's financial stability and maintain the Town's credit worthiness while ensuring a positive cash flow in the event of temporary revenue shortfalls and/or unanticipated major expenditures.
- The goal is to not use the undesignated fund balance for operating expenses, as this practice has an inherently destabilizing impact on current and future operating budgets.
- A year-to-year carryover fund balance will be maintained in an amount necessary for adequate cash flow and to prevent the demand for short-term borrowing. The undesignated fund balance should be approximately eight to ten (8-10) percent of the general fund operating budget.
- Fund balance in excess of the goal shall be transferred to the CNR Fund and used for one-time expenditures.
- Government Accounting Standards Board (GASB) fund classifications and hierarchies will be used for fund balance reporting.

**CAPITAL IMPROVEMENTS PERFORMANCE GOALS**

- Capital improvements will be based on long-range projected needs in order to minimize future maintenance, replacement and capital costs.
- All capital improvements should be made in accordance with the Town's five-year capital improvement program. The capital improvement program shall be revisited annually.

**TOWN OF ASHFORD  
FINANCIAL MANAGEMENT GOALS  
For Fiscal Year 2013-2014**

- The development of the capital improvement program will be coordinated with the operating budget in order to maintain a reasonably stable total tax levy.
- Unanticipated capital improvements will be funded from CNR to the extent available.
- Before submission to the Board of Finance, the Board of Selectmen will identify the estimated cost and potential funding sources for each capital project proposed. Future operating costs associated with a proposed capital improvement will be evaluated before a decision is made to implement a project.
- Federal, State and other intergovernmental and private funding sources will be sought out and used as available to assist in financing capital improvements.

**INVESTMENT PERFORMANCE GOALS**

- A cash flow analysis of all funds will be developed on a regular basis. Collections, deposits and disbursement of all funds will be scheduled in a way as to ensure maximum case availability.
- Where permitted by law, cash from separate funds and sources will be pooled to maximize investment yields. Interest will be credited to the General Fund except where prohibited by law or where the source of the cash is from an individual or corporation to insure performance.
- Investment policy will be consistent with State law and will provide for security of principal as well as needed liquidity.

**DEBT PERFORMANCE GOALS**

- Long-term debt will be limited to those capital improvements that should not be financed from current revenues.
- The maturity date for any debt will not exceed the reasonably expected useful life of the project so financed.
- The total direct general obligation debt will not exceed statutory limits.
- The issuance of Bond, Tax and revenue Anticipation Notes will be avoided.
- An official statement will be prepared to be used in connection with all sales of bonds and notes.
- Good relations will maintained with financial and bond rating agencies and a policy of full and open disclosure on every financial report and bond prospectus will be followed.

**OPERATING EXPENDITURES PERFORMANCE GOALS**

- The Board of Finance will propose and the Town Meeting will adopt and maintain a balanced budget in which expenditures will not be allowed to exceed reasonable estimated resources and revenues.
- All current operation and maintenance expenses will be paid from the current revenue sources.

**TOWN OF ASHFORD**  
**FINANCIAL MANAGEMENT GOALS**  
**For Fiscal Year 2013-2014**

- The operating budget will provide for the adequate maintenance of capital assets and equipment.
- The budget will provide for adequate funding of all employee benefit programs and retirement systems.
- A budgetary control system will be maintained to enable adherence to the adopted budget. This will include a record keeping system to be adhered to by all programs and activities receiving annual town budget appropriations.
- A system of regular monthly financial reports comparing actual revenues and expenditures to be budgeted amounts will be prepared and maintained.
- An effective risk management program to minimize loss and reduce costs will be developed and implemented. The Board of Selectmen will ensure that adequate insurance programs are in place, including unemployment and worker's compensation insurance.
- Delivery of services by other public and private organizations will be encouraged whenever and wherever greater efficiency and effectiveness can be expected. Technology and productivity advancements that will help reduce or avoid increasing personnel costs as a proportion of the total budget, to use available resources more productively and creatively, and to avoid duplication of effort and resources.
- A Reserve Fund for Capital and Nonrecurring Expenditures will be maintained and will be adequately funded each year by a transfer from the General Fund Budget and by unanticipated one-time revenues.

**REVENUE PERFORMANCE GOALS**

- A diversified and stable revenue system will be maintained as protection from short-run fluctuations.
- Annual revenues will be estimated based on an objective and reasonable basis. The Board of Finance will project revenues on a multi-year basis.
- Special Revenue Fund are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.
  - One-time or special purpose revenues will only be used for capital expenditures or for expenditures required by the revenue (grants) and not to subsidize recurring personnel, operation or maintenance costs.
  - The creation of any new special revenue fund must be approved by the Board of Finance.
  - The purpose of the special revenue fund, and which revenues and other sources for the fund must be formally documented.
- All user charges and fees will be annually re-evaluated at a level related to the cost of providing the services.
- Appropriate expansion and diversification of the tax base will be encouraged and additional Federal and State revenues will be sought in order to reduce the reliance on the property tax due to its effect on individual homeowners.