

RTM Meeting
December 14, 2011

The Call

1. To take such action as the meeting may determine, upon the ~~pending~~ recommendation of the Board of Finance, to establish a new Special Revenue Fund entitled Wakeman Town Farm Special Revenue Fund.
2. To take such action as the meeting may determine, upon the ~~pending~~ recommendation of the Board of Finance, to approve a Fund Balance Policy and Fund Balance Policy Statement for the Town of Westport.

Minutes

Moderator Hadley Rose:

This meeting of Westport's Representative Town Meeting is now called to order. We welcome those who join us tonight in the Town Hall auditorium as well as those watching us streaming live on www.westportct.gov, watching on cable channel 79 or ATT channel 99. My name is Hadley Rose and I am the RTM Moderator. On my right is our RTM secretary, Jackie Fuchs. Tonight's invocation will be by Reverend Branson.

Invocation, Reverend John Branson:

So let us pray. As this assembly gathers to envision and plan the future of Westport, we are mindful of the responsibilities that come with our many blessings. And so we first offer our thanks for the dedicated service of all those who have gone before us, upon whose shoulders we stand and in whose memory we live our lives of peace and posterity. And so we turn and take up the challenge of a spirited and faithful leadership for the future. So thank you for the generosity of supporters and benefactors of this town who have nurtured and sustained the vision of this community over so many years and have left us a lasting heritage for our future. Thank you for the administrators, the educators, the teachers, the elected officials, officers, and servants and visionaries. Who, because of their care and sacrifice, have instilled in the hearts of young and old alike an ever deepening sense of community and of the understanding of honesty and integrity and a firm foundation in the values and the meaning of sacrifice in the strengths of this nation. And so we ask God's presence to be with those who gather this evening. In this session, may there be abundant joy and praise, a striving for excellence and for achievements guided by cooperation, communion and gratitude and we also ask that we might curtail our cynicism and our doubt. Finally, we ask God's spirit to be among you to guard over you and to guide you, to be the source of this lively community and that all the angels of God, especially in this holy season, shine upon you with gladness and peace for ever and ever. Amen.

There were 32 members present. Mr. Rossi, Mr. Lebowitz, Mr. Klinge, and Mr. McCarthy notified the Moderator that they would be absent. Mr. Mandell and Mr. Keenan notified the Moderator that they would be late.

There were no corrections to the minutes of November 1. If anyone finds anything, please let Jackie, Hadley Rose or Patty Strauss know.

Announcements

Mr. Rose: The next RTM meeting will be Jan. 3, 2012.

There are no other scheduled meetings.

RTM Announcements

Bill Meyer, district 3:

I want to give congratulations to the school system. Conncam, an advocacy group that judges all the schools, they have a district report card. There are 1,000 schools in Connecticut and middle schools, there's about 210. The number one school is Coleytown. That is the number one middle school in the state. Number two is Bedford. The number one high school is Staples. Let's hear it for the Wreckers! I have the opportunity, every Monday, to go to Bridgeport and work with children in Bridgeport. I can't tell you the difference between Westport and Bridgeport. It's just heartbreaking to see these poor kids living at poverty level. I mentor a boy in Westport. He doesn't have a father. He is getting all A's at Staples... This afternoon, I spent two hours with John Booth. He was on the RTM for 15 years. He was our Dean. What did he always say? Come on. "Let's call the question." John is watching. Let's all say, "Let's call the question." We love you, John.

Arthur Ashman, district 7:

How can you follow an act like that? I'd like to point out a resource that we have for people of all ages and that is the Westport Arts Center. There is a wonderful exhibition of photography that is absolutely incredible. As you will see, it is mind boggling. I won't tell you who it's by. There are several people. While you are there, especially Thursday night, this Thursday night at 7 o'clock, what do we have? Jazz. Dr. Cunitz had witnessed it last week and he can ask him what he thought of the jazz jam. I would like to invite you all. I'm thinking you will have a good time. If you get bored, look at the walls with the beautiful, beautiful photography.

Jonathan Cunitz, district 4:

Everyone should know that our own Arthur Ashman performed phenomenally on his trombone last week at Fairfield University in the jazz ensemble. He is going to do it again and I'm sure he'll let you know his next performance. I'm sorry that no one else from the RTM was there to see him. The announcement that I would like to make is that thanks to a number of RTM members who provided assistance, the town of Rye, New York, one week ago, unanimously passed an

ordinance banning plastic bags. The ordinance is based on the Westport ordinance and almost identical to it in language. In turn, we will be working with the neighboring communities of Larchmont, Mamaroneck and White Plains who were waiting to see what happened in Rye before they tried to move ahead. So, the word that we started here is spreading. It is a little slower than I had hoped but there is movement going on for the environment and Westport is definitely recognized in all the comments in Rye as being a leader in the environment. So, we should be very proud.

The secretary read item #1 of the call – To establish a new Special Revenue Fund entitled Wakeman Town Farm Special Revenue Fund. By show of hands, the motion passes unanimously.

Mr. Rose:

We are taking the word “pending” out because this was written before the Board of Finance approved this on Wednesday evening.

Presentation

Shelly Kassen, Board of Selectmen:

It’s a Special Revenue Fund. We are talking about revenue tonight. Just to correct. I am very pleased and honored to be here this evening to present what has been well over a year coming. This is Wakeman Farm, how it will be structured and how it will be organized within the framework of the town of Westport. I want to begin by thanking GVI, particularly members who are present here who are part of the RTM and those who may not be part of the RTM. It was through GVI’s initiative and hard work that the farm got to the point that it is at and a gift to the town of a wonderful, improved asset is much appreciated. We wish them well as they move on to do what their mission is and fulfilling their mission in Bridgeport with gardens at all the schools and all the wonderful things that GVI is doing. So, thank you to GVI, to start, those here tonight, I’m just making introductions primarily, Elizabeth Beller, Stuart McCarthy, Parks and Rec. who everyone knows and he will get up and talk about why this is being organized as a special revenue fund, what the meaning of that is and, of course, John Kondub, our Finance Director, is here to answer any questions, as well, Mike and Carrie Aitkenhead who are back here who will be the stewards of the farm and last but not least the many students who are here in support of this project because we appreciate their interest. As I said, Stuart will talk about why this is a Special Revenue Fund. What I want to do is especially commend everyone who has been involved in terms of the hard work. It has been very hard work in raising funds necessary to give this the green light to get to this point. Part of the Special Revenue Fund is moving all the monies that were saved in escrow to create the asset side of that fund. I see Cathy here. She, too, is on the committee. There are many others and for those who have come and supported at the farm itself, who came either this past Sunday; hopefully, all of you on the RTM got pancakes at the pancake breakfast as opposed to just a good warm

feeling, thank you. We are all here to answer many questions about the operation, the construction of the budget. I don't know that you need to get into that level of detail but the main thing is to create a Special Revenue Fund. So, I invite Stuart.

Stuart McCarthy, Director of Parks and Recreation:

I have been asked by the First Selectman to act as a liaison with the Wakeman Town Farm Committee which was established to oversee the operations of the farm. My role will be to assist them with things like this which is the accounting end of things, the interaction with the town's Purchasing, Finance Department and, to the extent that they have payroll, working with them on the administrative interface between the farm and the Town of Westport. We spent a great deal of time determining the best way to structure this and the proposal before you this evening which was approved by the Board of Finance is to set up a Special Revenue Fund. The best way to consider this is to think about the Railroad Parking Fund. It is a fund that is established as a stand alone. It is approved as part of the budget. It will be approved as part of your annual budget for the town of Westport. The Board of Finance and the RTM will have oversight of this budget from that standpoint but the concept is that it is a revenue in, expenditures out budget which in the case of the farm will allow them to retain funds that are raised through their fundraising efforts. Those revenues will come into this special fund and be available to them for expenditures as outlined in the budget. Most importantly, it then allows for the fund balance to be carried over year after year. So, to the extent that their fundraising is very successful, which we certainly hope it will be, and that there are excess funds at the end of the fiscal year, those will be carried forward into the next fiscal year. Again, if you think of the Railroad Parking Fund, various sewer funds are also special funds. It is anticipated that there will be no taxpayer funding for this project. The revenues coming in from the various programs at the farm as well as the fundraising efforts will be able to sustain the expenditures of the farm in that fashion. The Parks and Recreation Department will also be interacting with the farm to allow them access to some of our program registration capabilities. We will be coordinating their presence on the Town website for their programs so they should have a great deal of marketing capability going through the town's existing infrastructure and we will be coordinating that. The request before you tonight is for a Special Revenue Fund to support Wakeman Town Farm.

Finance Committee, Allen Bomes, district 7:

The RTM Finance Committee met on Tuesday, Dec. 13 to consider a proposal to establish a new fund, "Wakeman Town Farm Special Revenue Fund." The purpose of this request is to legally segregate Wakeman Town Farm revenue from expenses. If we do not set up this new fund, while contributions are considered restricted funds and can only be used as intended, revenue from other sources such as programming fees and sale of produce carry no restrictions. That is, although a moral commitment could be given to only use this other revenue for Wakeman Town Farm expenditures, town officials could

divert the funds in the future to other needs perceived to be more pressing; however, after a Special Revenue Fund is established, the money can only be used for its intended purpose unless the RTM changes this policy later. The committee voted unanimously to recommend that the full RTM establish this proposal (although because of her exemplary work as a Wakeman Town Farm Committee member, Cathy Talmadge recused herself). Respectfully submitted, RTM Finance Committee: Jeff Wieser, Chair, Allen Bomes, Reporter, Dick Lowenstein, John McCarthy, Cathy Talmadge.

Members of the Westport electorate – no comments

Ms. Flug read the resolution and it was seconded by Mr. Rubin..

RESOLVED: That upon the recommendation of the Board of Finance, a new Special Revenue Fund entitled Wakeman Town Farm Special Revenue Fund, is hereby established.

Mr. Rose: Seconded by Mr. Rubin.

Members of the RTM – no comments

By show of hands, the motion was passed unanimously.

Mr. Rose:

All the kids had their hands up. You can't vote! I never saw that before. You guys can come next week, too!

The secretary read item #2 of the call - To approve a Fund Balance Policy and Fund Balance Policy Statement for the Town of Westport. The motion passes 30-1-1. Mr. Bergmann opposed; Mr. Keenan abstains.

Mr. Rose:

We are also eliminating "pending" from the call. It is for the same reason.

Presentation

John Kondub, Finance Director:

Before I start, Mr. Moderator, I just want to congratulate the members who were re-elected this year. It's a pleasure to work with you. I want to thank all the past members that didn't run or didn't get reelected that are not here tonight. I thank them for their support and hard work. I especially want to congratulate the Moderator. He is one of the true leaders of the town of Westport, Mr. Rose, and Ms. Flug for being an able assistant. Now that I've said all that nice things, let me get to the business, why we are here. The resolution reads:

To take such action as the meeting may determine to approve a Fund Balance Policy, upon the recommendation of the Board of Finance, and Fund Balance Policy Statement for the town of Westport.

We had a very fruitful session last night. It was like accounting 101 or governmental accounting 101 regarding this new accounting pronouncement, GASB 54, which talks about the classifications of fund balance that the town of Westport has in the various governmental funds it has. It especially focuses, as you just heard just now, Special Revenue Funds such as the new one that has been approved now, the Wakeman Town Farm Special Revenue Fund, the Railroad Parking Fund, etc. But then it focuses greatly on the classifications within the fund balance that your governmental funds have which, more specifically as we talk here, is the General Fund. We drafted a policy and reviewed it a number of times. We had a substantial number of edits by the members of the Board of Finance. The basic thrust is the components of what our General Fund, Fund Balance is. It has five different levels: non-spendable being resources that are not in a spendable form such as assets that we have, Restricted Fund Balance which is a that is part of the component you may have heard just now about the same Wakeman Town Farm case where people donate money specifically for the operation of that farm. There are other parts of Special Revenue Funds that we have within the total financial picture of the town of Westport. There are governmental revenues associated. They come in strictly for that basis. The third component is committed, where there's internal constraints put upon it. The most classic example I can think of is the action that the Board of Finance usually takes when they set the tax rate. They commit a certain part of the fund balance to fund the operations for next year. I know in the budget we are presently operating in for 11/12, there was a commitment to use \$3,450,000 to fund this year's operations. That's what you're talking about when you have a Committed Fund Balance. The next level is the Assigned Fund Balance and that is designated to cover, as we would say at the end of the fiscal year, accounts payable, outstanding encumbrances/defined as purchase orders that the town of Westport has outstanding to fund certain expenditures. And then there is a subject called Continued Appropriations where we have funds that are not expended yet through the current year's budget and will be expended at a future date. The most prominent example that I can think of that we have is we approve funding for road paving and then Mr. Edwards usually delays that until the subsequent fall. As a matter of fact, the funds that we carried over from 10/11, we just finished expending through the period of Nov. 30. Last but not least is the Unassigned Fund Balance where there are no constraints. That's the big number that everybody has heard about. It used to be called Undesignated Fund Balance. That's the measure that's used, our rating agencies use to look at when they review the finances of the municipality as compared to the total budget of that municipality. In our case, it's, I don't think I've mentioned it in front of this body, but I probably mentioned it in front of the Board of Finance, we are projected to have an Unassigned Fund Balance as of June 30, 2011 of \$19.8 million which would equate to, roughly speaking, 10.5 percent of what our current year's budget level. That's the type of measure that's looked at very favorably by rating agencies such as Moody's. We have to comply with the GASB 54 pronouncement for our financials as of June 30, 2011; otherwise, there is a consequence as to the money that has been designated as assigned. What has

been assigned as continued appropriations, that power has been designated to the Finance Director because that person is traditionally the one that knows the most about the operations of the town and he works closely with the department heads here. Otherwise, that money would be folded back into Unassigned Fund Balance and you would be back to, you would have theoretically an overstated Unassigned Fund Balance and you would be back here appropriating money again for projects that haven't been completed yet. That's basically my presentation.

Committee Report

Finance Committee, Jeff Wieser, district 4:

The first couple of paragraphs of my report go over what John said so I will pass over those. I just want to point out that in delineating the five categories that John mentioned in the report, those are examples of the kinds of different balance, revenues that might fit in there. They are not meant to be exclusive. In talking through why we're doing this because of the accounting reasons and the five sources, I say that ...The committee agreed that this is a somewhat confusing question to bring to the RTM without a clearer explanation of the intent and history of the pronouncement, but after a lengthy discussion just last night at our meeting, we agreed that it represents more transparent accounting and is ultimately a benefit to the town. Dick Lowenstein pointed out that the Special Revenue Funds, currently listed in the Annual Report, will, going forward, be distributed between committed and restricted funds. That determination will be made, per Scott Bassett, the town's auditor from McGladry and Pullen, on the source of the funds (internal or external) and whether that source required that the funds be committed or restricted. The Policy Statement which was in the packet we received, assigns authority to the Finance Director to make the determination on the allocation of continued appropriations. The auditor noted that if they are in disagreement with such determination, the auditor has the authority to raise the issue with the Audit Subcommittee of the Board of Finance, the Board of Finance, the RTM Finance Committee and, ultimately, the RTM. So, if there is a change or conflict, it comes back to us. After all the allocations are made to the various fund balances, the remainder in the Unassigned Fund Balance is viewed by the ratings agencies as a sign of the financial strength of the town. John Kondub explained that the ratings agencies have suggested that a AAA rated town should have an Unassigned Fund Balance equal to about 10 percent of its total expenditures. Most of our neighboring towns have set 10 percent as their standard and again per John Kondub, Westport's current Unassigned Fund Balance is approximately 10.25 percent. Last night, it was 10 $\frac{1}{4}$ and today it is 10 $\frac{1}{2}$. We're getting better every day. Westport's Board of Finance, to ensure that we had some flexibility in this measure, set the policy for the first year, in an annually reviewable exercise, in a range of nine to 11 percent. That's what's in the Fund Policy Statement. The auditor, Scott Bassett, assured us that these changes would have no impact on our current Unassigned Fund Balance and that that balance would, before and after the changes, be within the parameters set by the Board of Finance and viewed favorably by the ratings

agencies. He also assured us that this would not limit in any way the authority of the RTM to approve expenditures in the future. The Committee voted on the resolution approving the Fund Balance Policy and The Fund Policy Statement. The vote was unanimous, 5-0. That vote included Allen Bomes, Dick Lowenstein, John McCarthy, Cathy Talmadge and me.

Mr. Rose:

Thanks Mr. Wieser and thanks to the Finance Committee. I realize this was kind of a rush but we did want to get it in before the end of the year. With the holidays coming up, we had a small window to do this.

Members of the Westport electorate – no comments.

Ms. Flug read the resolution and it was seconded by Mr. Rubin.

RESOLVED: That upon the recommendation of the Board of Finance, a Fund Balance Policy and Fund Balance Policy Statement for the Town of Westport, are hereby approved.

Mr. Rose:

It has been moved and seconded by Mr. Rubin to approve the resolution just read.

Members of the RTM

Don Bergmann, district 1:

I am going to be voting against this resolution and I'd like to explain why. It's sort of came to us in a bit of a rush in a little awkward format. I think there really should have been some comment about that but that's not really the crucial point at all. The ultimate thing that is being sought here by the auditors in connection with GASB is the designation of the role and responsibilities of John Kondub as Finance Director. That is what I believe should be acted upon tonight. The rest of this may be good, maybe not good, may be accurate, may not be accurate. I suspect it is basically pretty much accurate. But, it is not something that flows from GASB 54 in terms of action by the RTM. I have concern with the fact that the RTM is being asked to approve something that is outside of its responsibilities, its role. It doesn't have the right to modify the language, those kinds of questions. The second concern I have is one that is always of concern to me, the way something is written. The statements are awkwardly written. They are just not that clear. Whether they are substantive or not, I'm not prepared to say but it's just not a terribly well-written document. Sometimes, when we have poorly written documents, issues do come up. I have a concern in that regard. The final concern is that there is a statement here which is in the Fund Balance Policy Statement. It repeats sort of some of the language in the earlier statements but most of all it cites the unfunded balance percentage ranges as from nine to 11 percent. First of all, I would like to see that number at eight percent. I will explain later and we will possibly get into a dialogue on that. However, the RTM has very little role in the siding that nine to 11 percent. It's not

required by GASB 54. It's not something that the auditors need or want. It's a serious issue and its also being in here it's not relevant to our credit rating status. In other words, this is put in here as a flow from GASB even though GASB doesn't require us to say it and it's being sort of cited as the example of why we are going to have to maintain our AAA if we're in that range. The fact that we state it here isn't really relevant. For those reasons and they may seem technical to you, I have no idea, but I would've liked to have seen a resolution as follows. I think if I read this you'll understand pretty much where I'm coming from. I'm not proposing this. I'm giving it as information to reflect my views:

Whereas, as a result of the Government Accounting Standards Board Standard 54, GASB 54, the First Selectman has conveyed a request of the Finance Director for the approval of a Fund Balance Policy and a Fund Balance Statement for the town of Westport. Whereas, the Board of Finance, has approved the statements and the Finance Director, the Board of Finance and Westport's auditing firm, McGladrey and Pullen, have requested the RTM to take certain actions respecting the statements, now, therefore, be it resolved that upon the recommendation of the Board of Finance, the authority and duties of the Finance Director set forth in the statements are hereby approved.

That simple statement is what I think we are really doing tonight. To me, that's the important statement. I am not supportive of something that goes beyond what I feel is right and what hasn't been fully discussed, in part, because we really don't have the responsibility. Thank you.

Ms. Batteau:

I was at the same meeting last night and came away with a different understanding than Mr. Bergmann. We are being asked to approve this because we have to. GASB 54 is a requirement from the Government Accounting Standards Bureau. In the same way the OPEB accounting regulations changed, the fund balance regulations are changing. This was stipulated in 2009. It has to be approved so that it's effective as of the end of June 30, 2011. So, number one, we do have to do this. This is something that is appropriate for us to approve and we may have to approve the regulations. Second, the categories that are specified are specified by GASB 54 requirements. The wording is taken, basically, if you look at the GASB 54 rules on their website, the categories are taken right from there. It's not as though something that was made up. The one difference, as Don Bergmann pointed out, is that GASB 54 specifies that a lot of this is the discretion of the "supreme being." They say that it's at the highest level, highest decision-making level in the town. In our particular rules, that's been designated to the Finance Director, whoever he or she may become. However, I was clear to ask last night, to ask, does this in any way change the decision making protocol that's in the Charter and does this in any way limit the RTM's decision making on appropriations and approvals? The answer is no. So, although it's legalese, there is some awkward language, this is basically what we have to approve. I'm going to be voting for it and suggest that everybody else does too.

Stephen Rubin, district 7:

I certainly would choose at this point to tend to agree with Wendy as opposed to the previous speaker. I do have one question and, hopefully, Jeff or John can answer it for me. In the range, we're talking nine to 11. To be optimistic as opposed to being pessimistic, if the economy should take a turn, why should we have a ceiling of 11 percent? I could understand a lower number, whether it be nine or something else, but why should we restrict ourselves to the 11 percent?

Mr. Wieser:

I want to point out that is a range suggested. There is nothing binding about that range. I believe the town is saying, in that instance, the range, they are speaking to the rating agencies mainly, that if there is a terrible economy and we can't go below nine percent; if there is a great economy and we have a great outcome for a year, we can go above that but then, I think, the rating agencies and our constituents want to know that we are not going to keep taxes up really high and go for 15, 16, 17 percent. We want to keep it in that range which is a conservative, but safe, range. They are speaking to rating agencies saying we don't want to go too much higher than 11 percent because that's not where government should go and, if it gets below nine, we are going to work like mad to get it back up to nine and maintain our rating. But there's nothing binding about it.

Gil Nathan, district 9:

I just have a question and I don't know who the proper person to address it to but according to the policy statement, it says "Any deviation from the stated policy will be reported to the Board of Finance at the earliest possible time." Previous to that, it says "the Finance Director has authority to deviate from this policy if it's in the best interests of the town." So, I guess my question is I don't truthfully understand why we are voting on this nine to 11 percent if it's really up to the Finance Director to decide what range we're in whether it be a better economy or a worse economy. It's a policy that is able to be deviated from at all times so, why are we even setting a range in the first place?

Mr. Kondub:

Excellent question. Deviation from the policy. Let me say this: I would say almost on an every two months basis, we have generated a report to the Board of Finance that kind of gives them an idea where we stand on Unassigned Fund Balance number, what we have traditionally called our surplus or undesignated fund balance. That is something that is closely monitored by them and by our department. I'll speak for myself as the Finance Director. With my past experiences with the Board of Finance, I wouldn't think of deviating from the policy without telling the First Selectman first and then the Board of Finance. They know about what's going on virtually on a monthly basis of how we stand with regards to our current fund balance. When we talk about a range of nine to 11, it's a recommendation made by the Board of Finance. I made a recommendation here, I think a week ago of 9 ½, a flat number of 9 ½ based on

the fact that our surrounding communities said 10 percent. They preferred to have a range of nine to 11. They had quite a debate. When it comes to the point of uses of the Undesignated Fund Balance, which is mostly used to augment the setting of the budget for the next fiscal year, they pretty much have that authority and we report to them on an every two month basis. They know where we are and the most important thing to acknowledge here is that this is subject to an annual review by them. We'll bring the policy back to them every year. They will review it. I don't think the Fund Balance Policy Statement has to be reviewed by the RTM every year but they will review the policy, and see what kind of level they want to set. I've been here in the old days when Moody's thought five percent was a great number of the current Unassigned versus percent of your budget. Now they are talking 10 percent based on where the economy is now and the various government defaults and stuff like that. They have the ultimate authority, in reality.

Mr. Nathan:

While I appreciate what you just said, I still find it a bit confusing. If we don't deviate from that policy, you've said, 'I would never do it without going to the First Selectman and the Board of Finance', I appreciate that. I think that is the right way to do things. I appreciate where Moody's is coming from. It used to be five percent. Now it's 10 percent. I understand where that's coming from. I still don't understand why we are setting a policy statement if it's the Board of Finance and the First Selectman and you are saying you wouldn't deviate from that. If the rating agencies are guiding us to that, if tomorrow it is 15 percent from the rating agencies, then what we as a town should be doing to protect our AAA rating is shooting for 15 percent at that point. I'm just picking a number out of the hat. While I appreciate that we are saying 'They are saying it's 10 percent, we should be in the range.' I don't see what this really does so I understand the point of passing it. To Don's point, maybe it creates some adverse effect by passing this. I don't know what that is. If it can be deviated from and it's in the best interest of our town, why should we pass it? I apologize if I'm being repetitive. I'm missing part of the picture.

Mr. Kondub:

We are asking the RTM to approve the Fund Balance Policy tonight. The policy statement is part and parcel of ...just being more transparent as to why we are doing this, We are not asking you to approve a level of fund balance or whatever. The Board of Finance has recommended that. That's within their purview. We are just asking you to approve the Fund Balance Policy because you, gentlemen and ladies, are the ultimate appropriating authority within the Town of Westport as it comes to Fund Balance and approving expenditures.

Dr. Ashman:

I was at the meeting last night also and I think we are making a very simplistic idea, we are picking it apart and that's not what we are voting on. Basically, as Wendy said, this is government mandated. We have to do it, number one. Two

things that it does, it gives the town structure going from A to B to C to D in the various categories and transparency. For that reason only, we should pass it.

Dewey Loselle, district 5:

I am also in favor of passing this as it's written. To answer our colleague's question, though, I think there's a more simple explanation exactly with regard to your concern. It's two things. First of all, the main purpose of this whole thing is to set up a new classification scheme for accounts. That's basically what we are approving tonight. Secondly, there's the concept of what they call "flow assumptions." Which fund do you spend from first when you have five funds, particularly, if you have more than one fund source funding a particular activity or program. That's what this third paragraph talks about. It says,

For purposes of Fund Balance classification, expenditures are to be spent from Restricted Fund Balance first, followed in order by Committed Fund Balance, Assigned Fund Balance and, lastly, Unassigned Fund Balance.

Now here's where the second half of that paragraph comes in:

The Finance Director has the authority to deviate from this policy.

He's talking about the policy of which funds to spend from in what order. We have agreed on what the order should be which is also in accordance pretty much with what GASB talks about. The Finance Director has the authority to deviate from this policy if it is in the best interest of the town. Any deviation from this stated policy will be reported to the Board of Finance at the earliest possible time. That's really what the deviation is talking about. It's talking about the change from which fund you go to first reverses the order that we are approving tonight. It's really not talking about the next paragraph which is a goal of what our Fund Balance, Unassigned Fund Balance should be. That's my understanding, anyway.

Dr. Cunitz:

I'm looking ahead to next May. I would like a commitment from the Finance Department by John, hopefully binding on his successor, for an analysis for our budget considerations of what these fund balances will be in these different categories and how they relate that we are going to be considering. Is something like that feasible, John?

Mr. Kondub:

Dr. Cunitz, I can assure you when you see the Comprehensive Annual Financial Report from June 30, 2011, it will break down the components. We'll take a trial run as of December 31, 2011 to take a look at the December 31, 2011 results. I'll make it an issue before I depart company here and see how that will work and be able to pass it along to the RTM Finance Committee. Mr. Wieser and I will work on that. I'll make you that promise.

Velma Heller, district 9:

I'm in favor of this. This to me is just common sense that we need to do this. I did want to say that I think when we look at a situation like this that arises where we

are talking about a policy that is happening within the context of ongoing operations, where all of those parties involved are used to the flow of who gets what first, who is more in charge, who is the decider in all of this; there is an ongoing way of operating and this is not a new thing. This is part of that ongoing set of operations. So, I think it is a matter of getting to know how this fits in and sometimes, perhaps more context is needed even in the introduction to such policy to help understand how it will all work out. I think that, in terms of the way it's been set up, it is part of the way the Board of Finance operates and the relationship that is ongoing between the Finance Director and the Board of Finance. So, I urge you to vote for this. I think it just makes good sense.

The motion passes 30-1-1. Mr. Bergmann opposed; Mr. Keenan abstains.

Mr. Rose:

Before you all leave, have a very Merry Christmas, Happy Chanukah and happy and healthy New Year to you and your families.

The meeting adjourned at 8:58 p.m.

Respectfully submitted,
Patricia H. Strauss
Town Clerk

A handwritten signature in cursive script that reads "Jacquelyn Fuchs".

by Jacquelyn Fuchs
Secretary

ATTENDANCE: December 14, 2011

DIST.	NAME	PRESENT	ABSENT	NOTIFIED MODERATOR	LATE/ LEFT EARLY
1	Don Bergmann	X			
	Diane Cady	X			
	Matthew Mandell	X			
	Cornelia Olsen	X			
2	Catherine Calise	X			
	Jay Keenan	X			
	Louis Mall	X			
	Sean Timmins	X			
3	Jimmy Izzo	X			
	Melissa Kane	X			
	Bill Meyer	X			
	Hadley Rose	X			
4	Jonathan Cunitz, DBA	X			
	David Floyd	X			
	George Underhill	X			
	Jeffrey Wieser	X			
5	Dewey Loselle	X			
	Richard Lowenstein	X			
	Paul Rossi		X	X	
	John Suggs	X			
6	Hope Feller	X			
	Paul Lebowitz		X	X	
	Catherine Talmadge	X			
	Christopher Urist	X			
7	Arthur Ashman, D.D.S.	X			
	Allen Bomes	X			
	Jack Klinge		X	X	
	Stephen Rubin	X			
8	Lee Arthurs	X			
	Wendy Batteau	X			
	Heather Cherry	X			
	Lois Schine	X			
9	Eileen Flug	X			
	Velma Heller, Ed. D.	X			
	John McCarthy		X	X	
	Gilbert Nathan	X			
Total		32	4		