

Glastonbury Landowners For Positive Change

*The mission of the GLFPC is to foster a landowner's association,
Of the people, by the people, and for the people of Glastonbury,
To create a harmonious and inclusive community and to enhance property values.*

This Summary/Interpretation of the GLA's Finance Committee meeting held October 19, 2016

is offered as a volunteer service by the GLFPC.

Your suggestions are welcome, should there be oversights or errors.

Key Points

- Although attempted, budget planning for the 2017 GLA Draft Budget was noticeably handicapped due to the absence of accurate records. Having already been board-approved, monthly financial reports for at least the last year have proven to be inaccurate. These financials are in the process of being “recreated” according to standard accounting practices, as required by nonprofit corporate law.
- None of the GLA committees had prepared their specific budgets for this important Finance Committee meeting. All efforts to expedite the GLA 2017 Draft Budget were sidelined, as figures were essentially “pulled out of the air.”

Summary and Interpretation

A meeting of GLA's Finance Committee was held on Wednesday, October 19, 2016, in the kitchen of Liberty Hall in North Glastonbury. The main intent was to work on the details of the 2017 GLA Draft Budget. Copies of the Profit and Loss Statements were available for all attendees, showing to date, how the 2016 budget of \$142,076 had been spent. Worksheets were furnished showing line items from this year's budget only. However, there was no information about any other previous year's vital information such as collection rates, snowplowing expenditures and all other pivotal financial details. Missing, were additional budgets from previous years, which would have better determined this draft budget, by comparing spending patterns.

For example, it is known that the 2016 GLA Budget went up by at least \$8000 from 2015, and that money had to be shifted from unallocated savings to cover the unplanned increase in expenditures. Additionally, it was mentioned that over budget spending in 2016 was compensated by unexpected assessment revenue garnered from the sale of properties that had been “years in arrears.”

A discussion got off track about how to estimate the projected income for 2017, when questions arose about assessment discounts and how they will impact next year's budget. One attendee offered \$50 to start a hardship fund for members who need assistance. He further stated that the hardship fund should be separate from the already overly complex GLA financial affairs. Others thought such an offer was

premature, because even though GLA Board Treasurer Rudy Parker continues to personally grant discounts, the board has yet to follow their own attorney's advice from well over a year ago, to develop a policy or procedure for giving discounts to certain landowners.

The projected income for 2017 could not be properly estimated due to the inaccuracy of the collection rate for 2016 assessments, as discovered through a landowner and reported at this month's GLA Board meeting on October 3rd. Parker said he would correct what he labels "procedural errors," which have been instrumental in causing this inflated collection rate. This year's budget had been based on an 85% collection rate from the prior year.

Planning for next year's road maintenance costs decelerated because the Road Committee had not bothered to develop a road expense budget for the upcoming year. Typically, about 70% of the total GLA Budget is allocated to road maintenance. Thus, the Finance Committee had to speculate road costs. It is probable that next year's road money will be less than what was spent in 2016, because this year an unprecedented \$40,000 had been withdrawn from savings and funneled into the road budget. South Glastonbury had to tap their Road Reserve Fund for an additional \$12,000 to cover expenses. Actions such as these are not anticipated for 2017. The full impact of this lack of planning culminated in one landowner's comment, "When you fail to plan, you plan to fail."

Strong disagreements followed about whether to budget money to maintain the utility building at the soccer field. Those who have been in the long-abandoned, mold-ridden building argued that any money allocated to maintain that building would be much better spent on roads. Next year's budget for the soccer field was set at \$850 to water and mow the grass. This was down from \$1,850 in the 2016 budget.

As the committee focused on how to handle the collection of past due assessments, work to estimate the administration costs for this next year was equally constrained, and off topic. It is not yet known, for example, how many liens will be filed and renewed in 2017. Nor is it known if the board will attempt to use its "discretion" to retroactively lower the current 18% interest rate. A membership vote in late August of this year rejected the board's initiative not only to lower the interest rate to 12%, but to apply that 6% reduction to all delinquent accounts, some which date back 20 years.

As the discussion continued, Parker reported that one of the delinquent account holders, namely Church Universal and Triumphant (CUT) "did not want to pay the 18% interest rate" on two parcels. At issue is that the land owned by CUT was leased to two parties, one of which has reportedly defaulted on their lease agreement. It is important to also bear in mind that all accounts receivables were recalculated this year due to previously unseen accounting errors. The total amount on these two parcels alone went from about \$40,000+ down to about \$19,000. Allegedly, those lease agreements included paying GLA assessments, lien fees, interest and penalties. Then, an audience member briefly brought up the board's persistent tactics to forgive these fees through their "amnesty offers, 'The Rule' and the retroactive interest rate reduction," to name a few.

Intervening, committee member Dan Kehoe argued that legally the Church owes no money to the GLA because the use of the parcels is part of an estate arrangement. Countering Kehoe's opinion, the same landowner brought up the fact that CUT is the taxpayer of these two said properties, as listed in tax records at City Hall and this makes the Church the legal owners. During the continued exchange, this landowner characterized this situation as "a charade." Hearing this, another landowner queried, "Why then are you negotiating, or even discussing the interest rate with CUT, if they are not the owner of the

parcels?" Kehoe simply mumbled.

Discussion about other administrative costs, such as the conference phone and new software, abruptly ended when Parker realized it was after 9 pm. All things considered, Parker had to schedule a second Finance Committee to complete the GLA 2017 Draft Budget. It was put on the calendar for Wednesday, October 26th at 6:30 pm, in the same location.

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