
Subject: Decrease in General Government Expenditures of \$3,307,694 in FY 2019

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Steve,

I am reviewing the 2019 CAFR and I am unclear as to why General Government Expenditures decreased \$3,307,694 to \$5,848,125 in FY 2019 from \$9,155,819 in FY 2018.

I understand that in FY 2018 there was \$1,206,851 for payments to the 115 Trust that were included in the \$9,155,819. I also understand that the Town adopted GASB 84 for FY 2019 and therefore did not include any 115 Trust payments in General Government Expense for FY 2019. That means the true decrease in FY 2019, once we adjust for the 115 Trust payments made in 2018 that are not reflected in 2019, was \$2,100,843. Do you agree with this?

If you do agree, what caused this \$2,100,843 decrease? This is a 26% decrease in General Government expenditures, which is material. What didn't the Town spend in 2019 that it had spent in 2018 and why? I suspect that it has to do with reduced discretionary payments to OPEB Trust but I am not sure. It also brings up the question as to whether or not this \$2,100,843 reduction was planned or not planned. Can you comment on whether the original budget as shown on page 46 reflected this drop in expenditures for General Government? If not, why not?

Additionally the explanation given for the decrease in General Government Expenditures on page 25 of the CAFR draft doesn't make sense and appears to be misleading. I can see on page 74 how the Town reclassified \$3,808,465 from the 115 Trust to restricted cash in the General Fund to comply with GASB 84 in FY 2019. But that is strictly a balance sheet transaction and should not have any impact on FY 2019 General Government expenditures which the explanation on page 25 seems to imply.

I would greatly appreciate if you could clarify all of this prior to the Monday meeting so this won't be a distraction. It is very confusing and the CAFR doesn't really explain the material decrease in General Government expenditures year over year.

Thank you.

Phil Koen