



TREASURER REPORT

To: Commissioners of the Interstate Commission for Adult Offender Supervision

From: Gary Roberge, ICAOS Treasurer and Commissioner, State of Connecticut

As the world continues to recover from a global health crisis, the Commission now faces an economic challenge. Even though the Commission completed fiscal year 2022 in a healthy financial position, years of dues stagnation in conjunction with current inflationary growth pose a significant threat to our financial wellbeing. The Finance Committee anticipates that the Commission's total operating expenses will begin to exceed existing dues and interest income in this fiscal year.

Since the Commission's last dues increase in 2009, our operating deficit has increased by approximately 33% due to cumulative inflationary growth. Despite strong financial management that resulted in the Commission finishing the last five fiscal years under budget, we are still underfunded given the current dues rates. To responsibly plan for the Commission's future, we must act now to ensure that our financial position remains strong. As a result, the Finance Committee proposes a minimal dues increase beginning in fiscal year 2024.

I appreciate that you provided me an opportunity to participate in region calls with Commissioners to discuss the Finance Committee's analysis of the Commission's financial status and this proposal. Moreover, I appreciate everyone's careful and thoughtful consideration and support for the Finance Committee's recommendation. This proposal, and its passage, are critical to the Commission's ongoing financial and operational success.

With respect to our current financial standing, reserve funding supported balancing the Commission's budget in fiscal year 2022; however, the year ended requiring 11% less than budgeted (totaling \$340,000). At the end of fiscal year 2022, the Commission's cash reserves totaled \$1,253,300.87, which is held in a savings account earning .05 percent interest per year. Additionally, despite using reserve funds to support the 30 percent dues reduction implemented in fiscal year 2022, no funds were transferred from the long-term investment accounts to support the dues reduction.

The Commission's investment in two long-term Vanguard accounts includes an investment grade bond fund and a total stock market index fund. Although this investment account has performed

very well for years, current economic factors have negatively impacted the Commission's portfolio, which ended the year 10.1% lower than the previous year, with a balance of \$2,156,721.35 as of June 30, 2022.

Respectfully submitted,

Gary Roberge

Gary Roberge, Treasurer
Chair, Finance Committee
Commissioner, State of Connecticut