

**EAST LYME BOARD OF FINANCE
REGULAR MEETING MINUTES
Wednesday, MARCH 11th, 2015**

Members in Attendance: Steve Harney, Chairman
Lisa Picarazzi, Secretary
Camille Alberti
Steve Carpenteri
Beth Hogan
Steve Kelley

FILED IN EAST LYME
CONNECTICUT
March 11, 2015 AT 1:15 AM/PM
Brooke D. Brown ATC
EAST LYME TOWN CLERK

Also In Attendance: Mark Nickerson, First Selectman
Anna Johnson, Finance Director
Scott Bassett, Partner with McGladrey

Absent: No One

A. Call Meeting to Order

Chairman Harney called this Regular Meeting of the East Lyme Board of Finance to order at 7:02 PM.

B. Pledge of Allegiance

The Pledge was observed.

C. Delegations

Mr. Harney called for Delegations.

Mark Christiansen, 66 Grassy Hill Road said that he is the Vice-President of the Samuel Smith House and that Marvin Schutt, the President was not able to be present this evening so he would read the letter that they had submitted to Mr. Nickerson requesting reimbursement for work they had done at the House. He noted that they also seek reimbursement of \$2800 to the 'Friends of Samuel Smith House' that they had to spend on a grant writer in order to obtain a grant for \$151,000 to help with the purchase of the House. They seek reimbursement of \$5,621 in total. (Copy of letter attached)

D. Approval of Minutes

▪ **Regular Meeting - Wednesday, February 11, 2015**

Mr. Harney called for a motion for approval or any changes to the Board of Finance Regular Meeting Minutes of February 11, 2015.

****MOTION (1)**

Mr. Kelley moved to approve the Board of Finance Regular Meeting Minutes of February 11, 2015 as presented.

Ms. Alberti seconded the motion.

Vote: 5 – 0 – 1. Motion passed.

Abstained: Mr. Carpenteri

E. Reports

◆ **Scott Bassett – McGladrey – June 30, 2014 Audit**

Scott Bassett, partner with McGladrey said that the Town was given a clean, unqualified opinion for the year. He noted that in the statement of net position that there was a decrease of about \$300,000 from the previous year. The fund balance was 7.5% of budgetary expenditures. The defined benefit plan showed a healthy rate of return. The Town adopted the GASB 67 accounting which took the pension assets and leveraged them against liability. The pension plan is 78% funded. Next year GASB 68 will measure this in still another way.

Mr. Bassett noted that the Drinking Water fund notes came on line. In a summary of the General Fund; they used \$150,000 when they had planned on using \$763,000. Regarding revenues; 63.6% are derived from property taxes; 22.2% from intergovernmental revenues and 12.7% from charges for services.

Ms. Picarazzi asked if there were any areas of concern.

Mr. Bassett said that they look at the fund balance, tax collection rate and retirement/pension and that the Town is in pretty good shape as the numbers are solid. With regard to comments to management most of them are driven by the software that the Town is using and would go away once a newer system is implemented.

Ms. Alberti asked about the unfunded portion of the pension liability (pension is funded at 78-79%) and how it compares to other communities.

Mr. Bassett said that it is pretty close to the better funded communities and that they like to see around 80% which is where they are. He added that they have done pretty well since 2009 when they went to mutual funds.

Ms. Hogan asked about the Water & Sewer business enterprise and if the financial report was separate.

Mr. Bassett said that it is seen as a department of the Town under GASB rules – it is an enterprise fund of the Town.

Ms. Hogan asked what purview, if any, the Board of Finance has over this.

Mr. Bassett said that the Board of Finance acts as the audit committee for the Town. If there are issues then they should be aware of them. He added that he has been asked to present audit information to the Water & Sewer Commission in April.

Mr. Bassett then explained the grants that were received and the comments (findings). He noted that the number of journal entries was an issue and said that some are due to how the current software system operates. There are new software companies that would look at a base platform for everyone who would be using it. Further, the State is designing a Uniform Chart of Accounts that would be followed. He added that the Town is looking into a new system to accommodate these changes.

The repeat findings include the Policy & Procedures Manual; the School Lunch Fund (had a small deficit, nothing has changed from previous years) and items ordered prior to the purchase order need to follow policy.

Mr. Harney asked if the lunch fund is handled by the Board of Ed central office.

Mr. Bassett said yes and added that the money in the fund stays in that fund.

Ms. Picarazzi asked if the biggest area involves a software update.

Mr. Bassett said yes – that would probably eliminate several items from the list. He noted that the drinking water fund added time to this year's budget and closing entries.

The Board thanked Mr. Bassett for his presentation.

◆ **First Selectman**

Mr. Nickerson reported the following:

- The new finance software will cost \$100,000 and is part of the long term plan. He said that he will discuss with Ms. Johnson if there is a way that they could pay it out over five years time and get it sooner.
- The Gateway project had a major water leak and all related department heads were on-site. Gateway is responsible for this and is working with their insurance company toward resolution. An independent firm that we hired at the developer's expense will monitor this.
- A luncheon was held for all of the crews that plowed during the storms, thanking them for all of their hard work.
- A 'Report-a Pothole' line has been set up in Public Works – the number to call is 860-691-4118.
- Regarding information that has been brought up on the Regional Dispatch – any such discussion is in the investigation stage. They are waiting for enabling legislation before further, in-depth investigation.

- The Resident State Trooper Program – they now pay 70% and the Governor's budget is calling for a 100% cost to the Towns. For us, this would mean another \$45,000. We are reviewing all aspects of what it would cost to have our own police department.
- The Road Race will be held on March 21, 2015.
- The Boardwalk project had advanced and is now beyond the Main Street Grille area.

He noted that he had also received the request from the Samuel Smith House and that he had a conversation with Mr. Schutt where he indicated that the commitment and agreement that went with the Samuel Smith House purchase was that they would be self-supporting through grants and fund-raising.

The Board of Finance members felt that the request should be considered by the Board of Selectmen first and that they could not act on a request that had not been forwarded by the Board of Selectmen.

◆ **Finance Director**

Ms. Johnson said that with the February report that she had done a spreadsheet format rather than a narrative as Ms. Picarazzi had requested. She said that she would answer any questions that they might have.

Ms. Picarazzi asked about the Storm Overtime and how they were handling it.

Ms. Johnson said that they are over-expended and that in discussion with Mr. Bragaw, he has plans to use the TAR funds to cover it.

Ms. Picarazzi asked if they would be okay doing that with the pothole repairs.

Ms. Johnson said that Mr. Bragaw has indicated that they would be covered.

Ms. Johnson said that she has looked at all of the departments and identified potential problems and how to possibly cover them: The Town Clerk has been out and the other office employees who have had to cover the position receive a 5% hourly increase and all combined has brought that department \$12,000 over budget; WC insurance will be over budget on MIRMA – which is closed out (\$17,000); the legal accounts were tracking well but it now appears that most will be over budget; unemployment compensation is showing around a \$20,000 deficit due to people who left our employ, went to other jobs and then lost them; Police Overtime is possibly \$39,000-\$40,000 over budget and the Flanders PT Firefighters seems to be around \$11,000 over budget.

Ms. Alberti asked how this works with respect to the Police.

Mr. Nickerson and Ms. Johnson explained that they have minimum staffing and if people are out they have to call in other officers at an increased rate to cover.

Ms. Johnson said that they used \$750,000 of fund balance for this year's budget plus legal used fund balance of \$146,000 for a total of \$896,000.

F. New Business

a. Special Appropriation \$1,714.95 to refurbish Public Works Vehicle for Bldg. Maintenance Supervisor

Mr. Hamey asked Mr. Bragaw about this item.

Joe Bragaw, Public Work Director explained that the current year 2000 vehicle is in very bad shape and that the cost to repair it would not be worth it. There is a recent Sewer vehicle that was replaced with a new one that could be repaired by our people and handed over to Public Works for the Building Maintenance Supervisor at less than it would cost for a used bed body (\$2500). This is the request that is before them.

****MOTION (2)**

Mr. Carpenteri moved to approve a special appropriation and transfer in the amount of \$1,714.95 from account 32-60-120-100-002 (Proceeds from the Sale of Vehicles) to an account to be established titled, "81 EL Utility Body".

Ms. Picarazzi seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

b. Special Appropriation \$15,213 Parks & Rec – WEB TRAC software purchase

Mr. Harney asked Mr. Putnam to explain this item.

Dave Putnam, Parks & Recreation Director said that this WEB TRAC software update will allow for on-line registrations for their programs. The money comes from their Special Revenue Account and the software is part of the REC TRAC software that they and the Senior Center currently use. Because this is the direction that everything is moving in, they need to be able to offer this type of software to the public.

****MOTION (3)**

Ms. Picarazzi moved to approve a special appropriation in the amount of \$15,213 from Special Revenue Fund 18 available fund balance to purchase WEB TRAC software and related training and maintenance fees. An account titled, "WEB TRAC" will be established for this purpose.

Ms. Hogan seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Mr. Harney noted that this item also requires Town Meeting approval.

Mr. Harney asked how long the Special Revenue Account has been in existence.

Mr. Nickerson and Ms. Johnson said – since 2010.

c. Special Appropriation - \$12,500 – Part-time Building Official(s)

Mr. Nickerson explained that they are running short in the Assistant building official line item and that this is to carry them through the rest of this year.

****MOTION (4)**

Mr. Kelley moved to approve a special appropriation in the amount of \$12,500 to budget account 5-01-01-104-100-212 (Building Official) and revenue account 5-01-05-500-501 (Building Permits) due to increased activity in permitting and inspection activity.

Mr. Carpenteri seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

**d. Presentation of 2015/16 Proposed Budget & Overview by First Selectman and -
e. Review of projected revenues 2015/16 budget**

Mr. Nickerson read from his message to the Board of Finance explaining that the budget is a needs based budget and that he passionately believes that this is the kind of budget that is best for East Lyme right now. There are very little or no operating cost increases and they are in the process of obtaining additional quotes for workers' compensation, liability, auto and personal property insurance coverage so as to remain competitive. They will also be analyzing more up to date health insurance information data. There is an increase in debt service due to the Regional Water Interconnection being on-line; however they continue to monitor the debt management plan to keep the annual debt payments within a parameter of \$5 to \$6M annually. It was also noted that the Board of Selectmen did not have a chance to review the Board of Education budget as the Board of Ed has only recently finished their process this past Monday evening (March 9, 2015).

Ms. Alberti asked how contract negotiations occur so that she has a better understanding of them.

Mr. Nickerson said that there are four unions and that three of them are coming up for negotiations this year – Firefighters and Town Hall/Public Works/Water & Sewer employees are up this year. The Town has a Labor Attorney and they all meet and negotiate over a period of time to come up with a new contract.

Ms. Alberti asked if they were saying that there is nothing here to cut as it is all obligations.

Mr. Nickerson said that the budget is very tight. They are looking for other quotes to see if there are savings that can be had. He then reviewed the revenues noting that they are only projections at this time as they do not know what they will end up with from the State and are anticipating that changes will occur as they always do on the State level.

Ms. Alberti asked about the Salem tuition as the numbers seemed to be the same.

Mr. Harney asked what the per student rate was and noted their enrollment was dropping just as East Lyme's was.

Mr. Harney recognized Mr. Seery, First Deputy Selectman from the audience to address them.

Mr. Seery said that he could help with how the figures run as he had attended many Board of Ed meetings for the Board of Selectmen. He explained that if Salem pays more than the number of students that they have that they are given a credit in the following year and if they pay too little, they are charged the difference to make up the deficit. This could account for number differences.

G. Communication

▪ Request from the Friends of Samuel Smith House and Property, Inc.

Mr. Harney said that this had already been addressed under the First Selectman's report and that the feeling of the Board was that any request should first be addressed to the Board of Selectmen and not acted upon by the Board of Finance without the Board of Selectmen passing it to them for consideration.

H. Old Business

a. Sub-committee to review Tax Breaks for the Elderly – Kelley, Carpenteri, Hogan

Mr. Kelley reported that the subcommittee had met and discussed the programs that the Town of East Lyme currently has as well as those offered by the State. Of special note is that East Lyme has a very generous tax assistance program as compared to most other Towns in Southeastern CT. While only 179 seniors are taking part in it; 176 people from East Lyme are in the State program so they can be getting a \$2000 reduction in their taxes. (The State program does reimburse the Town for those who qualify) They feel that they have a very good program and that they should leave the program as it is and not change it – but instead increase public awareness of the program. That is the recommendation of the subcommittee. They propose putting a notice in the tax bills if possible and more information on-line.

Ms. Alberti thanked Mr. Kelley, Mr. Carpenteri and Ms. Hogan for their report and for the timely information that they have presented.

b. Purchasing Policy

Mr. Harney said that he would like to add: Status of Audit Recommendations to this section.

Ms. Johnson noted that if the purchase order issue comes up again that she is going to request that the department be listed as the department is different each time this is cited.

I. Public Discussion

Mr. Harney called for Public Discussion.

There was no public discussion.

J. Board Comments

Mr. Harney asked that they cancel the March 25, 2015 Special Meeting and add the Board of Ed budget presentation to the March 30, 2015 Special Meeting agenda, at the end of the items listed.

Mr. Nickerson noted that the schools project has been put off and they are now looking to wait until February/March of 2016. Missing the date means that the school population decreases will be taken into consideration for State funding.

Discussion on the budget process involved providing a total amount of cuts to the Town and BOE and letting the First Selectman work with the Town departments to trim their budgets.

K. Adjournment

Mr. Harney called for a motion to adjourn.

****MOTION (5)**

Ms. Picarazzi moved to adjourn this Regular Meeting of the East Lyme Board of Finance at 9:35 PM.

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary

THE FRIENDS OF SAMUEL SMITH HOUSE AND PROPERTY, INC.
P.O. BOX 126
NIANTIC CT 06357

February 23, 2015

Dear First Selectman Mark Nickerson,

The "Friends" are a fledgling organization doing our best to do a lot with a little money.

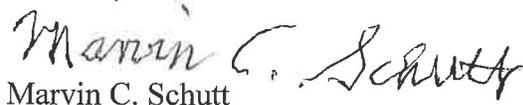
We are aware that it is customary for the Town to allocate about \$2,500 to the older historical entities for miscellaneous reasons. In that context we request your consideration to provide The Friends of Samuel Smith with \$2,821.

The following work will or has been accomplished:

1. Upgrading the Security System to meet the requirements of the East Lyme Fire Marshal and the recommendation of the Security Company to meet code requirements; \$1,185 for installation, and \$28 per month or \$336 per year for service.
2. \$600 for C.L.& P. to run wires underground from the pole to the Samuel Smith House.
3. \$700 to hook up the wires to the House and make wires in the House safe.

Note: The above work has to be accomplished by licensed workers. (We wish that "The Friends" capable volunteers could do the work).

Sincerely,


Marvin C. Schutt
President

Cc: Steve Harney, Chairman of the Board of Finance
Anna Johnson, Finance Director

to BOF

BOF
VII-a

Attachment BOF 3/11/15