

**EAST LYME BOARD OF FINANCE
REGULAR MEETING MINUTES
Wednesday, DECEMBER 14th, 2011**

Members In Attendance: Raymond Hart, Chairman
Steve Harney, Secretary
Richard Bengtson
Steve Carpenteri
Steve Kelley
Lisa Picarazzi

Also In Attendance: Scott Bassett, partner with McGladrey & Pullen
Paul Formica, First Selectman
Anna Johnson, Finance Director

Absent: No One

A. Call Meeting to Order

First Selectman Paul Formica called this Regular Meeting of the East Lyme Board of Finance to order at 7:00 PM. He said that this is the first meeting of the new Board and welcomed the new and returning members. As such, they would hold elections for a new Chairman and Secretary.

B. Pledge of Allegiance

Mr. Formica led the assembly in the Pledge.

C. Election of Officers

Mr. Formica asked the preference of the members regarding voice or paper ballot voting. The consensus of the members was that a voice vote would be fine.

▪ **Chairman**

Mr. Formica called for nominations for the position of Chairman of the Board of Finance for 2012

****MOTION (1)**

Ms. Picarazzi nominated Mr. Hart for the position of Chairman of the Board of Finance for 2012. Mr. Harney seconded the motion.

Mr. Formica asked if there were any other nominations –
Hearing none –

He called for a vote on the nomination of Mr. Hart –

Vote: 6 – 0 – 0. Motion passed.

Mr. Formica congratulated Mr. Hart and turned the chairing of the meeting over to him.

▪ **Secretary**

Mr. Hart called for nominations for the position of Secretary of the Board of Finance for 2012.

****MOTION (2)**

Ms. Picarazzi nominated Mr. Harney for the position of Secretary of the Board of Finance for 2012. Mr. Kelley seconded the motion.

Mr. Hart asked if there were any other nominations –
Hearing none –

He called for a vote on the nomination of Mr. Harney –

Vote: 6 – 0 – 0. Motion passed.

Mr. Hart congratulated Mr. Harney.

D. Delegations

Mr. Hart called for delegations.

Art Carlson, 30 Dean Road said that he was speaking as the Chairman of the Natural Resources Commission and was there to request 20 minutes of time on a subsequent agenda for the purpose of presenting the open space plan to the new members and to have a give and take discussion with them on it.

Mr. Hart said that he would check and work with Ms. Johnson on the agenda and get back to him.

E. Approval of Minutes

▪ Wednesday, November 9, 2011 – Regular Meeting

Mr. Hart called for a motion for approval or any changes to the Board of Finance November 9, 2011 Regular Meeting Minutes.

****MOTION (3)**

Mr. Kelley moved to approve the Board of Finance Regular Meeting Minutes of November 9, 2011 as presented.

Ms. Picarazzi seconded the motion.

Vote: 5 – 0 – 1. Motion passed.

Abstained: Mr. Carpenteri

F. Reports

◆ Scott Bassett of McGladrey & Pullen – June 30, 2011 Draft Audit

Scott Bassett, partner with McGladrey & Pullen said that they are in the fourth year of doing the Town audit and that this is the earliest that they have had it done and that the previous issues seem to be behind them. While the audit is in draft form he said that they did not expect any changes. They would once again have a clean opinion. They have had positive results and a very good year.

He explained that Page 13 of the Draft presents the financial assets of the Town. Page 14 shows the Statement of Activities and while the Sewer Department shows a loss, a great deal of it is due to depreciation. Page 15 shows the net change in assets and the new GASB 54 terms of 'Assigned' and 'Unassigned' monies. Page 16 shows that the debt – (the Town did \$12M of refunding in April for a gain due to the lower rate) is at a low rate which is good. Page 23 shows where they opted out of an insurance contract and went into Hartford Mutual Funds for a better return result with the pension program. Pages 63-67 show the actual budgets versus what was budgeted. Overall they managed well and returned a significant amount to fund balance. He said that they are also looking to take advantage of more refunding on bonds at lower interest rates in the near future.

Mr. Kelley asked about Page 33 and the credit risk on uninsured and uncollateralized investments that were mentioned and if it is a concern.

Mr. Bassett said no as they are taking action protecting the Town and he would have noted it if it presented a risk factor.

Mr. Kelley asked when this needs to go to the State.

Mr. Bassett and Ms. Johnson said that it needs to be done by 12/31/2011 and they expect to have it done by next week and sent off to the State.

Mr. Harney asked Mr. Bassett his recommendation on post retirement benefits and funding.

Mr. Bassett said that what a lot of communities would do is to try to fund at the recommended level by putting some seed money in a trust and trying to inch closer each year.

◆ **First Selectman**

Mr. Formica reported the following:

- Regarding the audit – Ms. Johnson and the department heads are doing a good job on the management of the budget and they have worked to make each workplace more efficient.
- There was a \$1.2M savings in the refunding of bonds.
- In the future they are looking to see another \$450,000 in savings on a refunding.
- The Pension Committee meets quarterly and they have done pretty well with income. Everyone is welcome to come and participate in this.
- The Town has funded the renovation of Main Street and Hole in the Wall and a municipal parking lot with the monies received from STEAP grants. They have an application in for an additional \$400,000 in STEAP monies and hope to hear within a week on who will be awarded the monies.
- They have had 10 new businesses open downtown since the STEAP projects began.

Ms. Picarazzi asked what types of projects are being lined up for the \$400,000 grant that they have applied for.

Mr. Formica said that the parking area behind the Cinema will be turned to mirror the municipal parking lot that was just put in behind the Mitchell Trust area. They would also run the streetscape down Rte. 161 and turn onto Hope Street and run it into the Hope Street parking area to connect.

- The Capital Improvement Committee of which Mr. Harney is a member or has been working on what projects will go forward.
- The Walnut Hill road program is in process – they are putting the drainage under it now and will look for the paving of it next year.
- The one mile path around the perimeter of Bridebrook is in and they will be putting up pet stations to help alleviate that issue. The project came in under budget.
- The Boardwalk railings have been re-used and reinstalled.
- They are looking to have another favorable year with healthcare.
- The Judge ruled with a mixed decision in the Landmark III case.

◆ **Finance Director**

Ms. Johnson said that her monthly report was in their packets and that she had provided them with the Board of Ed summary this evening in the green folders.

Mr. Harney asked about the FEMA reimbursement from the storms.

Mr. Formica said that they have applied and are waiting on a few other numbers that they should have shortly.

Mr. Kelley asked an estimated surplus from the Board of Ed as the report they submitted shows them expecting to spend their entire budget.

Mr. Formica said that he meets with Mr. Lombardo regularly on updates and will check with him on that.

Ms. Picarazzi asked about what the \$50,000 in capital is for.

Ms. Johnson said that was the unique properties appraisal fee.

Ms. Picarazzi said that it appears that we are under spending on fuel in the general fund. Would they leave that extra money there.

Mr. Formica said that they would leave it there as it is very early in the season and they were hit in the later part of the year last year.

Mr. Harney asked about the unique properties appraisal.

Mr. Formica said that the residential properties went down by an average of 13% and the commercial properties went down by an average of 7% - however Camp Niantic has a lot of new buildings so they should see something there. Further, at Gates, while one building is not being used – it is still there and the Niantic Annex has some 500+ inmates due to the closing of other facilities and York has 1000 people.

G. New Business

a. Accept June 30, 2011 Audit

Mr. Hart called for a motion.

****MOTION (4)**

Mr. Kelley moved to accept the June 30, 2011 Audit as presented.

Mr. Bengtson seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

b. Special Appropriation – DUI Grant

Mr. Hart asked Mr. Formica to explain this grant.

Mr. Formica explained that this is a 75% funded grant with the Town picking up the additional 25% however we must appropriate the entire amount up front and then credit back the \$53,295.

Mr. Hart called for a motion.

****MOTION (5)**

Ms. Picarazzi moved to approve a special appropriation in the amount of \$53,295 to account 2-01-25-216-100-519 (Grant Overtime) and to corresponding revenue account 2-01-04-400-409 (Police Overtime Grants). And to approve a transfer in the amount of \$13,481 from account 2-01-01-120-200-500 (Contingency) as follows: \$8,775 to account 2-01-25-216-100-519 (Grant Overtime) and \$4,706 to account 2-01-01-114-100-121 (FICA/Medicare) for the required Town share.

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

c. Special Appropriation – Seatbelt Grant

Mr. Formica explained that this is a fully reimbursable grant.

Mr. Hart called for a motion.

****MOTION (6)**

Mr. Kelley moved to approve a special appropriation in the amount of \$2,500 awarded from the 2011 Department of Transportation Seatbelt Wave Grant to budget account 2-01-25-216-100-519 (Grant Overtime) and corresponding revenue account 2-01-04-400-409 (Police Overtime Grants).

Ms. Picarazzi seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

d. Budget Transfer – Admin. Asst. Salary for EOC

Mr. Formica explained that Pearl Rathbun was the EOC Director and had part time staff at 19 hours per week. When she retired they combined the Fire Marshal and EOC Director positions and created a FT union position to work with Mr. Morris and staff in an Administrative capacity. 20% of the savings from Ms. Rathbun's salary was given to Mr. Morris for picking up the EOC duties.

Mr. Hart called for a motion.

****MOTION (7)**

Mr. Harney moved to approve a transfer in the amount of \$25,279 to account 2-01-25-224-100-311 (Administrative Assistant) from the following accounts: \$7,666 from account 2-01-25-224-100-412 (PT Clerical) and \$17,613 from account 2-01-25-224-100-211 (Director).

Mr. Kelley seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

e. Budget Transfer - \$25,000 from Contingency to Gen Govt. Legal

Mr. Formica explained that this expenditure is primarily due to the NE National defense. They are requesting \$25,000 to cover the current \$19,000 shortfall. The status on this at present is that they are dealing with the jurisdiction of the court and they should know the decision from the Federal Judge in March or April of next year.

Ms. Picarazzi asked when they think that this could be behind us.
Mr. Formica said that he was not sure.

Mr. Hart called for a motion.

****MOTION (8)**

Mr. Kelley moved to approve a transfer in the amount of \$25,000 from account 2-01-01-120-200-500 (Contingency) to account 2-01-01-114-140-233 (General Govt. Legal).

Mr. Harney seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

f. BOF 2012 - 2013 Proposed BOF Budget

Ms. Johnson said that this would go into the proposed budget to be reviewed during the budget process. Audit services reflect the Town's share of the audit.

The consensus of the Board members was to leave it as presented and to review and modify it at budget time as necessary.

H. Old Business

There was none.

I. Public Discussion

Mr. Hart called for Public Discussion.

There was none.

J. Board Comments

Mr. Hart welcomed the new and former members to the Board and thanked them for the confidence that they have shown in him as Chairman. He said that he looks forward to working with everyone on this.

Mr. Kelley wished everyone Happy Holidays.

K. Adjournment

Mr. Hart called for a motion to adjourn.

****MOTION (9)**

Mr. Kelley moved to adjourn this Regular Meeting of the East Lyme Board of Finance at 8:17 PM.

Ms. Picarazzi seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary