

**EAST LYME BOARD OF FINANCE
REGULAR MEETING MINUTES
Wednesday, AUGUST 9th, 2017**

Members in Attendance: Camille Alberti, Chairperson
Lisa Picarazzi, Vice-Chairperson
Peter DeRosa
Beth Hogan
William Weber

FILED

Aug 14 20 *17* AT *10:07* *AM* / *PM*
[Signature]
EAST LYME TOWN CLERK

Also In Attendance: Mark Nickerson, First Selectman
Anna Johnson, Finance Director
Jeffrey Newton, Superintendent of Schools
Joe Bragaw, Director of Public Works
Maryanna Stevens, BOE Finance Manager

Absent: Jason Pazzaglia

A. Call Meeting to Order

Chairperson Alberti 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

Ms. Alberti called for delegations.
There were no delegations.

D. Approval of Minutes

▪ **Regular Meeting – June 14, 2017**

Ms. Alberti called for a motion for approval or any changes to the Board of Finance Regular Meeting Minutes of June 14, 2017.

****MOTION (1)**

Ms. Hogan moved to approve the Board of Finance Regular Meeting Minutes of June 14, 2017 as presented.

Mr. Weber seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

E. Reports

♦ **Scott Bassett principal with RSM – June 30, 2016 Audit**

Mr. Bassett reported that the Town was given a clean opinion in the audit report although it was late this year as there were some delays on both the Board of Ed and Town side. The lateness extended from eight months to a year as the Town still wrestles with closing the books. He noted that most other Towns do not have to go through as much in closing and suggested that if the Town and Board of Ed were on the same system that it would help somewhat. If this goes beyond January 1st, he said that they do not have the man hours to work on the completion at that time.

The fund balance decreased a bit but is still at 7.6% and the pension plan is funded at 73% whereas the national average for such plans is at 70%. The rate of return in 2016 has a small decrease but since the time that they started with mutual funds, the return is decent. There is a new Finance Manager on the Board of Ed side and he hopes that they will be able to work some of the issues out.

Ms. Picarazzi asked about the challenge of closing the books.

Mr. Basset said that it is a cumbersome task to close the books in the system that they are using and that there are not many communities who use this system and further – most communities have the Board of Ed and the Town on the same system.

Ms. Picarazzi asked for a ball park number on what it would cost for a new system – new software – as they have been talking about it for years now.

Mr. Bassett said that it could be anywhere – from \$300,000 to \$400,000 – ball park figure –

Mr. Nickerson recalled that what they want to put towards new financial software each year gets cut and added that with the new BOE Finance Manager – while she is experienced she will need to get up to speed with what they have and do here. There are also a lot of questions and analysis that has not been done regarding if it would pay for itself in time or manpower.

Ms. Alberti said that the year before this last one that it took eight months to close the books and this time it took twelve months and questioned how that could happen. She recalled that they had approved money for a module that was supposed to help and asked if that helped at all.

Ms. Johnson said that the module was for uploading tax batches to the system and this is the first full tax season that they are using it.

Ms. Alberti asked for three reasons why it had expanded to twelve months to close the books –

Ms. Johnson said that they did have some staff changes.

Ms. Alberti asked who the new person is that they hired as she was not aware of any hiring or people leaving.

Ms. Johnson said that this was a matter of employees moving to other positions internally and the learning curve that goes with that.

Ms. Alberti asked for another reason.

Ms. Johnson said that she did not have any other reasons.

Ms. Picarazzi and Ms. Alberti said that it was not a trick question as they wanted to understand what was causing this and asked Mr. Bassett what he would suggest could be employed to make this better.

Mr. Bassett said that while turnover/changes in positions cause some of the delay; they need to discuss key dates that they need to meet.

Ms. Picarazzi asked what a reasonable time frame was to close the books.

Mr. Bassett said that around October 15th is a good date for a hard close so that things are ready for the audit to commence. September 1st is a key date for the BOE as they have reports that they need to do. He suggested that they meet and that they work backwards and set up key dates that they have to meet.

Ms. Alberti said that they will look forward to hearing back at their September meeting what they come up with for a timeline.

Mr. Bassett synopsised the audit citing the key points such as the fund balance, noting that it should be between 5 to 15% depending on the size of the Town. Last year it decreased by \$125,000. He noted that the sewer fund is an enterprise fund and is close to what a commercial account is. Debt service is not included in it as it is on the Government side. The pension is 73% funded however the mortality tables are changing so life expectancies are being expanded and changes will be coming along.

Ms. Johnson said that they are already having that study done with a report forthcoming.

Mr. Bassett said that the impact will be two years from now. The post employee benefits change will increase the \$10.5M by another \$4.5M however this is an accounting change only. In summary there are no surprises, the Federal/State DWSRF project (water interconnection) ended so there is nothing there.

Mr. Weber asked if there is a quality element to the old software that we use.

Mr. Bassett said that from a quality standpoint that he would say that it is accurate for the routine processes. Those that are not done as often could be compromised. He said that he would be concerned with closing and prioritizing and eliminating the number of adjusting entries at year end.

Ms. Picarazzi asked about the management letter and the concerns that were cited – all are re-occurring and he keeps bringing them to them for their attention for - how many years now –

Mr. Bassett said that it is perhaps three to four years.

Ms. Picarazzi asked about the purchasing policy and when it would be done as it has been around for awhile.

Ms. Johnson said that she agrees that it is important and that they need to work on it –

Mr. Bassett said that with regard to a priority basis that it would change with a new system and also that it becomes out of date very easily.

Ms. Picarazzi asked about the school lunch issue that has been on the list for years.

Mr. Newton noted that they decided not to continue with the Chartwells food contract but to become an independent food service. They have hired a person to be the Director of Food Services. The same people who currently work in the kitchen area, now work with the Director. This should help with this issue.

Mr. Bassett said that he is also working on it with the new BOE Finance Manager.

Ms. Alberti asked how much money they were talking about here for the lunch program – around \$200,000

Mr. Bassett said that it is a \$1M program – it is a big program and there is volume there.

Ms. Picarazzi asked about the purchase orders and invoices issue.

Mr. Bassett said that the policy is not being followed regarding approving the purchase order and then the invoice.

Mr. Weber and Mr. DeRosa said that they are working on this policy and are aware of it.

Ms. Alberti said that she is confused as the language of the letter seems strong. She questioned how it could be a good review and audit.

Mr. Bassett said that the letter is with regard to internal control. The audit is materially correct and has been given a clean opinion.

Ms. Alberti asked Ms. Johnson to present what she has for the policy and procedures manual at their next meeting. She said that it also needs to be part of a job description as they have been waiting for it for three years now and if they were in the private sector and had received such a letter – people's positions would be at stake. She added that she wants assurance from the First Selectman that there would be consequences put in place.

Mr. Bassett said that he will meet with Ms. Johnson next week and report back what they come up with for a timeline of key dates that they would need to meet.

The Board thanked Mr. Bassett for his presentation.

◆ **Board of Education**

Jeffrey Newton, Superintendent of Schools introduced Maryanna Stevens, their new Finance Manager noting that she was actively getting up to speed with them.

He reported that the Town Building Committee Chairman, Ray O'Connor announced the firm for the school projects – O & G. They are working out the contract now and will work on the phasing. The State has verbally agreed on the reimbursement and they will be attending a meeting in Hartford next week Thursday to go over the items and the reimbursement. Redistricting is still being discussed and they had a firm come out to speak to them at a BOE meeting earlier this week on how to do it better. Also, with regard to the Permanent Maintenance Account to help fund items such as the turf field replacement, he said that they would like to have some dialogue with the Board of Finance to get some ideas and suggested that they set up a subcommittee for this. And – they are still waiting on the State budget.

Mr. DeRosa said that he likes the idea of reaching out to this Board to set up a subcommittee and that he would be happy to participate.

Ms. Hogan thanked Mr. Newton for the subcommittee suggestion and working together. She suggested that the re-districting should be a lot easier – just itemize it on a map and save the dollars that would be paid to a firm as there have to be more important items than spending it on that. She would suggest that bus contracts and re-routing would be more important and feels that the enabling process needs to stop.

Mr. Weber agreed that not spending on that firm or study would help with saving some dollars as there is an element of risk still with the State funding on the project.

Ms. Picarazzi also agreed with the concerns over re-districting brought up by her Board co-members and saving the money. She also asked if there has been any discussion on what they will do if there are substantial cuts from the State and – how to manage three elementary schools.

Mr. Newton said that they have been looking at things with regard to the budget process with the State.

Ms. Picarazzi asked if there has been discussion regarding two schools.

Mr. Newton said no, there has been no discussion on that.

◆ **First Selectman**

Mr. Nickerson reported on the following:

- They are patiently waiting for the State budget. The Governor is in control of the State and has indicated that he wants to take ECS funding from the Towns and give it to the cities. They have received letters from the State looking for information on our fund balance and impacts.
- The old Mobil Station ground is still being tested. They found some contaminants and are working on how to clean them up so that it can be a park. These things have been there for decades.
- Our independent Police Department is official. Also the press picked up on a discussion with the Old Lyme Selectperson on the potential of a combined police force. The discussion is very preliminary. There are similarities between the two Towns that could save each of us. He will report more as any further discussion evolves.
- There are all sorts of events going on all around Town – plays, alfresco dining, band shell programs, the Governor's Foot Guard – it has been busy.

Ms. Hogan commented on the budget noting that from what she has heard that there are reductions mentioned all over in order to get a budget from both sides but unfortunately there does not seem to be a sense of urgency. She thinks that maybe this will send a message to get people to move on it and she is hoping that this will bring them to the table to get going on it. She suggested that they note the impacts on the Town and the quality of life of the people here with regard to any cuts.

◆ **Finance Director**

Ms. Johnson said that they had received the reports in their packets and that she had provided them with the updated revenue reports. Regarding the correspondence from the State – Governor Malloy instructed Ben Barnes to get the fund balance information from all of the cities and Towns and prepare a report for him for the next two years (they are to 'guess' on the upcoming year) and also provide information on what the loss of finances would mean to them. She said that she requested information from the BOE for the report. In the meantime they are freezing spending on the TAR funds and in September the \$900,000 in PILOT funding is due; in October one third of the ECS funding is due and both will cause cash flow issues.

Ms. Alberti asked what the due date was on the information that the State was requesting.

Ms. Johnson said Wednesday of next week.

Ms. Hogan strongly suggested noting the impacts with numbers.

Ms. Johnson said that she had also provided them with the road bonding history in their folders and the funds expended. She reported that the Commission on Aging van has been ordered and is expected to arrive in the beginning of October.

Ms. Picarazzi asked about the road bonding for \$490,000 and then the bump up in the following year.

Mr. Nickerson said that the step up was because we did not have a good program before and Mr. Bragaw has his hands around it now. The \$1.2M was the re-build of Walnut Hill Road which was a major project and expense but needed to be done.

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

Ms. Johnson said none at this point in time.

Mr. Weber asked about the memo on meeting times and ending time.

Mr. Nickerson said that a lot of the other Commissions go over and it is overtime for the building maintenance people to close the building and we do not have a budget for overtime for it.

Ms. Alberti said that she supports that as she does not condone the overtime and feels that another solution would be to schedule a special meeting.

Mr. Nickerson agreed that special meetings might be the solution or starting earlier could also be utilized.

F. New Business

a. Executive Session – Discussion on Pending Litigation

****MOTION (2)**

Ms. Hogan moved to enter into Executive Session at 8:50 PM for the purpose of discussing Pending Litigation and to invite Attorney Shel Meyers, Mark Nickerson, First Selectman; Jeffrey Newton, BOE Superintendent; Anna Johnson, Finance Director and Maryanna Stevens, BOE Finance Manager to attend as appropriate.

Ms. Alberti seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

****MOTION (3)**

Ms. Hogan moved to return to Regular Session at 9:33 PM with no action taken in Executive Session.

Ms. Alberti seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

b. Special Appropriation - \$76,854 - Purchase and installation of Boiler replacement at ELCC

Joe Bragaw, Director of Public Works explained that this had been sent out to bid and that three bids were received. While NE Mechanical services our equipment normally, Duncklee came in the lowest and has done other work for us. Three boilers are down so the heat would not work meaning that time is of the essence here to get this up and working. There is also an Eversource program for some help and we potentially qualify for the 50% reimbursement so if we get it we will use less of our own funds. He explained where the money was coming from for this and said that they have to move quickly as it will take three to four weeks to order the units and to get them in.

Mr. DeRosa said that he likes that Mr. Bragaw came in with the answers and gave them a great presentation.

Ms. Hogan concurred noting that he did a great job on this.

Ms. Alberti asked if they had five boilers and were replacing three of them.

Mr. Bragaw said that it would all be new equipment and that the five boilers will not become three with higher efficiency and a 25 year life.

Ms. Alberti thanked Mr. Bragaw for the multiple bids and cobbling the funds together.

Ms. Picarazzi asked for an assessment of the facilities and if Mr. Bragaw could have that information for their November meeting.

****MOTION (4)**

Ms. Picarazzi moved to approve a carry-over in the amount of \$37,042 in account 01-01-113-400-213 (Heating Oil/Propane) from fiscal year 2016/17 to fiscal year 2017/18 in order to purchase replacement heating equipment in the ELCC which is in the best interest of the Town of East Lyme and – Move to approve a special appropriation in the amount of \$76,854 for the purchase and installation of a boiler replacement at East Lyme Community Center being in the best interest of the Town of East Lyme. Sources of funding will be as follows: \$37,042 from account 01-01-113-400-213 (Heating Oil/Propane); \$27,974 from account 32-70-300-500-005 (HVAC Pump Replacement Town-wide) and \$13,800 from Eversource Incentive to Replace Heating Equipment.

Ms. Alberti seconded the motion.

Mr. DeRosa asked about the amount from Eversource.

Mr. Bragaw said that the figure being used is the least that they would get.

Vote: 5 – 0 – 0. Motion passed.

(Note: This requires a Town Meeting)

c. Authorize Audit of 6/30/2017

****MOTION (5)**

Ms. Alberti moved to retain the audit services of RSM for the upcoming year at the same rate as the previous year.

Ms. Picarazzi seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

G. Old Business

a. Special Appropriation – CNRE Fund 32 BOE - \$31,855 for Van

Mr. Newton said that they have looked into Government deals for slightly used vehicles and they are older high mileage vehicles. They also looked at Crest Ford and they had 12 passenger vans and they need the eight passenger van. The 12 passenger vans require a different license endorsement and would only save them around \$5000 at most.

****MOTION (6)**

Mr. DeRosa moved to approve a special appropriation in the amount of \$31,855 from CNRE Fund 32 to account 32-99-400-700-701 (BOE) Vehicles. These funds are available from Learn rental fees. This purchase is consistent with the Capital Improvement Plan.

Ms. Hogan seconded the motion.
Vote: 5 – 0 – 0. Motion passed.

(Note: This requires a Town Meeting)

b. Budget Transfers within departments - \$120,867.94

Ms. Hogan said that she would like them to move this item and not carry it to another meeting as the transfers are within the department and are covered. They are just moving them from one bucket in a department to another in the same department.

Ms. Alberti asked if they are transferring this just so that they don't lose it.

Ms. Hogan said that if there is a balance left at the end of the year in any line item that it goes back to the General Fund – there is no where else for it to go.

Ms. Johnson explained that the transfers are for operations that occurred during the course of the FY 16/17 year.

Ms. Alberti said that she does not have an understanding on the numbers.

Ms. Johnson explained that the motion before them is to ratify the transfers as they have already been done. She added that the funds were available at the time/date of the transfer and that they could follow this on the budget sheets that she provides them with.

Ms. Alberti said that she would like the timing to be correct and for them to be apprised of them when they happen. She asked that they do them every month as she thinks that they need to approve them before they happen.

Ms. Hogan said that is not always possible and further – the dollars are there – it is just being used within that specific budget differently.

Ms. Johnson said that every year the building of the budget is based on the best assumptions of past practices and as issues develop in real time they need to move dollars around to make a particular budget work.

Ms. Picarazzi asked what happens to any of the money that is left there.

Ms. Johnson said that it goes back to the undesignated fund balance.

Ms. Hogan noted that in no way are they increasing the budget.

****MOTION (7)**

Ms. Hogan moved to ratify departmental transfers in the amount of \$120,867.94 processed for fiscal year end June 30, 2017.

Mr. DeRosa seconded the motion.

Ms. Picarazzi thanked Ms. Johnson for the explanation and asked that they modify the timing of the transfers.

Ms. Johnson said that the thought was to not burden the Board on a monthly basis.

Ms. Alberti said that she wants it on a monthly basis so it will be transparent.

Ms. Hogan said that she does not feel that the word is transparent – but perhaps contemporaneous is a better word. She said that she sees it as the same money being used within the department.

Mr. DeRosa said that as a Board they do not agree on the level of detail they should be involved in. It is clear to him that they are responsible for the budget but the detail level after that has them at different levels. He suggested that is something that they can discuss further.

Vote: 5 – 0 – 0. Motion passed.

c. Purchasing Policy

Mr. Weber reported that they held a meeting and had Ms. Johnson attend to provide her thoughts and ideas. This is moving along.

d. BOE Permanent Maintenance Account

Ms. Alberti noted that Mr. Newton had reported on this earlier and had suggested a subcommittee of the two Boards be set up. She asked for volunteers for it from this Board.

Ms. Picarazzi and Mr. Weber volunteered for the subcommittee.

e. Study other Town Wages & Benefits

Ms. Alberti asked if there was anything to report.

Ms. Hogan said that she would volunteer for the subcommittee for this and that in the meantime she will work on this study.

H. Public Discussion

Ms. Alberti called for Public Discussion.

There was no Public Discussion.

I. Board Comments

Ms. Alberti called for Board comments.

There were no comments from the Board.

J. Adjournment

Ms. Alberti called for a motion to adjourn.

****MOTION (8)**

Ms. Picarazzi moved to adjourn this Regular Meeting of the East Lyme Board of Finance at 10:35 PM.

Ms. Alberti seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary

Town of East Lyme
Budget Transfers
Fiscal Year 2016/17

To Account From Account

Date	Dept	Account#	Description	Account#	Description	Amount	Reason for Transfer
9/8/2016	COA	01-40-418-200-240	Vehicle Inspections	01-40-418-300-321	Program Supplies	10.00	The cost for DMV inspections was \$10 greater than original estimate
12/16/2016	Bldg Maint	01-01-113-200-222	Building Maintenance	01-01-113-400-213	Heating Oil/Propane	4,300.00	Due to removal of underground storage tank at ELCC, we have a heating oil credit with our vendor. Using excess funds for work that needs to be at Police building for security reasons.
3/9/2017	Finance	01-01-118-200-215	Maint of Office Equip	01-01-118-300-242	Prof Conv/Conf	495.00	Due to scheduling conflicts FD did not attend the NESGFOA conference
3/9/2017	Finance	01-01-118-200-215	Maint of Office Equip	01-01-118-300-246	Transportation Allow	280.00	Due to not attending NESGFOA Conf, using less mileage funds.
3/24/2017	PWD	01-30-317-100-314	OT Highway	01-30-317-100-211	Highway Super	5,700.00	Additional funds needed in OT due to Transfer Station not being able to negotiate change with UPSEU
3/24/2017	PWD	01-30-317-400-210	Streetlights	01-30-317-310-221	Fleet Fuel	10,000.00	Timing of completing streetlight project
3/24/2017	GG&Misc	01-01-114-100-124	Pension	01-01-114-100-121	FICA/Medicare	17,909.00	Pension budget low due to investment portfolio returns, additional funds avail in payroll tax a/c.
3/24/2017	GG&Misc	01-01-114-100-124	Pension	01-01-114-100-127	Health/Dental	15,000.00	Pension budget low due to investment portfolio returns, additional funds avail in health insurance a/c.
3/24/2017	GG&Misc	01-01-114-140-231	Transcripts	01-01-114-140-237	Planning Legal	358.90	Transcription services needed greater than budget amount.
3/24/2017	GG&Misc	01-01-114-140-236	Labor PS Legal	01-01-114-140-237	Planning Legal	2,500.00	Labor PS legal greater than estimate, primarily due to Police Dept going independent.
3/24/2017	GG&Misc	01-01-114-140-236	Labor PS Legal	01-01-114-100-121	FICA/Medicare	12,500.00	Labor PS legal greater than estimate, primarily due to Police Dept going independent.
3/24/2017	GG&Misc	01-01-114-200-201	Unemployment Comp	01-01-114-100-121	FICA/Medicare	750.00	Unemployment Claims greater than estimated. PY had a large credit.
3/24/2017	GG&Misc	01-01-114-200-201	Unemployment Comp	01-01-114-100-125	Life Ins	500.00	Unemployment Claims greater than estimated. PY had a large credit.
3/24/2017	GG&Misc	01-01-114-200-201	Unemployment Comp	01-01-114-100-121	LT Disab Ins	500.00	Unemployment Claims greater than estimated. PY had a large credit.
3/24/2017	GG&Misc	01-01-114-200-201	Unemployment Comp	01-01-114-100-127	Health/Dental	1,500.00	Unemployment Claims greater than estimated. PY had a large credit.
3/24/2017	GG&Misc	01-01-114-200-201	Unemployment Comp	01-01-114-300-255	Reprinting Ord	150.00	Unemployment Claims greater than estimated. PY had a large credit.
4/12/2017	Police	01-25-216-300-326	Training Supplies	01-25-216-100-517	Training (Payroll)	2,350.00	Training Tuition Costs.

Attachment BOF 8/9/17

Date	Dept	Account#	Description	Account#	Description	Amount	Reason for Transfer
4/18/2017	GG&Misc	01-01-114-100-123	Workers Comp	01-01-114-200-290	Insurance PD&L	18,746.00	At the close of each fiscal year, our wages are audited. In the event they are greater than estimated we are billed additional premiums. This is for FYE 6/30/16.
	GG&Misc	01-01-114-100-123	Workers Comp	01-01-114-140-235	Labor Town Legal	6,918.00	
4/3/2017	Bldg	01-01-104-300-246	Trans Allowance	01-01-104-200-293	Permit Refunds	400.00	Additional funds needed for mileage reimbursement
4/30/2017	T Clerk	01-01-107-100-314	Overtime	01-01-107-200-292	Contracted Land Rec	603.00	Additional funds needed for OT due to election and referendums
4/30/2017	GG&Misc	01-01-114-100-124	Pension	01-01-114-100-127	Health/Dental	15,173.00	Pension budget low due to investment portfolio returns, additional funds avail in health insurance a/c.
5/3/2017	Assessor	01-01-102-300-320	Misc Supplies	01-01-102-100-412	PT Clerical	620.00	To purchase a laser tape measurer for improved efficiency.
5/30/2017	COA	01-40-418-100-412	Sub Driver/Training	01-40-418-100-311	Adm Secy/Bus Dr	80.00	Additional paid help needed for office coverage, funds available due to illness in account transferred from.
	COA	01-40-418-300-320	Misc Supplies	01-40-418-300-215	Program Services	100.00	When creating new office space, additional supplies were needed funds available due to less entertainment.
	COA	01-40-418-300-321	Program Supplies	01-40-418-300-215	Program Services	400.00	Some kitchen items were in need of replacement and funds available due to less entertainment durint fiscal yr.
5/31/2017	Registrars	01-01-110-500-402	Referendum/Primary	01-01-110-500-401	Election Day Exp	2,465.04	Additional funding needed to support budget referendum.
	Registrars	01-01-110-300-204	Postage	01-01-110-300-253	Voter Canvass	560.00	Additional funding needed for postage to FYE.

TOTAL \$ 120,867.94

BoS