

**EAST LYME BOARD OF FINANCE
SPECIAL MEETING MINUTES
Wednesday, JULY 24th, 2019**

Members in Attendance: William Weber, Chairman
Camille Alberti
John Birmingham
Jason Pazzaglia
Anne Santoro

Also In Attendance: Scott Bassett, RSM Auditors
Mark Nickerson, First Selectman
Chief Mike Finkelstein
Sgt. Mike Macek
Joe Bragaw, Director, Public Works
Anna Johnson, Finance Director
Maryanna Stevens, School Finance Director

Absent: Lisa Picarazzi, Vice-Chairperson

A. Call Meeting to Order

Chairman Weber called this Special Meeting of the East Lyme Board of Finance to order at 6:00 PM.

B. Pledge of Allegiance

The Pledge was observed.

FILED

C. Delegations

Mr. Weber called for delegations.
There were none.

JULY 30 20 19 AT 10:15 AM/PM
Karen Mulm
EAST LYME TOWN CLERK

D. Approval of Minutes

Regular Meeting – June 12, 2019

Mr. Weber called for a motion for approval or any changes to the Board of Finance Regular Meeting Minutes of June 12, 2019.

****MOTION (1)**

Mr. Birmingham moved to approve the Regular Meeting Minutes of June 12, 2019 as presented.

Ms. Santoro seconded the motion.

Vote: 3 – 0 – 2. Motion passed.

Abstained: Ms. Alberti, Mr. Pazzaglia

E. New Business

a. Presentation of June 30, 2018 Audit - Scott Bassett, RSM

Scott Bassett, principal with RSM explained that the Tow had received an unmodified clean opinion. The audit was completed in May – later than hoped.

Ms. Alberti asked about the cut off date and why so late.

Ms. Johnson explained that it primarily relates to the Water department, adding that they have worked hard to get it corrected.

Ms. Alberti noted that the adjustments to trial balance are significant in nature but not large enough to be called a material weakness – she asked if this is comparable to other Towns.

Mr. Bassett said not necessarily.

Ms. Alberti said that it seems that there are a lot of repeats from year to year and asked if that adds more risk or adds any cause for concern.

Mr. Bassett said that he would say that December 31 has to be a deadline and with that he thinks that they could improve upon this by reviewing where they are in the October – November time frame. He said that he would be willing to come and meet with them.

He continued that the clean opinion shows that the assets are greater than liabilities by a bit over \$1M. They ended the year with \$6.9M in fund balance which is almost \$1M more than the previous year and which equates to 4.7%. The Health insurance fund is not what they expected and is higher than the previous year; however the monitoring of it is something that is difficult to project. He noted that they had changed to a different insurance plan for this new fiscal year. The Pension fund was funded at 80% (vs. the average which is 71%). The big change in the financial statement is the post employee benefits which are \$8.5M which are the future benefits paid to retirees. The other post employment rate is 3.6% - the lower the discount rate, the higher the liability. He said that his hope is that they will get the audit issued much sooner.

Items cited (Town & BOE): Purchase Orders & Invoices – dates precede the purchase order date or did not exist; LoCIP reporting – report not submitted as required; Expense cut-off – invoices incorrectly charged to subsequent year; Capital Asset Disposal Policy – there is no formal policy; Student Activity Policy – minor variations on the policy – needs tightening and consistency; and Timecard Approval – timecards not properly signed by the employee or supervisor per policy (BOE).

b. Accept 6/30/18 Audit as presented

****MOTION (2)**

Ms. Alberti moved to accept the June 30, 2018 audit as presented.

Mr. Birmingham seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

c. Special Appropriation 2019/20 CIP Acquisition \$1,126,992

Mr. Nickerson explained that all of these items were approved during the budget process.

Ms. Johnson added that in the acquisition plan in the past they had addressed the items separately but there was a change made to the bonding requisition so they were advised to put all of them together. She further explained that while they are together that the BOE and Water & Sewer do have their own funding in their budgets for their items. The bond rate is 2.09%.

Ms. Alberti noted that everything tied out to the CIP and that in many instances they had saved the Town money. She noted that the BOE had saved the Town around \$20,000 on their items.

Ms. Stevens confirmed that was correct.

Ms. Alberti asked about Water & sewer and what if there was not enough money available there.

Ms. Johnson said that she charges their budget.

Ms. Alberti asked if they would commit to putting it in writing as one may never know what could happen.

Mr. Nickerson said that he would ask the Commission.

Ms. Alberti noted that Public Works had also come in lower with the numbers. She echoed a 'nice job' to all those who had.

Mr. Weber suggested that a column for the funding source be added,

****MOTION (3)**

Ms. Santoro resolved that the resolution entitled "A Resolution of the Town of East Lyme, CT authorizing the execution and delivery of an equipment Lease/Purchase agreement and schedules thereto for the acquisition, purchase, financing and leasing of certain Equipment", is hereby adopted and recommended for approval by the legal voters of the Town at Town Meeting.

Ms. Alberti seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

d. Carry-over Heating Oil/Propane Bldg. Maintenance \$5,101

Mr. Nickerson explained that they have some extra dollars here so they would like to carry it over and purchase our own propane tanks rather than to have to rent them.

Mr. Weber asked if he was correct in thinking that there was no other activity once they approve moving this. Ms. Johnson said that was correct.

Mr. Bragaw explained that they could bid out propane by owning their own tanks. They would like to be free of those that they do not own so that they could bid out propane and get it for much cheaper.

Mr. Birmingham asked how many they don't own and what the life of the tanks is.

Mr. Bragaw said that he was not exactly sure on the number however the tanks do last 20-30 years.

Mr. Pazzaglia asked if they were above ground or underground.

Mr. Bragaw said above ground and that they try to stay away from any underground.

Ms. Alberti said that they could always go to another vendor and their tanks and that she would prefer that they not transfer the money and evaluate this further.

Mr. Bragaw said that this is going to save the Town 'dollars' and that this \$5000 would help with the unusable tank at the Flanders Fire House. The cost on propane when you can bid it out with your own tanks is substantial.

Mr. Pazzaglia said that he would have to agree with Ms. Alberti.

Mr. Weber said that it could be transferred out later and that he would like to see a comprehensive plan. He then asked if anyone would like to make a motion.

****MOTION (4) (failed)**

Ms. Alberti moved to approve a carry-over of \$5,101 from account 01-01-113-400-213 (Heating Oil/Propane) from the 2018/2019 fiscal year to the 2019/2020 fiscal year.

No second.

No action.

e. Special Appropriation – BOE Vehicle from CNRE - \$25,000

Mr. Nickerson explained that the BOE had frugally come forth to purchase a used vehicle at \$18,000 but felt that as they would be using it to also transport children (and used vehicles were high mileage and of little warranty) that it would be better to purchase a new vehicle with a full warranty for \$25,000.

Ms. Stevens added that they also did sell the 20 year old Astro Van.

Mr. Nickerson said that 100% of the dollars come from the LEARN rental fees.

Mr. Birmingham asked if the \$212,024 is the balance in that LEARN fund.

Ms. Stevens said yes, adding that they have since moved to New London so that space is no longer used (or rented).

Mr. Birmingham asked if they have to come before this Board to be able to use that money.

Ms. Stevens said yes.

Ms. Alberti noted that there was \$50,000 in vehicle acquisition in the CIP for them so they could remove \$50,000 next year.

Mr. Weber asked why they are keeping \$212,024 in a slush fund and why not use it for what was just approved in the new budget year.

Ms. Johnson said that they could talk about that for the upcoming year.

Mr. Nickerson said that as there is no further funding going into that account, that they could discuss it.

Mr. Weber said that he feels that the first proposal for a used vehicle was the better one.

Mr. Nickerson noted that the BOS voted to increase the amount to give them the option to purchase a new one.

Mr. Weber said that he would make the motion.

****MOTION (5)**

Mr. Weber moved to approve a Special Appropriation in CNRE Fund 32 to account 32-99-400-700-701 (BOE Vehicles) in the amount of \$18,000 with the source of funds as follows: \$2,949 from BOE vehicle sales and \$15,051 from Learn Rental Fees.

Mr. Birmingham seconded the motion.

Vote: 4 – 1 – 0. Motion passed.
Against: Ms. Santoro

f. Special Appropriation – Health Insurance

Ms. Johnson explained the potential funding with respect to the BOE who has the responsibility for two-thirds of the monies due as they have two-thirds of the people. They obviously do not have those funds. Some items to consider to be able to get to that amount as that there should be approximately \$100,000 more in Salem education and the ECS funding should be \$492,000 greater than what was expected. She noted that they are struggling with the former health insurance IBNR which is at \$500,000 now. The BOE share is two-thirds. Her estimate is \$891,465 with the BOE owing \$843,594; Town \$200,000; Library \$21,743 and W/S \$8,697.

Mr. Birmingham asked how the BOE would come up with the funds necessary.

Ms. Johnson said that she was anticipating the funding that she had mentioned.

Ms. Alberti asked her when she would be bringing this back.

Ms. Johnson said September as that is generally when they would be getting the first ECS payment.

****MOTION (6)**

Mr. Birmingham moved to authorize the non-expended Board of Education encumbrances in the amount of \$74,503 remaining from fiscal year ended 6/30/2018 to the health insurance fund.

Ms. Santoro seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

g. Ratify Budget Transfers within departments - \$34,144.81

Mr. Nickerson noted that these are the end of year transfers within departments.

****MOTION (7)**

Mr. Birmingham moved to ratify departmental transfers in the amount of \$34,144.81 processed for fiscal year end June 30, 2019.

Ms. Alberti seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

F. Reports

a. Board of Education

Lisa Roberts reported that they have 26 new students enrolled since June 1 with 15 at the elementary level. They will be having an administrative retreat in August.

Ms. Alberti asked if the IEP litigation has been settled.

Ms. Stevens said that it is on-going; one portion has been paid out.

Ms. Roberts noted that the redistricting has resulted in some people re-locating within the Town.

b. First Selectman

Mr. Nickerson reported the following:

- It was very warm for Celebrate East Lyme – many came out for the fireworks
- Summer Music has started on Wednesdays
- Theater Under the Shell starts this week Friday
- Regional Theater is also in session
- Summer speed control is an issue
- The Board of Selectmen earlier this evening ratified a selected architect for the Honeywell Building – Silver Petrucelli – a local firm.
- He has had people speaking with him about their interest in the old Police Station once they move out.

c. Finance Director

Ms. Johnson explained the projected fund balance for 6/30/19 - \$5.7M.

Ms. Alberti asked if there is a plan in place to get them to the target fund balance.

Ms. Johnson said yes – by adding \$375,000 to \$500,000 each year – and probably over a 10 year time frame they will get to the 15%.

G. Old Business

None.

H. Public Discussion

Mr. Weber called for Public Discussion.
There was none.

I. Board Comments

Ms. Santoro asked if for the September agenda – everyone could make three (3) recommendations on how to make the budget process better that they could share and discuss them.

Ms. Alberti noted that the Town Charter drives the budget process.

Ms. Johnson said that was correct. She added that she would pull information from it for them for the September meeting.

J. Adjournment

Mr. Weber called for a motion to adjourn.

****MOTION (8)**

Mr. Birmingham moved to adjourn this Regular Meeting of the East Lyme Board of Finance at 8:30 PM.

Ms. Santoro seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary