

REGULAR MEETING MINUTES Wednesday, MARCH 11th, 2009
EAST LYME BOARD OF FINANCE

Members In Attendance: Steve Larcen, Chairman
 Jeff Langan, Secretary
 John Birmingham
 Bob Jones
 Allan Taylor

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

Absent: Jill Carini

A. Call Meeting to Order

Chairman Larcen called this Regular Meeting of the East Lyme Board of Finance to order at 7:00 PM. He noted that he had heard from Ms. Carini and that she was not feeling well and would not be present this evening.

B. Pledge of Allegiance

The Pledge was observed.

C. Delegations

Mr. Larcen called for delegations.

Mike Schulz, Lovers Lane said that he had some Thank Yous to acknowledge this evening. First, to Bob Jones for his article in the Day regarding the 3.9% increase for the superintendent. He said that he hopes that they realize by now that is a small increase by comparison as the teachers at various levels get 4.5%, 4.7% and at higher levels with a Masters' Degree it also includes steps which mean increases of 7%, 11% or 16%. He said that he could show it to them as he had a copy of the contract and it is written in that contract. He also noted that it would be nice for the contract to be posted on the website for everyone to see instead of having to come and pay 50 cents per page to obtain a copy of it. It is a Town contract. He further said that the Board of Ed has taken to micro-managing and has become so dysfunctional that they have meetings to control the meetings, so to speak. He said that the Town Employees contract is also not available on-line however, he had purchased a copy of it and noted that a Town Highway Maintainer Level 3 Step 5 gets a promotion that involves a 3.25% COLA and 2.5% step.

He said that they should also understand that the waiver premium on health benefits for administrators not desiring health coverage states that they shall receive 50% of the Board's cost for these premiums – and on the Town side, they are given \$1000. On the positive side, he thanked Mr. Freeman for declining his 4/7% raise in these difficult economic times. He also thanked Mr. Taylor for the great effort that he puts forth on Channel 22 explaining the budget to the people. He thanked Mr. Formica for sharpening his pencil and for trying to run the Town within the budget and added that this should be an expectation of the position no matter who is in the position. He also said that he gives credit to Dr. Smotas for saying that they should cut all programs that do not provide a school credit. If they would do this, they would realize nearly \$1M in savings!

Other increases, such as for Town non-union managerial are 3.5% across the board. For the First Selectman this is \$3300. Add all of this up and then add another 8% for FICA and Medicare (teachers) and there is a considerable amount of money that is involved. He also asked why they are charging the Town of Salem \$15,000 per student and not making any money off of this arrangement. He said that they should be making some money from this as if they had to build and staff their own school system; it would cost them a lot more. They need to get smart and tough as these are tough times.

D. Approval of Minutes

◆ Wednesday, February 11, 2009 - Regular Meeting

Mr. Larcen called for a motion for approval or any changes to the Board of Finance February 11, 2009 Regular Meeting Minutes.

Mr. Taylor asked that the following changes, corrections be made:

On Page 1 of the minutes under Delegations where Mr. Seery is speaking, in the second paragraph, last line that the word 'waist' be changed to read 'waits';

In the first line of the third paragraph on Page 1 where Mr. Taylor is speaking – add after resignations: 'and the decrease in enrollment as it compares to other Towns';

On Page 2 in the second paragraph under Approval of Minutes where Mr. Taylor is speaking – add after annual report: 'and not the Finance Director';

On Page 3 under the fourth bullet where Mr. Formica is speaking: change no increase to read 'an increase';

On Page 4 under the Finance Director's Report, in the third paragraph where Mr. Langan is speaking, change 'see the adjustments' to read: 'see the adjustments to expenditures';

On Page 4 in the sixth paragraph under the Finance Director's Report where Mr. Taylor is speaking, add to the end of the first line: 'specifically about the wreck on Sleepy Hollow';

On Page 6 in the second paragraph where Mr. Larcen is speaking, he asked that after the word longer, that the sentence be changed to read: 'periods, some of the departments will be reviewing capital along with expenditures and that bonding would be proposed for their consideration.'

****MOTION (1)**

Mr. Langan moved that the Board of Finance Regular Meeting Minutes of February 11, 2009 be accepted as amended.

Mr. Jones seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

E. Reports

• Progress Report from Independent Auditor on FY 2008 Audit

Scott Bassett from McGladrey & Pullen said that they made a lot of headway and that the Trial Balance, Capital fund and Enterprise Fund will be finished by 3/13/09 as Ms. Johnson has been working diligently on them this week. Pension and Debt Service are expected to be completed on 3/18/09 and they feel that they will be able to meet these targets.

Mr. Taylor asked that they received their draft copies a few days before the meeting so that they will have the time to review them.

Mr. Larcen said to Mr. Bassett that he is asked by many people if there are, and what the ramifications are for the Town for filing so late and asking for so many extensions.

Mr. Bassett said that when things go beyond March 31, 2009 that the Federal Government gets involved so the date of the report would be a ramification and that it would be vital that they get back on track the next year as this could not be allowed to continue.

Mr. Taylor said that they are preparing to meet with all of the departments on their budgets and that typically they would like to see the audit before they do this. As the Board of Ed budget comprises two-thirds of the Town budget, he said that they would like to see that if possible.

Mr. Bassett said that it is still in progress in relation to tying the detail to the Town information.

Mr. Langan asked how they were doing for this fiscal year with regard to the reconciliations and if they were still on track.

Mr. Formica said that they have completed the reconciliation process through November 2008 and that they are keeping up with this. They have a 40 hour per month person working on this.

The Board thanked Mr. Bassett for coming and updating them.

a. First Selectman

Mr. Formica reported on the following items:

- ◆ They are in the process of developing a new website and the wage contracts will be placed on-line for the public to see.
- ◆ \$6M is the combination of debt payment principal and interest.
- ◆ The current budget year revenues indicate a deficit of \$864,980 however he said that he expects that to be a wash by the end of the year and that they could also possibly have a small surplus.
- ◆ He has been to Hartford many times in the last few weeks and they are all waiting to see what happens although it appears that they will have to finish their budget before they really hear anything from the State as that is in flux and the State will not actively look at anything until after April 15 when they know where they stand with the tax season.

Mr. Larcen asked about the Hotel Tax and if the State has brought that issue up.

Mr. Formica said that while he asks all the time that it is thought that the State is willing to give up any revenues that they have.

Mr. Langan asked about the conveyance taxes and an explanation of why he thought that they would come up by the end of the year.

Mr. Formica said that the Town Clerk gave him that information and that he would check with her again once she returns from her vacation.

Mr. Langan said that there was some discussion from the Board of Ed about the SPED reimbursement being reduced from 90% to 75% and asked if that has occurred.

Mr. Formica said that for now, it has not occurred.

Mr. Langan asked if they expect that cost reduction to be made in this fiscal year or not.

Mr. Formica said that it would be correct to say that the cost reduction would not be made in this fiscal year however, for the next fiscal year; all bets are off on it staying at 90%.

Mr. Langan asked about the offset monies (departments holding back 1.5%, etc.) that are not being spent and what measure are being employed to make sure that the money does not get spent before the end of the year.

Mr. Formica said that some managers are encumbering the money so that they won't spend it and others are saving it outright.

b. Finance Director

◆ Update on Account Reconciliations and Report

Ms. Johnson said that with respect to the revenue projections that Mr. Formica had covered that a large amount of delinquent tax bills had been sent out and that there has been a steady stream of people coming in to pay and they expect the collections to fall fairly close to projections.

Ms. Johnson noted that with regard to the current years' reconciliations that the General Fund is done through November 2008 and that all others are done through January 2009. She also went over her report which was provided to everyone and noted that they had all received an update on the school budget also.

F. New Business

a. Discussion and possible action to appropriate \$500 NESP Grant.

Mr. Larcen called for a motion.

****MOTION (2)**

Mr. Taylor moved to approve a Special Appropriation in the amount of \$500 for the purchase of chairs for East Lyme Emergency Management fully reimbursed by a Nuclear Safety Emergency Preparedness (NESP) Fund Grant.

Mr. Langan seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

b. Discussion and possible action to appropriate a \$1,000 donation made to Parks & Recreation

Mr. Larcen called for a motion.

****MOTION (3)**

Mr. Taylor moved to accept the donation in the amount of \$1,000 from Budney Overhaul & Repair, LTD and

appropriate it to account 9-01-45-422-300-320 (Miscellaneous Supplies) for the Parks & Recreation Department to purchase signs for the various Little League Fields.
Mr. Langan seconded the motion.

The Board members extended their deepest appreciation to Budney Overhaul & Repair, LTD for their generous donation.

Vote: 5 – 0 – 0. Motion passed.

c. Presentation 2009/2010 Proposed Budget

• Review of Projected Revenues

Mr. Formica announced that he will not accept his raise for this next fiscal year and said that he will be meeting with the entire department heads tomorrow regarding where they stand with the budget for the Town. He said that he will also be meeting with all of the union leaders to update them and where the budget stands and to get input from them. He additionally noted that he has coordinated supplies buying which should realize some savings and that he has trimmed supplies line items within departments accordingly. He noted that there is discussion at the State level about possibly allowing legal ads to be placed on websites with a blurb only in the paper. This is something that could save them money however it is only in discussion stage at the State level. He said that he had gone back through the budget and had further trimmed from the supplies, overtime and recording secretary line items and then synopsised the budget that was being presented to the Board of Finance for their further scrutiny.

Mr. Larcen asked about Public Safety and the assumption on the cost of the Resident State Trooper. Mr. Formica said that we pay 70% of \$120,000 and that the Governor is proposing that it go to 85% - if that is the case, he said that he thought (at this time) that they might get it from Contingency.

Mr. Formica noted, in reviewing the projected revenues that they are only a snapshot in time and that the State will not be done by the time that we need to be done with our budget. The budget that he is passing to the Board of Finance for their review is \$61,751,964.

Mr. Larcen congratulated Mr. Formica and his team for the excellent presentation and document that he presented to them.

Mr. Taylor asked about the percentage decrease (total) of the budget for General Government. Mr. Formica said that General Government came in at a 3.5% decrease. Mr. Taylor commented that they have given more than the 2.5% decrease that was requested.

• Adjustments to Scheduled Reviews

Mr. Larcen noted the amended schedule that they had received and the changes that had been made to the schedule – Town Clerk, Registrars, Smith Harris House moved from 3/19/09 to 3/25/09 and Police moved from 3/30/09 to 3/19/09. He asked that the Recording Secretary file the amended schedule.

Ms. Johnson noted that Ms. Marelli of the Registrars had requested that they present their budget first on 3/25/09 as she has a 7 PM meeting to attend that same evening.

G. Old Business

◆ Sub-Committee Report: Financial Policies

Mr. Langan said that there was no update at this time.

H. Public Discussion

Mr. Larcen called for Public Discussion.

Mike Schulz, Lovers Lane thanked the Board of Finance for their efforts putting forth this process and gave a special thank you to Mr. Formica for his efforts and great example put forward by fore-going his pay raise for the 2009-2010 fiscal year.

I. Board Comments

Mr. Larcen suggested that if they have specific questions for the Board of Ed regarding their budget that they please email them to him ahead of time so that he can get the questions to them so that they will have the information prior to the review.

Mr. Taylor said that he would like them to have the full copy of the Board of Ed budget (detail) just as all of the Board of Ed members had received.

Mr. Larcen said that he would make that request of Mr. Seery - that they receive all of the tools that they need to review the budget.

J. Adjournment

****MOTION (4)**

Mr. Jones moved to adjourn this Regular Meeting of the East Lyme Board of Finance at 9:03 PM.

Mr. Taylor seconded the motion.

Vote: 5 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary