



TOWN OF MIDDLEBURY

*Board of Finance
1212 Whittemore Road
Middlebury, CT 06762*

**Meeting Minutes
Wednesday January 13, 2016
Shepardson Community Center Room 26
1172 Whittemore Road**

Present: William Stowell, Chairman
Vincent Cipriano, Board Member
Stephen Ruccio, Board Member
Rita H Smith, Board Member
Peter Trincherro, Alternate
Ken Heidkamp, Alternate
Dawn Albizu-Calabrese, Board Member – arrived at 7:07 P.M.

Absent: Ann Fei[n]berg, Alternate

Also Present: Edward B. St. John, First Selectman
Larry Hutvagner, CFO
Rachel Primus, Recording Clerk
Elaine Strobel, Selectman
Robert Smith, Town Attorney
Robin Stanziale, Town Treasurer

William Stowell opened the meeting at 7:00 P.M. with the pledge of allegiance.

Roll Call and Appointment of Alternates

VOTED: Unanimously on a motion by Steve Ruccio and seconded by Vincent Cipriano to
APPOINT Peter Trincherro and Ken Heidkamp as regular voting members

Approval of Minutes

VOTED: Unanimously on a motion by Kenn Heidkamp and seconded by Rita Smith to
APPROVE the December 9, 2015 meeting minutes as presented.

2015 Audit Report

Sandra Welwood, LLC was present tonight to review the Audit report with the BOF members. She handed out a summary for the members to follow and review. Ms. Welwood started by explaining the general conduct of the audit. She stated for a first year audit, things went smoothly and that when information was requested it came fast and was accurate. She noted the only bumps were in the prior year because information was not yet recorded into the books, but other than that there were no problems. She said there was a lot of team effort with the staff. Sandra said an item of interest was the new pension standards that needed to be implemented before the year end. She said this would add a liability at the end of June 2015 of \$3.3 million net. She noted this would not affect the budget that it was a paper only liability, unless the town decides to contribute more. Ms. Welwood said one concern was the bonding, which adds \$3

million to the liabilities. She stated she did not know how this would affect the interest rates. Edward St John noted the town has very little bonding and he does not foresee this as an issue. Sandra said she looked at the high levels first which show revenues down and expenses up. She said the reason for this was last year there was a capital land donation which is why the revenues are down. Ms. Welwood said the expenditures are up because of the pension expense. She also noted that OPEB (other post-employment benefits) went up. Sandra reported that the debt levels are very good. She said that GOB's and notes went down about \$747,000 and normal annual pay downs. She said compensation, absences, pension and OPEB went up about \$700,000, but there is nothing they can do with this piece. Sandra said they have a good solid debt level. Ms. Welwood then went over the General Fund. She stated the final budget planned on using \$95,000 but actually used \$331,000. She said there was a negative variance on the revenues which was primarily because of one item, the sewer fund. The board planned to transfer more than they actually did. Edward St John said they are in the process of working that out with WPCA. Sandra said normally a sewer fund is reported and recorded as an enterprise fund so that you can assess as a separate entity. She suggested they might consider switching it to an enterprise fund because it's easier to monitor what's happening. Next she went over the Middle Level which is the governmental fund level. She reported that the Capital fund balance went down and the sewer assessment revenue going in did not cover the operations/debt service/capital outlay because they didn't have enough to cover their own operations for the year. Sandra then went over opportunities. She stated that she found no material weaknesses or deficiencies. She said the first year is tough because they are learning the town's operations. Ms. Welwood went over the fraud risk assessment. She didn't feel a formal assessment would be worth the money for the town. She didn't feel there were any big areas of risk. She suggested changing the audit routine and look at different departments each year. Sandra went over the Whistle Blower policy. She said that she likes this policy, but it is not well received, so they do not suggest it anymore. Ms. Welwood discussed Accounting Procedure Manuals. She stated that she has written many of them, but they end up being Kings English and get put on a shelf and never used. She suggested using an annual check list. Sandra then discussed Performance Bonds. She said cash is king, and is the most precious asset. She did not recommend opening a separate bank account for bonds. Sandra then reviewed the payroll disbursement. She felt it should be consistent with all departments following the same procedure. Next she discussed cash disbursements in the Registrars department where they are paying something that hasn't been approved or authorized and not getting good documentation. She said you need to protect yourselves as well as the employees. Sandra said the non-major funds may not need definition, but they are being managed well. She suggested going through them and ask the objective of the fund and if it's still needed. Edward St John said that going forward the thought is to take some of these funds and put them into the Capital Funds to help cover the first year of expenditures. Sandra said the Grants needed a little TLC.

William Stowell said this was the best overview he's seen and appreciated that Sandra put it together this way for the board. At this time there were no questions from the board. Mr. Stowell thanked Connie, Larry and Jeanne for being so cooperative throughout this process.

Public Comment

There was no Public Comment

Reports:

1. Chief Financial Officers Report

Larry Hutvagner stated included in the board's packets was a 94 page document, Municipal Budget that he received after attending the CCM seminar last Saturday. He

noted this might add to what Sandra reviewed. He also noted that included in the packets is the Registrar report explaining the reason for the previous budget transfer. He stated that in the future they will need more money in the temporary salary fund because they have two primary districts with two sets of voting and there will be voting taking place in April. They will also need money for the printing of ballots, all of which is mandated by the State. Mr. Stowell said the board will review the report and bring any questions to the next meeting. He didn't appreciate that it took months to receive this information months after they had requested it, but thanked Larry for getting it to them. Mr. Hutvagner stated also included in the packets was the list of department heads for the liaisons. He reported that revenue is coming in as scheduled. Larry reported that the State Revenue is coming in as planned, as well as the Tax Collector. He said that building permits are on budget and noted the much different weather we are having this season. Larry said the Region 15 school security has been ½ billed, but not paid yet. He reported that the Police Department Over time is over budget, the telecommunication fund money will come in April, and that transfer fees are on budget. Larry was hopeful that there will soon be a tenant in the lower level of the library. Edward St John stated that P&Z needs to sign off on it, and then it will move to the town meeting which will be the last say in the process, he wasn't sure if it will be in this FY. Larry reported that on the expenditures the registrars will need more money for the temporary salaries, printing of ballots and more money will be needed for labor arbitration. He said that fire department is over budget for building repair and maintenance but may be offset by the fuel savings. Mr. Hutvagner said that Police department is over budget in Overtime, repairs and maintenance of the building, but some of these costs may be offset by the gasoline/natural gas savings. Department 41, North West is over budget. Larry stated the former police chief paid for a report writer that was not budgeted for with a cost of \$10,000. There was a discussion regarding the snow and ice removal budgeting.

2. Tax Collectors Report

Included in packets.

Routine Business

1. Budget transfers

There were no transfers

2. Correspondence

William Stowell read a Christmas card sent to the board. He reported that on November 12, 2015 an FOI request was received regarding Patrick D'Angelis vs Michael McCormack and the town of Middlebury asking for any material in 2008 sent to Motorola. He noted that Bob Smith was taking care of this and that George Tzepos was representing the town.

Old Business

1. Discussion and Appointment of Board of Finance Liaisons.

William Stowell stated they will be assigning the primary liaisons tonight. He asked that anyone interested in being a secondary liaison get back to him. Once appointed, he will retype and redistribute to the board the list. Mr. Stowell noted he would like to use alternates as well.

New Business

1. Discussion on Connecticut Conference of Municipalities report on FY 16 Cuts to Municipal Aid.

Larry Hutvagner reported that the State has cut back on the towns ECS grant. He noted

that the town pays to belong to the CCM group and feels it's a worthwhile group to belong to. He said he thought the board would like to see the report they were given and included it in their packets. Larry said he attended a seminar with Robin on Saturday. He felt it was good information for the board to read so they understand the budgeting process. He said any reports he receives from CCM he will forward to the board at their monthly meetings. He noted that the State will be having Plan D cuts, and that budget session starts in February.

2. Review of Budget process and timelines.

William Stowell said at the next regular meeting the board will get the budget and would like to move forward with the departments getting their numbers in before that meeting. He noted the process will remain the same. April 5, 2016 will be the Public Hearing and May 4, 2016 will be the referendum.

3. Setting of Special meetings for the purpose of reviewing individual Department's budgets.

VOTED: Unanimously with a motion by Ken Heidkamp and seconded by Vincent Cipriano to **SET** a Special Meeting for January 27, 2016 at 7:00 PM with Public Works, the Library and Park & Rec. and February 24, 2016 at 7:00 PM with Police and Fire Department.

Bill asked to have the numbers at least a week before the scheduled special meetings. Edward St John said the Board of Selectman will meet their deadline and have the worksheets to the board as quickly as they can. He noted that for the past 1 ½ years they have been discussing the Capital Plan. He knows this is a tough time, but he asked if William Stowell and the subcommittee will look it over and figure how to make it all happen. He feels it is well thought out and is nothing near the original plan and he feels it can be financed. Mr. St John said there are major projects that need to be done and reviewed those plans with the board. William Stowell asked any members interested on the board for this email him.

Other Business

- 1. Any Other business added to the agenda by 2/3 vote of the Board.**
- 2. Public Comment**

There was no Public Comment.

Adjournment

VOTED: Unanimously with a motion by Steve Ruccio and seconded by Vincent Cipriano to **ADJOURN** the meeting at 8:57 P.M.

Respectfully Submitted,

Rachel Primus, Recording Clerk

Cc: Board of Selectmen
Board of Finance and Alternates
Larry Hutvagner, Chief Financial Officer
Robin Stanziale, Town Treasurer
Rachel Primus, Recording Clerk
Email Notification for Website
File