

# TOWN OF MIDDLEBURY

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

## **Meeting Minutes Wednesday June 11, 2014 Shepardson Auditorium**

Present: Michael McCormack, Chairman  
Stephen Ruccio, Board Member  
William Stowell, Board Member  
Vincent Cipriano, Board Member  
Dave Cappelletti, Board Member, arrived at 7:10pm  
Peter Trincherro, Board Member Alternate, arrived at 7:10pm

Absent: Michael Kenausis, Board Member  
Ken Heidkamp, Board Member Alternate  
Thomas Proulx, Board Member Alternate

Also Present: Edward B. St. John, First Selectman  
Ralph Barra, Selectman  
Larry Hutvagner, CFO  
Rachel Primus, Recording Clerk

Michael McCormack opened the meeting at 7:06 P.M.

### **Approval of Minutes from prior Meeting(s)**

**VOTED:** Unanimously on a motion by Vincent Cipriano to **APPROVE** the May 7, 2014 meeting minutes as presented and seconded by Stephen Ruccio.

**VOTED:** Unanimously on a motion by Vincent Cipriano to **APPROVE** the June 4, 2014 Special meeting minutes as presented and seconded by William Stowell. Michael McCormack abstained.

### **Chief Financial Officers Report**

Larry Hutvagner stated revenue was coming in very well and the State Grants were on budget. He stated the Tax Collectors revenue is above budget. He said the Town Clerks revenue; real estate conveyance taxes are \$6,000 below budget, but they have already received \$5,000 in the month of June, so it should be on budget. He noted the Building Department was doing very well and is 77% above budget. Mr. Hutvagner said that donations were on budget. The Police Department was under budget, due to the Special Duty primarily because of the bad winter

weather, but there is tree trimming by CL&P in June and July. Mr. Hutvagner stated he did not think they would need to use some of the transfer from unassigned balances, even though it was budgeted, due to the extra revenue that already exists in the budget from other items. He stated that legal for labor would be over budget due to grievances and arbitration. A discussion ensued over the arbitration process.

Mr. Hutvagner continued with the Police Department Holiday, Sick and Vacation being over budget, as well as overtime, personal training, and motor vehicle maintenance. He discussed dispatch and the transition grant.

First Selectman St. John commented that the new Police Chief has come on board and going forward will manage the Police fleet of vehicles. He stated he thinks things will work out. He noted the new Chief has met many people already and that once he gets here he is planning on a formal introduction, but board members can feel free to give him a call and say hello and introduce themselves.

**VOTED:** Unanimously on a motion by Vincent Cipriano to **APPOINT** Peter Trincherro as a regular voting member and seconded by David Cappelletti.

### **Tax Collector's Report**

Larry Hutvagner stated there is \$366,642 left to collect this year from the end of May.

### **Budget Transfers**

None

### **Correspondence**

None

### **Chairman Comments**

Michael McCormack said he has comments on the Capital Plan and the CNRF account but he would save those for new business.

### **Public Comments**

None

### **New Business**

#### **1. FY 2013-2014 Year End Transfers Authorization**

Mike McCormack stated that every year, there are end of the year items in which the board gives him authorization to authorize those transfers.

**VOTED:** Unanimously on a motion by Peter Trincherro to have the chairman of the board of finance approve transfers for the fiscal year 2013 and 2014 and seconded by Vincent Cipriano.

Mr. McCormack cancelled the July 9, 2014 meeting, and moved the regular August meeting to Thursday August 14, 2014.

#### **2. Discussion on CNRF and Reserve Accounts and Charges against both.**

Chairman McCormack handed the board members a copy of Management's Discussion and Analysis for the Year ended June 30, 2013. He said that after going over the town's audit report, he found that under the financial highlights the Town's change in net position for government activities decreased by \$1,144,716. During the year, the Town had expenses that were

\$1,144,716 more than the \$30,494,999 generated in taxes and other revenues for the governmental programs. The total cost of all the Town's programs was \$31,639,715. At the end of the fiscal year the General Fund had a balance was \$4,179,942, or 15% of the General Fund. Mr. McCormack asked for an explanation on what the \$1,144,716 was. Dave Cappelletti stated it was made up of the financial statements which include all the debt, depreciation, and changes in pension. He said the only concern the board should have is the end of the fiscal year balance of the general fund. Mr. McCormack said the Charter states they need to keep 8% of the general fund. He questioned what the ins and outs of the CNRF accounts were.

Steve Ruccio questioned the Tower Rentals account, which is used for the upkeep of the Public Works, Fire, and Police buildings. Larry Hutvagner said that most of the money was for the radio system upgrade.

Mike McCormack said he would like to get the general ledger entries and the break down for the specific accounts of Main/Repairs/Improvements to Town Property, Tower Rental and Reserve for Equipment for Public Works.

Dave Cappelletti noted that Meadowview Park account needs to be funded as well as Ledgewood Park and Mary I Johnson account. Larry Hutvagner stated those have been there for years, before he started working for the town.

Chairman McCormack discussed the bonds for Landscape/Performance, Driveway and Monuments. He noted they added up to \$193,930. Mr. Hutvagner said that money was used toward the Water Fund when the water and sewer lines were put in Washington Drive. He said some of this money is in the process of getting paid back. Mike McCormack thought that money was supposed to be kept segregated and secure. Mr. Cappelletti said that money should be put back in a separate fund because it needs to be held separately in an agency account. It is not the town's money to spend. He noted there is grant money coming back and suggested taking it and putting it in a separate account. Edward St. John said that the auditors decided to use that money back in 2007-2008 toward a developer that went bankrupt. Dave Cappelletti said that State law says it has to be filed in a separate account. He asked to have the town attorney look into which State Statute it falls under. Mr. McCormack asked to have this corrected for the August meeting. The Board reviewed the Reserve Accounts next. David Cappelletti asked what the Medical Insurance Reserve was. Mike McCormack stated the town is self-insured; they are basically putting money in there for 3-5 years. There was a discussion on the Open Space plan. Vincent Cipriano asked Mr. Cappelletti if there was a time limit if an account wasn't used or if it was supposed to be drawn down. Mr. Cappelletti stated the State Statute on encumbrances is the State of CT can only keep contracts for 5 years, but he said that really doesn't hold water anymore, encumbrances are more of a reserve, then an actual third party. He said a Capital non-recurring has encumbrances attached, a Reserve fund means it's a savings account and will stay there forever. Vincent Cipriano said that the funds in reserves are specific for whatever they are titled to.

Chairman McCormack wants to look at the surrounding towns in relationship to where they are as far as budgets are concerned. He wants to have 2 people looking at the departments in order to get 2 different views. He stated that for the Police Department it will be Vincent Cipriano and Mike Kenausis; Library will be Vincent Cipriano and Bill Stowell; Park and Recreation will be Bill Stowell and Mike Kenausis; Public Works will be Steve Ruccio and Mike McCormack; Fire Department will be Steve Ruccio and Peter Trincherio; and the Town Hall will be Dave Cappelletti and Mike McCormack. He feels they need to get this information for next year's budget. He asked that they have the preliminary report for the October meeting, and then make the report for the December meeting.

### **3. Discussion and Action on Capital Plan**

Mike McCormack stated he met with Edward St. John and they agreed on the general idea of the

plan. He said they have \$4,179,942 in the General Fund and \$500,000 in reserves, the Charter says the need 2.3 million dollars, so they have \$2,700,000 of excess money. He feels this is the ideal time to get the reserves squared away. He said there are certain things on First Selectman St. John's plan that need to be done. A discussion ensued over the cost and funding for those projects. Mr. McCormack stated he wants to clean up the reserve accounts, avoid paying interest and legal fees to issue the bonds.

Vincent Cipriano asked what the ADA compliance upgrade was. Mr. St. John said it is a guessed number; it is what they think the project will cost, without a design. He wants to bring in consultants to formally design these projects. He said they are complex projects and have only received a summary, and are addressing the ADA requirements because not all buildings are up to today's standards. Mike McCormack said he wanted to present this to the board, talk with Mr. St. John, and think about the structure and what they are going to accomplish, and then meet in 2 months to come up with some figures. He feels if they can stay below 2 million they should be able to accomplish this fairly easy. First Selectman St. John said the Board of Finance and First Selectman could look at the plan, and then he wants to go very public with it and explain it in detail to the residents. He feels they should be on board with it.

A discussion ensued over slate and asphalt roofs and cost versus life expectancy.

### **First Selectman's Comments**

**VOTED:** Unanimously on a motion by Vincent Cipriano and seconded by Stephen Ruccio to **ADJOURN** the meeting at 8:06 p.m.

Respectfully Submitted,

Rachel Primus  
Recording Clerk

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