

TOWN OF MIDDLEBURY

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

Meeting Minutes Wednesday January 14, 2015 Shepardson Community Center Room 26

Present: Michael McCormack, Chairman
Stephen Ruccio, Board Member
William Stowell, Board Member
Dave Cappelletti, Board Member
Michael Kenausis, Board Member
Vincent Cipriano, Board Member
Ken Heidkamp, Alternate
Joseph Drauss, Alternate

Absent: Peter Trincherro, Board Member Alternate

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

Michael McCormack opened the meeting at 7:04 P.M.

Approval of Minutes from prior Meeting

VOTED: Unanimously on a motion by William Stowell and seconded by Stephen Ruccio to **APPROVE** the December 10, 2014 meeting minutes as presented.

Chief Financial Officers Report

Larry Hutvagner reported that all revenue is on budget and that taxes are coming in earlier than usual. Currently the Police Special Duty account is above budget due to all the CL&P work. Mr. Hutvagner stated that the expenditure side is also on budget. He is anticipating the only department to be over budget at the end of the year is the Police Department. Ken Heidkamp asked if the Special Duty over budget would offset the other over budget item. Larry Hutvagner said they will break even with no profit. Michael McCormack noted that Special Duty is an entity in itself. The company or person that hires the officer pays for all the expenses. Larry Hutvagner stated the schedule for the budget calendar was included in the member's packets. He noted these are the dates that the voted budget would need to be published in the

paper. He said that April 6th would be the Public Hearing date. Mr. McCormack noted that on the schedule it stated the Board of Selectman has to submit their proposed budget by the February Board of Finance meeting.

Tax Collector's Report

Include in packets. Michael McCormack noted the audit report stated there was \$629,000 of unpaid taxes for last year, about 2%. He asked if there were any scheduled tax sales. Elaine Strobel noted the tax sales are usually done in April if there are any. She stated that Bioski, which is one the bigger accounts, is doing better and they have collected what they could for last year.

Budget Transfers

Vincent Cipriano stated the library has 2 transfers this month and they are both internal.

VOTED: Unanimously on a motion by William Strowell and seconded by Stephen Ruccio to **TRANSFER** \$1500 from 01-64-03-6604 Autocirculation System to 01-64-03-6601 Books Over Drive Digital Collection. Michael Kenausis abstained.

Vincent Cipriano explained the next transfer is to purchase 7 public computers due to their outdated operating system. There was a discussion as to why this wasn't included in the budget knowing the computer systems were going to be outdated. Edward St. John noted when preparing the budget is has to be projected and they used the old circulation numbers and after the budget was set they learned they would be getting a new system that was less expensive.

VOTED: Unanimously on a motion by Stephen Ruccio and seconded by David Cappelletti to **TRANSFER** \$4837.00 from 01-64-03-6604 Autocirculation system to 01-64-02-6605 Technology (\$691 each x 7).

Correspondence

Michael McCormack said he received a letter from the Regional Mental Health Board requesting \$833.00 from the town. He explained this will be included in the budget process.

Chairman Comments

Michael McCormack noted this is budget season, and the BOF is trying to get the individual departments to look at their budgets. He said that in previous years they looked at each line item, but they have found this does not work. He stated the town has made significant changes in the past like Private Duty for the Police Department and moving dispatch, which both saved the town money. Mr. McCormack stated he realizes the department heads are doing the best jobs they can, as well as being good supervisors and making good working conditions for the employees. He said if a good idea is raised, he is hoping everyone can look at it with an open mind. He feels both the board and departments need to go through this exercise and can make some progress over the next few years.

Public Comments

None

Old Business

1. Presentation by David Cappelletti on 2013-2014 FY Audit.

David Cappelletti stated the audit committee, made up of him and Stephen Ruccio, met with the auditors and were able to ask questions for about an hour reviewing specifics of the audit report.

They felt it was easier to then report to the BOF their findings. Mr. Cappelletti reviewed items with the board. He noted they reassessed the fraud risk due to the situation with the Fire Department and that everything was running normal and reminded that the auditors do not audit non-profit accounts. He stated the new Internal Service Fund was created because of the new self-insured medical insurance. He noted it was funded at \$65,000 but only \$40,000 is being used. David Cappelletti stated there is an asset of \$60,000 to the pension fund. He noted a management letter was received, not specific to Middlebury but to all municipalities which suggests the performance bonds be separated.

Edward St. John noted this was the first time he experienced an executive session with the audit committee and stated in these instances he would like to know if there is something he needs to know about. He said he had a copy of the audit report and management letter for weeks prior and the report indicates there where no issues. He felt this was the first time he was left out of the process. David Cappelletti stated during executive session they had asked questions that where discussed at previous BOF meetings. Mr. St. John noted there has never been a fraud review done. Larry Hutvagner handed out a question and response to fraud risk assessment. William Stowell asked the audit committee if they were satisfied with the audit report they were given and the hour long question and answer meeting. Michael McCormack noted they will be interviewing auditors for the next go around.

2. Discussion on Lockbox/Cashless System

Stephen Ruccio stated that 2 months ago, Elaine, Jean Brenda Carter and he met with Jane Hill, the tax collector from Ridgefield. He noted Ridgefield has a \$120 million dollar budget. They have been using the Lockbox for a while now through Union Savings Bank. He said they asked her what was working, what she liked and didn't like in order to help them go through the process to make a good decision for Middlebury. Ridgefield has a courier that will pick up deposits from townhall and bring to the bank. This was to guarantee next day payments being processed. He noted they have a remote cashier as well, which eliminates the bank process. They download every morning and payments are process the same day. He noted currently it takes Middlebury up to 2 weeks to process. He stated Ridgefield also does online payments as well as credit card payments. Ms. Hill reported no negative sides to having the lockbox system. Mr. Ruccio said they will be speaking with Southbury next because of the issues they have been having and get the downside of the system from them. Once the committee has received all this information they will present it to the board. Elaine Strobel stated it cuts down the time amount of time to process the payments. Stephen Ruccio said there is no cost to the town for the system because most commercial banks have cost credits. Mike McCormack noted they will be going very slowly and cautiously after a lot of research is done in making a decision.

3. Discussion on Solar Initiative

Joseph Drauss said he spoke with a contractor who has installed solar roofs and farms throughout New England. He noted if land is not a swamp it is suitable for a solar farm. He reported that municipalities cannot get tax credits but other businesses could. Municipalities can have an investor come in and purchase the equipment and maintain the system and the town can then negotiate the cost. A larger system can cost $\frac{3}{4}$ million dollars. He noted the town would want to enter into a power investment agreement. Mike McCormack stated the town would basically be leasing their space to the investor. The investor would sell the town electricity at a negotiated reduced rate and after 20 years the town will get the system. There would be no cost to the town. He noted they are early in the process of researching this and he sees significant savings. Mr. McCormack stated the roof is the least likely place to put the solar equipment and that if they constructed on a building, the savings is limited to only that building. Ken Heidkamp suggested they speak to a representative at Timex because they have a large solar setup.

New Business

1. Discussion on Medical Insurance.

Mike McCormack stated they took \$100,000 out of the medical insurance budget last year in order to self-insure. He asked Larry Hutvanger to give a breakdown of the \$1 million dollar line item. Larry Hutvanger handed out a breakdown of the account. He reviewed it with the board. Mr. McCormack stated the self-insured plan saves the town about \$110,000 and they will continue to pay at the same rate for now and will later get a more defined number.

First Selectman's Comments

None.

VOTED: Unanimously on a motion by Dave Cappelletti and seconded by William Stowell to **ADJOURN** the meeting at 8:40 p.m.

Respectfully Submitted,

Rachel Primus
Recording Clerk

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