

**TOWN OF CROMWELL
BOARD OF FINANCE
REGULAR MEETING
THURSDAY, FEBRUARY 24, 2011
CROMWELL TOWN HALL, ROOM 224/5
7:30pm**

Minutes and Record of Votes

Present: Vice Chairperson Loraine Caruso, Michael Gengler, Julius Neto, Jack Henehan, Joe Corlis and Dan Kelly, Alternate.

Absent: Chairman Ed Maley, Jr.

Also present: Marianne Sylvester, Finance Director and John Flanders, First Selectman.

A. CALL TO ORDER:

Vice Chairperson Caruso called the meeting to order at 7:38 pm.

B: SEAT ALTERNATIVES:

A **motion** was made by Michael Gengler, **seconded** by Julius Neto and it was **unanimously approved** to seat Alternate Dan Kelly. *Motion passed.*

C. APPROVAL OF AGENDA:

A **motion** was made by Julius Neto, **seconded** by Jack Henehan to approve the agenda. A **motion** was made by Michael Gengler, **seconded** by Julius Neto to amend the agenda by adding J.2) Appropriation of lighting project Phase 2. A **motion** was made by Joe Corlis, **seconded** by Julius Neto and it was **unanimously approved** to approve the amended agenda. *Motion passed.*

D. APPROVAL OF MINUTES OF PREVIOUS MEETINGS:

- 1) Regular Meeting, January 27, 2011

A **motion** was made by Michael Gengler, **seconded** by Joe Corlis and it was **unanimously approved** to approve the minutes from the Regular Meeting, January, 27, 2011. *Motion passed.*

Mr. Neto added that he would like make a clarification on the minutes from the Regular Meeting, January, 27, 2011, under I: NEW BUSINESS, 1) Report of the

Auditor. In the past, the auditors had identified the Board of Education's deficiencies regarding the accrual process and recording activity of the educational grants. Mr. Neto wanted to be sure that the Board follow the deficiencies noted by the auditors to be further discussed at a later date.

A **motion** was made by Jack Henehan, **seconded** by Joe Corlis, and it was **unanimously approved** to approve the amended minutes of the January 27, 2011 to reflect the following clarification requested by Mr. Neto. *Motion passed.*

E: CITIZENS COMMENTS:

None.

F: REPORT OF THE FIRST SELECTMAN:

Mr. Flanders announced that his draft of the Town Budget is complete and has been distributed to the Board of Selectmen and should be online shortly. Ms. Sylvester noted a 3.27% increase. Mr. Flanders acknowledged that the Town is in its third year of the two biggest labor contracts, an increase in gas prices, pension cost and an increase in employees' medical insurance. Hoping to mitigate the insurance cost will be a push to increase enrollment in the high deductible insurance program. He praised the Department Heads for controlling what they could in their budgets.

There was a discussion of the proposed State sales tax and the benefits the Town would receive as a result. Also, Mr. Flanders noted that the Town might be receiving approximately \$35,000 in disaster aid from the State as a result of the recent snow events.

Mr. Gengler requested an analysis report on the savings from the Siemens' System that has been in Town Hall for over a year. Mr. Flanders said he would get this information.

G: BUDGET REPORT:

Ms. Sylvester reported that the budget report was through the end of January and as of the last week's pay, there was approximately \$120,000 in overtime for Public Works.

On the revenue side, collection was tighter that expected because of the adjustments to the Grand List as a result of the TPC settlement. There was a discussion of the TPC settlement and Mr. Gengler requested the specific numbers for next meeting. Mr. Flanders noted that despite the TPC, the Grand List went up just over 1%. There was discussion on what drove the increase.

Ms. Sylvester and Mr. Flanders met with the Board of Education's Rick Mandeville and the Superintendent about the comment in the auditor's management letter. The Superintendent asked Ms. Sylvester to let the Board know that he has met with the auditor about the comment in the management letter and that there has been significant improvement on this issue from last year to this year; basically they are reclassifying how revenue is reported. The auditor will be meeting with the Board of Education staff in May to insure they are on target with the improvements.

Vice Chairperson Caruso requested grid lines on the report; Ms. Sylvester will check in the system and see if she can make this happen. Also, Vice Chairperson Caruso would like to see a comparative statement of collection vs. actual from the Tax Collector as it would be a more valuable report to her if presented this way.

1) Distribution of Pension Actuarial Report

Vice Chairperson Caruso advised that the Hooker & Holcombe Pension Actuarial Report, included in the Board's packet, would be discussed at a later date.

For the next meeting, Mr. Neto requested a breakdown of attorney fees associated with Cider Hill and Senator Drive.

H: REPORT OF THE TAX COLLECTOR

Ms. Ramsay provided a report for Ms. Sylvester to hand out to the Board. The report's intention is to illustrate where Ms. Ramsay feels there will be a potential shortfall due to the reduction in the Grand List. Mr. Gengler would like the shortfall of \$179,897 detailed.

I: OLD BUSINESS:

None.

J. NEW BUSINESS:

1) Set Public Hearing and deliberation dates for 2011-2012 budget.

There was a discussion of dates, process and locations.

Mr. Gengler suggested the Board have a meeting immediately following the hearings. A discussion followed.

A **motion** was made by Michael Gengler, **seconded** by Julius Neto, and it was **unanimously approved** to set up Public Hearing deliberation dates on the proposed General Fund budget as follows: April 6th Public Hearing at 7pm followed by a deliberation meeting, location TBD; April 11th Public Hearing at 7pm to be followed by a deliberation meeting and a April 20th at 7pm for deliberations. *Motion passed.*

2) Discussion and action on the lighting project Phase 2.

Eric Hood advised the Board that Phase 1, with parking lot lighting as the focus, was approved last fall and that Phase is complete. Northeast Electrical Distributors was utilized as a state contract and the Town was able to take advantage of the State Energy Efficiency Fund. He explained the efficiencies and benefits of LED lighting in both energy savings and maintenance costs. Phase 2 will light the sidewalk area of Town Hall and light the foyer in the Town Hall. He expects a reduction from 48,000 to 4,000 in kilowatt-hours. He noted that the incentives were reduced, but it is still a good deal all around.

He mentioned he would present Phase 3 in the future; this phase will be focused on the schools.

Mr. Gengler applauded Mr. Hood's efforts in this area and the good return on the investment. A discussion of how much money was actually needed to fund the project followed.

A **motion** was made by Michael Gengler, **seconded** by Joe Corlis and it was **unanimously approved** to approve the transfer of \$33,518 from the General Fund to the CNR fund. *Motion passed.*

A **motion** was made by Michael Gengler, **seconded** by, Joe Corlis and it was **unanimously approved** to approve the appropriation of \$33,518 for Phase 2 of the Lighting Project. *Motion passed.*

K: BOARD OF EDUCATION –LIASON REPORT:

Mr. Corlis met with the Board of Education this Tuesday February 8th in which the auditor's letter was discussed; he reviewed the observations and recommendations that the auditor suggested and advised the Board of Education that some members of the Board of Finance were concerned that this was the second letter that this auditor had sent to the town. Mr. Corlis reported that the Superintendent and some members of the Board of Education said that they hadn't had any problems with past auditors and didn't feel that any changes were necessary. Mr. Corlis suggested the Superintendant contact Ms. Sylvester to review the concerns the present auditor has with the closing of the accounts with the Board of Education. Also, when asked about the \$1.3 million the State says

the Town owes, as of Tuesday, there was still no contact from the State to the Superintendent.

Vice Chairperson Caruso expressed disappointment that the Board of Education may not be paying enough attention to the auditor's notes, which are very important. Mr. Neto added they he does hope that they take this seriously and focus on changing the process. Mr. Gengler, also hopeful, believes that the Board of Education's staff needs to become comfortable with accrual vs. cash.

Mr. Gengler advised the Board that it cost \$75,000 to clear snow from the school roofs. There was a discussion on volunteerism by the Fire Department to help offset the cost; Mr. Neto explained that volunteer roof clearing was not such a good idea given the possible liability issues. Mr. Neto is all for volunteering, but for things, such as sidewalk shoveling, other than roof clearing due to liability and danger.

Mr. Gengler advised the Board that the ECS roof is producing solar energy and that he keeps an eye on it via the website. The CMS panels have been delivered, but installation requires a clean, dry roof.

L: CHAIRMAN'S COMMENTS:

Chairman Maley was not present.

M: VICE CHAIRMAN'S COMMENTS:

Vice Chairperson Caruso asked Ms. Sylvester if she felt the current auditors were efficient. Ms. Sylvester advised that this team is easy to work with and helpful and that she is comfortable with them thus far.

N: GOOD AND WELFARE:

Mr. Neto provided comments and suggestions on Cider Hill and was looking for feedback from the Board; such as what lessons could be learned from mistakes made, checks and balances, what can be done differently in the future and what can improve the process of accountability in the future. He noted that his comments and concerns were not personal, but wanted to have this discussion in an effort to prevent repeat similar occurrences. He was concerned that the public funds in public trust could be eroded by certain events and wanted to discuss ideas to insure prevention.

Mr. Flanders stressed that it was incorrect to characterize the Cider Hill situation as a mistake; instead he said it was an appropriate decision in that the decision to enter into the situation was part of a legal settlement. The alternative to not participating in this would have been that people would still be without repaired roads. He explained that additional costs were incurred because circumstances

that couldn't be anticipated were much more significant than expected and that what followed was an appropriate, thoughtful management response. The expenditure will be part of legal actions the Town will take. He stressed that the Finance Director uses her authority and withholds spending which she deems inappropriate; there is a check and balance in place.

Vice Chairperson Caruso suggested that if there were specific lines items, it would help to understand where money is spent and Mr. Flanders didn't object to this suggestion but warned of the consequences that may occur.

Mr. Neto applauded Mr. Flanders for taking action to remedy poor performance by certain Town staff and taking a step toward accountability once facts from the police investigation surfaced.

Vice Chairperson Caruso expressed to the group that she believes that this Board is very special and cares very much; she is proud to be part of this group.

O: ADJOURNMENT:

A **motion** was made by Michael Gengler, **seconded** by Jack Henehan, and it was **unanimously approved** to adjourn the meeting at 9:19 pm. *Motion passed.*

Respectfully submitted,

Lisa Ruggiero
Clerk, Board of Finance