

MIDDLEFIELD BOARD OF FINANCE
405 Main Street
Middlefield, Connecticut 06455

Revised Minutes of the January 11, 2018 Board of Finance Regular Meeting

Attendance:

Members

Others

X	Irish, Jim	A	Bailey, Ed
X	Kowal, Melissa		
X	Lowry, David		
A	Malcolm, Alice		
X	Nick, Joel		
X	Wolak, Mary	X	Rusilowicz, Al

A=Absent

X=Present

Jim Irish called the meeting to order at 7:08 pm.

Taryn Ruffino was also present at tonight's meeting.

The Pledge of Allegiance was recited.

Approval of Agenda

Dave Lowry made a motion, seconded by Mary Wolak, to approve the agenda, as presented. Motion carried unanimously.

Public Comment

None.

Approval of Minutes

Jim Irish asked to have the word "non-union" added to the last sentence of the first paragraph under Review of Current-Year Spending on page two.

Mary Wolak made a motion, seconded by Melissa Kowal, to approve the minutes of the December 5, 2017 special meeting, as amended. Motion carried.

Review of Current-Year Spending

Al Rusilowicz provided expense summary sheets and a summary by line item. Mr. Rusilowicz stated that everything is pretty much right on track. The only things outstanding are about \$40,000 in salt that was delivered in December, but not recorded before December 31, 2017. It has averaged out to about \$10,000 per storm. A substantial amount of snow removal has been on non-working days which results in overtime hours. The snow removal line item is only at \$1,900 out of an \$84,000 budget and the December costs will bring that item up to about 50 percent of budget. Mr. Rusilowicz explained that the Public Works department gets paid a three-hour minimum for noncontinuous call-back and there have been some days when they have been called back twice in a day.

Mary Wolak asked about how the salt is deposited and Mr. Rusilowicz stated that there are differing opinions within the Public Works department about how much salt should be deposited. The Board will discuss this issue with Ed Bailey during budget discussions.

Al Rusilowicz went on to review that no billing has been received for State Troopers for September through December yet. Dave Lowry asked if any revenue has been received for private duty expenses and Mr. Rusilowicz stated that the Town has received approximately \$15,000 to \$20,000. Mr. Rusilowicz also explained that some reimbursement is received for Fire Department training and Chief Tyc would like that to show on the expense side so he doesn't lose that expense amount, but Bob Yamartino had felt that they could come to the Board of Finance if they go over budget and explain that.

Jim Irish asked everyone to refer to revenue line item 4117, we have received \$7,000 out of \$17,000 and item 4406 where we have received \$3,800 and uncollected of \$13,000. This just shows that a lot is being reimbursed against the \$22,000 in expenses. Al Rusilowicz also referred to line item 4239 as it is the line item where the DMYFS and Fire Department money appears.

Mr. Rusilowicz had done an analysis of year-over-year tax revenue which shows that the Town is up over a million dollars. Tax sales were included and will not be there in the future. Dave Lowry asked if there were a lot of prepayments on taxes and Mr. Rusilowicz explained that December payments were \$500,000 more this year than last year. Al Rusilowicz also reported that there are approximately 500 reimbursements, totalling between \$50,000 and \$60,000. Real estate tax is approximately 271 accounts for a total of approximately \$50,000, with personal property tax being approximately 209 accounts for about \$5,400. No reimbursements will be sent for anything less than \$5.00. Mr. Rusilowicz explained that the checks will be cut from a Liberty Bank account and will not be done through the accounting system. Mr. Rusilowicz hopes to have the process complete by the end of February.

Al Rusilowicz also explained that the State of Connecticut has paid 90 percent of the Renters' Rebate and did not hold the towns liable for the remaining 10 percent. Renters' Rebate does go away next year and it would become an expense for the Town if they decide to continue the program. The Town already provides tax relief to the elderly. There were 22 people in the Renters' Rebate program this year, with 17 of them residing at Sugarloaf Terrace.

Mary Wolak also asked about Labor Costs and Mr. Rusilowicz reports that legal expenses continue. The attorney for the former Building Inspector has come to Town Hall and made copies of hundreds of documents. He did explain that the Town does owe unemployment compensation for Bob Meyers, which will be approximately \$15,000 by the time the process is over. That amount does come out of capital.

Mr. Rusilowicz also explained that they are rewriting the employee manual and would like to see the employee manual and the union contracts mirror each other. Both union contracts come due at the same time.

The only item in revenue that Mr. Rusilowicz would worry about would be 4106, Municipal Projects Grant. The Governor cut the ECS grant right after the budget was passed. Last year, the Municipal Projects Grant money was not received until June 30th which makes it very difficult for the Town to budget. ECS is projected to go down again in 2019.

Al Rusilowicz also reported that the contract for the new accounting system will probably be signed next week. They hope to have the system up and running by April 1st which leaves 90 days to transition from the old system. No information will be able to be automatically transferred from the old system to the new system. Mr. Rusilowicz stated that there have been some difficulties printing line item details from the system and the vendor has no idea why. Going forward, the new system can export directly to an Excel worksheet. The new system will continue to be Cloud-based and the Board of Finance will have access.

Jim Irish asked if the new software would be similar to anything being used by Durham or the school district and Mr. Rusilowicz stated that the software that Durham uses is \$88,000 in year one and \$60,000 thereafter. The District is looking to change their software and are looking at a company that designs software for school districts. The District pays roughly \$80,000 per year. Middlefield's new system will be \$24,000 for year one and approximately \$6,000 or \$7,000 thereafter.

Old Business

Town Audit

The auditors have an extension until January 31, 2018 and Mr. Rusilowicz can review and approve the draft of the audit and it can be mailed in by February 1st. The Board of Finance will see the audit at its February meeting. Everyone agreed to having Mr. Rusilowicz do that.

Board of Ed Finance Committee

Jim Irish reviewed that the Board of Finance had passed a resolution regarding a Finance Committee last December and the Board of Education voted to create a Finance Committee at a meeting in December. Durham's Board of Selectmen had passed a similar resolution, but Durham's Board of Finance did not. Mr. Irish has attended the Board of Education meetings and reports that there are a couple of members of the Board of Education that think that the towns were quite abrupt in creating that resolution. The issue then went to the Education Resources Committee to draft a charter and there was a lot of debate. There was a fear that the towns would get overly aggressive on budgetary issues. Mary Wolak reminded everyone that it would be a non-voting committee. Amendments were proposed to the draft charter

regarding whether the committee will be able to vote on the overall school budget, with the concern that the Board of Ed does not want mixed messages coming out about the budget. That amendment did not pass as it was felt to be unnecessary. They also discussed the chairmanship of this committee and whether the chair should be elected by the committee or appointed by the Chairman of the Board of Education. Since the committee is commissioned by the Board of Education, it was decided that the Chairman of the Board of Ed would appoint the chairman of the Finance Committee.

There was a sentiment expressed last night that the people on the Finance Committee should have financial interests, but also have children in the school system. It was also felt that people with children in the district do not want to serve on the Board of Ed. Jim Irish was going to be nominated as one of Middlefield's representative. Others did not feel that the members of the Finance Committee needed to have kids in school. Another person was being considered to serve on the Committee, but had to turn it down because of a conflict of interest with his company. Middlefield is hoping to vote on these nominees on February 1st.

Chuck Stengel is one of the people Laura Francis is interested in nominating from Durham and the other is Teresa Opalacz, a CPA.

Mr. Irish also stated that Bob Moore had commented that it will take several months to get the Finance Committee going and it will miss the budget season. He also reported that the Board of Education is working to create an ever-improving capital plan and have an updated report from Silver Petrucelli looking at the age and investment needs for upgrading, renewing and replacing current school equipment. The Utilization Committee has begun to talk about long-term investment needs as well as another school closing and renovation needs at that point. They are thinking to go to one PreK through 2 school, one 3-5, one 6-8 and one high school. It may turn out to be Brewster, Memorial, Strong and Cuginchaug. They are also discussing the elimination of the parallel programs and Dr. Veronesi is researching that issue. Bob Yamartino has volunteered to input the District's data into Middlefield's capital spreadsheet.

The Board of Ed is also looking at level funding and maintaining the debt service level. They would like to keep it at \$1.9 million or to gently decrease it. Jim Irish had commented that they could try to level debt service and capital spending as well. They are definitely looking at bonding as an option given the fall-off in debt service.

Korn School Status

Jim Irish also reported that, in December, the Durham Board of Selectmen approved for Durham to move forward with the purchase of Korn School. The Board of Finance has reportedly approved money for a feasibility study and that will be done to see what changes would be necessary. Laura Francis then intends to bond the amount of funding that is needed for renovations and the earliest a referendum could be is at the November election this year. The Board of Education signed a draft MOU with Durham with no dates on it and it does not cover any remuneration from Durham to Middlefield for Middlefield's portion of the bond. The Board of Education stated that Middlefield and Durham would have to work that out. Ed Bailey believes there is an agreement for Durham to pay Middlefield roughly \$142,000 which is the total interest and principle payment that would be due on March 1, 2018. This MOU has not been signed and probably will not be until Durham sees the feasibility study and agrees to move ahead.

Mr. Irish also reported that Dr. Veronesi stated that she has received budget requests from the administrators and felt that they were very reasonable. All agreed that this will be a very interesting budget process this year.

Mr. Irish also stated that Dr. Veronesi reported that they are looking at class size. There was then a discussion about students going to schools other than Cuginchaug and that that has an impact on the budget. Mr. Irish also mentioned that a really well-done presentation was given by the Director of Organizational and the Curriculum Director which talked about progress in STEAM and professional development. A lot of comments were made about assessment tools.

Preferred Weekdays for Budget Workshops

Jim Irish had copies of a proposed calendar for budget workshops and asked if the Board preferred Tuesdays or Wednesdays as additional meeting days. The Board will meet with eight different departments and at least another five that could be possible. The third Thursday of the month is out for Melissa Kowal and most everyone else agreed that Tuesdays or Wednesdays are good. Dave Lowry will be going to Alaska in May and will not be available.

Due to many Board of Education meetings on Wednesdays, Jim Irish will try to schedule budget workshops for Thursdays or Tuesdays, if needed. The hope would be to wrap up budget workshop meetings before the regularly scheduled meeting in April. The first public hearing would probably be held on March 8, during the regular Board of Finance meeting. Al Rusilowicz thought that Ed Bailey was going to have his letter to the town's board and commissions ready tomorrow or Tuesday to get the budget process rolling. Mr. Bailey will also be looking for no increase from all departments.

Mr. Irish also asked if the Board wanted to have a joint meeting with the Durham Board of Finance and DMIAAB and it was generally agreed that that was a good idea. Mr. Irish will reach out to them to set that up. He then explained that the Board of Ed will hold their public hearing on April 11 and then they meet again on May 7, one week before the referendum.

New Business

Dave Lowry stated that there has been some discussion about what to charge out of town people for rental of the pavilion at Lake Beseck. Mr. Lowry would like to be able to budget revenue for that and also asked if a nonrecurring capital account could be established for Lake Beseck. Right now, there a capital fund for Park Improvements only and there was discussion about making those accounts more specific. Al Rusilowicz explained that there is an account for Other Grants, but an account could be established for Lake Beseck Rental that is not in the General Fund. It was discussed that rentals at Peckham Park are double the price for nonresidents. It was mentioned that fees would need to be able to cover beach services at the lake as well and that there could be more than one fee, depending on the time of year. A security deposit for rental at the lake was also discussed.

Jim Irish hopes to have a calendar with budget workshop dates for the February meeting as well as the audit report.

Mr. Irish also asked if there is any sort of long-range or short-range goal that has been discussed in the past and hasn't yet been done. He mentioned codifying an amount for the contingency fund as an example or adding buildings to capital planning. He asked Board members to think about it for the February meeting.

Adjournment

Mary Wolak made a motion, seconded by Joel Nick, to adjourn the meeting. Motion carried unanimously. The meeting was adjourned at 8:58 pm.

Respectfully submitted,

Debi Waz

Debi Waz
Alwaz First