

MIDDLEFIELD BOARD OF FINANCE
405 Main Street
Middlefield, Connecticut 06455

Minutes of the January 10, 2019 Regular Meeting

Jim Irish called the meeting to order at 7:00 pm.

Attendance:

Members

Others

| | | | |
|---|----------------------------------|---|--|
| X | Irish, Jim | X | Bailey, Ed (<i>Ex Officio</i> Member) |
| X | Kowal, Melissa | | |
| X | Lowry, David | | |
| A | Malcolm, Alice | | |
| X | Nick, Joel | | |
| X | Wolak, Mary (arrived at 7:12 pm) | X | Rusilowicz, Al (Finance Director) |

A=Absent

X=Present

Michele Loso and Andrew Switaj from Seward and Monde were also present at tonight's meeting.

The Pledge of Allegiance was recited.

Approval of the Agenda

It was agreed to add a Board of Education discussion at the end of new business.

Joel Nick made a motion, seconded by Melissa Kowal, to approve the agenda as amended. Motion carried unanimously.

Public Comment

None.

Approval of Minutes from 12/13/18

Joel Nick made a motion, seconded by Dave Lowry, to approve the minutes from the 12/13/18 meeting, as presented. Motion carried, with Melissa Kowal abstaining.

Review of Audit of FY18 Town Finances - Seward and Monde - Michele Loso and Andrew Switaj

Michele Loso reviewed that they are in their second year of auditing for the town and thanked everyone for their cooperation.

Andrew Switaj reviewed the management letter and highlighted that the accounting system was in the process of being implemented and should be continued. Another repeat comment from last year was about policies that have been implemented and/or are in process. The third comment was repeated about the Park and Rec bank account that doesn't get reconciled by the Finance department. No new comments were added this year.

Al Rusilowicz stated that reconciliation of the Park and Rec account should be not be a problem other than who will actually do it.

Andrew Switaj went on to review the financial report, page by page. There were no significant deficiencies reported. The total net position ended the year at \$14.5 million which is an increase of approximately \$970,000 from 2017. Major contributors were revenues came in, expenditures were kept in line and cost savings were realized in different areas. There had been an increase in the mill rate and good tax collections as well as a decrease in the education budget.

Mr. Switaj reviewed the fund balances, with the general fund ending with a fund balance of approximately \$2.5 million which is an increase of about \$277,000. There is approximately \$2.3 million that is unassigned, which represents approximately 14 percent or two months of budgetary expenditures which is a good position to be in. The capital and nonrecurring fund ended at approximately \$2 million. There are also a couple of other minor funds.

Michele Loso explained that the State of Connecticut did not get their MERS and teacher retirement information out until December 10th this year and Seward and Monde's goal is always December 31st.

The budget to actual statements begin on page 46 and showed that overall revenues were over budget by \$317,000. Land Use Department fees also came in pretty strong over budget as did tax collections. The one-time sale of the fire truck also added \$100,000 of unbudgeted revenue. On the expense side, they came in under budget by approximately \$292,000. There were generally cost savings in every department and over \$196,000 will be carried to the fiscal year 2019 budget.

Looking at pages 63 and 64, there are detailed listings of the current appropriate capital projects or purchases as well as current-year expenditures. At this point, the auditors opened up the floor to any questions. There was discussion about capital expenditures. Michele Loso explained that the town's fund balance is stable, the percentages are in line with recommended guidelines and the town doesn't have a huge debt load.

Jim Irish asked if they noticed other towns raising their general fund or undesignated fund balances and Ms. Loso did not see that. She felt that most towns are trying to keep their mill rates as stable as possible. Most smaller towns do not rely heavily on state aid. She did note that Middlefield was only one of two or three towns that actually brought the mill rate down after the State budget was passed. Ms. Loso also encouraged the town to look for the best interest rates on investments and to have a good inventory of capital assets. There was then some discussion about IT security and access. Melissa Kowal asked if they would recommend a policy from another town, but Mr. Switaj stated that everybody has good policies in different areas. There are templates available.

Ed Bailey stated that a personnel policy is in place and there is an IT section within that. They are working to fine tune that policy. The purchasing policy has been instituted and other policies are being reviewed. Michele Loso also explained that anyone can go on the OPM website and see audits of other towns or nonprofits.

Melissa Kowal made a motion, seconded by Mary Wolak, to accept the auditors' report as presented by Seward and Monde, fiscal year ended June 30, 2018. Motion carried unanimously.

Old Business

A. Status - New Accounting and Payroll Systems - Al Rusilowicz

Al Rusilowicz presented the first reports from the new accounting system. Tax collections are close to 60 percent as of 12/31/18. Land Use fees are down. Durham/Middlefield Youth & Family Services will be sending a \$6,000 check as reimbursement for police work done as part of the Durham Fair. There is a bit of an issue with the payment from the Middlefield Housing Authority and the town has only been paid one-third. Ed Bailey stated that he had made them an offer. They had hired an outside management company who is reviewing the calculation that is used to determine how much funds the town received from them. They suggested that they would not be paying the budgeted amount using the normal calculation that has been used for 40 years and Mr. Bailey suggested that possibly the town won't be able to plow their snow.

Mark Gribko had taken over as the managing director, but then the board decided to hire a new director. They contracted with Imagineers in Hartford. Ed Bailey explained that the payment to the town is supposed to be 10 percent of the shelter income, but Imagineers stated that the Section 8 subsidy should not count. Al Rusilowicz reviewed that that was the way it has been for the last 40 years.

B. Fiscal YTD Financials - Variance Review - Al Rusilowicz

Mr. Rusilowicz reported that the Durham Fair has paid in full for the Strickland property. Interest income is already over budget. On the expense side, the salaries are right at 51.92 percent remaining. The new payroll system is running pretty much flawlessly. Al Rusilowicz felt that the town is pretty much right on line for expenses. Insurance is all paid. Benefits and salaries are running right at the 50 percent mark.

Registrars are over budget for the entire year which is primarily due to having a minimum of three elections this year. They are also over on IT equipment and consulting basically due to the State of Connecticut. On the Land Use side, the sanitarian is over budget because Lee Vito had not been included in the budget because of the Health District. Ed Bailey explained that the Health District became effective January 1, 2019 and no payments have been made to them as of yet.

Jim Irish asked if an intra-department transfer needs to go to Town Meeting and Al Rusilowicz felt that it did because the budget is passed on a line-item basis.

Public Works is on budget across the board and there has been virtually no overtime. Storm-related expenses are in great shape. Shelter expenses are virtually none as there have been no animals in the facility. The Police Department will bill at the end of the year and Trooper overtime of \$8,000 is only through September. Melissa Kowal explained that the \$8,000 is mostly Durham Fair overtime and the town is receiving a check for \$6,000 of that from DMYFS. There was also some discussion about the Fire Department budget.

Minutes for the Board of Selectmen are over budget and Inland Wetlands will be over budget due to expenses for the Town Engineer. The contingency is about where it has been in the past. Carpet is being installed at Levi Coe Library tomorrow.

C. Formal Approval of Public Works Street Sweeper Renovation

Jim Irish reviewed that the street sweeper is being renovated and was estimated to be around \$30,000. The procurement policy states that, for repair items, an aggregate cost of \$20,000 requires prior approval by the Board of Finance and that has not been done.

Jim Irish made a motion, seconded by Joel Nick, to formally approve the renovation of our street sweeper, not to exceed \$32,000 in cost. Motion carried unanimously.

D. Consideration of Draft BOF Budget Policies

Jim Irish had drafted some policies to reflect guidance in terms of patterns for the undesignated fund, contingency reserve and capital asset planning. He went back through multiple policies and also reviewed other towns' policies as well as the federal government. He asked the Board members to review the draft policies for discussion at the next meeting. Mr. Irish noted that the information from CCM had stated that it was the duty of the Board of Finance to publish the Annual Town Report.

Mr. Irish reviewed the content of the three proposed policies and suggested that the Board finalize them at the next meeting. He had already sent a copy of the proposed policies to the Board of Selectmen. Mr. Irish did mention that State statutes state that towns may put no more than 4 mills of taxpayers' money into capital and nonrecurring. Middlefield falls well within that. Al Rusilowicz asked the Board to formally remove the Miller Road bridge project from the capital during the budget process.

New Business

A. Establish Meeting Dates for CY2019

After discussion about proposed meeting dates, it was agreed to change February's meeting date due to Valentine's Day and December's meeting date to allow the auditors more time. Possible budget workshops were also included in the list as was the Board of Education referendum date. Ed Bailey mentioned that the thought was for the Finance Committee of the Board of Education should meet with both Boards of Finance from both towns prior to the joint meeting of the Boards of Finance, Boards of Selectmen and Board of Education. This would hopefully provide more oomph to the Finance Committee and allow more time for discussion. Jim Irish noted that the Finance Committee has yet to consider a yearly Board of Ed budget as a topic. Mr. Bailey stated that Marie DeBenedetto resigned from the Finance Committee and Middlefield is in need of one more member. He would like to get somebody with a financial background. Jim Irish felt that the Finance Committee could create a list of stressors that each of the towns will be facing in their operating budget. Melissa Kowal suggested that they work on that list in February. Ed Bailey hoped that they would see the State budget on February 15, 2019.

Mary Wolak made a motion, seconded by Joel Nick, to set dates for the 2019 meetings: February 7, March 14, April 11, May 9, June 13, July 11, August 8, September 12, October 10, November 14 and December 18, 2019, per attached sheet. Motion carried unanimously.

B. Fire Department Retired Member Tax Abatement Proposal

Jim Irish explained that a bill passed in the last fiscal year that enabled property tax relief for retired volunteer firefighters, police officers and emergency medical technicians. Middlefield offers a \$1,000 discount for firefighters that achieve a certain level of activity, which is monitored by Chief Tyc. The Fire Department has approached Ed Bailey and Jim Irish about extending this to retired officers as well, with proposed conditions. The Board of Selectmen would need to act on this proposal. There are currently about 10 firefighters that could qualify for this, with another seven or eight over the next 10 years. He did remind everyone that the town may be presently paying for these firefighters right now. Ed Bailey felt that this would only be for new retirees, but he will clarify that. Al Rusilowicz also mentioned that the new language would offer that tax abatement to the surviving spouses of firefighters.

C. Other

Ed Bailey clarified that the Governor's budget is expected on February 6th, however the policy allows for a new governor an extra week and the legislature will first see the budget on February 20th.

Adjournment Mary Wolak made a motion, seconded by Melissa Kowal, to adjourn the meeting. Motion was carried unanimously. The meeting was adjourned at 9:28 pm.

Respectfully submitted,

Debi Waz

Debi Waz
Alwaz First