

**Town Of Haddam
BOARD OF FINANCE
Regular Meeting
Town Office Building Annex
Monday, January 12, 2015
MINUTES**

Approved as Amended at the February 17, 2015 Regular Meeting

In attendance: Chairman Joseph Centofanti, Vice Chairman Harlan Fredericksen, Members: John Bosco, Marjorie DeBold, and John Tabak, and Alternates: James Bucko, Cheryl Haase, and Joanne Nesti

Not in Attendance: Member David Kapitulik

Staff in Attendance: Barbara Galloway, Recording Secretary
First Selectman Melissa Schlag was also in attendance.

Chairman Centofanti called the Meeting to order at 7:00 PM.

1. *The Pledge of Allegiance* was recited.

2. Seating of Alternates

Ms. DeBold made the Motion seconded by Vice Chairman Fredericksen to seat Mr. Bucko for Mr. Kapitulik. The Motion was approved unanimously.

3. Correction/Approval of the Minutes of the December 08, 2014 Regular Meeting

Ms. DeBold made the Motion seconded by Vice Chairman Fredericksen to approve as printed the December 8, 2014 Regular Meeting Minutes. The Motion was approved unanimously.

4. Public Communications:

a. *Letters to Board of Finance*

The only letter presented to the Board for attention this evening is the Selectmen's Request letter addressed in Item 9.

b. *Public Comments*

Resident Ed Schwing wished the Board a happy new year and a happy and successful [upcoming] budget process. Board Members, while agreeing any discussion of new Budget deliberations was premature, also wished everyone present a happy new year.

5. Discussion of fiscal year 2013-2014 Audit

Chairman Centofanti explained to the Board that the Audit documents distributed to them tonight are only three of the four parts of the recently completed 2013-2014 Audit. It was determined that the Recommendations portion of the Audit had not yet been delivered to the Town for distribution to the interested Boards. Chairman Centofanti informed the Board that he had arranged to have the Town's Audit company, Blum Shapiro, present at the March Regular Meeting (March 9) in the event that the Board wanted

to have a presentation of the Audit in order to by allow for Board Members to ask questions and receive Auditor answers/clarifications,.

Chairman Centofanti reviewed with the Board the 114 Letter that describes the auditing process used and spells out any errors, any corrected and uncorrected statements, etc.; the State Single Audit, shows how State-sourced funding was used by the Town; and the Full Audit. Chairman Centofanti noted entries of interest in the three documents inclusive of the new method of reporting liabilities in this year's Audit re: how Pension entries are shown and a 10-year plan to show the Board fund market trends over time.

Ms. Nesti asked about a questionable number shown in the Full Audit that turned out to be an erroneous entry. Chairman Centofanti provided the correct information to Board Members. *[omit: and noted the error so it can be reported to the Auditors]*

Chairman Centofanti told the Board that he would include the Audit on the Agenda for the February Regular Meeting so that the anticipated Recommendations portion of the Audit can be reviewed and to allow for Board Members questions and comments once they have had the opportunity to digest the information within the portions received tonight. The Board Members can then decide whether or not further discussion with the Auditors in March would be beneficial and necessary.

6. Discussion of Payroll Contingency account (Salary Contingency)

Chairman Centofanti reminded the Board Members that they had created the Salary Contingency line to address unknown salary increases that would not be determined by union contract negotiations until after the completion of the 2014-2015 Budget. He also stated that last spring the Board had had a discussion regarding using the Standard Practices procedure for amongst other purposes addressing distribution of funds once the actual amounts have been determined (by union contract). Use of Standard Practice would allow for the Town management to proceed with the timely automatic transfer of approved funding within the Salary Contingency line to the specific targeted salary lines of the approved Budget after the Budget had been approved (May 2014) and once the Town employees' union contract for that new budget year, had been finalized (Fall 2014). Chairman Centofanti explained that the Board could either recognize the Standard Practice option or could make a Motion tonight to approve the transfer of the funds.

Chairman Centofanti reminded the Board Members that at the November Meeting, they had received a formal Selectmen's Request letter (per the Library board's request) to transfer the approved salary funding for Brainerd Memorial Library employees from the Salary Contingency line in the Brainerd Memorial Library budget; this Board had tabled action at that time to further investigate the best approach for the funding line distribution. The

Board had been agreed that all/most of the salary lines issues should be addressed in the same action to avoid multiple transfers of funding from the Salary Contingency line that would require one or more town meeting(s).

Tonight, Chairman Centofanti stated that transferring the funding at this time, prior to the beginning of the 2015-2016 Budget process, would simplify and clarify salary lines in both the current and upcoming budgets, as it would allow for the documentation of the increases and actual expenditures within all of the approved salary lines within the current budget and also allow for the immediate entry of the accurate agreed upon increase in salary to salary lines for the Budget for the next fiscal year (an amount already approved in the two-year union contract).

[See "Item 9, Selectmen's Requests", below, for outcomes.]

7. Review of updated 2014-2015 Financial Statements

The Board reviewed the financial statements presented at tonight's Meeting (and e-mailed to the Board members the previous Friday). These included "Actual & Budgeted Expenses & Encumbrances July 2014 to June 2015", dated 01/09/2014 and "Actual & Anticipated Revenues for July 2014 to June 2015", dated 01/09/2015.

Areas discussed included the status of transfer station permits sales, an update on expenditures in the MSW Disposal Fee line and Solid Waste Disposal Fees line, income from rental use of the Firehouse #1 community room, and the status of RSD#17 insurance expenses. It was agreed that it is still early in the current Budget year to see major spending and income trends in the financial statements. There was a brief mention of encumbrances and their use as shown on the financial statements. First Selectman Schlag noted that the financial office is currently in the process of amending its use of encumbrances per a discussion at an earlier Board Meeting.

8. Discussion of Budget Meeting Schedule

Chairman Centofanti noted that First Selectman Schlag had informed him that the Board of Selectmen is working on the proposed 2015-2016 Budget and is planning to complete its work earlier than it has in past years. First Selectman Schlag told the Board that the Board of Selectmen hopes to have the Budget ready to present to this Board at its February 2015 Meeting. She wanted, if possible this year, to mass mail the completed Budget request forms to residents, which would allow residents 1) more time to study Budget aspects in preparation for the public hearing and town meeting and 2) more of an opportunity to take part in the budget process. First Selectman Schlag had noted at an earlier Meeting that this mailing is the practice in other area towns.

Chairman Centofanti said that he had wanted to give Board Members advanced notice that they might consider scheduling additional Budget Meetings in February so that the Board of Finance-recommended Budget

could be completed earlier if they receive this Budget early at the February Regular Meeting. Completing the Budget process earlier would also allow the financial office more time to prepare the Budget to be presented to the public at the public hearing and make any required adjustments for the town meeting.

9. Selectmen's Requests

First Selectman Schlag presented the Board with a Selectmen's Request letter dated January 12, 2015 for an item voted on by that board today that read: "At a Board of Selectmen's meeting on January 12, 2015, the board unanimously voted to request the Board of Finance to transfer the wage contingency to the appropriate and associated departments to reflect the 2.5% increase in wages as a result of union contract negotiations".

[At the November 10, 2014 Meeting, the Board of Selectmen had presented this Board with this request: "To transfer \$6,724.75 from line item #84-80001 Salary Contingency to line item #86-53500 Brainerd Memorial Library".
[Action on this request was tabled at that time].

As noted above, this Salary Contingency line had been created by the Board during the 2014-2015 Budget deliberations prior to the completion of the new employee union contract agreement for the purpose of budgeting and setting aside an approximate amount of funding that would need to be added to salary lines per the eventual new contract. First Selectman Schlag stated that the Brainerd Memorial Library is the only non-Town employee agency to be included in this contingent line funding.]

Mr. Centofanti stated during this discussion that since this eventual transfer of funds from the Contingency Salary line to the specific salary lines had been approved as part of the town meeting approval of the 2014-2015 Budget, no town meeting to approve this transfer now is necessary.

Vice Chairman Fredericksen made the Motion seconded by Ms. DeBold to approve the transfer of funds from the 2014-2015 Budget Salary Contingency line to the 2014-2015 Budget Salary lines [for the Town employees' and the Brainerd Memorial Library budget salary lines] in the amount needed to cover the current negotiated contract ([approved at a 2.5% annual increase]. The Motion was approved unanimously.

It was noted that the large [omit: funding] balance that will remain in the 2014-2015 Budget Salary Contingency line is funding approved as a potential salary for the anticipated hiring of a new Financial Director. The current search/acceptance of applications round continues through January 30, 2015).

10. Old Business

- a. *Update on the status of the 2013-2014 Annual Report to be accepted at a town meeting scheduled for Tues., January 20, 2014**

First Selectman Schlag informed the Board that Ms. Galloway has completed the editing and compilation of the Annual Report and had filed the document with the Town. First Selectman Schlag described additions she is in the process of making to the Report, inclusive of photos for the cover and within the Report. First Selectman Schlag told the Board she believes that she will have the document to the printer in the next day or two and will have the Reports back prior to and in time for the town meeting to accept the report.

* That town meeting is scheduled for Tuesday, January 20, 2014 at 6:00 PM at the Old Town Hall. [Please Note: the meeting date shown here is a correction of the date that appeared in an item on the Agenda for tonight's Meeting].

- b. *Status of the Search for a Financial Director*

There was a brief discussion of the status of the search for the best candidate for the Financial Director position. First Selectman Schlag told the Board that the Town has received a number of applications and these would be reviewed and further investigated. She is also hopeful for more applications to be received for consideration before the end of the current application period that will end on January 30, 2015. First Selectman Schlag also discussed various options for hiring this position that would be under consideration once this round of applications is completed.

11. New Business

- a. *Introduction/Discussion of any Town activities/matters*

No new activities or issues were presented or discussed.

- b. *Other*

No additional new town-related items were introduced or discussed.

12. Public Comment

At this time, there were no comments offered by either resident present.

13. Adjournment

Vice Chairman Fredericksen made the Motion seconded by Mr. Bosco to adjourn the Meeting. The Motion was approved unanimously. The Meeting was adjourned at 7:35 PM.

Respectfully submitted,
Barbara D. Galloway
Clerk/Secretary