TOWN OF EAST HADDAM
Board of Finance
Regular Meeting Minutes
January 11, 2021
Municipal Office Complex
Meeting Rooms 1 and 2

Via Zoom and YouTube Live

CALL TO ORDER

Mr. DiCristofaro called the Board of Finance meeting to order at 7:00 p.m. and welcomed those watching.

In attendance:

Board of Finance Members
- William DiCristofaro
- Bruce Dutch, Secretary
- Joseph Corbett
- Todd Gelston
- Tracey Gionta
- Harvey Thomas

Board of Selectmen Members:
- Robert Smith
- Theresa Govert
- Carleen Quinn

Board of Education Members:
- Marc Pisciotti, Chairman
- Karin Blaschik, Secretary
- Erik Anderson
- Tracy Delventhal
- Nicole Hendry
- Bryan Perry
- Patricia Stricker
- Michael Werner
- Laurel White

Others
- Brian Reas, Superintendent of Schools
- Cindy Varricchio, Finance Director
- Linda Zemienieski, Executive Assistant to the Board of Selectmen
- Leslie Zoll, CliftonLarsonAllen LLP

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

**TRI-BOARD MEETING, 2021-2022 PROPOSED BUDGET—
BOARDS OF EDUCATION AND SELECTMEN**

Mr. Smith called the Board of Selectmen meeting to order and recognized the members of the Board of Selectmen.

Mr. Pisciotti called the Board of Education meeting to order. He recognized the members of the Board of Education.

Mr. DiCristofaro introduced the members of the Board of Finance.

a. **Review and Discussion:**

Mr. DiCristofaro noted that this is the first virtual Tri-Board meeting and that the goal of the meeting is to explain the process, address challenges and initiatives and invite feedback. Mr. DiCristofaro highlighted both achievements and goals of the prior year.

Mr. Smith reviewed our current state of affairs. These included challenges associated with widespread tree devastation, tropical storms and bridge degradation. The East Haddam Free Public Library has finally been conveyed to the Town; he noted that grant opportunities are being utilized to the towns advantage.

The Town is presently reviewing and evaluating a proposal for the former town office property. New cloud-based software, Cleargov, is being utilized for the budget process.

Transfer Station improvements are being made, with more to come, the age of the facility was noted. Proposed elimination of the road west of the green and expansion of the Town Green are projects being pursued via grant. Eversource is working well with the Town at this time. Mr. Smith anticipated COVID to continue to bring challenges for the Town into the foreseeable future.

Mr. Pisciotti noted the challenges COVID has had on education. He introduced Superintendent Reas to present. Mr. Reas noted the strategic plan is a template that the District follows. He noted that the strategies in the plan are a fantastic manual, a pandemic was not in it.

Mr. Reas outlined academic growth and participation increases. He focused on strides made for special needs students and construction improvements. Lastly, Superintendent Reas praised staff which courageously conquered digital learning.

Mr. Reas reviewed the following challenges for 2021-2022:

Health Insurance costs have held well for the past few years, he anticipated a large increase for this year. He also noted challenges with transportation, many COVID related. He stated that the Board is starting a new contract, which will involve an increase of $93,000 to the budget.

Superintendent Reas emphasized the need for Kindergarten students to enter school with certain benchmarks so that they may start learning. Accordingly, he will be making a proposal for pre-kindergarten at tomorrow night's board meeting. He also noted that he will request additional services and support for special education students.

Capital priorities remain the same as last year. They include the elementary school envelope project (exterior windows, doors and masonry); high school athletic complex (track, support structure, soccer field irrigation) air conditioning for the schools, air conditioning for school gymnasiums and irrigation of remaining fields.

Mr. DiCristofaro encouraged questions and comments to be forwarded in.

Mr. Smith noted that he was hopeful that the Grand List will demonstrate enough growth to offset some of the increases in costs anticipated. Ms. Govert noted that there are always challenges in a budget year, COVID adds a new level of difficulty. Mrs. Quinn echoed the sentiment.

Board of Education observations:

Patty Stricker thanked staff, administrators and parents for their collaborative effort. It has been a tough year. She noted that she is very proud of the meal service program the town was able to provide over the summer and the ability to keep COVID expenses in line.

b. <u>Guests and Audience Comments:</u>

A question was received via email with regard to the high school athletics complex and the process and timeline for bringing to referendum. Mr. Reas stated that an RFQ for the track has been sent out. The financial piece is being worked on; he was uncertain about the time frame. Bill DiCristofaro stated that the timeline will be a function of when we receive information about what the costs will be as a result of the RFQ. Right now, we do not have a dollar amount. Once that is done, we need to establish how we would address the financing. Financing can come from a variety of sources, increase taxes, bonding, grants, once that is set, we can go to referendum with a proposal for approval or rejection.

The second question received via email was noted to be more of a statement of concern than a question. He noted that the ad hoc committee will be making a recommendation regarding special education at tomorrow's Board of Education meeting. He further noted that there has been, and will continue to be, more professional development to help staff.

Mr. DiCristofaro noted that once the other Boards adjourn, the Board of Finance will resume its regular meeting.

Motion was made by Mr. Smith to adjourn the Board of Selectmen at 7:34 pm. Ms. Govert seconded the motion and it was unanimously approved. Motion carried.

Motion was made by Mrs. Stricker to adjourn the Board of Education at 7:35 pm. Ms. White and it was unanimously approved. Motion carried.

Mr. DiCristofaro thanked both Boards for their willingness to work together.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)—FISCAL YEAR ENDED JUNE 30, 2020—CLIFTONLARSONALLEN LLP (FORMERLY BLUMSHAPIRO & CO. PC):

Leslie Zoll of Clifton, Larson Allen LLP, formerly BlumShapiro joined the meeting via Zoom.

Ms. Zoll reviewed terms of engagement, and a summary of audit results. There were no compliance findings or significant deficiencies. Ms. Zoll also reviewed the total net position of $86,999,461 which is an increase of approximately $4,000,000. She also reviewed, fiduciary funds, financial highlights including liabilities and fund balances. Mr. DiCristofaro advised that the CAFR has been published on the town's website. Ms. Zoll continued that property tax collections are still high. Unassigned general fund is 16.9% of budgetary expenditures, within a comfortable range for bonding.

The Federal single audit revealed one significant deficiency in internal control over procurement. Town needs to update its procurement policies to add uniform guidance to it. Federal Government requires an addendum for federal policies to comply.

The findings had no disagreements with management, they encountered no difficulties in performing the audit and had no uncorrected misstatements. The first year of a CAFR is very time consuming, and everything was done well and on time. In 2021 fiduciary activities may impact financial statements, and other items will be listed differently next year. (statement 90 and 92). In 2022 GASB 87 regarding leases, the town should be conducting an inventory in anticipation of this new standard. In 2023 statements 91, 94 and 96 could have impact.

BlumShapiro merged with CLA effective January 1, 2021. This merger allows for both growth and additional resources. The same values/culture exists and the same team will be intact.

Mr. DiCristofaro solicited the Board members for comments or questions.

Mr. Thomas noted that there are a couple of things that the financial policies committee should write policies for, but no questions.

APPROVAL OF MINUTES

a. **Regular Meeting, November 9, 2020:**

Motion was made by Mrs. Gionta to approve the regular meeting minutes of November 9, 2020. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.

b. **Regular Meeting, December 14, 2020:**

Motion was made by Mrs. Gionta to approve the regular meeting minutes of December 14, 2020. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.

CHAIRMAN'S REPORT

a. **Tax Collector's Report:**

No questions were raised. Mr. DiCristofaro stated that the collection rate remains high, thank you to Mrs. Dill for that in a very difficult year.

b. **Board Subcommittee Reports:**

Communications Subcommittee: Mr. Gelston reported that the committee is behind schedule on the refunding article; the second article in process is on the Quint and the FEMA process. Hope to get that out in a month or so.

Long Range Capital Improvements: Mrs. Gionta stated that she has not had any information on upcoming meetings. She noted that last year the process was started earlier. She understood the limitation of meeting rooms has been a concern. Mr. Smith stated that he hoped to have a schedule out shortly.

Financial Policies: Mr. DiCristofaro stated that it is not forgotten, but there has been no activity since the last meeting. Mr. Thomas noted that between COVID and the weather a couple of meetings were missed, he added that the subcommittee is scheduled to meet Thursday morning.

First Selectmen's Report

Mr. Smith reported:

- The meals programs for the seniors have been continuing and that participation has remained flat
- The number of users of the food bank remains consistent
- The Neptune Road bridge project is moving along, even with the cold weather. An on-site meeting is scheduled for tomorrow.

- Several changes have been made at Transfer Station. The dumpsters have been turned 90 degrees; two compactors for municipal solid waste were added; the cardboard recyclables hopper was moved to the other recyclables area.
- Fencing is being installed around the skating park.
- Tree removal is still continuing;
- The mini split heaters installed at the library are working well. People are comfortable.
- Doors and door lifts are being replaced at the public work garage.
- Dry weather has had positive impact on snow budget.

Mrs. Gionta stated that she was pleased with the changes at the Transfer Station, she encouraged a more regionalized approach to trash as is done in southern Connecticut, Mr. Smith reported that the CT River COG is looking at. Mr. Thomas inquired about the East Haddam Village Revitalization project. Mr. DiCristofaro stated that would be discussed later on in the agenda. Mr. Gelston inquired what fee increases could be anticipated at the Transfer Station. Mr. Smith responded that he was hopeful it could be a flat, although at the moment there are costs.

Finance Director Report

Mrs. Varricchio advised that the Cleargov program budgets have been released. She stated that she is hearing great feedback and is looking forward to sharing those when they come in.

a. **October and November YTD Budget Report:**

Mrs. Varricchio reported that year to date expenses is tracking well, however, year-to-date revenues is up. Next month Mrs. Varricchio stated that she would provide a legal summary. Opportunity for questions was presented. Nothing raised.

b. **2021-2022 Budget Calendar Update:**

Mrs. Varricchio stated that in years past a Citizens' Guide was produced prior to the Tri-Board meeting, it was noted that such document was not produced this year. Mr. Gelston advocated for a similar guide to be produced, noting that the process is just getting started and that the *East Haddam News* is a great vehicle for distributing it.

LIAISON REPORTS

Board of Finance members were encouraged to meet with their departments to assure that they have what they need to complete their budgets.

OLD BUSINESS

Nothing noted

NEW BUSINESS

a. Grant Authorization Request—Comprehensive DUI Enforcement Grant:

It was noted that there is no town match for this grant program for DUI Enforcement. The application has already been made, the Board retains the option, if awarded, to determine whether or not to accept the grant.

Motion was made by Mr. Thomas to authorize the grant application for the FY 2021 Comprehensive DUI enforcement program for Resident Trooper Towns in the amount of $16,162.50 with no town match. Mr. Gelston seconded the motion and it was unanimously approved. Motion carried.

b. Grant Authorization Request—Fire Department AFG Grant for Turnout Gear and Gear Extruder and Dryer:

Mr. DiCristofaro reported that there is a granting opportunity for turnout gear and a gear extruder (heavy duty washing machine) and heavy-duty dryer. The washer/dryer is on the Capital plan for $15,000 in 2023-2024. We budget $46,000 per year in turnout gear. The total grant request is $105,978 with a town match of $5,299.

Motion was made by Mr. Dutch motioned to authorize the grant application for the AFG 2020 Grant for turnout gear, a gear extruder and heavy-duty dryer for the Fire Department in the amount of $105,978 with a town match in the amount of $5,299. Mr. Gelston seconded the motion and it was unanimously approved. Motion carried.

c. Neighborhood Assistance Act.:

Connecticare has donated in the amount of $3,451.92 for the Open Space Trust Fund.

Motion made by Mrs. Gionta to accept a gift from Connecticare, Inc through the Neighborhood Assistance Act Program for the Open Space Trust Fund in the amount of $3,451.92. Due to the COVID-19 pandemic and response, Governor's Executive Order 7cc issued April 21, 2020 permits the municipality's legislative body (Board of Selectmen) and budget making authority (Board of Finance) to authorize certain actions by a majority vote of such body to include the application for or acceptance of any grants, funding or gifts. Mr. Corbett seconded the motion and it was unanimously approved. Motion carried.

d. Board of Education Transfer Reserves Request:

In accordance with the Board of Finance Fund Policy, the audited remaining funds from the Board of Education from each fiscal year are transferred to reserves. The Board of Education is looking to transfer their remaining funds from the 2019-2020 fiscal year in the amount of $227,611. Correspondence from Superintendent Reas was noted.

Motion was made by Mr. Gelston to approve a transfer in the amount of $227,611 from the General Fund (10549010-58928) to the Board of Education Capital Reserve Fund (3320-10506-25790). Due to the COVID-19 pandemic and response, Governor's Executive Order 7CC issued April 21, 2020 permits the municipality's legislative body (Board of Selectmen) and the budget making authority (Board of Finance) to authorize certain actions by a majority vote of each such body to include (iii) the transfer for funds to or from capital reserve accounts. Mr. Dutch seconded the motion and it was unanimously approved. Motion carried.

e. <u>Police Special Revenue Fund Transfer to Reserves Request:</u>

Also, in accordance with Board of Finance Fund Policy, the audited remaining funds of the Police Special Revenue Fund from each fiscal year are transferred to Reserves. This year's amount is $5,256.

Motion was made by Mr. Dutch to approve a transfer in the amount of $5,256 from the Police Special Revenue Fund (411500000-59790) to the Police Capital Reserve Fund (3320-10506-25550). Due to the COVID-19 pandemic and response, Governor's Executive Order 7CC issued April 21, 2020 permits the municipality's legislative body (Board of Selectmen) and the budget making authority (Board of Finance) to authorize certain actions by a majority vote of each such body to include (iii) the transfer for funds to or from capital reserve accounts. Mrs. Gionta seconded the motion and it was unanimously approved. Motion carried.

f. <u>Annual Report:</u>

A draft of the annual report was provided. It was noted that the report is not fully complete, an approval for the overall theme, cover and dedications was requested. It was noted that Annual meeting minutes were restored.

Motion was made by Mrs. Gionta motioned to approve the 2020 fiscal year Annual Report pending proofing and completion. Mrs. Gionta suggested that the annual report have a one-page summary that historically documents how budgeting was done because of the pandemic. Mr. Gelston seconded the motion and it was unanimously approved. Motion carried.

g. <u>Board of Finance Budget Request:</u>

Budget detail for last fiscal year and current year were provided. The Board needs to establish its 2021-2022 budget. It was noted that consideration should be given to fund attorney's fees for a Memorandum of Understanding regarding the East Haddam Village Revitalization project and associated studies. It is estimated that $100,000 would be appropriate.

Last budget request was $134,000, Mr. DiCristofaro suggested $234,000 for this budget cycle. He further recommended $90,000 in contingency remain flat. Increase auditors by 2%, leave the rest the same.

Mr. Thomas surmised that the goal is to provide enough funding to allow the process to move forward. He emphasized that a Memorandum of Understanding does not bind the town to move forward, it sets out what each party would do if approved. Mr. Thomas felt that there should be more urgency in moving forward than to budget this to commence in July. Mr. DiCristofaro concurred that if things heat up funds could be allocated from this year and adjusted for next year.

Mr. Smith noted need to do our due diligence, coupled with need to move forward. If the purchase and sale agreement can be written, then we know what we are evaluating. He added that before the Town agrees to put money into infrastructure improvements, we need an unbiassed qualified expert assessment of whether the project as proposed has a likelihood of success.

Mr. Gelston suggested that the Town needed two analysis, one what will be the real cost of facility road changes, septic, parking, etc. the second is what is the anticipated business viability of the enterprise is. How much income potential is there and it is needed from unbiassed people?

Mrs. Gionta would like to see this done sooner than later. Mr. Dutch questioned the logic in spending $100,000 for a feasibility study to determine whether the developer's idea is viable.

Bill DiCristofaro noted that this discussion is on creating a budget together as the finance board. Funding would not be spent until it passed through us again. We may decide that number too high or too low. Mr. Dutch concurred to put funding in as a place holder.

GUESTS AND AUDIENCE COMMENTS

A question was emailed asking the amount allocated for the athletics complex to date. It was noted that $19,000 has been appropriated for design and cost estimations.

Motion was made by Mr. Dutch to adjourn at 9:04 pm. Mrs. Gionta seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,
Deb Denette