

**TOWN OF EAST HADDAM
BOARD OF FINANCE
REGULAR MEETING**

December 10, 2012

7:00 pm

Grange Hall

CALL TO ORDER

The regular special meeting of the East Haddam Board of Finance was called to order by Susan Link on Monday, December 10, 2012 at 7:10 pm at the Grange Hall.

The Pledge of Allegiance was recited.

In attendance:

Board of Finance Members:

Susan Link, Chairman

Daniel Alexander

Bruce Dutch

Harvey Thomas

Raymond Willis

Others:

Board of Selectmen Members

Mark Walter, First Selectman

Emmett Lyman, Secretary

Board of Education Members

Nancy Haslam, Chair

Bryan Perry, Secretary

Laurie Alt

William Barney

Tracey Gionta

Brian Pear

Mary Beth Iacobelli, Interim Superintendent of Schools

Cynthia Varricchio, Finance Director

Denise Dill, Tax Collector

Melissa, Ziobron, State Representative Elect

Sarah Clark, Board of Education Interim Administrative Assistant

JOINT MEETING OF THE BOARDS OF FINANCE, SELECTMEN AND EDUCATION

a. 2013-2014 Budget Discussions

A review of the upcoming budget items was conducted by First Selectman Mark Walter, Interim Superintendent Mary Beth Iacobelli and Finance Director Cindy Varricchio.

Key items presented:

- Health Insurance increases, potential 25% increase due to changes in employee census (increase), 90% medical loss ratio, 67% increase in

catastrophic medical claims and the Affordable Care Act (ACA). It was noted that there will be interviews with health benefit consultants (insurance brokers) later in the week; in an effort to assist the Town and Board of Education in navigating Federal and State changes to health insurance.

- Oil increases, because of a surplus from fiscal year 2011-2012 which provided savings in the current fiscal year.
- Superintendent's priorities:
 - Staffing to meet district-wide instructional and operational needs.
 - Providing resources to implement District Improvement Plan; Curriculum, Teacher Efficacy and Student Engagement.
 - Integrated Student Information System to replace obsolete and under supported/non-supported databases.
 - Technology infrastructure, hardware and software to support increased instructional and operational needs across the district.
 - Opportunities for shared services that will improve functionality, efficiency and reduce costs.
- Unfunded Board of Education mandates:
 - New System for Educator Evaluation Development (SEED) that requires training and resources to implement.
 - Mandated participation in magnet schools that requires the district to fund tuition.
 - Safe School and Climate legislation.
 - Mandated student success plans grades 6-12.
- Key Board of Education budget items:
 - Negotiated contract increases, overall 1.9% increase.
 - Transportation, 2.5% contracted increase. There was discussion with regard to the number of students who ride the number of school buses. Board of Education Chair Nancy Haslam stated that we are required to ensure a bus capacity for all enrolled students. The geography and the time students are riding the bus was discussed. It was also noted that ensuring a seat for every student is critical in the event of something such as an emergency evacuation.
 - Continued reductions to grant funding sources, coupled with increased special education tuitions that are not being reimbursed by excess cost at the full rate.
 - Small reductions from endowment fund sources.
 - Enrollment changes, it was noted that professional services may be contracted for to look at declining enrollment and future projections.
- Revaluation is finishing up. The preliminary indications are a 15% reduction in the Grand List. The process of calculating the mill rate was reviewed with the corresponding Grand List reduction and the resulting increase to the mill rate. An example was given comparing the current year Grand List and mill rate to the projected reduced Grand List and property value using the 2012-2013 approved budget. It was noted that that if your property value dropped by 15%; your property taxes would not have necessarily increased, even though the mill rate increased.

b. 2011-2012 Audit Discussion:

The 2011-2012 audit recommendations of better tracking of inventory/capital assets were reviewed. It was noted that an inventory will be conducted and the combining of financial systems, will work toward that end.

APPROVAL OF AGENDA

Motion was made by Bruce Dutch to approve the agenda. Daniel Alexander seconded the motion and it was unanimously approved. Motion carried.

APPROVAL OF MINUTES

Motion was made by Harvey Thomas to approve the November 19, 2012 minutes. Bruce Dutch seconded the motion and it was unanimously approved. Motion carried.

CORRESPONDENCE

Nothing noted.

CHAIRMAN'S REPORT

a. Tax Collector Monthly Report:

The Tax Collector's report was reviewed.

OTHER/FOLLOW-UP ITEMS

a. 2011-2012 Audit Recommendations:

Tax Collector Denise Dill provided the Board with the following correspondence with regard to the validation machine:

"December 7, 2012

*Susan Link, Chairman
Board of Finance
East Haddam, CT 06423*

Dear Board Members,

As recommended by Blum Shapiro, I have added a policy procedure for documenting validated bills which have been destroyed by the validation machine.

When a bill does not pass through the validator correctly, we now reprint a statement of taxpayer's account showing all transactions entered. That is then filed with the batch report. This procedure was acceptable to the firm representatives at November's Board of Finance meeting.

*Sincerely,
Denise Dill
Tax Collector"*

FIRST SELECTMAN'S REPORT

a. Financial Needs Roundtable-Ten Year Capital Improvement Plan:

Mark Walter reported that the Financial Needs Roundtable Committee has endorsed the ten-year capital plan and will be looking for future input from the Board of Finance. There are four major components that are outside the normal scope of annual capital improvements—conversion of the old middle school into municipal offices, renovations to fire company #1 to become a fire, ambulance and emergency operations center, structural improvements to fire company #2 and renovations to the elementary school. Mr. Walter reported that he has preliminary drawings for the firehouse and that he is finalizing a request for proposals for design build firms for these projects to include comprehensive construction estimates for referendum. The firm that prepared the plans for the old middle school has been contacted with regard to revising the plans for a smaller project that does not include the Ray portion of the building and the elementary school has had a feasibility study completed that is in review stages. Harvey Thomas suggested that the old middle school site be considered for fire company #2. There was discussion with regard to having the Town's financial advisor attend a future Board meeting to review funding options.

FINANCE DIRECTOR'S REPORT

a. November YTD Budget Reports:

Cindy Varricchio reported that the budget is tracking well with no surprises or concerns at this point.

LIAISON REPORTS: Nothing noted.

OLD BUSINESS: Nothing noted.

NEW BUSINESS: Nothing noted.

OTHER/FOLLOW-UP ITEMS:

Chairman Link distributed the Blum Shapiro materiality worksheet that was requested by the Board at the November meeting. The report will be emailed to Board members.

ADJOURNMENT

Motion was made by Bruce Dutch to adjourn at 9:10 p.m. Harvey Thomas seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted,

Cynthia Varricchio
Acting Clerk