

**TOWN OF EAST HADDAM
BOARD OF FINANCE
Regular Meeting
May 13, 2013
Town Grange**

CALL TO ORDER

The regular meeting of the Board of Finance was called to order at 7:03 pm by Chairman Susan Link.

The Pledge of Allegiance was recited.

In attendance:

Board of Finance Members:

Susan Link, Chairman
Robert Bennett
Daniel Alexander
Harvey Thomas (arrived 7:04)
Raymond Willis

Others:

Mark B. Walter, First Selectman
Deb Denette, Town Clerk and BOF recording secretary
Denise Dill, Tax Collector
Cindy Varricchio, Finance Director
Ed Blaschik, Chairman Board of Assessment Appeals
Loreta Zdanys, Assessor

APPROVAL OF AGENDA

Motion was made by Raymond Willis to accept the agenda as presented. Robert Bennett seconded the motion and it was unanimously approved. Motion carried.

APPROVAL OF MINUTES

Motion was made by Robert Bennett to approve the minutes of the Regular meeting of April 8, 2013 as amended by Daniel Alexander as follows:

Page 3, Approval of Minutes, Special Meeting of March 19, 2013, first sentence add proposed by Susan Link" after "with the following amendments

Page 3, Approval of Minutes, Special Meeting of March 21, 2013 first sentence add proposed by Susan Link" after "with the following amendments

Daniel Alexander seconded the motion. The motion carried with Raymond Willis abstaining.

Motion was made by Daniel Alexander to approve the minutes of the April 23, 2013 special meeting. Robert Bennett seconded the motion and it was unanimously approved. Motion carried.

CORRESPONDENCE

Nothing noted.

CHAIRMAN'S REPORT

a. Tax Collector Monthly Report:

Responsive to inquiry from Daniel Alexander, Tax Collector Denise Dill advised that the requirement for a tax sale is three years delinquency and/or \$10,000 in taxes due. She stated that she anticipated a tax sale will be held in the fall; certified letters to those being impacted have been sent.

b. Board of Assessment Appeals—Spring 2013 Final Report:

Ed Blaschik, Chairman of the Board of Assessment appeals noted that 52 appeals were filed, 50 real estate and two personal properties. Action resulted on 39 appeals, lowering the grand list by \$931,730. He further advised that 165 hours were spent on the appeals. Assessor Loreta Zdanys distributed copies of the spring 2013 final report. Mr. Blaschik stated that the process did not go as smoothly as it has in the past; in particular, he noted that some items did not transfer correctly. It was noted that a different company Vision Appraisals, was retained. It was also noted that most of the State works with this firm.

Ms. Zdanys stated that Patty Veselak has manually gone through each file to look for errors to address the concern that errors existed that were not appealed. She stated that 30 or 40 errors were found, however, based on 6,000 properties she felt the percentage of error was very marginal. She also advised that the 15% reduction in the grand list was similar to what other towns of East Haddam's size and population experienced.

Mr. Blaschik stated that he does not believe there has been enough education regarding the lowered assessments and the resulting increase to the mill rate that will occur to balance taxes. He anticipated a lot of unhappy people in July. It was noted that properties that went down less than the 15% average, will receive a larger share of the redistribution of tax. He also noted that a larger amount of tax decrease was realized around the Moodus Reservoir.

Daniel Alexander questioned the methodology for taxing undeveloped land. Mrs. Zdanys advised that a formula is utilized. She further advised that when comparable properties cannot be found, the improvement is removed. Mr. Alexander requested the formula be provided in writing, from Vision Appraisal.

c. Planning for the 2014-2015 Budget Process:

Chairman Susan Link noted frustration with how the Board of Finance addressed the budget this year. Raymond Willis suggested that the budget be broken down into three parts, Part A, contractually obligated no choice items, salaries, health care, debt service, etc. Part B, capital projects desired to be undertaken and Part C everything else. Part C would likely be the only place where debate could occur.

Mrs. Link stated that the Board of Finance cannot just give a pass to what is proposed because a meeting is running late. She reminded the Board that if the budget passes,

\$620,000 could be utilized from the fund balance for operating. She stated that \$370,000 was taken from capital reserves for technology. She stated that next year, without that funding, the budget is already \$990,000 short. She encouraged members to start thinking about ways to address the shortfall without taxing. She also noted that there are major projects on the horizon.

First Selectman Mark Walter stated that the Board of Finance has more budget detail available than ever before. He encouraged them to set goals and parameters.

Mrs. Link advised that she was surprised to learn that the Town has to put up \$100,000 to receive the \$200,000 to do upgrades to the old Town Hall and Grange Hall. She stated that if it was brought forward, she missed it. Mr. Willis said that it may be prudent to say no to some of these grants that have matching components to them.

Mrs. Link requested more information on actual expenditures to budget at year end. Finance Director Cindy Varricchio stated that she will provide extended information after the audit is complete.

Mr. Walter added that East Haddam's commercial tax base is only 5%. He stated that it is extremely difficult to entice new business because East Haddam has the most draconian planning and zoning regulations around. He stated that the Town has an anti-development reputation. This statement enticed debate between Mr. Walter and Harvey Thomas. Mr. Thomas defended that residential buildings cost more in services than are generated by tax revenue. He stated that East Haddam would not want to be Colchester and he advised Mr. Walter that he cannot bill his way out of this hole.

Discussion returned to that of the budget of the Board of Education. It was noted that the Board of Education's budget cannot be decreased unless student population drops by a large enough percentage. It was noted, however, that the budget can remain flat. Mr. Thomas suggested holding their budget flat for the next several years. Mrs. Link stated that she encouraged that and made a motion to that end, but the Board did not approve her motion. She also said that because of the shared services, the budget does not seem transparent. She emphasized that she is very frustrated.

FIRST SELECTMAN'S REPORT

a. CIRMA Equity Distribution

First Selectman Mark Walter advised that the Town is once again receiving an equity distribution from CIRMA. This year's amount is \$6,300.

Mr. Walter advised that the Middle School Conversion Committee will meet with the Board of Selectmen on May 23, 2013 at 7:00. He stated that he will ascertain interest from the Committee to continue serving, however, the MSCC committee will be disbanded and two new committees formed. The first will be a municipal space committee to bring forth a plan for the conversion of the old middle school and resolution of the two fire departments; the second to renovate as new the elementary school.

Mr. Thomas inquired about the status of the municipal space study committee. Mr. Walter acknowledged that the committee is still on the books, but not active. He

noted that members include Jim Curtin, Alan Hanks, Deb Fiala and Art Merrow. He noted that this committee would meet for a small urgent capital projects.

Mrs. Link inquired who served as liaison to the MSCC. It was noted that Paul Maxwell was. Mrs. Link stated that she will attend the 23rd meeting and assign liaisons when the new committees are formed.

FINANCE DIRECTOR'S REPORT

a. April YTD Budget Reports:

Finance Director Cindy Varricchio reported that she has updated her year-end forecasts. In particular, she highlighted central services, and is now forecasting that account to be at \$125,000 from the \$106,623 budgeted. Responsive to inquiry from Mrs. Link, she stated that the increase is relevant to staffing coverage for the Senior Center in the Municipal Agent for the Elderly's absence and overtime expenditures for clerical personnel to address special projects. Special projects were identified as the swing bridge celebration and the digitizing of records for the building department. She also highlighted the change to insurance, which was projected at \$167,310 and is now estimated at \$172,310.

Regarding revenue, Mrs. Varricchio advised that Tax Collector Denise Dill is doing very well in collections for interest and penalties. She stated that she is watching a state grant that is anticipated at \$38,000 more than budgeted, however, she will wait until those funds are in hand prior to adjusting the forecast. Mrs. Varricchio reported that it has been a good year for legal expenses.

Daniel Alexander inquired about attorney fees for tax sales. Mrs. Dill advised that any attorney's fees paid by the Town are recovered through the tax sale or upon reinstatement by the property owner.

Mrs. Varricchio advised that transfers and other adjustments are all made at year end.

b. Appointment of Auditor:

Finance Director Cindy Varricchio advised that we are in the third year of a contract with Blum Shapiro. She noted that per contract this year's fee will be \$37,500 shared between the Board of Education and the Town. Discussion regarding the division of the amount ensued. It was noted that the Town pays two-thirds and the Board of Education one-third. Given the funding each entity has control of the Board was in favor of seeing the Board of Education pay a larger portion. Mr. Walter noted that the Board of Education is one department, whereas the Town is comprised of many. It takes the auditors much longer to audit the Town side, rather than the Board of Education side.

Motion was made by Daniel Alexander to appoint Blum Shapiro & Company, Inc. as the Town of East Haddam auditor for the July 1, 2012 to June 30, 2013 fiscal year audit. Raymond Willis seconded the motion and it was unanimously approved. Motion carried.

c. **MUNIS Recommendation:**

Finance Director Cindy Varricchio reviewed action taken in June of 2012 encumbering \$210,000 to aid in the implementation of MUNIS for both the Town and Board of Education in one unified system. She stated that acquisition, implementation and training costs of the proposal total \$138,501 and annual operating costs will be \$45,563. Current annual costs total \$31,203. The benefits of the one system were identified. Daniel Alexander questioned the human resources module and inquired if we will need to hire a HR person. Mrs. Varricchio responded that it is a module that will enable staff information to be maintained in one repository. She noted that an HR person is not required to operate this module.

Chairman Susan Link stated that she is in favor of the system and sought assurances that it will be used. Discussion was held relative to the Smarts software presently in place at the Board of Education and the limitations associated with it. Mr. Alexander noted that funds are already encumbered. The timeline of implementing the system was noted. It was also recognized that redundant systems will be maintained until the conversion is completed.

Motion was made by Raymond Willis to accept the recommendation of the Finance Director and move forward with the purchase and implementation of the MUNIS software. Daniel Alexander seconded the motion and it was unanimously approved. Motion carried.

d. **Board of Education FY 2012 Remaining Funds:**

Finance Director Cindy Varricchio reported that all of the outstanding Board of Education purchase orders for FY2012 have been closed (the delay was due to the oil encumbrances from last year). The Board has a remaining amount of \$35,851.65. It was noted that \$234,550 was already transferred.

Motion was made by Daniel Alexander to approve the transfer of \$35,851.65 from the General Fund (781-579790) to the Board of Education Capital Reserve Fund and to request that the Board of Selectmen schedule a Town Meeting for approval. Raymond Willis seconded the motion and it was unanimously approved. Motion carried.

LIAISON REPORTS

Robert Bennett that the Fire Department Pension Committee is working with UBS and that an investment policy has been implemented for the Firefighter pension funds; there are approximately \$315,000 in funds.

GUEST AND AUDIENCE COMMENTS

Nothing noted.

OLD BUSINESS

Nothing noted

NEW BUSINESS

a. Tax Suspense List:

Tax Collector Denise Dill presented the 2013 suspense list. She stated that while it may be possible to collect on some of these taxes, it is unlikely. The tax is deemed uncollectable as the taxpayer has died, moved out of state, filed bankruptcy, cannot be found, become incarcerated among a few other acceptable reasons. She stated that the department of motor vehicles will not permit a vehicle to be registered with unpaid motor vehicle taxes, which occasionally will allow some of these unpaid taxes to become collectable, plus fees and interest.

Motion was made by Daniel Alexander to approve the Tax Suspense List in the amount of \$18,961.45. Harvey Thomas seconded the motion and it was unanimously approved. Motion carried.

Motion was made by Daniel Alexander to adjourn at 8:30 pm. Raymond Willis seconded the motion and it was unanimously approved. Motion carried.

Respectfully submitted

Debra H. Denette