

Minutes
Town Council Finance Committee Meeting
April 10, 2017
Town Hall Conference Room B

1. The meeting was called to order at 7:00 PM.
Present: Matthew O'Brien, Hannah Pietrantonio, Andy Brodersen, Julie Blanchard
Also present: John Elsesser, Town Manager; Amanda Backhaus, Finance Director; Mark Kiefer, Director of Public Works

The Committee welcomed Amanda Backhaus, the new Director of Finance and expressed their excitement about working with her going forward.

2. **Acceptance of Minutes, March 13, 2017:** Hannah Pietrantonio moved and Andy Brodersen seconded to accept the minutes from the Finance Committee meeting on March 13, 2017. The following corrections were requested:
 - Page 2, 2nd paragraph, last line: change "look" to "lock."
 - Page 2, 3rd paragraph, 2nd line: add the words "grant paybacks" after "excess costs."
 - Page 2, last paragraph, last line: revise the last sentence to read, "Matthew said those one-time expenditures are good uses of the funds in his opinion."The motion to accept the minutes as corrected carried on unanimous vote.

8. The committee moved up item 8, **Consideration of funding to assist funding a study to determine possible sewer flows from Coventry into Bolton sewer system**, as the next item of business. Mark Kiefer, Director of Public Works, was present to represent the WPCA and discuss progress toward a potential sewer extension from the Town of Bolton. Mr. Kiefer reported that the WPCA has been working to get quotes to conduct a study to determine possible sewer flows from Coventry into the Bolton sewer system. He informed the committee that the WPCA has learned it will be necessary to install gauges in order to facilitate the study and that this was causing an increase in the projected costs. The total cost could be as much as \$42,000. The WPCA could commit to paying \$21,000. Mr. Kiefer said the WPCA would like to request that the Town Council fund up to \$21,000 to help fund the study. Matthew O'Brien said he believes this is a high priority for the Council. After further discussion, the committee agreed to recommend to the Town Council that the Council fund the remaining cost of the study that exceeds the \$21,000 that the WPCA will provide, up to the \$42,000 total.

5. **Discussion/possible action: FY 2016-17 Budget Transfers:** The committee discussed the Town's need to purchase additional salt/sand and cover already-incurred expenses for salt/sand and plowing overtime. John Elsesser told the committee that to fill the salt/sand storage shed up to $\frac{3}{4}$ capacity would take an additional 450 tons at \$82.47 per ton. Mark Kiefer reported that overtime cost overages reported to date are \$14,072.45. He informed the committee that there will be an additional \$2500 in overtime from the 4/1/17 storm that has not posted yet. The Town has already purchased \$14,084.22 worth of additional salt/sand. Matthew O'Brien asked if there are any funds within this year's budget that can be used to offset some of these expenses. John Elsesser replied that there are some funds available because the vacant police officer position that was budgeted has not been filled yet.

After discussion, the committee agreed to recommend that the Town purchase salt/sand to fill the salt/sand shed up to $\frac{3}{4}$ capacity and cover the overtime expenses and earlier salt/sand purchase. The Committee asked John Elsesser to let the Council know how much of these expenses can be covered in the current budget and whether additional funds are needed. The total costs will be

\$67,768. John Elsesser reported that he will also transfer funds to cover the shortfall in advertising expenses which has resulted from rising costs in the rates for newspaper legal notices which the Town is required to post.

6. **Reports:**

A. Chair: no report.

B. Committee members: no reports.

C. Finance Director – Amanda Backhaus: Revenues and expenditures are similar to last year. We are down slightly for tax collections but the general fund is up .Expenditures are up slightly - mostly due to encumbrances. We expect the first couple of payroll runs in April will push the budget up. We think we will still have enough money to cover these with savings from insurance and police. Special revenue funds are in line with expectations. Revenue collection is good with COVRRRA and sewer use. Recreation is ramping up for summer programs so we expect that balance to even out. Matthew O'Brien asked in which year should the \$90,000 in additional COVRRRA expenses that were incurred during the 2015-16 fiscal year - which were made known late in the summer - appear. Amanda Backhaus said most likely this year. She will look into it. Accounting has been working to finalize the Town Council budget. Amanda gave kudos to the staff for keeping the office running smoothly during the time when Beth Bauer left and Amanda started in her new role as Director of Finance. We got a new server – it will be installed when IT staff is available.

Matthew O'Brien noted that the Board of Education creates a final appropriated budget at the beginning of the year. He asked under what circumstances the Board would be able to change the line items in their appropriated budget. Amanda Backhaus replied that the Board is allowed to transfer between line items at their discretion. Matthew said that he understood that they can transfer funds but wanted to know if it is usual for them to actually change the line item amounts in their appropriated budget. He said that the Board has done that in the past and it makes it very difficult to be able to track where their surpluses occur. He said that the Board doesn't have a section in their report to reflect adjustments that are made. This practice makes it impossible for the public to be aware that the surpluses are occurring. He feels it is a lack of transparency to the public. It is impossible to track the original appropriated budget without showing the adjustments. Amanda said that they should be able to do that and that she will work Bob Carroll with (*School Business Manager*) on that. She said you can see adjustments in a different report titled "Expenditures All Activity." Matthew noted that it doesn't show in the management report and he will take a closer look at the All Activity report. He can see they make transfers but not for what purpose. He noted that the most recent Board of Education Management report reflects that the Board is anticipating a \$138,000 surplus.

D. Supplemental appropriation status: This report was reviewed. There were no changes from the previous month.

4. **Discussion/possible action: authorization to expend from CNREF for capital projects:**

The committee discussed Capital fund reallocations and the Council budget adjustments. John Elsesser indicated there are two pots of money. There is \$21,387 in capital funds that are available for reallocation. There is also \$127,000 from previously closed projects that have been forwarded to the Capital Non-Recurring Expenditures Fund (CNREF). Matthew O'Brien recommended that any unused capital funds remaining from the \$21,387 that we don't reallocate also be transferred to CNREF. During the budget discussions, the Council had decided that some purchases in the original budget should be made this year: summer roads for \$30,000 and the

roller for \$32,700. After discussion the committee agreed to recommend that the Council use \$62,700 from the funds transferred to CNREF to make and authorize these purchases now.

John Elsesser recommended that the truck software - \$5,500, village banners - \$2,000, and senior chairs - \$3,000 be purchased by reallocating \$10,500 of the capital funds that are available. The Committee agreed to recommend to the Council that we purchase these items using the reallocated capital funds.

6. **Discussion/possible action: authorization for Board of Education to expend amount not to exceed \$12,000 from Reserve Fund for Capital Expenditures for emergency repairs to water heater tank and burner:** The Committee discussed the Board of Education's request to use up to \$12,000 from their Reserve Fund for Capital Expenditures to repair a broken water tank and convert the burner for it to natural gas. The Committee agreed to recommend that the Council allow the Board to use up to \$12,000 from their Reserve Fund for Capital Expenditures for this purpose.
7. **Consideration/possible action: Creation of a special fund for preschool expenditures and revenues:** The Committee reviewed the Board of Education's information related to the preschool. The Board of Education submitted a new budget document and the original Memorandum of Agreement (MOA) that the committee has seen before.

Matthew O'Brien expressed his disappointment with what the Finance Committee was given to consider. He said that he has provided the Board with a list of what the Board should be doing in order to gain Council approval of their plans. Part of that was to create a cohesive message citing the reasons and the benefits. They haven't done that. The Board did not change anything in the MOA. He had suggested that they need to incorporate the requirement that they provide reports to the Council so that the Council can monitor whether the preschool is in fact operating self-sufficiently and is not relying on funds from the Board's budget or the general fund. He had recommended that the Board use the WPCA fund as a model.

Matthew O'Brien said he had also recommended that if the Board chooses not to cover all of their expenses and be 100% self-sufficient as said they would be, that the Board identify any and all expenses that they would not be covering. They have not done this. It appears that the Board has made no allocation for:

- Use of the building
- Maintenance
- Utilities
- Administration
- Bookkeeping
- Insurance
- Worker's Compensation and Social Security for non-certified staff
- Secretarial support
- Office supplies and equipment

There may be other items that have not been recognized yet.

The committee discussed the Board's proposed budget and agreed there are some questions that should be answered by the Board – perhaps in a joint meeting. Matthew O'Brien said for example, there are line items under Expenses indicating that the Board is currently paying rent

and school readiness rent. He asked to whom these payments are being made and from where are they coming.

John Elsesser asked if the Board will open a separate bank account and be able to expend funds without oversight. He asked how all of this will work operationally. If they do check preparation and run it through us he would be ok with that. He just wants to be clear on the language. Amanda Backhaus expressed concerns about decentralizing the accounting for the preschool program.

Matthew O'Brien said that if the Board's numbers and assumptions are correct they show that the fund has more than sufficient funds to pay for the items listed above.

John Elsesser said that Eastern Highlands Health District has their own space in Mansfield Town Hall. They pay a lump sum for use of the building, copier, payroll, custodial services, etc. He believes it is called an Administrative Service Fee. Matthew O'Brien said something like that was in line with what he was thinking. He said the Board has to make sure their costs are covered. John expressed concern that the MOA states that the Board will have total responsibility for their reports and does not express that the Council will receive the types of reports they want.

Matthew O'Brien said that this budget does not appear to account for any preschool children other than our special education students and the students covered by state grants. He asked what the Board plans to do for the other 50 or so preschool children that are now paying tuition to CECC.

It was agreed that Matthew O'Brien and John Elsesser will work together to create a list of additional questions for the Board and that it may be necessary to invite the Board to come in to meet with the Council to answer questions. Amanda Backhaus will work with Bob Carroll. Hannah Pietrantonio asked whether a March timetable had been requested. Matthew O'Brien replied that the Board has indicated they would like to resolve this issue because two people currently running the preschool will be leaving.

8. Old Business:

Matthew O'Brien asked if Beth Bauer and Bob Carroll finished the work to create the formulas that will be used going forward to identify the number of full-time-equivalents (FTEs) that the Board of Education has and their enrollment figures. They were going to try to agree on a method so data would be consistent from year to year. He said we were promised this would be accomplished before Beth left. He also said that he has not received any update on the corrected enrollment numbers to replace the flawed data in the audit and would still expect to receive it. John Elsesser said he would look into these items.

9. Adjournment:

The meeting was adjourned at 8:14 PM on a motion by Hannah Pietrantonio, seconded by Andy Brodersen and unanimously approved.

Respectfully submitted,
Laura Stone
Town Council Clerk