

**APPROVED
BOARD OF FINANCE
Minutes
May 14, 2015**

CALL TO ORDER

Chairman Hammers called the Board of Finance meeting to order at 7:00 pm at the Town Hall, Trumbull, Connecticut. All those present joined in the Pledge of Allegiance.

PUBLIC COMMENT

There was no public comment.

ATTENDANCE

Present

Elaine Hammers, Chairman
Paul Lavoie
Lainie McHugh
Andrew Palo
Thomas Kelly
Roy Molgard
Bill Haberlin, Alternate
Vincent DeGennaro, Alternate

Absent

Karen Egri, Alternate

Also present:

Maria Pires, Finance Director; John Ponzio, Treasurer; Lynn Arnow, Chief of Staff; James Haselkamp, Director of Labor Relations; Timothy M. Herbst, First Selectman; Jamie Bratt, Director of Economic Development; Donna Pellitteri, Tax Collector; Marie Pettiti, Parks and Recreation Commissioner; Robert Ferrigno, Parks and Recreation Commissioner; Vin Lapinski, Parks and Recreation Commissioner.

By unanimous consent, the Board agreed to take items 5-15-04 and 5-15-05 out of order, since the First Selectman had another meeting to attend.

The First Selectman spoke to the Board of Finance indicating the need to have an audit performed by an outside auditing firm on the Parks and Recreation Department along with the Golf Course, at a cost of \$45,000, which is the median cost of previous audits, prior to the new Director of Parks and Recreation beginning his position. He feels that there is a tremendous amount of revenue generated each year and we need to give the new director an accurate view of what has been going on with respect to revenue and expenses.

The need for this audit request is a result of the issues and concerns that have been raised with respect to the Special Agency accounts in these departments, which have not been answered. He went on to add that over the years repeated requests for an accounting of the department's revenue and expenses were not provided. Since there was no audit performed prior to merging the Parks and Recreation departments, he feels it is necessary to perform one now prior to the busy season to give Mr. McCarthy the tools he needs to begin his position.

The First Selectman went on to address how each outside audit performed for the Town uncovered areas that once corrected led to increased efficiencies and better productivity. In addition, he indicated that we are not having the new director perform this audit, since he will be too busy assuming the role of his new position and working with his staff.

Commissioners Ferrigno and Lapinski spoke in favor of the First Selectman's request, citing the need for this audit in order to identify the areas of possible savings and the generation of additional revenue through increasing the number of programs. They feel that it is imperative that the new employee have this information available to him when he begins his new position.

Ms. McHugh asked why this audit wasn't done prior to hiring Mr. McCarthy. The First Selectman indicated that it would have been done if we had an internal auditor in place. He indicated that he had spoken with Mr. Henderson about an audit before the reorganization was finalized and before it could be discussed further, Mr. Henderson retired. Had he stayed, the First Selectman indicated he would have proceeded. However, there were times when the internal auditor would recommend outside assistance.

She went on to ask if this could be done by the internal auditor if we hired one in the next month or so, as he had indicated he would have had the previous auditor do it. The First Selectman indicated that it was not only financial but operational. In addition, he would have spoken to the former internal auditor, but in some instances an internal auditor will tell you it is necessary to go outside for an actual audit.

Ms. McHugh then asked where we would get funding for the salary of the director as of June 1, 2015. The First Selectman indicated that since the assistant recreation director left the town and was not replaced, the June salary would come from the salary that was saved.

The Chair then indicated that an existing internal auditor could perform the audit as requested; however, a newly hired auditor would not be able to comply with the operational portion of the requested audit and certainly not within the time frame given. Ms. McHugh asked why the internal auditor couldn't handle the financial portion of the audit and the new Parks and Recreation Director handle the operational portion, since the First Selectman indicated he was highly qualified.

The First Selectman indicated that there is a very small window of time within which to have this audit done during peak season and it may be several months before a new auditor is hired. He went on to add that since we haven't had an internal auditor for the last 8 months, there is a backlog of work and it wouldn't be fair to the director of Finance to have the individual on this one project for a long period of time if in fact they were qualified to handle both sides.

Mr. DeGennaro asked if the First Selectman was concerned about having only one response; the First Selectman indicated that he only received one response to the RFQ despite the fact it was posted twice and nothing was yet definite with this company. In addition, he went on to add that he had all previous outside audits reviewed in order to make a price comparison.

Mr. Palo asked what financial problems the Director of Finance was having with the Parks and Recreation Department. Ms. Pires indicated the Special Agency accounts do not have the level of detail needed. The Chair indicated that the Special Agency accounts do not indicate what a program costs and if it pays for itself, based upon the financial information provided in these accounts. Mr. Palo indicated that if the new Director at his salary level should be able to dig into the records and figure this out. The Chair went on to add that the records are not decipherable as they are now. The First Selectman indicated that we have asked for an accurate accounting of the Special Agency accounts for years, and have not been able to get it; therefore, how do we expect the new Director to do this, since he is not an accountant. We owe it to him to give him the figures he needs to work with.

Ms. McHugh asked why the new director cannot sit down with his staff and tell them how he wants the reporting done. Commissioner Lapinski indicated that you don't ask a person with his background to do an audit; he was hired as a Parks and Recreation Director, not an accountant. He went on to add that he feels there is pushback coming from that side of the room.

Mr. Kelly indicated that the questions are coming from this side of the room because he would have loved to see the same passion given to taking the parks and recreation to the next level also given to taking the school system to the next level, where he feels these funds could be put to better use. They didn't support the \$95,000 for the new Parks and Recreation Director salary during the budget and the \$45,000 for the audit is better spent elsewhere.

Commissioner Pettiti indicated that she is retired after 36.5 as a math teacher, with 2 sons who attended Trumbull schools. She taught in Bridgeport for 32 years, and has always thought we had a fantastic education system. However, kids and adults also need the parks and recreation. In Trumbull, we spend plenty in education and it is necessary to put money in other areas.

Mr. Lavoie indicated that his first reaction was he didn't want to spend the money; however, this is an investment; other audits have given us returns higher than the cost of the audit. After hearing the First Selectman who has a proven track record and the Commissioners he sees this as an investment and feels it will provide for improvement. In addition, as a new Director, Mr. McCarthy will be busy forming his team and motivating them to do the best job possible.

Ms. McHugh asked if the Commission voted as a group on the audit. It was indicated that they were not able to reach everyone, but they had no doubt that it would be supported by everyone.

Mr. Palo then asked Mr. Ponzio for his input, asking if we need additional personnel in the Finance department. He also indicated that he respected Mr. Ponzio's opinion and would appreciate having it. Mr. Ponzio indicated he was in agreement with Mr. Lavoie, and from a finance perspective, he feels that there is a need to determine the P&L for each program. If Ms. Pires, the Finance Director, indicated that she does not have the personnel to perform this audit, then the only recourse is to hire an outside auditing firm. He went on to add the \$45,000 will be more than well spent and is necessary. It would be wrong to have the new director do this audit, and would keep him from doing what he was hired to do.

Mr. Lavoie mentioned that the discussion should be kept to the audit and not education. He indicated that the audit would not be at a cost to the Town, since the funds were available to be transferred to the account that would be used to pay for this. Mr. Kelly indicated that it would be at a cost since we are currently over budget in the highway department due to the snow removal expenses.

5-15-04

Mr. Lavoie moved, seconded by Mr. Molgard to transfer \$15,166 from account number 01011400-501101 BOF Salaries-FT; \$15,167 from account number 01080400-501101 Rec Salaries-FT; \$15,167 from account number 01080600-501101 to account number 01080600-522202 Parks-Professional Services \$45,500 for a review of the operations of the Parks and Recreation Departments and Golf Course.

Vote: 3-3-0 motion fails

5-15-05

Mr. Lavoie moved, seconded by Mr. Molgard to appropriate \$45,500 from the Fund Balance to account number 01011400-522202 BOF-Professional Services \$15,166; account number 010180400-522202 Rec-Professional Services \$15,167; 01080600-522202 Parks-Professional Services \$15,167 for a review of the operations of the Parks and Recreation Departments and Golf Course. Mr. Lavoie indicated that this would be an expense.

Vote: 3-3-0 motion fails

TOWN TREASURER'S REPORT – John Ponzio

Mr. Ponzio presented his report, highlighting the following:

- Interest income for the month was \$24,000. We are just about at our budget of \$300,000 for the year. Since we are currently at \$250,000, we need \$25,000 for the next two months.
- Our cash balance is \$62 million, a significant increase from the March balance of \$45.2 million. This increase has to do with April being one of our large tax collection quarters.
- We have a small debt payment coming up June 1, 2015 of +/- \$910,000.
- We received a grant of \$1.7 million reimbursement relative to the Pequannock Trail this week and \$1.3 million from the state ECS grant last week, an addition of \$3 million to cash.
- All Pension payments are current, both for the Town and the Police. The Pension Board met last week and are in the process of sending our Annual Report to the First Selectman.

Highlights include:

- Increase of the funding ratio to 38.5% as of March 31, 2015, up from 27% where we started 5 years ago, a significant achievement considering how the market has been.
- Slightly lower ARC in this fiscal year compared to last year. There are 51 less participants than there were 2 years ago due to closing the plan and having new employees enter the Defined Contribution Plan.
- Pension Board is in the process of updating their Investment Policy to take a more active participation in the investment decisions.
- \$1.4 million in tax collections via the web portal, reducing the over-the-counter transactions that needed to be handled in the department by 2,000.

TAX COLLECTOR SUSPENSION REPORT – Donna Pellitteri

Ms. Pellitteri presented the Suspension Report for uncollectable funds on the grand list of 2011 for personal property tax and motor vehicle tax, which will be turned over to a collection agency. The personal property tax is \$82,051.57, which is higher than last year. The motor vehicle tax is \$106,518.76, which is higher due to the change in the State registration policy. She feels that we will be able to collect a portion of this.

Mr. Haberlin asked for a history of collections. He would like to know what percentage of accounts sent to the agency are finally paid. Ms. Pellitteri indicated she will send it under separate cover.

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By unanimous consent, the Board voted to accept the Suspension Report as presented.

5-15-01

Mr. Lavoie moved, seconded by Mr. Molgard to transfer \$5,000 from account number 01014200-522202 P&Z- Professional Services to account number 01014200-501105 P&Z-Salaries-OT \$5,000 to cover OT in P&Z due to sharing the clerical staff with HR.

Ms. Bratt, Director of Economic Development, spoke to the Board indicating the funds were needed to cover the overtime incurred due to the increase in the workload in Planning and Zoning.

Vote: 6-0-0 motion carries

5-15-02

Mr. Lavoie moved, seconded by Mr. Molgard to transfer \$4,500 from account number 01014200-500101 P&Z Salaries-FT to account number 01014200-501103 P&Z-Salaries-Seasonal-Temp \$4,500 to cover OT in P&Z to cover for a temporary PT to assist until the vacant position (P&Z) due to the promotion is filled .

Ms. Bratt indicated that due to her promotion, she is currently out of the office quite a bit and in addition to this, her promotion created a vacant position in Planning and Zoning that needs to be filled. For these reasons, along with the fact that she is sharing her administrative assistant with human resources, they are effectively down 2.5 people, which is impacting customer service.

She indicated she is looking to hire a temporary PT person to fill-in to answer questions, etc., as they look for a permanent Planner. The union has approved the position and salary, so they are looking to have Civil Service fill the position and she hopes this will be done by mid-July.

Vote: 6-0-0 motion carries

5-15-03

Mr. Lavoie moved, seconded by Mr. Molgard to transfer \$15,040 from account number 01011400-501101 BOF-Salaries-FT to account number 01011400-522202 BOF-Professional Services \$15,040 to fund for a temp-to-hire Internal Auditor.

Mr. Haselkamp indicated that these funds were initially for a temp-to-hire; however, since that time, we have received three applications that look good for a permanent hire and would like to table this request.

The Chair indicated she wants everyone to review the resumes and then determine their comfort level. Mr. Palo indicated that Mr. Haselkamp pursue additional advertising. Mr. Haselkamp indicated that he would look into additional sources of advertising and pricing. The Chair went on to add that she would also like to pursue the temp-to-hire idea.

Mr. DeGennaro indicated that he feels the Board should meet and talk with these individuals to get a gain a different perspective that just going on the resume. Mr. Lavoie indicated he has found that an agency can definitely pursue areas that we cannot, especially when we are not getting the responses that we like.

Mr. Kelly asked if there would be an issue with the union using a temp-to-hire; Mr. Haselkamp indicated that there very well may be an issue and he would need to speak with the union.

Mr. Lavoie asked about the feasibility of outsourcing this position. Mr. Haselkamp indicated that this would not be an option allowed by the union; temp-to-hire is a different issue.

Mr. Palo moved, seconded by Ms. McHugh, to table the item until the meeting of May 21, 2015 pending Mr. Haselkamp's research on advertising costs and his discussion with the union regarding Temp-to-Perm.

Vote 6-0-0 motion carries

5-15-06 to 5-15-11

Mr. Lavoie moved, seconded by Mr. Molgard to approve the Director of Finance transfers of \$1,680. (See attached)

Vote: 6-0-0 motion carries

DISCUSSION ITEMS

• Senior Volunteer Tax Relief – Lynn Arnow

The Chair indicated that the Senior Tax Relief was sent to the Council and they voted on it making the change we suggested to not include any outside 501C that the service would be to the Town.

Ms. Arnow indicated that the Town Council considered this at the April L&A meeting; however, prior to this the Town Council rewrote the resolution (25-72)

The items that changed include the following:

- Removed income data, since it will be a non-income qualifying program.
- Reference to 4500 eligible seniors was reassessed and reduced to a range of 3710 - 4400.
- Municipalities we contacted included one that we felt should be removed, new report has 3.
- Town related 501c groups; the Council voted to remove the opportunity from recommendation number one.

The discussion regarding issuing a 1099 held by the Board of Finance was brought to the attention of our auditors and attorneys and we were told they could not give us tax advice. Our attorneys, however, recommended we contact the IRS on all of the tax programs we provide for their official opinion.

Recommendation 1 - Recommends a tax credit of \$300 for the 2016 year, which is \$300 below the threshold for which we would need to issue a 1099. We will be soliciting an opinion from the IRS as we get closer to approaching the \$600 tax credit should that be necessary. The Council can revisit this and make a different recommendation; the Council has not approved this. It will go to Council on the June Agenda. Tax credit can only be applied to real estate tax and not personal property tax.

The Chair asked if we need to vote and it was decided we would vote to recommend to the Council.

Mr. Lavoie moved, seconded by Mr. Molgard, to vote to recommend the Senior Tax Relief Program to the Town Council.

Vote: 6-0-0 motion carries

- **Year to Date Budget to Actual Report – GF Expenditures FY 2015**

Mr. Palo asked for an explanation on the Police Training account. Ms. Pires indicated it would be requested from Chief Lombardo.

- **Special Agency Account Report**

This only covers the larger accounts, not all of the accounts. She is still researching the smaller ones.

- **Cell Tower Account**

Ms. Pires indicated when the attorney settled the tower contract they ended up getting a \$50,000 sign on bonus to be used for any repairs to the tower or in the area, which is why it is set aside; it is restricted.

- **Transfer Station Account**

Ms. Pires indicated that each town contributes to this account each month and if there are repairs to be done at the Transfer Station these are the funds to be used. Mr. Palo asked that we find out from Mr. Marsilio what he plans to do with the funds.

- **Recreation Fees**

Used to collect activity fees for each program and is used for the salaries for the program personnel and repairs to facilities used in the programs, i.e., pool. At the end of the year, if the Recreation Department budget runs out of funds, this agency account is used to coverage any overage in the General Fund.

Ms. Pires indicated that some of these accounts are donations and governed by the Commissions. It was discussed that there needs to be a policy set for agency accounts and program fees, since many of the accounts are being used as budget supplements. .

APPROVAL OF MINUTES – March 3, 2015

Mr. Lavoie moved, seconded by Mr. Molgard, to amend and approve the amended minutes of the March 3, 2015 meeting as follows: page 5 recess until 7:05; page 10 to read Ms. McHugh indicated the town estimated savings from the drug plan was too high and we didn't know if the BOE would participate; DIRG to be changed to DRG; page 11, DIRG to be changed to DRG.

Vote: 5-0-1 (abstained: (Palo)

APPROVAL OF MINUTES – April 9, 2015

Mr. Palo moved, seconded by Ms. McHugh, to table the minutes of the April 9, 2015 meeting to allow the Clerk sufficient time to review the Senior Volunteer Tax Relief discussion.

ADJOURNMENT

By unanimous consent the meeting was adjourned at 9:20 p.m.

Vote: 6-0-0 motion carries

Respectfully submitted,

Phyllis C. Collier - Board of Finance Clerk