

March 14, 2018

The monthly meeting of the Sterling Board of Finance was called to order at 7:03 p.m. by Chairman David Shippee. Other members' present-Peter Rabbitt, Neil Cook, Robert Salisbury, and Neil Delmonico (7:16 p.m.). Members' absent-Bruce Lindberg, Staff present-Russell Gray, Lincoln Cooper, Joyce Gustavson., and John Firlik (7:20 p.m.) Also present-Alex Bancroft, Susan Jones, Gail Lanza, Deana Chrzan, Dottie Capobianco, and Leatrice Shippee.

Pledge of Allegiance: Everyone stood to recite the Pledge of Allegiance.

N. Cook made a motion, seconded by R. Salisbury to move New Business, Item b. ahead of Audience of Citizens. All voted in favor of the motion.

New Business:

b. Final Audit Report for FY Ending June 30, 2017: Alex Bancroft, Manager introduced herself and Susan Jones, Partner of Hoyt, Filippetti & Malaghan, LLC. Draft audit statements for Fiscal Year ending 6/30/2017 were distributed. A. Bancroft presented the final audit report. The long-term debt summary and the short-term health of the general government were reviewed. The long-term debt consists of \$6,690,000 of bonds; \$584,792 of bond premiums; and \$3,244,672 of OPEB for teacher health insurance actuarial calculated liability. The health of Water/Sewer did not improve. Also discussed was the unassigned fund balance totaling approximately thirty-six (36) percent of revenue. It was noted that bond companies do not like to see such a healthy fund balance. Discussion followed later in the meeting as to how to reduce the fund balance. D. Shippee asked the Board of Selectmen (BOS) and the Board of Education (BOE) to submit "wish lists" for capital projects. A. Bancroft reported that both the BOE and BOS underspent on their budgets; BOS-\$137,335/BOE-\$239,253. In closing, A. Bancroft discussed the following material weaknesses for both BOS and BOE: 1) Information and Communication – Policy and Procedure Manual, relating more to the BOE. It was also noted that the Town needs to update their Policy and Procedure Manual. 2) Timely and Accurate Financial Reporting. Both the Town and the BOE had trouble reconciling and monthly protocols need to be created to address this finding. The Family Day account should be moved in house. 3) Financial Statement Adjustments. Material adjustments were required to be made to the Town's financial statements in order for them to be in conformity with accounting principles generally accepted in the United States. The BOE and the Town need to reconcile individual transactions and cumulative ending balances of all general ledger accounts.

Audience of Citizens: No comment.

Correspondence: D. Shippee reported that he received an email from Marcia Marien of O'Connor Davies, dated 3/12/2018 stating that she is unable to attend tonight's meeting. In response to the Board of Selectmen's meeting held on Wednesday, 2/28/2017, M. Marien provided the following: 1) Names of three (3) payroll companies; 2) Shared business manager services with Plainfield or Griswold; and 3) Narrowing down the bank accounts and ordering checks to have everything available through Quickbooks.

Approval of Minutes: R. Salisbury made a motion, seconded by N. Cook to approve the minutes of the 2/14/2018 monthly meeting as written and presented. All voted in favor of the motion.

Unfinished Business:

a. Tax Collector's Grand Ratebook Balance Sheet Report: The report for month ending 2/28/2018 was submitted and reviewed.

b. I.T. Upgrades for the Sterling Municipal Building: J. Gustavson reported that the cutover was completed the third week of February and the old cabling system has been removed. One of the new Cisco switches has locked up four (4) times in the past two (2) weeks. Savage Systems and Adam Belesimo, Chairman of the Computer Assessment Committee are aware of the faulty switch. Due to

the large amount of heat being generated by the computer equipment, L. Cooper is checking into climate control for the server room.

c. Treasurer's Quarterly Report: The report for the quarter ending 12/31/2017 was submitted for review.

d. Discussion with Board of Education Regarding FY 17-18 Budget: No new information. N. Delmonico made a motion, seconded by R. Salisbury to table this item to the next meeting. All voted in favor of the motion.

e. Request from Treasurer to Close Family Day Committee Bank Account: D. Shippee reported the Family Day Committee Bank Account should be transferred to the Town. He will meet with the Family Day Committee on Tuesday, 3/27/2018 to discuss transferring the bank account over to the Town.

f. 2018-2019 Proposed Budget Submittals: The Board of Education and the Board of Selectmen will present the 2018-2019 proposed budgets at the meeting scheduled for Wednesday, 4/11/2018 at 7:00 p.m.

New Business:

a. Appointment of Auditor for Fiscal Year Ending June 30, 2018: R. Salisbury made a motion, seconded by N. Cook to confirm the appointment of Hoyt, Filippetti & Malaghan, LLC, Certified Public Accountants of 1041 Poquonnock Road, Groton, CT 06340 as the Town of Sterling Auditor for Fiscal Year ending 6/30/2018. All voted in favor of the motion.

b. Final Audit Report for Fiscal Year Ending June 30, 2017: This item was addressed at the beginning of the meeting.

c. Discussion Regarding Shared Business Manager: R. Gray met with Cathy Tendrich, Town of Plainfield's First Selectperson and there is a possibility that the Assistant Finance Director may be available to help us out. This is a work in progress.

d. Discussion Regarding Payroll Services for Sterling Municipal Employees: R. Gray reported that interviews have been scheduled with three (3) payroll service companies for Monday, 3/19/2018 and another interview has been scheduled for Wednesday, 3/21/2018. Marcia Marien of O'Connor Davies, and former auditor for the Town, will be asked to be part of the interview process.

e. Authorize Payment from the Fund Balance not to Exceed \$500,000 for Upgrades to Sanitary Sewer Pump Station: D. Shippee reported that this request for payment from the Fund Balance, not to Exceed \$500,000 is a referral from the Board of Selectmen. R. Gray reported that the electrical items need to be moved from the inside of the bottom of the dry well up above the ground as this has become a safety issue. Robert Wittenzellner of WhiteWater, Inc. referred the Town to Blake Equipment Company regarding the safety upgrades and maintenance repairs to the sanitary sewer pump station. R. Gray received a written quote, dated 2/23/2018 from Blake Equipment Company in the amount of \$399,928 including labor, equipment and materials to replace piping, pumps, controls, and to move the electrical items from inside of the bottom of the dry well to above ground. The Board of Selectmen are asking for \$500,000 should additional repairs be discovered during the Sewer Pump Station Rehabilitation Project. N. Cook made a motion, seconded by P. Rabbitt to approve the payment, not exceeding \$500,000 from the Fund Balance to the Sewer Authority for safety upgrades and maintenance repairs to the sanitary sewer pump station. All voted in favor of the motion.

Any Other Business to Come Before the Board of Finance: D. Shippee reported that Senate Bill No. 421 – An Act Concerning Municipal Budget Reserves for the Biennium Ending June 30, 2019, if passed, would revise municipal budget reserve language that was passed as part of the state budget for the biennium ending 6/30/2019, and prohibit the arbitration panel from considering a municipal fund balance of fifteen (15) percent or less when calculating the financial capability of a municipality. The Town's Fund Balance is \$4,339,987. Municipalities are required to maintain healthy fund balances (between twelve (12) and fifteen (15) percent) of the total combined budgets (Board of Education and Town) in order to secure a positive bond rating. D. Shippee would like to reduce the fund balance to \$1,600,000, leaving a little more than \$2,700,000 to be spent on capital

projects; such as, upgrades to the sewer pump station, road paving, generator for the school, and any other school repair projects.

Adjournment: P. Rabbitt made a motion, seconded by N. Delmonico to adjourn at 8:20 p.m. All voted in favor of the motion.

Attest: _____
Joyce A. Gustavson, Board of Finance Clerk