Call to Order / Pledge of Allegiance

Alderman Simonetti called the Special Finance Committee meeting of the Board of Aldermen to order at 5:30 p.m. All those present stood to recite the Pledge of Allegiance to the flag of the United States of America.

Roll Call

Alderman John F. Anglace, Jr.
Alderman Anthony Simonetti

Administration:

Raymond O'Leary, Treasurer
Paul Hiller, Finance Director
Lynne Piscitelli, Assistant Finance Director
Richard Belden, BOE Director of Finance

1. MINUTES FOR APPROVAL

Alderman Anglace MOVED to waive the reading and approve the following Special Finance Committee Meeting Minutes of July 9, 2019.

SECONDED by Alderman Simonetti.

A voice vote was taken and the MOTION PASSED unanimously 2-0.

Minutes can be viewed on the city website: www.cityofshelton.org

2. CITY BUDGET ITEMS

Alderman Anglace: I took the budget for September 13, 2019, went through it and made some comments on the details of the budget. I gave a copy to Lynne and we are just going to go through it. Some of these are questions that are for information purposes. I don't have a copy of this but it will be in the minutes and you can then
compare it. On Page 4 of the Revenue side of the budget, there is an account called Return Check Fees, we budgeted nothing, we took in $225. That’s a plus. On the Meadow Street lease, we budgeted a dollar and we took in $8,543. The Meadow Street lease is the Echo Hose?

Lynne Piscitelli: Yes. Echo Hose and we just charge them for utilities.

Alderman Anglace: So, these two accounts are on the positive side. On Page 5, Foreclosure Fee Reimbursements we budgeted nothing, we took in $900 so far. That’s unanticipated. Then Employee Restitution, that’s money from?

Lynne Piscitelli: Sharon Scanlon.

Alderman Anglace: Sharon Scanlon. That’s all on the revenue side. Let’s see, on Page 7 of the Expenditure Side under Conservation Commission, I just want to state the obvious, which everybody knows, but we budgeted the regular payroll for the clerk, and her time is being charged to the part-time employee account, so that shows up as a negative. Then on Page 12, under Fire Marshal, under Special Prevention Account, we budgeted for $5,400 and we overspent so far $1,498, perhaps you can give us an explanation?

Paul Hiller: I can give an explanation on that. I’ve spoken to Fire Marshal Tortora earlier this afternoon. This was an expenditure that was approved by the Mayor. It was actually approved by the Mayor in the last fiscal year but they were not able to purchase it at that time. It is for training for individuals and officers for training on equipment, such as how to use a fire extinguisher. They have been actively using it. It was purchase ordered. It was issued back in July. The payment is being processed now. It is with full knowledge and approval of Mayor Lauretti.
Alderman Anglace: Okay, on Page 14, under Fire Department, there is an Account called Out-of-Pocket Reimbursement. We budgeted a $1, and there is a negative balance of $1,279.

Lynne Piscitelli: That’s an accounting account, just because people get reimbursements, so we don’t want them to get taxed on their reimbursements, so we put it into this holding account and it will come out of that account and get charged to a different account. It’s just a process we have to go through so they don’t get taxed.

Alderman Anglace: Thank you. This simplifies and expedites the process. If you go to Page 20 under Tree Warden for Equipment, we budgeted $3,000 and we spent $280 and it shows a balance of $1,500.

Lynne Piscitelli: That’s because there are outstanding purchase orders, encumbrances that aren’t showing up on this report that are coming out.

Alderman Anglace: So, if we had another column showing encumbrances, it just shows you that we are paying attention. On Page 21, under Sanitation/Garbage Collection, we budgeted $1,081,839, and we spent $87,000 and we’ve got a balance of $906,000.

Lynne Piscitelli: Same thing, encumbrances.

Alderman Anglace: Same thing, encumbrances.

Lynne Piscitelli: I can give you a report that shows you encumbrances next month if you want to see that.

Alderman Anglace: If you don’t mind, yes, I would like to see that. That will be full disclosure. On Page 24, under Management Information Services, Computer Data
Processing and Accounting, we budgeted $31,935 year-to-date $2,843 and we have a negative balance of $13,034.

Lynne Piscitelli: The majority of that is the Supereon, the Accounting Software. That’s the majority of it. There may be a $2,000 charge in there for some other software and that’s maybe why it went over. The $31,268, we took out a purchase order for the whole year so we could charge it monthly, so you are also missing the encumbrance in that line.

Alderman Anglace: On Page 28 under Miscellaneous Client Analysis/Bank Charges, we didn’t budget anything and we have bank charges of $160. We have Fire Works Display Account where we budgeted $13,000, and it cost $13,500. So, we show a negative balance there. Those are understandable. On Page 29, under Outside Agency Contributions Council of Governments we budgeted $20,574 and I guess our share of the dues was $21,874, so, we are $1,300 overspent in that account.

3. STATUS OF BOE SPECIAL REVENUE ACCOUNTS

Alderman Anglace: First of all, I want to publicly thank the Board of Education Finance Director and his staff for total cooperation that they have given us on the transition to the accounting system to try and match ours. Just for the record, everybody should know that, it’s been a transition from the Muni-system, to try and make it come out our way so we can understand it. It’s a good faith effort that’s being done and we appreciate it. The four Special Revenue Accounts here, we just need an update on how those are progressing.

Rick Belden: We have had several meetings with the outside auditor, Clermont & Associates, to obtain the opening balances and adjustments that were made to generate those deficiencies. As of right now I am in the process of piecing together, we tied into the balances of the financial audit from last June 30th, and I am in the
process now of putting together trial balances for the auditor to use this year in the closing process. I have been working with Paul and Lynne.

Alderman Anglace: You needed a starting point and that was delayed by our auditor.

Rick Belden: Yes. We had a very nice meeting right in this room, and he explained a bunch of things and we asked him about (inaudible) again, to go through some more details, and I think we came up with a good working process to allow us to tie in monthly to the GM360 and also have the ‘due froms’ separated out so we can have a true GM360 and all the ‘due froms’ cleaned up. I am now in the process of tying in the opening balance, and then I will have a true idea of where we are for this year. In addition, as I go through the initial closing with the auditor, I will be working with him to possibly classify things a little bit differently but we can’t have a plan until we knew what the deficiency was and how we can remedy it, so now we are getting closer to that part of it. I am not talking about four of them John. One is in litigation, so I am talking about the other three, Building Use, School Lunch program, and I think there was a third one, I forgot the name of it, and the Excess Cost that’s included in the Education Grant. The Education Grant, excluding the Excess Cost, is going to be fine. I think it was just a timing issue last year. It has to do with the money coming down from the state. The other ones are being worked on and hopefully once we get through the audit this year, October or November, we can come up with a plan on how to satisfy any deficiencies that still exist and they get cleaned up this year.

Alderman Anglace: Like I said, it’s a breath of fresh air to receive the type of cooperation that we are receiving from you. Believe me, we want to applaud you particularly and your staff. It’s a tremendous help. We thank you.

Rick Belden: You are welcome.
4. BOE BUDGET FORMATTING REVIEW

Alderman Anglace: Thus far, conversations have taken place between the Board of Education and the City Finance Directors, and attempts are being made by the BOE to convert to the muni-system to match the City budget reporting style. The concern that we have is that the first quarter is just about completed, and if the first quarter is not reported in the city required format, the year end’s results may not follow and the city fiscal authority will lose the ability to track transfers, etc. The Board of Aldermen Finance Committee needs to see the first quarter results in the required city format. If that can happen, that would be ideal.

Paul Hiller: If I could add to that Mr. Anglace, we included in the package that was sent to this committee, the report, I know there is a new one out for August 31st, a monthly budgetary report that the Board of Education Finance Department has created on their budget year-to-date or month-end. I know one of the concerns you have, and the Board of Aldermen has is the budget transfers, there is a line for budget transfers within that report and obviously there could be more detail behind this but I frankly don’t think we need it. It’s got the primary information.

Rick Belden: The revenue report mirrors what was put in the Board of Education Budget Package line for line. So, we will be monitoring that every month and reporting what I give to my Finance Subcommittee and once it’s approved, I will send a copy down to you folks, that ties into the Budget Package that was prepared for 19/20. The second page, or the third page you see there is a format that is used by the Board of Education, prior to me coming here and I just changed the groupings around a little bit to make it easier to flow. You will see that the original budget is there, there is a transfer column then a revised budget, so you will see the transfer activity taking place within the families. Then there is also a column that shows the year-to-date factual which is on the muni-system. Then the encumbrances column showing purchase orders that are outstanding. We also, every month projectile what the balance needs to be. Then the total year-to-date
expenditures you can see the first month out, obviously in July, there is very little activity in the salary accounts, because the teachers aren’t there, it’s just the ones like myself who work during the summers. You will see the same thing happen in August. In September, you will start to see those lines of Certified and Non-Certified Staff start to fill in more and then, we just had a meeting this past week, one of the things we will be doing is projecting out based on where we are with head count and what’s actually filled in terms of positions for the month of September and my October projection will be based on who is returning, new hires, so it will be more accurate and we will just monitor that.

Ray O’Leary: Very nice.

Alderman Anglace: It’s better than we anticipated. In preparing for this meeting Ray and I talked and put together our thoughts and ideas. We weren’t privy to this at the time but the minute I saw it, and when Lynne explained to me what was going on, then I said, ‘this is better than we anticipated and it’s exactly what we want.’ We just have to get used to using it and reading it and we will be okay.

Rick Belden: Just so you know John, there will be a summary on top that explains the highlights of what’s happening in the various line items. I’ll explain, here are the trends, of something that’s over-expended, and certainly at these meetings if you have specific questions, we can either answer them at the meeting or go back and get the information. The other thing is, this ties in exactly to the budget book that was given to you. Then, and Paul knows this because I already asked upstairs, I asked for whatever the Excel document is that you folks use to put your budget together. We are going to take that and make it a Board of Education document. Put all the BOE accounts in, so it will be exactly the same format you are used to seeing on the city side, but that will be my detail, and I need to put layers on top of it that are BOE related. They want these things a certain way, but you won’t have to go to three different places to find the number and the documents that has all the detail. It will be like you see now on the town side.
Alderman Anglace: I think this is a good start.

Rick Belden: That’s what will be on top for the budget book but underneath that John, will be all the detail, everyone of the line items that you normally see by school. So, you will see Sunnyside School, with all the people lined up, and each account what their spending money on, etc.

Ray O’Leary: This is really good.

Rick Belden: It will keep evolving and ask questions come up we will adjust as necessary.

Alderman Anglace: It’s going to go a long way toward answering a lot of the questions and avoiding suspicions.

Ray O’Leary: Well there is a lot of confusion in the numbers and you certainly have the answers.

Alderman Anglace: Fantastic.

5. DEPOSIT RECONCILIATION PROCESS SCHEDULES A, B, C
   - 90-DAY TRANSACTION REPORT
   - ASSISTANT FINANCE DIRECTOR’S REPORT
   - FINANCE DIRECTOR’S REPORT

Ray O’Leary: Schedule B. Very impressive.

Rick Belden: It’s still a work in progress. We worked with Lynne on this and there are a few accounts that may close, that we don’t need, that we set up our trial balances for various funds. There are new signors in the process because we finally
got everything squared away at the end of August, now we are getting the
(inaudible) signed off, once we have the final ones done. We spent some time with
Dave Cappelletti and he was receptive to some of the things we wanted to do. So,
they allowed us to close a few bank accounts that we don’t need to do reconciliation
anymore and we will keep working with Paul and Lynne.

Alderman Anglace: My guess is this, just my observation, there has been a lot of
discussion about establishing better relations between our boards, and this goes a long way. Unfortunately, it points out the fact that, and I don’t want to disparage anybody, with the right person in the job, we can make a lot more progress and we didn’t have the right person in the job. Thanks for taking the job. We are going in the right direction here.

Rick Belden: I’d like to add a couple things, we have been working hard with the City in a couple areas. Through Gene Sullivan’s expertise and some of our outside consultants, we were able to sign a new agreement for natural gas for our fuel cell and we got a very fair rate. We signed off on that. That was good. The City and the Board of Education are both collaboratively working to analyze our utility bills going backwards about three years.

Paul Hiller: We got two different companies. One wanted a 50-50 split and the other we negotiated 62-38, we get 62 percent of the savings, they get the 30 percent. The 50-50 company also wanted that savings going forward three years and we cut that down to two years with this company that has done several other towns, in fact they are actively working right now with the City of Bridgeport.

Rick Belden: We are finding opportunities to work together on those things that benefit the taxpayers.
Alderman Anglace: You should communicate back to the Board of Education that you attended this meeting and that we were very pleased with the progress that’s being made and we want them to know that.

Paul Hiller: Another thing that you signed on to, which the City instituted about 2.5 years ago is the part-time employees where we don’t have to pay social security tax, there is a way in which they are basically contributing into a 457 plan. So, the City is not paying 6.2 percent of their wages and now the Board of Education is getting into the same program. This is only for part time employees.

Alderman Simonetti: You have some part-time employees.

Rick Belden: We have a lot of part-time employees. We have substitute teachers, part-time custodians, there is a whole grouping of people who fall into this category. Mark Powers is the one who runs it, and I’ve dealt with him in other lives, and we took the same program that the town has and he is coming in during the middle of October and giving a presentation to our existing staff and we are making an ‘out’ program, so, if you don’t tell us by January 1st, you are automatically enrolled and new employees have already been enrolled.

Paul Hiller: I’d like to add that this is the case for the majority of the bus drivers. They are in this program too.

*ADJOURNMENT*

Alderman Anglace MOVED to adjourn; SECONDED by Alderman Simonetti. A voice vote was taken and the motion passed unanimously.

The meeting adjourned at approximately 5:58 p.m.

Respectfully submitted,

Theresa Adcox

Theresa Adcox, Clerk
Board of Aldermen