

TOWN OF DURHAM
BOARD OF FINANCE
P.O. Box 428
DURHAM, CONNECTICUT 06422-0428

BOARD OF FINANCE

REGULAR MEETING

January 16, 2007

MINUTES

The Board of Finance met at the Durham Town Hall for a Regular Meeting on Tuesday, January 16, 2007. Chairman Fran Korn called the meeting to order at 7:30 p.m.

Members Present: Fran Korn, Loraine Coe, Jay Berardino, Elmer Clark, Rosemarie Naples, Rob DeSimone

Others Present: Al Rusilowicz (Auditor), Maryjane Malavasi (Finance Director), Diana McCain and Jerry Lipshus (Economic Development Commission), Laura Francis (Town Clerk) Fred Raley John Andrulis, Charles Corley (*Town Times*), Barbara Olsen, and several other townspeople

1. Minutes

MOTION BY LORAIN COE, SECONDED BY ELMER CLARK TO APPROVE THE MINUTES OF THE SPECIAL MEETING HELD ON DECEMBER 19, 2006 AS PRESENTED; MOTION PASSED UNANIMOUSLY.

2. Correspondence

There was a memorandum from Jim McLaughlin that he will be away from January 18th through the 29th.

3. Invoice

MOTION BY FRAN KORN, SECONDED BY JAY BERARDINO TO PAY AL RUSILOWICZ BILL FOR \$8,100.00. MOTION PASSED UNANIMOUSLY.

4. FY 2005-2006 Audit Report

The draft audit was ready and Al Rusilowicz gave a page by page report. This does not include the management letter and external report. That will be available in three weeks. In the first section of the audit Al discussed his unqualified opinion of the audit and then went on to summarize all the infrastructure roads, Town Hall and Fund Balance. As the audit proceeded Al discussed all the assets and all liabilities, he stated that the income statement had an increase, there was a small loss in the water company which includes depreciation but it would hold its own and repaid its debt to the Town.

The board will look into handling the small city grants differently, there will be pension review this year. Maryjane will be looking into an insurance deal with Citizens to provide more funds to cover the balance. There is only a small bank balance covered under the insurance and since we do have higher cash flows during the year a higher insurance is needed. The delinquent property taxes of \$329,271 will be carried on to next year's audit. The town has acquired property through foreclosure. \$35,181 has been taken off the tax rolls in the last fiscal year.

Al also discussed the refunds. There is nothing that can be done to prevent this with assessment reductions, distressed property and paid taxes that are appealed the property owners will be due the refunds.

There was a discussion of the Schedule of Findings and Questions costs. This was concerning the new software package for processing all tax related activity. It seems that when the system converted from one system to another there was no reconciliation that all the data made it to the new system. There were some things that would not make it. Amounts of assessed taxes and amounts generated as bills should not be any different it should be 100% of what was billed. Jay Berardino wanted to know if the missing money has been found. The answer was no it has not been found. Jay stated that people have come up to him and want to know what is being done about this matter and how it could have happened.

Rosemarie Naples believes it was an error in transferring funds between both software programs, Loraine Coe agreed that it seems that it could have been a software conversion but she does not believe the money is missing just that the programs are missing something in the conversion. MUNIS has done the best it could. Rosemarie does not believe that we will ever find the money because there were two different methods used. Rob DeSimone agrees that we have spent enough time and money trying to find the money and feels that the software packages were not communicating properly.

Al said that there were so many variables. Martin did not have support for having a finance person to help. Now any situation will be given to Maryjane first. Fran Korn stated that Al and Maryjane have spent quite a bit of time on this matter and think it was a botched problem. Al is confident that we will not have these problems again, the conversions did not go right.

Fran Korn stated that we had hired a part time finance director to work over these situations. The bank reconciliation should not be the Town Treasurer's job. Maryjane stated that all the bank reconciliations are in the treasurers office with the paper work from the treasurer. Fran stated that the Board of Finance does not have the time or ability to control the town's reconciliation. Rosemarie said that the First Selectman should take care of this problem, if any questions come up the First Selectman would be the one to reconcile with the bank – Jim McLaughlin would be able to work with Maryjane. Fran said that we were not able to get the information and this was a problem. Rosemarie stated that if there is a problem it should be someone to held Maryjane from outside the Town Hall. Fran stated that this should be put on the agenda for a future meeting and we should then find the best way to approach this problem.

Barbara Olson said she has been a banker for over 21 years. She said when there was a problem with balances not matching she made sure she found every penny. She said we are in a Catch 22 situation, there should be a paper trail for where the \$5,000 is and she hopes it does not come back to haunt the people. John Andrulis asked the town why they switched over from Quality Data to MUNIS in the first place. Fran said there was a committee selected. Laura Francis who was on the committee stated that the Finance Director, First Selectman, Tax Collector, Assessor, Administrator Coordinator of Building and Fred Raley were the committee members. After three budget cycles the Finance Director made a presentation to make a full integration of finance and taxes. They were working with Quality Data system, the system was

not upgraded and it could crash at any time, the system was skipped over for five upgrades and they felt that the new system was the best way for the town to go. John Andrulus asked how many towns used Quality Data and was informed that 106 of the towns had this system. MUNIS is a very good system but not for tax collection. How did they get by us.

Fred Raley stated that a committee was formed to see both companys and see what would be best for the town. They noted that the Quality Data that the town was using at the time was out of date. Elmer Clark stated that the former Finance Director was the projectmanager and Fred Raley said that MUNIS was presented as a higher quality system at a lower cost. Fred said that the program was presented as more user friendly and that mistakes would be made no matter what program. The committee thought they made an economic user friendly decision.

John Andrulus said that it seemed that they thought they made a good decision and they had to go with the people who are presenting.

Fran stated that the Board of Finance had provided money for the training but this was never put into operation and no one was trained completely. Obviously something has to happen. The issues will be addressed and Fran is confident that there will be more due diligence going forward.

Laura Francis said that a little bit of blame has to go around for the oversight. The Board of Finance cannot compel people to go to more training. Management structure is very different. Had no supervisory decision. Decisions for going forward would be to get more references.

Fred said they had three references and it made a lot of sense.

5. Finance Director

Maryjane Malavasi reported on 06-07 Budget issues. Line item 2535 Special Acts and Ordinances requires \$1,200 for the finished charter and three ordinances which were missed during the initial charter review. The request was unanimously accepted by the board for a transfer from contingency.

There was a request for \$21,000 for the Town Hall Expenses. The Board felt that a presentation should have taken place first, this has been put on hold until it can be studied further by the Board of Finance.

A request for \$12,278 for Line item 3015 to the Public Works Contracted Services for contract sweeping. Fran Korn felt that the line item 3010 General Maintenance should cover the item. Jim McLaughlin stated that the price of sweepers got out of control and they put the decision to lease a sweeper on hold for a while. Fran, Loraine and Rosemarie felt that it should be taken out of line item 3010 General Highway.

A request from Emergency Management item 4000 for \$17,084 for a grant received by the town. They will be within their line item. They will be within their line item, appropriate \$17,084 to line item 400, take out of fund balance.

Line item 1555 P & Z Legal - \$17,000 in expenses which go back to 05-06. Fran said they spent a significant amount of money on this. Invite the P & Z to a meeting to discuss this expense. The Finance Director and First Selectman should be at this meeting to let them know they do not have this money. Jim McLaughlin should send them a memo that they do not have the authority to spend this money. You cannot go over your budget. Elmer Clark said that at the rate they are

going there will be no Contingency Fund to draw money from. Line item 2563 Custodial bid items over \$11,853.00. Went out to bid and contractor changed.

Maryjane Malavasi said that they would be moving ahead with more training in the building and health department. She will be meeting with the Tax Assessor with Quality Date to see how they will be helping us. The next step will be to talk to MUNIS above moving and moving forward on that process. When we should convert from MUNIS to Quality Data for tax purposes. Want the recommendation by the regular February meeting.

At a future meeting she will come to the board with draft of salary survey and provide a handout at the next meeting.

6. Economic Development Commission Report

Jerry Lipchus and Diane McCain from the Economic Development Commission came before the board to request \$11,000 to be transferred from Contingency for an Economic Development Strategic Plan. Jerry Lipchus said the taxes in town are high and we have to increase the revenue and reduce the taxes, get the departments together to get a plan together to try to reduce taxes by creating more revenue. Diane McCain stated that the towns of North Branford, Salem and Berlin have all used the plan and found it worthwhile. Elmer Clark wanted to know what the budget would be for next year but they have no idea as of this date. Loraine Coe would like to see much more of what the reports are from the other towns that have used this program. Jay Berardino suggested that they talk to Ray Kalinowski about getting some grant money. Jay suggested that this be taken to the public for a vote for the money to be taken from the Fund Balance. Fred Raley suggested that they take a look at the similar towns.

7. Status of 2006 Annual Report

A Motion to Dedicate the 2006 Town Report to Bob Hall was made by Fran Korn, Seconded by Elmer Clark. Motion carried unanimously.

A motion was made by Elmer Clark and Seconded by Jay Berardino to use the Town Hall for Photos for the 2006 Town Report. Motion carried unanimously.

8. Adjournment

The meeting adjourned at 10:30 p.m. The next regular meeting is scheduled for Tuesday, February 20, 2007 at 7:00 p.m. in the Town Hall.

Respectfully submitted,

Sharon J. Criscuolo

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Secretary to the Board of Finance

BOARD OF FINANCE MEETING HELD ON JANUARY 16, 2007

MOTIONS

1. Motion by Loraine Coe, Seconded by Elmer Clark to approve the minutes of the Special Meeting held on December 19, 1006. Motion passed unanimously.
2. Motion by Elmer Clark, Seconded by Rob DeSimone that no budget will be overexpended without prior authorization. Motion passed unanimously.
3. Motion by Elmer Clark to move \$1,262.00 from the Contingency fund 6020 to Special Action Ordinances 2535. Motion passed unanimously.
4. Motion by Loraine Coe, Seconded by Elmer Clark to move \$17,084 from undesignated Fund Balance to Line item 4000. Motion passed unanimously.
5. Motion by Elmer Clark, Seconded by Rosemarie Naples to transfer \$12,000 from Contingency fund 6020 to Municipal Custodial Services 2563. Motion passed unanimously.
6. Motion by Jay Berardino and Seconded by Fran Korn that the Board of Finance would recommend to the Board of Selectmen to take to a Town Meeting the request to take \$11,000 from the Fund Balance and move to the Economic Development Commission. Motion passed unanimously.
7. Motion by Loraine Coe and Seconded by Elmer Clark to accept the audit report. Motion passed by 5 yeas and 1 nay. Those who voted for it were Fran Korn, Loraine Coe, Elmer Clark, Rob DeSimone and Rosemarie Naples. Opposed was Jay Berardino.

These were the motions passed at the January 16, 2007 Board of Finance Meeting.

Respectfully submitted,

Sharon Criscuolo