

Town of Hampton
Board of Finance
Regular Monthly Meeting
Tuesday, March 11, 2014
7pm
Hampton Town Hall

Meeting Minutes

Call to Order: The meeting was called to order at 7:03pm by Chair Jeff Clermont.

Members present: Ed Adelman, Nick Brown, Rick Matejka, Jeff Clermont, Dan Meade, Penny Newbury.
Alternates present: Mike Higgins, Luciann Norton, Rheo Brouillard (7:15pm).
Members/alternates absent: None.

Also present: Selectman Bob Grindle, Treasurer Ellen Rodriguez, Recording Clerk Kathi Newcombe and a few audience members.

Citizen Comments: Randy Thompson distributed some information from the Conservation Commission for the Board of Finance. He said that if no monies are put into the Open space account for the upcoming budget, the account will have been shorted four of the last five years by as much as \$90,000, after 15 years of funding; he is less concerned about the actual dollars than the habit of zero funding which may result in another generation forgetting about the value of open space.
Mark Becker had questions about the audit showing that town government spending in 2012-13 went up 34% (determined to be because of the land purchases) and asked the Board of Finance (BoF) to be clear in how the budget impacts the town. He is very concerned about the cuts to the HES Board of Education (BoE) budget last year and their impact on specials; he thinks it's the town's responsibility to give students a good education. He also supports setting up a special fund to deal with fluctuations in the RD11 budget. Bob Grindle indicated that it is the intent of the Board of Selectmen (BoS) to put half of any savings from the RD11 budget over last year into such a fund.

Approval of Minutes: Penny moved and Dan seconded to approve the minutes of the 2/11/14 and 3/4/13 meetings; motion passed unanimously.

Presentations: None.

Reports/Action:

- 1st Selectman: None
- Tax Collector:
The monthly Tax Collector's reports had been distributed previously to members via email.
There were no questions.
It was noted that there is an upcoming tax sale on April 2nd.
- Treasurer:
 - Transfers
Ellen presented two transfer requests.
Dan moved and Penny seconded to approve the transfer of \$341.13 from line # 6013-02 Transfer station phone to line #6013.04 Town hall oil, due to elimination of the

transfer station phone line and \$20.50 from line #8120.00 School roof principal to line #8130.00 School roof interest due to a correction in the amortization schedule; motion passed unanimously.

- Investment of town funds: Ellen noted that the town is receiving a very low interest rate on its funds and suggested putting all trust funds into cds – cemetery, library, Warren Stone and ambulance funds. Nick questioned whether any funds should be put into a long-term cds or a shorter 18-month cd. Rheo noted that the Fed anticipates that rates will not increase before the end of 2015. Rheo was concerned about the loss of liquidity with the payoff of debt, where liquidity would be retained with a cd; he suggested that funds be put into the longer term cd, then if the rate does increase significantly during that period, the town could pay the penalty for early withdrawal, then invest at the greater rate. Ellen said last year the general fund dropped to as low as \$400,000 with the tax bills going out late and estimated that no more than \$200,000 more should be invested in longer term investments, in order to assure that a delay in tax bills going out this year would cause the town to run out of funds to pay its bills. Ellen suggested that the land funds (land acquisition and open space) could also be invested if there were no immediate plans for using those funds.

Nick moved and Penny seconded to invest the total amount in the trust fund accounts in a five-year cd at 2%; motion passed unanimously.

Nick suggested that some of the rest of the excess funds should be used to pay down debt, given the town's strong financial position and the anticipation of extra revenues coming in from the April tax sale. The town still owes \$338,089 on the town garage at 3.25% and \$139,942.89 on the school roof at 3.125%. Paying off the school roof loan from the General fund before July 1st would reduce the 2014-15 General government budget by about \$58,000 (principal plus interest), since the loan payment would not have to be made out of the next budget. Doing so would reduce the General fund to about \$850,000 or about 15.1%, still greater than the amount the auditor recommends. Luci expressed concern that taking the \$58,000 from the upcoming budget would make the Board complacent about the rest of the budget; it should be the intent to keep that \$58,000 out of the budget and not spending it on something else in the budget; Jeff thought that it was the intent of the Board to avoid doing that. Rheo noted that it was actually advantageous for the town to hold some debt to establish a track record in order to get a good bond rating if and when needed.

Nick moved and Penny seconded to immediately use \$139,942.89 (approximate until the bank confirms) from the general fund to pay off the note on the school roof; motion passed unanimously.

Nick indicated that we should still pursue a better rate for the rest of the town's funds. Rheo indicated that the rate the town receives is negotiable. Ellen also stated that the auditor advised the fund to deal with fluctuating RD11 enrollment could not be a Capital/Nonrecurring fund, but the BoS could assign or the BoF could commit a specific amount to a fund previously. Bob Grindle suggested that the \$58,000 just saved from the upcoming budget could now be used to commit to such a fund.

- Ellen asked if the auditor had been contacted about the rate for the upcoming fiscal year.

Penny moved and Nick seconded to move the item labelled "Auditor RFP / Selection" under New Business to this point on the agenda; motion passed unanimously.

Nick reported that the town's current auditor, Marsha Marien of O'Connor Davies, offered to keep the fee the same for the upcoming budget but could not reduce the

price. Discussion revolved around the trade-off between the quality of the audit and the price.

Nick collected some sample RFPs based upon the spending by other towns on their annual audit, far less than Hampton. A decision must be made and reported to the State Office of Policy & Management by May 31st. One of the RFP formats was offered by the current auditor who would recommend six other firms in the state of CT, who perform 95% of the CT town audits, to approach if the BoF chose to put the service out to bid; the other RFP came from the town of Lebanon website. Rheo suggested keeping the current auditor with a zero-percent increase for this year, then take a more deliberate approach when the budget process is complete and there is more time to obtain bids. Nick and Mike offered to be on an Audit RFP subcommittee to convene after the upcoming budget is approved.

Penny moved and Dan seconded to retain the present auditor for the coming fiscal year; motion passed unanimously.

- The monthly Treasurer's reports had been distributed previously to members via email. There were no other questions.
- Board of Education (BoE):

The monthly Board of Education reports had been distributed previously to members via email. There were no questions on the reports.

In the absence of BoE personnel, Nick gave an update that the BoE is hoping to have a budget finalized by the end of March. The BoE Finance Committee supports the budget brought forth by the Superintendent. Currently the HES BoE budget is at a 4.5% increase, for a bottom line of about \$2,236,000, in order to restore many of the cuts made this year, but lower than the previous year's budget. Nick stated that the Superintendent is putting in for no increase for himself but is submitting a 2% increase for the Principal, with about a 2.5% increase for certified staff per contract. Mike stated that real estate prices in Hampton have dropped 19% since 2009 according to an appraiser; in Mike's opinion it is because of the fact that Hampton does not support education. He said that new families are not moving to Hampton because of this. Dan pointed out that Hampton was not the only town in the state Rheo suggested that the BoF must listen to taxpayers. There's a lot that goes into property values; he doesn't think people look at the budget when considering a move to Hampton, but rather the performance numbers of the school. The town has no amenities, no support base, and high taxes. All those things factor into someone's decision to move where they do. He cautioned that the BoF not act as a BoE. Mark Becker added that the transportation contract would be going out to bid for a longer term in order to reduce the cost, but insurance costs rose about 15%.
- Board of Finance (BoF) Committees
 - HR Committee: The BoS have reviewed the job descriptions and have sent them to the employees for review and acknowledgement before approval of the job descriptions, because of the contentious nature of the process. Penny stated that those are two different things, that all employees were included in the creation of the job descriptions. She and Rheo both wondered what would happen if a current job holder refuses to accept and signed off on the job description. Bob indicated that the Job description would still be approved by the BoS. Jeff asked what would happen if the descriptions come back with comments; Bob indicated that the approval process would still move forward. Penny suggested that the procedure for approval of job descriptions be added to the town policies and procedures manual.
- Other: None.

Correspondence: None.

Old Business:

- 2012-13 annual report: The first draft of the annual report is not yet complete; it will be put on the agenda for the 3/18 meeting. Kathi continues to pursue submissions and Jeff noted that the BoF needs to
- BoF website page update: Kathi indicated that the BoF description as crafted by Ed has been up on the webpage for about a week. It was agreed that members would take another look at the description and discuss at the next regular meeting. Penny asked about the photo and was informed that the Administrative Assistant was having trouble uploading it. Since all members and alternates were present at this meeting, a new photo was taken for placement on the page.

New Business:

- Auditor RFP / Selection: covered under Reports/Action: Treasurer.
- Procedure for seating alternates: Copies of the Board of Finance statutes and the ordinance establishing the BoF were distributed. Both indicate that the absent member designates an alternate, but if that member does not, the Board as a whole picks an alternate. Rheo suggested that the intent of having the absent member select the alternate is to have someone from the member's party was selected. Jeff noted that the method of rotation that had been in place worked well for nearly a year and a half. Ed thought that a contentious vote could divide what now seems to be a non-partisan group, that a member might want the vote to go a certain way and designate an alternate that agreed with the member on an issue up for vote. Jeff suggests that going forward any member could designate an alternate and if made, the designation would be honored; otherwise the alternates would be seated in rotation.
- Listing of meetings in the Chronicle: Ed noted that the BoF meetings are not listed in the Chronicle calendar. Kathi offered to follow up. Jeff will start writing something, as Rheo had done last year as former Chair, to submit to the Gazette and the High Road by their respective deadlines.

Citizen Comments: Mark Becker asked how many years the overall budget was a zero mil increase; the response was several years by drawing down of the general fund to cover the shortfall.

Suggestions for Agenda of next monthly meeting (4/8):

- Annual report approval

Set the Date, Time and Place of next meeting: The next meeting will be a budget worksession on March 18th at 7pm, and the next regular monthly meeting will take place at 7pm on Tuesday, April 8th.

Adjourn: Meeting was adjourned at 8:42pm.

Respectfully submitted,
Kathi Newcombe,
BoF Recording Clerk