

**TOWN OF STONINGTON**  
**BOARD OF FINANCE**  
**Stonington Police Department Meeting Room**  
**Wednesday, February 5, 2020**  
**7:15 PM**

A meeting of the Board of Finance was held on this date at the Stonington Police Department Meeting Room. Members present were Chairman Tim O'Brien, Glenn Frishman, Lynn Young, Michael Fauerbach, Deborah Norman and Bob Statchen. Finance Director Jim Sullivan was in attendance. David Motherway Jr. was absent.

Chairman Tim O'Brien called the meeting to order at 7:15 pm.

Pledge of Allegiance

Comments from the Public: None

Previous Minutes: On a motion by Mr. Fauerbach and seconded by Ms. Norman, the minutes dated January 8, 2020 were approved after minor corrections were noted. Voting was unanimous with Mr. Frishman abstaining. **Motion carried.**

**New Business**

**Line Item Transfers:**

Mr. Frishman motioned to approve a line items transfer from Registrars of \$2,690 from Election Personnel account #10108-80037 to furniture and equipment line item account 10108-80310 to fund new tables and chairs for polling places. Voting was unanimous. **Motion carried.**

**BOE Monthly Line Item Transfer Review:** Discussion regarding the global reporting of the Board of Education took place with Mr. Gary Shettle, Director of Finance, Mr. Farouk Rajab, Board of Education member and Mr. Chris Williston, Director of Technology in attendance.

Mr. Fauerbach stated that following the last Board of Finance meeting, he had sent a list of questions, to Mr. Rajab. Director Shettle was offered the opportunity to discuss his responses.

With regards to the Board of Education global reporting, the BOF inquired whether they should be considering the YTD actuals plus encumbered amount as the full year forecasted expenditures and at what point does something get added to the encumbered column?

Director Shettle responded that the encumbered amount plus the actual totals are added together and subtracted from the budget which results in the remaining balance for the year. Items are added to the encumbered column as purchase requisitions are entered and as employee wages are adjusted throughout the year. The encumbered column can be adjusted on a daily basis.

Answering additional inquiries as noted on the submitted questions from the Board of Finance, Director Shettle noted the following:

The BOE budget is revised every time a transfer is made, which could be on a monthly basis.

Revenue came in at more than twice the revised budget amount of \$348,667 as this figure is a calculated estimate provided by the Special Services Office from December of the previous year. In addition, the excess revenue is impacted by the result of special needs students that are outplaced and larger than estimated tuitions in those outplaced students.

Line item overages are not redeployed to another account, but line item transfers can take place. Chairman O'Brien did note that during a conversation he had with Board of Ed Chairwoman Alexa Garvey, she did state that there is a list generated towards the end of the fiscal year that lists funds available to be spent. In the Chairman's opinion, this practice appears to be redeployment of funds while the Board of Ed's standpoint is this is utilization of available funding. Chairwoman Garvey advised Chairman O'Brien that every Board of Ed in the State of CT handles it in this manner. While Chairwoman Garvey and the Board of Ed consider this to be common practice, Chairman O'Brien advised that it was poor practice from a Board of Finance viewpoint.

Mr. Frishman addressed Director Shettle regarding the reallocation of \$70,000 in operating funds to purchase a capital expenditure. Mr. Frishman informed Director Shettle that he had sought legal opinion regarding the transfer of funds and while it is allowable to transfer operating funds to another line item within the operating budget, it is not allowable to transfer operating funds to capital expenditures and cautioned against such transfers in the future.

Mr. Statchen questioned Director Shettle on the budgetary variances in items such as utilities and retirement noting the budget bottom line is in accordance with the approved budget, but asked if such large variances concern Director Shettle. Director Shettle stated that as Director of Finance he would be aware of the variances. Mr. Rajab added that some of the variances Mr. Statchen was calling attention to were due to savings and/or additional expenses related to taking new buildings on or removing buildings from their budget.

Director Shettle continued to answer Mr. Fauerbach's written questions, noting that the \$500,000 under spending in the teacher's salary line item was spent on an additional position at the Middle School, an interim Director of Operations that temporarily stayed on as an overlap and more secretarial time at all the schools. Additionally, making up for a catch up of increased wages in the conditions of employment effected the line as well.

In response to a question by Mr. Fauerbach, Director Shettle stated there hasn't been any benchmarking performed to see where the Board of Ed stands relative to other school districts with respect to Administrative Expenses.

Director Shettle noted that an increase from zero dollars to \$72,000 to the Custodial Overtime line item is directly related to the fact that previously the overtime was included in regular wages. The amount of overtime correlates to the school renovation project and additional hours incurred due to the construction.

Responding to a question about pension expenses, Director Shettle told the Board that these expenses do not pertain to the state teacher's retirement plan, and that the BOE makes no contributions to the state teacher's retirement plan. The pension expenses incurred by the Board of Ed are for contributions to the Town's defined benefit plan for non-teacher employees. There are two plans for BOE employees, those hired before September 2014, who are in the Town's Defined Benefit Program and those hired after that date, who are enrolled in a 401(a) Plan.

The Board of Finance asked what type of expenses fall into the category of Other Professional/Tech Services. Director Shettle explained that this past year was the first year of a software change and expenses were incurred for the implementation of the new software. There were consultant expenses, training, licensing and system maintenance charges that added to the line item. With this new software implementation, payroll, HR and accounts payable are all completed in house.

Director Shettle was asked why utility expenses are coming in \$300,000 favorable to the budget, where were the extra funds allocated to? Director Shettle stated that there were no specific items identified to use those funds and no line item transfers were necessary.

Mr. Statchen asked why the appropriations and transfers aren't reflected as they happen and Director Shettle said that more focus is given to the bottom line. Mr. Fauerbach concurred with Mr. Statchen and asked Director Shettle why were some transfers noted and others were not. Director Shettle said that by requesting small line item transfers, he feels this assists principals and other administrators keep track of their own budgets.

With regards to line item overages and where they might be funded from, Ms. Young, speaking to the Board of Finance, said one can look at the report and knowing there was a \$300,000 surplus in utilities, you can figure out where the deficits were and where money was needed to cover these deficits. Ms. Young would like to see reports over a five-year period, which could be reviewed, to make sure a line item wasn't overbudgeted persistently and then spent on non-budgeted items. She noted this isn't possible with the report on hand.

Director Shettle noted that the property liability insurance expense was only 73% of the budgeted amount as the amount forecasted is just an estimate which can be impacted, or not, by claims.

When asked about the difference between tuition and public tuition and why there was no budget for public tuition, Director Shettle stated that this was a line item he added to assist in his end of year reporting to the State. For reporting purposes, the public tuition payment would be to a public school considered a magnet school, such as Ledyard Vo-Tech. Lighthouse in Niantic, Weaver and Bradley are private tuitions.

Director Shettle was asked about the budget for non-instructional equipment (new and replacement) which totaled \$23K, but the actual expenditures on these items was \$144K and could he note some of the more noteworthy unbudgeted purchases. Director Shettle stated some of the funds went to chair racks, a floor scrubber, a plow, a tractor, a Bobcat and a new transit van.

Chairman O'Brien thanked Director Shettle, Mr. Rajab and Mr. Williston for their time and answers and speaking for the Board of Finance noted the meeting had been informational.

The Board of Finance discussed the budget presentation hearing dates. Some changes were required and pending meeting room availability a new schedule will be presented to members as soon as it becomes available.

Board members were provided with the FY20/21 Budget Books.

Board members were also provided the FY18/19 fiscal audit. Director Sullivan stated the audit was as expected, but did note an increase in the police pension plan to the State (MERS) liability due to a change in actuarial assumptions and the OPEC plan jumping from 25% to 30% funded.

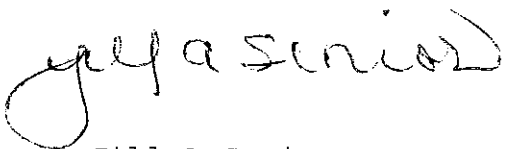
Liaison Reports:

As Liaison to the WPCA, Ms. Young stated that the WPCA will be meeting with the Board of Finance and the Board of Selectmen in the immediate future to discuss funding of much needed maintenance on the system.

Board of Education liaison, Mr. Frishman stated he had a meeting with BOE Chairman Alexa Garvey and provided her with the Town Attorney's position and the Supreme Court precedent regarding the reallocation of operating funds to other than operating fund line items. Ms. Garvey was unaware of the ruling.

With no further business Mr. Fauerbach made a motion to adjourn the meeting at 8:45 p.m., Ms. Young seconded. **Motion carried.**

Respectfully submitted,



Jill A Senior  
Recording Secretary, Board of Finance