

TOWN OF CANAAN BOARD OF FINANCE
Regular Meeting
Monday, December 14, 2009 6:30 p.m.
Town Hall, 108 Main Street, Falls Village, CT 06031

PRESENT: Chairman/Regular Member, Chuck Lemmen; Regular Members Of the Board: George Elling, Louis Timolat, Tom Grayson, Kent Allyn and John Allyn.

Also present: Town Auditor Mike Zemaitis, Patricia Mechare, First Selectman and Linda Paviol, Town Treasurer. Also present, Patrick Sullivan, Lakeville Journal Representative.

ABSENT: Alternate Member, Suzanne Chinatti.

Alternate Member, Christopher Sorrell, resigned from the Board of Finance.

Regular Meeting called to order at 6:31 p.m. by Chairman, Chuck Lemmen.

AGENDA

Public Comment: N/A

Lemmen asked for a Motion to table the Reports to the next Regular Meeting. **MOTION by Timolat, seconded by Grayson to table the following Reports to the next Regular Meeting: Secretary's Report, Treasurer's Report, Tax Collector's Report, Board of Education Report and First Selectman's Report; unanimous.**

Lemmen asked if anyone had any questions for the Town Treasurer or if the Town Treasurer had any comments for the Board. Linda Paviol advised that she was in receipt of a refund in the amount of \$193.47 from the State for the Historical Society project, which was due to the Historical Society. **MOTION by Lemmen, seconded by Grayson to add to the Agenda, the transfer of the refund received from the State to the Historical Society; unanimous. MOTION by Timolat, seconded by Grayson that the refund from the State in the amount of \$193.47 be transferred to the Historical Society; unanimous.**

Communications:

- Lemmen reported that new Alternate Member, Christopher Sorrell, had submitted his resignation from the Board of Finance;
- Lemmen advised of an email from Andrea Downs on behalf of the Board of Education, dated December 14, 2009, regarding the budget for the Board of Education and a date for the presentation to the Board of Finance and asking if there were any considerations the Board of Education should be aware of in preparing the budget;
- Lemmen advised of a letter from Region One Office of the Superintendent, dated December 10, 2009, regarding the attendance at Budget Workshops which will provide vital information as the town budgets are prepared. The communication also provided notice of the date of April 6, 2010 set for the public hearing on the budget;
- Lemmen advised of correspondence from the Board of Fire Commission requesting that any unexpended Fire Commission budget funds at the end of any fiscal year always be transferred to the Town's Fire Truck Fund. (Lemmen advised the communication was a New Business matter on the Agenda. Timolat

asked for endorsement from the Board of Finance and it was so noted that year-by-year action for appropriations would be necessary;

-Kent Allyn commented on a Region One meeting that he had attended regarding the review of 3-4 vendors of insurance brokers for Region One, where an all-boards committee made a decision on a vendor.

Old Business: N/A

New Business

- Review of 2008-2009 town audit by Town Auditor Mike Zemaitis: Overview/review/summary of financials by Mike Zemaitis, Town Auditor. Zemaitis provided "Draft Financial Statements" for the year ended June 30, 2009 to the members of the Board. Zemaitis advised that overall the Town finances were in good shape and no reportable deficiencies, indicating there would be no issues for OPM this year. Zemaitis added that the tax revenue provided the primary source of funds to pay the bills. Following discussion regarding fund balances, Timolat questioned if the process was allowable. It was explained by Zemaitis that reserve for encumbrances are a prepayment against an expenditure for the next fiscal year (primarily Board of Education expenditures), which he described as a common practice in most cities, noting it to be not quite as common in small towns. It was also reported the balance in the unreserved fund was \$805,181, representing 19% of fiscal year 2010 budgeted appropriations. It was further reported that at June 30, 2009, all bank balances of Town Deposits, which included certificates of deposits of \$439,921 classified as investments, were either insured or collateralized under security agreements and/or Federal Depository insurance. Zemaitis added further comments as he reviewed the handout and indicated generally good results and that most expenditures were on target with the amounts allocated and that spending was under-budget. Zemaitis referred to various footnotes set forth throughout the handout which provided further explanation and explained the "Notes" set forth in the handout. With regard to Note 15 – Construction Commitment and Subsequent Event, it was so noted by the Commission that the report should include language to reflect that the Bond is the general obligation of the Town, however, payment of funds would come from the water users; thus, the revenue would pay the debt. It was further noted that a notation of the statute should be denoted. Zemaitis advised that he would incorporate resolution language from the Town Meeting notes of October 19, 2009. Elling inquired as to the 19% balance and Zemaitis indicated it to be positive in the current environment. When asked if Zemaitis felt the Town should continue with the independent "check" he advised that he felt that should continue. Zemaitis recommended creating a formal budget process for the water department, with a budget and capital plan, which the water department could present to the Board of Finance annually. Further, included as part of the recommendation, that a periodic review of expenditures of the Treasurer of the waterworks be performed, specifically any significant financial transactions. Zemaitis concluded his overview and advised that he would provide written recommendations to the Board;

-Request from Board of Fire Commission that proceeds from the sale of Engine #7 be placed in the New Truck Reserve Account: **MOTION by Timolat, seconded by Kent Allyn to approve the request to place the proceeds from the sale of Engine #7 in the New Truck Reserve Account, in accordance with the recommendation of the Board of Selectmen and request from the Board of Fire Commission; unanimous;**

-Request from Board of Fire Commission that any unexpended Fire Commission budget funds at the end of any fiscal year always be transferred to the Town's Fire Truck Fund: see above ("Timolat asked for endorsement from the Board of Finance and it was so noted that year-by-year action for appropriations would be necessary.");

-Election of Officers for 2010: Lemmen advised that he would be stepping down as Chairman. The Board extended a special thanks to Lemmen for his years of service on the Board. Nomination of Chairman: Nomination by Kent Allyn, seconded by Tom Grayson that George Elling and Lou Timolat be elected as

Co-Chairmen of the Board of Finance for 2010. Nomination of Clerk of the Board: Nomination by Timolat, seconded by Grayson that Kent Allyn be re-elected as Clerk of the Board for 2010.

-Adoption of schedule of 2010 regular meetings: Lemmen provided a proposed meeting schedule, which provided for meetings to be held on the second Monday of the month at 108 Main Street, Falls Village, at 6:30 p.m., except October, which will be held the first Monday of the month. By consensus, the proposed meeting schedule was adopted as presented. (The meeting schedule provides for the presentation of the spending plan by the Board of Education at the March 8, 2010 meeting.)

Adjournment: On MOTION by Timolat, seconded by John Allyn the meeting adjourned at 8:22 p.m.; Unanimous.

Respectfully submitted, Alice Macchi, Recording Secretary.

Next BOF Regular meeting: January 11, 2010