

Town of Hampton
Board of Finance
Regular Meeting
May 12, 2015
7pm
Hampton Town Hall Community Room

Call to Order: The meeting was called to order at 7:02 p.m.

Members Present: Jeff Clermont, Ed Adelman, Dan Meade, Nick Brown, Rick Matejka
Alternates Present: Stan Crawford
Members/Alternates Absent: Penny Newbury, Luciann Norton, Mike Higgins
Staff and Others Present: First Selectman Al Cahill, Selectmen Bob Grindle and Michael Chapel,
Treasurer Ellen Rodriguez, Recording Clerk Dayna McDermott-Arriola, and residents.
Chairman Clermont seated Stan Crawford for Penny Newbury.

Citizen Comments:

Kathy Donahue's and Kathi Newcombe's comments were deferred until Discussion on the District #11 Cooperative Office and Fund Balance.

Approval of Minutes

Motion: Ed, seconded by Stan, to approve the Minutes of the April 14, 2015 Meeting. Motion carried unanimously.

Motion: Ed, seconded by Rick, to approve the Minutes of the April 28, 2015 Special Meeting. Motion carried unanimously, Stan abstaining.

Motion: Nick, seconded by Dan to approve the Minutes of the April 28, 2015 Public Hearing. Motion carried unanimously, Stan abstaining.

Presentations: none.

Reports/Actions

First Selectman: Al reported that the State has still not finalized a budget and that an error on the legal notice for the Annual Town Meeting has been corrected, per the recommendation of the Town Attorney.

Tax Collector: Jeff reviewed the report of the Tax Collector which reported net proceeds of \$64,322.39 for the month of April, and \$3,698,659 year to date, meeting the target of 97.5% of the current year's collections.

Treasurer: Ellen requested the following transfers: \$750 from Selectmen's Mileage # 6000-05 to Contingency # 7000; \$400 from Town Garage Principal #8100 to Contingency # 7000; \$4900 from Town Garage Principal # 8100 to Road Maintenance # 6201-01.

Motion: Nick, seconded by Stan, to approve the Treasurer's requests for transfers. Motion carried unanimously.

Al explained that, as the Department of Public Works budget was depleted due to winter storms, transfers would be required to cover costs, such as equipment maintenance, until the 2015-2016 fiscal year commences; monies received from the State to offset the costs of the storms deemed a "disaster" will be deposited in the General Fund when received.

Board of Education: no report.

Board of Finance Committees:

HR Committee: no report.

Fiscal Policy and Procedures Committee: no report.

Annual Report:

The Board of Finance's contribution to the Annual Report was distributed. The Annual Report of the Town of Hampton for the Fiscal Year July 1, 2013 – June 30, 2014, though still incomplete, was distributed. Al assured that the Annual Report would be available at the Annual Town Meeting on May 14.

Motion: Dan, seconded by Nick, to approve the Board of Finance's contribution to the Annual Report. Motion carried unanimously.

Motion: Stan, seconded by Dan, to approve the Annual Report of the Town of Hampton for the Fiscal Year July 1, 2013 – June 30, 2014.

In Favor: Jeff, Dan, Nick, Rick, Stan

Opposed: Ed

Motion carried 5-1.

Nick suggested that department contributions to the Annual Report be submitted as part of budget requests and deferred to the Board of Selectmen to set timelines. Al suggested that the whole process start earlier, at the close of the fiscal year, and that reports be submitted before the end of the calendar year. By general consent, it was agreed that budget submissions must be accompanied by department contributions to the Annual Report with a deadline of December 1.

Correspondence: Jeff relayed Penny's communication during discussion of the District #11 Cooperative Office and the District #11 Fund Balance.

Old Business

Audit RFP: Nick reported that the board received responses from the current firm, O'Connor/Davies, offering a level cost for its services, and from the firm MAWC, offering a savings of \$6,900, a 30% discount over the current rate. Ellen expressed concern that MAWC did not list as many items as O'Connor/Davies included; Nick confirmed that the price quoted was all inclusive. Ed and Rick voiced the opinion that the savings were not significant enough to change from a known quality. Nick stated that the investment of time in creating the RFP was with the intent of saving money, noting that the cumulative amount becomes significant over time; however, he did register concern over a potential conflict of interest as MAWC audits the Regional District #11 Cooperative Office as well as the Town of Chaplin, a concern that Dan shared. Discussion ensued on meeting with a representative from MAWC prior to the June 1 deadline, and extending the April 23 response date for the Town of Scotland's auditor. By general consent, it was agreed to schedule a special meeting for May 19 and invite a representative from MAWC and Scotland's auditor, if interested.

Motion: Stan, seconded by Ed, to extend the response date.

In Favor: Jeff, Ed, Dan, Nick, Stan

Opposed: Rick

Motion carried, 5-1.

New Business:**Discuss Concerns Raised Regarding Regional District #11 Cooperative Office**

Jeff read Penny's communication encouraging the board to request a presentation from the auditors regarding the Regional District Cooperative Office and fund balance. Ed advocated for obtaining legal advice, stating that there were financial and contractual issues involved as well as management concerns. Al agreed that there were fiscal and governance issues and suggested a report from the auditor was the first step. Bob added that the Regional District Financial Office needed to be included as well. Kathy Donahue relayed that the Scotland Board of Selectmen contacted their attorney regarding these matters, and that a procedural investigative audit was in order. Kathi Newcombe listed concerns discovered after a review of the district's documentation:

- The Cooperative Agreement replaced, rather than amended, the previous Compact, against the advice of counsel.

- Personnel were hired without requisite negotiations on allocation of services and prior to a signed agreement.
- Cooperative Office Committee (COC) membership does not guarantee representation from Hampton or Scotland although both towns are bound by its decisions.
- Although a requirement of the Agreement, the COC budget has not been approved separately by either school board in at least the last two years, and was not reviewed prior to RD11's adoption of their 2015-16 budget.
- RD11's allocation of expenditures, twice that of each elementary school under the prior Compact, is now, with a 25/75 split, three times that of the elementary school's allocation.
- Although stipulated in the Agreement, the annual allocation of services has not been reduced to writing and included as an appendix in the Agreement since it became effective.
- Per the Agreement, the cost of employing personnel not specifically assigned to the Cooperative Office is based on the percentage of the assignment to each board; however associated costs of employment are borne inequitably by RD#11.
- Although the Agreement stipulates that recruitment costs be divided equally between the two boards, these expenditures have been subject to the 25/75 split.
- Unemployment costs associated with a Cooperative Office employee also employed separately by Chaplin may have been paid from the COC budget
- COC Meetings are posted only at Town Hall and in the district office, not on any of the district's websites.
- COC Meetings do not provide for citizen comment.
- The 2013-14 COC audit specifies that \$50,000 of the reserve offset the next budget, but nowhere in the budget or the assessment to the two boards can that figure be found.

This list and supporting documentation was distributed to the members of the Board of Finance who thanked Kathy and Kathi for their efforts. Ed asked about the administrative response to their queries. Kathi stated that public access to records was difficult and that the district's financial advisor was not available to answer questions asked at the public hearing or the tri-town meeting. Stan stated that the Board of Finance has a fiduciary responsibility to follow through on the claims and proposed that the Towns of Hampton and Scotland work together toward resolution. Nick agreed and suggested, in addition to obtaining legal services, a sub-committee be established to deal with these issues. Dan advocated for a meeting with Scotland's Board of Selectmen. By general consent, it was agreed to contact the Scotland Board of Selectmen to schedule a meeting.

Discuss Concerns Raised Regarding Regional District #11 Fund Balance

Kathy stated that the audit report distributed to the Chaplin Board of Education verified the amounts of undesignated funds reported at last month's meeting.

Discuss Recording of Amendment to Minutes

Ed suggested that, in order to facilitate the public's review of the board's conduct, the draft versions of Meeting Minutes should be amended to include the amendments made when the Minutes are approved.

Motion: Nick, seconded by Rick, to amend the draft versions of the Minutes to reflect the amendments made when the Minutes are formally approved, and to continue to record the actual changes in the Motions that approve the Minutes. Motion carried unanimously.

Discuss and Act on Tax Collector's Suspension List

Jeff read the Tax Collector's communication that accompanied the suspension list, mandated by State Statute, identifying 141 accounts, held by 67 taxpayers, which are delinquent for over three years, totaling \$17,083.75, with interest and fees, \$42,590.97.

Motion: Ed, seconded by Dan, to accept the Suspense List. Motion carried unanimously.

Citizen Comment: none.

Suggestions for Next Agenda

- Update on Central Office Concerns

Date, Time and Place of Next Meeting:

Special Meeting on May 19 at 7 pm in the Community Room at Town Hall.

Special Meeting immediately following Budget Referendum of May 21 at 8:15 pm in the Conference Room at Town Hall.

Regular Meeting on June 9 at 7 pm in the Community Room of Town Hall.

Adjournment:

There being no further business to come before the Board, the meeting adjourned at 9:02 p.m.

Respectfully submitted,

Dayna McDermott Arriola
Recording Clerk

This is a draft version of the Minutes until approved by the Board of Finance.