Members Present: Bettyann Peck, Kwame Dunbar, Richard Demko, Bill Sawicki, Beverly Kennedy, John Stelma; Paul Wetowitz (alternate)

Members Absent: Jim Cretella; Grace Brangwynne, Gary Popielasz (alternates)

Others Present: Dana Flach, Scott Bassett, Doug Thomas

Item #1 – Call Meeting to order
Chairman Bill Sawicki called the meeting to order at 7:02pm.

Item #2 – Pledge of Allegiance
Everyone saluted the Flag and recited the Pledge of Allegiance.

Item #3 – Seating of Alternates
None

Item #4 – Public Comment
None

Item #5 – Approval of Minutes – January 28, 2020 Regular Meeting
Motion to approve Minutes from January 28, 2020 Regular Meeting
Motion: Richard Demko  Second: John Stelma
Vote: Yes: 6  No: 0  Abstain: 0

Item #6 – Presentation/Discussion of the Audit Report
Scott Bassett from RSM presented this year’s Audit Report for the Town of Seymour:
- We are engaged to come in and give an opinion on your financial statements and also to take a look at the Federal and State Awards.
- **Required Communications:**
  - Accounting Estimates
    - Cost Sharing Plan Assumptions – driven by the State; this year they changed some assumptions which drove the numbers up; healthcare plan (mortality tables could affect this number); internal service fund (Workers Comp)
    - OPEB Assumptions
    - Risk Management
    - Depreciable Useful Life of Capital Assets
  - No difficulties encountered in performing the audit
  - No disagreements with management
  - Three uncorrected misstatements – (Past Adjustments) PY ($22k), Capital ($102k), OPEB ($483k) – with OPEB, the actuaries used an updated Mortality Table that we didn’t have.
• One internal control weakness – had to do with Trial Balances – around the non-recurring &
debt service lines.

• Management did not consult with other accountants

• Representation Letter signed by management. Everything that was asked for was given to us.
  We are stating that the financial statements are correct as presented.

**Engagement Results:**

**Responsibilities - Management**

- Preparation and fair presentation of the financial statements in accordance with US
  GAAP, design, implementation and maintenance of internal control so that financial
  statements that are free from material misstatement whether due to error or fraud.

**Responsibilities - Auditor**

- Express opinions on the financial statements based on our audit,
  plan and perform our audit to provide reasonable assurance about whether the
  Financial Statements are free of material misstatement.

Also, clean opinions on the CAFR and Federal & State Single Audits were given this year.

**Financial Statement Highlights:**

The decrease in the net position of the Town was driven by our participation in the State Pension Plan.
The State Pension Plan dropped their rate of return from 8% to 7% and so how they measure the liability –
the higher the interest rate, the lower liability. So, our liability increased.

The total net position of the Town decreased $10,243,347. Net position of governmental
activities decreased $9,855,513 or 54.40 percent over 2018 and net position of business-
type activities decreased $380,034 or 5.0 percent over 2018. The decrease was primarily
due to a recognized pension expense of $9,435,750. (pg.16)

**General Fund** - As of June 30, 2019, unassigned fund balance increased by $.528 million
to $2.3 million in the General Fund, while total fund balance increased $2.8 million to
$28.5 million. The unassigned General Fund balance at year-end represents 4.1% of total
General Fund budgeted revenues ($56.4 million). (pg.17)

**General Fund** - budgeted revenues came in $683,529 more than budget and
expenditures were $403,864 less than final budget. The revenues were more than budget
due to state grant increases of $554,194.

**Sewer Enterprise Fund** – net position decreased in 2019 by $388,034. This decrease in
net position was less than the previous year’s decrease of $565,523. The operating
expenses decreased $266,444 and revenues decreased $88,955.

**Financial Statement Highlights:**

The Town entered into an energy performance project capital lease for $8,807,016.
The contract comes with a contractual guaranteed cost avoidance equal to the project
cost and interest expense. This will be accomplished through the implementation of
energy efficient equipment (HVAC, lighting, solar panels, electrical load reduction
equipment).

• Scott Bassett said that this was the single biggest transaction (change from 2018) for the Town.
  Our Audit encompasses all the departments in the Town and the Board of Education. We spend
  about 600 man-hours going through the controls, records, financial statement review, etc. as we
  go through the (audit) process.
The Notes to the Financial Statements are pretty consistent with last year. The biggest difference was the increase in Net Pension Liability—increased from $3.1 million to $18 million. This was driven by the State Actuarial Assumptions change; along with the actuarial calculations. Nothing we can do here at our table. It may affect our budget, though.

In the CAFR Statement there is about 25–30 pages of pension footnotes having to do with the MERS Plan, OPEB Plan, teachers' retirement plans.

No big pending GASB statements to worry about.

Required Supplementary Information (Unaudited)
- Actual Revenues exceeded budget by $683,529
- Actual expenditures under budget by $403,664
- Various Pension and OPEB tables

Historical data in the back of the booklet. Also, the CAFR is there. Trending information over the last 10 years.

Federal Single Audit
- Total Federal Awards - $3,579,433
- Unmodified opinion on two major programs tested

State Single Audit
- Total State Awards - $12,001,860
- Unmodified opinion on major programs tested

Government Auditing Standards
- One item in internal control noted relating to adjusting entries to original trial balances

The number of adjustments that we are making with the Finance Office and Doug are definitely fewer over the last five years. There was a transition with the Board of Education personnel. Bill Sawicki asked how things were at the Board of Ed. Scott said that from an audit standpoint, things went very well. They just need to get used to the system. Bill said that we are using “Infinite Visions” now. We are running a parallel system until June. (Both us and the Board of Ed). Sherry (Holmes, BOE) has already started the training. Doug will start his tomorrow. The Chart of Accounts has been downloaded and Doug will work with them tomorrow on fine-tuning. Bill asked how much training time is included in the contract (before they charge us). Doug said that they will be in and out of here until June for training. Scott said that the audit went well, though we didn’t make the December 31st deadline. He would rather be a few days later and be correct. Working with the new system next year will be a challenge but using the parallel system will help.

The standards keep getting more difficult. The GASB is not slowing down. Our statements go through the GFOA Certificate program and have received the award over the past four or five years. This shows that we are putting out there some fair, transparent financial statements. We (Seymour) have prepared well. From an operating standpoint, the adjusted entries we are making don’t impact the budget-to-actual numbers that we get on the Monthly Financial Reports.

Bill Sawicki said that getting the CAFR helps us out with our bond rating. Currently we have a AA+.
- Richard Demko said the handout and presentation was very well done!

Motion to accept the Audit Report as presented by Scott Bassett from RSM.
Motion: Bettyann Peck Second: Richard Demko
Vote: Yes: 6 No: 0 Abstain: 0

Item #7 - Discuss & Take Action on the Tax Collector Suspense Report
Tax Collector Dana Flach presented the Suspense Report.
The Updated Suspense Report is taking the asset off our books. We can still collect on these up to 15 years. Most of these we probably won’t collect because they are bankrupt, uncollectible, out of business, or deceased.

Motion to accept the Suspense List ($41,625.41) as presented by our Tax Collector, Dana Flach.
Motion: Richard Demko Second: John Stelma
Vote: Yes: 6 No: 0 Abstain: 0

Item #8 - Comments from the First Selectman
None

Item #9 - Report from the Finance Director
Fiscal Year 2020
Major area of concern is the retirement funding. The budget included a funding rate of 12.0% and 17.0% for general and Police wages respectively. Actual retirement funding is 13.73% and 20.24%. Budgeted general wage is $3,525,283 and Police wages are $3,636,917. The percentage difference is a budget deficit variance of $60,987.39 general wages and $117,836.11 police wages.

Other concern’s; Town buildings repairs and maintenance 122% or $18,173.99 over expended, Fire Department buildings repairs and maintenance 111% or $4,372.28 over expended, Overtime Town Building 176.49% or $7,648.91 over expended and Town Buildings general supplies 118% or $1,510.56 over expended. Fire abatements over budget 16,326.

Projected over expended accounts are; Town Engineer 23,000, Town Buildings Regular wages $28,200 and Trash hauling $34,728.

The Operations director will be transferring the Town Buildings improvement fund to the town buildings accounts. The line item has $100,000. Other funding areas are the contingency fund of $20,000, SRO funding $37,500 and EDC salary line item of $35,000 is not being expended.

The Accounting Manager went out for surgery January 30, 2020 and will not be returning until March 23.

Software Update
Registered with software, downloaded chart of accounts and vendors to the system. Training will start next week.
- Eversource Letter – Bill Sawicki said that it doesn’t look like a commitment. There is a list of JCI Projects. Most of the projects are either finished or in progress. They will be putting solar panels on the Bungay School. Bill asked if the High School is getting solar roof. Doug said no, the project at the High School was the pool. Doug will check on this.

- Doug said he was under the impression we would receive this check in the Spring. We will need to know by June 30th to put in this year.

- Bettyann Peck asked if we submitted the required documents by 12/31/19. Doug said that we did.

- Payment Schedule ECM - Doug handed out a payment schedule for the lease payments from ECM. The schedule shows all the projects, the benefits, projected installation period savings, the start & end date of projects, and the projected annual cost savings & projected installation period savings. Bill Sawicki asked who calculates the savings and how often we have meetings (updates). Doug said that ECM is the one responsible for these reports. He met with them last week. They went through where the savings were and where the savings weren’t going to happen because of the delay in starting the project. They are projecting that they will be issuing us a check for NEXT Spring (2021) for about $200,000. Bill asked if we will have a shortfall in our electricity line. Doug said on the Town side we are doing ok. Sherry is working on her costs, seeing how she can cover their side. Bill asked to please be included when she sends her response. Bill said that we should expect about $12 million savings over the life of the projects.

- Paul Wetowitz asked what our history is in dealing with these people. Bill said that we don’t have any. We won’t see any savings until a full year after the projects have started. They are estimating to send us about $200,000 next spring. Doug will need to look at the 2020/2021 projections for utilities and that number should be less than prior years, but still figure in the potential savings. Doug said that a 3% increase should cover any shortfall. Bill Sawicki said that these payment amounts listed in the payment schedule are factored into our utility estimate. If they are not, we won’t have any way to measure our budget performance against this.

- Doug will fix the title on the budget summary to 2020/2021. Deliberations will start on March 4th, next Wednesday.

- Private Duty Payables – Doug handed out a list of the payables for Private Duty. Beverly Kennedy asked about the open amount for the Pumpkin Festival Association. Doug said that one was paid. This report is as of 2/5/20 (end of January). Some of these have been paid since then. Anything in the far-right corner is open. Bill Sawicki said that we need to receive this report, updated, every month, with our Finance Package for the Monthly Meetings. Bill asked Doug to check on the Seymour Middle School and Board of Education entries. They cannot owe money to the Town. This money goes to reimburse police salaries.

Item 10 - Transfers

None
Item #11 – New Business
Bill Sawicki asked when we need to have the budget done by in order to make the deadline for the mailing of the newsletter. Doug said that we just need to set the Town Hearing date; the budget need not be done by then.

Motion to set the Town Public Hearing date to April 9th, 2020 @ 7pm in the Norma Drummer Room, Town Hall
Motion: Richard Demko Second: Bettyann Peck
Vote: Yes: 6 No: 0 Abstain: 0

Item #12 – Correspondence
None

Item #13 – Adjournment
Motion to adjourn
Motion: Kwame Dunbar Second: Beverly Kennedy
Yes: 6 No: 0 Abstain: 0

Meeting was adjourned at 7:46pm.

Submitted by:

Monica Dimon
Recording Secretary