

**EAST HAVEN PUBLIC SCHOOLS  
FINANCE SUBCOMMITTEE MEETING  
BUDGET WORKSHOP  
EAST HAVEN HIGH SCHOOL BOARDROOM  
35 WHEELBARROW LANE  
EAST HAVEN, CONNECTICUT 06513**

**WEDNESDAY, APRIL 1, 2009  
7:30 P.M.**

**PRESENT:** Mrs. Vitale, Mr. DeNuzzo, Mr. Finkle, Mr. Hammell,  
Mr. Hennessey and Mrs. Vineyard

**ABSENT:** Mrs. Geraci-Anastasio, Mr. Inglese and Mrs. Padua

**ALSO PRESENT:** Mr. Serio, Superintendent of Schools  
Mr. Martorella, Administrative Consultant to the  
Superintendent  
Mr. Meoli, Assistant Superintendent  
Mrs. Acquarulo, Director of Pupil Services  
Mrs. Lewis, Finance Manager

**1. OPEN MEETING**

Mr. Hennessey called the Finance Subcommittee/Budget Workshop to order at 7:30 p.m. in the Boardroom of the high school.

While copies were made of the budget report, the Board would discuss Item 3.

**3. Cost Savings for School Consolidation/NESDEC Report**

Mr. Serio spoke about receiving a zero increase for the 2009-10 school year. He met with the principals and had discussed several scenarios for any moves that might be made for the coming year. Some of the scenarios were as follows:

- Moving 6<sup>th</sup> grade back into the Middle School
- Move kindergarten back into the elementary schools
- Use one elementary school for Pre-K and Little Jackets

Mr. Serio stated it was important to see what the savings and value might be because they would be making major changes in just a few months time.

Mr. Hennessey asked if they were talking about this coming year or the following year. Mr. Serio stated it was for now.

Mr. Serio spoke about some of the adverse affects that could arise from this. With moving the 6<sup>th</sup> grade back into the Middle School and then remodeling the Middle School, there would be 750 kids to place instead of 500 during the transition. Also the NESDEC Report did not recommend any moves be made until 2010-11. (A NESDEC Report was then handed out to the Board members.)

Mr. Serio asked the Board for any thoughts they had and invited the administrators to participate in the meeting with any ideas they may want to share with the Board.

Mr. Hennessey felt it was not a good time for change during these bad economic times. Mr. Serio stated that change costs money. Mrs. Vitale stated they wanted to make changes that would save money. Mr. Serio felt that any moves they made needed to be educationally sound.

Mrs. Vitale spoke about the rumors of closing the Academy. She stated that relocation was a lot different than closing. Mr. Serio agreed that relocation was a lot different than closing. When you have to trim \$1.7 out of the budget, everything gets thrown on the table from looking at infusing the Academy back into the regular schools. After looking at not bringing in third grade and graduating the 8<sup>th</sup> graders, it would affect only 120 students at the Academy. They could give them a legitimate talented and gifted program but not in a single building. It would run district wide.

Mr. Serio stated he had also looked at cutting stipends and eliminating some athletics at the Middle School and also for freshmen. They could ask for concessions from coaches not to cut. There was also the idea of "Pay to Play" in area towns. They were looking at monitors at the high school, lunch mothers in the cafeterias, and reduction in teachers and administrators. They were also looking at tightening up transportation where kids would not be picked up door-to-door. They would look at classroom sizes and staffing when schedules were set up to see if there would be any reductions. Mr. Serio had met with union presidents/executive boards to talk about concessions from the unions and he had met with the staff when they were here on a PD Day to explain to them personally the financial difficulties that they were

facing for this year and next year. There had been discussion on furlough days and increases for next year. Everything would be affected including nurses, secretaries, custodians, Central Office and the Business Office.

There was a question as to what the contractual amount would be for increases from this year to next. Mr. Serio stated that a quick calculation today, it would be \$600,000. **A request for savings if teachers did not take a percentage increase and/or a step and percentage increase was requested by the Board.** There was further discussion and Mr. Serio stated if the teachers did not take a percentage increase; it would be a savings of about \$575,000 - \$600,000.

There was discussion on how many people left through attrition and Mr. Serio stated they probably had about 20 teachers through retirement and out of district. They did not fill as many spots this year considering the amount of people that left. Mr. Finkle asked hypothetically if they had 20 teachers retire this year, they were potentially facing 20 teacher layoffs; they were close to solving the problem. If you multiply 20 times 50, it was \$1 million with benefits, with most of the teachers making over \$50,000. They did not want to get crazy with wild scenarios and create panic. Mr. Finkle said he would feel better once those numbers come out.

**Mrs. Vitale would like to see Mr. Serio get into other parts of the budget besides the teachers and kids. She would like him to look at our operating costs and look at ways to try and save money there.** Perhaps they could reduce legal costs and in the maintenance area they could not replace vacancies if it was possible. Mr. Serio stated he had looked at workmen's compensation and it was a high budgeted item, but he was informed that in next year's budget, it was too low. This number may have to be adjusted for next year. Mrs. Vitale stated she was more concerned with the abuse and how long they have people out on comp. There was no incentive to come back to work. Mr. Serio felt they had made some gains in the last couple of weeks.

**Mr. Hammell stated he thought they could consolidate the maintenance department with the Town. Mrs. Vitale and Mr. Hammell suggested they could use the Town to help them. Mr. Serio stated they always work with them when they needed them. Mr. Hammell felt they should report under a central location together. Mr. Serio would look into this.** Mr. Hammell stated any building that they have or occupy, they did not own, they just occupied. It was also the Town's responsibility to maintain the buildings. If you consolidated the two together, it would be a lot more

efficient. Mrs. Vitale felt they needed to get creative. **There was discussion on whether something like this needed to be negotiated and whether it was a matter of collective bargaining and negotiations. Mr. Serio would check this out.**

Mr. Hammell stated that most of the people that worked for them, worked here. When times were tough, you have concessions that could be made by both sides. In a budget crisis, everyone has to work together. People would rather have their jobs than worry about their fellow workers being laid off. They should have no grievances for a year and do what was best for the Town and kids.

Mr. Serio explained that he could not make the teachers or any bargaining unit not take their raise. They were contractually responsible to give it to them. Mr. Hammell explained if one of our guys one day had to go with the Town guys to fix a door, you cross the line, so what. Mr. Serio stated they had been doing that. Mr. Finkle stated that they did that on a regular basis. They used our boiler guy and they had used our plumber. Mr. Hammell stated they used it to put out fires. Mr. Finkle asked how this saved money. They weren't cutting people – they still come to work every day and get paid. Mrs. Vitale felt they should not fill vacant positions. Mr. Finkle stated they were down to two maintenance people and that was probably as bones as you can get. There was still the same amount of work that needed to be done up here. Mrs. Vitale stated the bottom line was there was no money so they had to find ways. Mr. Finkle said he understood they were fishing for dollars and finding pennies.

2. **Update on 2008-09 Budget**
4. **Discussion of Replacement of Maintenance/Custodian Vacancies**
5. **Discussion of Concessions/Layoffs**

Projected budget reports were handed out to the Board members. There was discussion on the 2008-09 budget and the fact that budget transfers needed to be made. Mr. Serio explained that they were not going to see a large amount of money in the projected balance left over at the end of the school year. They were running very tight; too tight. Mrs. Vitale asked if this was it, some \$9,000. Mr. Serio stated yes. **Mrs. Lewis explained that encumbrances and receipts were being worked on. She would bring them up to date at the next meeting.** Mr. Hennessey did not understand where the problem was because they were positive and every year they end up with a zero balance. Where was the panic this year? Mr. Serio stated he was not in a panic. **Mr. Serio explained there was a proposal he would like the Board to see**

**and go over so during the summer they could make the boilers at the Middle School more secure. Once he received the proposal, he would share it with them.**

Mr. DeNuzzo asked if there were discussions with the administrators on any of these options that were mentioned in the NESDEC report. Mr. Serio had met with them several times and one was the possibility of doing a new grade configuration like an intermediate step with grades 5-8 in the complex at Hudson Street which would combine Carbone and the Middle Schools and do renovations. The gym and media center needed to be bigger as well as the cafeteria on the Carbone side. If they moved the Academy into the complex as a program within the school, they would need more classrooms too. Mr. Hammell asked if that was even with moving the whole Carbone class out. Mr. Serio said yes. There was discussion on the different scenarios and the time involved in planning.

There was some further discussion on the renovations and the processing of the ED049. Mrs. Vitale stressed the importance of submitting the ED049 for this project by June 30<sup>th</sup>. This was the key for their long-range plans. Discussion ensued on the roofing projects and which schools had been included in the last ED049 submission. Mr. Serio stated if they were begin a renovation project at he Middle School, he couldn't see them putting a new roof and solar panels on in the summer. Mrs. Vitale asked Mr. Meoli if they had already put it in there. She thought John had said if they were going to renovate then why do it? Mr. Finkle stated it was on the next Town Council's agenda to approve that bond at their next meeting which was \$9.6 million which still included the Middle School. Mrs. Vitale stated they could still eliminate it if they went another way. She didn't think they would hold them to it. Mr. Finkle explained about how it was bonded and how it included the Middle School. He said it should be backed out of there, but the other thing that they should have input on was potentially were any one of those three schools one of the schools that might be targeted by the NESDEC consolidation plan. He wouldn't want to see them spending any money. Mrs. Vitale asked if Mr. Serio had called Mr. Mauro on that because it was important.

Mr. DeNuzzo asked if they did vacate one of these schools, and if they were going to put roofs and solar panels on, then they receive nothing? Mr. Martorella explained how he contacted the School Facilities Unit and he had the same concerns they did about why put a new roof and solar panels on if they were going to renovate the building. They advised to keep those grants active. If you came in with another ED049 for a renovation project, it would

work itself out. Mr. Finkle stated that once they got the commitment they had two (2) years to start the project. Mr. Martorella stated yes and elaborated on the process for applying for the ED049 and the plans you had to incorporate.

Mr. DeNuzzo stated with Momauguin, Deer Run and Overbrook in the mix, a year or two down the road, one of those three schools was eaten up due to consolidation here, a roof and solar panel had already been put on, do they have to assume the grant money that they were given. Mr. Martorella stated if you did not start the project within two years of its approval, you would lose the grant.

Mr. Finkle explained that what he was saying was if five years down the road, that was not a school anymore, your annual reimbursement whatever that percentage for that year would be, you would not get it for the year that school was no longer a school.

Mr. Martorella explained that the State had requested of Central Office, and not the School Building Committee, that they needed roof maps and legends of the four roofing projects. They had applied for two separate grants and one was for roofs and the other was for solar panels. He had only heard about the roofs and not the solar panels. Perhaps they were in contact with the School Building Committee. Mr. Serio stated the conversation he had yesterday included the solar panels.

Mrs. Vitale stated they were talking about reducing their overhead because they had too many buildings; so why were they worrying down the road that they need it back when they were telling us that we have declining enrollment and the demographics show that they don't need all of these buildings. Mr. Hammell explained that the concern was if they put a new roof on a building and then all of a sudden the following year or the next year after that they decide that this was one of the buildings they were going to close down because of the consolidation. The money you borrowed from the State, your reimbursement, would be in trouble.

Mr. Serio stated the only concern he had was if they decide to do something bigger than just the roof with the Middle School, they needed to see how they incorporate that into the renovation.

Mr. Finkle asked about page 15 Buildings & Grounds and there being \$140,000 year-to-date spent was \$11,000 and you encumbered \$50,000. Mrs. Lewis stated yes, there was a purchase order out there in anticipation of a blanket order. The projected \$60,000? Mrs. Lewis stated that was what they

were anticipated to spend through the end of the year. Mr. Finkle said they had projected expended and encumbered \$122,000. They had used only \$11,000 to date, and he wondered what supplies they were going to buy that cost \$122,000? When all was said and done, they may not have used nearly any of that. **Mrs. Lewis stated they were going to see what blanket orders they had out there and that's what they were in the process of correcting now.**

Mr. Finkle pointed out that it seemed like they were just buying what they needed, and looking at what was expended through 3/30/09, it was conceivable that they would have a lot of money left over in these accounts? Mrs. Lewis said yes. Mr. Finkle stated what the Board needed to keep in mind was the key columns were expended year-to-date and then the encumbered and how flexible that number was because that could be where there could be some potential dollars. If you look at the last column on the last page for encumbered, \$5 million. This was where they should be focusing between now and the end of the year and what was in that column that did not have to be spent. Mr. Finkle said if they know they have 0%, they can't bring it to next year, but they could buy some textbooks and some of the supplies they may have needed.

**There was discussion on what Mrs. Lewis called an Open Purchase Order Report. This would be provided to the Board at their next meeting.**

Mr. Finkle asked about the benefits account -- that was our self-insurance? Mrs. Lewis responded yes. Mr. Finkle asked about the print that said, the Town \$571,960 a month \* three principle. Mrs. Lewis explained we pay the Town \$571,000 a month and there were three more months to pay. Mr. Hammell asked if all of the minuses were real. Mrs. Lewis stated that there were budget transfers and journal entries that needed to be done. The accounts they see as minus may not be a minus because they might be classified in Carbone but they should be Momauguin. Mr. Hammell asked about Workmen's Comp. Mrs. Lewis stated it was a real number. So they were in the hole for \$8,000? Yes. So it would cost them \$9,000 at the end? Mrs. Lewis stated no, it was all included. Mr. Serio stated they had spoken about really everything except item 6. Mr. Hennessey asked if the concessions/layoffs were just for next year after July 1<sup>st</sup>. It had nothing to do with this year because we have a positive balance at the end of our budget? Mr. Serio explained it had nothing to do with it, but the Town side was looking for concessions on our side also from this year. Mr. Hennessey asked before June 30<sup>th</sup> of this budget year. Mr. Hennessey asked if they were returning money from our budget to the Town's budget.

Mr. Serio stated he had tried to explain to the Town that it was very difficult for him to get concessions for this or next year with the bargaining units and not give them something back. With a zero budget, he could not guarantee there would be no layoffs for next year. He did not know to what extent those layoffs would be but he did not see zero layoffs backing into a minus 1.7. If the numbers of the concessions could offset layoffs, then there would be no layoffs. Mr. Hammell questioned that he couldn't guarantee that no matter what? With the concessions, the number might be lower? Mr. Serio stated the number would be lower.

Mr. Hennessey said he was still confused and wanted to talk about this year vs. next year. What could they do in three months? What would happen? You would take our budget and return excess funding to the Town's budget? Mr. Serio stated that was what was being asked of him. Mr. Hennessey stated that he couldn't do that without the Board's approval, right? Mr. Serio stated no. Mr. Hennessey said that they just couldn't end up with a big balance. Mr. Finkle stated that was one of the things they needed to make sure they were clear on.

Mr. Hennessey wanted clarification on which year they were talking about regarding concessions and layoffs. He asked if they were talking about after July 1<sup>st</sup>. He wasn't laying anyone off now? Mr. Serio stated no. Mr. Finkle said that was why this Board needed to do its' homework because what appears to be \$9,000 now simply because there were a lot of encumbrances out there and they did not know if they were real or that's what they normally spend. There could end up being a net of \$111,000. Unless they know that, and on June 30<sup>th</sup> they close the books, all of the encumbered PO's just vanish and you're left with the real budget, you could have 4, 5, or \$600,000. This was why they could not wait until June. They had to know. Anything that was non-essential encumbered purchase orders should be pulled off the books now. If it were not payroll or insurance costs or a fixed cost that had to be paid, then they should pull it and those columns go right back. Mr. Serio explained they may see a lot of monies in there that were encumbered because the budget was frozen since October. Mrs. Lewis needed to clean the encumbrances up and when she had a chance do transfers, some of those minuses where you see pluses, you have to get rid of the minuses. The way it looked now, they were running in the black as a projection for this fiscal year.

Mrs. Vitale asked about the money they were short in their budget because of the glitch in the payroll. Mr. Serio stated that was for 2007-08. Mrs. Vitale stated that it was missing out of their budget now. Mr. Finkle stated that it

was not. When they balance off the books at the end of the year, not the audit, the balancing of the books, the vacuum cleaner sucked it out of the fund balance. Mr. Finkle stated that whatever came out was the issue, and if it was payroll, for the record, we approve the bills; if it's from 2007-08, it is not reflective in this budget. It also was not something they pay back either.

Mr. DeNuzzo asked Mr. Serio if Town Hall was expecting him to give back any money now in concessions. Mr. Serio stated he could not give them back something he did not have. They did not have any money. Mrs. Vitale stated they were not going to give us something they don't have. Mr. Finkle stated he was going to make a projection. Mr. Serio had done a good job all year with the budget freeze on since November and he was positive when you pull those negatives out of there or those encumbrances out, they were going to have that column reflect a different number. Mr. Serio stated the freeze had been on since October and unless it was necessary, it didn't get spent. They still had to spend money because things had to be done.

Mrs. Vitale said that as a Board they needed to do what they felt was right. Town Hall wasn't going to dictate to them. They would do what they thought was best. Mr. Serio stated it's our obligation to use our dollars for the best interest of educational purposes. If it meant they could do something that would defray costs, then it would be in their best interest to do that if the money was available. Mr. Serio said they had always had a practice that they would never spend money on anything that they hadn't been given or knowingly they knew was available. The glitch in payroll for 2007-08 – he had been working on the number and the number was getting lower.

Mrs. Vitale wanted to know how the glitch happened and whose fault it was. Mr. Hennessey asked Mr. Serio to give them a rundown on this. Mr. Serio explained that there was a \$923,000 payroll that was not posted into the budget account. Mr. Hennessey asked Mrs. Lewis if she was here during this timeframe. She responded yes. Mr. Hennessey asked what happened. Who cuts payroll? Mrs. Lewis stated that it was done in-house but it was done step by step. It was a separate system. You have to interface the two and that step was omitted; it was either human error or they had done the process and it didn't go because of the computer. She did not have an answer for that because she was still learning the system herself.

Mr. Hennessey spoke about how he does his taxes and asked how this could have been missed. Mrs. Lewis responded they don't do the taxes and she could not answer that; she did not know. Mr. Hammell asked if they reconciled our books in a timely manner. Did they do it monthly or quarterly?

Mrs. Lewis stated when she first started it did not get done. Mrs. Vitale asked if they had a general ledger. Mrs. Lewis stated they had a general ledger but it was not a proper one. There was further discussion on the general ledger and getting things done in a timely manner. Mr. Serio stated they had been without a business manager in the office for five months. Many of the reconciliations were not done prior to when she came here.

## **6. Discussion of Job Description for Finance Director Position**

There was discussion regarding the need of a finance director for the Board of Education. Mrs. Vitale stated she was never in favor of a dual finance position. It was too much of a job and Paul Rizza was only here part time. Mr. Serio stated he had included another job description in their Board packets. He asked that the Board members write “draft” on top of their copies. It was not something he was actually posting as it appeared here. It was a posting he had found and it had a lot of what they needed for their Board of Education. He had previously given them two other job descriptions.

Mr. DeNuzzo asked who was going to do the interview. Mr. Serio stated he didn't know but he was looking to post this position at the end of April or sooner if they wanted him to. **Mr. Finkle asked if they could get a job description. Mr. Serio stated yes he could get them one.** There was discussion on the qualifications for the position. Mrs. Vitale asked who was doing food service and transportation. Mr. Serio stated they all went through the business office.

Mr. Hennessey asked if they would be hiring a caliber of person so Mr. Serio didn't have to get involved in things like buses. Mr. Serio stated he hoped so. Mr. Hennessey asked if they would be able to fire that person if they do something wrong. He could not believe all of the things that were wrong here -- \$900,000 really blows his mind. They could not run this place like this. Mr. Serio stated he agreed. Mr. Hennessey suggested he needed to hire a serious person who would understand that when things went wrong, that person was going to get thrown out of here. He said the way things were being done, they were doomed for failure.

Mr. Hammell asked when this Board approves bills for \$1.4 million that have to be paid, what was the next step? The voucher went to the Town requesting that money. All of it? Mrs. Lewis stated the Town looks at the bank account and sees what they believe we need for the day. They keep the money in an interest bearing account. They move money over as needed. It may take five

transfers to get that money over into our account. The bills were paid; the money was in the accounts. It was a float.

Mr. Finkle asked if they do online banking. Mrs. Lewis stated no. Mr. Finkle explained that the Town leaves money in revenue-bearing accounts so that 1% over even a few days becomes big and they just filter the money over as they need it. They transfer the money over. Mr. Hammell asked if the bills were paid on time. Mr. Finkle stated yes. Mr. Hammell asked if that was payroll too. Yes.

Mr. Hennessey asked Mr. Serio when they hire someone like this, if they had any questions on Whitsons, busing, contract negotiations, they would be talking to that person, not him. Mr. Serio responded correct. Mr. Hennessey stated he looked forward to that day. He did not see how the Superintendent of Schools does the educational piece and all of the management stuff. Mrs. Vitale stated that it was a job qualification of the Superintendent. Mr. Hennessey stated he understood that he had to oversee it, but as far as dealing with a bus stop on whatever street. Mr. Hammell stated or running down to make sure when a boiler breaks down, why did he have to run down and fix it. Mrs. Vitale stated that people working for him weren't all doing their jobs.

Mr. Hennessey stated that the transfer of monies from the Town was crazy. They transferred payroll and no one was checking to see if it was posted. It was nuts. It all needed to be changed. He said they had other people in that job before Pattie and he was never impressed. He was turning out to be right. That whole department down there looks to be screwed up. Last year they had the whole PO thing, they didn't go out to bid; the year before they had the fence; this year they missed a payroll. Every year it was some catastrophe down there. He said he didn't believe people comprehended \$43 million and 500 employees was a huge enterprise. You had to have professional, qualified people who were doing a serious job down there or they had to be fired.

Mr. Serio stated the job needed to be full time. Mr. Finkle stated they needed to look at the fact that people were doing multiple jobs. It was a \$43 million organization and how many \$43 million organizations had 5 people. There should be dedicated people doing specific jobs.

Mrs. Vitale stated that the Town was calling for a forensic audit for the Board and Town. That usually showed up any inefficiency. Mr. Finkle said just so they didn't get snake bitten, we're calling for a forensic audit that the Town was paying for or were they going to get the bill? Mrs. Vitale said if she

hadn't read it in the paper that the Town was paying for both of them, she would think her phone was tapped – she had thought of having a forensic audit and out comes the forensic audit. Mr. Serio asked if it wouldn't be wiser to finalize the audit that they were currently in that wasn't finished before ordering a forensic audit. Mrs. Vitale stated it wasn't the same thing.

Mr. Serio stated there were just as many discrepancies in this problem on the Town side as the Board side because of the process and the way it worked. To date, it still didn't balance with new people on both sides. Mr. Serio stated he found out that the only way the audit was approved was his signature had to be one of three. He stated he was not signing anything unless he was positive and sure that those numbers were accurate. Mrs. Vitale stated then they needed a forensic audit if he was not sure they were accurate. **Mrs. Vitale suggested he clarify it with the Town whether they were paying for the audit. Mr. Serio stated he could ask them.**

Mr. Hammell asked some years ago they asked about Personnel/Human Resources, what does that person do? Mrs. Lewis stated new hires, attendance, all fingerprinting, and substitute teachers. The title was Personnel Specialist. Does she do benefits? No. Resource issues? No.

**Mr. Finkle requested a detailed grant report.**

## **7. Information Regarding On-Year Extension of the O, R & L Contract**

Mr. Serio stated this was just an informational item. Maintenance, custodial contract and operations of the high school went out to bid and were due on April 14<sup>th</sup>. The letter from O, R & L was a request for a one-year extension. He was not looking for any action. Mr. DeNuzzo asked Mrs. Reale how they were managing here. Mrs. Reale stated they would not have her vote of confidence at this point. Mrs. Vitale stated it was her building.

Mr. Serio stated the bids for Carbone, Momauguin and the Middle School were out also and due back the same date. Food service was in the process as well as security and asbestos abatement.

Mr. Serio spoke about a bid waiver for the bus proposal. Mr. Mauro told him the only way to waive the bid proposal was they had to have a finance director. They were taking care of that either on an interim or permanent basis. If this happened, and they hired an interim finance director on the Town side, he would like that to be strictly on the Town side. Mrs. Lewis would handle their finances. Mr. Hammell agreed.

- 8. Any other discussion pertaining to budget/finances that might rightfully come before this subcommittee.**

There was no other business this evening.

- 9. ADJOURNMENT**

Mr. Hennessey asked for a motion to adjourn. Mr. Finkle made a motion to adjourn and it was seconded by Mr. Hammell. The meeting adjourned at 8:58 p.m.

**RESPECTFULLY SUBMITTED,**

**MR. THOMAS HENNESSEY, CHAIRPERSON  
FINANCE SUBCOMMITTEE**