

SECOND TAXING DISTRICT
Electors' Annual Meeting Minutes
May 21, 2019

Electors Present:	Harold Bonnet Robert Burgess James Clark James Delgreco Mary Mann Jodi Kim Proct Antoinette Van Loan Martha Wooten-Dumas	Maria Borges-Lopez Theodore C. Burt Jr. Dawn Delgreco Diane Lauricella Sonia Oliver Thomas Soltes David Westmoreland Darlene Young
Also Present:	Paul Yatcko Lisa Roland Eric Strom Frank Murphy, Esq.	General Manager District Clerk Director of Customer Care Tierney, Zullo, Flaherty & Murphy
Public Present:	None	

(There were a total of 16 Electors present for the Annual Meeting)

The meeting was recorded in its entirety.

1. CALL THE MEETING TO ORDER

Moderator David Westmoreland called the Electors' Annual Meeting of The Second Taxing District to order at 6:42 p.m. on Tuesday, May 21, 2019. The meeting was held at South Norwalk Electric and Water, One State Street, Norwalk, Connecticut.

The District Clerk confirmed a quorum was present.

2. LEGAL CALL

The District Clerk read the legal call.

Elector T.C. Burt Jr. moved to accept the legal call. Darlene Young seconded. The motion carried unanimously.

3. ELECTION OF ELECTORS TO ETHICS COMMITTEE

Paul Yatcko summarized the rules of the election process. No written nominations were received by the District Clerk, thus nominations were taken from the floor.

No more than four per party are allowed. The following nominations were made:

Dawn Delgreco	Independent
Jim Clark	Democrat

T.C. Burt	Independent
Jodi Proct	Democrat
Diane Lauricella	Democrat
Sonia Oliver	Democrat
Tom Soltes	Republican

Moderator David Westmoreland asked for a motion to accept the slate. The motion carried unanimously.

4. REVIEW THE AUDITED FINANCIAL REPORT OF THE SECOND TAXING DISTRICT FOR THE FISCAL YEAR – July 1, 2017 – June 30, 2018

Martha Borges-Lopez moved to place the item on the floor. Martha Wooten-Dumas seconded.

Paul Yatcko began the presentation by thanking his accounting staff, which performed a tremendous job despite the unusually high turnover over the past year, and the auditors for pulling the comprehensive report together.

The report is significantly late due to various delays - primarily to not having received the required information from the Connecticut Municipal Employees' Pension System until March 2019, the new accounting staff's inexperience with this particular type of report, and the last minute auditing firm's production issues which resulted in the need to reissue the final report.

The completion and presentation of this report being only six weeks short of the close of the current fiscal year (July 2018 – June 2019) has lost its usefulness, and thus only significant details were presented at this meeting. Anyone desiring additional information, or having additional questions, may contact the General Manager's office.

Page 21 of the report shows the District's net position at the end of fiscal year 2018 compared to the prior year. The District's total net position was \$42.6 million. The District's General Fund net position decreased by \$241,000 and each of the divisions – electric's and water's – net positions declined by approximately \$2 million each. Nearly all of the net decrease can be attributed to the implementation of GASB 74 which requires the net OPEB liability to be booked on the balance sheet. This was a first time event.

Page 31 shows the Income Statement for the District's General Fund. Revenue from interest income was \$292 and total operating expenditures were approximately \$193,000, a decrease of approximately \$59,000 from the prior year primarily due to lower legal costs and lower street lighting expense (the partial cost of which is suspected to have been misappropriated on linemen time cards). The ending fund balance was a little less than \$1.1 million, a slight decrease from the prior year.

Page 35 shows the Income Statements for the Electric and Water Funds.

Water brought in operating revenue of approximately \$8.4 million, a decline of less than 2%. Operating expenses were approximately \$7.95 million, a decrease of \$1.3 million from the prior year. The decrease occurred primarily due to a property tax refund that was received in 2017, but were not properly recorded on the books until 2018. Other items contributing to the decrease in expenditures were OPEB expenses, worker's compensation and health insurance costs. The net position of the Water Fund declined by \$1.96 million, again due to the GASB 74 requirement.

Electric operating revenue was approximately \$15.5 million, a slight decrease of \$59,000 due to minor changes in the sales mix. Operating expenses were \$15.2 million, a decrease of \$261,000 due to many different factors including OPEB expense, conservation costs, worker's compensation and health insurance costs which were partially offset by various minor adjustments. The Electric net position declined by \$1.99 million primarily due to the recognition of the OPEB liability on the books.

The auditing firm, Michaud Accavallo Woodbridge and Cusano, strongly recommended the District continue to take steps to rebuild the Finance Department.

Elector Jim Clark expressed concern over the misappropriated street lighting expense and asked if the time cards would be re-code (and thus the expenses reallocated appropriately). Paul Yatcko responded that it probably wouldn't be re-coded, but he would ask the line department to be more vigilant about coding their time cards correctly going forward. Jim Clark felt the corrections should be made to the books. Paul Yatcko responded that he was confident the new Director of Electric Operations would be on top of things within his department and ensure the correct coding on time sheets going forward. While Jim Clark was happy to hear about the new Director's diligence, the answer was not to his satisfaction. He wanted assurance that the accounting process is being performed correctly and well.

Robert Burgess asked about the Community Service Projects' amount listed in the District's General Fund. Paul Yatcko responded that the big expense included in that line item is the Mayor's Summer Youth Employment Fund. Additional expenses are the annual Thanksgiving Dinner, and smaller amounts for the hanging of banners for various civic organizations.

Elector Diane Lauricella asked if the reduction in water and electric sales can be attributed to the implementation of new building codes requiring water conservation and electrically efficient equipment. Paul Yatcko responded that conservation and efficiency could certainly be factors, although he had no way of knowing how much was due to these or to changes in weather and/or personal behaviors. The downward trend has been occurring over the last four to five years.

Robert Burgess asked where in the Community Service Projects were the funds to assist customers in paying their utility bills. Paul Yatcko responded those funds (\$25,000) were allocated to a different account within the Electric Fund.

5. SET THE COMPENSATION FOR ELECTED OFFICIALS OF THE SECOND TAXING DISTRICT

Jim Clark moved to set the compensation for the Commissioners to the same as last year. T.C. Burtt seconded.

The motion passed unanimously, with the exception of Maria Borges-Lopez who abstained.

Elector Sonia Oliver moved to set the compensation for the Treasurer to the same as last year. Jim Clark seconded.

The motion passed unanimously, with the exception of Darlene Young who abstained.

6. ADJOURNMENT

Robert Burgess moved to adjourn. Sonia Oliver seconded.

The meeting adjourned at 7:04 p.m.

Attest:

Lisa G. Roland
District Clerk