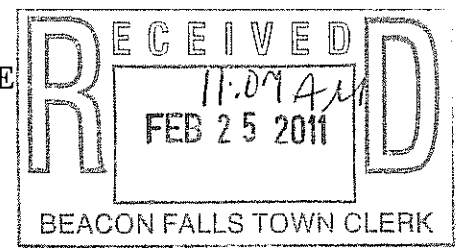


BEACON FALLS BOARD OF FINANCE  
SPECIAL MEETING MINUTES  
FEBRUARY 23, 2011



**CALL TO ORDER**

Chairperson G. Smith called the meeting to order at 7:00 PM with the Pledge of Allegiance.

Members Present: C. Bielik, W. Hopkinson, L. Krepinevich, B. Ploss, G. Smith, W. Hopkinson

Members Absent: R. Doiron

Others Present: First Selectman S. Cable, Selectman D. Sorrentino, Selectman M. Krenesky, CPA  
Michael Zemaitis, Finance Manager M. Gomes (7:10 PM), J. Blesse, Joe Rodorigo and Jeremy Rodorigo  
(7:15 PM).

**AGENDA ITEMS**

G. Smith asked if all of the Board of Finance members had read copies of the 3 bond resolutions and proposed the Board review them one by one.

- 1) To consider and act upon a resolution recommending an appropriation and borrowing authorization for costs in connection with various road and related sanitary sewer main improvements and the acquisition of Benedetti recycled hot emulsified asphalt treatment equipment.**

Discussion: L. Krepinevich asked if the manufacturer's name, Benedetti, should be included in the Bond Resolution, in order to allow more options with the purchase of the equipment. S. Cable stated that Benedetti was okay with the inclusion of their name. B. Ploss agreed with L. Krepinevich's concern, stating that by including the name Benedetti, the town limits its options.

G. Smith stated that if the resolution is changed, the Board of Finance would need to set another Special Meeting before moving forward. C. Bielik agreed that the change is not worth delaying the entire process. S. Cable is comfortable with the Benedetti machinery and the language as written.

G. Smith asked about the sewer work which now includes the language "a portion of Lasky Road". S. Cable explained that the portion of Lasky Road being affected is between Patricia Terrace and Dolly Drive.

Item 1 (Road and Related Sanitary Sewer Main Improvements, and Benedetti Recycled Hot Emulsified Asphalt Treatment Equipment Acquisition).

RESOLVED, That the Board of Finance recommends that the Town of Beacon Falls appropriate \$5,115,000 for costs in connection with various road and related sanitary sewer main improvements, including: (1) reconstruction of all or any portion of the following roads, as to be determined by the Town Engineer: Patricia Terrace, Highland Avenue, Dolly Drive, Maple Street, Blackberry Hill Road and Wolf Avenue, which may without limitation include reclaiming and repaving of roadway systems, replacement of catch basin tops, installation of new catch basins, storm drainage piping, curbing, guide rails, driveway aprons, landscaping and restoration;

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(2) acquisition, if so determined by the Board of Selectmen, of Benedetti recycled hot emulsified asphalt treatment equipment to enable Town personnel to carry out various Town roadway system pavement reclaiming and repaving operations; (3) rehabilitation of sanitary sewer mains and appurtenances on all or any portion of the following roads, as to be determined by the Water Pollution Control Authority: Highland Avenue, Maple Street and Wolf Avenue; (4) installation of sanitary sewer mains and appurtenances on all or any portion of the following roads, as to be determined by the Water Pollution Control Authority: Patricia Terrace, Dolly Drive and a portion of Lasky Road; and (5) related work, improvements, equipment and appurtenances; and that the Town issue bonds or notes and temporary notes in an amount not to exceed \$5,115,000 to finance the appropriation. The Town anticipates applying an estimated \$400,000 in Small Town Economic Assistance Program grants from the State of Connecticut to defray in part the costs of the project. The amount of bonds and notes authorized to finance the project shall be reduced by the amount of grants received by the Town for the project.

**L. Krepinevich made the motion to accept this resolution with one spelling correction to Wolfe Avenue. W. Hopkinson seconded the motion. All ayes.**

- 2) To consider and act upon a resolution recommending an appropriation and borrowing authorization for costs in connection with various fuel and heating oil storage facility improvements.**

Item 2 (Fuel and Heating Oil Storage Facility Improvements).

RESOLVED, That the Board of Finance recommends that the Town of Beacon Falls appropriate \$125,000 for costs in connection with various fuel and heating oil storage facility improvements, including: (1) removal of underground storage tanks for fuel and heating oil at the Public Works Garage and Beacon Falls Volunteer Fire Department station sites; (2) installation of above-ground heating oil storage tanks at the Public Works Garage and Beacon Falls Volunteer Fire Department station sites; (3) creation of a central fueling facility at the Public Works Garage site; and (4) related work, improvements, equipment and appurtenances; and that the Town issue bonds or notes and temporary notes in an amount not to exceed \$125,000 to finance the appropriation.

**W. Hopkinson made a motion to accept this resolution, as written. C. Bielik seconded the motion. All ayes.**

- 3) To consider and act upon a resolution recommending an appropriation and borrowing authorization for costs in connection with various improvements to the Wastewater Treatment Plant.**

Discussion: W. Hopkinson asked if the nitrogen issue is included in these improvements. S. Cable advised that the resolution will bring the Wastewater Treatment Plant to compliance with any known mandates at this time.

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Item 3 (Wastewater Treatment Plant Improvements).

RESOLVED, That the Board of Finance recommends that the Town of Beacon Falls appropriate \$1,000,000 for costs in connection with various improvements to the Wastewater Treatment Plant as to be determined by the Water Pollution Control Authority, contemplated to include refurbishing of existing aeration tanks; refurbishing of secondary clarifiers; acquisition and installation of air blowers/vfd's and RAS pumps; aerated flumeway modifications; flow distribution improvements; retrofitting of emergency generator cooling system; and related work, improvements, equipment and appurtenances; and that the Town issue bonds, notes or other obligations in an amount not to exceed \$1,000,000 to finance the appropriation.

**C. Bielik made a motion to accept this resolution. B. Ploss seconded the motion. All ayes.**

G. Smith inquired about the Fire Department air packs, which were originally included in the bond. These were partially funded through grant monies. M. Gomes advised the \$56,000 balance of the cost of the apparatus will be funded under 5 year lease payments.

**Item 4. To accept the Town Audit**

Michael Zemaitis handed out draft financial statements to the Board members and reviewed the document in detail with the board. The statements need to be submitted to the State of Connecticut by Monday.

Page 3 is the town's Management Discussion and Analysis with Financial Highlights. Net assets include the roads, buildings and infrastructure, total \$11,800,000 and over \$9,000,000 of these net assets are capital assets.

Governmental funds are highlighted next and at year-end the General Fund balance is \$1,069,000, which represents 5.7% of the 2011 budgeted appropriations. M. Zemaitis emphasized that 5.7% is as low as this fund balance should be allowed to go. Bonding agencies are now looking for up to 10% to secure funding and rate the town's creditworthiness. He advised that he has seen an upward trend in the percentage preferred by creditors, which began 3-4 years ago. G. Smith asked how this would affect the town's ability to secure a favorable bond rating.

G. Smith asked if the 5.7% included the Waste Water Treatment Fund. M. Zemaitis confirmed that the fund balance does not include the Waste Water Treatment Fund. G. Smith would argue that this fund should be included in the General Fund, in terms of underwriting for bonds. For auditing purposes, the Waste Water Treatment Fund is a legally created separate fund of the town. The town has a \$2.2 M fund deficit of the Bonding Projects Fund, which presents as a current deficit. Overall, the town has a small fund deficit.

Page 5 presents the schedule of Net Assets of the Town showing long term liabilities at \$4.7M, and current liabilities of \$3.7 M, which are mainly Bond Anticipation notes.

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Pages 6-7 show the analysis of the government-wide expenses and revenues of the town. Property taxes and assessments are clearly the largest source of revenue, while education is the largest single cost center by far.

Under General Fund Budgetary Highlights on Page 8, revenues were less than projections by \$159,000. Expenditures were \$100,000 less than budgeted. On Page 8 capital assets are highlighted, and donated property conveyed to the town was recognized under net assets.

Page 9, under Debt, long term and short term bond debts, capital leases, and state pension plan liabilities are included. Under Economic Factors, the unemployment rate has affected the budget, capital needs, and uncertainty at the state level also affects the town's planning. W. Hopkinson asked if the town has received all the grant monies it expects to receive for the Depot Street Bridge project. M. Gomes explained that work done on the bridge subsequent to 6/30/2010, are not reflected in these financials.

Pages 10-11, the Government-wide Financial Statements combine all the funds of town and reflect capital assets and long-term debt. On page 11, Expenses and Revenues, W. Hopkinson questioned the Culture and Recreation line item where there is a \$1.1M capital contribution. M. Zemaitis explained that this number reflected the donation of land to the town for recreational use, while under Public Works the \$2.1 in this column, mainly reflects capital grants for the Depot St. Bridge project.

Page 12 - Governmental Fund Balance Sheet shows the current resources and major funds of the town, and page 13 is the Statement of Revenues and Expenses for the town. For the year the general fund balance decreased by \$177,000. Fund deficit increased by \$129,000.

Page 15 is the Budgetary Revenues and M. Zemaitis noted that the town has not met their projections on tax revenues. He advised, during upcoming budget process, projections should be reviewed carefully and conservatively. M. Gomes stated that most towns set their budget using a prior year tax projection and a current year projection and Beacon Falls should consider this model.

Page 33 shows the Schedule of Revenues on budgetary basis. Under intergovernmental revenue the largest piece and most sensitive is Education cost sharing which is over \$4M. In the Schedule of Expenditures-Budgetary basis, M. Zemaitis cautioned about overages in purchasing, which should be controlled. All in all on the expenditure side the effort to come in under budget is evident.

G. Smith asked for M. Zemaitis written recommendations. M. Zemaitis did not include written recommendations, and stated they will mirror last year's recommendations. G. Smith hoped that the Board could be voting on the final document, which includes his recommendations. The Board discussed how to proceed given that the written recommendations were not available at the meeting. The Board agreed to move forward by hearing the verbal recommendations.

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Using last year's recommendations and notes as a guide, M. Zemaitis reviewed the following recommendations with the Board.

- 1) The first issue involved compliance by the Tax Collector to State Statutes regarding the transfers for real estate taxes to a suspense tax account. These real estate accounts must stay on the active list. The auditor revealed that many real estate tax accounts were transferred to suspense, when they should have remained active accounts. This procedure effects the Tax Collector's reporting on delinquent tax accounts. The auditor confirmed this was a misunderstanding of the criteria and during this year's audit, the Tax Collector addressed and corrected this problem, subsequent to the end of the fiscal year.
- 2) The auditor recommended changes to procedures in the Town Clerk's Office including independent reviews of bank accounts and controls for this office. These issues have been addressed by the town.
- 3) The auditor recommended that the town establish a purchasing policy with detailed guidance purchasing procedures. The policy was to be communicated to all individuals involved in purchasing, in order to monitor and control purchases and stay within budget. This recommendation is in process but this issue has not been resolved.
- 4) The town's General Ledger Software had an out of balance trial balance, where at least 2 entries, that were identified, were out of balance. M. Zemaitis extended procedures by 50 or 60 hours and he found nothing to indicate that this was anything other than a software issue. The recommendation is to replace the accounting software or find a way to correct the current software.
- 5) Finally, the auditor recommends a full comprehensive accounting manual for the town, which would include purchasing policy. M. Gomes has begun working on this manual.

**W. Hopkinson made a motion to approve the draft financial statements as presented by the town auditor, and to accept the recommendations as presented verbally by the auditor. C. Bielik seconded the motion.**

Discussion: G. Smith asked to receive recommendations by email as soon as possible and B. Ploss asked the board members to confirm receipt of the recommendations.

**All ayes.**

**Item 5. Transfers (if necessary)**

M. Gomes outlined the transfers needed at this time and explained that a Town Meeting needs to be set to approve transfers over \$20,000. Second transfers to a line item also require a Public Hearing.

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G. Smith discussed completing all the transfers at one time under one Town Meeting. The sewer problem at the Fire House totaled \$23,997. For the month of January, snow removal invoices total \$31,310, snow materials total \$17,600 which includes the anticipated purchase of additional salt, and the town purchased a \$5,000 sander. Vehicle maintenance line items have been completely used up. The line item is currently \$8,000 over budget and M. Gomes is estimating an additional \$10,000 to get through the year. The Sewer Maintenance line item is over by \$5,000 and the Equipment line item needs \$2,000.

M. Krenesky asked for clarification on the total snow removal costs which were over \$50,000, and M. Gomes explained the first batch of snow removal bills were paid out of the town budget, which depleted accounts. The Region 16 surplus amount is \$94,000 and these monies can be used towards the town's General Fund. The Board discussed transferring the full amount of the Region 16 surplus into Contingency and then transferring into individual line items.

S. Cable will schedule a Town Meeting on March 7, 2011 to approve the transfers, on the same date as the bond resolution meeting.

Regarding Vehicle Maintenance, G. Smith prefers to transfer only monies that are needed at this time, rather than including additional monies for projected costs through year-end. W. Hopkinson expressed concerns with leaving no monies in this line item, in case there is a pressing need for vehicle maintenance. After discussion, the Board agreed to transfer \$13,000 to this line item to cover only the existing bills. S. Cable agreed with this decision. M. Krenesky stated that the First Selectmen currently has an order in place for all departments to limit unnecessary spending.

**W. Hopkinson motioned to make the following transfers:**

<b>AMOUNT</b>	<b>FROM</b>	<b>TO</b>
\$23,997	10-83-1170 Contingency	10-44-1435 Fire Department
\$94,000	10-88-2001 Region 16	10-83-1170 Contingency
\$31,310	10-83-1170 Contingency	10-59-1685 Snow Removal
\$17,600	10-83-1170 Contingency	10-59-1685 Snow Removal
\$13,000	10-83-1170 Contingency	10-59-1703 Vehicle Maintenance
\$ 5,000	10-83-1170 Contingency	10-59-1780 Sewer Maintenance
\$ 2,000	10-83-1170 Contingency	10-59-1690 Equipment

**And to send the transfers to the Board of Selectmen for their March 7th Town Meeting. B. Ploss seconded the motion. All ayes.**

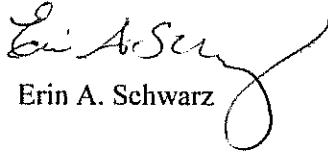
March 7 will be the Town Meeting to explain the bond resolutions which were passed this evening and the transfers will be voted on that evening, as well. The Board of Selectmen expects to adjourn the vote on the resolutions to a referendum on March 15, 2011.

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**W. Hopkinson made a motion to adjourn the meeting at 8:35 PM. C. Bielik seconded the motion.  
All ayes.**

Respectfully submitted,

  
Erin A. Schwarz

FEB 25 2011

RESOLUTIONS OF BOARD OF FINANCE

February 23, 2011

Item 1 (Road and Related Sanitary Sewer Main Improvements, and Benedetti Recycled Hot Emulsified Asphalt Treatment Equipment Acquisition).

RESOLVED, That the Board of Finance recommends that the Town of Beacon Falls appropriate \$5,115,000 for costs in connection with various road and related sanitary sewer main improvements, including: (1) reconstruction of all or any portion of the following roads, as to be determined by the Town Engineer: Patricia Terrace, Highland Avenue, Dolly Drive, Maple Street, Blackberry Hill Road and Wolf Avenue, which may without limitation include reclaiming and repaving of roadway systems, replacement of catch basin tops, installation of new catch basins, storm drainage piping, curbing, guide rails, driveway aprons, landscaping and restoration; (2) acquisition, if so determined by the Board of Selectmen, of Benedetti recycled hot emulsified asphalt treatment equipment to enable Town personnel to carry out various Town roadway system pavement reclaiming and repaving operations; (3) rehabilitation of sanitary sewer mains and appurtenances on all or any portion of the following roads, as to be determined by the Water Pollution Control Authority: Highland Avenue, Maple Street and Wolf Avenue; (4) installation of sanitary sewer mains and appurtenances on all or any portion of the following roads, as to be determined by the Water Pollution Control Authority: Patricia Terrace, Dolly Drive and a portion of Lasky Road; and (5) related work, improvements, equipment and appurtenances; and that the Town issue bonds or notes and temporary notes in an amount not to exceed \$5,115,000 to finance the appropriation. The Town anticipates applying an estimated \$400,000 in Small Town Economic Assistance Program grants from the State of Connecticut to defray in part the costs of the project. The amount of bonds and notes authorized to finance the project shall be reduced by the amount of grants received by the Town for the project.

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Item 2 (Fuel and Heating Oil Storage Facility Improvements).

RESOLVED, That the Board of Finance recommends that the Town of Beacon Falls appropriate \$125,000 for costs in connection with various fuel and heating oil storage facility improvements, including: (1) removal of underground storage tanks for fuel and heating oil at the Public Works Garage and Beacon Falls Volunteer Fire Department station sites; (2) installation of above-ground heating oil storage tanks at the Public Works Garage and Beacon Falls Volunteer Fire Department station sites; (3) creation of a central fueling facility at the Public Works Garage site; and (4) related work, improvements, equipment and appurtenances; and that the Town issue bonds or notes and temporary notes in an amount not to exceed \$125,000 to finance the appropriation.

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Item 3 (Wastewater Treatment Plant Improvements).

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RESOLVED, That the Board of Finance recommends that the Town of Beacon Falls appropriate \$1,000,000 for costs in connection with various improvements to the Wastewater Treatment Plant as to be determined by the Water Pollution Control Authority, contemplated to include refurbishing of existing aeration tanks; refurbishing of secondary clarifiers; acquisition and installation of air blowers/vfd's and RAS pumps; aerated flumeway modifications; flow distribution improvements; retrofitting of emergency generator cooling system; and related work, improvements, equipment and appurtenances; and that the Town issue bonds, notes or other obligations in an amount not to exceed \$1,000,000 to finance the appropriation.

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