

Beacon Falls Board of Finance
10 Maple Ave.
Beacon Falls, CT 06403



BEACON FALLS BOARD OF FINANCE
Monthly Meeting
January 14, 2014
MINUTES
(Draft Copy - Subject to Revision)

1. Call to Order/Pledge of Allegiance

Vice Chairman Joe Dowdell called the meeting to order at 7:31 P.M.

Members present: Robert Doiron, Brian Ploss, Marc Bronn, Jack Levine

Others present: First Selectman Chris Bielik, Selectman Peter Betkoski, Auditors Amanda Backhaus and Mike VanDeventer, and 13 members of the public

2. Election of Officers

Vice Chairman Joe Dowdell indicated that the election of the new officers – new Chairman, new Vice Chairman, and new Secretary – was first on the agenda.

Motion to accept Joe Dowdell as the new Chairman:

Levine/Bronn; no discussion; all aye. J. Dowdell abstained as he was nominated for the position.

Motion to accept Marc Bronn as the new Vice Chairman:

Doiron/Ploss; discussion made by J. Dowdell – J. Dowdell nominated J. Levine for the position of Vice Chairman.

Motion to accept Jack Levine as the new Vice Chairman:

Dowdell/Doiron; discussion made by M. Bronn - M. Bronn withdrew his name for the position of Vice Chairman; all aye.

Motion to accept Robert Doiron as the new Secretary:

Bronn/Levine/Ploss; no discussion; all aye.

3. Approval of Minutes – December 10, 2013

Motion to accept the December 10, 2013 regular monthly meeting minutes:

Bronn/Doiron; no discussion; all aye.

4. Comments from the Public

Chris Bielik, 19 Rice Lane Ext: Wanted to thank the Board of Finance and Chairman Jim Huk for the great work done last year and welcome aboard the new Chairman and Vice Chairman.

5. Finance Manager's Report – Manny Gomes

Reports were distributed to members for review.

M. Gomes not present at meeting so no questions could be answered.

J. Levine asked if there was a response to the letter that was sent out to M. Gomes and J. Dowdell indicated that none has come across to him or to J. Huk.

C. Bielik received a preliminary message from M. Gomes regarding the transfers. M. Gomes has been doing some research on it and he believes that there was some miscommunication where he understood that there were some transfers that were approved. M. Gomes thinks there was some confusion downstairs with what was approved and what was not approved. M. Gomes is still researching it to make sure if that is the correct answer.

J. Levine asked if there could be an agenda to make a motion that all transfers that haven't been approved by the Board of Finance be reversed and go through the normal process where the Board of Selectmen decides if they want to recommend the transfers that may be needed.

Motion to have all transfers that have been made this year that haven't been approved by the Board of Finance be reversed and the Board of Selectman to decide which transfers should be made.

Levine/Doiron; *discussion made by B. Doiron. B. Doiron asked if there has been any money that has been paid/money been expensed because it was approved, and can it be reversed at this point.*

C. Bielik indicated that every transfer that was made has been paid. B. Doiron indicated that it would be impossible to reverse it. J. Levine stated that transfers are illegal, per his opinion, because the Board of Finance is the only board that has the right to make transfers.

M. Bronn noted that there are a lot of unexpended balances left on the report. B. Doiron wanted to know what the ramifications we could have if we resend after it was already expended.

C. Bielik agrees with B. Doiron and with J. Levine. We cannot take money back that already been paid. C. Bielik suggested that sitting down with the list of transfers and look at it individually and decide what the ramifications of each one is.

J. Levine corrected that he is not talking about taking back any money. He is looking at the process of housekeeping. He wants it known that no one can make budget transfers without the Board of Finance authority.

B. Ploss asked for clarity on J. Levine's motion. J. Levine would like to have the Board of Selectman review all and see if they want to recommend the budget transfers to the Board of Finance.

J. Levine amended the motion to say that don't make the reversal of the transaction, the Board is calling them null & void, leave them the way they are, and the Board of Selectman take a look at them and make their recommendations, and move forward.

Amended Motion that all budget transfers without the Board of Finance's approval for this fiscal year be null & void/no effect on people being paid.

Levine/Doiron; *no discussion;* all aye.

5. Update from Town Auditors

Mike VanDeventer and Amanda Backhaus were the auditors present to give the update on the audit.

The audit is in progress and they have been in the field since the end of November. It has been progressing slower than expected. In terms of audit procedures, they are substantially complete with all other funds except the General Fund, with a few minor open items.

With respect to the General Fund, there are some significant issues that they are addressing. The Opening Trial Balance did not balance by approximately \$560,000 since not all prior audit adjustments were recorded. The General Ledger does not balance – it is a system problem. Some of the prior entries were not entered correctly, and some of those entries were balanced when entered which has led to issues to the next fiscal year. With the ending balances from last year off \$600,000 which rolls into this year. The Fund Balance is off by approximately \$580,000/\$590,000 and another \$38,000 for the Liability Accounts.

We still need to get explanations for those differences. In addition, the Expenditure Detail for the General Fund is off by approximately \$200,000 from the Expenditure Control from within the General Ledger. They haven't identified what's causing that difference yet.

The other main concern with respect to the General Fund is the Bank Reconciliation, which doesn't tie to the General Ledger. The General Ledger is lower than the Bank Statement by approximately \$185,000. From their perspective, all of this seem to be in our favor, but still doesn't tie. From a global perspective, all the accounting records are kept on a cash basis. GAP requires it reported on a modified accrual basis.

The issue of the auditors is that they are designing their audit to identify material in the statement so they are not looking at 100% of the transactions. They are going to sample the subsequent disbursements but not necessarily look at every single transaction. The financial statement could still be misstated.

J. Dowdell asked if they could tell how long this has been going on. A. Backhaus indicated that they only received detail from the General Ledger from this fiscal year and there wasn't a large number of adjusting entries from the previous year to look at for them.

J. Levine asked when the last time the Bank Reconciliation worked. M. VanDeventer indicated that it wasn't ever truly reconciled to the General Ledger and M. Gomes acknowledged that it doesn't balance.

J. Levine wanted to know how we know if money has been taken or not. M. VanDeventer indicated that the risk is there but they have not indicated any wrong doing to this point.

The system allowed one-sided entries to be done. C. Bielik indicated that the audit is being done through the end of last fiscal year and that the old system was in place and it allowed one-sided entries. J. Levine questioned that the monthly reports don't add up so how do we know if we have overspent the legal total budget.

M. VanDeventer indicated that they have concerns over the completeness of the General Ledger. They have been modifying their procedures to try to address that risk.

C. Bielik asked if the Chairman was going to entertain questions from the general public on this. M. VanDeventer indicated that this is an update and the audit is still in process. This communication is not including all their findings of the audit. J. Dowdell indicated that they will hold all questions from the general public when the audit is complete.

B. Ploss asked the auditors if they have been getting all the information they need on a timely manner. M. VanDeventer indicated that at times, they had requested information and had to wait for M. Gomes to get back to them. B. Ploss asked if the auditors need extra assistance, that they have alternate contacts to get all the information that they need. A. Backhaus indicated that they have most of the items they need to complete the audit. There are a couple of inquiry emails to M. Gomes that still need to be answered.

B. Ploss asked J. Dowdell if we can ask C. Bielik the status of the new software. C. Bielik received an update from the software installation process from M. Gomes. It is his understanding that the two systems, the old and the new, are running parallel to one another. We are in the process of running parallel but not quite at the finish line. There is a problem of the beginning balances since the Trial Balance is out of balance by \$600,000. As soon as that is worked out, then they are ready to switch over.

M. Bronn wanted to know how much more field work there is before the audit is complete and there are numbers to look at. M. VanDeventer indicated that it depends on how they resolve the differences, hoping the end of next week that they will be done as far as the numbers standpoint.

M. VanDeventer indicated that they need to complete the procedures over the General Fund, prepare the financial statements, the single audit reports, their findings from the audit, and go through the partner review.

B. Doiron asked how long it will be before we have a financial manager. C. Bielik indicated the posting for resumes will be up tomorrow and the closing period is next Tuesday. Based on the resumes received, interviews will begin. Hopefully, with aggressive approach towards this, it isn't unreasonable to have a candidate by the first or second week of February. B. Doiron indicated that it's a concern that we are going into the budget cycle now.

J. Levine addressed the issue of bonding. The bond has been rolling over for interest only. C. Bielik indicated that the bands are effective through March 17 so we have some time.

J. Dowdell asked C. Bielik if he can mandate that M. Gomes be available during the week for the auditors' needs. C. Bielik indicated that he will do that.

M. VanDeventer doesn't need anything from the Board at this time. The extension time will have to be considered. C. Bielik signed one extension before the end of the last calendar year. The extension is through January 30, 2014 and we can reapply for another extension. M. VanDeventer indicated that we can keep applying for extensions but more detailed information would be needed for why another extension is needed. The First Selectman is an authorized signor for the extension.

J. Dowdell asked if the Board would like to table the report until next month based on the auditors.

J. Dowdell indicated that the Finance Manager's Report will be tabled for the time being since nothing can be done with it.

6. Treasurer's Report – Mike Krenesky

Reports were distributed to members for review.

M. Krenesky not present at meeting.

J. Levine has a question for the Treasurer that if the report should be reconciled with the General Ledger, what is he using to balance his report with. M. Bronn indicated that he remembers that M. Krenesky stated that he goes on-line and looks at the bank balance and that is what he uses. J. Levine feels that the Treasurer's Report should be tied into the bank balance because all the money is being accounted for. In the next few months, we will be going to the public and asking them to support a budget and we have a real problem with the financial records.

C. Bielik hesitates to speak for anyone, including M. Krenesky, but feels confident in saying that if the Board of Finance has suggestions for a better way of accounting for the town's funds, that he would be open to it. J. Levine stated that he has no problem with the report. He just thinks that we need to have a reconciliation of all the accounts.

7. Town Clerk's Report

Reports were distributed to members for review.

8. Tax Collector's Report

Reports were emailed to members for review.

J. Dowdell indicated that the Tax Collector will be at the next month's meeting since she's trying to get a grip on everything. C. Bielik indicated that the Tax Collector and Assistant Tax Collector have been working together hand-in-hand and the Tax Collector is trying to clean up.

a. Delinquent Taxes

C. Bielik indicated that the Tax Collector is working on the Delinquent Tax Report. She's still training to manipulate the system to get usable information and has been working with other tax collectors from surrounding towns for assistance. She also has been taking some classes.

9. First Selectman's Report – Chris Bielik

a. Update on FEMA grant for fire truck

C. Bielik indicated that there were action items from last month's meeting that he wanted to update the Board with his findings. He contacted the help desk in Washington DC again and spoke with Brian Bailey. The gentleman confirmed that since we missed the application deadline of December 4th, there is no extension once the window application closes. We are invited to participate for 2014 when that window opens later this year. The next action item was the wording of the resolution that was passed by the town back in September. C. Bielik contacted the town attorney and found out that their legal opinion is that there is no problem with moving forward in purchasing the fire truck absent the application of the grant. They feel that legally we have the authority to do so based on the resolution and the way it was passed. It is up to us to decide to go with the purchase. With the bands getting ready to expire in March, and the fire truck not in those bands, C. Bielik thinks that if the town intends us to spend the \$700,000 for the fire truck that we should press on with it and get it included in the bond issue that going to be substitute for those bands in March.

J. Levine stated that he totally supports the purchase of the fire truck. The minutes were reviewed and the resolution is clear as far as he is concerned. The former 1st Selectman advocated for going ahead and getting the fire truck; not getting the FEMA grant. J. Levine fears that the townspeople are expecting that the town would apply for the grant and the grant would formally turned down. J. Levine respectfully disagrees with the town attorney's opinion and is concerned if it is challenged.

B. Ploss agrees with J. Levine and was one who strongly suggested that the Board of Selectman go to the attorney because of the wording. He also agrees that the town needs a fire truck but cannot, in good faith, based on the wording that we know was passed, go in and put forth going forward with the purchase. We are bound by the original wording and that we needed to make the application, or if we have another town meeting.

B. Doiron stated that in regards to the letter from the attorney, he is concerned with the approach that the original wording had been presented and that there is a discrepancy with the FEMA grant procedure and why we would have been turned down. C. Bielik indicated that the attorneys were asked if it was legal to ask this question in this certain way and the response was yes it was.

B. Doiron stated that he honestly feels that the townspeople voted the way that they voted because they assumed that the grant was going to happen then. He feels as if we shouldn't wait the extra year to apply for the grant, that that wasn't the intent of the townspeople. B. Ploss stated that the intent was clear.

M. Bronn asked if we are ineligible for this grant forever and C. Bielik indicated that we can apply in 2014. M. Bronn then asked if another town meeting should be called to clarify the issue.

J. Levine read from a paragraph from a letter from Atty. Michael J. McVerry. Atty. McVerry's letter stated that his initial reaction to the query would be that if the town has been positively notified that no FEMA grant funds are available for the fire truck, and to wait over five months before taking any action would be contrary to the specific intent voted at the September 2013 town meeting. It continues that Atty. McVerry feels that the only reason for establishing the timeline was to allow the pursuit and processing of the grant application; but however if no grant funds are available then continue to wait five additional months.

J. Levine recommends that we need a ladder truck and thinks that a town meeting should be called and explain why we need it and why the FEMA grant wasn't available. C. Bielik responded with a reading from the resolution Question #3 from the September meeting. B. Ploss asks C. Bielik to reread a part that seems to set the whole thing. The statement is that prior to July 1, 2014 there shall be no recumbence under the resolution while a request is pending under the FEMA assistance to firefighters grant program. C. Bielik understanding of the wording is consistent to Atty. McVerry's letter.

J. Levine states that we should go to a town meeting again and get a clean vote to get the fire truck that the town needs. B. Ploss has a difficulty with the word "request" because the word means that you filed it. J. Dowdell remembers reading in the paper the next day, quotes that people saying that we need to apply for the grant.

J. Dowdell recommends going the Board of Selectmen and that they do a town vote asking shall we go and purchase the fire truck. B. Ploss states that it must be tied into removing the original resolution. M. Bronn indicated they will be questioned how come we can't apply for the grant this year and B. Ploss indicated that the answer is that it got missed, the original wording wasn't correct.

C. Bielik indicated that the next window that we can apply for the grant is the fall of 2014. The award, if we can it, would be sometime early to mid-2015.

B. Doiron commented that if this goes back to the town and the resolution does not have the provision for buying the truck because it jeopardizes the grant. The wording must be there about purchasing the truck if the grant fails because we don't have the approval from the town to spend the money. Another town meeting would need to be held. C. Bielik responds with giving three cases that must be decided on which is the best way. The first case is that we take the opinion of the lawyer and the will of the people is that we buy the truck now and try to roll into the bonds in March. The second case is to disregard the legal opinion and go to the town with a new question, which has nothing to do with the FEMA grant, to buy the truck in March. The third case is not go back to the town for another vote, not act on the letter from the attorney, and to interpret the will of the people that we apply for a FEMA grant and wait another year.

J. Levine voices his concerns about backlash from the townspeople and they may take it out on the budget. J. Dowdell believes that we need to go back to the town, rescind the mandate, and make the question simply should we buy the fire truck. C. Bielik believes that it will take 10 days/2 weeks to have this done.

Motion to recommend to the Board of Selectmen that they set a town meeting for the purpose of asking the residents to support the purchase of a 75-foot ladder truck separate from the bonds.

Levine/Ploss; discussion by M. Bronn asking if the price of the truck moved. Per Paul Brennan, the cost will now be 15% to 20% since it was started last March. J. Levine indicated that this has to be in a comfortable timeframe and B. Ploss agreed.

C. Bielik asked to defer to Selectman Pete Betkowski. P. Betkowski questioned that the public is going to ask why the grant paperwork wasn't done in time and how are we going to handle it.

J. Dowdell restates that the motion is recommended to the Board of Selectmen to bring it back to the town for the immediate purchase of the fire truck; all aye.

b. Transfers

The First Selectman indicated that there were no transfers to report.

10. Unfinished Business

a. 3-5 Year Capital Plan

J. Dowdell suggested that this is tabled since J. Huk was not present at the meeting.

11. New Business

J. Dowdell read from a letter from First Selectman Chris Bielik to all departments regarding budget preparations. C. Bielik wanted the information no later than January 10th. C. Bielik indicated that they are substantially complete, with a small handful of boards and commission that haven't gotten back to him yet. C. Bielik commented that while they are not at 100% but they are farther along than expected. He will be taking the inputs that he has and go over those with the Board of Selectmen between now and the Board of Finance's February meeting.

12. Correspondence

J. Dowdell indicated that he does not have the final invoice from the previous Board's clerk. She did email it and J. Dowdell will bring it to the next meeting.

J. Dowdell has a letter from Region 16 indicating that for tax purposes, anyone that did anything for Region 16 including fire guard duty/police security duty that were paid under 1099s will need to be paid now by the towns. The towns will be reimbursed by Region 16.

B. Ploss indicated that we will need to have new line items to go forward with this. There is a question of how much will we know to put in for this line item. J. Levine will call the business manager and get more information on the historical information and amounts.

J. Dowdell received an annual statement from CL&P and it will be filed.

13. Comments from the Public

Brian DeGeorge, 124 Cedar Lane: commented on the fire truck. He is worried about the Board dropping the ball on the matter of the truck. He doesn't seem the point in going this route. He feels that getting another professional opinion to make the decision is worth paying the money. He is bothered that the fire department could have been asked sooner since they have done the grant process before.

Sue Dowdell, 32 Wolfe Avenue: has a question for C. Bielik regarding the decision to be made. She questioned is it this Board's decision as to what to do next or the Board of Selectmen's decision. C. Bielik replied that it is the Board of Selectmen's decision. The working relationship is crucial between Board of Finance and Board of Selectman for the town operating in the best way. She also asked if we are in the position of purchasing the truck today if we accept the recommendations of the attorney. C. Bielik responded that we would be in the position to start the process.

Joe Rodrigo, 42 Bonna Street: commented on the fire truck. He agrees with Brian DeGeorge's comments that he made on the fire truck and misrepresentation at the first meeting as to how easy to get the grant for the fire truck. He personally voted in favor of the resolution, based on applying for the grant, and that it seemed good that we would get it. You have to have a new town meeting to resend the original resolution to apply for the FEMA grant. He feels that the Board needs to go back and have another meeting to retract the resolution from September 3rd.

J. Levine responded that he is worried that it is going to be a hard vote to get. Perhaps if we can find out what the year-end balance is, that we can use some of the general fund balance such as from the tower sale, and not put us in jeopardy with the balance, then we can go back and ask for perhaps half of the cost of \$700,000.

Beacon Hose Fire Chief Mike Pratt, 35 Murphy Street: commented on the fire truck. On October 30th, he received an email from the First Selectman at that time and the grant writer Lisa Low asking him to please apply for the grant. He hadn't heard anything until 4-5 days prior to the grant due date. FEMA only gives access to one person only so there are too many people working on the grant at the same time in their system. He doesn't feel it was fair to him, as the Fire Chief, at crunch time to fill out the paperwork in four days. He feels as if help should have been asked at the beginning and not at crunch time.

J. Dowdell responded to this not as the Chair. He feels that the fire department needs to be a little more open as to how the grants are done. The answer was no when the fire department was asked to have their grant writer help. He would like to have a Board member sit down with the grant writer and find out how to write the grant.

M. Pratt indicated that it takes close to 30 days of work to complete the paperwork for the grant. There is a lot a legwork that needs to be done to compile the information.

Tom O'Connell, 78 Laurel Lane: commented on people owing taxes. He referenced that there are people owing taxes and has for 10-15 years and asked if there is anyone looking into collecting the taxes. J. Dowdell responded that the tax collector will be at next month's meeting and update the Board with the delinquent tax amount and then take steps after that.

Brian DeGeorge, 124 Cedar Lane: commented again on the fire truck. He commented that this project didn't start last year when we had the town meeting. It has been a 10-year project. There were budget line items for a 5-year plan on vehicle replacement that has gone away. He commented that the town hasn't made anything to keep this process going. There was a specific plan how to replace the fire truck over a certain period of time.

C. Bielik addressed this by saying that 3 years ago, there was a large public hearing at Laurel Ledge and crafted a budget to include what B. DeGeorge is suggesting. The Board of Finance recommended approximately \$100,000 in that line item for future capital investments in vehicles and presented it to the public. It was taken out based on the input by the public that the budget would go down.

B. DeGeorge asked what has been done since to bring it back and C. Bielik indicated that there have been budget workshops over the years to help bring it back. J. Dowdell also indicated that we are trying to get back on track with the 3-5 year plan.

Doug Bouskay, 20 Cyr Circle: commented on the line item. A line item was set up by himself and Ted Smith back in 2000 and there was \$50,000 -\$60,000 put into that line item and that was working. He asked that the Board try to put it back in to start up this year so it will help the tax payers.

Paul Brennan, 13 Highland Avenue: commented on the fire truck. The first vote that voted on and we were going to apply for the grant; it was voted on that we were going to purchase the truck with bonded money. This disqualifies us from applying for a grant based on the way it was written.

14. Adjournment

The next regular monthly meeting will be Tuesday, February 11, 2014 at 7:30 PM.

Motion to adjourn the meeting at 9:40 PM: Doiron/Levine; no discussion; all aye.

Respectfully submitted,

Marla Scirpo
Board of Finance, Clerk

DRAFT