

**Beacon Falls Board of Finance
10 Maple Avenue
Beacon Falls, CT 06403**



**BEACON FALLS BOARD OF FINANCE
Special Meeting
February 17, 2016**

MINUTES

(Subject to Revision)

1. Call to Order / Pledge of Alliance

Board Members Present: Joe Rodorigo, Joe Dowdell, Brian Ploss, Marc Bronn, and Jim Huk

Not Present: Tom Pratt

Others Present: Tom Broesler, Finance Manager; First Selectman Chris Bielik; Selectman Peter Betkoski; Selectman Mike Krenesky; Wendy Rodorigo, Town Treasurer; and Michael VanDeventer and Samantha Thomas, Mahoney Sabol.

Chairman J. Rodorigo called the meeting to order at 7:01 PM.

2. Finance Manager's Report and Update – Discussion

Tom Broesler distributed the report to the members via email prior to the meeting. T. Broesler went through the list of expenses and highlighted things needing review. T. Broesler noted that this report includes the taxes. T. Broesler recommends establishing a separate account for the non-recurring expenses. Samantha Thomas from Mahoney Sabol suggested repurposing the old HUD account that was used for the Depot Street Bridge, which is no longer needed. T. Broesler indicated that all the non-recurring projects would be put in that account as well as the \$500,000 approved at the town meeting for road.

J. Rodorigo confirmed that it would be only one account for all capital non-recurrings and draw off that one account, labeling each amount accordingly. J. Huk asked for an analysis of what was spent and what wasn't spent for last year and T. Broesler indicated that he has already done an analysis of over and under. T. Broesler noted one issue is that the software wants to think of terms of fiscal year.

T. Broesler indicated that going into the new fiscal year, they took off what was left in the budget and made that part of the new budget. T. Broesler used the example that if there was a budget of \$10,000 and spent \$2,000 in the prior year, then in the new year the amount reflected in the system is \$8,000. J. Roderigo mentioned that this seems problematic. J. Huk asked if it was possible to write a report showing fiscal year 2014-2015 and 2015-2016 side-by-side to see visually. T. Broesler indicated that he could but by putting everything in the HUD account, it would be easier to track.

J. Roderigo asked if there were any further questions for the Finance Manager and there were none at this time.

3. Audit Report Presentation – Discussion and Possible Executive Session

Michael VanDeventer and Samantha Thomas of Mahoney Sabol were present at tonight's meeting to report on the 2015 Audit Results.

M. VanDeventer reviewed the scope of work under the audit noting that the audit of financial statements was performed in accordance with the auditing standards issued by the American Institute of Certified Public Accountants and government auditing standards issued by the Government Accountability Office. The State Single audit was performed in accordance with the State of Connecticut, OPM Compliance Supplement to the State Single Audit Act and applicable grant and contract agreements.

The Auditor's Report reported an unmodified "clean" opinion and does not express an opinion on compliance or on internal control. There was no material noncompliance of laws and regulations reported but there was a material weakness reported in internal controls over financial reporting.

The Financial Highlights noted the implementation of new accounting standards which resulted in a decrease to beginning net position of \$599,609. The Government-wide Financial Highlights showed an overall town new position decrease by \$128,557; capital asset additions of approximately \$678,000 which was offset by depreciation of approximately \$808,000. The long term bonded debt decreased by approximately \$375,000 due to current year scheduled repayments. The town's proportionate share of new pension liability showed \$429,000 at year-end. M. Bronn asked if the town funded the pension and M. VanDeventer indicated that the town funds what the annual contribution is, not this reported liability. It has no budgetary impact.

The Governmental Funds Financial Highlights showed a combined ending fund balance as of 06/30/2015 of \$3.65 million, an increase of \$110,967 from the prior year; the unfunded deficit of \$8,858 in the Capital Nonrecurring Fund; and unassigned fund balance of the General Fund as of 06/30/2015 of \$2,353,095 which represented 11.3% of total General Fund expenditures. J. Roderigo asked what was the driver for the decrease in the General Fund and M. VanDeventer indicated the transfers.

M. VanDeventer indicated that the current year recommendations were fund balance policy, fraud risk assessment process, and grant monitoring. He also noted the unresolved prior year recommendations being capitalization and disposal of capital assets, budgetary monitoring, and tracking of Capital Projects.

J. Rodorigo asked if there were any questions for the auditors at this time. M. Bronn asked about the \$599,699 decrease to the beginning net position as reported under the net pension liability. M. Van Deventer indicated that this is in the government-wide financial statements and reflects the net pension liability at the beginning of the year and is calculated by the State. It is a long term liability and doesn't show up in the fund. It only gets picked up in the government-wide financial statements and has no impact on the General Fund or the budget.

J. Rodorigo asked for a motion to go into Executive Session with the Board of Selectmen and the Town Treasurer to be included.

Motion to enter into Executive Session at 7:38 PM to discuss the recommendations of the audit report and to have the Board of Selectmen and the Town Treasurer included in the Executive Session: **Huk/Dowdell**; no discussion; all ayes.

The Board of Finance exited Executive Session at 8:05 PM and J. Rodorigo indicated that no action will be taken by the Board of Finance from the discussion held during Executive Session.

4. Board of Finance By-Laws – Discussion and Vote

J. Rodorigo noted that this is a continuation of the discussion of the By-Laws. J. Rodorigo asked for a motion to accept the By-Laws and M. Bronn indicated that he has changes to address before voting. M. Bronn indicated that in regards to the Chairmanship, there should still be annual elections, vote on the Chairman every year, and 2 years in a row for the officers. The change is to have annual elections for the elected officers and the person could only hold office for 2 consecutive years. J. Huk noted that the Board shall elect officers at the first monthly meeting held in December. J. Huk also noted that there are no requirements on the selection of the chair based on party affiliation. M. Bronn also questioned the First Selection having voting rights in case of a tie. J. Dowdell reread the statutes and indicated that it only seems to pertain to replacement of a Board member. J. Huk does not recall a First Selectman breaking a tie. J. Dowdell mentioned that they are stuck at 3-3, and no vote. J. Huk asked if we received the opinion of the town attorney. C. Bielik indicated that the town attorney is getting a hard copy of a special act as well as a letter with his opinion.

J. Huk read the change to Section 2 and Section 3 under Article III as “Section 2 – The board shall elect officers (Chair, Vice-Chair, Secretary) at the first regular Board of Finance meeting in December. Candidate will be proposed via a motion and those candidates receiving greater than 50% of the vote will be elected. Section 3 – No member of the board shall serve more than two consecutive terms in the same position. There are no requirements on the selection of a chair based upon party affiliation.”

J. Rodorigo indicated that this would go into effect today, if adopted, and not wait until 2017. J. Dowdell asked if we should keep it as 2017 and indicated that since these are elected positions, it should be kept the same. After a brief discussion, if the By-Laws are adopted through a motion today, they would go into effect today and not as of 2017.

Motion to accept the noted change of removing the year of 2017 and having the By-Laws in effect as of now: **Huk/Ploss**;no discussion; four ayes and one nay by Joe Dowdell.

After a brief discussion, J. Rodorigo asked for a motion to accept the By-Laws with the noted changes.

Motion to accept the By-Laws as presented with the noted changes: **Huk/Dowdell**;no discussion; all ayes.

5. Street Department OT Wage Adjustment – Discussion and Possible Action

J. Huk noted that there is a problem that C. Bielik is trying to resolve regarding the hiring of another person in Public Works. J. Huk indicated that we do recognize it and thought a suggestion for the Board to think about passing. Due to the fact that Public Works is doing extra duty, the suggestion is to raise the overtime rate from 1.5 times to 2 times for this fiscal year only, for snowplowing and major events only. J. Dowdell mentioned that this may not be able to be done due to the contract. C. Bielik noted that if the funding is provided then he will approach the union to negotiate the overtime rate increase.

After a brief discussion, a motion was made for the suggestion of increasing the overtime rate from 1 ½ times to 2 times only for this fiscal year and only for snowplowing and emergency situations as declared by the First Selectmen. M. Bronn noted the question of the short-term disability person coming back and J. Huk noted that it should be where the department is short-handed. M. Bronn also noted that this should not be setting a precedence.

Motion to fund for an increase in the rate of 1.5 times normal pay for the Public Works department to 2 times normal pay only for – 1.) The remainder of the fiscal year 2015-2016; 2.) For snow removal or to support the town in an emergency declared by the First Selectman; 3.) Where the total active personnel (not including those on any form of leave such as disability) is 5 or less: **Huk/ Rodorigo**; no discussion; three ayes by J. Huk, J. Rodorigo, and B. Ploss, and 2 nays by J. Dowdell and M. Bronn.

6. Finance Manager –Report and Update – Discussion (Continued)

T. Broesler indicated that the auditors mentioned a Fraud Risk Assessment Process and believes that a committee should be put together. T. Broesler suggested that the committee should include at least person from the Board of Finance, the Town Treasurer, perhaps a member from the Board of Selectmen, and himself. J. Rodorigo agreed and noted that at the next board meeting, a sub-committee could be put together. J. Rodorigo noted that the biggest area of concern seems to be IT. The concern is that someone hacks into the system and can acquire passwords and account numbers.

T. Broesler indicated that the grant administration needs to be addressed. He noted that someone needs to be in charge of the grants and the items required to be done in order to get the money are done. J. Rodorigo asked if it is stated in the Finance Policy Manual that the department heads are required to notify the Finance Department the receipt of the grant. T. Broesler does not belief that was addressed.

M. Bronn asked how many grants are received in a year and C. Bielik indicated approximately 12. J. Rodorigo noted that it's the "baby grants", not the large grants that goes through the Finance Department. B. Ploss noted that if a department is applying for a grant, they should notify the Selectmen office. J. Rodorigo indicated that the Board should have, as an action item on the agenda, a policy to approve by April 2016 on Grant Administration.

T. Broesler indicated that the Capitalization and Disposal is being worked on by J. Huk and himself. J. Rodorigo indicated that, as an action item on the agenda, a document on the Draft Capital Plan should be ready to review and potentially vote on by the March 2016 monthly meeting.

7. Adjournment

With no further discussions for tonight's meeting, J. Rodorigo asked for a motion to adjourn.

Motion to adjourn tonight's meeting at 8:58 P.M.: **Huk/Bronn**; *no discussion*; all ayes.

Respectfully submitted,

Marla Scirpo
Clerk, Board of Finance