

TOWN OF MILLBURY
BOARD OF SELECTMEN MINUTES
SELECTMEN MEETING ROOM

January 24, 2017

7:00 pm

Selectmen Present: Selectman Francis B. King, Sandy Cristo; Mary Krumsiek, Scott Despres, and Jon Adams
Town Manager David J. Marciello, Robert Fucci-*Millbury Sutton Chronicle* and concerned citizens

Motion to approve & sign the contract with the new Town Manager, David J. Marciello, made by Selectman Cristo, seconded by Selectman Krumsiek.

Motion carried unanimously.

Drainlayer Renewals to Lay Drains in Millbury

- Iacovelli Excavating & Construction, Inc. Northbridge
- Chase Harris Corp – Sutton
- Knapik Builders, Inc. – Grafton
- NHB Construction – Millbury

Motion to approve the drainlayer renewals made by Selectman Krumsiek, seconded by Selectman Cristo.

Motion carried unanimously.

Boat Excise Tax Disbursement: \$2,005.80

Singletary Watershed Association- \$668.60

Ramshorn Watershed Association-\$668.60

Dorothy Pond Watershed Association - \$668.60

Motion to disburse the Boat Excise Tax made by Selectman Krumsiek, seconded by Selectman Cristo.

Motion carried unanimously.

First Reading of the Pothole Policy-

Chairman King would like it to say 48 hrs and it needs to say “business days”. 24 hours seems too short.

Ed Boyd- Melanson/Heath-Auditors

FY16 audit- He wanted to thank Katie and all of the department heads who helped out. This was a real smooth transition from the old audit team. The theme to tonight is positive and the audit went very well. There are no material weaknesses or significant

OPEB obligation and Net pension liability is not unusual. There is a funding schedule in place that is funding the net pension liability. 2.6 mil unassigned fund balance; relatively unchanged from prior year-stable condition.

In the footnotes, you show how rapidly you are paying out long term debt- that is very favorable.

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MILLBURY, MASS

We have issued a “side letter”; there was no reason to give you a management letter; but there is always ways to improve or simplify.

- The monitoring where things stood could be simplified
- The student activity fund comment was a misunderstanding and not warranted
- As the recipient of Federal dollars, the town is subject to a single audit; mostly grants of special education. There was sweeping changes in 2014 and now we will need more written policies. They have some template policies that they will share with the town.
- Prepare to implement GASB 75 for OPEB- he has been speaking to Katie and getting ready for this
- Educate yourself to the Municipal Modernization Changes as related to signing warrants, length of cd’s how funds are operating.

Selectman Adams asked about the Procurement Guidelines; there are going to be some changes that are going to do away with certain exemptions. This will be more stringent than 30b. There is a grace period for this. We will be relaying any new information that we get to you.

Selectman Cristo asked how many quotes are necessary- three are needed to be solicited.

Selectman Adams asked if any of these points need to be implemented within six months or so?

No, this is the difference between a side letter and a management letter; these are merely suggestions to look out for in the future.

Chairman King thanked Mr. Boyd and Katie and her team for good work once again.

Previous Minutes:

Motion to approve the minutes of the January 10, 2017 meeting made by Selectman Krumsiek, seconded by Selectman Cristo.

Motion carried unanimously.

Drainlayer Renewals to Lay Drains in Millbury

Gary Pike Construction – Auburn

Standard Builders- Worcester

Motion to approve the drainlayer renewals made by Selectman Krumsiek, seconded by Selectman Cristo.

Motion carried unanimously.

Town Manager Report

Mr. Marciello has interviewed three candidates for the Director of Planning & Development; he got it down to 2 finalists. He does expect to have a recommendation for your next meeting for your approval or disapproval. Either of the finalists will be a good fit.

He is working on the HR Director; waiting to get through the budgets but is working of the logistics.

Mr. Marciello is appointing the following: Tom Perry to the Roadway Advisory Committee; David Roach to the Alternate-Retirees Insurance Advisory Committee; Barbara Carriere to the

Pond & Lakes Committee; Paul Routhier to the Asa Waters Task Force; Brenda Huss to the Millbury Dog Park and Carrie Prest to the Opioid Crisis Task Force.

Motion to concur with the appointments made by Selectman Krumsiek, seconded by Selectman Cristo.

Motion carried unanimously.

Jon Adams to the Financial Management Planning Committee

Motion to concur with the appointments made by Selectman Krumsiek, seconded by Selectman Cristo.

Motion carried unanimously.

His remote access is now working; thank you to Katie and Worldband. Cell phone and calendar is synched as well.

He already had a meeting with the school and a few with the interim and finance director. We have good ground work; he's going through it and then will have another meeting with the school as this is 60% of the budget.

He has been going to the Ramshorn meetings and took a tour of the dam yesterday. Selectman Adams is concerned about the water level; it is at the same winter level that it has been. The biggest holdback was the gate which was delayed was shipped yesterday and should be in within three days when they receive it. They can only raise it to a certain level to keep the work moving and costs down. There is a portion of the contract of "winter conditions"; should he tell them to work through the conditions if it means running out of money. They are confident that they will be able to stay on pace and finish on target- for April 20th where they will be able to raise the water to full capacity and finish the work that needs to be done.

Chairman King said that he believes that they approved not working in winter conditions and extending daylight working times when weather is better. Mr. Marciello does not want to go over budget or end up with only a 97% finished dam.

He attended the Energy Advisory Committee meeting; he was astonished by this committee. He wants to publicly commend them. They are doing yeoman's work.

We had our first Department Head meeting; he will be having that as an ongoing theme. Important to keep communication open between the departments.

He has the electric service agreement and the bid day preparation for Municipal Aggregation; it will be presented to you at next meeting. Bid date will probably happy late February/early March. They will be coming in the next meeting with more information.

Chairman King said that the HR Director is in the 2017 budget already for the town/school. Mr. Marciello would like a working budget on January 31st. He is sure it will need to be tweaked, but he'd like that done first.

Selectman Adams asked if the salary for the Planner is in the ballpark? They are aware of his budget, he is hopeful that he will be able to work it out.

Selectman Adams asked if the plan was still not lock in to the aggregate if it is not favorable. Yes, that is still the plan; we will rely on the consultant's expertise.

Chairman King asked why we have not been tagging & towing town in the center of town when plowing is going on?

Chairman King Read Dates to Remember:

January 25, 2017 3:00 pm – 6:00 pm- Town Manager Meet & Greet-Asa Waters Mansion

February 10th: Youth Commission - VALENTINE'S DAY DANCE. 6:30pm to 9:30pm at VFW South Main St. Semi-Formal Dress\$5 Donation

Mail

Legislative Breakfast at the Millbury Public Library on Friday, February 10, 2017 from 8-9 am.

Motion to adjourn by Selectman Krumsiek at 8:45 pm, seconded by Selectman Cristo.
Motion carried unanimously.

Respectfully submitted,

Tish Hayes, Secretary

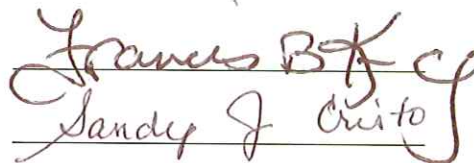
Francis B. King

Sandy J. Cristo

Mary Krumsiek

Scott Despres

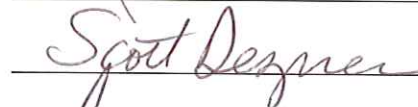
Jon Adams



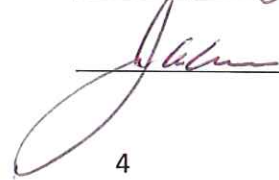
Sandy J. Cristo



Scott Despres



Jon Adams



December 9, 2016

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Interim Town Manager
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Dear Mr. Plante:

During the course of our June 30, 2016 audit, we identified certain areas where improvements and/or efficiencies could be made that were not included in a formal management letter. The following summarizes these issues very briefly:

- **Enhance Capital Project Funds Budget Monitoring**

The capital project fund financial reports published from the Town's general ledger only report actual revenues, expenditures, and other financing sources/uses. While this provides valuable information, the current reporting structure does not provide management with easily accessible information on the status of project expenditures to date compared with authorized amounts.

We recommend that the Town maintain records to monitor capital projects on a life-to-date basis in addition to the annual fiscal basis. This can be done through the use of spreadsheets; however, the preferable method is directly in the Town's general ledger. This will enhance monitoring of project expenditures to authorized amounts, as well as reduce the risk of overexpenditures occurring and going undetected.

- **Reconcile Student Activity Funds**

The Town maintains an agency fund liability account for monies it holds on behalf of students for various student activities. By law, the Town Treasurer must hold and control the interest-bearing depository accounts for student activities. At June 30, 2016, the Town maintained three interest-bearing depository accounts for student activities with an aggregate bank balance of \$102,305. However, the recorded agency liability account for its student activities totals \$75,247 at June 30, 2016. This difference is the result of bank transfers not being made to match agency account activity.

We recommend that the Town make the appropriate transfers between accounts to balance the student activities bank accounts with the recorded agency liabilities. Furthermore, we recommend that these accounts be evaluated on at least a semi-annual basis to ensure that the recorded agency liabilities are consistent with reconciled bank balances.

- **Document Policies and Procedures Over Federal Awards**

Significant new requirements related to federal awards, established through OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (UG) were applicable in fiscal year 2016. These requirements stipulate that federal award recipients must document their policies and procedures over certain aspects of financial and program management. Specifically, written policies are required for the following:

- Cash management
- Determination of allowable costs
- Employee travel
- Procurement (see next section for further detail)
- Subrecipient monitoring and management

We recommend the Town ensure that written policies and procedures are compiled and adopted as soon as practicable to avoid any single audit compliance findings in fiscal year 2017.

- **Prepare for New Single Audit Guidelines Over Procurement**

There were new requirements related to the Single Audit Act as a result of OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (UG) were applicable in fiscal year 2016. Included in these new requirements were new procurement rules over purchases made with federal grant funds, which differ in certain respects from Massachusetts procurement laws (MGL Ch.30B, et al). The OMB provided a grace period of two full fiscal years after the effective date of the Uniform Guidance to allow entities to comply with the new procurement standards. Consequently, the new procurement standards will be effective as of July 1, 2017.

Under the new requirements, Federal award recipients must:

- Establish written policies and procedures for the following:
 - Procurement in compliance with new procurement standards
 - Standards of conduct covering conflicts of interest
 - Process for conducting proposal evaluations
- Maintain certain records to detail the history of procurement
- Implement oversight procedures to ensure contractors perform in accordance with terms.

Differences to MGL Ch. 30B include:

- Under the new rules, purchases of \$3,000 - \$10,000 must have evidence of obtaining/evaluating prices from more than one source; MGL Ch. 30B does not contain any requirements for purchases under \$10,000.
- There are no exemptions allowed under the new procurement standards; MGL includes exemptions for certain types of purchases such as Special Education services and supplies.
- Sole-source/no-competition purchases are allowed only in certain situations and are not dependent on the purchase amount; MGL sole-source requirements are less specific.

We recommend the Town review the new requirements and modify their own procurement policy to ensure compliance with Uniform Guidance.

- **Prepare to Implement GASB 75 for OPEB**

Beginning in fiscal year 2018, the Town will be required to implement the Governmental Accounting Standards Board (GASB) Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. GASB 75 applies whenever OPEB benefits are offered. GASB has taken the position that OPEB is a form of compensation and the liability/expense should be recognized while the employee provides service to the government. GASB Statement 75 replaces Statement 45, and requires the full net OPEB liability and related expenses to be presented on the government's accrual basis financial statements. Previously, the liability was recorded incrementally, generally increasing based on the degree to which a government funded the annual required contribution. It is expected that the implementation of these accounting standards will have a material impact on the Town's financial statements, including the recording of a larger net OPEB liability and substantial new disclosures.

We recommend the Town begin planning for the implementation of GASB 75, which includes gaining an understanding of the new requirements, educating applicable financial statement users, and ensuring that actuarial valuations are performed in a timely manner and in compliance with the new requirements. It is critical that the first GASB 75 actuarial valuation be completed in a timely manner, preferably with July 1, 2017 measurement date. It will be also important for the Town to maintain an adequate system of documentation to support the employee census data information provided to the actuary, since this information will now be subject to annual audit testing.


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We recommend the Town take action to understand and implement the changes that are applicable to the Town. This will hopefully help reduce the Town's accountability and governance requirements, while ensuring continued compliance with MGLs.

We encourage the Town to implement these recommendations in order to improve controls and efficiencies. I will be available to discuss these with you in more detail at your convenience.

Sincerely,

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Scott C. McIntire, CPA
Vice President

December 9, 2016

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