

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



**BEACON FALLS BOARD OF FINANCE
Regular Meeting
February 10, 2015
REVISED MINUTES
(Subject to Revision)**

1. Call to Order/Pledge of Allegiance

Board Members Present: Jack Levine, Joe Dowdell, Joe Rodorigo, Bob Doiron, and Brian Ploss

Not Present: Marc Bronn

Others present: First Selectman Chris Bielik; Selectman Dom Sorrentino; Selectman Peter Betkoski; Chief Jim Trzaski and Captain Howard Leeper, Beacon Hose Co. 1; Sue Dowdell, Director of Library; Finance Manager Tom Broesler; Michael Van Deventer, Mahoney Sabol, and Gary Komarowsky.

Chairman Jack Levine called the meeting to order at 7:33P.M.

2. Pledge of Alliance

3. Public Comment

Gary Komarowsky, 15 Second Street, asked the Board to consider adding to the budget money to help the legislative body of Beacon Falls commercialize North Main Street. His suggestion was for even \$1.00 so that somewhere along the line the residents sitting on business zoned properties and can turn into a business.

J. Levine asked if there were any other public comments at this time and there were none.

4. Approval of Minutes from January 13, 2015

Motion to approve the minutes from the January 13, 2015 monthly meeting: Doiron/Ploss;
no discussion; all ayes.

5. Interview of Auditors for Ambulance Service – Discussion and Possible Appointment

Michael Van Deventer, a partner at Mahoney Sabol, distributed his letter of proposal for Beacon Hose Co. 1. In terms of the fees proposal, the fee would be \$8,000 to perform the audit with a total of 64 hours. The fee is discounted at 70% of the actual rates.

J. Levine asked the Board if there were any questions. J. Rodorigo asked if he reviewed last year audit and M. Van Deventer did receive a copy. It appeared to be a compilation that was performed. Chief Trzaski indicated that to his belief it was a compilation of cash account and not a thorough audit was done. B. Doiron asked what the rate would be if more than 64 hours was needed. M. Van Deventer indicated that it would be at their discounted hourly rate of \$90.00 per hour.

J. Dowdell asked if the 64 hours was the norm or is this due to the first time doing it. M. Van Deventer indicated that the 64 hours is the norm and expect to incur additional hours in the first year. B. Doiron asked if a credit would be given if it was less than 64 hours. M. Van Deventer replied no, not typically but they would look at it. If it took 80 hours and they misquoted it, the price would be at no additional charge. B. Doiron asked if it would not go over \$8,000 and M. Van Deventer indicated that was true.

Chief Trzaski asked the difference between a compilation and an entire audit. M. Van Deventer indicated that a compilation provides no assurance at all from the firm. All they do is coming in and taking the information given, and preparing it in a format that in accordance to the state. The next step is a review, where they prepare analytical and inquiry procedures. The next step is the audit services that provide reasonable assurance.

J. Levine asked if there were any questions from the Selectmen and there were none at this time. He then asked T. Broesler. T. Broesler noted that if they were concern about cost and more interested in verification, then you may want a different type of service. He mentioned agreed-upon procedures which is where you sit down with the audit firm and list the concerns and have them look at those concerns. M. Van Deventer indicated that they could tailor the procedures towards what your risks are, they would go and perform those procedures, and then issue a report. It is very “matter-of-fact” and doesn’t provide assurance like an audit does but is cost effective.

B. Doiron mentioned that they haven’t seen any numbers, except for recently, and they would really know what they would like to have checked. He feels as if everything should be checked. J. Levine and J. Dowdell both agreed that everything should be checked.

J. Rodorigo sked if they can only go back one year. M. Van Deventer indicated that is so with an audit but with agreed-upon procedures, you can go back several years. T. Broesler asked how much money are we talking about. Chief Trzaski noted that the running balance is about \$43,000. J. Levine also noted that in a given year, the money going through this account is over \$100,000. Chief Trzaski indicated that they are paying the payroll, worker's comp on one person, uniforms, the billing agency, and software for billing. They have no assets. T. Broesler felt that spending 8% of their operating income is a lot of money. J. Rodorigo agreed.

J. Levine asked what they will give with a full audit rather than the agreed-upon procedures. M. Van Deventer indicated that they will get financial statement including the assets and liabilities of the company, p & l statement, opinion on those financial statements. They are designing the audit to detect material misstatements. The agreed-upon procedures are a very thin report where they look at approximately 50 disbursements and verify approval/contract and report any findings. It is very matter-of-fact.

J. Dowdell asked, putting money aside, what would he recommend for the first time. M. Van Deventer suggested doing agreed-upon procedures first, with that giving you some idea of what you are dealing with in terms of the findings. Then you can move to audit if needed.

J. Rodorigo asked if a list could be put together if they decide to do agreed-upon procedures. T. Broesler indicated that they can and suggests that the interested parties get together and identify the concerns.

J. Levine mentioned that Charles Haven & Co. was not able to attend tonight's meeting. They did submit a proposal of \$3,900 for a compilation and \$7,000 for a review.

J. Levine asked for a motion to have the interested parties work with both auditors and work up a proposal for the agreed-upon procedures.

Motion to have the Finance Manager, Fire Chief, and Chairman of the Board of Finance work up a proposal for an agreed-upon procedure and share it with the two firms with the Chairman of the Board of Finance informing the rest of the Board as well as the Board of Selectmen: Ploss/Rodorigo; no discussion; all ayes.

J. Levine took liberty of the Chair and rearrange the agenda to accommodate the persons in attendance.

6. Report on Transfer Made at Town Meeting without Board of Finance's Approval – Discussion and Possible Action

J. Levine distributed the Revised Minutes from the Special Town Meeting dated January 13, 2015 to the Board and to the Selectmen. He highlighted the section on the vote for the audible crosswalk on Main Street/Burton Road in the amount of approximately \$12,500.

During the special town meeting, J. Dowdell indicated that the expenditure should have been brought to the Board of Finance. J. Levine called for a point of order and said that the vote was illegal based on State of CT General Statute. J. Levine also distributed Chapter 106* Town Boards of Finance. He had a phone conversation earlier with the First Selectman and asked for his opinion on this issue.

C. Bielik solicited the legal input from the town's attorney, Atty. Fred Stanek. Atty. Stanek suggested that there was a way of taken the money from the current budget and allocating towards this project. It was a procedure that C. Bielik does not want to do so the development of the working relationship with the Board of Finance is important. C. Bielik wanted to give the townspeople a voice in this issue. It is not a binding situation for the Board of Finance and would like the Board of Finance to consider this transfer.

J. Levine called the auditor and asked for his opinion on this. A copy of the letter from Mahoney Sabol was distributed to the Boards. M. Van Deventer read a portion of his letter.

J. Levine asked for a motion for the audible crosswalk.

Motion to transfer \$12,500 for the audible crosswalk as presented and voted on at the Town Meeting on January 13, 2015: **Rodorigo/Doiron**; discussion by the Board of Finance and the Board of Selectmen was made. *J. Dowdell believes that spending \$12,500 on the audible crosswalk is a waste of money. The money can be used for more important items i.e. roads, sewer project. J. Rodorigo indicated that the 2nd largest taxpayer in the town has a problem with it and have had it for 10 years. C. Bielik indicated that this has been a long-standing issue that has come before the past two administrations. The petition includes names from the tenants of the Beacon Mill, Beacon Falls Pharmacy, Beacon Beer and Beverage, and the used car lot. B. Ploss mentioned it at the town meeting that this should go into next year's budget and have it decided on through the process. J. Dowdell agreed with B. Ploss that it should go into the next year's budget. C. Bielik, with regard to the process, the people voted on this. Also, this has dragged on and on. J. Levine indicated that the process was wrong, but the people did vote in favor of this item. The Board of Selectmen also voted 3 ayes in favor of the purchase of the audible crosswalk. J. Rodorigo mentioned that about 2 years when Jerry Smith asked for \$400,000 for bond money and brought it to vote. He asked why that wasn't considered an illegal process. J. Levine indicated that this was out of order. J. Rodorigo continued and J. Levine asked for him to respect the Chair.; three ayes, 1 nay by J. Dowdell, and 1 abstention by B. Ploss.*

7. Town Treasurer Doing Bank Reconciliations

J. Levine distributed a copy of his email pertaining to the Town Treasurer performing Bank Reconciliations. In the town of Plymouth, the Finance Manager was accused of stealing money from the town. J. Levine thought that Beacon Falls was similar to Plymouth in the way bank reconciliations were handled and with the number of people in the Finance Department.

A copy of a letter from Mahoney Sabol was distributed. J. Levine asked for M. Van Deventer's opinion in this matter. The article talks about a segregation of duty issues and the person responsible for preparing the bank reconciliation should not be involved in the cash disbursement process or have access to the General Ledger. Without controls, there is no way to detect them. The responsibility reassigned to the Town Treasurer would create a segregation of duty issues and would strengthen internal control structure to prevent and detect potential fraud. This is beneficial to the town's internal control structure.

J. Levine reiterated the fact that this is not being discussed to disparage the current Town Treasurer, the Finance Manager, or the department. This is only being talked about the process. At one time, the Town Treasurer did perform this duty and it was moved to the Finance Manager. J. Levine asked if any of the Board members have questions. Also was reminded was the fact that only the Board of Selectmen are the only people that can act on this. C. Bielik indicated that this subject was discussed generally at last night's meeting but the entire Board was not present. It was noted that the Board of Selectmen would be in favor of any process that provides a separation of duties that allows for oversight. C. Bielik would like to look at similar municipalities to see what they are using and how are they handling it.

J. Dowdell asked T. Broesler for his opinion and he thought that this is an issue in every small organization and would not argue against an improvement in internal controls. J. Rodorigo expressed his concern with elected officials are virtually exempt from anything other than doing the bare bones of their job. They cannot be fired. J. Levine agreed with that concern and expressed that to C. Bielik earlier today. The duties should be spelled out in an ordinance as well as all positions. B. Doiron asked if the changes had to wait until the next election in order to impose those changes in the job description. C. Bielik indicated that B. Doiron is correct. The most appropriate way of taking it forward would be for the person next elected into the position.

T. Broesler noted that it doesn't have to be the Town Treasurer but someone outside the department to look at what's done. The more important thing would be is to have someone look at the bank statement because every check written would be on the bank statement and you can verify the number of signature, etc.

J. Levine asked if the Board would like to take a position on this subject.

Motion to strongly recommend to the Board of Selectmen that this should be look into: Doiron/Dowdell; no discussion; all ayes.

8. Budget Process and Calendar

J. Levine this agenda item for discussion among the Boards of Finance and Selectmen.

C. Bielik began by indicated that he has received all but two departments input for the budget process this year. The last two departments should be received by the end of the week and gives the Board of Selectmen 3 weeks to go through the input and do their process. He is hoping to have a budget ready for vote for the next Board of Selectmen meeting on March 9, 2015.

J. Levine asked if there were any comments and there were none at this time. His recommendation would be that on March 10, 2015 is to have a joint Board of Finance and Selectmen meeting, run by himself as Chairman of the Board of Finance. A draft copy for review is requested to be sent to the Board of Finance members by March 7, 2015.

After a brief discussion of different dates that may work for the Boards, the workshop dates that are proposed are March 12, 2015; March 18, 2015; March 25, 2015; and March 26, 2015.

Motion to have budget workshops scheduled to start at 7:00 PM on March 12, 2015; March 18, 2015; March 25, 2015; and March 26, 2015: Doiron/Dowdell; no discussion; all ayes.

9. Financial Manager's Report

T. Broesler indicated that payroll system was up and running, being done by himself at first. The audit has been extended until February 28, 2015. The new "Denise" is starting on February 23, 2015, which will be Erin Schwartz. There were some W-2 issued incorrectly and are being fixed. C. Bielik believes that they have been received.

J. Rodorigo asked if the worker's comp figure reflects the final payment for the year and T. Broesler believes that it is a one payment per year. He then asked when T. Broesler will be caught up with the position. T. Broesler calculated that he is approximately 800 hours behind.

10. Correspondence

a. Board of Finance Clerk's Invoice for the January 13, 2015 meeting

Motion to approve the invoice for the January 13, 2015 meeting from the clerk as submitted for tonight's meeting for a total of \$80.00: Dowdell/Ploss; no discussion; all ayes.

11. First Selectman's Report

C. Bielik updated that Board with the MERF situation. During the holidays, the attorney queried the state worker who handles this, Bill Cronin, and asked how much the town owes for this situation. B. Cronin indicated that he kicked it up to his boss.

Since then, the inquiries have been asked once to twice a week to no response. C. Bielik noted that the next step is to go over his head since we have been waiting way too long.

It was made note that these two agenda items will be moved to Unfinished Business on next month's agenda.

a. MERF Plan Contribution Issue

b. IT

12. Comments from the Public

C. Bielik indicated that the Tax Collector did not submit a report for this month since January was a very busy month. As a preliminary number, the amount collected in the month of January was just north of \$5,000,000.

Sue Dowdell, 22 Wolfe Avenue, noted that the contract for pension states 1 year or 1,000 hours. She reached the 1,000 hours in November, after being hired in March. C. Bielik indicated that even though it states 1 year or 1,000 hours, going back to Donna Johnson, the understanding with the town and its employees and the union representation, we never use the 1,000 hours as standard.

13. Adjournment

With no further business to discuss, J. Levine asked for a motion to adjourn tonight's meeting.

Motion to adjourn tonight's meeting at 8:09 P.M.: **Doiron/Rodorigo; no discussion; all ayes.**

Respectfully submitted,

Marla Scirpo
Clerk, Board of Finance