

**MIDDLEFIELD BOARD OF FINANCE**  
**405 Main Street**  
**Middlefield, Connecticut 06455**

Minutes of the February 13, 2018 Board of Finance Special Meeting

Attendance:

Members

Others

X	Irish, Jim	X	Bailey, Ed
X	Kowal, Melissa		
X	Lowry, David		
A	Malcolm, Alice		
X	Nick, Joel		
X	Wolak, Mary	X	Rusilowicz, Al

A=Absent

X=Present

Jim Irish called the meeting to order at 7:07 pm.

The Pledge of Allegiance was recited.

Approval of Agenda

Dave Lowry made a motion, seconded by Mary Wolak, to approve the agenda, as presented. Motion carried unanimously.

Public Comment

None.

Auditor Report

Al Rusilowicz introduced Michelle Nosal and Andrew Swiatek from Seward and Monde.

Michelle Nosal thanked Al Rusilowicz and everyone at Town Hall for their help. She explained that the first year is always the toughest and hopes that this meeting could be in October or November next year. She encouraged the Board of Finance to contact them during the year with any questions.

Ms. Nosal began by explaining that it is an unqualified, clean opinion on the governmental activities, each major fund and the aggregate remaining fund information of the Town of Middlefield. There are no items of noncompliance nor any significant deficiencies.

Ms. Nosal noted that the Town of Middlefield receives about \$2.7 million in State assistance, with \$2.2 of that for education, leaving about \$500,000 that was subject to compliance testing and no issues were found.

Andrew Swiatek reported that the total net position of the Town ended at \$13.6 million, an increase of \$736,000 from 2016. Capital assets increased by \$10,000 with completion of the Miller Road Bridge project. Bonded debt decreased \$186,000 and other loans payable decreased \$249,000, with no other debt issued.

Mr. Swiatek reviewed that the Debt Pension Liability decreased \$13,687 to a balance of \$422,000 which is the Town's share. There has been positive investment performance in the plan. Looking at the fund balances, the General Fund balance ended at \$2.2 million, with an increase of \$367,000 that was attributed to favorable revenue results, increase in mill rate and assessed value, municipal revenue sharing grants and expenditure savings. Overall revenues were \$268,000 over budget. Dave Lowry asked about the increase in the Town Clerk's office fees and Al Rusilowicz explained that that was basically conveyance taxes.

Moving to expenses, the Town was under budget overall, with the major areas of savings being Sanitarian Payroll, Health Insurance, Community Center Building Expenses, Park and Recreation and Education.

Al Rusilowicz explained that the Town had always had two Town Clerk accounts that were intentionally kept off the books, totaling roughly \$6,000, and he had decided that it was time that they appeared on the books.

Jim Irish asked about the debt summary and Ms. Nosal explained that the detail of outstanding debt is on page 37 and shows when each debt matures. Mr. Irish also asked about pension liability and Al Rusilowicz explained that the Town started with a pension liability of \$436,000 and it went down to \$423,000. Considering there are less than 10 people in the pension plan, it is a fairly big number. This number comes directly from the State actuaries.

Ms. Nosal explained that the Management Discussion and Analysis is mandatory in any government financial statement, but the CAFR is a report submitted to the Government Finance Officers Association to get an award for financial reporting and is not something Middlefield submits.

Mr. Rusilowicz also pointed out the detailed inventory of the capital and nonrecurring fund on pages 64 and 65. The total net balance does not agree with the financial statements nor has it ever, however that has been fixed and will tie in with the balance sheet next year.

Moving to the management letter, the auditors have recommended financial accounting software which is already being dealt with. Policies and procedures should be documented. Information technology is important, especially with regard to security. Al Rusilowicz explained that there are only three people with remote access to the Town's system, including Mr. Rusilowicz, Ed Bailey and the Tax Assessor.

Mr. Bailey reviewed that they are in the process of obtaining all of the Town employee passwords and those will then be locked and not able to be changed. A new network has been installed at Town Hall and work has begun at the Community Center as well.

Jim Irish asked what the Town has in the way of codified policies, i.e. designated fund balances, contingency fund balances, etc. Al Rusilowicz felt that the Town should codify them and explained that all of Region 13's policies are assigned a number. Ed Bailey explained that codification would require a Town meeting, with legal notices, and would have to come from the Board of Selectmen. The Board of Finance could create policies on their own. Michelle Nosal felt that most of these issues would be Board policies. Mr. Bailey suggested that the Board of Finance create a series of policies relating to the financial issues of the Town. He also reviewed several policies that the Board of Selectmen are working on.

Ms. Nosal continued to explain that they noticed several Town Clerk deposit slips and bank error corrections and suggested time and care be taken in preparing bank deposits. Al Rusilowicz will bring it to the attention of the Town Clerk and he felt it would be an easy fix with the Assistant Town Clerk reviewing the deposit. Mary Wolak brought up the Park and Rec checking account and Mr. Rusilowicz stated that that has been changed and the Director now makes the deposits and then writes one total check to the general fund on a monthly basis. Mr. Rusilowicz would then reconcile the two accounts.

Jim Irish asked if the Town has accounts that are not reconciled periodically and Mr. Rusilowicz explained that all of the accounts are reconciled every month. Dave Lowry asked about the Old Home Day account and Mr. Rusilowicz explained that Liberty Bank reluctantly identified all of the Town's accounts using the tax ID number. There were three or four accounts that were not the "Town's" accounts, one being the Senior Center and Old Home Day was another. Mr. Rusilowicz explained that all parties were contacted and were told that both he and the Town Treasurer needed to be added as check signers and have access. Those fund balances are not reported on the Town's financial statements. Mr. Bailey then reviewed the various accounts.

Mr. Irish asked if there should be policy that an overseer looks at each of these accounts once a year and Mr. Bailey explained that the Boards meet and keep minutes and approve the Treasurer's reports. Mr. Bailey also described several other banking issues that have been corrected. Mary Wolak asked who should be able to use the Town's tax ID number and Mr. Bailey explained that the Town would be fully aware of anyone doing that. All tax exempt forms would be issued by the Finance Director.

Melissa Kowal asked who pays for the police protection at Old Home Days and Mr. Bailey believed that the Old Home Day account paid for that at the Sesquicentennial Celebration. He believes that police protection would not even be 10 percent of what was paid for the Sesquicentennial.

Joel Nick pointed out a typo on page 4, where it says "Town of Durham." Michelle Nosal thanked everyone and again reminded the Board members to feel free to contact them with any questions.

The Board members generally felt that the audit report reflects good management of the Town and thanked Mr. Bailey and Mr. Rusilowicz for their efforts.

Mr. Bailey also reported that the Superintendent of Schools will be presenting her budget tomorrow night.

### Approval of Minutes - 1/11/18

Jim Irish made a correction, in the Preferred Weekdays for Budget Workshop section, to change the date for the first public hearing for the Board of Finance to March 8. Mr. Irish would also like to strike a sentence in the Board of Ed Finance Committee section, last paragraph.

Mary Wolak made a motion, seconded by Joel Nick, to approve the minutes of the January 11, 2018, regular meeting, as amended. Motion carried.

### Review of Current-Year Spending

Al Rusilowicz provided the year-to-date expense summary sheets by line item. He explained that the Tax Collector's expenses is over budget due to legal fees for foreclosures. Ed Bailey explained that there will be an auction held in April as the auction did not take place in October. Mr. Bailey explained that four properties did not sell for various reasons.

Mr. Rusilowicz went on to review Park and Rec Office Expenses will be over for the year because they had not planned on paying for minutes of their meetings. The minutes had been prepared by the previous director or a member of the committee and Mr. Bailey instructed the new Director to have the minutes done by someone who does minutes for the Town. Mr. Bailey explained that three different people do minutes for the Town.

Mr. Rusilowicz also mentioned that Animal Control sundry expenses relate almost exclusively to the dog that was trapped on the mountain.

Mary Wolak asked about Labor Counsel costs and Ed Bailey explained that there is a pending lawsuit that the insurance carrier is handling. Two labor contracts are up for renewal and some Labor Counsel costs will be incurred on that. They will also be reviewing Personnel Manuals.

Jim Irish asked about the cost of rewiring the computer systems and Mr. Bailey stated that that is coming out of capital, Server Replacement. Mary Wolak also asked about categorizing IT costs and Mr. Bailey commented that there are no huge single items. Jim Irish stated that the capital funds for those items have been spent, but Mr. Bailey stated that that was because last year's balance was not carried over. Talking about the new accounting software, Mr. Rusilowicz went to visit East Windsor and explained how they handle purchase orders at the individual department level and how he'd like to apply that to Middlefield. Mr. Bailey summarized that this will greatly reduce the amount of paperwork the Town produces and simplify the processes. The new software system will allow for documents to be scanned into the system. Mr. Rusilowicz hopes to have the new system for May 1, 2018.

Al Rusilowicz explained that the new system will be Cloud-based and work can be done remotely. Backups will be done remotely. There is the option to host the system internally, but the vendor then takes no responsibility for backup. Mr. Bailey also felt that that would make it more difficult to access the system for viewing because of server access. There will also be no need for preprinted checks. The

up-front costs will be about \$23,000 to \$24,000, with about \$7,000 annually. They will also have to buy a couple of scanners.

Mr. Irish thanked Mr. Bailey and Mr. Rusilowicz for their explanations during the audit report and this update. Mr. Rusilowicz also commented that Seward and Monde audit Killingworth, Durham, Region 17 as well as Councils of Governments and other smaller entities.

### Old Business

#### **School Budget Timing**

Jim Irish reiterated that Kathryn Veronesi will present her budget tomorrow night. Board of Ed meetings are scheduled for February 28, March 7 and March 14 for budget discussions. There is no date set to meet with the Boards of Finance of as now. Ed Bailey will transmit his budget on or about March 1<sup>st</sup>. Al Rusilowicz reported that the Town Clerk has asked for a calendar for Board of Finance meetings on the budget. Mr. Irish stated that he would supply a copy of the calendar once it is finalized.

Mr. Irish also reported that Marie Benedetto and Jim Irish were elected to the Board of Education Finance Committee at a town meeting last night. Mr. Bailey will forward that information to the Board of Education.

### New Business

Jim Irish asked Melissa Kowal to share some comments on conferences that she had attended. Ms. Kowal supplied copies of notes from the budget conference that she attended and encouraged the Board members to go through it as there are some good resources included. One thing that struck her was the discussion on towns doing independent fraud audit on employees and to not be lulled into a false sense of security by the Town's audit reports.

Ms. Kowal also attended the newly-elected officials conference which she felt was fantastic. She encouraged everyone to attend one, if possible. The town pays for Commission members to attend any CCM events. Ms. Kowal hopes to attend a conference on cost savings strategies, taking control over expenses of essential services.

Jim Irish felt that the Board's calendar is about to get busy, but there should be time after the budget process to consider other things. Mr. Irish stated that Alice Malcolm had mentioned LED lighting in town and securing the Town's water aquifer. Ed Bailey commented that they have been working on both of those issues. Alice Malcolm had also mentioned encouraging the State to widen Route 147 by Lake Beseck.

Joel Nick mentioned that establishing policies would be an important topic. Dave Lowry mentioned the lack of debt that is coming and the anticipated road work on Jackson Hill Road that will need to happen. Ed Bailey stated that that is being worked on as well and feels that there will be \$15,000 to \$25,000 in engineering that needs to be done to prepare a proposal for the work. The project will hopefully qualify

for a LoCIP grant, but a match may be required and it will probably be a million dollar project. Mr. Bailey also mentioned that work needs to be done on Cherry Hill Road as well.

Mary Wolak also mentioned work at the fire house. Mr. Bailey reminded the Board that when the bonding goes down, most of it is covered by assessments from the Lake Beseck sewer area and that revenue will also disappear. Storm drainage funding is about \$339,000 (which will be paid in 2021) and the Lake Beseck sewer project is \$649,000 (which is reimbursed by the assessments). Mr. Bailey stated that the WPCA is poised to take action on sewer system upgrades at some point and there may be grants available.

Jim Irish asked for a volunteer to help draft two policies, one for the fund balance and the other for the contingency amount. It was generally agreed to have Mr. Irish circulate it to all of the Board members and that the attorney will probably have to review it. Mr. Bailey stated that the Town Counsel could do that, but to remember that it will be just a policy.

#### Adjournment

Mary Wolak made a motion, seconded by Melissa Kowal, to adjourn the meeting. Motion carried unanimously. The meeting was adjourned at 9:43 pm.

Respectfully submitted,

*Debi Waz*

Debi Waz  
Alwaz First