Board of Finance
Regular Meeting Minutes
Remote Access

Wednesday, August 12, 2020
7:00 pm

Present: Chairman Ronald R. Fedor, Mark Geer, John Sheehan, Kevin Petchark, Glenn Patterson, Tali Maidelis and Robert Tuneski

Absent: None

Elected: Robert J. Brule, First Selectman; Selectwoman Jody Nazarchyk

RTM: Thomas Dembek, Sue Driscoll

Staff: Abby Piersal, Planning Director; Brett Mahoney, Chief of Police; David Campo, Town Clerk; Dani Gorman, Director Youth and Family Service Bureau; Gary Schneider, Director Public Works; Bruce Miller, Director Fire Services; Joseph Mancini, BOE Director of Finance/Operations; Kim Allen, Director of Finance, Maryellen McConnell, Secretary

1. Establishment of a quorum and call to order:

   A quorum was established and a call to order was established at 7:00 pm, August 12, 2020.

2. Public comment: No public comment.

2. Approval and acceptance of Board of Finance regular minutes from July 15, 2020 and Board of Finance Special Meeting Minutes on July 28, 2020

   Motion by John Sheehan and **seconded** by Tali Maidelis to approve the Special Meeting Minutes of July 15, 2020; the Regular Meeting Minutes of July 15, 2020, and the Special Meeting of July 28, 2020.

   Vote: 7-8 **Motion: Passed**

4. Matthew Coit and Vanessa Rossitto, representatives with Blum Shapiro, will be providing the Board of Finance with a presentation on Required Audit Communication Discussion. Please see attached presentation.

Questions from Bill Sheehan to Matthew Coit: What new accounting principles are being used this year? Also, if you could explain the internal accounting controls for our new members.

Matthew Coit – there would have been some new accounting principals, however; due to COVID-19 they pushed them back till next year. It will look very similar to last year.

Internal Controls: A large part of the internal audit is compliance checks and looking at the actual numbers and making sure the numbers vouches out as we expect. The other side of that is government audit standards and similar standards that go with Federal and State single audits is looking at the control environment over the preparation and financial statements and over the preparation of the major programs that we selected. We do walk through and testing of controls along with our audit work. While we are doing compliance testing and seeing if the expenditures are in line with what the expenditures should be. With the controls in place we are also looking to see if they were recorded and spent correctly under the grant. There are two sides of the coin that we look at for the single audit side, it's actually the walk through that is a big part of that where we actually go through the processes of the Town and select the controls that we see as being critical in being key controls.

This is an annual audit and is done once a year once the books are closed, that is when we come in. Any audit incorporates sampling, if we were to look at every single transaction and dollar spent in the Town it would have to be a full year-round audit. Quite honestly, the fees would be extreme, and it is not what is required under government auditing standards. We look and assess materiality across all those different opinion units and funds that we have, we do incorporate an element of sampling and the idea is that we have developed the audit as such that we have reasonable assurance that there aren't material misstatements. That is not to say that there could not be one, but the audit is designed so there will not be one. There is prescribed audit guidance from a general government auditing standard prospective that we use for the financial statement side of the audit. As far as the single audit, there is guidance that speaks to appropriate sampling for Federal and State single audit purposes. The

AICPA provides guidance on sampling, we look at the controls that are happening during the year and they play a large part of this as well.

5. To consider and act on a request from, the Board of Selectmen, contingent on their approval, on behalf of Abby Piersal Planning Director, for an **appropriation in the amount of $65,000** for a new roof at the Eugene O'Neil Theater and forward to the RTM.

Motion by John Sheehan and **seconded** by Glen Patterson to approve the appropriation of $65,000 and forward onto the RTM as required.

Amended motion by John Sheehan and **seconded** by Mark Geer to pull this from the undesignated fund balance of the Capital and Non-Recurring Expenditure Fund line #205-31520 to go to a project designated after the RTM meeting. The donation from the Eugene O'Neil Theater will be returned to the undesignated fund balance of the Capital and Non-Recurring Expenditure Fund.

Vote: 7-0 **Motion: Passed**

6. To consider and act on a request from, the Board of Education, on behalf of Thomas Girard, Superintendent, to approve the draft of the M.O.U. and establish the non-lapsing account.

Motion by Mark Geer and **seconded** by Tali Maidelis to approve the request as stated.

Motion by John Sheehan and seconded by Mark Geer to change the verbiage in the agreement on paragraph 2e, the last sentence. It says the Board of Education proposes to the Board of Finance in paragraphs pursuant to b and c above of said funds and agrees to receive the approval of the Board of Finance before making the proposed expenditure. Also on the five items listed, we are changing COVID-19 to COVID-19/Public Health Emergency.

Vote: 6-1 **Abstain: Mark Geer** **Motion: Passed**

7. To consider and act on a request from, the Board of Selectmen, on behalf of Kimberly Allen, Director, Finance Department Town of Waterford, for an **FY20 Out of Series Transfer as follows:**

Account	Description	Increase	Decrease
10104-51110	Assessor (Administration)	4,515	
10104-51210	Assessor (Clerical)	3,262	
10108-52030	Legal (Professional Fees)	12,462	
10112-52240	Insurance (Unemployment)	2,806	
10143-51210	Ethics Commission (Clerical)	528	
10143-51920	Ethics Commission (FICA)	41	
10139-56028	Debt Service (Interest)		23,614
	Total	**23,614**	**23,614**

Motion by John Sheehan and **seconded** by Glen Patterson to approve the Request as stated.

Vote: 6-1 **Opposed: John Sheehan** **Motion: Passed**

8. To consider and act on a request from the Board of Selectman on behalf of Brett Mahoney, Chief of Police, Town of Waterford, for an **FY20 Out of Series Transfer as follows:**

Account	Description	Increase	Decrease
10129-53090	Gasoline		8,756
10129-51430	Detectives	8,756	
	Total	**8,756**	**8,756**

Motion by John Sheehan and **seconded** by Mark Geer to approve the request as stated.

Vote: 7-0 **Motion: Passed**

9. To consider and act on a request from the Board of Selectmen, on behalf of Robert Brule, First Selectman, Town Of Waterford, for an **FY20 Out of Series Transfer as follows:**

Account	Description	Increase	Decrease
10101-51010	Elected Officials	757	
10101-51110	Administration	527	
10101-53020	Other Supplies	223	
10101-52030	Professional Fees		1,070
10101-51920	FICA		437
	Total	**1,507**	**1,507**

Motion by John Sheehan and **seconded** by Mark Geer to approve the request as stated.

Vote: 7-0 **Motion: Passed**

10. To consider and act on a request from, the Board of Selectmen, on behalf of Gary Schneider, Director, Public Works Department, Town Of Waterford, for an **FY20 Out-of-Series Transfer as follows:**

Account	Description	Increase	Decrease
10130-53090	Fuels and Lubricants		16,000
10130-52470	Solid Waste Disposal	16,000	
	Total	**16,000**	**16,000**

Motion by Glen Patterson and **seconded** by John Sheehan to approve the request as stated:

Vote: 7-0 **Motion: Passed**

11. To consider and act on a request from the Board of Selectmen, on behalf of David Campo, Town Clerk, Town of Waterford, for an **FY20 Out-of-Series Transfer as follows:**

Account	Description	Increase	Decrease
10109-51110	Administration	659	
10109-52510	Rental of Equipment		659
	Total	**659**	**659**

Motion by John Sheehan and **seconded** by Mark Geer to approve the request as stated:

Vote: 7-0 **Motion: Passed**

12. To consider and act on a request from the Board of Selectman, on behalf of Dani Gorman, Director, Youth and Family Service Bureau, Town of Waterford, for an **FY20 Out-of-Series Transfer as follows:**

Account	Description	Increase	Decrease
10119-51110	Administration	5,405	
10119-51210	Clerical	1,195	
10119-52030	Professional Fees		5,728
10119-52100	Electric		550
10119-52020	Postage		215
10119-52380	Programs		107
	Total	**6,600**	**6,600**

Motion by John Sheehan and **seconded** by Mark Geer to approve the request as stated:

Vote: 7-0 **Motion: Passed**

13. To consider and act on a request from the Board of Selectman, on behalf of Bruce Miller, Director, Fire Services, Town of Waterford, for an **FY20 Out-of-Series Transfer as follows:**

Account	Description	Increase	Decrease
10123-52040	Service Contracts & Repairs		7,500
10123-52050	Dues, Conferences & Education		15,000
10123-52090	Heating Oil		12,500
10123-53090	Gasoline & Diesel		4,000
10123-53111	FF Protective Clothing		20,000
10123-53113	Volunteer Responder Awards		4,000
10123-54218	Firefighting Equipment		10,000
10123-51810	Overtime	73,000	
	Total	**73,000**	**73,000**

Motion by John Sheehan and **seconded** by Glen Patterson to approve the request as stated:

Vote: 7-0 **Motion: Passed**

14. Liaison Reports:

Glen Patterson – Municipal Complex: The remediation of the site is well advanced and will be done by the end of the month. Everything is going smoothly, the foundation for the garage is going in. They are working in parallel remediating the site, overall the project is 65-70% complete. The garage is the largest part to be done. There are still issues with the wash bay, which we are working on. Putting the process on report, we have had issues processing the items in the contract with allowances. We have had several occasions where we have allowed a dollar amount in the contract that was woefully inadequate for what we ended up seeing was required for the project. I think that future building committees, if that can be captured, that will be a huge lesson learned from this episode. The wash bay is one of those items. I would like to take this opportunity to say that Gary Schneider is a fine steward of this Town's dollars, along with Dan Matheson they are doing a fantastic job of holding O&G to what they promised in the contract and pushing through any problems that seem to come along. There are some minor issues with the air conditioning in the new building, but they are working on those. That is the biggest punch list item that has come across the table since they opened the offices.

15. Old Business: None

16. New Business:

a. To start to hold the Board of Finance meetings in person in the auditorium. Following the Board of Selectmen, with their in-person meetings, and if everything goes well, our next meeting will be in person.

b. To appoint a Board of Finance Liaison for the Purchasing of Unbudgeted Items Policy. In the past, the Board of Finance member who is the liaison for that board or agency is the one who is the member of that committee that approves it since they are the one who is the bridge with the Board of Finance. If there is no liaison, then the Chairman of the Board or his representative, will attend that meeting, whomever he chooses to appoint,

c. Review and discuss policy regarding current year capital. Kim Allen suggests that because the Board of Finance already has a policy and authority to review capital projects at the end of the year, that we roll into that if they are not going to be done or current and their justification does not say the next fiscal year that the Board of Finance makes the decision to roll it into the CNR and transfer the whole project balance and everything over. The Board of Finance already has the authority to close a project, carry it over and do what they need to do. The easiest route will be to revise our current policy and it keeps control with the Board of Finance.

D. Update on COVID-19 and Tropical Storm Isaias: Robert Brule – COVID-19 there could possibly be spikes coming in the next months, there is a lot of information out there. Right now, the Board of Education is taking the lead of all of our attention, as this is a town wide approach with a hybrid model and digital learning, and we are updated every day. All hands are on deck to help the Board of Education to get up and running. There are situations in town that myself and the Police Department have been notified that there are too many people and we are looking into this, for instance, the Waterford Speedbowl. This has to do with attendance, I will let the Emergency Manager know what is going on along with the Chief of Police. The town's emergency order does expire on September 1, 2020, and I am going to ask to extend this, so we mirror the Governor's order and keep it consistent, being under a state of emergency and reimbursements if we can apply for them later. As a town we are doing very well, we have had four outbreaks in 20 days. This is unheard of in a town of 20,000 people. A lot of what we had was nursing home related, those numbers have not changed, and we are doing well as a community. Budget wise, we have done a very well job we are not overspending. The non-lapsing account for the Board of Education that was just voted on we worked with the Board of Education because we knew there would be increased costs, this was well thought out at the town level as

we have never done this before. I applaud the Board of Finance for doing something that we have never done before with the controls there it is a win win for both groups. We have spent about $500,000 on vacation time, at the end of the day when it comes to liabilities when people retire, we used time during COVID that worked for families on the town side we did everything we could to work with them when they needed time. We have mask protocols in place, the town hall is open along with most buildings in the town. The Senior Center will be the last to open, for obvious reasons, along with senior programs. We have been following the direction of Steven Mansfield, our public health director, his guidance and he is involved with everything we do. We tried renting our outdoor facilities through the Recreation and Park Department, but it was not working. We had people from out of town who were not following the guidelines, so we stopped that program after two weeks.

Update on Tropical Storm Isaias – We were one of the only towns to open the EOC, and I appreciated the feedback that was given by John Sheehan. John Sheehan sent me an email, which I greatly appreciated, it was what I was thinking of doing anyway. As we have a whole new team, we really needed to get into the EOC and work together and I am glad we did, I learned a lot. There are things that I will be coming to this board regarding capital, not too expensive, but things I think we need to do if we have another storm like this. What can we do better? I do have ideas that I have talked to my team about. We processed the storm the day after, we have some take away. Obviously, the Eversourse response was subpar at best, they know that, I said that. I sent a certain response to the senator who sits on the Energy Commission, because they were not there! Due to COVID, they all work from home. It was Murphy's Law, they ran out of power! We had a great team working, we have experienced people showing the new people how to follow the procedure and follow the plan. I learned about GIS and layering and what we need to see in a moment's notice and layering is very important at this level and we need to do it. I'm having the Emergency Management Director look at other ways we can be more efficient with our abilities and follow ups with special needs, families on blocked roads, downed lines, and if Eversourse is not in the room, which they weren't, we did great and we did everything that we could. We planned ahead with Police, Public Works, Utilities, we had three ambulances on with crews on the whole night. We had everything in place to help people that needed to be helped, and we followed the rules by not touching any downed wires that were tangled in trees. What was very helpful was the diagrams of the Eversource electrical distribution that we received during Hurricane Sandy. Understanding where the power is out and where it is coming from makes it easier to say to that citizen who calls up and wants to know why he can't get any electricity why he can't even though you can't give it to him. We are also looking at Everbridge as another way to communicate with our residents, during storms like this. We are

taking a deeper dive and looking into how we can improve after this storm. As of this moment we have spent $174,000 on COVID-19 and Isaias and we awaiting grant approval from FEMA and the State of Connecticut. We have not been declared disaster yet for this storm, we have a report that we have to submit to the state on the 19th. The state will submit to the Federal Government and then FEMA will decide if they will open up a grant application for any damages. My understanding, after talking to department heads, is that it will be minimal. We did not receive any damage to our properties or public buildings. We will have man hours but no insurance claims. Everything has been documented with pictures and real time.

17. Correspondence: None

18. Adjournment:

Motion by John Sheehan and **seconded** by Mark Geer to adjourn the Meeting of the Board of Finance at 9:01 p.m.

Vote: 7-0 **Motion: Passed**

Respectfully submitted,

Mark Geer, Jr., Clerk

Maryellen McConnell, Secretary

Town of Waterford, Connecticut

Required Audit Communication Discussion

For the fiscal year ended June 30, 2020 audit

blum
shapiro

step forward →

4.

Agenda

» Engagement Scope

» Responsibilities and Independence

» Other Communications

» Engagement Timing

» Engagement Team

blumshapiro

Engagement Scope

- Express an opinion as to whether your basic financial statements are presented fairly in conformity with accounting principles generally accepted in the United States of America (GAAP).
- Report on:
  - Internal control over financial statements and compliance with the provisions of laws, regulations, contracts and grant agreements in accordance with Government Auditing Standards.
  - Internal control related to major programs and an opinion on the compliance with federal and state statutes in accordance with Uniform Guidance and the Connecticut State Single Audit Act.
- Connecticut SDE Agreed Upon Procedures

Responsibilities

» Responsibilities - Management

- The selection and application of accounting principles
- Preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance
- Establishing and maintaining effective internal controls, including internal controls over compliance
- Making all financial records and related information available to us and for the accuracy and completeness of that information
- The design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the government
- Identifying government award programs and understanding and complying with the compliance requirements

blumshapiro

Responsibilities & Independence

» Responsibilities - Auditor

- Express opinion on the Financial Statements
- Plan and perform our audit to provide reasonable assurance about whether the Financial Statements are free of material misstatement.
- Consider internal control relevant to the entity's preparation and fair presentation of the financial statements
- Evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management

» Independence

- There are no relationships between any of our representatives and the Town of Waterford that in our professional judgment impairs our independence.

Other Communications

» At the completion of our audit we will communicate the following:

- Management judgments and sensitive accounting estimates
- Significant accounting policies
- Adoption of new or changes in accounting principles
- Significant audit adjustments (recorded and unrecorded)
- Disagreements with management
- Difficulties encountered in performing the audit
- Irregularities and illegal acts
- Consultation by management with other auditors
- Matters affecting independence of auditors
- Material weaknesses, significant deficiencies and control deficiencies

Engagement Timing

» Trial Balance Files to Blum Shapiro	8/31/20
» Commencement of Fieldwork	9/8/20
» End of Fieldwork	9/18/20
» Issuance of Draft Financial Statements	10/21/20
» MD&A Finalized	10/28/20
» Client Approval of Draft Statements	10/28/20
» Issuance of Financial Statements	11/6/20
» Issuance of Management Letter (if applicable)	11/6/20