

MINUTES

1. **Call to Order:** Chairman M. Dougherty called the meeting to order at 7 pm.
2. **Roll Call:**
Michael Dougherty (Present)
David Fortin (Present)
Roy Bradrick, Jr. (Present)
Glen Lessig (Present)
Frederick Chmura (Present)
Michael Bernardi (Present)
Jeffery Kelleher (Alternate) (Present)
Michele Woz (Alternate) (Present)
Noted for the Record: Quorum
Absent: Barry Shead (Alternate)
Others Present: First Selectman Jay Swan, Town Treasurer Karen Fitzpatrick, Selectman Greg Kline, Janice Thurlow, Members of the Public

Chairman Dougherty welcomed Michele Woz as a new alternate member of the Board of Finance. Also acknowledged was Michael Bernardi and David Fortin on their re-election as full board members.

3. **Seat Alternate if Necessary:** None.
4. **Approve Minutes from November 12, 2019 Regular Meeting:**
Frederick Chmura **MOVED** to **APPROVE** the November 12, 2019 Regular Meeting minutes as amended below; Glen Lessig **SECONDED**; **MOTION CARRIED UNANIMOUSLY.**

Revision: Page 3, #6: Replace reference to BOE with BOF.

5. **Public Comment:**
First Selectman Jay Swan stated that later in the meeting he would like to propose a change in work hours for the building official from 29 hours/week to 31.5 hours/week based on the needs of the town. There will be an increase in cost of about \$8,700 annually, but it will be made up in other areas.

David Fortin **MOVED** to **ADD** Building Official's Hours under New Business, (c); Glen Lessig **SECONDED. MOTION CARRIED UNANIMOUSLY.**

6. **Audit Presentation:**
Mike VanDeventer, CPA and Partner of MahoneySabol, was present to provide the 2019 audit results. He was joined by CPA and Manager Lauren Messina.

Mr. VanDeventer reviewed details on the scope of work, status of the audit, Auditor's Reports, financial highlights and required communications. The actual change in the general fund balance was an increase of \$374,387, resulting in a favorable budgetary variance of \$1,087,073. Significant audit findings included:

- Qualitative aspects of accounting practices:
 - Implementation of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.
 - Two adjustments to amounts previously reported (reduction of total OPEB Liability and reclassification of unspent Town Aid Road Grant revenue).
- Significant estimates and judgments:
 - Estimated useful lives assigned to capital assets.
 - Discount rates utilized to determine net pension and OPEB liabilities.
- There were no difficulties encountered in performing the audit.
- Uncorrected misstatements consisted of an overstatement of General Fund accounts payable for an encumbrance in the amount of \$12,582 on a GAAP basis. No impact on budgetary results.
 - Misstatement is deemed to be immaterial to the overall financial statements.
- There were no disagreements with Management.
- Management representations – no unique representations will be obtained.
- MahoneySabol is unaware of any management consultations with other independent accountants.

Mr. VanDeventer stated that it is recommended of all government municipalities, regardless of size, to keep two months of reserves, and Woodstock is close to that threshold. It was also recommended to recognize town aid road grants as revenue when they are received rather than deferring the funds and later recognizing them when expenditures are incurred. This is simply a change in accounting presentation.

Glen Lessig asked about the decrease in liability for teachers' retirement. Mr. VanDeventer explained that this is the town's portion. This liability captures when teachers are on the town's plan, and there is a state liability that captures when teachers are on the state plan. Mr. VanDeventer clarified that the "73.60% funded" statement references the state's plan.

Mr. VanDeventer closed by stating that cybersecurity risk is perhaps one of the most significant risks that municipalities are facing right now. The auditors recommended the town consider investing in a third-party IT assessment or placing resources toward IT security to help address these risks. Karen Fitzpatrick shared that management has recognized this potential risk and various staff members are receiving training on this topic.

David Fortin asked for clarification on the 16.40% of FY 2020 budgetary expenditure appropriations. Mr. VanDeventer explained that this is developing a metric or percentage off of a different number. The GAAP expenditures include the on-behalf payment that is made by the State of CT. Using this number brings the fund balance percentage down slightly. The 16.40% reflects the FY 2020 expenditure appropriation that was authorized.

The audit report concluded and BOF members thanked the auditors for their presentation.

7. Old Business:

- a) **Update on State Budget:** Karen Fitzpatrick stated that everything the town expects to receive from the state has been received, with the exception of the town road aid. She will continue to update the BOF as information becomes available.
- b) **Update on Local Bridge Project:** Karen Fitzpatrick reported that she is in communication with CME and the state regarding the bridge project funding. She has asked CME to wait until she receives further information from the state relative to pending grant applications. She hopes to update the BOF with additional information at the January meeting, at which time CME may attend to provide a status update.
- c) **BOE Non-Lapsing Expenditure Request:** Janice Thurlow referenced the November 20, 2019 letter from the BOE to BOF Chairman Mike Dougherty. The Woodstock BOE voted to approve projects to come from the current balance of their Nonlapsing account. Some projects were completed over the summer and others extend into the school year. Certain amounts were adjusted to reflect the actual cost or the quotes received in preparation of the work. Two emergency requests were discussed at the November 12 BOF meeting, which include the cafeteria boiler and the district telephone system.

Ms. Thurlow clarified which projects were completed during the summer. They include interior painting in the elementary and middle schools, drainage at the elementary school, some security upgrades, and some aspects of the boiler project.

Roy Bradrick was concerned that the BOE is expending funds that haven't been budgeted. He offered that these are expenditures that should be budgeted rather than anticipated to be funded out of the Nonlapsing account.

Mike Bernardi asked about the telephone system. Ms. Thurlow stated that the system was hacked again. The BOE is waiting on two additional quotes and is optimistic that the price point will stay within the \$15,000 budgeted range.

David Fortin **MOVED** to **APPROVE** the request for expenditures from the Board of Education Nonlapsing account for the items listed in the November 20, 2019 letter to the Woodstock Board of Finance; Fred Chmura **SECONDED**; Roy Bradrick **OPPOSED**. **MOTION CARRIED UNANIMOUSLY.**

- d) **Review BOF Fund Balance Policy:** Chairman Dougherty stated that the current BOF Fund Balance Policy is slightly over the 15% limit, reflecting 15.3%. Discussion around keeping the fund balance as is, transferring money to cover the overage, or raising the upper limit ensued.

Treasurer Karen Fitzpatrick recommended to not transfer any money at this time. David Fortin had concerns about continuing to increase the percentage. He recommended reducing the percentage slightly lower than the 15% limit.

It was determined to table this agenda item and add “actions on the fund balance policy” to the January meeting agenda, which will allow Ms. Fitzpatrick to consult with the auditors and develop a few percentage scenarios, depicting true numbers, to present to the Board of Finance.

- e) **Approve BOF 2020 Meeting Schedule:** Changes from the last version were distributed to BOF members. Specifically, March 3, 10 and 24 are set for combined budgets. Ms. Fitzpatrick clarified that the asterisk dates are budget meetings.

MOTION was made by Glen Lessig to **APPROVE** the BOF 2020 Meeting Schedule as presented; Michael Bernardi **SECONDED. MOTION CARRIED UNANIMOUSLY.**

8. **New Business:**

- a) **Quarterly Reports Ending September 30, 2019:** The quarterly reports ending 9/30/19 were distributed to the BOF members prior to the meeting. Karen Fitzpatrick stated that at the last meeting, there was discussion around upgrades for the finance software. She is hoping to have IT on site to receive quotes on servers and moving over to the cloud. As it stands, she is nowhere near a confirmed price for these upgrades. The department is experiencing glitches in the finance software and troubleshooting thus far has not proven a definitive reason for these issues.

Fred Chmura offered that as the department looks to upgrade the servers and move to the cloud, consider investing in planning or research to review the overall issues with cybersecurity. Ms. Fitzpatrick stated that she and Crystal Adams are being trained for cybersecurity risk, and a session focused on cybersecurity will be offered sometime in January to town and school employees. Town boards and commissions will be invited to attend as well.

- b) **Election of Officers:** Chairman Dougherty stated the positions of Chairman, Vice Chairman and Secretary/Clerk were up for nomination.

MOTION was made by Glen Lessig to **NOMINATE** Michael Dougherty as Chairman of the Board of Finance; Roy Bradrick **SECONDED. Michael Dougherty ABSTAINED. MOTION CARRIED UNANIMOUSLY.**

MOTION was made by Glen Lessig to **NOMINATE** Frederick Chmura as Vice Chairman of the Board of Finance; Michael Bernardi **SECONDED. Frederick Chmura ABSTAINED. MOTION CARRIED UNANIMOUSLY.**

MOTION was made by Glen Lessig to **NOMINATE** David Fortin as Secretary/Clerk of the Board of Finance; Michael Bernardi **SECONDED**. David Fortin **ABSTAINED**. **MOTION CARRIED UNANIMOUSLY**.

c) **Building Official Position:** First Selectman Jay Swan stated that the Building Official was hired 1½ years ago as a part-time position. Over several months, it became evident that the position required more hours to accommodate the backlog of work and regular operations in the office. Beginning in January 2020 through June 2020, the hours of this position will increase from 29 hours per week to 31.5 hours per week. Mr. Swan stated that funds are available to cover this payroll increase. The building official salary line will be over-expended, but the overall building department budget will not be affected. He noted that the current building official is focusing on permit enforcement, which wasn't done before. Visibility is greater now that the building official has been in the field, and more permits are coming in, with \$96,000 collected to-date in permits for the calendar year, exceeding the budgeted amount. The BOF members agreed with this position change.

9. **Public Comments:** Discussion around setting a date for a tri-board meeting ensued. It was determined to propose Wednesday, January 15, at 7 pm, in the Middle School cafeteria for a meeting of the Board of Education, Board of Finance and Board of Selectmen. This will be a Special Meeting of the Board of Finance. The date will be proposed to the BOE at its next meeting.

10. **Other from Board:** Chairman Dougherty referenced a letter of resignation, effective December 10, 2019, from Board of Finance member Glen Lessig. Members of the Board of Finance thanked Mr. Lessig for his service to the Board of Finance and Open Space Land Acquisition Committee.

It was recommended to appoint Jeffrey Kelleher to fulfill Mr. Lessig's position, as well as Charlene Cutler as the Alternate in Mr. Kelleher's place. A Special Meeting on January 14, 2020 will be set to discuss filling these vacancies, which will begin at 6:45 pm, prior to the Regular Meeting.

11. **Correspondence & Announcements:** None.

12. **Adjournment:** **MOTION** was made by Glen Lessig to **ADJOURN**; Michael Bernardi **SECONDED**. **MOTION CARRIED UNANIMOUSLY**. The meeting adjourned at 8:31 pm.

Respectfully submitted by Cynthia Brown, Recording Secretary

DISCLAIMER: These minutes have not yet been approved by the Board of Finance. Please refer to next month's minutes for approval/amendments.