Board of Finance
2/9/2015

Board of Finance (Monday, February 9, 2015)

Generated by Amy Bovee on Wednesday, February 11, 2015

Present: Miro Weinberger, Sharon Bushor, Karen Paul, Joan Shannon (arrived at 5:35pm), Jane Knodell (arrived at 6:00pm.)

Also Present: Councilor Tracy; CAO Bob Rusten; ACAO Rich Goodwin; Assistant City Attorney Richard Haesler; Kirsten Merriman-Shapiro, CEDO; Scott McIntire, Melanson, Heath, and Co.

Start time: 5:34pm

1. Agenda

Action, Discussion, Information, Minutes, Procedural, Resolution: 1.01 Adopt/Amend Agenda.

Approve the Agenda

Motion by Sharon Bushor, second by Karen Paul

Final Resolution: Motion Passes

Ayes: Sharon Bushor, Karen Paul, Miro Weinberger

2. Public Forum

Discussion, Information: 2.01 Public Forum

No one came forward to speak.

3. Approval Board of Finance Minutes

Action, Information, Minutes: 3.01 Board Of Finance Minutes - February 2, 2015

Councilor Bushor requested that they postpone action on the minutes and requested a transcript of the discussion on the BT write down discussion. CAO Rusten noted that they will provide a detailed summary rather than a transcript.

Postpone action until an expansive summary of the BT item is complete.

Motion by Sharon Bushor, Second by Karen Paul

Final Resolution: Motion Passes

Ayes: Sharon Bushor, Karen Paul, Joan Shannon, Miro Weinberger

4. For Approval and Recommendation to City Council

Action, Communication, Discussion, Information, Presentation, Procedural, Report, Resolution: 4.01 Notice Information March 3 Annual Meeting- Repledge Credit City to secure indebtness for Public Improvements within Downtown TIF District - CEDO

Assistant City Attorney Haesler stated this is a statutorily required public notice for the Downtown TIF District. He noted revisions to the notice that were recommended by their bond counsel. He noted that they are required to state that they are pledging the credit of the City for every dollar that they spend.

Councilor Bushor inquired about a portion of the notice that said they have to provide certain information and not just that they will provide information.

Councilor Paul inquired if they have to approve this. Assistant City Attorney Haesler stated the resolutions and attachments have already been approved by the City Council and will appear on the ballot.

Approve the Resolution and Recommend City Council Approval

Motion by Karen Paul, Second by Joan Shannon

Final Resolution: Motion Passes

Ayes: Sharon Bushor, Karen Paul, Joan Shannon, Miro Weinberger

Discussion, Information: 4.02 Discussion on additional $375,000 for sidewalks

The Board agreed to address item 4.03 before addressing 4.02.

CAO Rusten and ACAO Goodwin returned to the meeting.

Councilor Knodell requested information on the plan for the budget to address the additional funding for sidewalks. Mayor Weinberger stated there has been a desire to increase sidewalk investment and to find a way to do that in the short and long terms. They felt they had the ability to do that this year through the emergent budget. They have used this budget to fund new projects in the City and have found there is still availability. CAO Rusten stated the Council previously approved a resolution to move money to different projects within the capital budget. There are five account lines in the Capital Improvement Project budget and there are $415,000 left in the emergent line. Councilor Knodell inquired if they allocated $50,000 to sidewalks previously. CAO Rusten stated that was used for a specific project in the Streets Capital budget. Mayor Weinberger stated they are anticipating the results of the sidewalk inventory and will begin work when that is complete. They have regional grants available to enhance sidewalks in certain areas. These funds may be used to provide a local match for the grants.

Councilor Bushor stated she is glad that these funds are available because the sidewalks need attention. She has concerns that in the past there has not been a commitment to sidewalks. She expressed concerns about the process to determine where this money will go. People will be unhappy if certain projects are delayed further because they are reprioritizing. Mayor Weinberger stated they will use their analytical tool to inform the investments.

Councilor Paul stated the Cliff Street project has been ongoing for over 15 years. It has gone through extensive public process and she is pleased that it will be funded.

Mayor Weinberger stated there has been considerable public input to the Department of Public Works when making decisions about streets and sidewalks. He expects that will be taken into consideration when making decisions, but he will discuss it further with DPW.

A member of the audience, Councilor Tracy, stated they know that they need to put additional funding into sidewalks. It costs $300-$400 per square of sidewalk, which is substantial. He believes people will be pleased with this and that they will be able to use their assessment tool. He expressed concerns that the Mayor surprised the Council with this announcement. He hopes they can work together and collaborate moving forward.

Communication, Discussion, Information, Presentation, Procedural, Recognition, Report: 4.03 Review of the Audit Process - Clerk Treasurer's Office

CAO Rusten and ACAO Goodwin left the room for this discussion.

Scott McIntire, Melanson, Heath and Co., stated they have been finishing up their single audits and they will be complete by mid-January. They began the process of the audit in May of 2014. They first conduct a risk assessment and then develop test work based on that assessment. They review invoices, payroll transactions, and read minutes to see what they need to incorporate. They began the Airport financials in July. They then allowed the City to close its books and perform cash reconciliations. They then worked to review the other funds. This came together at the end of November and they reviewed the numbers. They have met with the Board of Finance to review the audit and management letter. The FY2014 audit went smoothly. They City was still working to close the capital funds and auditing while this was in process was challenging. Incorporating the School’s audit was also challenging.

Mayor Weinberger inquired if they will need to incorporate the School audit next year. Mr. McIntire stated it will be less difficult next year. It was difficult to incorporate statements form another audit form without the full detail behind them.

Councilor Paul inquired if there is an additional cost to the City to have the auditor incorporate the School's statements from another auditor. Mr. McIntire stated there was more time needed to prepare the financial statements. Councilor Paul inquired if it was unusual that the City was still completing reconciliations in November. Mr. McIntire stated it is a little unusual, but it often takes several months to complete work for each year. However this is a large, diverse organization. They should look to have financial statements published within 6 months. Councilor Paul stated the management letter is much shorter than it has been in previous years. She inquired how he felt about the City's responses. Mr. McIntire stated he believed that the responses were very good. The City agreed with the findings and understand that there is a backlog of work to be done. They have purchased a project accounting module, but they still need to do work to implement it. They will need to evaluate the department and set timelines to implement them. Councilor Paul inquired how strongly he believes that the Clerk and Treasurer functions should be distinct. Mr. McIntire stated the bigger question would be treasury and accounting. Accounting is a component of the treasury office. They have suggested that they separate those functions. Instead, they have implemented monitoring controls. He believes it is ok to have the functions in one department because of the monitoring controls, but they should continue to look at better segregation of duties within the Department. Councilor Paul inquired if there is any reason that they should be concerned about lack of cooperation in performing the audit. Mr. McIntire stated he is required to communicate problems with the Council. He is concerned that reconciliations were still being completed 4 ½ months after the year end. However, there was an acceptance that the issues he pointed out need to be addressed.

Councilor Bushor noted a section of the Management Letter that stated only HR would set rates of pay. The City responded that payroll also need to be involved and they would carefully track this. She inquired if the auditor expects to see something submitted to them to ensure that it has been implemented. Mr. McIntire stated their response is where this audit ends and they do not test the corrective action. However, they will review this as part of the FY2015 audit. Councilor Bushor inquired when they expect a change to be made to address concerns in the audit. Mr. McIntire stated severe issues should be addressed immediately but others will be addressed in a longer time frame. Internal audits should be done throughout the course of the year.

5. Discussion

6. Adjournment

Action, Procedural: 6.01 Adjournment

Without objection, Mayor Weinberger adjourned the meeting at 6:30pm.