

BLOOMFIELD TOWN COUNCIL

FINANCE SUBCOMMITTEE

There was a regular meeting of the above referenced subcommittee held on Monday, May 18, 2016 a 5:45 p.m. in Conference Room #2, Bloomfield Town Hall, 800 Bloomfield Avenue, Bloomfield, CT.

Committee members present were: Mayor Gamble, Deputy Mayor Schulman, Councilors Hypolite, DeLorenzo, Rivers, Merritt, Seldon

Also present were: Philip K. Schenck, Jr., Town Manager, William Hogan, Director of Finance, Keri Rowley, Deputy Finance Director/Town Accountant, Jose Giner, Director of Planning and Economic Development and India Rodgers, Clerk of Council

Guest: Vanessa Rossitto, CPA, Audit Partner, Blum Shapiro

The meeting was called to order at 5:45 p.m.

Consider and Take Action regarding transfers for further study (visualization rendering) of the combination Library/Human Services Center at 330 Park Avenue

Councilor Hypolite indicated that there is a general consensus of Council not to engage in further study and visualization rendering for the combination of Prosser Public Library/Human Services Center at 330 Park Avenue.

Discussion regarding the FY 2014/2015 Audit

Ms. Vanessa Rossitto, Audit Partner from Blum Shapiro presented the Communication with Those Charged with Governance document to the Finance Subcommittee.

Blum Shapiro is engaged to audit financial statements of governmental activities, the business type activities, all major funds and to aggregate remaining fund information for the Town of Bloomfield.

Councilor Merritt inquired about the current balance of the OPEB Trust Fund. It was noted that there is \$5,000,000 at this time.

FY 2014/2015 Audit

The required communication from Blum Shapiro the Finance Subcommittee references the following reports:

- New accounting standards of Government Accounting Standards Board (GASB) 68, an amendment to the pension standards of GASB 25 & 27.
- The Comprehensive Annual Financial Report (CAFR)
- Uniform Guidance – Federal/State Single audits
- June 30, 2016 Audit

Mrs. Rossitto stated that there were no difficulties, opinions or disagreements with management regarding the audit and its process.

The auditor's sole responsibility is to express opinions as to whether the basic financial statements, prepared by management are fairly presented in conformity with accounting principles. The main areas of focus included:

- Audit Scope and Materiality
- Independence
- Non-Audit Services – Board of Education Form ED001 Agreed Upon Procedures
- Management and Auditor responsibilities
- Engagement Timing
- Knowledge of Fraud
- Fraud Risk Assessment

The audit areas of focus included:

- Cash
- Investments
- Receivables and revenues
- Capital Assets
- Payables, accruals, expenditures
- Payroll expenditures
- Debt
- Insurance and Self Insurance
- Grants – Federal and State Single Audit

Blum Shapiro issued an unmodified and clean opinion on financial statements for the Town of Bloomfield. The emphasis of matter include new accounting standards to be implemented, GASB 73, 74, 75, 77, 78, 79, 80

As of June 30, 2015, listed below are financial balances for the Town of Bloomfield:

- \$27,700,000 in the general fund, non-recurring capital projects and all other non-major or smaller funds
- There was an increase from prior year (19,300,000) of \$8,335,500

- General Fund Balance - \$17,100,000 – assigned: 2.2545, \$1,900,000 was used to balance the subsequent budget and remaining were encumbrances. The unassigned: \$15,109,000-18.5%

Proprietary Funds

- Golf Course – small decrease - \$102,000 - \$9,846,000
- Employee Health Insurance – decrease - \$718,000 - \$5,143,000

Fiduciary Agency Fund - \$444,000

- Pension Trust - \$69,550,000 – \$880,000 increase from prior year
- OPEB Trust - \$3,973,000 – \$1,600,000

Councilor Hypolite inquired about the level of fund balances and what constitutes a healthy balance. It was noted that any amount over 10% would be considered healthy.

The new pension disclosures for OPEB - GASB 68 are:

- \$99,300,000 – total pension liability – new calculation for pension liability \$30,000,000
- \$58,000,000 – Retirement
- \$41,000,000 – Police

Councilor Hypolite asked about any unresolved issues with the audit. At this time, there are none to note.

The federal Office of Management and Budget released its new Uniform Guidance for federal and state single audits. There was no issue with compliance or internal controls over the grants.

FY 2016 Audit

A Special engagement for the Cyber Security Audit will be performed by Jeff Ziplow.

Councilor Merritt inquired about safeguard procedures for potential internal corruption. Mrs. Rossitto advised the town to possibly consider incorporating an anonymous fraud tip hotline.

Councilor Hypolite stated that the subcommittee will engage in more pension liability discussions and invite consultants to explain the rate of return on investments.

Councilor Rivers asked about the cost saving benefits between 401K and defined benefit plans. There is no liability with 401K retirement plans.

Consider and Take Action regarding transfers of \$45,000 for settlement of claim with JMS Newberry

It was moved by Councilor Merritt, seconded by Deputy Mayor Schulman and voted unanimously to recommend to Council the approval to transfer \$45,000 for settlement of claim with JMS Newberry.

This amount would be transferred from the town wide contingency account. A formal resolution will be forwarded by W. Hogan with other year end transfers.

Adjournment

It was moved by Councilor DeLorenzo, seconded by Councilor Seldon to adjourn the meeting at 6:22 p.m.