

**East Greenbush Citizens Fiscal Advisory Committee (CFAC)
Meeting Minutes
January 29, 2015; 7-9 pm
East Greenbush Town Library**

CFAC Members Attending: Maura Ryan, Sean Mulvey, Rich Hendricks, Andrea Smyth

Guests: Jack and JoAnn Conway; Mary Ann Matters, Eileen Grant, Mary Boisvert, George Phillips

Maura Ryan called the meeting to order at 7:05 pm.

Ms. Ryan sought approval of Nov 17, 2014 meeting minutes.
Rick Hendrick-motion, 2nd Maura Ryan; all in favor.

Ms. Ryan sought approval of Dec 16, 2014 meeting minutes.
Andrea Smyth -motion, 2nd Rich Hendrick; all in favor.

Review of Meeting Dates for 2015 - preference to use Library was expressed. The question was raised about the need to expand the meeting time and a suggestion was made to adjust the start time to 6:45; this suggestion was accepted- Maura will check library availability. July 13 may need adjusting to assure quorum.

Maura asked to review the list (past and present) of issues before the Committee and for the Committee members to rate and establish the order of priority on the various topics.

Andrea asked if CFAC had been tasked with review of debt repayment and water tax or fees. Maura clarified that while the CFAC can review any topics it identifies, a suggestion from the public that the Committee review debt repayment options for either water or sewer obligations was never specifically endorsed by the Town Board.

However, because the topic was raised, George provided a summary of the status of the immediate debt: The first half of the \$13 million 0% bond anticipation note will mature in September 2015; a separate \$6.5 million short term debt is also coming due in September 2015. The plan under consideration is to roll both obligations into EFC long term debt. Who will be doing the rate restructuring and debt service analysis has not yet been determined.

In 2016, \$180,000 payment is due on the new Waste Water Treatment Plant. The Town budgeted about \$60,000. Prior to the State tax cap, an option would have been to just add the additional debt. Since the tax cap was instituted, to cover this payment, the town would have to consider exceeding the allowable tax cap. Only 20% of the Town's population has access to a sewer district; repayment would be based on users.

In 2017, a \$600,000 payment on the debt service is due therefore another \$400,000 must be raised to meet this obligation.

Ramifications on CFO agreements- storm water remediation expenses. This is an issue for Troy and other municipalities; East Greenbush reduced storm water impact through the use of slip lining and INI would be picked up and eliminate overflow problems for our town (increase pipe size has helped, but added to cost overrun).

Other topics:

- 1) Review the monthly department head report. The Committee has been asked to make recommendations to update these reports. The first step to review the actual document is to get copies from other Towns via Linda Kennedy.
- 2) Review of on-line banking policy - right now it is poorly designed and makes on-line banking impossible.
- 3) What is it that the Committee is being asked to do related the fiscal analysis? We have already offered our advice, but if we use the December statement and identify and document the steps that have been taken over time that have not achieved the ultimate outcome of a certified audit, then our position will be further clarified and justified. Sean Mulvey volunteered to draft a statement that include historical activities and processes so the general public can better understand how the CFAC arrived at our recommendation NOT to pursue reconstruction of past financial statements for audits and to set a goal of establishing sound, current practices that can be audited in the future. The revised statement may include a recommendation that the Council draft a Resolution to rescind existing agreements with Toski and/or Wojeski - refer to Albany Times Union article. Sean was asked to provide a draft for initial review by Feb 9.
- 4) Can 2014 be used as the baseline year for auditable bookkeeping? The audit options - May 1 filing will determine whether it is appropriate to engage for auditor attestation. CFAC will check each month about progress toward the ability.
- 5) Rensselaer Co is working with municipalities with intent to meet the consolidation and shared services goals put forth by the State.
- 6) CFAC would like to make recommendations pertaining to internal control. Discussion about whether we should work only on internal control recommendations that pertain to the finance practices ensued. It was agreed to consider and recommend "Best practices on internal control" for a variety of operational areas. We will use source documents to develop our recommendation, including:

NYS GFOA - Internal Controls Guidance Document

OSC - The Practice of Internal Controls

Risk Assessment - can the CFAC identify the biggest risks that result when weak internal controls are in place? Because we are an Advisory committee, should we actually WRITE policy? If we take the effort to do so, how do we know that it will be executed? We don't, but if the Town Council fails to implement sound internal control recommendations, it will be documented.

It was proposed that the first two policies that we will research, summarize and recommend will be related to cash receipts and cash disbursements - Maura will collect 3 samples of cash receipts and cash disbursement policies from other municipalities for the committee to review.

However, it was raised that we could begin with a straight-forward and less complex internal control policy: that being development of a computer and internet usage policy.

Final Discussion: Should we put water usage fees on our Agenda? Recommendation on pursuing auditable financial reports and Internal Controls need to come first. If we put this on the Agenda, it should not be until March Agenda - and then for discussion only.

Allow for public comment period:

Eileen Grant: Wojeski meeting held at inconvenient time; so a document that brings closure to discussion that took place and could be posted and should accomplish two things: 1) where do we go from here?; and 2) Set real measurable goals and objectives to set audit capability back on track. The Water and sewage rates issue is a similar situation ... the general public does not understand the situation (use of taxpayer funding to general operation expenditures). There is a lack of effort toward moving auditable financials. The financials should be in order before the elected officials make a decision on additional tax levy or fees. There are available consultants who can be charged with describing equitable approaches to repaying debt - town should engage them.

What is the new OSC audit and timeframe? George responded: 2013-14 will be reviewed; OSC has collected that data and will get back to town officials. Citizen does not feel AUD is sufficient financial report.

Mary Ann Matters - Council persons Mangold, Malone and Matters have asked consultant to prepare a workscope for next pre-Board that will identify several comprehensive plans for how to pay for waste water treatment plant and sewer and water rate increases necessary to pay for quality operations. Those members hope to hold public meeting to inform the citizens and get input. Therefore, because that issue is being addressed, Ms. Matters, requests that internal control to be our priority and further recommends that Supervisor do his job in implementing and supervising appropriate controls. Ms. Matters would like payroll to be first priority for internal control policy development; and that Administrative Policy and Procedures also be developed for recommendation.

Jack Conway - OSC identified several internal control recommendations in its original audit which may assist the CFAC in starting and framing the conversation. Related to resolving the pursuit of reconstructing past financial documentation - we don't know what happened in the past but if the practices are wrong then clean books cannot be developed going forward. Moving forward is the best approach. Mr. Conway raised a concern about Consultants again making recommendation to identify repayment options and then being hired to do enact them. It appears that the town needs internal controls around the use of consultants.

Mary Boisvert - Stated that she was pleased to see CFAC work collaboratively and productively. She asked what impact Regeneron has on our wastewater and sewer system? It was stated that there is no impact. Mary stated that over projection of revenues resulted in interfund borrowing.

Motion to adjourn: Maura Ryan, 2nd Andrea Smyth; all in favor.

Meeting adjourned at 8:48.