

APPROVED AND FINAL 01/16/2021

Quonochontaug Central Beach Fire District Finance & Budget Committee Minutes of December 12, 2020 Meeting

1. Call to Order

A meeting of the QCBFD Finance and Budget Committee was held via ZOOM (as permitted by Executive Order 20-93 from the Rhode Island Governor's office) on December 12, 2020. The meeting was called to order at 8:38 A.M. by Chairman Albert J. Bartosic. In attendance were members Jim Blair, Jim Furnivall, Jeff Matthews, Tom McConnell, Barry Okun and Roberta Peet (ex-officio as Treasurer) and non-members Dede Consoli and Maud Bailey.

2. Approval of Minutes

Minutes from the 10/17/20 meeting were approved.

3. Update on Fire District Reporting Status – Maud Bailey

Maud contacted Lori Gelfuso at the R.I. Auditor General's (AG) office concerning reporting of merchandise sales and their impact on the Tier Status of the Quonochontaug Central Beach Fire District (FD). Maud described to Lori the arrangement between the FD and Merchandise Sales (MS) and that MS was separate from the FD with its own governance and treasurer and that it did not have any support from the FD tax revenues. Based upon this additional information, Lori agreed that it sounded like MS revenues and expenses should not be included in the determination of the FD's Tier status. Lori was going to check with her team to get confirmation on her opinion and said she may have a few more follow up questions. Maud asked Lori to respond to us in writing as to their decision. Barry asked for clarification on the scope of her discussion was. Maud stated that it went somewhat more broadly than the determination of Tier status. It was agreed that there is still a need for clarification on reporting on MS generally. Al stated he currently reports the MS Activity to RI on an "consolidating" basis (MS and general FD activities reported separately, then shown as a combined total) and would value additional clarity from AG Office. Maud will continue discussions with Lori and report back to us.

4. Discussion in re hiring of bookkeeper – Al Bartosic & Roberta Peet

Al reported that the search for a bookkeeper was broader than initially expected because of a dearth of candidates who were willing and able to do such work. Roberta and Al sourced about a dozen potential candidates and interviewed 4 – 2 were CPA's and 2 were independent bookkeepers. Roberta and Al recommended that the FD hire Elise vonHousen, a CPA and partner with the Westerly firm of Hoyt, Filippetti & Malaghan, LLC, where she has worked for the last 22 years. Elise was known to Roberta which was helpful. Elise offered to have her firm take on the FD bookkeeping. Based on the time Roberta spends on FD bookkeeping, Elise estimated the annual cost would be about \$4,200, with possible upward adjustment once they

got better acquainted with the job. The FD had budgeted \$12,400 for this service for 2021. Al and Roberta checked references, (including a Homeowners Association on Block Island) all of which came back positively. Barry felt that using a firm vs. an individual bookkeeper provided significant advantages including liability protection and continuity.

The committee unanimously agreed to employ the firm of Hoyt, Fillipetti & Malaghan, LLC of Westerly, RI as bookkeepers for the FD for the upcoming calendar year. Barry, Roberta and Al will meet separately to discuss appropriate internal controls for the assignment including updated mailing addresses, check signing authority, review processes etc. Roberta will request BOG authorization for the firm's check signing at its next meeting in January. Roberta also stated that at the next BOG meeting she will request to be relieved of her current duty of sending out welcome materials to new residents.

5. Update on Research on Financial Alternatives for Water Project – Jim Furnivall & Jeff Matthews

Jeff Matthews reported that he had contacted Kevin Noyes of the Sunset Cove Association (SCA), at the suggestion of the RI Finance Department. He described the experience that SCA had in dealing with the State to obtain a loan for an upgrade its water distribution. After a few false starts, the \$500K loan was quite easy to process. SCA had only 21 homes and was quite differently situated than the FD. Based on SCA's experience our concerns about red tape in dealing with the state appeared to be unfounded, in particular, the concerns about funding complexities, since the State disburses funds directly to the contractors as the job progresses. Because the scope of our water system upgrade has not been fully defined and specific bids solicited, it is still premature to engage with the state beyond getting our project on the state's list, which we have already done. Jim Furnivall spoke with Vin Reppuci from Public Works who said that the first phase of the project, to install a 4-Log system only for Well #1, will cost \$30-40K and this can be financed with a combination of FD reserves and its short-term line of credit. Jeff and Jim recommended that we keep our options open to use state financing, even if the maximum forgivable loan for the FD would be only \$100K. There may well be state loans which we could advantageously use down the line once we have the project more fully defined.

The Committee agreed with this recommendation and noted that several options to finance the larger water system upgrade continue to be available, including the use of some or all of the state financing when the needs are better defined. In the meantime, sources are available to fund upcoming phases of this project as they have been defined to us by the Public Works Committee. Al also suggested that Jim Furnivall circle back to Washington Trust to let them know that we are in a pause at this time while system needs are defined and interactions with the State of RI continue.

6. Update on Possible Merchandise Sales (MS) Restructuring Alternatives – Jeff Matthews

Jeff Matthews, who had been appointed to an ad hoc committee created by the BOG to broadly evaluate MS activities, reported on progress in these talks. Others on the ad hoc committee include Dede Consoli, Fig Newton and Maud Bailey. Jeff had an informal meeting with Dede, Chair of MS, Elaine Heileman, Chair of the Special Events Committee and Kathy Alperin, MS Treasurer, to get a better idea of how MS works. He concluded that MS was and is exceedingly well managed by Dede and her colleagues and that the proposal to "spin off" MS into its own entity was probably not the most desirable path forward. Based upon his conversation with Dede, Elaine and Kathy, his opinion was that

the FD should find ways to combine governance and financial controls of the FD as a whole with the operational and motivational flexibility needed by MS – the people who make the magic occur every year. Jeff suggested that one person from the Board of Finance be appointed to the currently existing MS committee which approves and allocates year-end awards and that some appropriate financial control interface be constructed to formalize the MS position within the FD structure.

As the entire ad hoc committee has not yet met, Dede and Jeff stated that they would confer with Fig and Maud and come back with recommendations for the 2021 MS season. These would include an additional representative from outside MS/Special Events who would participate in the MS grant funding process and a more formalized approval process with the BOG. There was also an apparent lack of understanding between MS treasurer and the FD treasurer as to the format and content of the information needed for financial reporting purposes. Al suggested that as the new CPA bookkeeping firm was coming onboard, this would be a good time to build that bridge more firmly.

The meeting dates for 2021 were set and Al will circulate to Maud and Chris for OMA purposes. Meeting are scheduled one week before scheduled BOG meetings.

The meeting was adjourned at 9:47 AM. Barring some unforeseen need, the currently scheduled January 16, 2021 meeting will be cancelled, and the next regular meeting will occur on May 15, 2021.

Respectfully Submitted,

James Blair Secretary