

Minutes
Town Board Special Meeting
Town of Paonia, Colorado
August 27, 2015

RECORD OF PROCEEDINGS

The Special Meeting of the Town Board of Trustees held Thursday, August 27, 2015 was called to order at 3:00 PM by Mayor Neal Schwieterman.

Trustees present were as follows:

Mayor Neal Schwieterman
Mayor Pro-Tem Charles Stewart
Trustee David Bradford
Trustee Eric Goold
Trustee Ross King
Trustee Amber Kleinman
Trustee Suzanne Watson

Town Staff present were as follows: Town Manager/Town Clerk Jane Berry and Finance Officer Cindy Jones.

Members of the Town's Audit Firm, RubinBrown, LLP in attendance included: Russell White and Jessica Mueller.

Town Manager Jane Berry explained for those present the purpose of today's Special Town Board Meeting is for the presentation by the Town Auditors RubinBrown, LLP of the Fiscal Year 2014 Financial Statements (Audit) and the Report to Governance ("Viewpoints").

The Town's Audit Firm of RubinBrown, LLP presented the Fiscal Year 2014 Financial Statements for the Town's various funds (Governmental and Enterprise). Town Auditors (Jessica Mueller and Russell White) also discussed their findings (Notes to the Financial Statements) regarding numerous issues they encountered while performing the 2014 Audit. Many of these issues were discovered by the Auditors upon examination of the Town's financial and other records and were also brought forth by the Town Manager, Staff, and Finance Committee which the Town Auditors believed deserved further extensive examination beyond the normal scope of an annual audit and significantly beyond the conditions upon which they presented their auditing services proposal to the Town of Paonia.

RubinBrown has issued a "clean and unqualified opinion" of the Town's 2014 financials. The Town Auditors also thanked the Staff especially Town Finance Officer Cindy Jones for their vital assistance throughout the process.

Highlights of the Auditor's presentation included:

1. Discussed with the Town Board "Emphasis of Matter" (Notes 18 and 19 in the Financial Statements.
2. Discussion of Restricted Cash and Funds available to the Town.
3. Extensive discussion surrounding the Samuel Wade Road and Bridge monies.
4. Extensive discussion regarding the General Fund and Sanitation Fund deficit positions which require immediate attention and planning to include considering the raising of rates, staffing levels, and services in order to address these funds' current operating deficit conditions and the capacity of these funds to service debt requirements, operations, and capital maintenance and re-investment.
5. Extensive discussion of the Town's cash flow issues specifically through Fiscal Year 2015. Current Town Management has addressed planning efforts for the "Critical Cash Operating Concerns" for the Town of Paonia through the end of Fiscal Year 2015. Additionally future financial planning considerations for sustainability into 2016 and beyond are being reviewed by the Town in order to comply with the State of Colorado Office of the State Auditor requirements concerning the significant deficit position of numerous Town funds.
6. Discussion of the "Report to Governance" or the "Viewpoints" of the Town Auditors which is a value-added document. Highlights of this report included a discussion of payroll procedures, segregation of duties for small municipalities such as Paonia, the Samuel Wade Road and Bridge IGA with Delta County, the Town's ownership position of the Airport with Delta County, comparison of the Town's water and sewer rates with other similar municipalities, operating projection analyses, and the management letter.

7. Discussion by the Mayor and Town Board with the Town Manager and Auditors concerning questions and issues presented in the “Management Discussion and Analysis (MD&A)” contained within the body of the FY’2014 Financial Statements and a required component of such annual reports.

Motion by Trustee King, Supported by Trustee Stewart to accept the Fiscal Year 2014 Town of Paonia Financial Statements (Audit) and direct the Town Manager to file the same with the State of Colorado Office of the State Auditor. Motion carried with six (6) ayes and zero (0) nays.

Motion by Trustee Goold, Supported by Trustee Stewart to direct the Fiscal Year 2014 Town of Paonia Financial Statements (Audit) be placed on the Town’s website and for the Report to Governance (Viewpoints) be available upon request. Motion carried with six (6) ayes and zero (0) nays.

Mayor Pro-Tem Stewart and Town Trustee King, members of the Town Board Finance Committee thanked Russell White and Jessica Mueller on behalf of the Town for a difficult job well done and the information they have provided to assist the Town with resolving its financial issues.

The meeting was adjourned by Mayor Schwieterman at 5:55 PM.

/s/

Jane A. Berry, Town Manager/Town Clerk

/s/

Neal Schwieterman, Mayor