FINANCE COMMITTEE
August 21, 2023
6:00 PM
8225 3rd Street – Centennial Conference Room

Regular Meeting Agenda

Please click the link below to join the webinar:
https://us06web.zoom.us/j/87941402276?pwd=bGtxREJ4ME5KeENrOG1vdFh4bUdZdz09
Passcode: 672702
Or One tap mobile: +17193594580,,87941402276# US+17207072699,,87941402276# US (Denver)
Or Telephone: Dial(for higher quality, dial a number based on your current location): +1 719 359 4580 US or +1 720 707 2699 US (Denver) or +1 253 205 0468 US or +1 253 215 8782 US (Tacoma) or +1 346 248 7799 US (Houston) or +1 669 444 9171 US or +1 646 931 3860 US or +1 689 278 1000 US or +1 301 715 8592 US (Washington DC) or +1 305 224 1968 US or +1 309 205 3325 US or +1 312 626 6799 US (Chicago) or +1 360 209 5623 US or +1 386 347 5053 US or +1 507 473 4847 US or +1 564 217 2000 US or +1 646 558 8656 US (New York)
Webinar ID: 879 4140 2276
International numbers available: https://us06web.zoom.us/u/kcGtsMLK1k

A. CALL TO ORDER

1. Roll Call

B. PUBLIC INVITED TO BE HEARD

C. ACTION ITEMS /DISCUSSION ITEMS

1. Minutes from July 17, 2023 Finance Committee Meeting
   - Pat Johnson, Finance Committee Secretary

2. Review of Finance Committee Ordinance and Bylaws
   - Nic Redavid, Finance Committee Chair

3. Election of Finance Committee Vice Chair
   - Nic Redavid, Finance Committee Chair

4. Introduction - Don Rhoads, Baker Tilly US, LLP - Wellington Finance Director/Treasurer
   - Patti Garcia, Town Administrator

D. REPORTS

E. ADJOURN

The Town of Wellington will make reasonable accommodations for access to Town services, programs, and activities and special communication arrangements Individuals needing special accommodation may request assistance by contacting at Town Hall or at 970-568-3380 ext. 110 at least 24 hours in advance.

Finance Committee Meeting

Date: August 21, 2023
Subject: Minutes from July 17, 2023 Finance Committee Meeting

- **Pat Johnson, Finance Committee Secretary**

BACKGROUND / DISCUSSION

STAFF RECOMMENDATION

ATTACHMENTS

1. 07-17-2023 Minutes

FINANCE COMMITTEE
MINUTES
July 17, 2023

A. CALL TO ORDER

The Town of Wellington Finance Committee meeting was called to order by Vice Chair Dominic Baranyi, on July 17, 2023 at 6:00 p.m. at the Town of Wellington. The meeting is being recorded and live streamed.

Attendance:
Dominic Baranyi, Vice Chair
Christine Gaiter
Jesy Andreen
Sara Knaack
Pat Johnson, Secretary
Jason Mellin
Nic Redavid, Chair absent

Others in attendance:
Jon Gaiter, Trustee Liaison
Trustee Tietz
Trustee Mason, joined at 6:21
Janice Foster, Accounting & Budget Analyst
Patty Garcia, Town Administrator
Ethan Muhs, Town Clerk

B. PUBLIC INVITED TO BE HEARD

No Public comment was heard.

C. ACTION ITEMS /DISCUSSION ITEMS

1. Minutes from 06/26/2023 were approved. The motion was made by Christine Gaiter to be accepted as amended, and seconded by Dominic Baranyi.
2. Cash Handling Policy Update – the draft isn't ready
3. Purchasing Policy Update – Pat is reviewing
4. Audit Update
    - 2021 documents requested have been provided, Town employees now giving them 2022 documents. No date for 2021 audit to be presented, the Finance Committee asked for a date for our calendaring purposes. Assuming Baker Tilly is approved, Don will be reaching out to the auditors.
    - Patti will also be working on getting the management documents from previous audits with BDO.
5. Wellington Financial Management Services - Baker Tilly (BT)
    - Don will be at the BOT meeting tomorrow (7/18). They would start August 6th. Discussion about the letter of engagement proposed was held. Going to ask for BT to dial the costs in a bit more and to hold rates firm for a year.
    - Caselle to come in the following week to provide training.

D. REPORTS

1. Staff Communications

Budget calendar- discussed by Patti. Positions (due 6/12) will be talked about at the Leadership Team mtg (7/19). September – provide draft budget to the Finance Cmte.

2. Finance Committee Reports
    - Jason – need to reschedule the presentation with the Board of Trustees regarding an increase in compensation for future Board of Trustee (BOT) members.
    - Christine – wondering about the request we had last month in regards to having the Finance employees discuss their processes during a work session didn't get scheduled.
    - Pat - All opinions are valued, we're each on this committee for a reason. Requested more direction in our monthly email regarding what we are supposed to do with each packet.
    - Trustee Gaiter – The committee's role isn't to police the staff, but rather review and recommend ways to improve what we are doing as the Town
    - Dom – resigning his position on the committee effective immediately. He sent the committee an email explaining and will also forward it to the BOT.
    - Trustee Gaiter – Balancing Act (software presented last time) has provided a video regarding their product. The Town won't be going forward with it now, but a resident could create a similar product the Town could use to help gather ideas from the community.

E. ADJOURN

The meeting was adjourned at 7:25 PM.

Pat Johnson
Finance Committee Secretary

TOWN OF WELLINGTON

Finance Committee Meeting

Date: **August 21, 2023**
Subject: **Review of Finance Committee Ordinance and Bylaws**

- **Nic Redavid, Finance Committee Chair**

BACKGROUND / DISCUSSION

Chair Redavid will be facilitating a review of the ordinance establishing the Finance Committee and the recently amended bylaws.

STAFF RECOMMENDATION

ATTACHMENTS

1. Ordinance 10-2022 - Establish Finance Committee
2. Finance Committee bylaws AMENDED_06.26.23

TOWN OF WELLINGTON

ORDINANCE NO. 10-2022

AN ORDINANCE OF THE TOWN OF WELLINGTON ESTABLISHING THE WELLINGTON FINANCE COMMITTEE AS A FORMAL ADVISORY BOARD TO THE BOARD OF TRUSTEES

WHEREAS, the Town of Wellington, Colorado ("Town") is a statutory town, duly organized and existing under the laws of the state of Colorado; and

WHEREAS, the Board of Trustees of the Town desire to ensure transparency of the Town's finances; and

WHEREAS, the Board of Trustees finds it in the best interests of the community and its citizens to amend Article 2 of Chapter 2 of the Wellington Municipal Code and conform relevant code provisions for best practices for financial reporting purposes.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN OF WELLINGTON, COLORADO AS FOLLOWS:

Article 16 – Wellington Finance Committee Advisory Board

Sec. 2-16-10. Purpose.

The Finance Committee Advisory Board shall serve in an advisory capacity to the Board of Trustees on matters concerning the Town's finances. Responsibilities shall include the following:

a) To review the Town's annual draft budget to obtain understanding of the Town's financial position as well as budgeting priorities and initiatives determined by the Board of Trustees.
b) To make recommendations to the Board of Trustees concerning Town finances, annual budget and long-range financial planning to address the needs of the Town.
c) To monitor all required annual, quarterly, and monthly financial reporting to lenders, creditors, and other financial institutions affiliated with the Town.
d) To review Town revenues and actual expenses on a monthly basis.
e) To review reports generated by outside consultants for matters having a financial impact such as utility rate studies, long term financial planning and potential contracts for banking or financial services.
f) To provide independent review of the Town's financial reporting processes, internal controls and independent auditors.

Sec. 2-16-20. Creation, qualification, and eligibility.

a) There is hereby created and established a Finance Committee which shall perform those duties and exercise those powers and responsibilities set forth in this Article.
    1) Members of the Finance Committee Advisory Board shall take it upon themselves to be educated regarding the role of the Committee, standard audit procedures, internal controls, and best practices in governmental financial accounting and reporting.

2) Members shall be a minimum of eighteen (18) years of age.
3) Members shall serve without pay.

b) No voting member of the Wellington Finance Committee Advisory Board shall be eligible to serve on any other board or commission of the Town during that member's tenure on the Wellington Finance Committee Advisory Board.

Section 2-16-30. Membership; terms; appointment and removal.

a) The Wellington Finance Committee Advisory Board shall be composed of members from the following constituencies and for the following terms:
   1) The Advisory Board shall consist of seven (7) voting members and one (1) non-voting Board of Trustee liaison member, all of whom shall be residents of the Town. If any member ceases to be ineligible due to residency, their membership shall immediately terminate.
   2) The seven (7) voting members shall be appointed as members at large by the Board of Trustees. At-large members shall be appointed to serve a term of two (2) years.
   3) The Mayor shall appoint one (1) member from the Board of Trustees as a nonvoting liaison member. The member's term shall be conterminous with the annual Board of Trustee elections in April of even numbered years.
b) Members of the Wellington Finance Committee Advisory Board may be removed from office for inefficiency, neglect of duty, malfeasance, upon written notice and after a public hearing is held during a regular or special Board of Trustee meeting. The removal of any Wellington Finance Committee Advisory Board member shall require the affirmative vote of a majority of the Board of Trustees participating in the public hearing.
c) The Board of Trustees shall make such appointments as necessary to fill the unexpired terms of vacancies which may occur on the Advisory Board, with the exception of any vacancy left by the nonvoting liaison member, which shall be filled by appointment by the Mayor.

Section 2-16-40. Meetings, Voting.

a) The Wellington Finance Committee Advisory Board shall adopt bylaws and rules for the transaction of business and shall keep a record of business, which shall be public record.
b) The Advisory Board shall meet monthly unless there is no business for the Finance Committee to consider.
c) Four (4) members of the Advisory Board shall constitute a quorum to do business at all meetings.
d) The Advisory Board shall keep minutes of its meetings and transactions and provide them to the Town Clerk after approval.
e) A simple majority is necessary for passage of all items brought before the Wellington Finance Committee Advisory Board. No member shall vote or act by proxy.

PASSED AND ADOPTED by the Board of Trustees of the Town of Wellington, Colorado and ordered published this 10th day of May, 2022 and ordered to become effective June 14, 2022.

TOWN OF WELLINGTON, COLORADO

By: ______________________
Calar Chaussee, Mayor

ATTEST:

____
Krystal Eucker, Town Clerk

TOWN OF WELLINGTON
SEAL
COLORADO

Wellington Finance Committee Bylaws

Adopted 07/18/2022; Amended 6/26/2023

Purpose - Ordinance 10-2022; Section 2-16-10

The Finance Committee Advisory Board shall serve in an advisory capacity to the Board of Trustees on matters concerning the Town's finances.

1. Duties of Finance Committee - Ordinance 10-2022; Section 2-16-10(a)-(f)
   a) To review the Town's annual draft budget and statements of financial position as well as advise on budgeting priorities and initiatives determined by the Board of Trustees.
   b) To make recommendations to the Board of Trustees concerning Town finances, annual budget and long-range financial planning to address the needs of the Town.
   c) To monitor required annual, quarterly, and monthly financial reporting to lenders, creditors, and other financial institutions affiliated with the Town.
   d) To review Town revenues and actual expenses on a monthly basis.
   e) To review reports generated by outside consultants for matters having a financial impact such as utility rate studies, long term financial planning and potential contracts for banking or financial services.
   f) To provide independent review of the Town's financial reporting processes, internal controls and independent auditors.
2. Elections
   a. Election of Chair, Vice-chair and Secretary shall be carried out by a process of nomination and approval by a majority of members present at the first meeting of the Finance Committee in June of each year. Should any officer resign or be unable to carry out their duties, an election shall be held at the next scheduled meeting for purposes of filling the vacancy. If the position of Chair is vacant, the Vice-Chair will be the temporary Chair until an election for Chair can be held.
3. Rules of Order
   a. The Committee shall conduct and discuss business in a relaxed, respectful, and open manner but shall employ Robert's Rules of Order when making motions for decision making to best memorialize the Committee's actions.
   b. The Committee is subject to and must comply with the provisions of the Colorado Open Meetings Law (CRS 24-6-401). The records and documents associated with the Committee and their members are generally subject to the Colorado Open Records Act. Electronic communication, including email and discussion on social media platforms, is subject to the Colorado Open Meetings Law. All communications of Committee business by three or more members of the Committee, shall be held within the confines of a properly noticed meeting.
4. Duties and Powers of Officers
   a. Chair
      - The Chair will preside at all meetings of the Committee, call special meetings in accordance with the bylaws, sign official documents of the Committee.
      - The Chair is to clarify and restate motions prior to vote.
      - The Chair will render direction and decision on procedure unless direction or decision is opposed by majority of the Committee.
      - The Chair shall present Committee reports to the Board of Trustees.

b. Vice Chair
    - During the absence of the Chair, the Vice Chair will preside at the meeting of the Committee, render direction and decision on procedure unless direction or decision is opposed by majority of the Committee and will perform all duties and be subject to all responsibilities of the Chair.
    - The Vice Chair is responsible for managing preparation of reports and may delegate the responsibility to other Committee members.

c. Secretary
    - Maintain minutes of the Committee meetings.

5. Quorum – Ordinance No. 10-2022; Section 2-16-40(c)
    a. Four members shall constitute a quorum. A quorum is required for any items to be put to a vote a regular meeting.
6. Schedule of meetings
    a. The Finance Committee meets the 3rd Monday of the month except when that Monday is a town holiday, then the meeting is automatically moved to the 4th Monday of the month. Meetings shall be held monthly unless there is no business for consideration.
    b. Special meetings may be called by the Chair or Vice Chair in the Chairs absence with 24 hours notice to all Committee members.
7. Attendance policy
    a. After the 3rd absence in any rolling 12-month period the Committee by discretion and majority vote can recommend to the Board of Trustees the position be declared vacant.
8. Committee members who have personal or private financial interest in a matter before the Committee shall disclose such interest to the Committee, shall not vote on the matter, and shall not attempt to influence the decision of the Committee members. If the Chair has a conflict of interest on an agenda item, the Vice Chair shall perform the duties of Chair.
9. All meetings of the Committee shall be open to the public as required by the Colorado Open Meetings Law. Notice of the meeting shall be posted at least 24 hours in advance of the meeting on the Town of Wellington website. Committee members are required to provide to the Finance Director a request for a remote meeting option at least two (2) hours in advance of the scheduled meeting.

Finance Committee Meeting

Date: August 21, 2023
Subject: Election of Finance Committee Vice Chair

- **Nic Redavid, Finance Committee Chair**

BACKGROUND / DISCUSSION

Ordinance No. 10-2022 provides that the Finance Committee has seven voting members with one non-voting board liaison. With the resignation of Dominic Baranyi who served as Vice Chair and Jesy Andreeen, the Finance Committee has two vacancies along with a vacancy of the Vice Chair position. The Town Clerk has advertised the two vacancies with applications due August 24, 2023.

The Finance Committee Bylaws state that the election of the Chair, Vice-chair and Secretary shall be carried out by a process of nomination and approval by a majority of members present at the first meeting of the Finance Committee in June of each year. Should any officer resign or be unable to carry out their duties, an election shall be held at the next scheduled meeting for purposes of filling the vacancy. As this is the next scheduled meeting since the resignation, an election should be held to fill the Vice Chair position.

STAFF RECOMMENDATION

ATTACHMENTS

None

Finance Committee Meeting

Date: August 21, 2023

Subject: Introduction - Don Rhoads, Baker Tilly US, LLP - Wellington Finance Director/Treasurer

- **Patti Garcia, Town Administrator**

BACKGROUND / DISCUSSION

Don Rhoads, Baker Tilley US, LLP, will be present at the Finance Committee meeting to introduce himself and review the update that is included in the Finance Committee packet. Below is the timeline for the process of bringing Mr. Rhoads on board:

- May 25, 2023 - Request for Qualifications for Financial Services was announced
- Three proposals were received; two finalists were interviewed
- June 21, 2023 - Interviews were held; participants included Trustees Mason and Gaiter, Nic Redavid representing the Finance Committee, Bob Gowing, Cody Bird, Kelly Houghteling and Patti Garcia
- The interview team recommended Don Rhoads, Baker Tilly, to serve as Finance Director/Town Treasurer
- July 18, 2023 - The Board of Trustees approved Resolution No. 24-2023 - Baker Tilly US, LLP Engagement Letter to Provide Financial Management Services to the Town of Wellington
- August 7, 2023 - Mr. Rhoads first day in Wellington!

STAFF RECOMMENDATION

ATTACHMENTS

1. 08.18.23 Finance Update

Don Rhoads, Consultant
Baker-Tilly US, LLP
Town of Wellington Finance Update
August 18, 2023

- **Audit**
  - The 2021 audit is complete with no outstanding issues and the Town's CPA firm is doing its due diligence for review and drafting financial statements. Staff will prepare the Management Discussion & Analysis report that accompanies the audit report and financial statements. The firm has not yet given us an estimated completion date, but I checked in again with them 8/16/23 and am awaiting a response.
  - The 2022 audit has begun to the extent that documents requested by auditors are being gathered. However, we do not yet have a final trial balance (i.e., a draft, unaudited balance sheet and income statement) to give them until my review of 2022 financial reports is complete (see next item).

- **General Ledger & Financial Reporting**
  - As I described briefly to the Board in July, my first priority is to review and understand the Town's general ledger and financial reports. Here is the approach I am using:
    - Since 2021 audit is complete, we will soon have a good ending fund balance number for all funds at 12/31/21.
    - My focus now is on reviewing 2022 financial activity in all funds and make any updates or corrections necessary to provide auditors with a good 2022 trial balance for their audit program.
    - This 2022 financial review is underway now and we have made good progress over the last week and a half.
    - Once the 2022 financial review is complete, we will have good (though unaudited) ending balances for each fund as of 12/31/22.
    - Next, I will move on to a similar financial review for 2023 year to date. This will include a review of revenues to this point and will make recommendations for adjustments to revenue estimates in 2023 if necessary.
    - Once the steps above are completed, we will be in a place to forecast an ending fund balance in each Town fund for 12/31/23. This is important as it is the starting point for knowing what funds are available for the 2024 budget.

- **2024 Budget**
  - The 2024 budget process is already underway. Here are the key parts of the budget and their status:
    - Determine ending balance in all funds at 12/31/23: for status see above.
    - Prepare revenue estimates for 2024: not started.
      - Note that these first two steps tell us how much we have to spend in each fund for the 2024 budget. The remaining steps generate the proposed plan for how to spend those resources to meet community needs.
    - Departments prepare their operating budget request for 2024: completed 8/9/23.

        - Departments present the operating budget proposals to Town Manager and Finance Department for review and discussion: this step will be completed by 8/18/23.
        - Projected Salary and Benefits analysis performed by Human Resources: underway.
        - Capital Improvement Program (CIP) budget prepared by Public Works Department along with other departments requesting CIP budget items for 2024: underway.
        - There are a series of draft budget presentations to the Finance Committee and Board of Trustees in September through November with final adoption expected in November or December.

- **Financial Policies**
    - I plan to review all Town financial policies as part of my assignment with the Town, including the purchasing policy, but I have not begun this review yet in order to concentrate on the items outlined above.

Note that in future years the complexity of the plan I've described above should not be necessary. Ordinarily at this point in the year the 2022 audit would be complete so I would be concentrating on reviewing 2023 only to get a good financial starting point for the 2024 budget. But since we fell behind on finalizing audits, we are in somewhat of a catchup mode at the present. Once we are caught up the Town will be in a good place to remain timely in its financial reports going forward.