

Approved + released
4/2/15 DH

SCHOOL COMMITTEE, FINCOM AND BOS
JOINT MEETING
MONDAY, MARCH 2, 2015
TOWN HALL AUDITORIUM

1. Call to order: 6:30 P M.

Present: Michael Niles, Michael Barbaro, Andrea Suchocki, Susan Burdsall, Dawn Harris
Salah Khelfaoui-Superintendent
Mark Chapulis, Andy Paquette and David Lockwood-TMS/Business Management
Tony Roselli, Roselli, Roselli Clark & Associates
BOS: Keith Barrows, Beth Hunt, Fedor Berndt,
FINCOM-Thomas Kane, Ulysse Maillet, Cyndi Leroy, Christian Orobello, Darlene Rossi,
Ottmar Rau
James Kreidler-Town Manager
Donna Allard-Town Accountant

D. Harris called the School Committee to order. T. Kane called the FINCOM meeting to order. F. Berndt explained the rules of the informational meeting. While questions and comments from the public would not be addressed, he urged viewers to submit them in writing. Mr. Roselli reviewed how the management letter and FY14 audit was created at a workshop that included a member of each board and all department heads that this relates to. They addressed the impact on the town and the solutions going forward. The document is based on the audit that was performed in October, 2014. All figures used were in place at the end of June, 2014. There was an Appropriation Deficit of 1.2 million and Health Insurance Deficit of 1.8 million. There were also several smaller deficits in special revenue accounts due to delayed grant reimbursement. Coding errors, overdrawn accounts and deficits that need to be funded accounted for \$300,000. A \$200,000 snow and ice deficit was taken out of the deficit legislation. He explained how the deficits (cash overdrafts) of \$1.9 million occurred. He noted the audit encompassed areas not usually included. It was unanimously agreed that the inefficiencies in the Munis software system greatly contributed to the ongoing problem. He explained how Munis was not updated or used properly and thus created errors that were carried forward. He stressed the town needs to fix the system immediately or compare the costs of going to a different system. The current configuration is time consuming and inefficient. The town needs to have a working system in place by FY16. Per DOR requirement, there is an article in the Annual Town Meeting to fund the reconfiguration of Munis for \$60,000. It could also be used for new licensing, leasing and implementation of a new system. The desegregation of the financial arena also contributed to the problem. He suggested an audit committee comprised of representatives from the BOS, the FinCom, the School Committee and volunteers from the public be formed. J. Kreidler noted a draft bylaw proposing a similar board will be presented Town Meeting. U. Mallait noted the FinCom recommended a Finance Director several years ago. The pros and cons of such a person or committee were discussed.

The importance of codifying Policies and Procedures was stressed. T. Roselli will send a template the town can use for Risk Assessment. The Town Manager is the Risk Assessment Manager in Winchendon.

The Material Weaknesses and Management Responses were reviewed. T. Roselli noted that Munis gave faulty figures that contributed to the Education deficit. He explained the outside/external forces that contributed to the deficits. He stressed the town cannot pay any bill if the balance is or will go into the red. The Town Accountant is required to send monthly reports to DOR; funds are now encumbered and checks and balances have been put in place. An award or authorization letter allows an exemption for grant funded line items. The district needs to send confirmation of grants in any form to the Town Accountant.

Circuit Breaker-The \$800,000 FY13 deficit compounded the problem in the FY14 budget. T. Roselli noted the importance of monthly reconciliation between the municipal government and the school district.

He reviewed the practices and procedures instituted at Town Hall to prevent deficits from occurring.

Health Insurance-T. Roselli explained how the timing of claims, payments and receivables made it impossible to know the correct balance of the trust. Other areas/situations where errors could occur were reviewed. The lack of training due to unavoidable circumstances regarding personal contributed to the problem. A forensic audit by a health insurance specialist to see if the town was properly reimbursed will be pursued by the audit committee.

T. Roselli explained how reporting errors and delays resulted in erroneous balance figures. He recommended the town have a health insurance consultant and a very active insurance committee to work with the audit committee.

8:00 PM D. Lockwood left the meeting.

J. Kreidler reported there is a consultant who helped us transition from self to premium based insurance and is still in place. The contract is up for renewal in July. There is also a placeholder in the warrant for an insurance commission.

T. Roselli reviewed the Findings and Recommendations and those Management Responses. J. Kreidler noted the turnover of personal in the general government and the school district contributed to the problems. K. Barrows noted routine tasks were not completed or followed through.

Revolving Funds-bookkeeping/housekeeping.

School Rental-general use of income throughout the district must be authorized at town meeting and the information used when planning the FY16 budget.

Compensated Absences- Harpers Payroll can track those figures. The Sick Leave Buy Back has been changed in new contracts.

Indirect Costs-Since FY14 they are shown as an authorized transfer; it is more transparent than expense and revenue postings.

Special Revenue Funds-Some of the deficits have been resolved; this will free up some of the deficit legislation funds. The School Lunch Program deficit of \$37,487 consists of uncollected balances from families and transfer/clerical or coding errors. The Business Office will work with the Accountants office to correct the books. S. Khelfaoui explained the history of the lunch

Program deficit. He has communicated the districts efforts to collect the funds to the DOR. Tax Collection Process-The new timeline regarding when bills are sent out and the tax title auctions were explained. Taxes that were arrears have decreased. T. Roselli noted the collection process is one of best ways to solve the towns' fiscal problems and could realize a lot of benefit in this fiscal year from changes already made.

8:52 PM S. Burdsall left the meeting.

J. Kreidler noted the \$ 2.972 million dollar figure was rounded up to the \$3 million that was borrowed. The bond was authorized and sold at a .5% interest rate.

B. Hunt commended T. Roselli & CO on the audit. She asked to hear the timeline regarding the wind project.

8:56 PM a brief recess was called.

9:06 PM Reconvened in open session

Department of Revenue's Action Items and Recommendations:

School Payroll into System-resolved.

Streamlining School Payroll-S. Khelfaoui had previously asked for the Town Accountant to work with the Business Office to agree to changes that would then be brought before the school committee. There was some disagreement and confusion regarding the process and timeline of any discussions. S. Khelfaoui stated he did not understand what benefit to the town or school district a consolidation of services would bring. Scheduled meeting have been cancelled due to snowstorms. The DoR representative, town and school will meet. Any cost savings is not yet known but there is a time savings by using Harpers Payroll. The move was not intended to save money but to save procedures.

9:16 PM O. Rau left the meeting.

Deficit spending/Warrant Processing: The new process was reviewed. The school district can resolve any issues by transfers. A. Paquette noted the salaries are not encumbered on Munis; the business office uses it as an internal control. It was noted by several people that issues that should have been resolved at the staff level were brought to board meetings and publicized, including erroneous information. S. Khelfaoui stated that he is still waiting for a retraction from the newspapers saying the school department had a 2 million dollar deficit.

Invitation to School Business office to attend a monthly Selectman's meeting along with the Town Accountant-It was accepted and agreed to.

Expectation of Communications-This item was requested by S. Burdsall and will be on a future agenda.

Developing Financial Policies-T. Kane stated he liked what T. Roselli said regarding controls and procedures. The FinCom is developing draft policies from communities recognized for their financial work. They will bring a proposed set of policies to the BOS prior to Town Meeting. They want a commitment to take them seriously and act on them.

B. Hunt suggested the 3 boards meet monthly to work on the action items; A. Suchocki suggested as needed when issues arise. F. Berndt suggested board chairs schedule meetings as needed in addition to the quarterly meetings.

9:36 PM M. Barbaro left the meeting

U. Maillet noted in 2008 the FinCom made strong recommendation for a 5-year fiscal plan; the

Boards need to take that seriously. He was upset that the school district paid a \$25,000 bonus to someone who was here for only 18 months.

S. Khelfaoui stated we cannot control misinformation if people want to make it public. D. Harris noted it is an employment issue and we were advised by legal consul not to talk about it in public.

S. Khelfaoui noted the town treasurer and manager and DOR were satisfied with the outcome.

U. Maillet was invited to contact the district legal consul.

Adjournment: 9:44 P.M. M. Niles moved to adjourn. Second by A. Suchocki. Approved 5 -0-0.

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Respectfully submitted: _____
Barrie E. Martins, School Committee Recording Secretary