

Lebanon Board of Finance

Minutes of June 19, 2012

Regular Meeting

Members present: Liz Charron, Chairman, Glen Coutu, Vice Chairman, Donald Anderson, Gregg Lafontaine, Betsy Petrie, and David Scata

Alternates present: Chuck Haralson, Diane Malozzi, Edward Tytor

Also present:

Selectmen: Joyce Okonuk,

Board of Education: Melissa Hofmann, Sandra Tremblay

Janet Tyler, Superintendent of Schools

Finance Office; Veronica Calvert,

Member of the Press

Item A. Call to Order

The meeting was called to order at 7:00 p.m. by L. Charron.

Item B. Review and Consider Accepting Minutes of previous Meetings

Glen Coutu moved to approve the minutes of May 17, 2012 Special Meeting. Motion was seconded by Donald Anderson. Motion carried unanimously.

Glen Coutu moved to approve the minutes of June 12, 2012 Special Meeting. Motion was seconded by Donald Anderson. David Scata and Greg Lafontaine abstained. Motion carried.

Item C. Correspondence

Item D Monthly Expenditures/Revenues/TIP

Veronica Calvert distributed monthly Expenditure Report as of June 17, 2012, list of year to date Revenues as of June 17, 2012, TIP Report as of June 17, 2012, and Year End Projections for FY 2012 including surplus and deficits were also distributed.

There are still 2 pay periods remaining in this fiscal year, plus one day of salaries. There is a pay period from 2011 that is posted in the 2012 expenditures. This is an audit finding. Auditor Stephen Hopkins will be available for a conference call during tonight's meeting to explain this situation.

Dept. 420 Police Services has a surplus of \$14,000.00 due to invoice for the resident state trooper coming in at \$97,000 versus \$111,000 budget.

Dept. 446 Paramedic Program. Budget amount is \$29,035.00.00. Have received invoices this year for \$35,045.00 this is in line with the 2013 estimate. Veronica has researched this issue. Joyce Okonuk provided a letter that had been received from Windham Hospital stating the amount would be

\$29,032.00, this is what was budgeted for 2012. Amount is based on per capita and last year's usage. Consensus of the Board of Finance was to pay what the letter states for this year.

Tax Collector will have a deficit as authorized by prior BOF action and should be on year end projection list. Dept. 492 Contingency should also be listed. Current estimate is that expenses will be under budget by approximately \$100,000.

A YTD revenue report was distributed. Projected shortfall may be \$70,000.00. Not expecting any more funds from Mashantucket-Pequot. A question about collected taxes versus budgeted taxes was raised. V. Calvert is to follow-up with tax collector.

Superintendent Janet Tyler reported that the Board of Education budget will come in on budget and will be returning some funds. Don't know amount at this point.

Cemetery Commission:

Earlier this year a grave was dug in the wrong place. Charge to families is usually \$500.00. Their budget will be able to cover all but \$125.00 of this added expense. Cemetery Commission will over expend. This would be reported as an authorized over expenditure.

Glen Coutu made a motion to authorize the Cemetery Commission to over expend up to \$200.00. Motion was seconded by Betsy Petrie. Motion carried unanimously.

Health Department:

Trash had to be removed at an abandoned residence. Public Health Department determined this created a public safety/health issue and ordered the town to remove the trash. A lien will be placed on the property by the town. Cost for removal is \$490.70.

Betsy Petrie made a motion to authorize the Health Department to over expend up to \$500.00. Motion was seconded by Greg Lafontaine. Motion carried unanimously.

Subcommittees:

No reports. Liz Charron stated that sub-committees should reconvene now that budget has passed.

New Business:

Item 1, Tax Collector not able to come to tonight's meeting. Move to July meeting.

Item 2, Consider and act on items resulting from annual audit for year ending June 30, 2011:

Auditor Stephen Hopkins was available by conference call to discuss year end salary adjustments for Town employees and summer salaries for teachers. Audits have been qualified in the past for these items. A letter has been received from the State of Connecticut, Office of Policy and Management (OPM) that all towns must follow GAAP rules.

Town year end salaries – Payroll earned in June but not paid until July needs to be expended to the fiscal year it is earned. The adjustment would be \$35,491.00 for FY 2011 which would be charged to Fund Balance (for salaries paid in July but earned in June in 2011). However, an adjustment would be made for the current fiscal year of \$39,500. This is a net impact of \$4,009.

Teacher summer salaries – summer salaries have been charged to the year paid rather than to the year when the income was earned. This procedure does not conform to Generally Accepted Accounting Principles (GAAP). This is due to a change in accounting rules many years ago. Our previous system was a cash system but was changed to an accrual system, yet an adjustment was not made at that time. It is necessary for us to respond to OPM (Office of Policy and Management) with what our plan is to correct this issue.

Question was raised by Liz Charron if this adjustment could be phased over 4 years. If done over 4 years it would not be considered an accounting adjustment and would need to be an expense each year.

Currently Fund Balance is \$3.5 million. This adjustment will lower fund balance by approximately \$1 million but will have minimal impact to current year financials.

Motion made by Gregg Lafontaine to correct the non-conformance with GAAP qualification outlined in the audit report of June 30, 2011 in regard to teachers summer salaries and Town employees year end payrolls, per the requirement of the State of Connecticut, OPM. Motion seconded by Betsy Petrie. Motion carried unanimously.

It was agreed that we would include an explanation of this action in the public hearing we hold on the financials for the current fiscal year in September.

11-01 Accounting policies and procedures manual

Veronica will have a rough draft for July meeting. Expected completion date September 2012.

11-02 Capital assets and inventory record keeping including Fire Department.

Veronica has been working with the auditor on a guide for assets and inventory. This will be a chapter in the manual. A threshold has been established for capital assets of \$5,000.00. This will also be for the Fire Department. Fixed assets are depreciated. There is currently not an updated inventory of assets that are less than \$5,000.00. In 2004 an inventory was done. There is not enough staff to update the inventory. Procedures will be reviewed in July.

11-03 Account Reconciliations

For the past few years, there have been audit findings about account reconciliations for the Town and the Board of Education. Auditor suggested that quarterly reports be sent out to each Board, Commission and Department for review. This was done the end of March. Veronica and Eve (from the BOE Finance Office) are working on a process for reconciliations of the BOE and town systems.

11-04 Compliance with provisions of permanent trust fund principal balance

Interest from these funds has been used for scholarship funds. In FY 11 principal was used, this was written up in the audit. The amount is \$1,638.00. Have to pay back those accounts. In 2011 these accounts were moved to Citizens Bank which paid a low interest rate. Veronica and Joyce Okonuk met with the Savings Institute which offers a higher interest rate. Research has been done to locate original paperwork on these trusts. A list has been created on all but one of these funds.

Betsy Petrie made a motion to transfer \$1,638.00 from the Contingency Fund to reimburse the appropriate funds as identified in finding 11-04 of the June 30, 2011 audit. Motion was seconded by David Scata. Motion carried unanimously.

Gregg Lafontaine suggested that the draft policy & procedures manual address dispersing permanent trust funds. Also, it was discussed that the Investment Policy Subcommittee will look at all investment funds to document restrictions and propose rules for spending policies for funds.

3 Findings related to school finance office - Janet Tyler reported that the Board of Education Business Manager now has all SFS and ARRA on file. Special education software was installed in January but were not invoiced until June, will be invoiced earlier in the year.

Discuss referendum results and non-binding advisory questions

June 12, 2012 Budget Referendum results – referendum did pass with 550 yes, 414 no. Non binding advisory questions – Board of Education to high – 397, to low – 383. Town to high – 370, to low, 191. Town can purchase software to have 3 answers on the ballot instead of 2 for a cost of approximately \$1000. Need to research what can and cannot do, what wording should be on ballot before next budget referendum. Discussion on several options on questions and if questions should be optional or not. Passage of budget may depend on mil rate. Need to get more people out to vote. Questions are a tool. If they don't work why keep them. Questions are informational for all. Also, discussion of working cooperatively with the Board of Education.

Glen Coutu made a motion to move item G Other up on agenda. Motion was seconded by Betsy Petrie. Motion carried unanimously.

Savings Institute has a better interest rate for CD's for trust funds. It was pointed out that a previous decision was made by the board that the Finance Department and the Board of Selectmen can pursue CD's and money markets at the best rates available. It was recommended that the BOF have a procedure to review all investment and CD accounts every 6 months.

Resume discussion of budget process

Discussion that the Board of Finance should continue to own the budget and the process. Discussed possibility of having revenue projection first in budget process.

Discuss memo regarding joint session with BOF and BOE

Possible dates for a joint meeting discussed. Too many scheduling conflicts during summer months. Possibly September 17th or September 24th from 7:00 – 9:00 p.m. at the Fire Safety Complex. This would be a special meeting, no public comment. Discussion of having a facilitator for meeting.

Betsy Petrie made a motion to expend up to \$1,000.00 to hire a facilitator for a joint meeting with the Board of Education. Costs to be split with the Board of Education. Gregg Lafontaine seconded the motion. Motion carried unanimously.

Item G Other:

Glen Coutu made a motion to discuss and act on administering Capital Fund Planning Process until policies and procedures are in place. Motion was seconded by Betsy Petrie. Motion carried unanimously.

Subcommittee will meet before next meeting. Lease purchase funds will not be available until August. Board of Education is doing bids now. Lease purchase process needs to be worked out. Liz Charron will discuss with First Selectman that long term commitments should not be entered into until approved by the BOF.

Glen Coutu made a motion to adjourn the meeting. Motion was seconded by Gregg Lafontaine. Meeting adjourned at 9:40 p.m.

Respectfully Submitted,

Kathleen E. Chapman

Board of Finance Clerk