

Board of Finance Meeting:
Wednesday, November 1, 2017
North Stonington Town Hall @ 730pm
North Stonington, CT

- 1) Call To Order - 745pm
- 2) Members Present - Carolyn Howell, Mustapha Ratib & Chairman Tim Main
- 3) Pledge to the Flag Completed
- 4) Public Comments- Shawn Murphy- Reduction in state revenue for just under \$160k.-
Provided sheets showing new revenue numbers from the State. Shawn is recommending that the BOF update the proposed budget with the new revenue numbers and update the Mil Rate Estimate. Shawn requests that we "plug in" the new numbers and then we can discuss how to come up with a new lower mil rate. Mustapha, Tim and Carolyn agreed that we should plug in the new revenue numbers. Shawn also provided a copy of the P&L Revenue reports for the last 3 years and wanted to point out the percent of taxes collected. We have, according to Shawn have been using a 97% collection rate- all 3 years have received more than that- Shawn asks to consider changing the multiplier from 97% to 98%. This will help to reduce the mil rate to fund our budget. Shawn provided an overview of what budget could look like with a 98% collection rate and a 28 mil rate and also what a 27.25 mil rate would do. Robin states that she has worked here for 30 years and the town has never expended all of the monies. The State Budget that was approved is for 2 years. Mustapha, Tim and Carolyn all agree with the trend in collecting more revenues than are anticipated and so we agree to change the number from 97% 98% in anticipated revenues to calculate the new budget on which will in turn affect the mil rate needed to support it. Took a break at 811pm.
Reconvening workshop at 821pm.
- 5) Communications
- 6) Auditor Presentation - Sandra Welwood- provided Overview in writing- Sandra was very complimentary to the employees responsiveness, there were challenges with the Board of Ed due to changes in staffing which added more time due to the disconnect- Items of interest "not a lot to talk about in regards to financials" - did want to point out on page #37 of the Financial Statement - Note #15 Recently Issued Accounting Standards - which will affect OPEB (Other Post Employment Benefits) - this will affect the reporting significantly next year. There are 2 other items - Impairment of Assets and whole change in lease accounting. Sandra feels that these are major items coming down and she is mentioning this now because this will add to the workload. Sandra offered to come and go over these items at a later date - more tracking and reviewing of items. OPEB is going to be very time consuming to make sure that the actuary does the reporting properly to the auditor. The current year financials are pretty much status quo. Government Reporting - 3 Levels of Reporting (3 sets of schedules or financial statement- 1) Budgetary Basis - Hybrid Low Level Inbetween (only one applicable is the General Fund)- is most important to us on a day to day basis. 2) Fund Financial Statement (Governmental Gap Basis) - Applies to all other funds not reported on Budgetary Basis 3) Top Level - Government Wide Basis- Closest to Accrual Accounting as a government can get. Government Wide is important to look at health of the entity in regards to Bonding. 4) Fiduciary Funds - Funds the Town Has a Responsibility to take care of they are not our funds and we cannot use them but must take care of them. (Not included in any other data of Fund Financial Statements. Government Basis- 990k over Government Revenue and Expenses. Debt Levels are at zero at the end of the year. Did issue more short term of about 5 million, which was planned. General Fund Results- \$687k better than budget- a lot on revenue side of increased in taxes and a little down on receiving grants.

Total expenditures - almost every single line item, page #15, other than miscellaneous, everything was plus. In her mind, this was done with a lot of management and thought. Give all of positives, the unassigned balance increased to almost 2.6 million dollars - which brings it up to just under 13.9%. Sandra cannot tell us what to have as a dollar amount - is up to the Town as to what they feel comfortable with- don't want to hoard money - but also don't want to go back down to 500k - need to know how much risk the town is willing to take - need to have enough to cover some emergencies and what those are. Would look at absolute dollar amount and then look at what percentage this is. Joe Gross asked about reviewing what we get from the State in funding over time and taking that into consideration. Sandra Welwood responded that some towns looked at using getting no money from the State in estimating their budget. Sandra also confirmed that the amount of money that is in the undesignated fund is only enough to cover the expenses of the town for approximately 3 months. From a Management Comment Stand Point- no material weaknesses- letter is opportunities for improvement and is due to a change in personnel and relates to the Board of Ed. Every Single Fund that you have must have a. Self Balancing Account - School Lunch Fund and Education Fund and these are put on Quick Books - new person needs training on Quick Books- 2 weeks ago - nothing had been entered for the 1st 3 months of the year. This is very concerning that "they don't get the importance of it" - 2nd Item - Reconciliation required between the Board of Ed and Town on a Monthly Basis- (these are accounting requirements) - comments are being made to make sure that there is oversight going forward She felt that there was enough to put this into writing. Board of Ed is using blank check stock - Suggested opening separate checking account to make it easier to reconcile. - Needs to see Peter Nero - work with the town moving forward and "play nice in the sand box"- Mr. Carlson asked why the Board of Ed is not aware of this - Responsible to Report to the Board of Ed- The Super Intendent is the only employee of the Board of Ed according to Mr. Carlson- Super Intendent, Town and the Board of Finance will get a copy of the findings - the Board of Ed does not get a copy of this. Process is breaking down- with Kim and the bookkeeper leaving- a lot of new staff- not that anything is going wrong but it could go wrong. After significant time and discussion- things don't seem to move. Sandra wanted to high light this information so that it can be addressed and monitored- critical is teamwork- can't have "us vs. them" - have to play nice in the sandbox- compromise - set to work forward. Accounting firm cannot be in the middle of this- "not getting sense of wanting to improve here" - Per Robin - lost bookkeeper in January and then Kim resigned in July - there was no transition from one to the other. Mustapha asked Mr. Carlson about the hiring of the bookkeeper - was hired by the central office - No Board of Ed member was on the search committee. Getting too much push back- take exception to being dismissed. Have a nice civil meeting to discuss tasks and what is being provided by whom on what days so that the town works together with the school system. Nita Kincaid - asked for Role Clarification regarding Auditor's role - BOF Hires the Auditor- Comment Letter is for the whole town. Once you see something, do you provide it immediately to the Board of Finance - only if it is a material weakness - "really easy to fix with cooperation" - repeat findings? "Only repeat findings because of change - from Super Intendant and the new employee. Last Item- Town Related- Fixed Assets- Problem since Mark left - due to personnel changes again- Have no good ongoing fixed asset records - "have been putting bandaids for 2 years on capital assets" - need to assign the work and how it is going to be done. - One of their clients that is 4 times larger than the town is using Excel - might be able to find a desktop version of software that might cost \$1000. Shawn Murphy explained that Mark left under his watch and that this work was not reassigned and takes responsibility for this. Joe Gross - believes that these issues should be brought up at the Tri-Board Meeting - to address these

issues. Sandra wants to stress that these are not major issues- just the blank checks. Mike Uργο- complimented the undesignated fund and the work that had gone into getting it to 14%. By not approving this - Tim, Mustapha and Carolyn agreed that there are no issues or concerns with the draft audit and that we approve of Shawn signing off on it tomorrow so to that it can move forward. Auditor left at 930pm. -

- 7) Charles Steinhart arrived and was seated at 930pm and there is now a quorum.
- 8) BOF 2017/2018 Budget - Shawn Murphy explained to the public present and Charlie Steinhart - explaining how adjusting the budget to the actual revenues from the recently passed State Budget - Shawn also explained the trend in collecting more than the anticipated revenues which would lower the mil rate requirement. Shawn explained the milrate spread sheets where at 28 mils we would be able to add 113,283 k to the unassigned fund or if you were to go with 27.75 mil rate you would take \$14,624 from the undesignated fund. Mustapha verified that the Budget was adjusted to reflect the changes in revenues as follows: page 35 - to delete municipal aid amount - to delete line item, - Tim Main made a motion to accept the changes to the Revenue from the State and the adjustment to the mil rate- Carolyn 2nd- approved 3-0-1 Charlie Abstained. - Public-comment regarding to what to include in regards to the budget not disclosing enough information - give page - Mustapha explained that the same page should be included with the information - GrandList information - Charlie Smith - Are bills to be sent out this year or the next calendar year - if approved at referendum -
- 9) Motion to adjourn - 955pm - Charlie made a motion to adjourn - Tim 2nd- approved 4-0-0

Respectfully submitted,
Carolyn Howell, Secretary
Board of Finance