

TOWN OF WINCHENDON

WINCHENDON TOWN CLERK
RCUD OCT 15 2024 AM10:37

Finance Committee

Telephone (978)-297-5419

Regular Meeting/Joint Board Meeting with BOS, Finance, & School Committee

Finance Committee Minutes
 September 10, 2024 6:00PM
 Town Hall 2nd Floor Auditorium

Members Present: Chair Thomas J Kane Jr, Vice-Chair Dr. Maureen Ward, Charles C. Corts, Diane Coulter, Doug Delay, Anthony Dickson, James Reid

List of Documents Presented at Meeting:

- September 10, 2024 Public Meeting Agenda
- August 13, 2024 Minutes
- YTD Reports
- FY23 Audit Management Letter

6:00PM: Chair Thomas Kane Jr. called the Finance Committee meeting to order followed by the Pledge of Allegiance.

Minutes: August 13, 2024 Minutes

Dr. Maureen Ward motioned to approve the August 13, 2024 meeting minutes, 2nd by Anthony Dickson. **Corts (A) Coulter (Y) Delay (A) Dickson (Y) Reid (A) Ward (Y) Kane (Y) 4-0-3 Abstentions**

YTD Reports: Dr. M. Ward stated a concern, on page 20 they have used 45% of the recreation committee expenses, and even though winter is coming up, those funds need to be available until next June.

T. Kane pointed out in the Enterprise Report, there was nothing listed under the original estimated revenues for the Enterprise Funds, and nothing has been entered into the original appropriation for any of them. It looks as if they were entered under YTD spending. The Committee has not received a report for the new enterprise fund for Cable TV.

There were a few holes in the School YTD reports as well. On page 11, the maintenance and supplies for the middle high school was at 0 appropriations but they have spent \$200,000.

Department Head Visitation Schedule: A few years ago, the Committee implemented a meeting schedule in which they would visit with the different departments in order to meet with them one on one

and have a more in depth discussion on current matters. The Committee suggested continuing to do so this year and plan to meet at 5:30PM prior to their regular scheduled meetings. Dr. M. Ward proposed a "retreat" meeting on September 17th at 6:30PM to discuss the meetings with the department heads, goals, and review the handbook.

6:17PM- Dr. M. Ward motioned to recess until 6:30PM to reconvene with the BOS and School Committee.
Corts (Y) Coulter (Y) Delay (Y) Dickson (Y) Reid (Y) Ward (Y) Kane (Y) 7-0

RECESS

Joint Meeting with BOS, Finance, and School Committee

Finance Members Present: Chair Thomas J Kane Jr, Vice-Chair Dr. Maureen Ward, Charles C. Corts, Diane Coulter, Doug Delay, Anthony Dickson, James Reid

Board of Selectmen Members Present: Chair Richard Ward, Vice-Chair Andrew Beauvais, Melissa Blanchard, Erika Eitland, Audrey LaBrie

School Committee Members Present: Chair Karen Kast-McBride, Mike Barbaro, Jake Catlin, David Iannacone

6:30PM- Chair Thomas Kane Jr. called the Finance Committee meeting to order. Chair Rick Ward called the Board of Selectmen to order. Chair Karen Kast-McBride called the School Committee to order and mention the meeting was posted as a Joint Board Meeting, not Tri-Board, and should be recognized as Tri-Board due to the open meeting law. The Committee followed with the Pledge of Allegiance.

T. Kane asked the audience if anyone was recording the meeting, hearing none.

Charles Corts, Chair of the Audit Committee, introduced the members of the Audit Committee; Audrey LaBrie from the Board of Selectmen, Jake Catlin from the School Committee, Greg Vine and Michele Comeau from the public. C. Corts welcomed Tony Roselli to present the management letter of the FY24 Audit.

Tony Roselli stated the last Audit Committee meeting was very productive. 2023 was a challenging year, as this meeting is typically held in January, being in September it shows how difficult it was to get through 2023. He came up with an action plan and strongly considered the town to follow through to get back to how things were two years ago.

T. Roselli reviewed the management letter and started with the weaknesses. As auditors, there are three types of weaknesses they are required to identify; control deficiency, significant deficiency, and material weakness.

Investment income: The Town carries about \$11.5M. Most of which were in low interest bearing accounts. He put out a letter to the towns in the area that MMDT hit 5.7% interest during 2024. With the town keeping the money in these low interest bearing accounts, he calculated they could have accrued about \$250,000-\$300,000 in interest. Bill McKinney, Town Manager, responded they have moved some

money into higher yielding interest accounts but they still have more to be done, hopefully to be completed within the next few weeks.

Network Security: There have been an increase in out of network security breaches across the country. This item was put in the letter to make sure the Town is aware and keeping up on their security systems. The compact cabinet has free money available in order to implement security assistance.

Fraud Prevention: Smaller Town departments typically get overlooked, such as the fire department, town clerk, DPW etc. T. Roselli wanted to make sure this practice was still being implemented.

Treasurer's Office: Last year there were some issues with the balancing. The vendor bank account was not reconciled for the entire year. The previous treasurer, Donna Spellman, was hired to come in and reconcile the accounts. After reviewing the FY23 reconciliations, she found a total of 119 errors. The end result was that the final balance when compared to the general ledger was high by \$250,000, which was good news. They left it as a reconciling item to be addressed in FY24. One of the issues leading to this result was an auto pay set up on a lease. The dangerous part of doing so, is giving the entity the right to come in and take the money, and have it not end up on the warrant, especially if it is not being closely paid attention to by the treasurer. The same thing happened with debt. If the bank reconciliation is not being done, they will not see the wire transfers, resulting in this being overlooked.

Another issue contributing to these errors was the previous town manager switched receiving systems, without consulting with the auditor or treasurer, and the new system had issues communicating with the different tax collection departments. The Town is now in the process of switching back to the original system to hopefully prevent this from happening in the future.

Going back to the errors Donna Spellman uncovered, she found that there were over \$100,000 in errors made by the bank in 2022, that were not discovered until 2024. This was very unusual, but a lesson in why doing the reconciliations are so important.

Bill McKinney upon reviewing the statement of indebtedness discovered there was another bank error, a band rollover, and the bank shorted the town by \$100,000.

The first or second day B. McKinney started, he looked at the accounts before the end of the year closing, and noticed there was money left over in the Insurance account. To fund some of the other accounts that had gone over budget, he asked the treasurer if it was accurate there was money left over. The prior year, due to Covid, the insurance company gave the town a break of only 11 payments. This did not apply to 2023, but the treasurer was under the impression they only needed to make the 11 payments again. The money was transferred, and 2 days later the insurance bill came in at about \$300,000 with no money left over in the appropriation now. This resulted in having to hold a town meeting to get the money back. The town was not happy and required a few votes to get it approved.

The school business office has had a lot of turnover, including several superintendents as well, resulting in a lot of inconsistencies. At the end of the year, there is a split payroll, part of it going to the prior year and current year. The past payroll was charged entirely into FY24. Had it been split properly, there would have been a deficit in '23.

The collection of receivables have fallen behind since Donna Spellman left in 2021. The tax title process was not being completed and the demands were not being sent. Even though the Town billed almost \$500,000 more, the collections were flat.

There was \$54,000 in the tailings account that can be claimed as income, at the end of the year it gets claimed as miscellaneous income and put into free cash. There were more stale checks that can be advertised, and in 12 months the remainder that are not claimed, the town can claim as income.

Other Post Employment Benefits: Last year it was not known that the Town needed to complete an actuary evaluation. It has been submitted for this year.

Compensated Absences need to be determined by the time the auditor comes in.

The FEMA balance has a deficit of \$300,000. The Fire Chief has been working with FEMA to correct this situation.

There are 120 Special Revenue accounts that had no activity and they total \$650,000. Some of them relate to grants that were received 3-4 years ago. There were 12 capital projects totalling \$350,000 that can be repurposed to other capital projects.

Ambulance Receivables have gone up everywhere. Last year it was \$400,000 and this year it was \$740,000. The town is already using a 3rd party so there is not much they can do to speed up the process.

Public Comment: Jennifer Allen of 582 River St. came forward. She stated the blame cannot be put on one person, but it seems to be an issue in lack of financial control and the systems being broken. She wanted to know what was in place to prevent this from happening in the future. B. McKinney replied that he has taken it upon himself to audit what he can and implement these checks and balances, as most of the issues had occurred before he became Town Manager. Starting on day 1, he went through MUNIS and that's when he found the insurance issue. The issues are slowly being addressed and corrected, and practices put in place to prevent this from happening in the future.

Rick Lucier of 236 Maple St came forward. He asked how the Committees plan to expedite the process of getting all these issues corrected. B. McKinney replied that structures have been and continue to be put in place to prevent this from happening in the future, and this audit report was to bring awareness to the past issues that they are actively working on correcting, so hopefully once they are addressed, it won't take this amount of effort and time to correct issues in the future.

Marc Dorwart of Mellen Rd asked Tony Roselli to define the duties and basic functions of the Finance Committee. T. Roselli responded that the Finance Committee shepherds the budget process. The Town Manager takes all the departments budget requests and pulls together a budget report. The Finance Committee reviews the budget and provides feedback, then it gets passed on to the Board of Selectmen.

Frank Allen asked where the treasurer was, as he has not been present at several meetings. B. McKinney responded he had a family emergency. F. Allen felt the prior Town Manager did not have the qualifications to purchase the new software without consulting other departments, or should be the "end all, be all" for procurement. The Town has seen prior Town Managers make decisions that were not in the best interest for the Town. Dr. M. Ward agreed there should be a point of contact within the organization

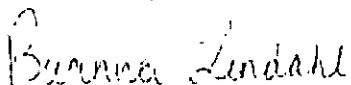
that departments can go to, below the Town Manager, if a purchase or decision is being made and they do not feel it is in the best interest of the Town.

Igor Sheremet asked Tony Roselli how much the Town pays for his services. T. Roselli responded that for the FY23 Audit it was \$50,000, which is higher than usual as it typically is \$40,000-\$44,000. Igor asked the Board of Selectmen if there were any conflicts of interest between businesses and applying for permits. Igor was directed to ask these questions at the next Board of Selectmen meeting.

Member Comments: Dr. M. Ward thanked Tony Roselli for his time and effort.

Adjourn: 9:19PM- Dr. M. Ward motioned to adjourn the Finance Committee, 2nd by D. Coulter
Corts (Y) Coulter (Y) Delay (Y) Dickson (Y) Reid (Y) Ward (Y) Kane (Y) 7-0

Respectfully submitted:



Brianna Lindahl, Finance Committee Recording Secretary



Thomas Kane Jr., Chair

Dr. Maureen Ward, Vice-Chair

Charles C. Corts

Diane Coulter

Douglas Delay

Anthony Dickson

James Reid