



Winchendon Public Schools

Date Approved/Revised

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School Committee Chair

Joint Board Meeting with School Committee, Finance Committee, & Board of Selectmen

September 10, 2024 – 6:30 pm
2nd Floor - Town Hall Auditorium

Attendance:

School Committee: Karen Kast-McBride, Jake Catlin, David Iannaccone, Mike Barbaro, Eleni Marinelli & Marc Gosselin, Interim Superintendent

Finance Committee: Chair Thomas J Kane Jr, Vice-Chair Dr. Maureen Ward, Charles C. Corts

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

1. Call to order

- 2. Audit Committee Report:** C. Corts, Chair of the Audit Committee, introduced members of the audit committee. A. Labrie – Board of Selectman, J. Catlin – School Committee, and two other members that could not make tonight's meeting, G. Vine and M. Comeau – Public. Welcomed Tony Roselli. Tony will present the management letter of the FY24 Audit.

T. Roselli – Notes that the last Audit Committee meeting was very productive. T. Roselli notes that this meeting is usually done in January and now September, so 2023 was very difficult to get through. Pointed out that some accounts were not reconciled. The DOR had questions on the balance sheet. They noted that they saw a lot of questions, complications, and challenges. They started in January and returned in April and July when they finished. Came up with a good action plan that the town should seriously consider to get things back to where the town was two years ago.

T. Roselli—reviewed the management letter. It discusses each of the three weaknesses the auditors are required to identify: control deficiency, significant deficiency, and material weakness.

Investment income: (informational item) The town carries \$11.5 million, most of which are low-interest-bearing accounts. The MMDT hit 5.7% in 2024 when he sent out alerts to towns. With the town keeping the money in the low-interest accounts, T. Roselli estimated the town could have accrued about \$250,000 - \$300,000 and is hoping that the town has done something about this since this was noted. K. Kast asked B. McKinney if this has been corrected? B. McKinney responded by letting everyone know that the town treasurer could not be here tonight, and they have moved some of the funds into higher-yielding accounts and CDs but still have more to move. K. Kast asked when everything else would be moved. B. McKinney states that he is hoping in the next couple of weeks.

Network Security (informational item): This is just having the town be aware and put things in place to keep up with the security systems so breaches do not happen. The company cabinet has free money available to implement security assistance.

Fraud Prevention: (information item): T. Roselli wants to have the town be aware of the smaller town departments like the fire department, police department, DPW, etc., as these typically get overlooked. He wants to make sure the practice is still in place.

Treasurer's office: Last year, there were balancing issues highlighted in last year's management letter. The vendor bank and individual bank accounts have not been reconciled for the entire year. K. Kast: Asked to clarify the year that he is referring to. Is it 2022 you are talking about? T. Roselli: Yes, in 23 he put an alert to go back and revisit 22. He is starting from where this all started. In 22, we balance by accident. M. Barbaro: Asked about the free cash. Is it accurate? T. Roselli: 23 cash is not accurate. The town hired D. Spellman, the previous treasurer, and she went through all three bank reconciliations and found 119 errors. The end result was that the final balance, compared to the general ledger, was high, \$250,000. This was left as a reconciling item to be addressed in 24. One issue was an auto payment on a lease. The problem with an auto payment is that the money is taken out of the account but not ending up on the warrant. This happened with debt. The bank reconciliation was not being done, and they did not see these transfers come through, resulting in this being overlooked. This is currently being worked on to be corrected. Another issue that contributed to these errors was the previous town manager's switch of the collection systems, who did not consult with the auditor or treasurer before implementing the change. B. McKinney: The current plan is to work with MUNIS to see if we can move the rest of the taxes into MUNIS so it is in one system. T. Roselli: The town needs to learn how to use the software. The treasurer's office needs to have all bank accounts reconciled for 15 months, but he does not know where they stand for 24. B. McKinney: He's up through April. T. Roselli states he will ask the treasurer for April's reconciliations as he doesn't think this is accurate. J. Caitlin: Asked if July isn't right, wouldn't that mess up everything down the line? T. Roselli: Explains that yes, this would. That would mean he figured out July, and July is a mess. July piggybacks off June's piggyback. July is still open. Back to D. Spellman reconciling the accounts, she found \$100,000 in bank errors related to 2022 that were not discovered until 2024. This is unusual, but it is why you do the reconciliation.

While reviewing the statements of indebtedness, B. McKinney discovered another bank error, a bank rollover, in which the bank shorted the town by \$100,000. This happened in June and was discovered in November.

Insurance: B. McKinney noticed that there was money left over in the insurance account while he was reviewing the accounts before the end-of-the-year closing. He asked the treasurer if this was correct. The prior year, due to COVID, the insurance company gave the town a break of 11 payments. This did not apply to 2023, but the treasurer thought they were still making the 11 payments. Money was transferred around, and two days later, the insurance bill came in for \$300,000 with no money left over in the appropriation. This resulted in a town meeting to get the money back. The town was not happy and needed a couple of votes to get it approved.

The school business office: At the end of the year, there is a split payroll. The entire payroll was posted in MUNIS to 24. If it was split properly, there would have been a deficit in 23.

Collection of receivables: It has been falling behind since 2021. The tax tile process is not being completed, and demands are not being sent. The town billed almost \$500,000, but the collections were flat.

Tailings: \$54,000 can be claimed as income. Additional stale checks are available to be advertised. If not claimed, the town can claim it as income at the end of the year.

Other post-employment benefits: No one knew that the town needed to complete an actuary evaluation, which caused a two-month delay. I was submitted for this year.

Compensated absences: They need to be presented to the auditor when they come in. Both the school and the town need to provide this.

FEMA balance: It has a deficit of \$300,000. Per B. McKinney, they haven't received the funds yet, and the Fire Chief has been working with FEMA.

Special Revenue Accounts: There are 120 accounts with no activity, totaling \$650,000. Some are 3—to 4-year-old grants. There are 12 capital projects totaling \$350,000 that can be repurposed to other capital projects.

Ambulance Receivables: This year, the total is \$740,000 compared to \$400,000 last year.

3. Public Input:

J. Allen – Notes that the blame can not be put on one person. There were no checks and balances, and would like to know what is in place now to ensure this doesn't occur in the future. Would like someone to explain what systems or additional internal controls are going to be put in place.

B. McKinney replied that they have been working on checks and balances for 24, and issues are slowly being addressed and corrected.

R. Lucier Asked how the committee was going to expedite that process. The board responded that tonight's purpose was to articulate the problem. B. McKinney replied that once we get these things taken care of, this is one time.

T. Roselli: The first thing we should know is exactly where the treasurer's office stands. Is April done, or are all 30 accounts that you have completely balanced? Also, where are the bank accounts going for the investment income? I think we should want a report from the treasurer's office regarding these reports and what the plan is in writing. The action has to happen immediately.

M. Dorwart: Define the basic roles and duties of the finance committee. T. Roselli replies that the town manager takes all department's budget requests and pulls together a budget report. The finance committee reviews the budget and provides feedback, which will need to be approved by the Board of Selectman. M. Dorwart brought up issues with the previous town manager and DPW about purchasing equipment back in 2021. Wants to know where a town resident would like to get oversight with, we run into dead ends with management? T. Roselli replied by letting him know how the process goes for the town manager.

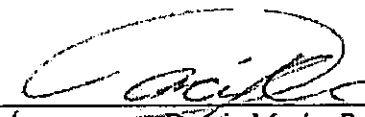
F. Allen asks where the treasurer is. He's been to two meetings and hasn't seen him. B. McKinney tells him that the treasurer has a family emergency. F. Allen feels that the former town manager did not have the qualifications to purchase the new software without consulting other departments.

I Sheremet: Asked T. Roselli how much the town is paying for his services. T. Roselli replied The FY23 Audit was \$50,000, which is higher than usual. I. Sheremet asked the board of Selectman if there were any conflict of interest between businesses and applying for permits. He He was advised to ask these questions at the next Board of Selectman meeting.

4. Board Member Comments: Thanked T. Roselli for his time and effort.

5. Adjourn: Dr. Ward motioned to adjourn the Finance Committee, seconded by D. Coulter. The vote was unanimous. M. Barbaro motioned to adjourn the School Committee; the second was inaudible, as was the vote.

Respectfully Submitted:



Darcie Morin, Payroll/HR Generalist

Documents Attached: None