

**TOWN OF WINCHENDON
JOINT MEETING MINUTES
BOARD OF SELECTMEN/FINANCE COMMITTEE/SCHOOL COMMITTEE/AUDIT COMMITTEE
MONDAY, FEBRUARY 27, 2017
Town Hall, 2nd Floor Auditorium
109 Front Street, Winchendon, Mass.**

Selectmen Present:

Barbara Anderson, Chairwoman
Audrey LaBrie, Vice-Chairwoman
Austin Cyganiewicz
Amy Salter
Michael Barbaro

Keith Hickey, Town Manager
Linda Daigle, Executive Assistant
William Schlosstein, Town Accountant
Debra Dennis, Recording Secretary

Finance Committee Present:

Thomas Kane, Chairman
Christian Orobello, Vice Chairman (8:16)
Robert Guenther
Dr. Maureen Ward
James Robichaud
Tonya Dokulil

Debra Dennis, Recording Secretary

Absent:

Charles Corts

School Committee Present:

Janet Corbosiero, Acting-Chairwoman
Dawn Fronte
Larry Murphy

Steven Haddad, Supt. of Schools
Rich Ikonen, School Business Manager
Barrie Martins, Recording Secretary

Absent:

Danielle LaPointe, Chairwoman
Felicia Nurmsen

Audit Committee Present:

Dr. Maureen Ward, Chairwoman
Michael Barbaro
Dawn Fronte
Roger Doucet

Absent: Ulysse Maillet

Special Guest: Tony Roselli, CPA, Roselli, Clark & Associates

List of Documents Presented at Meeting:

- Findings from the 2016 Audit Management Letter and Review of 2015 Findings
- FY16 Audit Management Letter
- FY16 Report on Examination of Basic Financial Statements and Additional Information
- FY17 Reports as of December 31, 2016
 - General Government Budget Report
 - Winchendon Public School's Budget Report

- Water and Sewer Revenue and Enterprise Funds Reports
 - Transfer Station Revenue and Expense Report
 - Revenue Reports
 - Schedule to Review FY18 Budget and Special and Annual Town Meeting Timelines
 - FY18 Capital Improvement Plan
 - Proposed Funding Plan
 - Project Detail Sheets
 - Letter dated Feb. 9, 2017 from Gardner Mayor Hawke regarding Request to Open Monty Tech District Agreement for Review
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The Joint Meeting was called to order by each Chairperson at 6:41 p.m. All stood for the Pledge of Allegiance to the Flag of the United States of America. The meeting aired live on local cable access channel 8.

Announce audio/video recording disclosure: Mr. Greg Vine announced he would be recording the meeting this evening.

COMMENTS:

NEW BUSINESS:

Presentation of FY16 Audit Results – Dr. Maureen Ward, Chair of the Audit Committee thanked Mr. Hickey and staff and each department that came together to help with deficiencies and deficits. She said she was pleased how successful this year was. She introduced auditor Tony Roselli, CPA, from Roselli, Clark & Associates. He noted the biggest difference in the room tonight is everyone is smiling and in a good mood, where in past there was anxiety of what we were about to hear. He echoes the previous remarks giving credit to everyone involved in the significant turnaround in Winchendon financially and in controls and processes. He gave credit to the new Town Manager Mr. Hickey, the Acting Town Manager Bernie Lynch before him, Superintendent Steve Haddad, Bill Schlosstein the new Town Accountant, Treasurer Donna Spellman, the Board of Selectmen, the Audit Committee and everyone around supporting the Town. It looks like a good future and a pleasure tonight to talk about what happened.

Management Letter Overview

Mr. Roselli said almost two years in the process now, twenty-two months ago with a new Board with new processes in place. He spoke of better lines of communication between town hall and the school department and how it was critical to come together; without that, the Town would continue to fail. That has been corrected with meetings and discussions. Disagreements are settled in an amicable way. The five material weaknesses reported have been corrected.

On the financial side, the Town's fund balance increased by \$1.4 million in FY16. That increased free cash to \$1.7 million. There is close to \$2.8 million in reserves. This is important because you have the deficit legislation that you have to pay back. The state said anything over the next year's bond maturity on deficit has to be paid back but your debt balance will go down to \$1.6 million to over \$3 million a year ago. He credited Eric Kinshurf for helping. The balance sheets are accurate, the budget was balanced and the recap was submitted on time.

Prior Year Material Weaknesses:

Material weaknesses for the prior year were cash reconciliations, the payroll system, the operating system and some issues with water and sewer usage receivables. The Town is no more than two months behind on the cash reconciliations which are being balanced to the dollar. The payroll systems, Harpers and Munis, are now in sync. The errors in the withholdings accounts were mostly related to the health insurance.

The operating system is one of the material weaknesses that still needs some attention. The Town Accountant has learned how to do workarounds. To his credit, where there are deficiencies, he has developed excel spreadsheets. He would like to see improvements in getting Munis to do what it should be doing instead of all the workarounds. Selectwoman LaBrie asked about the status of workarounds into Munis. The Town Accountant said the money appropriated by the Town is being used to address some of the financial software issues and is being applied first at the school level to enhance efficiency for end of year reporting. The next phase would be some improvements on the municipal side, which is yet to be determined.

There was an issue with water and sewer liens being processed. The understanding was it was being done automatically in Munis but it wasn't. They had to be manually entered. The auditors helped to fix this and the system has been corrected.

Prior Year General Findings and Recommendations:

Mr. Roselli said one finding here was the Tax Collection Process. There was a period of time the Treasurer had no funding for tax title or tax lien. The Treasurer is now being more aggressive and working with Town Counsel. He said he is hoping to get an update from the team for FY17. The amount of tax title collected was \$50,000 in 2015 vs. \$90,000 in 2016. It takes time. He is watching closely and he had recommended going to the assignment route. The Town Manager pointed out the Tax Collector/Treasurer, Donna Spellman, was in attendance this evening if additional information was needed.

Mr. Hickey noted in 2016 the Town collected \$281,000 and collected another \$24,000 from prior years. In 2017, the Town liened 236 properties, totaling \$249,000. There is \$149,000 in collections as of six months of this year. The Board of Selectmen adopted a water shut off policy. It has been very successful. We had two-hundred thirty-six past due accounts this summer. All but a half dozen accounts either paid in full or set up a payment plan with the Treasurer. We are not going to have water/sewer liens in the future. Mr. Hickey talked about how the Tax Collector has been successful and aggressive to get tax delinquencies addressed. Mr. Hickey announced he would need to be go to the Board of Selectmen and the Finance Committee this year and ask for \$5,000 to try and address tax title property. It is money well spent.

Mr. Roselli said this was fantastic news that he wasn't aware of. Things like this will help the Town's cash reserve. Mr. Hickey said Ms. Spellman was working hard with the Town Attorney to set up an auction of property of low value and property that have buildings on them. He expects to have an auction later this summer to sell some properties and get them back on the tax rolls.

He is also working with the Redevelopment Authority to view properties they own and prefer to have auctioned off as well. This should be around 15 to 20 pieces of property.

TITLE V BETTERMENTS

Mr. Roselli said this is not a material weakness but this has been also fixed.

RETIREE HEALTH INSURANCE

There was a deficit in this account. They found out through Eric Kinsherf's work that it was just a coding error and not a deficit. It was a surplus account.

Special Revenue Funds

Mr. Roselli commented there are a significant amount of special revenue accounts with no activity. There is close to \$200,000 in various accounts. He suggested sitting down with the department heads and discuss funds available or have a house cleaning entry. Chairwoman Anderson asked if it was a lengthy process. Mr. Roselli replied about a year or two. He said this is common; it's in every town in the state.

Compensated Absences Calculation Procedures Both Town and School

Mr. Roselli asked, "What's owed to employee's vacation and sick time?" The Town needs to know what is owed to employees. This needs to get attention this year and inquired with the Town Accountant for an update. The Town Accountant said he has no updates. Superintendent Haddad said they have purchased a program called Frontline and are able to keep track of employee's time. It's easy to use and its accurate. They can share with the Town Manager and Town Accountant.

Ambulance Receivables Monitoring and Write-Off Policy

Mr. Hickey said Fire Chief Tom Smith brought a policy forward to the Board and they abated a significant amount that was old, outdated and uncollectible. We have provided support for that department and billing is being done in a timely manner. This allows the Town to improve the collection rate. He believes when Mr. Roselli comes back that the policy and process that is in place now and addressed will be to his satisfaction. Mr. Robichaud asked how much of the \$400,000 was collectible. The Town Manager stated he would get the information of what was written off and provide to all four boards.

Departmental Review – Transfer Station

Mr. Roselli said they wanted to start taking a closer look at other departments that handle cash and who should have controls. The transfer station has had some deficits and turnovers. He was pleasantly surprised with its operations with so many controls. The office does turn overs every week. There is a manual log of stickers maintained by the office. There is an excel spreadsheet reconciled with turnovers that are given to the Treasurer. A bag inventory is done monthly. The DPW Director pointed out a likely reason why there was a deficit. It could have been the highway trash that has to be collected. This trash is now being weighed separately. There is about a \$1,000 deficit a month, \$12,000 a year which was about the deficit amount. Mr. Roselli made a few recommendations, putting in dates for tracking and would like to see it reconcile with the accounting records. He also would like to see at times manually counting of bags at locations selling them versus calling for the number. He concluded the Department does a really good job.

Chairman Kane asked if there could be a change to the budget next year with an increase to the DPW expense budget so that the users of the Transfer Station don't have to absorb the cost. Mr. Hickey replied there were recommendations to propose to address that in FY18.

SCHOOL

Mr. Roselli said the Management Letter comes out before the school audit is complete. There findings are disclosed in the single audit report. He had a meeting with the School Committee so they are aware of the findings. They are not new findings but repeat findings.

Mr. Roselli said basically the school had used an outside contractor the last two years. That contractor was terminated and the school hired a new Business Manager, Richard Ikonen. Mr. Ikonen would admit he didn't come in with a lot of experience and it can be very challenging. The results are as expected. Mr. Ikonen is trying to learn the process and figure out numbers other individuals were responsible for. It is a difficult situation resulting in a lot of deficiencies. The yearend report is inaccurate. The School needs to get a school version of Eric Kinsherf who helped the Town Accountant. The Town did reach out to Steve Hemman who is close by and has a lot of experience and who is now Mr. Ikonen's mentor. Hopefully with a consultant on board, a lot of this can be streamlined and corrected.

Mr. Roselli asked if there were any comments related to the single audit report, school grants, yearend reports to the Department of Revenue or student activities. Superintendent Haddad noted they hired Steve Hemman and believes this will be all cleared up.

Chairwoman Anderson asked if we are paying net school spending properly. Mr. Roselli said yes. The audit was done prior to the amendment. The school will get the amended audit and net school spending is fine.

Acting Chairwoman Corbosiero said we have someone this year that is different from last year. Mr. Ikonen is working incredibly hard and long hours and their expectation of him is great things. He has their backing and they know he will do a great job and follow through with all of this. Mr. Larry Murphy added it seems like since Mr. Ikonen took over there has been several surprises, figures inaccurate, in wrong places and didn't tell the story. Mr. Ikonen has cleaned those up and they anticipate a clean slate for next year.

Mr. Roselli pointed out something that didn't make the management letter. There are prior bills from the school that need to be resolved.

Informational Items:

Mr. Roselli said there are new OPEB standards with a lot of accounting items, one that affects the single audit which is mostly the school here. It is an implementation of an internal control framework. Masspro sessions had a template. It was required last year but we didn't have to do a finding on it. Going forward they might have to. There is a great new modernization act. It deals with things that are old and inefficient. There will have to be training as to how it effects the Town. This is going into effect next year.

Policies and Procedures Manual

Chairman Kane noted a series of policies the Board of Selectmen adopted last spring. That is great said Mr. Roselli.

Risk Assessment:

Lastly, Mr. Roselli spoke about risk assessment with spot audits being conducted by the Town Accountant of departments that handle cash. This is being partially resolved by the annual audit on a rotational basis.

Mr. Roselli said this concludes the Management Letter.

Mr. Doucet asked about being more active and helping with the spot audits within departments. Mr. Roselli said Mass General Law allows only the Town Accountant to do with their permission.

Audit Committee Chair Dr. Ward said after listening to Mr. Roselli tonight and with his presentation to them last week and with his historical knowledge of the Town that Mr. Roselli should have another three year contract with an option to extend two more years. **Selectman Barbaro moved that Mr. Roselli's contract be entered into with three years and a two year option afterward; Selectman Cyganiewicz seconded.** Selectwoman Salter asked to see the contract. Mr. Hickey said he can put this on the next Board's agenda and get a copy of the contract to them so they could read it and ultimately vote on it if preferable. **Selectman Barbaro moved to amend his motion to say to enter into negotiations; Selectman Cyganiewicz seconded.**

ANDERSON(Y) LABRIE(Y) BARBARO(Y) CYGANIEWICZ(Y) SALTER(Y)

Chairwoman Anderson said she appreciated all the work that Mr. Roselli has done.

A motion was made by Selectwoman LaBrie to take a five minute recess; Selectwoman Salter seconded.

ANDERSON(Y) LABRIE(Y) BARBARO(Y) CYGANIEWICZ(Y) SALTER(Y)

The meeting was recessed at 7:45 p.m. and reconvened at 7:54 p.m.

A motion was made by Selectwoman LaBrie to take the FY18 Capital Improvement Plan out of order; Selectman Barbaro seconded.

ANDERSON(Y) LABRIE(Y) BARBARO(Y) CYGANIEWICZ(Y) SALTER(Y)

Presentation of FY18 Capital Improvement Plan

Mr. Hickey said before you is the sheets that address the Capital Improvement Plan of the Town. They have been submitted to the Capital Planning Committee who has supported the Plan as presented, subject to funding approval. Departments have submitted their requests for the fiscal year. It is then broken down by funding source. Mr. Hickey discussed the requests he is proposing to be funded and the funding sources.

He discussed the sally port for the new Police Station. Finance Committee member Jim Robichaud commented that the Town has already voted to spend \$2.75 million for a turnkey Police Station and we are getting to the point we could have built a new Police Station. Mr. Hickey replied the decision was made a while back and he is looking to get the Police Station done in FY18.

Mr. Hickey discussed the Road Vehicle Maintenance section. DPW Director Al Gallant is working with an engineering firm with a piece of software that will tell the Public Works department what roads are the highest priority. Mr. Hickey said they will have the list of roads later in the fiscal year.

Chairman Kane questioned whether Chapter 90 money could be used for bridges. Mr. Hickey said they are waiting for the review of the recommended fix from the Department of Public Transportation concerning the High Street Bridge. They expect it will cost less than expected. The work is out now to bid and is due in March. The work will be done by September. The estimated cost is \$170,000 which will be funded with Chapter 90 money.

Finance Committee member Christian Orobello arrived at 8:16 p.m.

Mr. Hickey said the Town receives just over \$111,000 for a 911 Grant. He is going to show expenses for the grant in the operational budget in FY18. Chairwoman Anderson commented that the two fire trucks

shouldn't be purchased in the same year because then they will need to be replaced at the same time. She would like them staggered. Mr. Hickey agreed.

Chairman Kane questioned repaving the fire station parking lot and then doing construction. Mr. Hickey said the repaving is in the rear of the building which would not be impacted by the construction. He said he would like to wait but the fire trucks can't travel on it now because of safety issues. The repair to the rear parking lot would be minimal.

Selectwoman LaBrie questioned cleaning the existing dead-end water lines. Mr. Hickey explained they have to run the water so that the water doesn't discolor. There is metal in the lines. Mr. Hickey commented with the Winchendon School Golf Course being closed, the water department will have a \$25,000 loss. This will have to be addressed.

School Committee member Dawn Fronte commented the boys' varsity basketball team won their game fifty-seven to thirty-six. They have won the first district.

Review of FY17 Budget Status as of December 31, 2016

Town Accountant William Schlosstein pointed out in the six month analysis, looking at the bottom line revenue report, the general fund total is 49% collected. The motor vehicle excise hasn't been collected yet. He said he has the final turnover from the Treasurer for the end of January and it is at 62.2% for the general fund which normally would be 58%. This shows stability and strength.

He noted the spending for the enterprise fund was balanced with the use of \$200,000 from retained earnings for FY16. It costs \$1,000,000 to operate the water department and only \$853,118 was budgeted. This will have to be addressed, he said.

The transfer station is holding its own and should do fine.

The report as of January 31, 2017 spending year to date is at 61% for the town and school. There is no concern with pensions and prepaid encumbered contracts. The operations are stable where they were forecast.

Selectman Barbaro excused himself at 8:48 p.m. and left the room.

Review of FY18 Budget, Special and Annual Town Meeting Calendar

Mr. Hickey said he has given everyone a calendar for FY18 for review. He said he wanted to make sure everyone had it. Legal Counsel has reviewed it.

Discussion on City of Gardner Request to Open Monty Tech District Agreement for Review

Dr. Maureen Ward asked what the expectations of the outcome are of this discussion. Chairwoman Anderson said Monty Tech takes up a lot of the school budget and she would like to send a letter of support. School Superintendent Steven Haddad said Mayor Hawke is looking at a district agreement that is fifty years old. Chairman Kane said this is a Board of Selectmen issue not a School Committee issue. The decision making is up to the Board of Selectmen. Chairwoman Anderson said she wanted to get everyone's input. Chairman Kane said it makes sense to look at it. Superintendent Haddad said the School Committee voted to support the decision. Larry Murphy said it's a fifty year old document; a lot of things have changed. The focus of all schools have changed, it's worth reviewing. Fairness and equity is what he's most interested in. Monty Tech has their mission, Winchendon Schools have their mission.

If there are ways to collaborate to get both missions in, it would be better. We need an agreement that is collaborative, not competitive.

A motion was made by Selectwoman LaBrie to send a letter of support to the School Committee Chair of Monty Tech and a copy sent to Mayor Hawke; Selectwoman Salter seconded.
ANDERSON(Y) LABRIE(Y) CYGANIEWICZ(Y) SALTER(Y)

Discussion of Meeting Rotation

School Committee Chairwoman Corbosiero asked why the date of this meeting tonight was changed and why didn't the Finance Committee open it. Dr. Ward said the date was changed because the single audit for the school side wasn't completed yet.

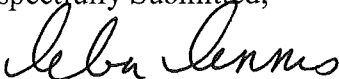
After some discussion, the Board and Committee members decided to have the next Tri-Board meeting on April 11, 2017 at 6:30 p.m.

Adjournment-A motion was made by Selectwoman LaBrie to adjourn the meeting; Selectman Cyganiewicz seconded.

ANDERSON(Y) LABRIE(Y) CYGANIEWICZ(Y) SALTER(Y)

The meeting was adjourned at 9:19 p.m.

Respectfully Submitted;



Debra Dennis
Recording Secretary