

**Litchfield Board of Finance  
Regular Meeting Minutes  
January 11, 2016**

**Call to Order:** Chairman David Geiger called the meeting to order in the LIS Art Room at 7:05pm with Ed Gadomski, David Wilson, Anne Dranginis, Helen Bunnell, Sky Post (Alt.) and Rose Blondin (Alt.) present.

Absent: Mitchell Fishman

Also present: Stacey Dionne, Amaechi Obi, David Fiorillo, Wayne Shuhi and Leslie Zoll

**Approval of Minutes:**

**Motion:** Anne Dranginis moved to accept the 12-14-15 regular meeting minutes. David Wilson seconded the motion with one correction submitted by Roxanne Carroll: On page 2, under the Director of Finance's Monthly Report, ¶1, the last sentence should read: "She said a 56.7% variance under BOE custodians' expenses was because a couple of employees on medical leave necessitated hiring a cleaning company."

**Motion:** David Wilson moved to accept the 12-14-15 corrected minutes. Anne Dranginis seconded the motion. All voted aye and the motion carried.

**Public Comment:**

There was no public comment.

**Review BlumShapiro 2014-2015 Town Audit Reports:**

Leslie Zoll gave an overview of the Federal Single Audit Report for June 30, 2015, which includes the schedule of expenditures of Federal awards to the Town of Litchfield and a summary of their findings and questioned costs for the year ended June 30, 2015.

She also gave an overview of the Financial Statements for June 30, 2015, which shows a total net position of \$54,360,000 which represents \$894,000 net increase in fiduciary funds and a total fund balance of \$9,536,000. Bonds in the amount of \$1.2Mil were issued under the Capital Projects Fund. She reviewed the highlights of the notes to financial statements, including annual OPEB cost and net OPEB obligations. The annual required employer contribution is \$294,000 and the actual contribution was \$100,000 which represents 34.0%. The teachers retirement plan fiduciary net position as a percentage of the total pension liability is 61.51%.

She said the Town had a good year from a budget perspective: there is a very healthy fund balance and a very good tax collection rate, with no material weaknesses to report. She said the BOF should have received the state financial statements as well as the Town of Litchfield. The BOE met with Leslie Zoll just prior to this meeting and changes will be put into place by the BOE that BlumShapiro recommended. She said next year's audit should go more smoothly with those changes. Chairman Geiger asked the BOF members to carefully review the two BlumShapiro reports.

**Board of Education Financial Report:**

David Fiorillo said the BOE is putting new procedures into practice for an improved reconciliation process. He said this is a work in progress but they believe they have a good working relationship with the Finance Department, and they are sharing with the BOF a monthly reconciliation report. He will also attend BOF meetings quarterly to explain variances.

He discussed variances on the BOE monthly report for December 31, 2015, including non-public transportation expenses to magnet schools, the Middle School redesign and the addition of a security door in Center School. He said it is difficult to predict special education costs year to year. Ed Gadowski asked about the cost per pupil and David Fiorillo said he would provide that figure.

He said \$68,000 was left in unexpended funds in last year's BOE budget. There have been a lot of discussions with the Finance Committee and the BOE about how the BOE can handle unexpended funds. The areas they cannot accurately budget for are such as special education since it depends on the number of special education students each year. They currently have a shortfall in special education and need to find the funds from other areas to cover this. There was discussion as to whether the BOE Unexpended Education Funds Account would be for special education only or as a general fund and whether it would be put into a money market account to earn interest. The concern was there was the possibility of loss due to market fluctuation. He said he is requesting a BOF motion to use the \$116,000 left in the budget for special education.

Chairman Geiger said he thinks this would be a good idea but the BOF would not be prepared to make a decision at this meeting. It would be a more predictable process and the BOE would have up to June to spend the money. Anne Dranginis will speak to the town attorney about this. David Wilson said the BOE should come to the BOF if they need more money for unexpected expenses and Helen Bunnell suggested the BOF could control that account. David Fiorillo said that would be a possibility and is done by other towns. Amaechi Obi said they could create a designated fund account.

**Motion:** Helen Bunnell moved to have a subcommittee look into this and share information gained from Mike Rybak as to whether they could create a sub-fund balance for BOE under the Fund Balance. David Wilson seconded the motion. All voted aye and the motion carried.

David Fiorillo asked if there is a shortfall and the BOE knows certain lines will have a negative balance, at what point of the year the BOF would want him to ask for additional funding through a transfer. Chairman Geiger asked him to come back in 3 months to decide this.

**Director of Finance's Monthly Report:**

Stacey Dionne, Assistant Director of Finance, distributed the financial overview as of December 31, 2015. The Town has collected 59.3% of revenue compared to 60.6% same time last year and has spent 59.0% of the BOS Budget (compared to 60.29% last year.) The estimated fund balance is \$4,476,000 (15.15%). Current year property taxes collected are 64.3%. vs.63.9% same time last year and all tax revenue collected was 50.3% of original budget.

Chairman Geiger asked Amaechi Obi to respond to the Auditors' recommendations. Amaechi Obi said they have accomplished the recommendations with the exception of fraud assessment. All departments that have cash collections have been told to make daily deposits. Cash reconciliation must be done on a

monthly basis so that discrepancies can be handled quickly. Everything requires 2 signatories and if they find discrepancies, he will recommend hiring a professional fraud assessor. There is a special whistleblower telephone number to report suspicious behavior. Chairman Geiger asked that these be put in writing and sent to him to present at a future BOF meeting for an approval vote.

**New Business:**

**a. Financial Transfers:**

There were no financial transfers.

**b. Correspondence:**

There was no correspondence.

**c. Payment of Bills:**

**Motion:** Helen Bunnell moved to make two payments of \$7,000 each to BlumShapiro as their final payments for professional services in connection with the audit of the financial statements for year ended June 30, 2015. Anne Dranginis seconded the motion. All voted aye and the motion carried.

**d. BOF 2016-2017 Department Budget**

**e. BOF Subcommittee Reports**

There were no subcommittee reports.

**Adjournment:**

**Motion:** Helen Bunnell moved to adjourn at 9:12pm. Ed Gadomski seconded the motion. All voted aye and the motion carried.

Respectfully submitted,

Jo Ann Jaacks  
Recording Secretary