

Lebanon Board of Finance
November 17, 2015 Regular Meeting Minutes

Members Present: Liz Charron (Vice Chairman), Kevin Cwikla, Phil Johnson

Alternates Present: Diane Malozzi, Stephen Salisbury

Also attending: Betsy Petrie, First Selectman

- A. Call to order – Liz Charron called the meeting to order at 7:06. Diane Malozzi to sit for David Scata, Steve Salisbury to sit for Meghan Bruce.

- B. Public Comment – none

Motion made by Kevin Cwikla and seconded by Diane Malozzi to add other items at this time, including to discuss and act on legal over expenditure. Pass unanimously.

Betsy Petrie handed out details on legal expenses YTD (exhibit attached). While it is currently showing and over expenditure of \$527, there is an expense of \$5,000 that was associated with tax sales. This amount will be transferred to the Tax Collector. There are \$1350 of expenses related to the bonding projects. It is not known at this time if these expenses should be borne by the projects. Other legal expenses have been incurred for the Charter project and the senior housing project. No action taken. Betsy Petrie will update us next month.

Liz Charron requested that Ms Petrie follow up with the Finance Director to see if budget forms can get sent to areas by the December 1st date originally committed to. She also said the letter had been reviewed and was approved with new dates.

- C. Review and approve minutes of Special Meeting on November 10, 2015 – Kevin Cwikla moved to approve, Phil Johnson seconded. One typo change to budget calendar: Saturday February 25 should read Saturday February 27. Passed unanimously with correction.

Phil Johnson moved and Kevin Cwikla seconded to add minutes of regular meeting on October 20th to the agenda. Only two members present that were at the regular meeting. Motion withdrawn.

D. Old Business

- 1. Review revisions to the following policies:

- a) Lease Purchase – the minutes of the November 10, 2015 special meeting include the revise document from that meeting. No action was taken at this time on this document.

- b) Town Improvement Plan (TIP) – Diane Malozzi handed out documentation of prior discussions on this document. Liz gave background on the establishment of this fund and procedures established in consultation with the BOS. The document was discussed. Diane will draft a new document based on the discussion.
- c) School Improvement Plan – Liz Charron distributed a draft for School Capital Projects which includes three subaccounts within Capital & Non-recurring: School Improvement Plan, Technology and Athletic Facilities. Some changes were made based on discussion. The revised copy is attached to these minutes.

E. New Business

- 1. Discuss and act on requesting an extension from OPM based on auditor's request. A letter was received from the auditor explaining situations where information from the state that may impact our audit will be changing. The state does not expect the changes to be made until November 30, 2015. This may impact the auditor's ability to meet the December 31st deadline and she feel an extensions is prudent. The letter is attached to these minutes. Phil Johnson made a motion to authorize the First Selectman to request an extension from OPM for the Town of Lebanon audit. Kevin Cwikla seconded. Passed unanimously.
- 2. Discuss and act upon filling the vacancy on the BOF from the resignation of Betsy Petrie. The Republican Town Committee has suggested the Diane Malozzi fill this position. Liz Charron asked if there were any other nominations. None offered. Kevin Cwikla moved to appoint Diane Malozzi to the vacant position. Phil Johnson seconded. Passed with 4 ayes and 1 abstention (Malozzi).

F. Other – no other business at this time.

G. Adjourn – Diane Malozzi moved to adjourn at 8:20. Kevin Cwikla seconded. Passed unanimously.

Respectfully submitted,



Liz Charron

Attachments:

- 1. Legal expenses YTD through November 17, 2015
- 2. Lease Purchase Agreement Policy
- 3. School Capital Projects Polciy
- 4. Letter from auditor

Town of Lebanon MO. BUDGET SUMMARY

Account Number / Description	Adopted Budget	Amendments	Reported Period	Amount Remaining	Percent Remaining
	7/1/2015 - 6/30/2016	7/1/2015 - 6/30/2016	7/1/2015 - 11/30/2015	7/1/2015 - 11/30/2015	7/1/2015 - 11/30/2015
400 LEGAL COUNSEL					
100-00-400-5310-0000-0000 GENERAL COUNSEL	12,500	0	21,027	(8,527)	(68)%
100-00-400-5400-0000-0000 LEGAL - COMM & BOARDS	3,000	0	0	3,000	100 %
100-00-400-5464-0000-0000 LEGAL - ZBA	1,000	0	0	1,000	100 %
100-00-400-5467-0000-0000 LEGAL - IWC	4,000	0	0	4,000	100 %
TOTAL 400 LEGAL COUNSEL	\$20,500	\$0	\$21,027	\$(527)	(3)%

Town of Lebanon Trial Balance

Report # 27837

Account Groups: (First) - (Last)
Account: 100-00-400-5310-0000-0000
Dates: 07/01/2015 - (Latest)
Book Type: Actual
Sort By: Account Number
Detail Option: Full Detail
Include Zero Activity Accounts: No
Subtotal First Account Segment: No
Select Accounts Utility: No

Account Number	Description	Class	Beginning Balance	Total Debits	Total Credits	Net Change	Ending Balance			
100-00-400-5310-0000-0000	GENERAL COUNSEL	Expense	0.00	22,376.50	1,350.00	21,026.50	21,026.50			
	Posting Date	Batch #	Document Type	Document #	Doc. Code	Reference	Debit Amount	Credit Amount		
	07/28/2015	6921	Voucher	FEE BANK LO	1316	1316-DIXWORKS LLC	1,000.00	0.00		
	08/04/2015	6940	Voucher	MSRB EMMA F1316		1316-DIXWORKS LLC	350.00	0.00		
	08/10/2015	6975	General Journal	53712		DIXWORKS BAN 8/3/2015	0.00	1,000.00		
	08/10/2015	6975	General Journal	53712		DIXWORKS BAN 8/3/2015	0.00	350.00		
	08/26/2015	6996	Voucher	59096	CHARH12	12-WALLER SMITH & PALMER	3,330.00	0.00		
	08/26/2015	6996	Voucher	59098	WOODS12	12-WALLER SMITH & PALMER	358.00	0.00		
	08/26/2015	6996	Voucher	59099	ADAMS 12	12-WALLER SMITH & PALMER	105.00	0.00		
	08/27/2015	6999	Voucher	59095	PZC 12	12-WALLER SMITH & PALMER	3,255.00	0.00		
	09/22/2015	7074	Voucher	479059	GENER1042	1042-SHIPMAN & GOODWIN LLP	106.50	0.00		
	09/22/2015	7074	Voucher	49318	ADAMS 12	12-WALLER SMITH & PALMER	465.00	0.00		
	09/22/2015	7074	Voucher	59315	PZC SR 12	12-WALLER SMITH & PALMER	1,995.00	0.00		
	09/22/2015	7074	Voucher	59316	GENER12	12-WALLER SMITH & PALMER	6,412.00	0.00		
	10/19/2015	7163	Voucher	LD10533	DED I211	211-CIRMA	5,000.00	0.00		
				Account 100-00-400-5310-0000-0000 Totals:			\$22,376.50	\$1,350.00		
			Report Totals:			\$0.00	\$22,376.50	\$1,350.00	\$21,026.50	\$21,026.50

Bond?

→ tax sale - move to Tax Collector

1 Account Listed.

Lease / Purchase Agreements for Capital Projects

Purpose

To document the process for entering into a Lease/Purchase Agreement for approved capital projects with intent to own and to project the full financial impact to the town.

Policy

All Capital Lease/Purchase Agreements must be approved at a town meeting or referendum. All departments, boards or commissions, including the Board of Education, shall not enter into a Capital Lease/Purchase Agreement unless it has first been approved at Town Meeting or Referendum.

Procedures

All departments, boards and commissions will request capital funding during the budget process. The Board of Finance will determine the funding options for projects included in the proposed budget. Estimated annual payments and duration will be included in the budget proposal. The BOF may determine that entering into a lease/purchase agreement is the best means for funding.

Following the approval of the budget, the Finance Office will take the lead and will work with the area requesting the capital item to assemble multiple bid proposals and present the best Lease/Purchase proposal to the BOF. The proposal will include total cost, including: interest rate, duration, down payment and any additional expenses.

The Board of Finance shall provide a proposal for Town Meeting approval by passing:

- a resolution to enter into a Capital Lease/Purchase Agreement (sample wording attached) and/or release of capital funding, and
- a request to the Board of Selectmen to call a Town Meeting for the purposes of entering into a Capital Lease/Purchase Agreement and/or release of capital funding.

The Resolution language will accompany the package of lease information from the Finance Office.

Capital lease/purchases are recognized as current and future obligations for the duration of the lease. The Capital Lease/Purchase is subject to annual appropriations and the lease agreement should include a non-appropriation of funds clause.

School Capital Funds

Purpose

There are three School Capital subaccounts within the Capital & Non-recurring Fund that are typically allocated funds during the budget process to assure the infrastructure for the schools is maintained. The three subaccounts are:

1. School Improvement Plan (SIP) which focuses on the maintenance and improvement of buildings and equipment and are not normal operating expenses.
2. Technology which assures we have a system of purchasing technology each year to stay up-to-date with latest technologies that students need to learn on to stay competitive and to assure we maintain appropriate protections from a cyber security standpoint.
3. Athletic Facilities which focuses on facilities inside and outside of the school building to assure they are safe and meet the needs for the sports programs.

Policy

School Capital expenditures will be identified by the Board of Education (BOE) during their budget process. The BOE will provide a list of requested projects and a high level estimate of each project to the BOF. Funding approved during the budget process will only be used for the list of pre-approved projects.

The subaccounts will be maintained in the Town accounting system within the Capital & Non-recurring Fund.

Procedures

Approval Process

The BOE will oversee expenditures from the School Capital subaccounts. Funds for the projects on the pre-approved list that come in within \$5,000 of the high-level estimate may be managed and released by the BOE. If it is determined that a project will exceed the high-level estimate by \$5,000 or more will require authorization by the BOF.

Projects that arise during the year that were not on the pre-approved list must be approved by the BOF.

Funds remaining in the School Capital subaccounts will carry over from one year to the next; however, it is expected that these funds will be used within a 24 month period. If excess funds remain after this period, they may be reallocated to other purposes by the BOF or the BOF may reduce or eliminate future funding for these accounts.

Reporting

Reports will be received quarterly from the Finance Office summarizing expenditures, appropriations, and current balances of the School Capital subaccounts. Reports will be presented at a regular meeting of the Board of Finance.

Draft with changes from November 17, 2015 BOF Meeting

Attachment 4

Sandra E. Welwood, LLC

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Certified Public Accountants
46 Main Street
Danbury, CT 06810

November 9, 2015

To our valued clients:

To expedite a quick communication, this general email is going out to all clients. We will contact you individually over the next few days to discuss your audit and timing as related to the situation below.

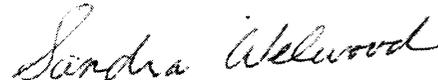
Late Friday afternoon, we and all other auditors of Connecticut municipalities received an email notification from the Office of Policy and Management (OPM). The notification related to the required adoption of Governmental Accounting Standards No. 68 and No. 71, which requires accounting and numerous disclosure changes related to the state pensions of which you are a part. Note that the required information to adopt these accounting standards in your current year financial statements must come directly from the state. We have no way of completing your financial statements without their information.

OPM alerted us to the fact that the Connecticut Teachers' Retirement information provided was inaccurate and is in process of revision with a target completion of November 30, 2015. OPM also alerted us to the fact that the recently received Connecticut Municipal Employee Retirement information from the State may not be accurate, but they have a planned target date of November 30, 2015 to let us know. I am NOT confident that they will meet the November 30, 2015 target date because they have known about these new accounting requirements for three years. Now, with less than two months from the OPM deadline, they still have not provided accurate information.

This situation necessitates that all clients with one or both of these pensions, go on extension to be sure we are covered if the information is further delayed. In addition, we are required to perform additional "update" audit procedures because of the unforeseen delay in the issuance of your financial statements. A further complication is that we must forge ahead with our existing on site audit schedule because all work (other than the work related to these two pensions) must be completed so ED001 reviews can be completed before the December 31, 2015 deadline (reminder: extensions are not allowed for the filing of the ED001 report).

Once we receive the data and assess the additional work required, we will provide you with an estimate of the additional fee for this extra work. In the meantime, it is full speed ahead with all areas of your audits as planned, with the two State pensions remaining open. Please communicate this to your Board as soon as possible so they are aware of the possible delay. **WE WILL BE MAKING EVERY EFFORT WITHIN OUR CONTROL TO FILE YOUR FINANCIAL STATEMENTS BY THE DECEMBER 31, 2015 DEADLINE. THE EXTENSIONS ARE INSURANCE IN CASE THE STATE IS DELAYED IN PROVIDING US WITH THE NEEDED INFORMATION.**

Very truly yours,



Sandra Welwood
Certified Public Accountant