

**APPROVED
BOARD OF FINANCE
Revised Minutes
January 14, 2016**

CALL TO ORDER

Chairman Hammers called the Board of Finance meeting to order at 7:00 pm at the Town Hall, Trumbull, Connecticut. All those present joined in the Pledge of Allegiance.

ATTENDANCE

Present

Elaine A. Hammers, Chairman
William J. Haberlin
Roy Molgard
Andrew Palo
Scott Zimov
Vincent DeGennaro, Alternate
Ted Chase, Alternate

Absent

Thomas Kelly
Karen A. Egri, Alternate

Also present:

Maria Pires, Finance Director; Anthony J. Musto, Treasurer; Therese Keegan, Internal Auditor

The Chair indicated that Mr. DeGennaro would be voting for Mr. Kelly.

NO PUBLIC COMMENT

TOWN TREASURER'S REPORT – Anthony Musto

Mr. Musto presented his report. He indicated that Infinex interest is accrued and may not give an accurate picture of the CD, since the reinvestment will be at a higher interest rate. Once a CD is matured it will not continue to give the accrued interest. He went on to add that using the accrued interest is misleading; interest should be put in once it is received. The Chair indicated that it could then look as if we aren't making our budget requirement. Mr. Musto indicated that as the CD reaches maturity the accrued interest is included in the value. The Chair went on to add that we don't focus on the cash balance but how close we are to achieving the target, since we put it in as a revenue item. He agreed that he would continue as had been done previously. The Chair asked if he had any idea where we were headed. Mr. Musto indicated that a purchase at this point would be at .8 not .55. He indicated that fixed interest items would not change; however, those we can reinvest will be in more current instruments.

INTERNAL AUDIT – Therese Keegan

Ms. Keegan presented her Special Revenue Account Audit. She indicated that one was presented in June of 2013 and recommendations were made at that time by the individual who prepared the report. The report included the following recommendations, which were not implemented:

- Need documentation for policy and procedures
- Need for periodic review of the fund balances and process to inactivate funds when appropriate.

The report this evening delves into the accuracy of the fund balances and it provides counsel to establish process stability and financial accuracy going forward.

Why we have these funds:

- Funds are set up to satisfy legal requirements related to the segregation of resources; conform to accounting guidance; for control; financial oversight.
- Examples include donated funds, fees received for a specific purpose; grant funds received for a specific purpose.
- Funds are not closed out annually; they remain separate until the purpose has been achieved. Some are considered continuous, such as the Senior Center activity fund.
- Some activity funds may be partially or fully self-sustaining; the question then isn't should the funds be segregated, but should the outstanding fund balance be taken into consideration when budget funds are requested.

The Town of Trumbull currently has 80 funds up from 76 two years ago. The 2013 audit reported a \$847,000 balance, excluding the special detail account, which was 1.5 million at that time, so the total would have been \$2.3 million. As of 6/30/2015 funds totaled nearly \$2.5 million dollars and as of last month it was over \$2 million. These funds should be managed with care.

Findings and Recommendations:

- 2013 Audit recommended written documentation for policy and procedures – not yet implemented; when new fund should be set up not addressed; reconciliations not being done and should be done by department using fund.
- 2013 Audit recommend use of Munis Notes – not implemented – and would not have worked at the time recommended. It will work now.
- The excessive number of special revenue accounts unnecessarily complicates budgeting and accounting. The general rule is to establish the minimum number of accounts and the following need to be addressed: 13 unused accounts should be inactivated; once a project is over, the fund should be closed. There were 25 funds still open for completed projects as of the end of June 2015 totaling \$12,000.
- Correcting entries of \$6,871 were posted in December. 5 funds totaling \$4400 should be integrated with like funds and not returned, if they are like in nature.
- Recommendation made that the 25 funds not being used be closed and remaining funds should be returned to the General Fund after approval obtained from the Board of Finance.
- 10 funds totaling \$50,000 are stagnant. They are not being used; departments either not aware they exist or what they could be used for; due largely in part to employee turnover. Funds may still be used if appropriate or remaining balance returned to the general fund and fund closed. Fund policy must have a reconciliation policy and forward to the Finance Department.
- Revenue and expenses do not match. Income going to fund and bills being paid from the General Funds.
- Funds can be combined if accounts are similar.
- There are 22 remaining funds that are still being used. Recommends reconciliation with a review by finance.
- The total number of accounts will be reduced to 35.

The Chair indicated that she wants a clearly defined policy as to what constitutes a legitimate special agency account, and then use the guidelines to go back to the 35 remaining funds and see if they meet the criteria.

Going forward, all special agency accounts must be approved by the Board of Finance in advance unless it is part of a grant or government program. She went on to add that every department that has one of these accounts must come in and justify it to the Board and let them know why it continues. In this way, we can determine which programs pay for themselves and which ones are collecting more than they need and then subsidizing programs that don't pay for themselves.

In addition, it was noted that some departments collect donations and there is no record of how these funds are spent; in some cases the funds being spent are actually coming out of the budget, and the donations are not used. There are also departments that are not aware they have funds in a special revenue account.

Ms. Pires indicated that she will report to the Board of Finance monthly on the 35 funds and the departments will reconcile on a quarterly basis.

RULES OF PROCEDURE

By unanimous consent the Board of Finance voted to adopt the Rules of Procedure, incorporating the following changes (see attached):

- Item #4 – Paragraph 1 to read: Board members should review the agenda in advance of the meeting and, if they have any concerns or need additional information regarding specific Agenda items, should contact the Chairman via e-mail and copy the Board members so the requested additional information should be made available at or prior to the meeting.
- Item #4 – Paragraph 2 deleted.
- Item #4 – Paragraph 3 to read: The Chairman shall request all responses be returned to the Chairman via e-mail.
- Item #4 – Paragraph 4 to read: The Chairman shall disseminate all responses.
- Item #11 – Change 10:30 p.m. to 10:00 p.m.

DISCUSSION ITEMS

Budget to Actual Report

Ms. Pires indicated that Workers Compensation is 70% expended, since we have been settling large claims. In addition, some departments have part-time accounts that may be over budget because they have someone out and they are filling in with a part time person.

The Audit was filed with the State; this is the first year we have a CAFIR which is a more detailed audit as far as additional information going back 10 years. This will be put on the website once the Council has reviewed it in February.

Fund Balance

The fund balance is currently 10.46%.

MINUTES

Mr. Haberlin moved, seconded by Mr. Molgard, to approve the minutes as presented.

Vote: 5-0-1 (abstained: Hammers)

Ms. Pires indicated that she would need the approval of the Board of Finance in order to put funds into the General Fund from the Special Agency Accounts that would be closed. The Chair indicated that these items could be addressed this evening by adding them to the Agenda.

Mr. Haberlin moved, seconded by Mr. Molgard, to add to the Agenda a transfer of \$12,087.

Vote: 6-0 added to the Agenda

Mr. Haberlin moved, seconded by Mr. Zimov, to move \$12,087 per page 7 of the Audit Report.

Vote: 5-0-0 motion carries

Mr. DeGennaro moved, seconded by Mr. Zimov, to add to the Agenda an action item regarding the \$10,569 in copying fees per page 8, item 2.

Vote: 6-0 added to the Agenda

Mr. DeGennaro moved, seconded by Mr. Molgard, to record the \$10,569 as miscellaneous revenue per page 9 of the Audit Report.

Vote: 6-0-0 motion carries

Mr. Haberlin moved, seconded by Mr. Palo, to add to the Agenda a \$22,609 miscellaneous revenue item.

Vote: 6-0-0 added to the Agenda

Mr. Haberlin moved, seconded by Mr. Palo, to record the \$22,609 as miscellaneous revenue.

Vote: 6-0-0 motion carries

By unanimous consent, the meeting was adjourned at 8:15 p.m.

Respectfully submitted,

Phyllis C. Collier
Board of Finance Clerk