

**ASHFORD BOARD OF FINANCE
REGULAR MEETING
FEBRUARY 19, 2015
7:00 p.m.**

Members Present: Cathryn Silver-Smith (Chairperson), Susan Eastwood (Clerk), Chuck Funk, Tony Horn, Merrill Simpson, Gail Zaicek, Judy Austin (Alt) and Francine Hodovan (Recording Secretary).

Guests: AVFD: Chief Wayne Fletcher.

BOS: Michael Zambo (First Selectman, Ex-Officio), Ralph Fletcher.

BOE: John Lippert.

1. **Call to Order:** Chairperson Cathryn Silver-Smith called the Regular Meeting of the Ashford Board of Finance to order at 7:03 p.m.
2. **Seating of Alternates:** None.
3. **Approve Minutes of Regular Meeting of January 8, 2015:**
MS. EASTWOOD MOVED AND MR. FUNK SECONDED A MOTION TO ACCEPT THE MINUTES OF THE JANUARY 8, 2015 MEETING WITH THE FOLLOWING CORRECTION. THE MOTION PASSED WITH EVERYONE VOTING AFFIRMATIVELY EXCEPT FOR MR. HORN WHO ABSTAINED.

Correction: Under “Corrections” Item 3, remove the second “ned”.

4. **Hear from Public:** None.

5. **Communications:**

Ms. Silver-Smith distributed a letter (*attachment A*) from Ashford School Superintendent Dr. Longo requesting that BOF move the audited amount of \$32,187 unspent from the BOE FYE 2014 appropriation to the Non-Lapsing Fund.

Ms. Silver-Smith distributed a draft of the letter from Mahoney, Sabol & Co., LLP clarifying the FYE 2014 Audit *Communication of Internal Control Related Matters – Board of Education Purchasing Policy and Procedures* and assessing the school’s response to the auditor’s recommendation to implement segregation of duties in the school’s purchasing and authorization process.

6. **Unfinished Business:**

a. **Ashford BOE Non-Lapsing Fund:**

Mr. Funk and Ms. Silver-Smith presented proposed changes to the BOE Non-Lapsing Fund for board consideration. The proposed management of the fund would be like that of a number of CT towns, including Coventry, Vernon, South Winsodor. Information obtained by Ms. Zaicek from Connecticut Council of Municipalities (CCM) confirmed that most CT towns do not have a Non-Lapsing Fund.

MR. HORN MOVED AND MR. FUNK SECONDED A MOTION TO CHANGE THE NAME OF THE BOARD OF EDUCATION NON-LAPSING FUND TO ‘UNEXPENDED EDUCATION FUND ACCOUNT’ AND TO ADOPT THE ATTACHED UNEXPENDED EDUCATION FUND ACCOUNT POLICY AND CONTROLS, EFFECTIVE FEBRUARY 19, 2015. THE MOTION PASSED WITH EVERYONE VOTING AFFIRMATIVELY.

Ms. Silver-Smith will communicate the *Unexpended Education Fund Account Policy and Controls* (attachment B) to the BOE Chair.

MS. ZAICEK MOVED AND MR. FUNK SECONDED A MOTION TO ADD ITEM 7f. SELECTMAN’S UPDATE TO THE AGENDA AND TO MOVE IT AHEAD OF ITEM 7a. THE MOTION PASSED WITH EVERYONE VOTING AFFIRMATIVELY.

7. New Business:

f. Selectman's Update:

Selectman Zambo stated that solar paneling on the Town Hall has been completed, the Ashford Senior Housing is 75% complete and the Fire Department will be started next month. Only about one-third of the project will be done because the CL&P (Eversource) transformers cannot handle more than that.

The renovation of the Tremko House is also 75% complete. There have been setbacks due to the inclement weather.

The FY 2015 budget for sand and salt has been used up due to the extremely snowy winter. The cost of the salt also increased by \$20.00/ton this year, so it should be considered in next year's budget. This has also affected the DPW budget for vehicle repairs, truck parts and equipment, which will be used up within the next 3 1/2 weeks. FEMA reimbursements for the blizzards have been requested, which should amount to approximately \$22,500 (75% of \$30,000) and be enough to cover costs through the rest of the season.

The Town bus used for ASCO trips is unable to be repaired. Senator Tony Guglielmo has assured the BOS that he will do everything in his power to obtain a grant for a replacement bus this year. A school bus may be used on Saturdays and during school vacations, provided a school bus driver is available. How this will work has yet to be determined; the hope is that it will be along the lines of what is done for Parks & Recreation.

a. Proposed FY 2015-2016 Town Budget:

Selectman Zambo stated that all departments were pretty good at bringing in their budgets on time. He noted that the State has a budget deficit of \$2 billion this year and is relooking at implementing a state car tax.

The budget presented reflected the requests made by departments. No adjustments were made by the BOS. Highlights include:

- The Grand List is currently up by 0.5%, which represents a revenue increase of approximately \$40,000
- Ovation health insurance rate is expected to decrease from 13% to 7.7%. Mr. Zambo will provide copies of the Ovation presentation to Board members.
- DPW increases for sand and salt in the amount of \$10k
- An increase in health care
- Increases for contracted raises (Town Clerk's Office and 4 other employees), as well as salary increases in general
- A change will be needed to the line items listed for DPW, as salaries for part-time employees will be segregated from full-time employees with benefits
- A \$5K increase in the Senior Center Director's budget to accommodate additional programs to be offered to the Town and held in the Senior Center building

The proposed overall budget increase is approximately \$100,000. Selectman Zambo again stated that the BOS and the Town Departments are always cooperating to find ways to save.

Ms. Silver-Smith requested that the Town's BMSI budget reports be changed to show two prior years of audited actuals, as has been requested of the BOE.

b. Proposed FY 2015-2016 Five-Year Capital Improvement Plan:

Mr. Funk, Chairperson of the 5-Year Capital Improvement Committee, presented an overview of FYE 2015 capital work performed to-date, followed by the proposed budget for FYE 2016.

FYE 2015 Capital Items:

- DPW has chip sealed 3.21 miles of town roads. Mr. Funk feels that the Town should consider repaving 6.8 to 8.8 miles each year in order to complete the 63 miles of town road every 7 to 9 years
- The AVFD is in the process of having a new truck built to replace an outdated one
- Ashford School:
 - o New safety glass and doors have been installed
 - o New ceiling eyes and cameras for monitoring have been installed
 - o A new school bus was purchased

Mr. Funk was asked if there were any other school safety concerns. He stated that will be necessary to go back to the BOE to get concerns and issues on the table to be looked at and discussed to get them on the 5-Year Capital Improvement Plan. He also stated that he feels that it would be very effective for the school to have its own 5-Year Plan for capital improvements, including repairs on the school building, safety enhancements and the energy audit recommendations.

Proposed FYE 2016 Capital Items

- The AVFD will be retiring a fire truck to the DPW that they will retrofit to use as a multi-tasking vehicle funded at \$33K/year instead of purchasing a new truck at \$50K/year
- The Town is not expecting another STEAP grant since we haven't received one in the last 3 years. As a result, the DPW is lagging behind on equipment needs because there is no money available
- Ashford School needs to upgrade the media center and 4 classroom ceilings due to a problem with acoustics. The media center will cost \$58K and the classrooms will cost approximately \$96 (4 rooms at 38K each), but recommendations from the energy audit should also be taken into consideration before this work starts

The estimated cost is \$746K overall, with offsets of \$51K in anticipated LOCIP funding, \$73K in Town Aid Road funding and \$621K in proposed funding from the Capital Non Recurring (CNR) Fund.

Mr. Horn was excused at 9:25 p.m.

Selectman Zambo commended the school for doing a much better job than they have done in the past with their planning. He said that he has a complete description of the entire project with a detailed scope of the work involved in replacing the classroom ceilings. Ms. Silver-Smith requested copies of those documents for the Board's budget workbooks.

Selectman Zambo once again noted that all departments worked with diligence to come up with a responsible 5-Year Capital Improvement Plan by being realistic about what needs to be done and what taxpayers can reasonably afford. It was decided that after the BOS meeting on Monday they will be able to provide the BOF with a narrative of what has been done so far and what is expected to be done. Mr. Funk will submit the resultant report submitted by Mr. Funk by February 26, 2015.

Mr. Zambo will also provide the Ovation health insurance documentation, budget numbers, particularly the numbers for Capital Improvements for the BOF's February 26 meeting. Mr. Zambo noted that the BOS has crunched the numbers and gone as low as they can go by combining positions and they are bringing in flat budgets to the effect that they are just about out of places where they can make cuts.

c. Update FY 2015-2016 Budget Calendar:

Ms. Silver-Smith pointed out one calendar date that needs to be fixed and she will make that correction on the website.

d. Update FY 2015-2016 Budget Policies:

The date correction required for one of the Budget Policies was addressed previously.

e. BOE Response to Internal Control Deficiencies Cited in FY 2014 Audit:

As was discussed during the Board's January 8 meeting, the school's response to the FYE 2014 Audit *Communication of Internal Control Related Matters – Board of Education Purchasing Policy and Procedures* recommendation did not adequately address segregation of duties in the school's purchasing and authorization process. Purchases initiated by the Superintendent are being approved with no additional approval. The person making a purchase request must never be the same person who approves the request. Board members agreed that this control deficiency must be corrected.

Board members recommended that clarification be added to the auditor's proposed letter for the terms "member of the Board" and "another member of management" before the letter is sent.

Ms. Silver-Smith gave BOF members a copy of "Documentation Requirements for Expenses Paid Through the Payroll Provider" from Maureen Barber's continuing assessment of current financial procedures/gaps.

8. Committee Reports:

Annual Report Committee:

Ms. Silver-Smith stated that reports have not been received from all departments, although quite a few have been received. It was decided who the report will be dedicated to. Ms. Zaicek stated that she has some photos which will be appropriate. Town Clerk, Sherry Mutch, has provided a write-up that may be used as well. Ms. Silver-Smith is looking into purchasing desktop publishing software to prepare the report.

9. Agenda Items for Next Meeting:

- Status of Grant for Chart of Accounts
- General Government Budget Review & Recommendations
- Capital Improvement Plan Review & Recommendations

10. Remarks for the Good of the Board:

Ms. Silver-Smith thanked everyone for being patient while clarifying the audit issue, as some of the members have been through this before and some of our members are new. Ms. Zaicek noted that everyone is just trying to understand the issues.

11. Adjournment:

MR. FUNK MOVED AND MR. SIMPSON SECONDED A MOTION TO ADJOURN THE FEBRUARY 19, 2015 REGULAR MEETING OF THE ASHFORD BOARD OF FINANCE. THE MOTION PASSED WITH EVERYONE VOTING AFFIRMATIVELY.

The Ashford Board of Finance Regular Meeting adjourned at 10:48 p.m.

Respectfully submitted,

Cathryn Silver-Smith (for BOF Clerk)

attachments:

- Non Lapsing Fund Request from Ashford School Superintendent (2015-02-18)
- Unexpended Education Funds Account Policy and Controls (2015-02-19)



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February 18, 2015

To: Cathryn Silver-Smith, Chair
Ashford Board of Finance

From: Dr. James Longo

Re: FY 2013-2014 Non-Lapsing Fund

James P. Longo, Ed.D
**Superintendent of
Schools**
(860) 429-1927
jplongo@ashfordct.org

Troy C. Hopkins
Principal
(860) 429-6419
thopkins@ashfordct.org

Cynthia A. Ford
**Assistant Principal/
Acting Director Pupil
Personnel
504 Coordinator**
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Now that the FY 2013-2014 audit has been completed, it was determined the amount of \$32,187 remains unspent in the Ashford Board of Education's budget for the fiscal year. These funds would be therefore statutorily eligible for designation to a non-lapsing fund to be used on or before June 30, 2015. At this time, I respectfully request that the authorization of this funding as soon as possible for use by the Ashford Board of Education as outlined below.

In my original request for authorization of a non-lapsing fund (see memos dated May 20th and June 11, 2014) for FY 2013-2014, I indicated that the Ashford Board of Education would use any available funds for either potential overages in special education, or if not needed there, to fund the purchase of curriculum support material such as technology equipment.

On February 12th, the Board of Education submitted an application for technology grant funding to the Connecticut State Department of Education. If we are successful in receiving an award for this grant, the district share/match will be \$34,477. We have been informed that purchases made after May 1, 2015 can be applied to this requirement. It is my intention to use these non-lapsing funds to satisfy a large portion of the district's technology grant expenditure match requirement.

If you have any questions, or require any further information, regarding this funding request, or our intentions for its use, please let me know and we will be happy to be of further assistance.

Thank you for your time and consideration of this request.

cc: James Rupert, Chair, Ashford Board of Education

Respect, Responsibility, Pride

Unexpended Education Funds Account
Effective February 19, 2015

General Description

Reauthorization with clarified language of a non-lapsing account for Ashford Board of Education (BOE) as allowed by CGS, Sec. 10-248a. Assets of the non-lapsing account are to be used for capital expenditures which were presented previously to the public in the Town's five-year Capital Improvement Plan during the Annual Town Budget Meeting.

Revenue Sources

Upon completion of the Annual Town Audit for the fiscal year, with approval by the Board of Finance (BOF), funds determined to be surplus from the BOE appropriation for that year shall be transferred to the Unexpended Education Funds Account. Funds to be transferred shall not exceed 1% of the amount appropriated to the BOE in that fiscal year. Investment income earned by the funds held in the account will remain in the account. The maximum amounts held in the Unexpended Education Funds Account may not exceed 3% of the amount appropriated to the BOE in the most recently ended fiscal year.

Allowable Expenditures

The account is to be used for capital non-recurring expenditures as identified in the Town's Five-Year Capital Improvement Plan. The intent of this account is to give the BOE an avenue to accelerate their portion of the five-year plan with prudent use of budgeted resources. All projects or acquisitions requiring monies from the account will require pre-approval by the Board of Finance. Requests from the BOE to the BOF will be acted on within 30 days. Upon the recommendation of the BOE and the approval of the BOF, an appropriation shall be set up and designated for the project or acquisition for which it has been authorized and such unexpended appropriation may be continued until such project or acquisition is completed. Any unexpended portion of such appropriation remaining after such completion shall revert to said reserve fund. Any appropriation no longer needed upon recommendation of the BOE and approval of the BOF, shall revert to said account. All expenditures from the account must comply with the purchasing rules of the Town of Ashford and applicable requirements in the Town Ordinances.

Closing the Account

The account, once established, will continue until action is taken by the Board of Finance to close such account. The Board of Finance will not close the account without public notice. If the account is closed, any remaining balances will be returned to the Town's General Fund.

Approved by Ashford Board of Finance 2/19/2015