

Town of Lunenburg



Mark Erickson
1/28/16

17 Main Street, P.O. Box 135
Lunenburg, MA 01462-0135
978.582.4139
FAX 978.582.4148

Finance Committee:
Mark Erickson, Chairman
Terri Burchfield, Vice-Chairman
John Henshaw, Secretary
Karin Menard
Jay Simeone

Lunenburg Finance Committee Minutes January 14, 2016

Location: Town Hall
Present: Mark Erickson, Terri Burchfield, Karin Menard, John Henshaw
Absent: Jay Simeone
Also Present: Kerry Lafleur, Town Manager, Karen Brochu, Town Accountant

1. Mark called the meeting to order at 7:00 pm.
2. Comments:
 - a. Public: None
 - b. Committee:
 - Reports for the FY2015 annual report are due February 25. Mark suggested that, as the Finance Committee report on Town Finances has been in the Town Meeting Warrant it should remain there. The committee agreed.
 - The Mass Mosquito Control Project notified the Town that our assessment is \$68,307. It is in line with our assessment in the past.
 - Mark circulated the January issue of *The Beacon* to the committee.
3. The results of the FY2015, presented by Frank Serreti from Powers and Sullivan, LLC is in two parts: 1. The Report on Examination of Basic Financial Statements year ended June 30, 2015, and 2. Their Management Letter which notes "opportunities for strengthening internal controls and operating efficiencies."
An overview of the audit results and management letter follows. For additional information please refer to the reports or to the Town Accountant.
 - a. The Audit: Based on their findings, Powers and Sullivan issued an unmodified opinion on the financial statements, which is the highest rating possible.
 - The financial statements comply with all generally accepted accounting principles and the statements incorporate all the required disclosures.
 - The audit process found that all tested transactions were accurately accounted for; there were no material weaknesses.
 - Operations are structurally sound and controls are in place.
 - The procedures for cash and receivables insure the timely and accurate reporting and reconciliation of these two important accounts.
 - The Town's collection rate for real estate taxes is 98%, which is good.
 - Stabilization funds are at the target level in the financial policy.

Mark stated how pleased he was that the Town was well prepared for the audit and that the audit found no material weaknesses thanks to Kerry, Karen and their team.

- b. The Management Letter recommends improvements in 13 processes from this and prior audits. The Town has resolved two and is in various stages of addressing the other 11. For context, Mr. Serreti observed that the audit concluded the Town had strong operating processes and controls, so these process improvements are fine tuning a good overall process.
Mark asked what should be the priority of resolving the remaining issues in the Management Letter, and Mr. Serreti recommends working on those that are the quickest to resolve which would reduce the list to a more manageable level.

4. Town Manager Report

- a. The S & P rating update is due shortly and there is a chance that our outlook will change to negative because of the amount of debt service the Town has incurred from the Junior-Senior High School construction project.
- b. The Parks Commission and the School Committee have made good progress on setting up a funding mechanism based on collecting user fees from Town and private users of the Turf Field and Track facility.
Renovating the Track is more critical than renovating the field; there is more risk of failure of the foundation underlying the track, with a much higher cost.

5. Mark handed out the FY2017 Budget Hearing Schedule.

He also invited all interested citizens to consider joining the Finance Committee. There are five members on the committee currently, which is down two members from our full size, and just one member above our required quorum of four. It's an interesting and rewarding way to contribute to our Town.

6. Minutes: Terri made a motion to approve the minutes of the December 10, 2015 meeting. Karin seconded the motion. The motion carried 4-0.

7. Committee Updates:

<u>Committee/Department</u>	<u>Update</u>
DPW—John H.	No report—will report at our next meeting about snow and ice removal costs incurred to date and prospects of managing to spend at least to the budget.
Capital Planning—John H.	The committee has heard presentations by the requesting departments on the capital requests for FY2017. There is a projected \$600,000 in the capital budget net of the debt service costs for the three items the Town purchased through financing. This is not enough to pay for all the requests, so some will not be granted. Next week the CPC will meet to arrange these requests in order of priority.
Public Access Cable—John H.	No Report.
Library—Terri B.	When the Trustees reviewed the FY17 budget, Terri noted differences in the appropriation level necessary to satisfy the grant requirements and get the two state library grants. Kerry Lafleur said that she too has had difficulty figuring out what level of appropriation is required.
Public Safety—Terri B.	Since the Police Department is working on their FY17 budget, Terri asked Chief Marino if the workload was straining his resources. The chief said that last year and

	for the first time there were 600 arrests. Chief Marino had asked for three more offices the past couple of years but that had not been approved. So he was thinking of asking for one more officer instead in FY17. Terri did not meet with the Fire Department.
Schools—Karin M.	Karin noted the joint effort between the School Department and the Parks Commission on funding the turf field and track. See point 4.b. above in the Town Manager's report.
Monty Tech—Karin M.	No report.
Council on Aging—Karin M.	Sue Doherty presented her budget which is right in line with the Town Manager's request.
Sewer Commission—Jay S.	No report—Jay was not in attendance.
Green Task Force—Jay S.	No report—Jay was not in attendance.
School Bldg. Comm.--Mark E.	The project is on schedule and under budget. The building is 74% complete; permanent power is on in all sections. Much of the internal finalization work is underway. They approved change order #7 which totaled \$31,540. That brings total expenditures from contingency funds to \$208,000. The committee then reviewed a List of pending and possible change order. The largest item on the pending change orders is \$185,000 for a maintenance garage. All other change orders are under discussion, but are not ready for discussion.
Building Re-Use—Mark E.	The committee met on 12/31 and reviewed a draft from Tappé on the needs assessment and are working on a presentation to the Board of Selectmen. The committee will be meeting tomorrow morning to finalize the recommendation and work on the presentation and FAQs.

8. Ongoing business: The committee will receive a presentation of the funding of the pavement management plan at a future date.
9. The next two meetings:
 - a. January 28—tentatively receive the capital plans recommendation.
 - b. February 4—Special Meeting. Chapter 70 Workshop—as a joint meeting with the school committee and the Board of Selectmen.
 - c. February 11-Town Manager's Budget presentation.
10. Meeting Adjourned: Terri moved to adjourn the meeting and Karin seconded the motion. The board voted 4-0 in favor; the meeting adjourned at 8:23.

Respectfully submitted by John Henshaw January 21, 2016

Copy: Karen Brochu, Tom Alonzo