

FEB 12 '19 PM 1:57

**TOWN OF UXBRIDGE  
BOARD OF SELECTMEN MEETING MINUTES  
JOINT MEETING WITH THE FINANCE COMMITTEE  
UXBRIDGE SENIOR CENTER  
36 S. MAIN STREET, UXBRIDGE, MASS  
MONDAY, DECEMBER 3, 2018 – 5:30PM**

Received by  
Uxbridge  
Town Clerk

Meeting is recorded.

Present: Jennifer Modica/Chair, Susan Franz/Vice Chair, Brian Plasko/Clerk, Jeffrey Shaw/Selectman  
Also Present: Angeline Ellison/Town Manager, Eric Kinsherf/ Interim Town Accountant, Mike Conrad/Interim Treasurer/Collector, members of the Finance Committee: Derek Normandin, Eric Chamberland, Joseph Eveler, Peter Demers, Evelyn Marchand, Department of Local Services: Mary Jane Handy, Zack Blake, Kim, Andrew Nelson. Joan Navarro/Assessor, Lisa Kelly/ Interim Town Accountant, Jeff Ugalde/Interim Treasurer/Collector

1. CALL TO ORDER 5:30 p.m.

2. BUSINESS

1. Joint meeting with the Finance Committee and the Division of Local Services MA Department of Revenue to discuss the financial condition of Uxbridge.

Ms. Ellison:

Two weeks ago, Chairs of Board of Selectmen & FinCom, Ms. Ellison had a meeting with DLS. Tonight's meeting is to discuss financial condition of Uxbridge and answer questions to clear up any misinformation or disinformation and provide questions and answers to move the Town forward.

Mary Jane Handy:

DLS ongoing concerns regarding the condition of the Town's records and practices. Important to have discussion since both Boards are responsible for fiscal well-being of the Town. DLS concerns regarding condition of the financial records of Town stemming from recent significant high turnover in critical financial positions – especially, Town Accountant, Assistant Town Accountant, Treasurer/Collector. This transient form of government in Uxbridge has contributed to severe financial consequences outlined:

9/27/18 DLS was informed Town Treasurer/Collector resigned effective 10/18/18, Town Accountant resigned as of 10/2/18, Assistant Town Accountant resigned 10/22/18. DLS's immediate concern was the vacancy with Treasurer/Collector – who is responsible for issuing town debt, the Treasurer/Collector is the custodian of the Town monies and determines cash needs and ensures sufficient liquid assets are able to pay current obligations including payroll. Of all three positions, Treasurer/Collector is most concerning. DLS wanted to make sure employees were being paid. In the interim, Town outsourced Treasurer/Collector and Town Accountant positions to ensure duties and responsibilities were being completed. Shortly after, Mr. Kinsherf took the position; he informed DLS that the Town's financial records did not agree with the reports that were submitted to the DLS by the prior Town Accountant free cash certification for July 1, 2017. What he saw, did not agree with what they were given. On 11/8/18, DLS, met with Town Manager, Interim Town Accountant, Interim Treasurer/Collector, Town Assessor, FinCom Chair, and BOS Chair. At that meeting, it was also discovered there was a significant backlog in cash reconciliations and lack of proper segregation of duties amongst finance staff, operational deficiencies-many that stem from the Town Accountant and Treasurer/Collector offices. At that meeting, gave DLS an opportunity to discuss financial records of the Town in detail.

DLS Findings (to date):

- Town did a computer conversion of the general ledger financial software numerous times. Unsure if the accounts rolled over converting from one computer system to next and if the new software resulted in any issues.
- Basic accounting procedures were not being performed including reconciling key general ledger account, nor balances to the supporting documents. Procedures that are critical to ensuring general ledger accuracy.
- Treasurer/Collector did not maintain a cashbook. Critical component of the town's financial system.
- Uxbridge currently does not have a bond rating. August 2018, Moody's Investor Service withdrew the Town's rating due to the inability to audit financial statements dated back to FY16. Although the FY16 audit report was issued in Sept. 2018, fieldwork for the FY17 audit has not been scheduled due to the condition of the financial records. Town's lack of timely audits has caused it to lose access to the bond market. Town cannot borrow money.

- Town's financial offices are unable to locate original source documents from previous fiscal years. In discussion with Interim Treasurer and Interim Accountant, without supporting documents, they are unsure if the tax receivable balance is in agreement with general ledger. As a result of these internal control deficiencies and lack of proper record keeping, DLS is requiring the Town to submit audited financial statements for FY17 & FY18 before DLS will certify free cash for FY19. All cash must be properly accounted for and reconciled and all deficiencies identified. At this late date, DLS will not be able to certify free cash prior to the tax recap being approved and, therefore, will not be able to approve to fund any potential deficiencies. The Town tends to submit required annual reports to DLS much later than the norm, therefore, annually risking the timely receipt of local aid packages - specifically balance sheets not being submitted on time. Late submittals risk the certification of free cash. Schedule A late submittals risk the withholding of state aid.
- DLS takes concerns very seriously as the current conditions of the financial records and lack of reconciliations may impact their ability to certify the tax rate for FY20. Additionally, it may hinder the approval of the 2018 and 2019 Schedule A that could result in withholding of state aid.
- Staff from the DLS plans to meet on an ongoing basis with members of the Finance team, outside consultants, and local officials to help provide guidance to address the management plan to deal with the sudden vacancy of these financial positions. To discuss the status of FY18 close and to establish a timeline of reporting to their office. As a result of that meeting, DLS anticipated to follow-up with additional actions. DLS will require and closely monitor the financial situation of the Town. The financial challenges are significant and require immediate attention. One hopes the Town understands the gravity of the situation and takes steps to ratify them. DLS stands ready to help the Town meet these challenges, but there must be a demonstrated commitment from the Town's leadership.

The following citizens spoke:

Ed Maharay: Inquired about the Spring Town Meeting May 2018 when the Town voted to transfer free cash that was certified by DOR to the stabilization account. Ms. Handy noted that there was no problem with the transfer.

Eric Kinsherf: Mr. Kinsherf's company provide Interim Accounting services to the Town. Lisa Kelly and Mr. Kinsherf have been doing the accounting work as Interim Town Accountant. They have to deal with these types of situations in a lot of different towns. The Town can turn it around and has the resources here. The Dept. of Revenue had three things 1. Set the tax rate 2. FY17 & FY18 audits. Mr. Kinsherf reached out to Melanson & Heath to get both audits done by April 30<sup>th</sup> necessary to get free cash certified. Once complete, submit to Dept. of Revenue and submit balance sheet free cash so the Town will have something certified for May Town Meeting. Ms. Kelly has completed a financial analysis of the budget. Extra money will be needed to cover two audits done in one year, particularly for the extra audit this year, Treasurer/Collector resigned paid out on sick/vacation time, along with the extra consulting services that are needed. We are anticipating \$88,000 will be needed to supplement financial budget from now until end of year. The DLS asked about a plan for the \$88,000 - where is the money coming from. Ms. Ellison stated that the goal is to get from the reserve funds and the rest to find some money from line items not used during year-end transfers.

Mike Conrad: Mr. Conrad's company, Strategic Municipal Solutions, provide interim Treasurer /Collector services to the Town. Mr. Conrad works with Jeff Ugalde. Mr. Conrad stated when they first arrived; they had to recreate how things were done. Issues with paying withholdings for employees. They were able to finalize and catchup, all withholdings are up-to-date. It took a while, as they did not have the logins and procedures, so it was delayed. In regards to cash reconciliations, they were able to find some spreadsheets that cash was reconciled thru 6/2018. Mr. Ugalde has reconciled thru August 31 and next week, September should be finished and then onto October. Initially, it was hard to find some spreadsheets such as the cash reconciliation. Procedures: when they come into a community, they like to see procedures - that has been part of the learning curve, did not know how to access tools. Has located most of the files at this point, in good shape in the Treasurer's office, confident that DLS would agree. Ms. Handy inquired if those procedures have been documented so that the Town does not have to recreate them. Mr. Conrad stated that now that they have located logins and files, someone going forward would have access to the information. Ms. Ellison stated that Mr. Conrad's company is only going to be here until 12/31 and there will be another change in the Treasurer's office. Ms. Ellison stated that there would be a two-week overlap with Mr. Conrad's company and the Treasurer. Once the new Interim Treasurer comes on, they will sustain us, and we will be successfully working with Accounting to get strong and stable processes in place and get the full time positions and transition them to successfully manage with the new controls in place.

Mr. Demers asked about the Interim Treasurer until April and asked about hiring someone with experience. Ms. Franz mentioned making an investment to bring in talent. Ms. Ellison stated that some of the transition costs between the interim staff and new staff would be incorporated in the costs. Mr. Blake enforced the ongoing difficulty finding talent. The sooner the issues get resolved, it will help attract talent. The BOS submitted a Community Compact Application and that has been awarded to DLS to provide a financial management review of the Town. DLS will come out and perform a review to

document where the Town is with policies and procedures and what steps and recommendations will be needed. DLS's recommendation is that the work that Interim Accounting and Treasurer should be largely resolved before they come in. This will give the Interims time to do their jobs and then DLS can come in to document and make any recommendations. Ms. Franz asked about the fiscal impacts for this year and next year on state aid going forward. Ms. Handy stated that Schedule A due November 30<sup>th</sup>, Mr. Kinsherf stated that even though the FY18 audit isn't done, they can prepare the balance sheet for FY18 and get the Schedule A done by February 15<sup>th</sup>. That will be his target date and he won't submit balance sheets until audits are complete. Ms. Handy stated that even if the Town submitted the Schedule A on 2/15, and discovered something had to be modified, we have the capacity to reopen and change the Schedule A. Ms. Franz asked the Interims to give some thought to the amount of resources that are available that they have been contracted for versus what the Town needs to do to keep the department moving and to provide, if the Board agrees, an assessment so that the Board has an independent evaluation if we have enough resources or we should look into more. Mr. Kinsherf stated that as we work thru and look at staff in Accounting, there is one vacant position and one person that is there is excellent. If both are filled and have experience, there will be a good solid foundation. Mr. Conrad stated that he was dealing with operational issues that were rectified. They are at a good point. Next would be to get the cash reconciliation sooner, tax titles, and aggressive collections other than that, fine with resources. Also noted that as far as efficiencies in payroll, look at departments keying into system. Ms. Franz welcomed recommendations like adding an Assistant Treasurer/Collector. Mr. Blake offered Ms. Ellison assistance with the job descriptions, she can forward to him for review. When DLS comes in, they will look at areas of deficiencies and improvements and make those recommendations, structure of department; DLS is looking to start early spring. Mr. Blake noted finding a person will be difficult. Training is difficult, DLS is prepared to offer assistance as they have people that have done these types of jobs before and can come in and mentor and help them connect with peers in the business. All the services provided from the DLS is at no cost to the Town.

Mr. Blake asked Ms. Ellison about supplemental funding. Ms. Ellison stated there would need to be a discussion between Ms. Ellison and FinCom.

The following citizen's spoke:

Resident Pat Hannon spoke about the various job descriptions, timing of job postings, asked the Boards to allow Ms. Ellison to do her job, Town Manager inherited this problem, discussed past handling of cash within departments.

Resident Jean Leavitt discussed the importance of finding the right candidates, inquired about hiring committees for positions, Tax recap rate, inquired about reserve fund balance and special town meeting. Ms. Ellison commented on previous committee searches.

Finance Chair/Mr. Demers asked to see a comprehensive plan for how we will fund the recovery.

FinCom/Mr. Chamberland commented about setting up hiring committees.

Resident Courtney Keegan reiterated the need for hiring committees, Treasure/Collector salary, and skillset needed for each position.

Resident Harry Romasco addressed issues of bond rating, state aid, assurances, employee retention.

FinCom/Mike Chamberland inquired when the Charter review date occurs. Ms. Modica noted that the Board of Selectmen would appoint a committee in 2019.

FinCom/Joseph Eveler asked if the vote during the 2017 Annual Town Meeting to reduce the Town Manager is administrative, group salary by \$129K had any impact on those that gave their notice. Ms. Ellison noted that it did reduce the stipends for some of the accounting office. As a reminder, at Town Meeting, Town voted to reduce a number of departments dramatically. Mr. Demers noted that the Town voted to reduce the budget in 2017 and anyone that goes to Town Meeting should not be surprised – the Town did this. Ms. Franz noted that while the budget reduction was a major event in Town, we are talking about problems and controls dating back to 2016.

Ms. Modica stated that the Town needs to move forward. Most of the employees that have left, left for higher paying jobs, we need to be paying our employees more money if we want to get qualified people. Ms. Franz noted that the Board of Selectmen voted in October to have town counsel conduct exit interviews with everyone who has left within the last 12 months so that the Board has a more comprehensive picture as to where we are.

Resident/Mike Potaski stated the issue as a multi-year problem of inadequate bookkeeping; he asked if this would be forwarded to the Attorney General's Office for investigation. DLS mentioned that as part of their review, if they come across anything, they would refer it to the AG's office.

Resident Chris Grant asked DLS about timing of new hires. Mr. Blake mentioned that it is imperative that the Town come up with a clear action plan that states how the Town is going to resolve these matters. Resources in his office, as well as Bureau of Accounts, can offer help that will support whatever effort put forward to resolve these issues. They are confident in the interim team but they are temporary; but there is going to be a permanent presence; the sooner that the Town can resolve these issues and bring on permanent people, the better. The outstanding audits are standard audits. The FY16 audit was due 3/2017, Uxbridge did not complete until 9/2018. Mr. Grant asked why FinCom or Department Heads didn't say anything about the audits during the May Annual Town Meeting. Ms. Marchand discussed the role of the Finance Committee. Mr. Chamberland stated the role of the Finance Committee is to give recommendations on warrant articles that is the only mandate. Mr. Demers noted that FinCom has not received a monthly financial report since 12/2017.

FinCom/Evelyn Marchand inquired about bond rating, what happens with the wastewater treatment plant bond through the Commonwealth. Mr. Blake stated that the Commonwealth has been notified of the bond rating.

DLS is here trying to be proactive. Their presence is well in advance of impacting the ability to disrupt state aid. They are here to ensure that there is a plan in place and to help Uxbridge resolve these issues. When DLS does their financial management review, they look for: Are financial policies in place? Are those backed by procedures within financial management operations? Is there a forecast that the Town is providing on an annual basis? Is there a capital plan going out 5-10-25 years in place? Overall, how does this fit into the overall budget process and is it documented.

Ms. Handy noted regarding the Bond rating—the audit for June 30, 2016. As of March 2017, Moody's would have given a notice that the Town was not in compliance. They would have given notices probably every 2-3 months that the Town was not in compliance. Moody's gave a final notice that said that if the audit wasn't received by August 2018, they would withdraw the bond rating. The audit was not complete until Sept. 2018. When notices came, it should have become a priority. Ms. Handy noted that all of these notices would have been sent to the Treasurer/Collector. Mr. Kinsherf is in good shape, he has plans for the audit that they are going to be done, also have good consultants in place, Town also has a Community Compact thru DLS. DLS will monitor this, meet with financial team, and make sure timetable is where it should be. DLS has the resources to help as this was caught early.

FinCom/Evelyn Marchand asked once we have everything in place, could DLS meet with the Town every 6 months to make sure things are going in the right direction.

FinCom/Derek Normandin asked the Ms. Ellison to send the job descriptions to Mr. Blake so that we can find the candidates, asked to establish search committees, and send FinCom funding costs.

Resident Mike Potaski inquired about bond rating notices, discussion regarding notices being sent to Treasurer and the financial advisor.

Ms. Handy stated that she has spoken with the Financial Advisory Community in Massachusetts and when there are problems, she asked that they make sure the CEO of the Town is aware. When Ms. Ellison was made aware, it was dealt with appropriately; brought everyone together along with financial advisors on a conference call. Unfortunately, it was too late at that point for the bond rating.

Resident Harry Romasco reiterated a need for an action plan.

Mr. Blake stated earlier in the November meeting, DLS asked for the action plan as well as calling for this meeting tonight so the that public was aware of the situation. Board of Selectmen and Ms. Ellison should make the plan available as well as send to the DLS. DLS will be looking for action steps and milestones. The job of the DLS is to monitor where the Town is with the plan, if any milestones are missed, make sure actions are taken to correct.

Resident Brian Butler discussed employee turnover and an action plan.

Mr. Kinsherf assured that accounting targets will be met: FY17 & FY18 audits complete by April 30<sup>th</sup>, Schedule A will be in by 2/15. Mr. Blake noted that these are contingent upon resources being available to fund these services.

Susan Spencer/Worcester Telegram & Gazette inquired why, on 9/21/18 when the Treasurer resigned, our Moody's bond was pulled but she was told that we still have an AA+ bond rating with S&P. Ms. Ellison noted that we have both bond ratings. The one that municipalities use is Moody's. We still have the S&P rating. Most banks use Moody's.

Ms. Modica asked if we could get a timeline together in the next few days. Town Manager, The BOS Chair, and Ms. Franz will draft a plan. Mr. Kinsharf will submit the Accounting timeline. DLS asked that the plan be put together thoughtfully, work with them on the plan and submit a copy to them. Ms. Handy requested to note when tax bills would be mailed in December, that one member from the Finance Committee participate in the meeting, and to include expected fieldwork from the audits in the timeline plan. The Treasurer should include the date he is departing and date of new Interim Treasurer.

Ms. Modica thanked everyone for attending and helping the Town move in the right direction. Thank you to the FinCom and BOS Members and residents for coming.


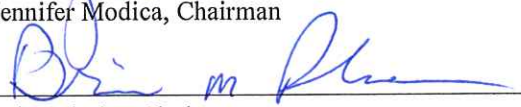
3. **License Approval**

- a) Common Victualler License: Old Town Hot Dogs, 11 South Main Street  
No action or vote taken.

4. **ADJOURNMENT: MOTION.** Ms. Franz made a motion to adjourn the meeting. Seconded by Mr. Shaw. The motion carried (5-0-0).

Minutes respectfully submitted by Ellen Welch.

December 3, 2018 Minutes approved by the Board of Selectmen:

  
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Jennifer Modica, Chairman  
  
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Brian Plasko, Clerk

  
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Susan Franz, Vice Chair  
  
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Jeffrey Shaw, Selectman

Date Approved: 11/14/19