

October 30, 2022

Finance:

To begin our FY23 fiscal year income and expenses are better off than expected to date. This is important to note as it will be helpful to a later conversation. I have provided each month of drop off site information as well as payment & receipt reports for each month, along with the P&L, and accounts receivable aging report. I'll discuss with the board who to send the check report to at the meeting. October, as normal, does not contain two weeks of drop off site receipts, the commercial composting invoicing as route is not complete nor route information tallied, nor the surcharge invoicing as surcharge reports are not received until the end of November, and as well two weeks of payroll entries.

The audit site visit was October 26<sup>th</sup>. They were extremely thorough, and no major concerns were indicated. I'm not certain how long it will be before the final report is done but will be provided to the board at that time.

In other news it is with great distress that I must notify the board of an error in our current year budget. There was a formula error within the expense category in direct services that leaves our budget short by \$63,200.00. The single line items within the budget are all correct in that section (and all others) however the total is not, making the net incorrect. You can see this detail both on the current P&L and on the (FY24 Draft budget which reflects the FY23 budget as well), both presented at this meeting. This error, which I of course take full responsibility for, has caused the board to vote on a budget that was incorrect. I cannot possibly express the disappointment in myself and how sorry that I am that this occurred. I recall the day it occurred though the details are inconsequential and from memory with the bottom line being that it did.

For the August board meeting I brought nothing from July as so little activity had occurred and I was wrapping up year end FY22 to report on. I had entered little for that first month so it was not an accurate picture of the finances. This is not usual as most years I have done this. I knew there was something wrong when preparing for the October board meeting which did not happen. When I entered the FY23 budget into the quick books system on Monday prior to the meeting the figures did not compute correctly within quick books?. Initially I thought it was something entered incorrectly and I adjusted where I felt from notes that I was in error and put it aside to look at prior to the meeting as I was in audit preparation and developing a new budget (FY24) at the time along with many other things. When I looked at it again a few weeks ago I discovered the actual error which was not an incorrectly entered number as initially thought but, though certainly unintentional, a careless formula error. The line that totals the composting program had incorrectly been removed from the formula on the total direct services line, and then again for the total expense line, making the net incorrect. I alerted John and of course have discussed all aspects of the situation and in particular how to ensure that it doesn't happen again. Most importantly to discuss the effects this will have on our budget. Please be at ease that it will not put the district in a difficult situation for the year, if only because we have had savings in other areas that will cover this. However it could have, and of course that is not a good thing. If I could work for a year for free or give the district those funds I certainly would but that is not feasible.

The District has saved funds through the loss of two full time benefited people during the first quarter in Gross Wage, Benefits and Taxes, as well as increased income to composting from price increases not fully realized in the FY23 budget and as well in recycling income currently exceeding our current budget.

District quarterly allotment for gross wage is 190,709.00, in 457 benefits 7,941.00, in medical benefits 68,011.25 and in ER Tax 16,037.50 for a grand total of 282,698.75. As of 9.30.2022 the district has spent a total of 183,099.73 in gross wage, 6,905.00 in 457 benefits, 26,748.57 in medical benefits and 14,262.29 in ER Tax, for a grand total of 231,015.59. A quarterly savings of 51,683.16. Close to the loss, and with the composting income increase and recycling anticipated increase the District should be still within budget. This does not excuse the error of course.

To ensure that this situation does not happen again, it is determined that budget figures must be entered into quick books prior to finalizing any budget which will double check the figures, as well to free up time by hiring a finance assistant to help ensure accuracy in budgeting and other areas allowing for more analysis in finance.

I have already spoken briefly with John about possibly leaving the District in late spring of 2023, giving finance fresh un-tired eyes and ideas, with the intent of looking for and training a replacement next spring. This was being considered prior to this situation but has been considered more concretely due to this error. A difficult multi-faceted position to step into, training will be key. Of course the board may make the determination to terminate my employment immediately, as it is entitled to do, though I don't believe that necessarily would be in the best interest of the District.

Again, my sincerest apologies.

With regret,

Pam Bolster