

THESE MINUTES ARE SUBJECT TO APPROVAL AT THE NEXT BOF MEETING

TOWN OF CHESTER, CONNECTICUT  
BOARD OF FINANCE  
REGULAR MEETING  
Thursday, September 19, 2019  
Community Meeting Room  
Chester Town Hall

CALL TO ORDER

Chairman Carmany called the meeting to order at 7:33 p.m. In attendance included: Chairman Carmany, Rick Nygard, Jon Joslow, Jennifer Rannestad, Charlie Park and John O'Hare, (seated for Dave Cohen). Also in attendance were First Selectwoman Gister, Selectman Grzybowski and Peter Evankow, Accounting Manager.

APPROVAL OF MINUTES

**Jon Joslow made a motion to approve the minutes from the 8/15/19 BOF meeting as amended. Charlie Park seconded the motion. The motion passed unanimously.**

Correction: Note that "Liz" is the Town's Treasurer and under "Audience", note that "Mr. Wright" should be "Mr. White".

NEW BUSINESS

ANNUAL REPORT DEDICATION

BOF members were encouraged to submit their suggestions for the Annual Report dedication to Virginia for discussion at the next BOF meeting.

TRANSFER OF FEMA REIMBURSEMENTS

Peter reported on the protocol for the receipt of FEMA reimbursements relative to the 2018 storm. Funds received from the State are automatically deposited into a separate bank account in the General Fund. The BOF suggested that those funds be deposited into the Capital Fund (Roads). Peter forwarded an entry to the Auditor to facilitate the transfer of funds to Capital.

The potential use of funds to address trees in Chester was discussed. Lauren reported that the BOS discussed the need for funds to address several items including trees, Meetinghouse floor, Brownfields, and dredging. If those projects were to be funded, it would be through a Special Appropriation from the General Fund surplus, not Capital.

Lauren reported that the status/conditions of roads and bridges are regularly assessed, including the private dam.

R4/SUPERVISION/CES OPEN ISSUES

Draft CES Cafeteria Fund Analysis- A copy of the Report on Results of the Review of the CES Cafeteria Program Operations was distributed to BOF members via emails.

This report has not been distributed to the BOE. Peter reported that the BOE has requested a copy of the report.

Virginia reported that it appears that the Cafeteria fund is “covering” the food expenses of the cafeteria but staffing expenses are paid via transfers from the BOE. She suggested that salary/benefits be moved into the BOE budget or include salary/benefits in the actual Cafeteria budget.

Questions relative to the report will be forwarded to the auditor to be addressed. The auditor will be invited to a BOF meeting to discuss the report.

### Capital Fund

The disconnect between reported Capital Fund ending balances and the Audit reports led the BOF to request an analysis of the Capital Fund History by R4, which is now in progress and create an independent report based on Audit reports and other materials provided.

Takeaways presented were:

- The initial documentation from Central Office regarding the capital account: Paper vs. Cash Accounting indicated a Construction Bank Account was initially disclosed in 2019 as the Capital Fund with \$459k available for use.
  - The cash in the Construction Bank Account is reflected as an asset on the balance sheet but it is not the Capital fund.
  - The Capital Fund had a deficit of \$199k and a Due to Liability of \$577k on the balance sheet neither were initially disclosed.
  - The Capital fund from 2012-2018 utilized a total of \$393k in revenue, \$621k of transfers in and had \$467k in expenditures and closed each year with a deficit ranging from over \$500k to 32k.
  - Bank records indicate the Construction Bank Account was functionally dormant after 2013 to 2017.
- The Capital Fund indicates the financing of approx. \$14M in R4 construction projects seem near complete by the end of 2011
  - 2010 and 2011 show the end of large amounts \$ coming in and going out for the Construction projects
  - In 2011 the \$3.7 Capital Deficit was reduced with \$3.4 of Revenue and Transfers In leaving a deficit
  - 2011 was the last year for any Bond Anticipation Note movement in/out.
  - 2012 was the first year of the Liability of a Due to Fund entry of \$577k for a total liability of \$585k
  - This Due to Liability has stayed on the books and been Audited each of the following 7 years as well as an ongoing Capital Fund deficit.

However, in January 2013 there was a large deposit of \$437k into the Construction Bank Account.

- The source of this deposit is unknown and may be related to Construction funds and could have been used for the Due to Liability on the balance sheet or the Capital Fund Deficit.
- In 2017 this cash in the Construction Bank Account was utilized to buy the Mislick property.
- In 2018 much of the remaining funds were utilized for the paving and oil tank removal projects.
- Over the last 7 years R4 BOE voted to return General Fund surpluses, a total of \$903k to the Towns and/or keep part.
- Neither the surpluses or the cash on hand was used to pay down the Capital Fund deficit or the Due to Liability.

It is most probable the 2018 year-end \$199k Capital Deficit is only part of the true current deficit of \$523k.

Jon Joslow expressed no confidence in the figures presented by the School Administration but did support the new Superintendent of Schools who has been appraised of the issues via a meeting with Lauren Gister and Virginia Carmany. Relative to Mr. Seidman's presentation at the last BOF meeting regarding Regionalization, Jon suggested that Regionalization should not be considered unless/until the BOE's "financial house" is in order.

There is an R4 BOE follow-up meeting September 25 on this issue.

Peter suggested that the BOF send a letter to the BOE's auditor (copied to the Superintendent of Schools) listing the BOF's concerns with the finances of the school.

#### Self-Funded Medical Insurance

Virginia reported that Kim Allen indicated that the Medical Self Insurance Fund was also "comingled" in the General Fund. After investigation, Virginia developed a list of concerns with the reporting and funding of the Self-Funded Medical Insurance. There appears to be an operating deficit on a self-insurance policy.

Jon Joslow expressed concern that while the 2018 Auditor's report indicates a "material weakness" but does not define the weakness.

#### R4 Special Presentation of Capital by Outside Auditor

There is an R4 BOE follow-up meeting September 25 @ 6:00 p.m. at the JW Library. Charles Ward will offer a presentation at the meeting followed by a Q&A session. Lauren will follow-up on what role the Chester BOF may play at the meeting.

### Follow-Up on Lon's Discussion

Virginia reiterated that Regionalization should not be considered unless/until the BOE's "financial house" is in order.

### Focus for this Year – R4/Supervision District/CES, Chester Capital, Trees, Meetinghouse Floor, Maple Street Parking lot, Dams, Bridges

Virginia was in receipt of photos of the Meetinghouse floor and windows. Lauren reported that relative to the Meetinghouse Floor, Skip Broom, Historic Builder/Contractor has inspected the Meetinghouse and is currently developing a report relative to the scope of the work and cost estimates for same.

Maple Street Parking lot - Lauren reported that the repairs to the Maple Street Parking Lot and Walkway have started and are going well. The surface of the parking lot will not be completed until Spring. A permeable product will be used on the parking lot. Security cameras are not included in the project.

Jacobson and Lauren have been discussing options for lighting. The current walkway lights will remain and there will be 3 additional lights (one at bottom and two at top). A lighting specialist is being consulted to provide recommendations for lighting in the parking lot. It is hoped that the antique lights will be preserved and moved to an appropriate location. Costs for lighting have not yet been determined.

Jamie reported that he has received positive feedback from residents about the work that has been done in the parking lot/walkway area.

Dams – Lauren reported that the Town owns several dams. They are all on inspection schedules with the State. The Town is working on their own schedule to accommodate funding of dam work.

Bridges – a schedule to inspect small bridges (under 20 ft) will be developed.

Brownfields – currently awaiting cost estimates for Phase II of the Skyview Property. Lauren reported that several individuals/entities have expressed interest in purchasing the property from the Town contingent on environmental reports.

West Main Service – Lauren reported that they are required to replace tanks and pumps every 30 years. They have chosen to not replace the tanks. As of next week, they will no longer be selling gas.

Virginia suggested that the BOF focus include:

- Request that the BOE provide follow-up, as previously requested by the BOF, on the purchase of the Mislick property, status of Falls River property, status of class size policy, etc. No response from the Region 4 Chairman has been received to date.

Main Street Project – Lauren is working on an estimate of the funds that need to be released for the Main Street Project for projects that need to be completed prior to the receipt of grant money. A Town Meeting is necessary for the release of funds. Virginia reported that many individuals are unhappy with the design of the Main Street project due to a lack of public input/vote for the project design. Lauren responded that the public was consulted throughout the project. However, the Main Street Project committee did not change the design nor has the project design come before the taxpayers for approval.

#### REPORTS

Monthly financials were included in the BOF packet. Clarification was requested on figures represented in the Tax Collector’s report.

Peter reported on a discrepancy in the CES surplus reported. It keeps changing.

Virginia requested that the FEMA, NRCS and FHWA reports be reformatted.

WPCA Fund Balance/Budget Status Report – Lauren reported that the WPCA was in deficit this year due to an unanticipated Capital Expenses bill (for 5 years) submitted by Deep River. Also, the storm damaged equipment (we did receive some insurance reimbursement for same). In addition, a number of fines issued by the WPCA have not yet been collected. To address deficits, the WPCA has increased their fees to users.

#### FIRST SELECTWOMAN’S REPORT

- Lauren reported that the Kings Highway drainage project has started (4 new catch basins) and questions regarding the project developed by the Inland Wetland Commission have been addressed. It is anticipated that the project will be complete within the next 10 days. Additional drainage projects are scheduled on Story Hill, Goose Hill/Kings Highway. Stream work, facilitated by NRCS, may be addressed next year (in the “dry” season).

#### OPEN ITEMS IN OLD BUSINESS

POCD – No report.

Main Street Project Update- No report

AUDIENCE – None.

#### ADJOURNMENT

**Charlie Park made a motion to adjourn the meeting. John O’Hare seconded the motion. The motion passed unanimously.**

Respectfully Submitted,

Suzanne Helchowski  
Clerk