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, Richard Strauss, John O’Hare (alt), Greg Merola, Andrew Gardner (alt) and Mike Joplin (alt). Also, in attendance were Peter Evankow, Finance Manager, First Selectwoman Gister and Selectman Englert.

New BOS and BOF members were welcomed to the meeting. Virginia encouraged new board members to review the Handbook for Connecticut Boards of Finance and Chester’s Financial Policy Manual. She will forward same to members as requested.

APPROVAL OF MINUTES
Jon Joslow made a motion to approve the minutes from the 10/17/19 BOF meeting, as amended. Jennifer Rannestad seconded the motion. The motion passed unanimously with Rick Nygard abstaining from the vote.

Correction: Under discussion regarding the diseased and dying trees: Note that the BOS agreed, after extensive BOF discussion, to increase their request for additional tree funds from $40,000.00 to $55,000.00.

Correction: Page 1 – Under discussion regarding the diseased and dying trees: note that the original tree budget totaled $80,000.00.

Note: Scott Mills mentioned the possibility of $1 million could be required over time to address trees.

Note: Chairman Carmany requested “more rather than less” in the BOF minutes.

NEW BUSINESS
Fraud Questionnaire
Virginia distributed the Fraud Questionnaire to be discussed and filled out jointly by the entire BOF.

1. Are you aware of any actual instances of fraud in the Town? The BOF discussed that CES would be included in “the Town”. However, the school has a different audit than the town operations.
Peter clarified that the question refers to the Town’s General Fund and other Town funds (Capital) and on the school’s side, CES and the CES cafeteria should be included. Region 4 would not be included. The consensus of the BOF was “no”.

2. Do you have any reason to suspect that fraud may be occurring within the Town? The consensus of the BOF was “yes”. The BOF discussed concerns relative to the CES cafeteria fund not “balancing out” and instances where school Administration allegedly advised parents that they did not need to pay their outstanding cafeteria bills.

3. Have you received any communication from employees, former employees, regulators, residents or others alleging fraud? The consensus of the BOF was “yes”; the auditor was not able to get information, due to either fraud or incompetence, on the CES school cafeteria. The BOF expressed concern for financial oversight pertaining to reconciliation of accounts and lunch payments. The uncertainty relative to the CES year-end figures was discussed. The lack of accountability at CES was discussed.

4. Have you seen any changes in employees or management behavior that would lead you to be concerned that fraud may be occurring? The BOF consensus was “no”.

The BOF discussed that fraud involves “intent”; however; incompetence may play a role if/when the end result is unacceptable.

The BOF stressed that they have no concerns about to the Town’s side of the accounting relative to the Fraud Questionnaire.

**Annual Report Dedication**

Jon Joslow reported that in the past, a new BOF member orientation was scheduled.

Jon Joslow distributed and read the draft Annual Report Dedication and reported on the protocol used to develop same. The BOF at a prior meeting, determined the individual to whom the Annual Report will be dedicated.

The individual’s role as Chief of Police was discussed.

_Jennifer Rannestad made a motion to accept the Annual Report Dedication as presented and discussed. Rick Nygard seconded the motion. The motion passed unanimously._

The BOF thanked Mr. Joslow for the development of the Dedication.

**R4/Supervision/CES – Open Issues**

Virginia reported that recent meetings with R4, Superintendent White and the Task Force have been productive and there is greater transparency and better communication between R4, Selectmen, Boards of Finance and Task Force members. Superintendent White is attempting to “get the financial house in order”. At the 10/25 meeting, representatives from Shipman & Goodwin were present and we are currently awaiting a document relating to the questions posed to the attorneys at the meeting. The Task Force has met 3 times and has developed a preliminary draft policy that is in line with State Statute. Since the recent election, Kate Sandman is now the Region 4 BOE Chairman.

Virginia reported that relative to the Region 4 Capital Budget, appropriations are limited to 1% of its budget but an additional 1% can be added from surplus if the policy 3160 is changed to allow for the
surplus to be capped rather than returned to the Towns. However, there is still some disagreement with this interpretation of the State Statute and clarification is being sought.

Richard Struss commented on the timing and reported that if the BOE has the authority to make transfers, they can do a supplemental appropriation from their budget to the Capital Reserve fund thereby reducing their surplus. Because transfers were not yet discussed, it was unclear if this would be allowed under the statute/policy and clarification has been requested on same.

Virginia reported that at the R4 meeting, they discussed the State Statute change from 1% to 2%. However, for regional school districts it stays at 1% and for non-regional school district it can be at 2% per the State. Also, the Finance Committee still needs clarification on if it is a 1% appropriation plus 1% from surplus. Region 4 continues to develop a plan that will be discussed and available during the budget cycle. This Capital Policy just drafted will most likely be voted on at the Next regular Meeting of the R4 BoEd on Dec. 5, 2019.

The school’s audit will be presented in late January/early February and the R4 BoEd will consider if the BOF and BOS will have the ability to ask questions of the auditors during the presentation. The Superintendent hopes to provide to the towns a mid-year financial status of the schools. Items still outstanding include:

- The preliminary deficit may be as high as $228,000.
- There has been no policy/discussion as to how the deficit will be addressed.
  - The attorneys have reported that it is “ok” if a regional school district has a deficit. Clarification on this statement has been requested.
- Case made not to allow “to/from” transactions and to keep the Capital Reserve Fund fully segregated; this was deemed an accounting issue, not a policy issue.
- The request for the auditor to weigh in has not yet happened. Shipman & Goodwin have been reviewing policy to date.
- The Business Manager, Kim, has resigned and a hiring process is in place. They plan to have an Accounting Consultant review the books.

The BOF discussed the school’s lack of protocol/policy for Capital. They need a plan to build a Capital Reserve fund for future needs.

As previously discussed, Virginia did send letter to the Administration relative to outstanding issues (CES $83,000 variance in the year-end financials and the issues highlighted by auditor regarding cafeteria). To date, no response has been received relative to same.

Lauren and Virginia met with the Superintendent regarding the upcoming budget and guidelines for same. An 8-year history of CES budget and a 10-year Region 4 analysis was presented to Superintendent White. A request was made that projections continue to be forwarded to the BOF and that the schools look at the budget from an actuals to new budget analysis and to strip out debt. It was requested that the school budgets stay “flat”.

Jon Joslow expressed concern that the new Superintendent may be hindered by the request for “flat” budgets. He requested that the budget include pre-allocated expenses (to allow for “apple to apple” comparisons). Mr. White indicated that he will begin the budget process using a $0 based protocol. The ADM figures, due to the State by 10/1, have not yet been forwarded to the Town.
CES Cafeteria Analysis and Admin Analysis of all Cafeterias

Peter reported that he directed the auditor to contact the Superintendent of Schools regarding any questions related to the Cafeteria funds. Per the auditor, it appears that some figures in the cafeteria accounts have been “forced”.

Richard Strauss reported that there have been significant issues with the financial management at Region 4 and possibly CES for many years. He suggested that there may be a benefit to having regular discussions/meetings with the Directors of Finance and/or Treasurers from each of the towns and the Business Manager at the school. However, Gister indicated that though Liz is close to the Education financials that is not the case for Deep River and that the Treasurers, specifically, do not share the same responsibilities across the towns.

John O’Hare commented that, in his opinion, the prior culture of the school’s accounting was to absorb into Region 4 as much as possible as to so overwhelm the towns so that the towns “cannot handle” the elementary schools and they would then be regionalized. He referenced purchasing food for the cafeterias in bulk at the Supervision District level and the difficulty in determining if each town is charged appropriately. Control and transparency are difficult to maintain under the Supervision District “umbrella”. Virginia reported that this conversation was broached with Brian White and he seems to understand our need to be able to compare apples to apples across time.

REPORTS

Monthly Financials

Copies of the Monthly Financials were included in the BOF packet. No issues related to the reports were reported.

The Budget Status Report was included in the BOF packet and reviewed/discussed by the BOF. Jon Joslow questioned Masonicare’s not for profit status. Lauren explained that their not for profit status with the IRS is different than whether their facility in Chester meets the Assessor’s requirement for not for profit status. The matter is now with the courts.

Lauren outlined the protocol for Police Private Duty reimbursements and the parameters of the Police budget.

Lauren reported:

- The Hose Co. equipment grant was not awarded to Chester.
- Federal Highway Emergency Reimbursement – the final paperwork has been forwarded and it is anticipated that the funds ($243,548.65) will be received by the first of the year.

First Selectwoman’s Report

- Madelyn Meyer is out of the office for personal reasons.

OPEN ITEMS IN OLD BUSINESS

Status of POCD/Strategic Plan - $10k encumbered – no report.

Main Street Project Update
The design and bid documents have been submitted, through RiverCOG, to DOT. Their comments are expected back within the next few weeks and the project is “on track”.

Rick Nygard made a motion to add to the agenda a discussion on the need for BOF representation on the Retirement Board. Jon Joslow seconded the motion. The motion passed unanimously.

Jennifer Rannestad volunteered to be the BOF representative to the Retirement Board.

AUDIENCE – None

CES ranked #1 in Middlesex County.

Virginia will set up a meeting with Peter and the new BOF members to address questions and concerns.

Lauren reported that a new handbook is being published for all new board/commission members. The handbook will be distributed in the next two weeks.

ADJOURNMENT
On a motion made and duly seconded, the meeting was unanimously adjourned at 9:15 p.m.

Respectfully Submitted,

Suzanne Helchowski
Clerk

Reviewed by Virginia Carmany
Chair