

CHAPLIN BOARD OF FINANCE
Chaplin, Connecticut
Meeting Minutes
December 11, 2017

Chairperson Dick Weingart called the meeting to order at 7:07PM. Present were Board members Linkesh Diwan, Jean Lambert, Cesar Beltran, Doug Dubitsky and Alternate Linda Caron. Unable to attend was Board member Marc Johnson, Alternate Matt Foster and Alternate Bill Jenkins.

Others Present: Matthew Cunningham, First Selectman; Irene Schein, EDCD; Jim Randall, Emergency Mgt Director.

3. Seating of Alternates. Jean Lambert made a motion to seat alternate Linda Caron for member Marc Johnson, Doug Dubitsky seconded the motion. All in favor. Discussion: Mr. Dubitsky stated no motion is needed to seat alternates.

4. Guests: Mr. Darin Offerdahl of MAWC, LLC; Chaplin Board of Education: Ms. Jaelyn Chancey, Chair and Ms. Patricia King, Principal CES; Chaplin Board of Selectmen members have been invited.

a. Presentation of the FY 2016-17 Chaplin Audit. (45 min.)

The draft audit report was handed out, Mr. Offerdahl began the presentation starting with MBNA review. Financial statements were discussed, (management reports) with financial highlights, no major financial issues - net \$450,000 increase, fund balance \$115,000. Fund balance is the year to date operational number; both going in a good direction. Discussed comparatives from last year – statement of net position doesn't have a lot of change from year to year, which is good. Assets increased by 5% - capital assets increased (equipment, bridges, etc.). Total liabilities increased by less than 3%, most coming through OPEB (pension/BOE, post-employment benefits). Discussed restricted/unrestricted accounts. Operating grants/contributions increased over 5% (most grants for school, government of Town). Capital grants for town, i.e. bridges, town infrastructure. There was a 2.5% collection increase for property taxes; Tax Collector is working hard to collect old outstanding accounts. Expenses – general government expenses usually on capital side of things, overall expenses went down. Capital assets – 7.5 million in assets. Mr. Offerdahl discussed the books on fund accounting basis, typical governmental set of books helps Town keep track of revenue and expenses. Net change in fund balance, except for education grants, positive changes on all funds. Detail budget to actual (original budget and appropriations made) – can see by line item final numbers. Waiting on board for potential appropriations.

Regarding the audit results there are a couple of open items. Approval of audit by the Board of Finance and also potential appropriations.

b. Consider and act on BOF approval of Chaplin FY 2016-17 Audit.

c. Review audit exceptions for FY 16-17 and prior. (45 min.)

- MW-08-01 – Entity Level Controls.
- MW-17-01 – Material Weakness over Budget Monitoring.

The material weaknesses - cash, accounts receivable, and revenue cycle. No issues with testing of revenue cycles. Contingencies and Unrecorded liabilities, no issues. Budgetary process and monitoring – some issues this year. Management responsible for accounting policies and practices, accounting estimates. No significant audit adjustments.

Entity Level Controls MW-8-01 several years an issue, still an issue and needs to be addressed.

Material Weakness MW 17-01 - request to Board of Finance for transfers, funds expended before the request incurred. It shouldn't happen. This needs to be requested in advance. The state will want details on how to fix this issue; funds should not be expended without prior authorization. Even if an appropriation is made, it doesn't change the material weakness.

d. Consider and act on recommendation to Town Meeting for an appropriation to cover BOE/CES FY 2016-17 budget deficit.

The Board Discussed draft budget monitoring procedures.

Cesar Beltran made a **motion** to transfer \$62,211 from the FY 2016-17 RSD11/Parish Hill MS/HS budget, account number 25101, to the FY 2016-17 BOE/Chaplin Elementary School budget, account number 25100. Jean Lambert seconded the **motion**. Discussion: None. All in Favor. No abstentions. **Motion** carries.

Reason: Unanticipated expenses caused the Chaplin Board of Education to overspend its budget for FY 2016-17.

Cesar Beltran made a **motion** to recommend to Town meeting an appropriation of \$174,119 from the FY 2016-2017 Unassigned Fund Balance, account number 10702, to the Board of Education/Chaplin Elementary School budget, account number 25100. Jean Lambert seconded the **motion**. Discussion: Linkesh Diwan stated that the discussion of shared services with BOE in connection with this recommendation at last meeting and would like to amend the motion to have it worded to have joint meeting to discuss these shared services to come to an agreement. The Board discussed if this motion needed to be amended. Mr. Weingart stated that the process at central office if complicated, we need to write down procedures to see how they flow; more discussion is needed with more detail. Mr. Dubitsky discussed the overages and shared services, he recommends going beyond monitoring the financial practices but more of a prevention from spending the money in the first place until it is appropriated, maybe by ordinance, or procedure. Jaclyn Chancey said that services can be shared, but only a small part of them, i.e. snow removal, turns out it wasn't a good share. Mr. Offerdahl stated that if the appropriation was not made the Town can ask for an extension from the State which may or may not be granted. Mr. Weingart called the question – All were in favor of the **motion** (without amendment). No abstentions. **Motion** carries.

Reason: Unanticipated expenses caused the Chaplin Board of Education to overspend its budget for FY 2016-17.

Calculations supporting the above:

	<u>Approved Budget</u>	<u>Actual Expenditures</u>	<u>Difference</u>
BOE/Chaplin Elementary	3,410,936	3,647,266	-236,330
RSD11 Parish Hill MS/HS	3,323,480	2,261,269	62,211
		Difference	-174,119

5. First Audience for Citizens.

Ms. Schein is representing the Community and Economic Development Commission and would like to request funds for the Chaplin Country Fair/Maypole. The Spring festival will have bands, activity tents, food vendors, advertising, t-shirts (not necessary but can sell to pay for them) requesting approximately \$1800.00. The commission will look into sponsors too. The Board of Selectmen endorsed it the other night. Cesar Beltran made a **motion** to accept Ms. Schein's request for funds for the Maypole festival in amount of \$1850, Ms. Lambert seconded the **motion**. No discussion. All in favor. No abstentions. **Motion** carries.

Continued Discussion regarding Board of Education budget: The Board discussed statutes regarding Treasurer responsibilities. Mr. Offerdahl discussed policies regarding authorization of spending funds – Treasurer will follow what town policy determines, what is needed is a purchasing policy, but it also falls on departments to monitor their own budget, i.e. purchase order process to be in place. Mr. Weingart suggested a separate BOE checking account, Mr. Offerdahl stated that again it would become a second entity which would require additional monitoring, should be done at supervisor, department head level, not so much Board of Finance level. Patty King discussed an overview of the purchasing process and approvals at her level as Principal. Part of the issue was they knew there would be overages but the discussions were too informal, she agrees they need to be more formal and appropriate requests submitted. Ms. Chancey also discussed the BOE process and what changes she sees may be beneficial. The board discussed the last overage regarding \$60,000+ in lawyer fees and how this could have been prevented and improvement on the process. The BOF bylaws was discussed, specifically regarding the personal liability if overages occur during purchasing. Mr. Weingart recommends a joint letter from BOS and BOF to the regional board and central office committee saying we are paying for services we are not getting. He proposes a BOF person, one BOE person, and one BOS and an administrator to insure monitoring/documentation is in place. Recommends committee to begin and working by end of January.

The Board discussed COST Annual meeting on 2/14/18 and who may attend.

6. Additions or changes to agenda. None

7. Reports.

- a. **First Selectman monthly report:** TABLED
- b. **Board Member reports (limited to 5 minutes):**
 - **Selectmen’s monthly meeting:** R. Weingart TABLED
 - **Annual report for FY 2016-17:** L. Diwan
Mr. Diwan handed out draft letters/reports to the Board and new the process was discussed.
- c. **Staff reports:**
 - **Accountant: Review and accept monthly Financial Statements; identify questions for follow up.** TABLED
 - **Tax Collector: Review and accept monthly Tax Collections report; identify questions for follow up.** TABLED
 - **Assessor & Treasurer: Reports as needed.** TABLED

8. Approval of Minutes.

- a. **Regular meeting-October 2, 2017; Special Meeting-October 30, 2017; Regular meeting-November 13, 2017.**
TABLED

9. Correspondence. TABLED

10. Old Business.

- a. **Review Chaplin’s projected municipal aid for FY 2017-18 based on approved State budget.** TABLED
- b. **Consider and act on Chaplin Revenue Budget for FY 2017-18.** TABLED

11. New Business.

- a. **Consider and act on funds transfers and budget line additions/adjustments as requested.** TABLED
- b. **Conduct BOF officer elections (Chair, Vice Chair, Secretary).** TABLED
- c. **Approve regular BOF meeting schedule for 2018.**
Discussed 2018 Regular meeting dates for the Board of Finance. Second Monday of each Month – Town Hall @ 7pm (unless noted): 1/8/18; 2/5/18 (note change due to Feb 12th holiday); 3/12/18; 4/9/18; 5/14/18 (Annual Town Meeting); 6/11/18; 7/9/18; 8/13/18; 9/10/18; 10/1/18 (Note change due to October 8th holiday); 11/12/18; 12/10/18.

Jean Lambert made a **motion** to accept the following 2018 Board of Finance regular meeting dates. Linkesh Diwan seconded the **motion**. All in Favor.

- d. **Review draft BOF budget letter to Board of Education/CES for FY 2018-19**
Mr. Weingart reviewed the letter and asked members to send missing items for the letter to him before he sends to the BOE.
- e. **Other urgent business.** TABLED

12. Continuing Business.

- a. **Consider and act on recommendation to Town Meeting for an appropriation to cover BOE/CES FY 2016-17 budget deficit.**
- b. **Review Board goals and policies for FY 2017-18.** TABLED
 - 1) **Board policies.**
 - a) **General Fund: Policy on Unreserved & Unassigned percentage of budget and other factors.** TABLED
 - b) **CIP Fund: Policy on budget amount and new projects (when they can be added and cost documentation).** TABLED
 - c) **Revise BOF Agency Budget Management policy.** TABLED
 - d) **BOE Non-Lapsing Carryover Account: Revise procedures to reflect change of Bank and G/F accounts.** TABLED
 - 2) **Board bylaws.** TABLED
 - 3) **Board member handbook.** TABLED

- c. **Review Chaplin/Hampton Ambulance Corps contract and future cost projections: NECCOG Paramedic Study Committee. TABLED**

13. Second Audience for Citizens. TABLED

14. Agenda suggestions for next Regular meeting.

- a. Consider and act on BOF budget letter to BOE/CES for FY 2018-19.
- b. Review and approve BOF budget for FY 2018-19.
- c. Review draft BOF General and CIP Fund policies.
- d. Standard Regular meeting agenda.
- e. Approve financial statements for the audit 2016-2017
- f. Move forward with the policies and procedures with Central Office and Board of Education

Doug Dubitsky made a **motion** to table all other agenda items not addressed at this regular meeting. Cesar Beltran seconded the **motion**. All in favor. **Motion** passed.

15. Time and place of next Regular/Special Meetings.

- a. Monday, January 8, 2018: Regular Meeting @ 7:00 pm (Town Hall)
- b. Monday, February 5, 2018: Regular Meeting @ 7:00 pm (Town Hall)
- a. **Monday, February 26, 2018: Special Meeting for Town Agency budget presentations @ 7:00 pm (Town Hall)**

16. Adjourn. **Motion** to adjourn (9:47PM) was made by Doug Dubitsky, seconded by Cesar Beltran and carried unanimously.

Minutes will be approved at the next regular meeting.

*Respectfully submitted by Suzanne Gluck
Administrative Assistant/Recording Clerk*