

**TOWN OF WINCHENDON
BOARD OF SELECTMEN MINUTES
MONDAY, NOVEMBER 3, 2014
Town Hall, 2nd Floor Auditorium
109 Front Street, Winchendon, Mass.**

Present:

Fedor Berndt, Chairman

James M. Kreidler, Jr., Town Manager

Elizabeth R. Hunt, Vice-Chair

Linda A. Daigle, Executive Assistant

Robert O'Keefe

Donna Allard, Town Accountant

Keith Barrows

Guest Speakers:

Mike Niles, School Committee Chairman

Susan Burdsall, School Committee Vice-Chair

Thomas Kane, Finance Committee Chairman

List of Documents Presented at Meeting:

- Sunday Change of Hours to Sell Alcoholic Beverages Application – The Liquor Store, 674 Spring St.(filed)
- 2015 Board of Selectmen License Renewal List for Review (attached)
- Pancreatic Cancer Awareness Month Proclamation (attached)
- Proposed Draft Deficit Reduction Financial Plan dated October 27, 2014 (filed)

Chairman Berndt called the meeting to order at 6:23 p.m. with the Pledge of Allegiance to the Flag of the United States of America. The meeting aired live on local cable access channel 8.

Announce audio/video recording disclosure: When asked, no one announced they would be audio or video recording the meeting this evening.

SELECTMEN'S COMMENTS: Barrows reminded all registered voters that State Elections will take place in the community tomorrow at the Murdock Senior Center, 52 Murdock Ave. from 7:00 a.m. – 8:00 p.m.

PUBLIC COMMENTS AND ANNOUNCEMENTS: Taken during the discussions below.

BOARDS/COMMITTEES: N/A

APPOINTMENTS/RESIGNATIONS: N/A

PERMIT/LICENSE APPLICATIONS, HEARINGS:

Sunday Hours Change to 10:00 a.m. for Section 15 Package Store Licenses - Swiya Liquors, Inc., d/b/a The Liquor Store, 674 Spring St. – Daigle reported the tax issues are being taken care of. Hunt moved to approve; Barrows seconded. By a vote of all aye, the motion carried unanimously. The approval would be held until the tax issue is settled.

2015 License Renewals Review List – Daigle explained the two lists provided to them this evening, one being the licensee holders alphabetical by name and the other list by license type. License renewals are underway; Department Heads are conducting the necessary inspections. The Licensees will be before you at your December meeting. Berndt asked to have Affordable Motors before them to speak on issues that were raised at a previous meeting he had attended.

NEW BUSINESS:

Pancreatic Cancer Awareness Month – Hunt read the proclamation into the record. Barrows seconded the resolution. By a vote of all aye, the month of November was named “Pancreatic Cancer Awareness Month.”

OLD BUSINESS: N/A

TOWN MANAGER’S REPORT:

Deficit Resolution Plan Discussion – Kreidler said the Board should have with them the Deficit Reduction Plan from a week ago and that they also each received an email from the Chairman of the School Committee containing a resolution from the School Committee on this deficit reduction plan as it appeared in draft last week. What he could say in terms of an update is that there is no new or clearer numbers this evening but by mid-week he will have clear, if not final, numbers based on a conference call early today. While there is good cause to talk about the structure of this deficit plan and some of the components, he thought it would be best served if not dealing with the numbers any more than they did a week ago and instead if the Board agrees knowing more definitively on Wednesday that when they adjourn this evening, adjourn to a time certain on Thursday. He will have more information presented to him on Wednesday and be able to speak a lot more clearly about the plan going forward. They agreed to meet again at 7:30 p.m. Thursday, November 6th.

Kreidler asked if any of them had any specific questions on the draft plan since they met a week ago. Hunt was positive about the way they were going to move forward. The Auditors and Ms. Allard has some procedures and policies that will be modified for the Town. She thought it would be better to run the town’s operation without a computer being old-fashioned and concerned about crashes and learning curves with complex systems. She felt paper accounts should be in place to know where you are with certain balances. Kreidler said some of her thoughts are detailed in Section 3 “Management Efficiencies and Consolidations.” Berndt was in favor of the budget broken down in more specific line items for each expenditure and is for having a backup set of books that can be referred to as well as procedures documented. This is a learning process and we have to move forward in a positive way.

Kreidler said one issue raised by a member of the School Committee that didn’t get a lot of traction was Barbaro’s idea on meals tax. It was raised with John Deline at a Department Head meeting as well. He made a compelling case of about what three quarters of one percent means in terms of a meal out or a drive through the coffee establishments. That three quarters of a percent disappears to an individual, but for a community the size of Orange, they see \$60,000 a year from the meals excise tax. He is putting this before the Board for their consideration for the Special Town Meeting warrant implementing accepting the local option of meals’ tax. The DOR has been clear that they want us to look at revenue enhancements and this is one that has risen to the top. He gave kudos to Mr. Mike Barbaro and Mr. John Deline.

Representatives from the School Committee were invited to come forward and share what they had. Chairman Mike Niles and Vice-Chair Susan Burdsall came forward. Niles read the following memo from the School Committee:

“On Monday evening, October 27, 2014, at the Joint Meeting between the School Committee, Finance Committee and the Board of Selectmen, the Town Manager submitted a deficit and reduction plan which included proposed deficit legislation. Subsequently, the School Committee met on Thursday, October 30, 2014 to address our concerns about the proposed deficit legislation and the proposed forensic audit. The following is the position of the School Committee:

While the School Committee agrees there is a need for deficit legislation, the component regarding the creation of a town wide Director of Finance position, we find that is not acceptable and therefore the School Committee does not support the creation of this position as described in the proposed legislation. Controls of the School Finances and/or supervision of the School Business Manager is the sole responsibility of the School Committee as prescribed by M.G.L. Further, consultation with Massachusetts Association of School Committees and Massachusetts Association of School Superintendents has confirmed this opinion. The newly formed Director of Finance position as described would contradict the Education Reform Act. Instead, we strongly recommend that the DOR Commissioner or designee appoint an unbiased and trusted state appointed individual or Board that would have oversight over the financial matters of the town. The distrust and disagreement between the schools and town administrations are rooted primarily in financial concerns and have existed for years and expands many school administrations. It will be several months before the trust is regained and normal work relationships are reestablished. Again, oversight by a state appointed, unbiased individual or board, we feel is necessary to restore some form of normalcy.

Additionally, the School Committee strongly recommends the deficit legislation includes the following:

1. The requirement of a full forensic audit and investigation as to what happened that caused the deficit of nearly \$4,000,000. The cost of the forensic audit investigation will undoubtedly be significant but absolutely necessary to restore public trust and confidence. In light of the financial difficulties currently facing the town, we recommend that these costs be added to the deficit legislation.
2. The requirement for the reorganization of the Insurance Committee which would include representation from every labor group in town and schools, town and school administration and an Insurance Consultant. This committee would report its recommendations to the Board of Selectmen. Currently the committee is only an advisory board and the decision making and management is exercised exclusively by the Town Manager. The current process has resulted in a significant deficit in the Insurance Trust Fund.
3. They are requesting a requirement for a DOR financial review on behalf of the Town of Winchendon which would provide a thorough evaluation of all financial management processes and practices.

O'Keefe wanted the School Committee members to understand the position of the Finance Director would be created by an Act of the Legislature and therefore it would be legal. Mr. Niles said he's not saying it wouldn't be legal but that they feel strongly against this position as outlined and other school agencies feel the same. Kreidler pointed out that our outside auditor said there are three communities in the Commonwealth that this position has jurisdiction of both the General Government and School side, mentioning Winthrop being one and the Town of Harvard. This is following an established precedent, not setting one. Niles asked about the details of the position, what would the responsibilities be, who would they be reporting to and who would direct. Kreidler said concerns were raised by the School Committee at the Joint Meeting last week that it said the "Town" with the concurrence with the Director would appoint. The concern raised was the "Town" could be the requirement to be just the Selectboard because they are the legal entity. That was clarified that the intention was that it would be the School Committee and the Selectboard jointly appointing with some discussion that the Finance Committee having a role in that. It went further to say that the direction be provided by both committees. The School Committee would have joint appointing authority as well as joint supervisory authority over the Finance Director as the Chief Finance Officer of the community which is a greater degree of control and directing authority you currently have as a school committee. Right now, you have none of that. The Town Manager would not have any role whatsoever. In terms of how it is paid for, the response at the night of the joint meeting, was that it would be done the same way we currently do through indirect cost unless that is changed.

O'Keefe said this very first Finance Director shouldn't come this way. We should follow some of the advice Niles has given and have DOR actually appoint this person. Asking them to assist us and help alleviate some concerns

that someone is trying to reach into others' responsibilities. Hunt felt the job description was very important. Niles handed out a job description from the DOR's Technical Assistance Section. Kreidler commented on the document just handed out and said this is not entirely what we are talking about. This is your Town Accountant's position super-sized to give direct authority. He noted school finances are not referenced at all and also it references the position reports to the Town Manager or Administrator. Niles said he didn't say this would happen but this was all he could find. He would like to see it defined exactly including the cost and it be brought back to the School Committee again. Kreidler said if the parties feel more secure by adding a phrase that says "shall appoint a Finance Director position, description to be established in agreement to the parties, to be appointed by in its initial appointment the Director of Accounts at the DOR and thereafter by joint appointment of the School Board and the Select Board", he didn't think anyone would have a problem with that. He said there are job description examples out there. Winthrop and Harvard are the ones he recalls and can get the other two from Roselli and Clark and send to him for review. Ms. Burdsall said looking at what was established, Harvard specifically, the reason for the creation of a Finance Director, an existing condition morphing into additional responsibilities and oversight. They didn't wait until they were at a critical mass point where the DOR basically was ready to dictate what should happen. Harvard was created with a different feeling and flavor behind it in the community at the time. Questions she has heard of from this community are why if what is in place currently is not really working, create a different, new position for something citizens assumed was going on in the first place. People had reason to assume that was being done in the town and school departments. Why do this as part of the absolute answer without waiting to see what the rest of the process may recommend. Berndt sees this position helping to eliminate some cross fire between both levels; one person will be ideally dealing with both levels at a center point. Another thing, he pointed out, we went through a couple bad situations this year with illnesses, dismissal of people, people leaving and sees this as a safeguard. This would be an additional person that can cover a hole. It may prevent this from happening again. We will work together to find someone that is non-biased and that will tell us when we are wrong on either side and be able to address it.

Kreidler, addressing Ms. Burdsall's points saying when she said people have been assuming this has been going on all along, she's hit the nail on the head. People have assumed because we have not explained clearly how the system works. We have found people have assumed that the Town Manager is superior to the Town Accountant in the organizational chart. That is not true. Because people have incorrectly assumed or we incorrectly informed, shouldn't be a reason to stop taking the next step if the next step is a necessary step in order to get over what Chairman Niles said in his letter, historic difficulties around finance. On the next point about the Town of Harvard, he said he was working hand in hand with the Town Administrator who did that piece of legislation because he was working in the neighboring community at the time. He knows why that was created and that there's more to the story than the one that she tells. There was a lot of what we are talking about here that was going on there. There wasn't the hammer of DOR hanging over them; there was a lot of the same thing of kicking under the table that has been going on here historically. What they did was create one center point where all the central data flowed down into the organization with joint accountability. Anyone you talk to now in the Town of Harvard in the last twenty years will say it's been a great thing. Lastly, he addressed the "why at all." Simply, giving an example, asked if the FY13 end of year report, currently today, was finalized with the DESE and correct? It's a rhetorical question, the answer is no, it is not. We can't do anything on the general government side about that yet; we are responsible for the results of it not being finalized. That is a great example of the why. It needs to be done. You have two disparate pieces of an organization wrestle over money and oftentimes just dig in. The town suffers because the parties dig in. You can suggest and hope that people will be better than that, but that hasn't been the experience. It happens in other communities when the law changed how finances are done at the local level. This has been a way to address it.

Hunt asked about what levels we would need with this person and how will it be funded. Kreidler replied part of the language in the draft deficit legislation said the Finance Director may be the person that holds one of the current positions, Business Manager, Town Accountant, Collector/Treasurer. The opportunity exists for it to be all of the bodies and all of the duties and all of the money put on the table and it gets reorganized and shuffled to make the best sense. At the end of the day, one of those existing bodies is now the top body. That would be the optimum way of doing it in terms of expense. If the DOR is involved and picks someone outside of the

organization, there is an expense unless a corresponding loss is within. He spoke about Harvard's efficiencies when they put everyone on the table they realized the fact that payables on both sides of the organization was a redundancy. You can restructure the existing people/positions; you have to save money. You can use existing people with existing money or worst case scenario, it could be an outside person if DOR is the one that selects. You could still realize whatever you can for efficiencies underneath and put that money toward it but it wouldn't be one of the existing bodies. It's not as simple as yes this is going to be another X dollars in the organization. He doesn't think anyone would suggest taking two things that are nearly duplicative of one another and just putting a boss on top of it is the end of the discussion. You have to look at it geographically, physically on how people work together and what sense it is in having people communicating only through a wire in MUNIS versus being in the same location. Those are things to take a good look at going forward.

O'Keefe mentioned the Town Accountant works for the Board of Selectmen. The School Business Manager works for either the Superintendent or the School Committee ultimately. The Town Treasurer works for the Town Manager. This is one of the reasons we have today of the problem of who is to be blamed for the \$3 to \$5 million dollar deficit we are in. There isn't any one person we can point to. There are issues on all sides. We need that one person so that we will not be sitting here again. We need someone accountable to all of us, including the people of Winchendon, assuring them we won't be back here in another period of time. We need someone responsible for the finances of the town from beginning to end and accountable to all of us. Seeing this position is possible to be created and legislature already done so in other communities, he feels we should be doing so here. He doesn't want to have to go back to the people ever again, wants to finally solve it and know that somebody will be responsible and constantly watching this.

Ms. Allard, the Town Accountant, commented on the Town Manager's comment about bringing in the functions of school and the town. The school is a department of the town. Bringing them all together is something we would be looking at no matter who the Financial Director is because that's something that is absolutely curtailing of redundancy and is necessary for both factions of all town departments to work well together. Several months ago when the Business Manager left and payroll was left up in the air, she and her assistant went over to the school almost daily to help out with the payroll situation and to get information gathered together. At that time, it was so evident that why is this a separate function and a separate location. Why isn't this under the roof of the Town Accountant's office where we can be working together, specifically because we were going to have an outside vendor come in and take over payroll? It made sense why isn't the training going on in the Town Accountant's office at the same time and at the same location. We have the same questions and the same issues that come up. What happens, she says, is they have phone conversations and emails back and forth the entire payroll process as well as a good portion of the accounts payable. She feels the Finance Director's goal would be to bring that in-house. To have payroll in one area, have accounts payable in one area. Why have multiple people working on accounts payable? That can be brought in as well so we have a function of accounts payable for the town, payroll for the town that includes all departments of the town.

Ms. Burdsall understands in general the theory being discussed saying it has been discussed before but to be very blunt, the expectation she's had all along, regardless of whether something is a function currently at town hall or currently at central office, is that the jiggling or fighting for money or funds that start at the top of this she can appreciate combining some functions for the efficiency of things. If we sit tight, sit back and utilize the benefit of what a full financial management review from the DOR, what they provide to towns, something like this will probably be right in line. They would probably come forth with much more than that and why it is one of their recommendations. At end of this if there is a Finance Director that has a larger scope than maybe any of us would be use to with what the DOR would recommend as having bigger oversight over school finances, she thinks they need to wait and see what is recommended. When they do their Financial Management review, they go through all the offices, all the processes, where all the efficiencies and all the improvements that could be made. If DOR highly recommends a Financial Director, she hopes we end up with a Finance Director at the end of the day who is skilled, educated in that field with years of background and experience. To be blunt, another portion of that of not working well together, you wouldn't want to put someone in that position and spend that kind of money just because some people aren't working well together. That doesn't sit well with her personally or as a school

committee member. Her expectation frankly is that employees of the town and members on committees and boards don't always need to agree but it is their job to be working well with others and provide information to others that they need.

Kreidler followed up and asked if the FY13 end of year report was done yet. Rhetorical question again. Answer, "No". Against all best efforts at the end of the week, Donna doing her job as Town Accountant is held back. He said she is one of the most polite people he has ever met in his life. That doesn't matter at the end of the day, she cannot compel by position, by structure, any authority that something should have been done, be done. Something that has real financial impact be done. There is a hanging warrant article from the spring that is specific to the results of that being done that people in the community don't have an answer to yet because it's not done. You need someone to say, "Do it." Right now that doesn't exist. Niles said he has been thinking about considering some type of consolidation seeing a value in that but it needs to be carefully considered. On the school side of things there is a legal requirement that this person who is going to be in charge has to be certified. He asked Mr. Paquette from TMS, their business manager consulting firm to speak to it. Andy Paquette came forward and introduced himself as the President of The Management Solution (TMS). He asked for clarification in regards to the FY13 compliance review the Town Manager has referenced. He stated he has provided the compliance report with amendments recommended by Roselli and Clark and submitted to the Department of Elementary and Secondary Education (DESE) and wasn't sure what is not done. Kreidler replied two things, 1) the town doesn't have a local version of whatever they did because he was originally told by Mark (in the business office) that he did the data entry and he would get a copy to him. He sent a copy of a report reporting to be just that and it wasn't. It was the un-amended version. Additionally, when he asked for it again he sent the Roselli and Clark document off to Roger and Roger inputted it. We still haven't seen anything additional but most concerning, we now know that FY13 ended with a deficit in health insurance, with 77% running to the school. That can be made as an amendment. That doesn't change anything. But for accuracy, what was spent on education legitimately, that's allowed for net school spending expenditure; we should have a record of that. Those things haven't been done. Mr. Paquette didn't disagree but he said they are all still waiting on final numbers. Kreidler said not for FY13. We will amend the report, Mr. Paquette said. You are not talking about a report that hasn't been done; you're talking about its amendment. He is having a technical issue with the amended report. Mark did the submission and he went back to the report to verify what the Auditors had requested were accurate and appropriately done. When he made those changes and tried to save the document, he got an error message. If he sent it to them, they would not have been able to see the Roselli and Clark recommendations regarding the changes that reflected the school's instruction side, and it would not have flowed all the way through to the reports where you would have seen how far off the town was or was not regarding meeting net school spending. The health insurance can be amended and included in there. He takes issue with stating it was done incorrectly and the validity of the people doing the work. They did submit the amendments as recommended by Roselli and Clark. Kreidler apologized to Mr. Paquette saying if he heard from his words that he was casting disparaging words on his firm, his staff that wasn't his intention. His intention was to make a simple declarative statement. What needs to be done to make FY13's year-end report to be complete and accurate, hasn't been done. He's not saying it was done intentionally or not done intentionally or because of competence or incompetence, it just is a fact that is not accurate and it needs to be. Berndt asked when they could expect it. Mr. Paquette responded saying he is seeing the 77% number being thrown around regarding the deficit in the health insurance trust fund. What he needs is supporting documentation that gets him the exact dollar amount that is school associated with the health insurance. If that is 100% accurate, then he will do that but he hasn't seen anything at all regarding the exact dollar amount from this deficit in the health insurance trust. Kreidler asked who have you asked. Mr. Paquette said he is seeing reports from his office and that this is news to him the fact that this has been an outstanding issue. He hasn't even necessarily heard from the auditors that he has an amendment regarding the health insurance portion of FY13. If he gets a number that is accurate and can be verified, he'll amend it. O'Keefe asked the Town Manager to send him the number tomorrow and then he can finalize the report and get it done. Mr. Paquette said as soon as he gets the number, he will amend it right away.

Paquette said regarding the certification of licensure what was Mr. Niles question. Niles said in regards to the consolidation of positions in the community does not have to go through this form of legislation as long as the

School Committee votes and agrees to do it; this can be done at any time. To run it through, rush it through on such a short timeline is a little premature and also he wanted to make sure that everyone understood that the Business Manager's position is actually now a group of people working for them under Mr. Paquette's group providing a lot of valuable services that we've never had before. They have four to five experts at our disposal now which is very nice to have. With the outsourcing of payroll, he thinks will solve a lot of the bone of contention with their employees and he is happy about that and it could be expanded to Human Resources at some point in the future. Whoever the Director of Finance is will have to be a certified Business Manager in the eyes of the Dept. of Education was the point he was trying to make. O'Keefe asked if he was saying the Finance Director or the Business Manager has to be certified. Niles said you cannot be in charge of school finances without being a certified Business Manager. How can they supervise over the Business Manager without the certification? O'Keefe commented your Superintendent currently supervises over the Business Manager and he is not certified so it can be done.

Ms. Audrey LaBrie stepped forward and asked if there was an option for an interim Financial Director. Someone to come in for a year perhaps and oversee everything looking at our functionality and after getting some feedback perhaps a Financial Director position is something we do need and end up with it. It is a big jump from where we are now to that point. Is there a middle way? Berndt said that's a great point and worth considering. He didn't want to make mistakes at this point and wants to do things correct. O'Keefe asked the Town Manager if the other communities were locked in permanently when they selected a Finance Manager. Kreidler replied that a community at any time has the right to change its governing structure. Mr. Paquette mentioned that the community of Barnstable has a joint Town/School/Finance operation that came about where both boards felt the need. The concern from the schools point of view is the intent of the education reform law in the fact that the school committee is the ultimate one to oversee budget authority, etc. and hiring a Business Manager. If that integrity is still kept with a town wide Finance Director, the school is autonomous; there is reconciliation that occurs, the details of where things go but still the school maintains autonomy.

Berndt wanted everyone to realize they were not trying to take away any power from the School Committee but trying to give an equal voice and from his understanding the way this is trying to be put together is a great way to go. O'Keefe asked Mr. Paquette, as the Business Manager, if he controlled the budget of the school. He replied no. O'Keefe said the Winchendon School district, regardless of who the Business Manager is, or if there is a Finance Director over the Business Manager, the School district still controls their own finances. They discussed a bit more the benefits of having a Finance Director that could help see that deadlines are met.

Mr. Thomas Kane, the Finance Committee Chairman was invited up to the table. He said that they had a meeting concurrently and spent quite a bit of time talking about the Finance Director issue. The Committee did move to express the support of the concept of this position.

O'Keefe said hopefully the plan will be finalized on Thursday, but pointed out that this may not be the absolute way it will be. The DOR will be telling us what we are going to do. The idea of a Finance Director shows the DOR that we are willing to do whatever it takes but we need their guidance. He likes some of the ideas he has heard one being asking the DOR to do a review as well wondering if that kind of thing could be put in the plan. The DOR service is free. They can check into everything. He asked Niles what his other ideas were that he had said. Niles mentioned the Insurance Committee. Kreidler responded, it is statutory that you have an Insurance Advisory Committee (IAC) that is comprised of one from each union and one representative for all retirees that are on the health plan. It is advisory by statute, Insurance Advisory Committee, that that's the name. The decision under statute and Charter runs to the position of the Town Manager. If the suggestion is to invite representatives from the school non-union and union and town union and non-union staff in, he thought was a good idea as it has been done in the past when Mr. Bedard, a prior School Business Manager was here. He didn't have a vote, but he would attend and make recommendations. Niles mentioned there were several non-union administration level employees, including the Superintendent, who have no say whatsoever. O'Keefe added, also town hall Dept. Heads as well who are non-union. Kreidler said the school department is a department of the town. It would be no more likely that there would be representation in this meeting from the school department than would be from the

police department or the public works department. The law provides that all unionized members have a say. The legislature could have said that all employees have a say but that's not what the legislature decided, that's where we are today. He made the offer again, if any non-unionized staff from the school from the Superintendent to any non-unionized school staff to be able to sit in the room and participating in the conversation wants to, let's do that. He mentioned the Executive Assistant use to for the non-unionized people here and Mr. Bedard use to for the non-unionized people at the school but we can't deviate from the law. Niles was concerned if the majority of the people in the room decide on one thing, he could do something different. Kreidler replied he cannot automatically do that not without going through steps. It would take the Board of Selectmen invoking a section of the law under Chapter 32B and then the Town Manager's position would have the ability to implement the decision. It's unfortunate, but that's what the law says. In return for having the unilateral authority to do that, 25% of anything saved goes back to those employee groups. Kreidler said he didn't make this rule, he's using the tools presented by the legislature in order to manage the budget. Niles thought a representative from the insurance company should be present in the room as well so everyone can hear firsthand what the pros and cons are and be able to ask questions and then have a straw vote to get a feel for where you are at and then if the Town Manager makes a compelling argument, not that you have to, but say this is what you people are not seeing and why this is better over the other, that's a little give and take than the perception of what's going on now from feedback he is hearing. Kreidler said he is told something entirely different and in the fourteen years he has been here and while the law has existed he hasn't made a decision unilaterally and hasn't had to seek the invocation of the section of the law that would allow him to do things even more drastically unilaterally because we have always been able to come to an agreement. He doesn't see anything different here. The last discussion he had with the IAC was that this was coming. A year ago, we said its likely coming next spring. All we have done is advance the calendar by six months. They knew a year ago, under the Affordable Care Act, that the plan we currently have is no longer viable because it is too rich in benefit and we would have to have a surtax because of the level of benefit we have. This isn't new information; it's just being advanced six months.

The last thing Niles wanted to talk about was the forensic audit. O'Keefe said we are all in agreement that we need a forensic audit but the term "full" would be the exception he has because a full forensic audit would be cost prohibitive. It was discussed at our joint meeting last week that the Finance Committee, the School Committee, the Board of Selectmen each submit the accounts that they want audited and those would be the ones subject to the forensic audit not wanting to waste money on accounts that are not needed. Ms. Burdsall asked what estimate was received. O'Keefe replied that he had not received an estimate. She asked why he is saying "cost prohibited." O'Keefe replied a forensic audit is a review of every document. A traditional audit is a review of a sample with that sample being 1% review of the documents. If our traditional audit is around \$36,000 reviewing 1% that probably means we are looking at \$3,000,000 to do a forensic audit in every account. Ms. Burdsall feels strongly for a forensic audit and didn't want the community mislead if it was something that would cost the taxpayers \$500,000. She said there are serious recommendations not only from the School Committee but from at least some of the members of the Finance Committee that would like to see this. O'Keefe asked the Finance Committee Chairman if the Finance Committee is recommending a forensic audit that would cost a half million to \$3 million dollars. Hunt felt they were all getting excited over something they didn't know would cost and wanted to get the quotes for a full audit or by picking key areas for review. Finance Committee Chairman Kane came forward and said they discussed this tonight and exactly some of these issues they have spent a lot of time discussing. They are all speaking of something they have little experience with. The Board of Selectmen charged them and the bylaw authorizes the Finance Committee to conduct investigations that they develop the Request for Proposal (RFP) for an independent audit. Whether this audit needs to move to the level of a forensic audit is something that will have to be put in the RFP. He thinks they need a specific proposal and the challenge for them will be the parameters of the proposal and then they can begin to talk about what this is going to cost. They don't know what this will cost and recognize that no one wants to spend money on something that we don't need. If we don't need a full blown forensic audit, then the town shouldn't spend the money for it. We need to know more, get an independent audit on our finances. They thought they could focus in on one of the fiscal years instead of two and it would probably tell them everything they needed to know. The Finance Committee's proposal is that as a committee we develop an RFP and bring to the Board of Selectmen to enact on in a future time.

Berndt recognized those in the back who were saying things if they had information and done research about this. Ms. Felicia Nurdsmann spoke from her seat and said we haven't done any research and said she hoped they would and have the information for people at the meetings. Ms. Danielle Hart added from her seat "and don't say a number if you don't know," addressing O'Keefe. O'Keefe replied that he used to be an accountant and knows the difference between a general audit and a forensic audit and when he says the difference is 1% to 3% on a general compared to a forensic audit, he knows what he is discussing.

Barrows thanked Chairman Kane and the Finance Committee saying this is an example of what "working together" is about. You got together with your group which focuses on general finance and you have come to us with a proposal. They have all already agreed to a forensic audit. His recommendation is what they propose; it has merit and he likes the scope of work looking to see what we want to accomplish. We need to present an objective to whoever is contracted with and let them know what we are looking for. Secondly, he said we've all agreed to this. It doesn't need to be part of legislation. It's the right thing to do and in the interest of transparency, this is something that we have to do. Everyone should be supporting this. He is in favor of getting a recommendation from the Finance Committee. There has been too much discussion taking place of who is posturing and who's doing what. Barrows moved that the Board of Selectmen authorize the Finance Committee to put together an RFP on a forensic audit and that they present that to the Board of Selectmen; Hunt seconded. Before the Board completely voted, Berndt had a question. He asked what level are they looking to do with the RFP, a full audit or certain areas we need. Kane said the term that they would use would be an independent audit and to the extent there needs to be forensic work done on any of the areas of the budget, their intent is to craft an RFP that would have two levels of auditing practice. One that we require and the second one that would come optional depending on whether there were reasons to conducting a further forensic type of audit. He hoped it would be together before the date of the Town Meeting and will be working towards that. Ms. LaBrie called for a Point of Information of the motion asking for a forensic audit. Barrows clarified and the Board agreed that it would be for an independent audit that may include as part of the scope of work forensic analyses. By a vote of all aye, the motion carried unanimously. Chairman Kane was thanked. Vice-Chair Burdsall was thanked.

Barrows wanted to point out to the School Committee that they are clear on their recommendation regarding the insurance committee and wanted the Board to go on record that they support non-union personnel to participate in the discussion. Statutorily and legislatively they may not have a vote but thought it important that they go and voice their opinion and be heard. He moved the Board approve such an action; O'Keefe seconded. By a vote of all aye, the motion carried unanimously.

Schedule Special Town Meeting and/or Special Election:

Kreidler reported the deadline against which they are functioning for all of this information is Dec. 31st to try and have everything resolved to set a tax rate. Backing away from December 31st and looking at the types of things we need to accomplish are, we need a Special Town Meeting as well as a Special Election. He explained the timeline and the draft schedule and explained that if the override fails, you cannot cancel the Special Election and people would also need to go to the ballot with their vote. He said they need to make it abundantly clear that regardless of the vote of Special Town Meeting on the override, the Special Election has to take place and if people feel strongly about whichever way they voted the night of Special Town Meeting, they need to come to the ballot and vote that way again.

Ms. Felicia Nurdsmann came forward asking how to make the Town Meeting secret ballot. Kreidler replied it would be a simple motion on the floor to the Moderator. If the question passes by a majority vote, then it's a secret ballot.

Ms. Theresa Fifel asked if we voted the override down at Town Meeting, why would it be brought up again by another vote in December. Kreidler explained that the law requires once the Select Board calls for a Special Election, it can't be cancelled and again emphasized that people still need to know that's not the end of the discussion and they need to go again and vote at the ballot. Barrows added this isn't how we would normally do this. We would normally schedule a Special Election after the vote was taken, but because of the timeframe

needing to be done by Dec. 31st, it requires us to schedule both the Special Town Meeting and the Special Election at the same time.

Ms. Danielle Hart came forward asking about the timeline getting a nominee on the ballot for the vacant seat of the Board of Selectmen. O'Keefe answered the Board of Selectmen can call an election to fill a vacancy or not. Ms. Hart thought since there already is going to potentially a special election she thought it should be considered now and asked what the process would be to get it on this. O'Keefe explained the Special Election usually is done as a four hour election whereas an election to elect an official would be a full day. Our cost would double if we choose to do this. The Board of Selectmen, as in the past, if allowed it to be vacant until the spring election, there would be no additional cost.

Kreidler explained the suggested Dec. 15th day for the election is a work day and a short window would not likely work and recommended pushing it to December 20th which is a Saturday and a normal day for the special and the traditional four hours giving them still an ample opportunity from the 20th to the 31st to affect whatever they need to with the DOR. The hours normally are from 9:00 a.m. to 1:00 p.m.

Ms. Burdsall asked what the guidelines were for the Board of Selectmen to call a Special Election and asked if they could do that without a town meeting. Kreidler replied, "Yes." Kreidler replied anytime you have an override it needs to pass in the legislative and at the ballot. Due to the compressed timeframe, we are doing this different than we normally would. Ms. Burdsall asked how would articles that citizens want to put forward on a ballot during a special election take place. Kreidler replied for a special he wouldn't quote from the top of his head but that she should speak to the Town Clerk first thing in the morning. If you as a citizen have a concern or if there is a general concern, he would be happy to get the information for her. She said she could speak to the Town Clerk and asked when the ballot would need to be presented. Kreidler replied between now and Monday, November 10th when the ballot will be finalized.

Ms. Hart asked to fill a vacant seat on the Board must it be an eight hour election or if that is what has been done historically. Kreidler said he would defer to the Town Clerk but said in the fourteen years he has been here that there has never been a special called for a vacancy on the Board; it was waited until the next election.

Hunt asked if it is up to the Board if they want to fill the vacant seat or not by holding a special election. Kreidler replied he had no idea but in the fourteen years he recalls four times where they had vacancies that were left vacant until the next annual election, with one time being an excess of a full year. He imagines there might be some way by initiative of petition of some sort that citizens can affect. Whether it can be done by now and next Monday night, he wasn't certain. Ms. Nurdsman asked if they could get it to be part of the Town Meeting to compel them to fill that seat. Kreidler said that would be too late at that point. She was directed to speak with the Town Clerk on timing in regards to nomination papers, certification and the costs incurred for a eight hour election day.

O'Keefe moved to call a Special Town Meeting for November 24, 2014 at 7:00 p.m. at Murdock Middle High School, to open the warrant this evening at 8:15 p.m. and to close it Thursday, November 6, 2015 at 8:15 p.m. and to call a Special Election for the purpose of the override question for December 20, 2014 from 9:00 a.m. to 1:00 p.m. at the Old Murdock Senior Center; Barrows seconded. By a vote of all aye, the motion carried unanimously. O'Keefe asked that all the dates be put up on the website as soon as possible.

O'Keefe moved the Board schedule a meeting next Monday night, November 10th, for the purpose of accepting the warrant, posting the warrant and also finalizing and having the Election warrant posted; Hunt seconded. By a vote of all aye, the motion carried unanimously.

MINUTES:

Wednesday, October 15, 2014 Special Meeting – O'Keefe moved to approve; Hunt seconded. By vote of all aye, the minutes were approved.

Monday, October 27, 2014 Includes Joint Meeting with School Committee and Finance Committee – Passed over as they were not ready for approval.

Ms. Fifel was again recognized by the Board with several questions on different topics hoping to get quick and direct answers so it wouldn't take long.

In regards to accountability measures, she asked, prior to the current Town Accountant, how did the reporting process go, what did we receive from the previous Town Accountant back in FY13 before the Accountant got sick and had to leave. She asked if month end or quarterly reporting was done to the departments including the Town Manager and the School. Kreidler replied on occasion they were monthly but not regularly monthly. FY13 specifically, he recalled a December budget to actual and probably an April and a May or June. It was sporadic monthly. Hunt added that some reports, like the Robinson-Broadhurst reports were done monthly. Ms. Fifel said as the Town Manager responsible for overseeing all the departments of the town, except accounting, and even though you didn't oversee her you kind of worked hand in hand with the accountant because you deal with all the budgeting processes when you got the reports, what was your role in overseeing the town departments and make sure they were being accountable to budget. Kreidler replied looking at the budget reports that came out, he looked at the right hand column which told you the amount that was available and far right was a percentage of what was expended. Every department would have their budget and look at the actual on those reports and he did as well. She asked if it fell under his responsibilities to speak with department heads if there was an amount that was overspent. Kreidler replied as a rule, "yes." The exception to the rule is there could be times when one department is trending out of budget for a variety of reasons, but we vote in-house as buckets so if one department is trending in deficit and one in a surplus, we would always have an eye for the fact that it would always balance out at the end. She asked if that was a good management rule. Kreidler replied it's an excellent rule because it provides flexibility. He explained we have seen our general government budget reduced by 1.8% in the fifteen years he has been here. We have seen a limitation on the amount of revenue we have taken in but an increase every year on the expense. We have intentionally gone to town meeting and voted in buckets to provide that very flexibility. Without that flexibility there is no way we could make the year without surplus. Ms. Fifel asked about FY13 with the main line item being the health insurance issue, was that seen as one of those buckets that we could cover over here. Kreidler replied absolutely not and he'd be happy to get her a copy. The FY13 end of year report for the general government budget, inside of which one of the line items is health insurance, we were trending in a surplus in May or June of \$450,000. His belief was we were good. He thought it important to make the distinction, in case it had been missed, that there is a difference between the operating budget and the expenditure line and the health trust. The problem was with the health trust which was off budget. In fact, when we closed FY14 as recently as June 10th, the year to date expenditure report that he has showing year to date expenditures, certain lines looked great. She asked if he could explain both the health expenditure line item and the health trust. The Town Manager deferred to the Town Accountant. Ms. Allard explained you want to think of the appropriation account. When you are having funds taken out of someone's pay, there are two parts to that. There is the part that the town covers which is 60% and the part that the employee covers which is 40%. Then you have the retirees at 50/50. You have a portion that is appropriated in the line item budget that reflects what those costs are going to be, what the town's cost would be. Then you have the employee's cost that runs through the health insurance trust. What is happening is you have a situation that we've discussed those catastrophic events that have occurred in FY13. We went from two or three in previous years and as has been mentioned to thirteen. So we really increased the cost of the medical portion of the town. They were not able to be met through the insurance health trust or the appropriation.

Ms. Fifel asked before Ms. Allard came along in September accounting must have been done between that time with other people in the department. Kreidler informed her there was a part-time assistant accountant at that time that was keeping us moving along as best she could. Ms. Fifel was surprised the department had only a full time and part-time person in accounting saying that's not enough with the work load she must have. O'Keefe said with that it becomes apparent when you have the accountant transition out and we have somebody else come in, there's not a whole department that maintains institutional knowledge and it can be lost. Ms. Fifel asked how long after

Ms. Allard came along before she realized something was out of whack, that the numbers were going in the wrong direction, could she pinpoint a time. Allard replied she couldn't pinpoint the time. Kreidler added it wasn't until the spring of FY14 when FY13 was finally being closed. She understands that part but if the Town Accountant got here in September to have it go that long, there should be preliminary figures going through those months. Ms. Allard said those figures were not available and that was the situation. There was a lag time of sixty to ninety days just for the information on the health trust. When I came in September there was the day to day work that needed to get done and we weren't getting into the meat of getting closed at that point. The eighteen month period of time was explained to Ms. Fifel that it was that period of time the audit referred to with the catastrophic claims. Barrows said it was those thirteen claims in an eighteen month period that resulted in the expenses. He explained the budget process again that the Town Accountant had explained and how it carried into FY14. The claims didn't happen all at the same time and each one you run into the 60-90 day lag. It creates a tail, which is what it is called in the industry. The total incurred cost for a claim is not totally known until you are 18-24 months out. Ms. Allard said at some point you try and catch that tail and recognize it.

Ms. Fifel asked when FY13 was finished in March, were the estimated figures known of how much we would have to dig into that trust overspending what we had. Kreidler said best recollection in April the first number that was floating around was \$535,000. At that point we had a DOR representative in and that first meeting was the first week of June now we are nearly complete FY14 when we are finally realizing that there has been this bleed that occurred in FY13 and hemorrhaging in FY14. Donna is working presently with DOR on the accumulative FY13, FY14 and FY15 deficit currently chasing the tail of these claims for FY15. When the email was received by DOR in July, he believes, the number was \$740,000. At that point, all hands were on deck.

Ms. Nurdsmann asked about the words "catastrophic event" she keeps hearing and why we waited until we had thirteen catastrophic events. O'Keefe explained Winchendon's cap per employee was \$70,000. In thirteen years prior there were two. The plan was built for three. She said we should have left at four. You can project that out just by knowing the injury. Whose responsibility was that to oversee that process? Kreidler drew her attention to the minutes that were just approved of the last meeting. When the auditor was here he addressed specifically the analysis he did going back eighteen months looking at the monthly claims and what he saw and then he overlaid that against the timeline that we had physically take in the Town Accountant's office with having the Town Accountant going out on vacation and never returning with there being a number of months she was unable for good cause to even to be communicated with. When the Board put into motion hiring a new Town Accountant there was supposed to be overlap and now there is no overlap. When the new Town Accountant was able to start and what was on fire around her when she did start, in a perfect world or in an average world, you're absolutely right, this should have been seen, this would have been seen but we weren't living in that. Ms. Nurdsmann asked about a backup plan. Are we to believe we don't have someone to do the accounting when someone is out? Kreidler said yes that's exactly what you should believe. We have a staff of one full-time Town Accountant and one part-time Assistant as we have had historically. It actually was at the suggestion of the prior Town Accountant that we reduce the part-time accountant. It wasn't until Ms. Allard came that she suggested this really needs to have more hours added.

Ms. Hart asked when the last time we had done a Medicare eligibility audit. Kreidler replied that when they renew every year anyone that is Medicare ineligible to Medicare eligible is moved from the active plan to the Medicare plan. They determine whose status has changed from one year to the next and get transitioned. He added that sometimes there could be a spouse that's younger that still stays active so we have to make sure we are not just looking at the subscriber. She wondered if any of those catastrophic claims could have been absorbed by Medicare if possible. Kreidler said I'm sure you appreciate HIPAA Laws. Without compromising anything in HIPAA, his expectation is that if someone was in the midst of a catastrophic claim tripped over into Medicare eligibility, that they would have been transitioned because annually it was done. He isn't commenting if someone was or wasn't, but annually they would have caught that.

Ms. Fifel asked if the Town Accountant does or did month end reporting after she got her grips of the system and does she distribute month end reports to all the department heads so they have their figures. Allard replied, "yes."

She asked if she did them for the School Business Manager as well. Ms. Allard said the school has the access to the system as she has and can pull their own reports. She thought the reports should come from the Accounting office making sure their figures are tying rather than them printing out their own reports. Kreidler said he thinks the presumption she is making, and the auditor said this in the school committee meeting a week and half ago, the data is the data. Whether it is generated from the Town Accountant or the Business Manager's office, it is the same data. Your point of whether there was effective training in how to run the report is a good one. That goes to the issue the auditor has made most recently that the system that we are functioning under Munis is a wonderful system with a lot of options, perhaps more than we need because it results in what we saw happen in some of the trust fund accounts. Reports generated out of the same data the Town Accountant could generate from by the school business office that based on boxes checked on the form it gave the impression that there was more money in the account than was in fact there. It was showing an accumulative amount of revenue over a period of time the account was set up. Is it a training thing, perhaps, but the ultimate thing, unless we had a Finance Director whose responsibility and accountability it is to oversee the School Department's finances, then everything can run back to that one person. When you have a Business Manager or firm operating as a Business Manager, they can access the data. They have seen that is not always the case. The FY15 budget for the School Department, you would suggest reasonably that at the end of July there should have been a report generated by someone, either the Town Accountant or the School business office to see how we are doing after one month in. That couldn't be done because there wasn't a budget entered into Munis for the School Department by the end of July. He believes even August there still wasn't a budget entered. It wasn't until the Town Accountant actually went physically to input the work that it was inputted. Ms. Allard said it was inputted but not inputted where you could see it. Ms. Fifel asked whose responsibility was that to do the inputting. The Business Manager, replied Ms. Allard.

Ms. Fifel asked about the computer failure that happened. Kreidler said it is a system that is specific to the finance side of the house which he has nothing to do with. He has no present knowledge of when that happened. Ms. Allard said the Town Manager doesn't have it in his office at all. She said it wasn't a computer crash; that was a misunderstanding. In November before she came here, there was a conversion that took place. The former Accountant had a great deal of difficulty with the software company in what happened with the carryover of multi-year funds. That really wasn't resolved until the independent auditor and she were able to close out those funds in April. It was agreed that the auditor did say that but the way he characterized "crash" and the way someone else might view it could be differently. Ms. Allard said they had to reconstruct data and had good basis to reconstruct it. Ms. Fifel asked if we have backup and an IT manager for the Town. O'Keefe said the accounting system is currently stored in the Munis cloud and continuously backed up. This occurred prior to the Munis cloud being enacted in the town. Berndt asked if we could get what actually happened with this crash. O'Keefe asked if the Town Manager could contact Roselli and Clark for answers and report if he could at the next meeting.

Ms. LaBrie asked about the conversion from Munis to the new system wondering how the backup plan will work. Kreidler said that hasn't been decided yet but the deficit reduction plan contemplates a change to something simpler. The auditors said if we begin a discussion in the first of the year, we would be good to roll out in the new fiscal year.

Ms. Fifel asked about the statement in the Town Manager's contract where the Board of Selectmen has to vote four out of five for action but that the Town Charter says majority. She wanted to know how his contract could be contrary to that. O'Keefe said this was answered last week. The Town Charter specifies majority, in another section, majority is defined. Kreidler said Section 7.7g of the Charter provides definitions and defines majority vote. Ms. Fifel had the Charter with her and read the section understanding it was a majority. Kreidler explained "unless provided by its own rule." The general laws allow the Selectboard to negotiate terms with the Town Manager. They can set what that quantum vote is and have done so. Their rule is four out of five and is not inconsistent with the law or the Charter. Ms. Fifel asked if that could be changed. Kreidler said by agreement of the parties, it can be amended.

COMMUNICATIONS:

AGENDA ITEMS:

ADJOURNMENT: With no Executive Session being called for this evening, O'Keefe moved to adjourn until Thursday, November 6 at 7:30 p.m. Hunt seconded. By vote of all aye, the meeting adjourned at 9:06 p.m.

Respectfully submitted,

Linda Daigle
Executive Assistant