

**Board of Finance
Town of East Windsor
11 Rye Street
East Windsor, CT**

**MINUTES OF REGULAR MEETING,
January 18, 2012 at 7:30 p.m.**

These minutes are not official until approved at a subsequent meeting.

Members Present: Jason Bowsza, Joseph Pellegrini, Danelle E. Godeck, Jerilyn Corso, Marie DeSousa, and Kathleen Pippin
Members Absent: None
Alternates Present: Paulette Broder
Alternate Absent: Jamie Daniel
Others: Catherine Cabral, Denise Menard, Dale Nelson, Richard Pippin, Alan Baker, James Richards, Margaret Hoffman, Scott A. Tenholm, Jill M. Danyliw, and others
Press: Larry Smith (Patch.com)

I. Call to Order

Chairman Jason Bowsza called the Regular Meeting to Order at 7:31 p.m., in the East Windsor Town Hall.

II. Appointment of Alternates

Chairman Jason Bowsza indicated that all Regular Members were present.

III. Added Agenda Items

It was **MOVED** (Pellegrini) and **SECONDED** (Pippin) and **PASSED** (U) that the Board of Finance adds Agenda Item XI. New Business D. Required Audits for Agencies.

IV. Approval of Minutes

Minutes of Regular Meeting of December 18, 2011

Chairman Jason Bowsza indicated he had made a mistake at the last meeting indicting that Ms. Jamie Daniel was no longer an Alternate Member of the Board of Finance. This statement was incorrect. Ms. Jamie Daniel is still an Alternate Member until 2013.

An error was noted in the minutes. The spelling of Board Member Joseph Pellegrini's last name was spelled incorrectly throughout the minutes. The correct spelling of his last name is Pellegrini.

It was **MOVED** (Pippin) and **SECONDED** (Pellegrini) and **PASSED** (4-0) (D. Godeck abstained) that the Board of Finance approves the minutes of December 18, 2011 Regular Meeting, as amended.

IV. Public Input

None.

V. Communications

a. Letter from Jack Mannette

Chairman Jason Bowsza indicated he has received a letter from Mr. Mannette dated January 3, 2012 regarding the accounting of the Board of Education and their auditor's report and the flags which were raised. The Board of Education is taking steps to correct the problems and no further action needs to be taken.

Chairman Bowsza commented on a second letter which he just received dated January 17, 2012 from Mr. Mannette regarding the Executive Session which is scheduled for this evening regarding litigation. According to the FOI, this information is not confidential and is public record. So therefore, the executive session which was planned this evening later in the meeting will be cancelled.

b. FOI Training

Chairman Bowsza indicated FOI training is scheduled for February 29, 2012 at 6:00 p.m. at the Town Hall. He remarked this would be a great opportunity for all Board Members, including himself, brush up on the FOI Guidelines. This would also give the rules to executive sessions.

Other items which Chairman Bowsza discussed

a memorandum from Ms. Melissa Maltese, Director of Parks and Recreation explaining a transfer which will be discussed later in the meeting. On January 26, 2012 at 6:00 p.m. students of East Windsor High School will be reading their poetry and everyone is invited to attend. A memorandum from First Selectwoman Denise Menard informing the Board that that the Board of Selectmen have met with the State of Connecticut Department of Education on January 3, 2012 and have recommended the appropriation for the MBR. Finally, a letter from Ms. Elizabeth Burns, Director of Human Services, advising the Board of Finance that the vehicle maintenance line in the Senior Services budget is close to being over extended and future transfers may be required.

It was **MOVED** (DeSousa) and **SECONDED** (Pippin) and **PASSED** (U) that the Board of Finance move Agenda Item No. XI. New Business a. Presentation of Auditor before VIII. Monthly Reports.

XI. New Business

a. Presentation of Auditor

Chairman Bowsza invited Mr. Scott A. Trenholm and Ms. Jill M. Danyliw of CCR, Certified Public Accountants and Business advisors to present to the Board of Finance the audit results for the fiscal year 2011. They gave to all Board Members three documents entitled “Financial Statements and Supplemental Schedules”, “Communication with those Charged with Governance in Connection with the 2011 Audit”, and “Federal and State Single Audit Reports”. They began their presentation by use of a power point document. The scope of work included the audit of financial statements performed in accordance with the US generally accepted auditing standards and government auditing standards. Federal and State single audit performed in accordance with OMB Circular A-133, OMB Circular A-133 compliance supplement; Connecticut State Single Audit Act, Connecticut OPM compliance supplement, and applicable grant and contract agreements. The auditors’ reports consisted of a report on financial statements. Unqualified clean opinions were found in governmental activities, major funds of the General Fund, Capital Nonrecurring Fund and Capital Projects Fund, and the aggregate remaining fund information. The report on compliance and internal control over financial reporting at the financial statement level, no material noncompliance reported and no internal control weaknesses reported. The Federal Single Audit report on compliance and internal controls at the Federal Award Level contained major programs of State Fiscal Stabilization Fund, Education Grants (Recovery Act) and Special Education Grants Cluster, again unqualified clean opinion on compliance, no internal weaknesses noted and no reported instances of noncompliance. The State Single Audit report on compliance and internal control at the State Financial Assistance Level contained major programs of property tax relief for manufacturing machinery and equipment, open choice program, open choice academic and social support, and town aid road grant, again unqualified clean opinions on compliance, no internal control weakness noted and no reportable instances of noncompliance.

Mr. Trenholm and Ms. Danyliw discussed the financial highlights for the Town. As of June 30, 2011, the Town’s assets exceeded its liabilities by approximately \$48.4 million (net assets), of which approximately \$39.8 million represents the Town’s investments in capital assets, net of related debt. Unrestricted net assets totaled approximately \$8.5 million as of June

30, 2011. Long-term bonded debt totaled approximately \$4.5 million as of June 30, 2011, a decrease of \$806,000 from the prior year to scheduled debt service payments. Net assets increased by \$2.5 million during fiscal year 2011. Combined ending fund balances as of June 30, 2011 totaled \$6.2 million, an increase of \$518,000 from prior year. Unassigned ending fund balance of the General Fund as of June 30, 2011 totaled \$3.4 million or approximately 10% of the total General Fund expenditures. This is sufficient to cover 1.4 months of General Fund operating expenditures. Implemented provision of GASB Statement No. 54: Fund Balance Reporting and Governmental Fund Type Definitions resulted in changed terminology of the fund balance categories from those previously reported.

Ms. Marie DeSousa questioned the statement of the town's assets increasing and the tax revenue increasing as a result of the 2% default increase to the budget. That statement sounds positive and it was not positive. A brief discussion was held regarding the interpretation of that statement and other financial statements.

Recommendations were as follows:

- Expansion of Town's fund balance policy in regards to specific items contained within GASB Statement No. 54
- Formal review process (especially over bank reconciliations)
- Controls over student activity receipts and disbursements
- Utilize general ledger package for Cafeteria Fund reporting
- Segregation of accounts payable and encumbrances at year end
- Close bank accounts at BOE
- Daycare accounts in Town's name

Required communications is the auditor's responsibility under the US Generally accepted auditing standards, the planned scope and timing of the audit and significant audit findings. Recently issued accounting standards will be reviewed with Ms. Danyliw.

Financial statements have been given to the Board Members for their review and if they had any questions, Mr. Trenholm and Ms. Danyliw would answer to the best of their ability.

Questions regarding the Pension Plans and the net pension obligations for the end of the year. They referred to Pages 38-41 in answer the questions. The pension was fully funded in the year 2011; however, years prior it was not fully funded. The accounting of those years is listed on Page 41. It was explained that the five year smoothing of market gains/losses. Ms. Danyliw indicated last year's contributions increased only at \$1,200 as listed on Page 41. Ms. DeSousa has a few questions regarding the school bond reimbursements discussed on Page 38 and retirement age for public

works and WPCA employees is the later of age 60 or 15 years of services, when a police officer is the later of age 50 or 25 years. She questioned if the 15 years was accurate. Ms. Cabral indicated all agencies have different requirements.

Mr. Trenholm informed the Board that the auditor's had no disagreement with management and there were no significant findings or issues.

A brief discussion was held regarding future GASB Statements.

The Board Recessed at 8:38 p.m.

The Board Reconvened at 8:41 p.m.

It was **MOVED** (Pippin) and **SECONDED** (Godeck) and **PASSED** (U) that the Board of Finance moves back in order of Agenda Item No. VIII. Monthly Reports.

VI. Monthly Reports

a. Treasurer's Report

Chairman Jason Bowsza commented that recently he attended a CCM Conference with Ms. Kathleen Pippin, Ms. Dale Nelson, and Mr. Richard Pippin. They had examples of how other towns format their monthly reports. He had given copies of a template which is used in the Town of Avon for all of the Board Members to review. He has asked Ms. Cabral if she could use these templates in her reports. He suggested trying to use this template to see how it works, if the Board feels it would rather keep the old way of reporting, the Board could return to that. Ms. Cabral indicated it would reduce the redundancy.

Ms. Catherine Cabral, Treasurer, addressed the Board of Finance. She gave to all the Board Members a memorandum dated January 12, 2012 for their review. The document is broken down in four subjects: Cash, Tax Collections, Assessor Information, and Treasurer Update. As of December 31, 2011, the cash position of the Town is as follows: Webster Bank \$2,896,764; New England Bank (formerly Enfield Federal Savings) \$638,271; TD Banknorth \$575,683; STIF \$586,998; and MBIA Class \$36,571. Ms. Cabral mentioned that on December 30, 2011, the Town received the Mashantucket Pequot Grant payment in the amount of \$14,685.98 from the State of Connecticut.

b. Tax Collector's Report

Ms. Cabral gave to all the Board Members a report entitled "Tax Collector's Report to Board of Finance 7/1/2011 through 12/30/2011" which was prepared by the Treasurer. She briefly discussed the figures on the report

comparing tax collection of the current year verses the three previous years. The percentage of tax collection is approximately 59.94% which is slightly lower than last year's collection. A brief discussion regarding the report was held regarding the revenue comparison report and the building department already collected above from last year.

c. Assessor's Report

Ms. Cabral discussed the report of Ms. Carol Madore, Assessor, dated January 12, 2012.

In that report Ms. Madore indicated the Motor Vehicle Supplemental Grand List of 10/01/2010 that 2071 accounts were billed out. The net Grand List (gross less exemptions) is 10,582,435 x .0243756 equals \$257,953.20 collectable dollars.

Grand List of October 1, 2011, to be completed by the end of January, 2012 with results to be released shortly thereafter. Motor vehicle pricing is completed on 12,286 vehicles. Exemptions are in process along with add-ons and take-offs pertinent to information received from taxpayers and/or other Towns. Personal property has been reviewed and processed of approximately 760 personal property accounts, roughly 560 remain. Real estate, all Public Act 490 accounts are still in the process of review updating. The field work and building department permit checks now in process of continuing to resolve taxpayer issues for the 2011 Grand List and sets up key information for 2012 Revaluation.

Revaluation of October 1, 2012 was discussed. The vendor is currently working on setting up the new real estate software for East Windsor's use. Training will begin shortly following the filing of the Grand List in order to continue the process, real estate transfers, updates, prorates, and splits. Storage of information will remain in East Windsor's control with access by our vendor through the internet. GIS is playing a significant role in this Revaluation.

A Special Meeting of the Board of Assessment Appeals will be held sometime by the end of January 2012, at which time the new Board will select a Chairman and will begin the Appeal set up for Hearings in March 2012.

Mr. Bowsza indicated he would like more information in regards to Public Act 490. He believes it is in regards to a program which is governed by State Statutes which allows different property tax rates for farm land. He would like Ms. Madore to come to a future meeting to discuss this matter further.

d. Added Appropriations/Transfers (2010-2011 Budget)

None.

e. Added Appropriations/Transfers (2011-2012 Budget)

- **Police Commission**

Ms. Cabral indicated the first transfer to be discussed is from the Police Commission. The amount being requested is \$50.00. The reason for the transfer of \$50.00 to the Police Commission – Office Supplies account line is because the line has a zero balance and there is an invoice for supplies. The funds would be transferred from the 2009-WHPT Fire Truck Interest Account. There are funds available in this account due to the interest fees and legal fees were lower than what was budgeted.

It was questioned the amount of \$50.00 and why the line had a zero balance. Ms. Cabral indicated there has been newly elected Commission Members and new name plates have to be purchased. It is a legitimate office expense.

A brief discussion was held.

It was **MOVED** (DeSousa) and **SECONDED** (Godeck) and **PASSED** (U) that the Board of Finance approves the transfer of \$50.00 to Account No.: 1-01-15-2144-6-610-0000-0 Police Commission – Office Supplies from Account No.: 1-01-60-9500-9-998-9011-0 2009 – WHPT Fire Truck Interest and recommends to a Town Meeting.

- **Parks and Recreation**

Mr. Bowsza referred everyone to the memorandum he spoke about in the Communications portion of the meeting. The memorandum is from Ms. Melissa Maltese, Director of Parks and Recreation regarding the transfer of monies to the Parks and Grounds Line within the Department of Public Works budget. The request is to transfer \$2,500 from the Parks and Recreation Part-Time Salary Account to Public Works – Overtime Parks and Recreational Grounds.

Ms. DeSousa indicated that in the past Public Works has been told about overseeing the overtime hours for work done for Parks and Recreation. She indicated she had a problem with this request. Ms. Menard tried to explain the procedure over the last two years. A question of why so many overtime hours are needed. It was explained that in the spring, it is hard to keep up with the growing grass in all of the fields, especially baseball fields during the Little League Season. Ms. DeSousa inquired about the procedures taken by Public Works for maintaining the grass. Ms. Godeck reminded the overtime has to be paid. Ms. Menard commented that the

hours were divided correctly. Ms. Cabral remarked this line is short every year. A lengthy discussion continued and it was suggested an analysis be done in regards to the history of this line and postpone this transfer until the next meeting. Ms. DeSousa commented that she will still be against this transfer after the analysis is completed.

It was **MOVED** (Pellegrini) and **SECONDED** (Godeck) and **PASSED** (4-1) (M. DeSousa dissented) that the Board of Finance postpones the transfer request of \$2,500 from Account No.: 1-01-40-6315-1-101-0000-0 Parks and Recreation Part-Time Salary to Account No.: 1-01-25-3180-1-112-0000-0 Public Works – Overtime Parks and Recreational Grounds until the February 2012 Regular Meeting.

VII. Matters referred from the Board of Selectmen

Chairman Jason Bowsza indicated nothing was referred to this Board from the Board of Selectmen Meeting of January 17, 2012.

VIII. Unfinished Business

a. BOE MBR Status

Mr. Bowsza reported to the Board that the Board of Selectmen have recommended funding of the MBR and requested an appropriation be made. Ms. Cabral indicated this appropriation has to be made to increase the bottom line of the budget in the amount of \$105,812. She indicated there are funds in the CRRA Account, which is a general ledger. Mr. Bowsza indicated those funds are the settlement from CRRA. Ms. Cabral indicated these monies are available from the cash balance in the general fund, which originally were CRRA monies. Mr. Bowsza asked all Board Members were comfortable with the explanation. All agreed.

A motion was entertained by Mr. Pellegrini and seconded by Ms. Pippin to appropriate \$105,812 from CRRA cash general fund to Account No.: 1-01-60-9800-9-970-0000-0 entitled BOE Exp. Acct – BOE A/P and forward to a Town Meeting. A discussion was held. It was thought when sending this to a Town Meeting, it should be better explained. Ms. Menard indicated the appropriation is labeled from the general fund cash received from CRRA still coming from the general fund. A discussion was held on how wording of the appropriation should be and an explanation to the public at the Town Meeting.

After the lengthy discussion, Mr. Pellegrini rescinded his motion, as Ms. Pippin rescinded her second.

It was **MOVED** (Pellegrini) and **SECONDED** (Pippin) and **PASSED** (U) that the Board of Finance appropriates \$105,812 from the General Fund cash

received originally from CRRA settlement to Account No.: 1-01-60-9800-9-970-0000-0 entitled BOE-Exp Acct – BOE A/P and send to a Town Meeting.

VIII. New Business

a. Presentation of Auditor

Item was previously discussed in the meeting.

b. North Road Sewer Financial Matters

Ms. Cabral indicated she has two matters to discuss about the North Road Sewer. The first item she discussed is to clarify the motion at the last meeting. The words “as presented” at the end of the motion needs to be taken out. The motion can be worded the exact same way, but take out the words “as presented” due to the fact the interest rates have dropped to 3% and the presentation disclosed a 3.25% interest rate. The closing is scheduled to take place on March 27, 2012. Level funding option was agreed upon but it will be a different interest rate. Mr. Bowsza questioned if the most recent motion on a subject supersedes the old vote. Ms. DeSousa indicated those who voted on that motion can rescind their vote, everyone who was at that meeting and voted are present at this meeting. Ms. Cabral indicated this has been reviewed by the Bond Attorney and this has been requested.

It was **MOVED** (Pippin) and **SECONDED** (Corso) and **PASSED** (4-0)(D. Godeck abstained) that the Board of Finance approves the level funding option loan for the USDA North Road Sewer Project.

The second matter Ms. Cabral needs to discuss is allocating monies for the North Road Sewer Project up to \$300,000. Last night, the Board of Selectmen passed a resolution necessary for the loan closing on the North Road Sewer Project. In order for the loan to close, the Town will be issuing Bonds which technically it is selling to the USDA and is required by the USDA. Since the USDA is a government agency, it does not pay taxes and the bonds are what municipalities can issue by statute is tax exempt. State statute requires this language in the resolution otherwise the bond attorney would have to issue a tax exempt bond opinion which would cost the Town additional unnecessary expenditures. Ms. Cabral indicated the loan is supposed to close at the end of March and the reimbursement from the USDA usually takes four to six weeks. It was suggested the monies be taken from the Capital Projects Fund.

A lengthy discussion was held regarding the exact wording of the appropriation.

It was **MOVED** (DeSousa) and **SECONDED** (Godeck) and **PASSED** (U) that the Board of Finance allocates up to \$300,000 from available cash in Capital

Projects Fund to the North Road Sewer Project. This money will be reimbursed from the USDA North Road Sewer Project Federal Grant.

c. Review 2012 Finance Board's 2012-2013 Budget Hearings and Workshop Dates

Mr. Bowsza suggested to the new members on the Board to attend the Budget Workshop Meetings of the Board of Selectmen to see and hear the different departments present their budgets. He also suggested attending Board of Education Budget Workshop Meetings as well, to gain insight on the budget and the budget process. The Board of Selectmen will be holding Budget Workshop Meetings on February 16, 2012 at 5:00 p.m., February 18, 2012 at 9:00 a.m., February 21, 2012 at 5:00 p.m., and February 22, 2012 at 5:00 p.m. All of the meetings will be held at the Town Hall.

Mr. Bowsza indicated last year the first public hearing which is a joint meeting of Board of Finance and Board of Selectmen was held on March 22, 2011. Ms. Menard mentioned she is not sure when the Board of Education will be presenting their budget. She suggested the Chairman of the Board of Finance, herself, and the Superintendent of Schools, Dr. Kane, work together in forming a calendar for the budget process. Ms. Godeck mentioned last year the Board of Finance had budget workshops in April. It was agreed Mr. Bowsza and Ms. Menard would work together on the dates and will discuss this matter further at the next meeting in February.

d. Required Audits for Agencies

Mr. Bowsza indicated this was added to the agenda to discuss how the Board will deal with agencies who fail to submit required audits. In the past, it has been requested and there has been some resistance to same. He suggested drafting a letter informing those agencies that this Board expects audit information to be forthcoming before monies can be appropriated. Contingency lines can be created within the budget to appropriate funds to those departments and will not be released until comply with the Charter. He reminded everyone that it is a requirement pursuant to the Charter.

A lengthy discussion was held.

It was agreed to draft a letter and bring it back to the Board for review.

IX. Invoice Authorization

Mr. Bowsza indicated there was one invoice to be discussed. The invoice is from Anything Printed in the amount of \$678.00 for the printing of the Annual Report.

It was **MOVED** (DeSousa) and **SECONDED** (Godeck) and **PASSED** (U) that the Board of Finance authorizes payment to Anything Printed in the amount of \$678.00.

X. Executive Session (pursuant to Connecticut General Statutes Section 1-200(6))

Mr. Bowsza indicated that the Executive Session that was scheduled this evening will not take place. The topic which was going to be discussed at the Executive Session does not fall within the regulations according to Freedom of Information. He indicated there is a lawsuit which the Town has been served with an issue of a Sovereign Citizen. If anyone would be interested in seeing the lawsuit, it is in the Town Clerk's Office and it is public record. The paperwork has been forwarded to legal counsel.

XI. Adjournment

It was **MOVED** (Pelligrini) and **SECONDED** (Corso) and **PASSED** (U) that the Board of Finance adjourns the January 18, 2012 Regular Meeting at 10:24 p.m.

Respectfully Submitted,

Denise M. Piotrowicz
Recording Secretary