

**BOARD OF FINANCE  
TOWN OF EAST WINDSOR  
11 RYE STREET  
BROAD BROOK, CONNECTICUT 06016**

**MINUTES OF REGULAR MEETING  
Wednesday, January 15, 2014 at 7:30 p.m.**

*DRAFT DOCUMENT – These minutes are not official until approved at a subsequent meeting*

**Members Present:** Jerilyn Corso, Secretary/Acting Chairman, Cindy Hermes (arrived at 7:32 p.m.), Robert Little, Robert Maynard, and Sharon Tripp.  
**Members Absent:** Joseph Pellegrini  
**Alternate Present:** Paulette Broder and Gilbert Hayes  
**Alternate Absent:** All Alternates were present.  
**Others:** Catherine Cabral, Town Treasurer; Denise Menard (arrived at 7:40 p.m.), First Selectman; Jason Bowsza, Deputy First Selectman (arrived at 7:42 p.m.), Dale Nelson, Selectman; (Town Staff or Department Heads  
**Press:** No one from the Press was present.

**I. Call to Order:**

Acting Chairman Corso called the Meeting to Order at 7:30 p.m.

**II. Time and Place of Meeting:**

7:30 p.m., Town Hall Meeting Room, 11 Rye Street, Broad Brook, CT.

**III. Appointment of Alternates:**

Acting Chairman Corso noted Regular Member Pellegrini was unable to attend the Meeting this evening; she called for a motion to appoint an Alternate Member to fill Mr. Pellegrini's position this evening.

**MOTION To APPOINT Alternate Member Paulette Broder as a voting member for the January 15, 2014 Regular Meeting of the Board of Finance.**

Little moved/Tripp seconded/

**DISCUSSION:** None.

**VOTE:** In Favor: Unanimous

**IV. Added Agenda Items:**

The following request for Agenda Additions were made:

Treasurer Cabral: 2014 – 2015 Board of Finance Budget  
2014 – 2015 Town Auditor Budget  
Mr. Maynard: Final line item budget for 2012 – 2013  
Final line item budget for 2011 – 2012  
Board of Finance policies and procedures  
Agenda  
Bonds vs. apportionment of expenses  
Treasurer replacement (hiring) process

No motion was made but it was agreed to add the items listed above to the Agenda for the January 15, 2014 Board of Finance Meeting. Discussion will occur under **MONTHLY REPORTS** - Treasurer for the Bonds vs. apportionment of expenses; all other items will be discussed under **NEW BUSINESS**.

**V. Approval of Minutes/December 16 18, 2013:**

The Recording Secretary clarified an error in the date of the Minutes listed; the Board of Finance Minutes for December, 2013 were a transcription of the Meeting held December **18**, 2013.

**MOTION: To APPROVE the Minutes of the Board of Finance Regular Meeting dated December 18, 2013.**

**Tripp moved/Broder seconded/**

**DISCUSSION: Mr. Maynard referenced Page 2, Item VII – Communications, correspondence 3) “Letter from the attorney for the school board regarding Public Act 13-60.....” Mr. Maynard reported he contacted Dr. Kane to question why she had retained an attorney to present information regarding Public Act 13-60; Dr. Kane clarified the letter was a legislative update.**

**MOTION: To APPROVE the Minutes of the Board of Finance Regular Meeting dated December 18, 2013 as amended:  
Page 2, Item VII – Communications, 3) “Letter from **the attorney for** the school board regarding Public Act 13-60.....”**

**Tripp moved/Broder seconded/VOTE: In Favor: Unanimous**

**VI. Public Participation:**

No one requested to speak.

**MOTION: To MOVE New Business/a Auditor’s Report FY 2012 – 2013 up in the Agenda order.**

**Tripp moved/Little seconded/VOTE: In Favor: Unanimous**

**XI. New Business/a. Auditor's Report FY 2012 – 2013:**

Michael J. VanDeventer, CPA, Senior Manager for Mahoney Sabol & Company, LLP joined the Board. Mr. VanDeventer provided his report, entitled "Town of East Windsor, Connecticut, Presentation to the Board of Finance, Fiscal 2013 Audit Results" for all Board members.

Mr. VanDeventer reported that the audit of the financial statements were performed in accordance with auditing standards issued by the American Institute of Certified Public Accountants, and government auditing standards issued by the Government Accountability Office. Federal and State single audits were performed in accordance with OMB Circular A-133 compliance supplement, State of Connecticut, OPM Compliance Supplement to the State Single Audit Act, and applicable grant and contract agreements.

Mr. VanDeventer indicated the auditors' report includes an unmodified "clean" opinion on governmental activities, major funds – such as the General Fund, Capital and Nonrecurring Fund, Capital Projects Fund, and aggregate remaining fund information. With regard to compliance and internal control over financial reporting the auditors have found no material noncompliance of laws and regulations, and have found no significant deficiencies or material weaknesses over financial reporting.

Ms. Herms questioned if the Town policy is considered when performing the audit? Mr. VanDeventer suggested they really look at the laws and regulations during the audit process; the Town would have to be in violation of State Statutes to be non-compliant.

Mr. VanDeventer continued with his presentation, noting that the report on compliance and on internal control at the Federal Award Level indicated that the total Federal Awards expended was \$2,420,351. Two of the major programs reviewed were Water and Waste Disposal Systems at \$679,884, and a Community Development Block Grant at \$595,549. Mr. VanDeventer reported that the report on compliance and internal control was an unmodified "clean" opinion, and no significant deficiencies or material weaknesses over compliance were reported.

Mr. VanDeventer indicated the report on compliance and internal control at the State Financial Assistance level reported that the State single audit found total State Financial Assistance – exempt expended – in the amount of \$1,014,043. The major programs reviewed were the Open Choice Program at \$451,960, and the Family Resource Center at \$105,213. Mr. Maynard noted he had previously served on the Board of Education; he understood that the Family Resource Center doesn't report to the Board of Education. Mr. VanDeventer indicated they are under the Board of Education oversight. Treasurer Cabral indicated a previous superintendent had issued a letter two years ago that the Board of Education has the ultimate oversight for the Family Resource Center.

Mr. Little noted one of the audit recommendations was that the Town adopt a written credit card policy. Mr. VanDeventer suggested he would like to continue with his presentation; he would address recommendations later.

Referring back to the State single audit report, Mr. VanDeventer suggested the report indicates an unmodified “clean” opinion on compliance, and they found no significant deficiencies or material weaknesses over compliance.

LET THE RECORD SHOW First Selectman Menard and Deputy First Selectman Bowsza joined the Meeting at 7:40 p.m.

Mr. VanDeventer indicated new accounting standards have been implemented, including Governmental Accounting Standards Board (GASB) Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position – and GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities. “Net Assets” has been replaced by “Net Position”. “Deferred Inflows of Resources” and “Deferred Outflows of Resources” categories have been created. Debt issuance costs are now required to be expensed when incurred. An adjustment to the opening net position was created to remove previously unamortized deferred debt issuance costs in the amount of \$71,600. An adjustment to the opening net position and fund balance was created to adjust unearned revenue in the amount of \$66,963 and deferred inflows of resources in the amount of \$14,925.

With regard to government-wide financial highlights, Mr. VanDeventer reported they employed a full accrual basis of accounting. As of June 30, 2013, the Town’s net position totaled \$54.8 million, of which \$9.3 million represented the portion of the Town’s net position that is unrestricted. The unrestricted net position increased by \$400,000 over the prior year. The net pension obligation is \$1.6 million as of June 30, 2013; the Town continues to fund 100% of the annual required contribution.

Mr. VanDeventer noted with regard to government funds, they employed a modified accrual basis of accounting. The combined ending fund balances as of June 30, 2013 totaled \$9.8 million, which was an increase of \$990,000 over the prior year. The General Fund totals \$6.3 million, of which \$5.9 million is considered unassigned. \$400,000 is assigned towards education encumbrances. The unassigned fund balance represents 16.5% of GAAP expenditures and is sufficient to cover 1.98 months of operating expenditures. No governmental funds had deficit fund balances as of June 30, 2013.

With regard to the General Fund the budgetary basis was a modified accrual basis of accounting. Original and final budget provided for the use of a fund balance in the amount of \$253,545. The actual change in the fund balance was an increase of \$664,207, resulting in a favorable budget variance of \$948,093. Revenues were \$476,192 more than budgeted and expenditures were \$441,560 less than budgeted.

Mr. VanDeventer reported that with regard to required communications during the audit the significant audit findings indicated that no difficulties were encountered in performing the audit. Various discussions with management occurred during the audit process. There were no uncorrected misstatements, and no disagreements with management. There were no consultations between management and other independent accountants.

Mr. VanDeventer reported the following are management recommendations: with regard to the Town and the Board of Education, adopt a policy for encumbrances, improve accounting for the Hot Lunch Program, and improve account for the After School Program. With regard to the Board of Education, improve accounting and oversight of Student Activity Funds, and improve the ED141 reporting process. With regard to the Family Resource Center/Board of Education, adopt a written credit card policy. Treasurer Cabral reported the Town currently has a town-wide policy regarding credit card use by various departments; communications have been made to management of the Board of Education.

GASB technical updates No. 66, 67, 68, 69, and 70 were noted.

Mr. VanDeventer reported he felt this was clean audit for FY 2012 – 2013.

Mr. Maynard queried if he could call Mahoney Sabol directly if he had any questions? Mr. VanDeventer suggested the protocol would be to direct questions to the Board of Finance Chairman.

**VII. Communications:**

No new communications presented this evening.

**VIII. Monthly Reports:**

**a. Assessor's Report:**

Carol Madore, Town Assessor, joined the Board. She provided the Board with the following hand-outs: 1) East Windsor Mill Rate History, and 2) Grand List History.

Mrs. Madore's Assessor's Status Report Memo dated January 9, 2014 had been included as support documentation in the Board's packet. Mrs. Madore briefly summarized her report, noting:

- Mrs. Madore continues to work with the Town Attorney and Plaintiffs regarding six of eight revaluation appeals initiated on real property. Settlement has been reached on one case; the remaining cases are going to Court.

- Mrs. Madore noted an error had been found in the value issued for several motor vehicle supplemental bills. The error had arisen during training; corrected bills were issued.
- Mrs. Madore noted they continue to work on the Grand list of October 1, 2013, data entry for real estate, pricing of motor vehicles, and review of personal property.

**Treasurer:**

Treasurer Cabral provided the Board with her memo dated January 15, 2014, which summarized an update of Revenue receipts for the month of December, 2013:

- Overall revenues received year to date are at 58.29%
- Revenue received for Fiscal 2013 – 14 for December was \$2,626,265.
- State Revenue as of December 30, 2013 was \$100,920.
- Local revenue increased by \$37,425 as of December 31, 2013, of which \$11,145 was from Building Permit Fees, \$1,018 from Planning – Zoning, and \$19,043 from Town Clerk fees.
- General Fund cash position as of December 31, 2013 is \$6,902,243.
- Webster General Fund cash is \$3,562,792 as of December 31, 2013.
- Tax Collections, net of refunds for the month of December are \$2,537,920.

**(Agenda Addition) - Bonds vs. apportionment of expenses**

It was noted a meeting to discuss bonding options is being scheduled as a joint meeting for the Board of Selectmen, the Board of Finance, and the Capital Improvement Planning Advisory Committee for Tuesday, February 4, 2014 at 6:00 p.m. in the Town Hall Meeting Room. Mr. Maynard's Agenda item of Bonding vs. apportionment of expenses will be a discussion item at that time. It was also noted that the Board of Education will be bonding to acquire the modular classrooms for the Broad Brook Elementary School rather than the Town.

Mr. Maynard submitted an excerpt from the Connecticut General Statutes "Section 7-346 – Tax may be apportioned over a period of years." Mr. Maynard reported he and Ms. Herms, while members of the Board of Education, had attended a workshop on this subject, which is essentially an alternate form of budgeting the cost of financing large ticket items. Ms. Herms concurred, but felt some caution had been mentioned when using this approach as at some point the cost of the tax would exceed the value of the item purchased. Treasurer Cabral reiterated this subject would be part of the discussions planned for the joint meeting mentioned above; the presenter of the information will be the Town's financial advisor. Further discussion was deferred to the February 4<sup>th</sup>, 2014 joint meeting.

**Tax Collector:**

Treasurer Cabral provided the Board with the Tax Collector's Reports which indicated total revenue received in the amount of \$11,137,457.61, for a percentage of budget collected of 67.30%

**b. Budget added appropriations/transfers/1) Transfers 2013 - 2014:**

Treasurer Cabral noted Board of Finance Transfer #90 – Emergency Management for \$75.00 had been tabled from the December, 2013 Meeting. She reported it has been requested that BOF Transfer #90 would be tabled again.

No motion made; the Board concurred with the request.

**IX. Matters referred from the Board of Selectmen:**

First Selectman Menard noted there are no items to be presented this evening.

**X. Unfinished Business:**

**a. Annual Reports for FY 2012 – 2013 Update:**

It was noted the Annual Report was accepted at the Town Meeting. Mr. Maynard noted his vote in opposition of the report's acceptance.

**b. Public Act 13-60:**

It was noted representatives from the Board of Education (BOE) will attend the February 19<sup>th</sup> Board of Finance Meeting to discuss the BOE budget.

**XI. New Business:**

**a. Auditor's Report FY 2012 – 2013:**

See earlier presentation.

**b. Budget Overrun Policy Updated 5/19/2010 AND (Agenda Addition) - Board of Finance other policies and procedures:**

Treasurer Cabral had provided the Board with a document entitled "Policy regarding: Budget Overruns and Added Appropriations General Rules – Effective July 1, 2010". Mr. Little opened discussion by referencing under the line item budget that the Public Works Salary Line for the part-time inspector is overrun by \$13,000. Treasurer Cabral recalled that previously the Board of Selectmen had transferred \$10 to open this budget line. She suggested that as long as all salary lines don't exceed the budgeted amount it's not an overrun. Mr. Little referenced language within the Overrun Policy that suggested any negative item was subject

to discussion by the Board of Selectmen and Board of Finance. Discussion followed as to what discussion occurred during the transfer consideration. First Selectman Menard felt that the actual amount of salary was unknown so they didn't know what to expense but the salary would be covered by another vacancy. She noted the position for part-time inspector closed today; someone should be hired shortly. First Selectman Menard recalled they also didn't know how many hours would be needed. She reported that the Board of Selectmen was in favor of this position, and it was agreed to by the Board of Finance. The salary has not been overspent; the money is in the custodial account and will be transferred over when the position is filled.

Mr. Maynard questioned where the policies/procedure for the Board of Finance are kept? It was noted some of the policies are reflected in the Auditor's report/review; other policies would be available through the Treasurer's Office, and some policies and procedures would be reflected in the Board of Finance Minutes which are available online. It was requested that an e-mail requesting policy/procedure information be used as the form of communication; the e-mail should be directed to the Treasurer's Office and the Chairman of the BOF.

**c. Commission liaison assignment – CIP, Pension, BOE and labor negotiations:**

**Pension Committee:** Acting Chairman Corso noted she is presently a member of the Pension Committee; Mr. Maynard indicated he would like to be a member as well.

**MOTION: To APPOINT Jerilyn Corso and Robert Maynard as the Board of Finance liaisons to the Pension Committee.**

**Little moved/Herms seconded/**

**DISCUSSION: None.**

**VOTE: In Favor: Unanimous**

**CIP (Capital Improvement Planning Advisory Committee):**

Treasurer Cabral noted Mr. Pellegrini has been a member of the CIP. It was noted the CIP members are appointed by the Board of Selectmen.

Appointment as the BOF liaison to the CIP was TABLED until the next Meeting.

**BOE and labor negotiations:**

First Selectman Menard noted several union contracts are coming up for negotiation this year. It was noted this liaison position requires the commitment of participation during a lot of daytime hours.

Appointment as the BOF liaison to the BOE and labor negotiations was TABLED until the next BOF Meeting.

**d. State of Connecticut regarding reimbursement for Regular Education Transportation, and synopsis of Municipal aid for FY 2013 - 2015:**

Treasurer Cabral noted this document had been provided for the Board members at the previous Meeting. No discussion this evening.

**e. Documentation providing Estimates of Statutory Formula Grants for FY 2013, 2014, and 2015:**

Treasurer Cabral provided the captioned document to the Board members this evening. No discussion held.

**f. (Agenda Addition) – 2014 – 2015 Board of Finance Budget:**

Treasurer Cabral provided the Board with a copy of the Board of Finance Budget for FY 2014 - 2015, noting there are NO changes from the submission for the previous year. Expenditures included \$2,900 for Recording Secretary, \$280 for Conferences and Training, \$1,500 for Printing the Annual Report, and \$10 for Office Supplies. The total requested Board of Finance Budget is \$4,690.

**MOTION: To KEEP THE 2014 – 2015 BOARD OF FINANCE BUDGET THE SAME as the previous Fiscal Year.**

**Maynard moved/Broder seconded**

**DISCUSSION: None.**

**VOTE: In Favor: Unanimous**

**g. (Agenda Addition) – 2014 – 2015 Town Auditor Budget:**

Treasurer Cabral provided the Board with a copy of the 2014 – 2015 Budget for the Town Auditor. Expenditures included \$3,000 for Professional Services, \$37,500 for Regular Town Audit, \$17,660 for GASB 45 – OPEB, and \$10 for Bank Analysis Fee. The total Town Auditor Budget is \$58,170.

Treasurer Cabral noted Mahoney Sabol & Company is also submitting a proposal for contract renewal for three years – 2014, 2015, and 2016. She noted there is a \$500 increase to \$38,000 for the audit which would occur in FY 2016 – 2017. Treasurer Cabral recommended renewal of the contract, and approving the extension for the three years as proposed. The Town previously paid \$43,000 for auditing services, and experienced a delay in submission of the audit report.

Mahoney Sabol & Company has been highly professional and this year the audit went very smoothly. Acting Chairman Corso also noted that with the transition to a new Town Treasurer Mahoney Sabol & Company is familiar with the town and its accounting practices.

**MOTION: To RECOMMEND to keep the contract with Mahoney Sabol & Company and to extend the contract three years through 2016.**

**Broder moved/Tripp seconded/**

**DISCUSSION: None.**

**VOTE: In Favor: Unanimous**

**MOTION: To ACCEPT the 2014 – 2015 Town Auditor Budget as presented.**

**Tripp moved/Broder seconded/**

**DISCUSSION: None.**

**VOTE: In Favor: Unanimous**

**h. (Agenda Addition) - Final line item budget for 2012 – 2013; Final line item budget for 2011 – 2012:**

Mr. Maynard requested a copy of the “final line item budgets”. Treasurer Cabral suggested the Board receives a copy of the General Fund Budget monthly. Treasurer Cabral and First Selectman Menard explained the budget process once it’s subject to audit. Mr. Maynard indicated he was asking for the “final line item budget which goes to the auditors”; Treasurer Cabral clarified that document isn’t the “final” budget. Discussion continued.

**i. (Added Addition) - Agenda Format:**

Mr. Maynard continues to request the addition of a second opportunity for public participation. The Board TABLED this item until the next meeting.

**j. (Agenda Addition) – Treasurer replacement (hiring) process:**

First Selectman Menard explained the process for hiring a new Treasurer. She reviewed the process from the advertisement of the position, to the acceptance of candidate applications, review of applications with regard to qualifications,

selection of interview candidates, interview process, selection of final candidate, and finally hiring new Treasurer.

**XII. Invoice Authorization:**

Acting Chairman Corso noted receipt of the following invoices:

- **Anything Printed, \$905 for printing the 2012 – 2013 Annual Report.**

**MOTION: To PAY Anything Printed \$905 for printing the 2012 – 2013 Annual Report.**

**Tripp moved/Broder seconded/**

**DISCUSSION: None.**

**VOTE: In Favor: Unanimous**

- **Recording Secretarial Services for \$125:**

**MOTION: To PAY the Recording Secretary \$125 for recording secretarial services.**

**Tripp moved/Broder seconded/**

**DISCUSSION: None.**

**VOTE: In Favor: Unanimous**

Acting Chairman Corso thanked Treasurer Cabral for all her assistance during her employment with East Windsor.

**XIII. Adjournment:**

**MOTION: To ADJOURN this Meeting at 9:10 p.m.**

**Maynard moved/Broder seconded/VOTE: In Favor: Unanimous**

Respectfully submitted: \_\_\_\_\_  
Peg Hoffman, Recording Secretary, East Windsor Board of Finance