

**BOARD OF FINANCE
TOWN OF EAST WINDSOR
11 RYE STREET
EAST WINDSOR, CONNECTICUT 06088**

MINUTES OF REGULAR MEETING

Wednesday, January 16, 2013 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, Kathleen Pippin, Jerilyn Corso, and Sharon Tripp
Members Absent:	None
Alternates Present:	Paulette Broder and Gilbert Hayes
Alternate Absent:	None
Others:	Catherine Cabral, Denise Menard, Alan Baker, Dale Nelson, Richard Pippin, Kathleen Bilodeau, Cathy Simonelli, Dan Nadeau, and others
Press:	None

I. Call to Order

Chairman Jason Bowsza called the Regular Meeting to Order at 7:32 p.m., in the East Windsor Town Hall.

Mr. Bowsza indicated that a Town Meeting is scheduled for 7:30 p.m. and this Board will recess for the Town Meeting.

It was **MOVED** (Corso) and **SECONDED** (Pippin) and **PASSED** (U) that the Board of Finance recess said meeting to conduct a Town Meeting.

Board Recessed at 7:32 p.m.
Board Reconvened at 7:44 p.m.

II. Appointment of Alternates

Chairman Jason Bowsza indicated that all regular members of the Board are present.

III. Added Agenda Items

It was **MOVED** (Tripp) and **SECONDED** (Godeck) and **PASSED** (U) that the Board of Finance adds Agenda Item XI. New Business, c. Submission of Board of Finance Budget for Fiscal Year 2013-2014.

It was **MOVED** (Tripp) and **SECONDED** (Godeck) and **PASSED** (U) that the Board of Finance adopts the Agenda as amended.

It was **MOVED** (Tripp) and **SECONDED** (Pippin) and **PASSED** (U) that the Board of Finance moves Agenda Items No. XI. New Business a. Annual Town Audit Presentation to be discussed before IV. Approval of Minutes.

IX. New Business

a. Annual Town Audit Presentation

Mr. Bowsza introduced Mr. Robert L. Howard, Jr., CPA, Partner of Grant Thornton and Mr. Michael J. VanDeventer, CPA, Manager of Grant Thornton to the Board to make a presentation of the Fiscal Year June 30, 2012 Audit Results. Mr. VanDeventer gave to each Board Member a copy of a power point presentation which was used during the audit presentation. Mr. Howard began by explaining all field work is complete and the Manager Statement should be completed early next week. The draft of the final audit was also given to all Board Members for their review. Mr. Howard started discussing the responsibilities of the auditors. The auditors are responsible for performing an audit of the Town's financial statements under auditing standards generally accepted in the United States of America and Government Audit Standards, performing a federal and state single audit in accordance with OMB Circular A-133 and the State of Connecticut Single Audit Act, and communicating specific matters to the Board.

The scope of work the auditors have undertaken is as follows:

- Audit of the basic financial statement including governmental activities, major governmental funds such as general fund, capital and nonrecurring fund, and capital projects fund. The aggregate remaining fund information from non-major special revenue funds, pension and other post employment benefits trust funds, private purpose trust fund and agency funds.
- Federal single audit of specific program compliances such as Community Development Block Grant Program (Prospect Hill Drive and Park Hill Elderly and Disabled Complex) and Drinking Water Fund Program (North Road Sewer Extension Project).
- State single audit of specific program compliances such as Open Choice Program (Education) and Urban Action Program (Industrial Park Roadway).

Mr. Howard began explaining the auditor's reports. He indicated the report on basic financial statements were unqualified "clean" opinions. The report on compliance and on internal control over financial reporting was no material noncompliance reported and no material weakness or significant deficiencies reported. The report on compliance and on internal control at the Federal award level was unqualified "clean" opinion on compliance and no internal control weakness reported. The report on compliance and on internal control at the State level award was a matter outstanding that may impact the auditor's opinion on compliance with the Open Choice Program and reporting of internal weakness at the Board of Education and no other compliance or internal control weakness reported. Mr. Howard indicated the auditor's are presently attempting to get clarification from the Board of Education. There is a question that monies were spent outside the grant time period. In summary, Mr. Howard indicated that the reports are clean, the Federal audit is clean and the State audit has one open item; however, he did not feel it was significant. Mr. Howard was asked if the auditors find that the State audit is not compliant. Mr. Howard indicated that this does occur and what the Board of Education is told by the State Department of Education that this type of transaction is acceptable. The auditors will write up the report and will wait for the State to respond.

Mr. Howard began explaining the results of the audit work including the government-wide financial highlights. As of June 30, 2012, the Town's assets exceeded its liabilities by approximately \$53.1 million (net assets), of which approximately \$44 million represents the Town's investment in capital assets, net of related debt. Unrestricted net assets totaled approximately \$8.8 million as of June 30, 2012, compared to \$8.1 million as of June 30, 2011. Net assets increased by approximately \$4.8 million during the year ended June 30, 2012, primarily attributed to Federal and State grants received to fund capital costs. Significant impacts in the Statement of Net Assets are significant capital additions consisting of North Road Sewer Extension project and Prospect Hill Drive and Industrial Park Roadway Improvements and issuance of a \$2,180,000 long-term note payable to finance the North Road Sewer Extension Project. The Town's governmental funds reported combined ending fund balances of approximately \$8.7 million as of June 30, 2012. The change in the fund balance of governmental funds for 2012 was an increase of approximately \$2.6 million from the prior year. Of this amount, significant changes were an increase of the general fund of \$1.6 million and an increase in non-major governmental funds of \$865,000. The capital project fund has a deficit fund balance of \$784,000. The deficit is expected to be funded through the future transfers from the general fund to fund deficit and to retire short term debt. Unassigned fund balance of the general fund as of June 30, 2012 totaled approximately \$5.2 million or approximately 15.2% of total general fund expenditures. This is sufficient to cover just 1.8 months of the general

fund operating expenditures. The original budget did not provide for any use of the fund balance. Final budget provided for the use of fund balance in the amount of \$105,811 to fund additional education expenditures. Actual change in fund balance was an increase of \$1,259,717. Revenues were approximately \$650,000 higher than budgeted due to the receipt of an unbudgeted grant from the State (Municipal Revenue Sharing) and increased revenues from economic development activities. Expenses were approximately \$715,000 lower than budgeted with cost savings across the departments.

The summary of significant adjustments was discussed. During the course of the audit procedures, no significant audit adjustments were identified that impacted the Town's change in net assets or changes in fund balances. Certain reclassifications entries were proposed to properly present transactions on a gross line basis (i.e. reclassification of amounts recorded as outstanding checks to accounts payable and reclassifications of certain revenues and expenses as other financing sources. He explained that is it like pre-classing expenses in the proper buckets. Uncorrected misstatements were of understatement of accrued payroll and education expenses in the general fund in the amount of \$21,603 and overstatement of grant revenues and expenses in the amount of \$123,437 in non-major governmental funds (Federal and State Grant Funds). During the course of the audit procedures, no material weaknesses or significant deficiencies in internal control over financial reporting were identified.

Other required communications were discussed. No disagreements with management arose during the audit. To the knowledge of the auditors, there were no such consultations with other accountants. Various discussions regarding transactions that occurred during the year in the normal course of business were discussed with management. The auditors did not report any significant difficulties in dealing with management in performing and completing the audit. Mr. Howard and Mr. VanDeventer discussed GASB recently issued accounting standards. They discussed GASB No. 62, 63, 65, 66, 67 and 68 in great detail.

A brief discussion was held.

Mr. Bowsza thanked the auditors for their presentation.

It was **MOVED** (Pellegrini) and **SECONDED** (Godeck) and **PASSED** (U) that the Board of Finance moves to return back in order of the Agenda IV. Approval of Minutes.

IV. Approval of Minutes

Regular Meeting of December 19, 2012

An error was noted in the December 19, 2012 Regular Meeting Minutes. An amendment to the minutes in Section IX., Paragraph 12 was noted. The following is the amendment:

“Mr. William Raber, Board Member of the Board of Education...”

to

“Mr. Bob Maynard, Board Member of the Board of Education...”

and

“...mandates for special education which is **every** expensive.”

to

“...mandates for special education which is **very** expensive.”

An error was noted in the December 19, 2012 Regular Meeting Minutes. An amendment to the minutes in Section VI., Sub-section b., Paragraph 2 was noted. The following is the amendment:

“The non-filters (approximately 500 accounts) are in review.”

to

“The non-filers (approximately 500 accounts) are in review.”

It was **MOVED** (Pellegrini) and **SECONDED** (Godeck) and **PASSED** (U) that the Board of Selectmen approves the minutes of December 19, 2012 Regular Meeting, as amended.

IV. Public Participation

None.

V. Communications

Mr. Bowsza gave to the Board Members a letter addressed to Ms. Denise Menard, First Selectwoman and himself from the State of Connecticut Department of Education dated January 3, 2013. The letter is in regards to the issue of

prepayment of expenses which was a topic of concern a few months ago. The letter has been given to the Town Attorney for review and a response.

VI. Monthly Reports

a. Treasurer's Report

Ms. Catherine Cabral, Treasurer, addressed the Board of Finance. She gave to all the Board Members a memorandum dated January 16, 2013 for their review. Ms. Cabral indicated that as of December 31, 2012, the revenue received was \$1,894,517. Overall the revenues received for the month of December are at 56.30%. She indicated that the local revenue increased by \$84,788 this month of which \$71,612 is from the Town Clerk fees and \$9,310 is from Building Permit fees. The total general cash position as of December 31, 2012 is \$7,365,204. Webster General Fund cash as of December 31, 2012 is \$1,863,310. Tax Collections net of refunds for the month are \$1,709,862.46.

A brief discussion was held.

b. Assessor's Report

Ms. Cabral indicated that in the Board Member's packets is the Assessor's Report dated January 9, 2013. In that report, the Assessor discusses the Motor Vehicle Supplemental (Grand List of October 1, 2011) that has been completed and billed. Following five updates, the list was completed with approximately \$300,000.00 collectible as a result of this Grand List. It should be noted that one more DMV update was received following the filing of the Grand List which may result in some changes via Certificates of Change.

The Grand List of October 1, 2012, Personal Property is mentioned in her report. Processing of filed declarations is 98% complete. The non-filers (approximately 500 accounts) are still in review. The regular motor vehicle list contains approximately 12,195 accounts with 2,789 without values. Exemptions are also a factor in the process for this part of the Grand List as well as the real estate. The Assessor and her staff are handling questions and/or concerns regarding the scheduling of the Informal Hearings following the release of values to the taxpayers. This process of Informal Hearings will allow the taxpayers to meet with the Assessor following their receipt of the final revaluation values. The release should be within the next two weeks. Informal hearings will be held through February 22, 2013. The October 1, 2012 Grand List will be filed by February 28, 2013, in accordance with an approved one month extension

c. Tax Collector's Report

Ms. Cabral gave a copy of the Tax Collector's reports to the Board Members for their review; the reports were entitled "Town of East Windsor Report of Tax

Collector Monthly Collectible” and “Cumulative Report of Cash”. Ms. Cabral indicated the Tax Collector has been doing a great job in collection of delinquent taxes which shows in the reports.

A brief discussion was held regarding the reports.

d. 2012-2013 Budget Added Appropriations/ Transfers

None.

VII. Matters referred from the Board of Selectmen

None.

VIII. Unfinished Business

a. EW Housing Authority Payment

Ms. Cabral indicated the Housing Authority has not yet sent the remaining balance of the PILOT payment. Ms. Marie DeSousa, newly appointed member of the Housing Authority, gave the Board of Finance an update. She indicated a letter is to be sent to the First Selectwoman regarding the PILOT payment and a response will be anticipated after the next Board of Selectmen Meeting. Mr. Bowsza asked what, if anything, the Town could do to force the payment of the PILOT, perhaps levying taxes since the PILOT payment is in lieu of taxes. A discussion regarding the make up of the Commission and it has a vacancy of two members. The next regular meeting is scheduled for January 22, 2013.

IX. New Business

b. Board of Education Discussion

This agenda item was discussed earlier in the meeting under Communications.

c. Submission of Board of Finance Budget for Fiscal Year 2013-2014

Mr. Bowsza indicated that Ms. Cabral has given the current budget lines for the Board of Finance for review. He noted that the Conference and Training Line within the Board's budget is \$100. He noted that most of the seminars cost approximately \$60.00 per person and the \$100 would only cover one person. He inquired if they would like to increase this budget line to \$300 so more people would be able to attend seminars if they desire. There is a possibility that next fiscal year there will be four new Board Members due to the election in November. There was also a suggestion of increasing the Office Supplies line

for new name plates. Again, thinking ahead that there might be four new Board Members after the election and name plates would have to be purchased.

Board Member Ms. Danelle E. Godeck left the meeting at 8:36 p.m.

Mr. Bowsza is suggesting that the Board of Finance budget be increased from \$4,500 to \$4,900.

Mr. Bowsza indicated that Regular Board Member Ms. Danelle E. Godeck has left the meeting and an alternate must be appointed.

It was **MOVED** (Pellegrini) and **SECONDED** (Corso) and **PASSED** (U) that Ms. Paulette Broder be appointed as voting member in place of Regular Member, in place of Regular Member, Ms. Danelle E. Godeck.

A brief discussion was held regarding the importance of the CCM Training and Conferences.

A motion was entertained by Mr. Pellegrini that the Board of Finance adds \$50.00 to the Office Supplies Line. A second was not made and the motion dies.

It was **MOVED** (Corso) and **SECONDED** (Pippin) and **PASSED** (4-1)(In Favor – P. Broder, S. Tripp, J. Corso, and K. Pippin; Opposed – J. Pellegrini) that the Board of Finance budget request is as follows: \$220 Office Supplies; \$60 Conferences and Training; \$2,900 Recording Secretary; and \$1,500 Annual Report Printing Fees for a total of \$4,680.00.

Ms. Menard reminded the Chairman that a representative from the Board of Finance needs to be appointed to the Shared Services Committee and Volunteer Incentive Committee due to the resignation of Ms. Marie DeSousa from the Board of Finance.

It was **MOVED** (Pellegrini) and **SECONDED** (Corso) and **PASSED** (U) that the Board of Finance appoints Ms. Sharon Tripp as the Board of Finance representative for the Shared Services Committee.

It was **MOVED** (Tripp) and **SECONDED** (Corso) and **PASSED** (U) that the Board of Finance appoints Mr. Gilbert Hayes as the Board of Finance representative for the Volunteer Incentive Committee.

Mr. Bowsza indicated the next budget to be discussed is for the town audit. There is a contract with the current auditors, Grant Thornton in the amount of \$37,000.

It was **MOVED** (Pellegrini) and **SECONDED** (Broder) and **PASSED** (U) that the Board of Finance submits the auditor budget to be the same as last year's budget with no increase pursuant to contractual obligation.

The next budget discussed was the Contingency lines. Mr. Bowsza explained that the contingency accounts are two separate accounts totaling \$98,000. One account is the contingency account and the other is an emergency contingency account to be used during emergencies such as snow storms. In the past the accounts are split 60/40.

A brief discussion was held.

It was **MOVED** (Pellegrini) and **SECONDED** (Broder) and **PASSED** (U) that the Board of Finance submits the contingency lines same as last fiscal year in the amount of \$98,000.

The next budget line which was discussed was the tax relief for the elderly. Last year it was budgeted at \$8,080.

A brief discussion was held.

It was **MOVED** (Tripp) and **SECONDED** (Pippin) and **PASSED** (U) that the Board of Finance submits the tax relief for the elderly line same as last fiscal year in the amount of \$8,080.

The last budget line discussed was the pension fund. Last year \$10.00 was budgeted in this line to keep the line open.

It was **MOVED** (Pellegrini) and **SECONDED** (Broder) and **PASSED** (U) that the Board of Finance submits the pension fund line same as last fiscal year in the amount of \$10.00.

X. Invoice Authorization

Two invoices were received by the Town of East Windsor, one from the auditors, Grant Thornton dated November 27, 2012 was given to Mr. Bowsza for signature in the amount of \$12,250.00. The other is an invoice from Milliman in regards to the GASB 43/45 for fiscal year ending June 30, 2012 in the amount of \$860.00.

It was **MOVED** (Pellegrini) and **SECONDED** (Tripp) and **PASSED** (U) that the Board of Finance authorizes Chairman Jason Bowsza to sign invoice of Grant Thornton dated November 27, 2012 in the amount of \$12,250.00.

It was **MOVED** (Pellegrini) and **SECONDED** (Tripp) and **PASSED** (U) that the Board of Finance authorizes Chairman Jason Bowsza to sign invoice of Milliman dated December 11, 2012 in the amount of \$860.00.

XI. Adjournment

It was **MOVED** (Pellegrini) and **SECONDED** (Corso) and **PASSED** (U) that the Board of Finance adjourns the January 16, 2013 Regular Meeting at 8:57 p.m.

Respectfully Submitted,

Denise M. Piotrowicz
Recording Secretary