

- **AMENDED DRAFT**

**MONROE BOARD OF FINANCE  
Monroe, Connecticut**

**Special Meeting Minutes  
January 7, 2015**

**Present:** Chairman Michael Manjos  
Board Member Debra Dutches  
Board Member Carl Ferraro  
Board Member John Ostaszewski  
Board Member Ted Quinlan

**Also present:** Tax Collector Manny Cambra  
Acting Finance Director Ron Bunovsky, Jr.  
Heidi Meade

**Absent:** Vice-Chairman Scott Ownes  
First Selectman Steve Vavrek

**CALL TO ORDER-***Chairman Manjos* called the meeting to order at 7:30 p.m.

**REVIEW OF MINUTES**

**Motion to Approve the Special Meeting Minutes and Voting Record of  
November 24, 2014**

**Motion: (D. Dutches)**

To approve voting record and special meeting minutes of November 24, 2014

**Second: (C. Ferraro)**

Discussion: Board Member Quinlan had a question on the Jockey Hollow Fire Station; it was noted that the issue of where the ambulance would be housed has been resolved.

**Motion passed 5-0**

**FIRST SELECTMAN'S COMMUNICATIONS-**There were none at tonight's meeting.

**PUBLIC PARTICIPATION-**There was none at tonight's meeting.

**EXECUTIVE SESSION-**The Executive Session was postponed until the next Board of Finance meeting.

**NEW BUSINESS**

**2015 Board of Finance Schedule of Meetings-***Board Member Ostaszewski* suggested either eliminating the December meeting or having it earlier in the month; the Board Members agreed to change the December meeting to December 9<sup>th</sup>.

**The Tentative Meeting Schedule for 2015:**

**January 21<sup>st</sup>**

**February 18<sup>th</sup>**

**March 18<sup>th</sup>**

**April 15<sup>th</sup>**

**May 20<sup>th</sup>**

**June 17<sup>th</sup>**

**July 15<sup>th</sup>**

**August 19<sup>th</sup>**

**September 16<sup>th</sup>**

**October 21<sup>st</sup>**

**November 18<sup>th</sup>**

**December 9<sup>th</sup>**

**January 20<sup>th</sup>, 2016**

The meetings will begin at 7:30 p.m. and will be held in Conference Room 204.

*Chairman Manjos* said that Town Council will have the public meeting on the budget on February 9<sup>th</sup> and they wanted to have two joint workshops with the Board of Finance. It was suggested that the workshops take place on February 11<sup>th</sup> and February 18<sup>th</sup>.

**Motion to Approve the amended 2015 Board of Finance Schedule of Meetings**

**Motion: (D. Dutches)**

To approve the 2015 Board of Finance Schedule of Meetings

**Second: (T. Quinlan)**

Discussion: None

**Motion passed 5-0**

**Transfer of unpaid retro-pay-**This was not done as there was no Executive Session.

**Review of Medical Plan-**The broker from Lofton spoke on the insurance renewals; there was a packet that he shared with the Board. *Chairman Manjos* said that he wanted a better understanding of the increases over the years as it is one of the biggest line items in the budget. Most participants have an HRA which is a high deductible health plan; the medical portion of the plan is identical for all employees though some groups have prescription drug co-pay that applies after the deductible is met. The Town medical program is a fully insured program with over 111 participants. He added that the increase effective November 1<sup>st</sup> was 5.10% which is considerably lower than the increases in the recent past. The broker continued with the historical employee cost share per union; he noted that the Police have a fixed dollar amount taken out of their check regardless of which rate tier they have selected (single, employee plus one or family). It was stated that *First Selectman Vavrek* and *Ms. Lombardi* have done a great job negotiating full replacement health reimbursement account and an HAS, as there are still towns that can't

get a full replacement negotiated. The broker also provided three year cost information for the Board's review. Costs are rising as there is an older population who is utilizing the benefits. 86% of the cost is picked up by taxpayers and 14% by the employee. It was asked if a November 1<sup>st</sup> was a typical renewal date; the response was that it was not common for municipalities. The broker added that though it would be a challenge to make a change, it is one of the issues they are discussing. *Chairman Manjos* asked if there was thought of putting the Town and the Board of Education plans together; the response was that preliminary discussions are taking place and the Board of Finance will be updated shortly.

**Trumbull-Monroe Health District-***Chairman Manjos* said that as the Health District is not going to exist after July and that *First Selectman Vavrek* is looking at possible options.

**Assessor-Richard Laskey** introduced himself as the new assessor; he noted the reval is going well and notices should start going out by the end of next week. The field work has been completed. There will be a decrease in the Grand List which is not unexpected; it was noted that there has been some improvement in the commercial real estate sector in Monroe and surrounding areas. It was noted that they have concentrated on valuing properties based on best practices.

**Common Agreements:** *Chairman Manjos* said that they have agreements with other towns and agreements that have been in place forever and there is no knowledge of how and if they have been negotiated. He said that in an effort to have a better understanding of the agreements, he wanted to form a subcommittee of two board members, *Board Member Ferraro* and *Board Member Ostaszewski*, to collect information and see where the deficiencies lie. There are some areas that have financial implications such as the Stevenson Dam. *Chairman Manjos* said that getting information on the various agreements is a goal for 2015; this area will be addressed after budget season.

**Review of Financial Statements-***Jennifer Hawkins*, CPA, Partner and *Samantha Thomas*, Senior Associate, from MahoneySabol presented a draft of the 2014 Audit Results.

The Scope of Work:

Financial Statement audit performed in accordance with the following:

- Auditing standards issued by the American Institute of Certified Public Accountants
- Government auditing standards issued by the Government Accountability Office

Federal and State Single audits performed in accordance with the following:

- OMB Circular A-133 compliance supplement
- State of Connecticut, OPM Compliance Supplement to the State Single Audit Act
- Applicable grant and contract agreements

Agreed-upon procedures engagement required by the State of CT Department of Education on Form ED001 and related end of school year reports.

*Ms. Hawkins* continued that the Report on Financial Statements was unmodified “clean” opinions on the following opinion units:

- Governmental activities
- Each major Governmental Fund:
- General Fund
- Masuk and Fawn Hollow Roof Fund
- Aggregate remaining fund information

There were no material noncompliance of laws and regulations reported and no significant deficiencies or material weaknesses over financial reporting reported.

**Federal Single Audit**

- Report on Compliance and on Internal Control at the Federal Award Level  
The major programs are Law Enforcement Responses SHES (\$368,341)  
And Title 1-Grants to Local Education Agencies (\$122,955)

There was an unmodified “clean” opinion on compliance over major programs and no significant deficiencies or material weaknesses over compliance reported

**State Single Audit**

- Report on Compliance and on Internal Control at the State Financial Assistance Level  
Major Programs:
- School Security Infrastructure (\$289,224)
- Municipal Purposes and Projects (\$124,591)
- Small Town Economic Assistance Programs (\$92,907)

There was an unmodified “clean” opinion on compliance over major programs and no significant deficiencies or material weaknesses over compliance reported

*Ms. Hawkins* continued with the Financial Highlights. She noted that new accounting standards were implemented including GASB 67, Financial Reporting for Pension Plans. It “builds upon the existing framework for financial reports of defined benefit pension plans and enhances note disclosures and required supplementary information.

**Government-wide Financial Highlights**

- As of June 30, 2014, the Town’s assets and deferred outflows of resources exceeded its liabilities by approximately \$43.1 million (net position), of which approximately \$42.9 million represents the Town’s net investment in capital assets.
- Unrestricted net position totaled approximately \$11,700 as of June 30, 2014
- Net position increased \$3,218,762 during fiscal year 2014

**Governmental Funds Financial Highlights**

- Combined ending fund balances as of June 30, 2014 totaled \$8,263,030, an increase of \$1,627,262 from the prior year. The total fund balances consisted of:

- General Fund-\$6,672,272 which is an increase of \$919,722 from prior year
- Masuk and Fawn Hollow Roof Fund-\$275,085) which is a decrease of \$275,085 from prior year
- Other Funds-\$1,865,843, an increase of \$982,625 from prior year

Unassigned fund balance of the General Funds as of June 30, 2014 totaled \$5,945,005 (6.7%) of total General Fund budgetary expenditures. This is sufficient to cover 0.8 months of General Fund operating expenditures.

### **General Fund-Budgetary Highlights**

- Original and final budget provided for no use of fund balance.
- Actual change in fund balance was an increase of \$967,300.
- Revenues were \$723,228 more than budgeted and expenditures were \$544,019 less than budgeted.
- Other financing uses were \$309,947 more than budgeted.
- No use of fund balance has been assigned for spending in the 2015 fiscal year budget.

*Ms. Hawkins* next discussed the Required Communications:

- Auditor's Responsibility under U.S. Generally Accepted Auditing Standards
- Planned Scope and Timing of the Audit
- Significant Audit Findings
  - Qualitative Aspects of Accounting Practices
    - Accounting policies selected and used are appropriate
    - Disclosures are neutral, consistent and clear
    - Assumptions used to make significant estimates are reasonable
  - Difficulties Encountered in Performing the Audit
  - Corrected and Uncorrected Misstatements
  - Disagreements with Management
  - Management Representations
  - Management Consultations with other Independent Accountants
  - Other Audit Findings or Issues

*Ms. Hawkins* concluded with the status of the Prior Year Recommendation of the Edith Wheeler Memorial Library and the Wheeler Trust; she noted that the issue has been addressed and is considered resolved. She added that the draft would be completed by early next week at the latest.

*Board Member Quinlan* said that when the auditors last met with the Board, the Board members had asked about enhancing the procedures regarding cash in light of what other towns have experienced. He stressed that there was no suspension of funds being misappropriated; it was just a matter of being prudent. *Ms. Hawkins* noted that the audit was more detailed and that they looked at reserve accounts; she was confident that there were no issues.

### **OLD BUSINESS**

**Motion to Waive the full reading of the 2015 Bond Resolution-Roads**

**Motion: (J. Ostaszewski)**

To waive the full reading of the 2015 Bond Resolution for Roads

**Second: (T. Quinlan)**

Discussion: None

**Motion passed 5-0**

**RESOLVED:**

(i) that the sum of \$2,400,000 be appropriated for the cost of the PHASE 3 & PHASE 4 Road Construction and Reconstruction Project, such project to include the construction, reconstruction, repair and resurfacing of various roads located in the Town of Monroe (the “Town”) and all alterations, repairs and improvements in connection therewith, as well as engineering, architectural and temporary and permanent financing costs (the “Project”) and to meet said appropriation and in lieu of a tax therefore, bonds of the Town be issued pursuant to Chapter 109 of the Connecticut General Statutes, as amended, or any other provision of law thereto enabling, in the amount of \$2,400,000 or so much thereof as may be necessary after deducting grants or other sources of funds available therefore, which bonds shall be general obligations of the Town to which its full faith and credit is pledged; and

(vi) that the First Selectman, Treasurer and Director of Finance or any one of them are hereby authorized, on behalf of the Town, to enter into agreements or otherwise covenant for the benefit of bondholders as may be necessary, appropriate or desirable to effect the sale of the bonds and notes authorized by this resolution, including agreements to provide information on an annual or other periodic basis to nationally recognized municipal securities information repositories or state based information repositories (the “Repositories”) and to provide notices to the Repositories of material events as enumerated in Securities and Exchange Commission Exchange Act Rule 15c2-12, as amended; and

(vii) that the Town reasonably expects to incur expenditures (the “Expenditures”) in connection with the capital project for which a general functional description is provided above. The Town reasonably expects to reimburse itself for the cost of the Expenditures with the proceeds of bonds, notes or other obligations of the Town described above. The maximum principal amount of such debt is not expected to exceed \$2,400,000. This declaration of official intent is a declaration of official intent made pursuant to Treasury Regulation Section 1.150-2.

**Motion to Approve the Resolution regarding an Appropriation and Bond Authorization of \$2,400,000 for the Phase 3 and Phase 4 Road Construction and Reconstruction Project**

**Motion: (D. Dutches)**

To approve bonding of \$240,000 for Phase 3 and Phase 4 Road Construction and Reconstruction Project

**Second: (C. Ferraro)**

Discussion: : Board Member Dutches said she would have preferred that they had gone out for \$1.8 million and \$600,000 for Public Works equipment and though she had concerns about getting equipment, she would vote in favor of the \$2.4 million. Board Member Quinlan said that he had a few questions on the Road Report; on page 5, it was stated that they “would work on a plan that would work within our budget process”; he asked if that did not bias the recommendation. The Road Report was presented to Town Council and there was no joint meeting as they had previously discussed.

**Motion passed 5-0**

**RESOLVED:**

(i) that the sum of \$2,400,000 be appropriated for the cost of the PHASE 3 & PHASE 4 Road Construction and Reconstruction Project, such project to include the construction, reconstruction, repair and resurfacing of various roads located in the Town of Monroe (the “Town”) and all alterations, repairs and improvements in connection therewith, as well as engineering, architectural and temporary and permanent financing costs (the “Project”) and to meet said appropriation and in lieu of a tax therefore, bonds of the Town be issued pursuant to Chapter 109 of the Connecticut General Statutes, as amended, or any other provision of law thereto enabling, in the amount of \$2,400,000 or so much thereof as may be necessary after deducting grants or other sources of funds available therefore, which bonds shall be general obligations of the Town to which its full faith and credit is pledged; and

(vi) that the First Selectman, Treasurer and Director of Finance or any one of them are hereby authorized, on behalf of the Town, to enter into agreements or otherwise covenant for the benefit of bondholders as may be necessary, appropriate or desirable to effect the sale of the bonds and notes authorized by this resolution, including agreements to provide information on an annual or other periodic basis to nationally recognized municipal securities information repositories or state based information repositories (the “Repositories”) and to provide notices to the Repositories of material events as enumerated in Securities and Exchange Commission Exchange Act Rule 15c2-12, as amended; and

(vii) that the Town reasonably expects to incur expenditures (the “Expenditures”) in connection with the capital project for which a general functional description is provided above. The Town reasonably expects to reimburse itself for the cost of the Expenditures with the proceeds of bonds, notes or other obligations of the Town described above. The maximum principal amount of such debt is not expected to exceed \$2,400,000. This declaration of official intent is a declaration of official intent made pursuant to Treasury Regulation Section 1.150-2.

**Motion to Waive the full reading of the 2015 Bond Resolution-Underground Tank Storage**

**Motion: (D. Dutches)**

To waive the full reading of the 2015 Bond Resolution for Underground Tank Storage

**Second: (J. Ostaszewski)**

Discussion: **Motion passed 5-0**

**RESOLVED:**

(i) that the sum of \$620,000 be appropriated for the cost of the Underground Storage Tank Removal and Replacement Project including the removals and/or abandonments of underground storage tanks and replacement with above ground storage tanks at several sites in the Town of Monroe (the "Town") including all construction, reconstruction and alterations, repairs and improvements in connection therewith, as well as engineering, architectural, temporary and permanent financing costs (the "Project") and to meet said appropriation and in lieu of a tax therefore, bonds of the Town be issued pursuant to Chapter 109 of the Connecticut General Statutes, as amended, or any other provision of law thereto enabling, in the amount of \$620,000 or so much thereof as may be necessary after deducting grants or other sources of funds available therefore, which bonds shall be general obligations of the Town to which its full faith and credit is pledged; and

(ii) that the First Selectman and the Treasurer be authorized to issue and sell such bonds and to determine the amount, date, date of maturity, interest rate, form and other details of such bonds, pursuant to Chapter 109 of the Connecticut General Statutes, as amended, or any other provision of law thereto enabling; and

(iii) that the First Selectman and the Treasurer shall sign the bonds by either manual or facsimile signatures and that the law firm of Pullman & Comley, LLC is designated as bond counsel to approve the legality of the bonds; and

(iv) that the First Selectman and the Treasurer be authorized to issue and sell temporary notes of the Town in an amount not to exceed \$620,000 in anticipation of the receipt of the proceeds from the sale of such bonds and to determine the amount, date, date of maturity, interest rate, form and other details of such notes, pursuant to Chapter 109 of the Connecticut General Statutes, as amended, or any other provision of law thereto enabling, provided that the proceeds from the sale of such notes shall be used for said purpose; and

(v) that the First Selectman, the Treasurer, or either of them, is authorized to designate a bank or trust company to be the certifying bank, registrar, transfer agent and paying agent of the bonds; to sell the bonds and notes at public or private sale or negotiation; to deliver the bonds and notes; to perform and comply with all requirements of the Internal Revenue Code of 1986, as amended, and to perform all other acts and execute such documents which are necessary or appropriate to issue the bonds and notes

including, but not limited to, the execution and delivery of a bond purchase agreement, tax compliance agreement and bond insurance agreement; and  
(vi) that the First Selectman, Treasurer and Director of Finance or any one of them are hereby authorized, on behalf of the Town, to enter into agreements or otherwise covenant for the benefit of bondholders as may be necessary, appropriate or desirable to effect the sale of the bonds and notes authorized by this resolution, including agreements to provide information on an annual or other periodic basis to nationally recognized municipal securities information repositories or state based information repositories (the “Repositories”) and to provide notices to the Repositories of material events as enumerated in Securities and Exchange Commission Exchange Act Rule 15c2-12, as amended; and

(vii) that the Town reasonably expects to incur expenditures (the “Expenditures”) in connection with the capital project for which a general functional description is provided above. The Town reasonably expects to reimburse itself for the cost of the Expenditures with the proceeds of bonds, notes or other obligations of the Town described above. The maximum principal amount of such debt is not expected to exceed \$620,000. This declaration of official intent is a declaration of official intent made pursuant to Treasury Regulation Section 1.150-2.

**Motion to Approve the Resolution regarding an Appropriation and Bond Authorization of \$620,000 for the Underground Storage Tank Removal and Replacement Project**

**Motion: (D. Dutches)**

To approve bonding of \$620,000 for the Underground Storage Tank Removal and Replacement Project

**Second: (J. Ostaszewski)**

Discussion: It was stated that the bond request initially was presented to Town Council with a higher contingency but that the Council was more comfortable with a lower contingency figure.

**Motion passed 5-0**

**Road Report-Chairman Manjos** said that *Mr. Nowacki* will give an updated report every six months and will be invited to attend the Board of Finance meetings directly.

**RFP Samples for Auditors-Mr. Bunovsky** asked if the board members had any further comments. He continued the RFP will be put on the website; *Chairman Manjos* said that the goal is to have 5-6 candidates and meet with 3-4 of them. He added that the goal is to “get the metrics for measuring.”

**Reval-The Reval** was discussed earlier in the meeting,

**Capital Projects Plan It**-It is in process and will be ready for budget season.

**Honeywell-They could not attend tonight's meeting nor the meeting on the 21<sup>st</sup>.**

*Chairman Manjos* said that they will attend the February meeting.

**Legal-**There was no update at tonight's meeting. *Board Member Quinlan* asked if there was any centralized control over consulting; *Chairman Manjos* said there was not and it was by department.

**STEAP Grants-**There was no update at tonight's meeting.

## **REVIEW OF FINANCIAL REPORTS**

### **Expense and Revenue Summaries-**

**Tax Collector-***Mr. Cambra* said that the supplemental came in at \$595,000 which was \$75,000 more than last year but he said to look at the levy percentage wise; he recommended the Board cut it back a bit. *Mr. Cambra* said that Total to Budget, he is at 61.60%. He continues that he is "draining the well"; at the end of the year there will be less than 80 delinquent real estate accounts. He continued that he is collecting things in suspense; he urged the Board to be careful with the Interest Prior Year and the Supplemental. There will not be a mid January print-out as the money will come in at the end of the January so the mid February report will be the critical report as all the money that is coming in will be in "except from those who can least afford it." *Chairman Manjos* asked *Mr. Cambra* if the reval year would impact collection; *Mr. Cambra* responded "it will not be a typical reval as where you think the value is going to be up, it's going to be down and where you think, it's going to be down, it is going to be up." He said there will be a lot of homeowners appealing; the first step is the assessor and some will go to the Assessment Board of Appeals and given that the fee to do so is a few hundred dollars, many homeowners will go to the Superior Court. *Mr. Cambra* said that he goes to court every Friday. *Mr. Cambra* said that there will be a \$100,000 negative in the adjustment for next year in tax dollars.

**Treasurer's Report-***Mr. Bunovsky* said that there was nothing new to report.

**Fire Department Quarterly Statement-**There was no discussion on this at tonight's meeting,

## **BOARD OF EDUCATION CORRESPONDENCE**

It was noted that the Board of Education's approved budget was a 2.25% increase over last year. *Board Member Dutches* questioned the 40% increase in utilities; *Chairman Manjos* said that was part of the discussion he has started with the Board of Education. *Board Member Dutches* said that the transportation increase was also fairly substantial; *Chairman Manjos* said that the Board of Education had said it was contractual but he has not seen the contract. He added there will be further discussion on how contracts are reviewed and approved. Town Council had asked *Chairman Manjos* if they wanted a representative from the Board of Finance to join Town Council when they meet with department heads; *Board Member Dutches* suggested pinpointing any department they have an interest in meeting. *Chairman Manjos* said that he would look at the larger departments such as Parks and Recreation, Human Resources, Police and Public Works.

**ADJOURNMENT**

**Motion to Adjourn at 9:25 p.m.**

**Motion: (J. Ostaszewski)**

Motion to adjourn

**Second: (D. Dutches)**

Discussion: None

**Motion passed 5-0**

Respectfully submitted,

Diane Behringer  
Board of Finance Clerk