



TOWN OF WINCHESTER – CITY OF WINSTED

Town Hall – 338 Main Street
WINSTED, CONNECTICUT 06098

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WINSTED, CONN.

**Minutes of Special Meeting
Water & Sewer Board**

**3rd Floor Conference Room, Town Hall, 338 Main Street, Winsted
January 17, 2013**

Call to order was made by Chairman Richard Nalette at 5:05 p.m. The following members were present: Richard Nalette, John Massicotte, Tim Moran and Stephen Vaill (by phone). Jim Rotondo, Director of Public Works, Town Attorney Kevin Nelligan and Town Manager Dale Martin were also present along with several members of the press.

Attorney Nelligan explained the Selectmen were updated on issues including the finances of the Town; an investigation is out of our hands but this meeting is to update the Board; distributed pages from the 2009 audit; noted issues go back further – been running a deficit for 8-10 years; revenue has gone down from \$2,913,000 to \$2,679,000 in 2010. T. Moran verified those numbers are water & sewer combined. Attorney Nelligan said everything else went up and the revenues went down. Brief discussion followed regarding no rate increases and bonds. Attorney Nelligan explained the general fund transferred \$225,000-\$230,000 into water & sewer; given those transfers, still operating in deficit; reviewed the deficit numbers from 2004 through 2010; noted the last page of the hand-out is what is owed by whom; year after year by audit, revenues did not come close to expenses; read from the 2009 audit hand-out; added he knows this is all news to the Board. T. Moran noted the budgets the Board was given do not have the same numbers. S. Vaill said he has a hard time believing this; would like someone to verify those figures; asked how that money was lost. Attorney Nelligan said these numbers are from the auditors. S. Vaill noted re-did bonds recently and saved money; reduced costs at the sewer plant; don't believe spent that money; added the Board thought it had the \$994,000 in sewer and \$793,000 in water; the water bond dropped off so started working on projects believing we had \$199,000. Attorney Nelligan said Richard Nalette gave him a copy of a report so will send it to the auditor; reiterated these numbers are from the audits. T. Moran asked what figures are wrong; understand we don't charge enough; gave examples of revenues and expenses that have gone down. Town Manager Martin noted there is currently \$10,158 in the sewer account and \$17,000 in the water fund as of this morning. T. Moran said every year money goes in the water and sewer general fund; have believed we were ahead of the game based on the reports from the finance office. S. Vaill said he was told by Mark Douglass that bills are about to go out: \$402,000+ (water) and \$583,000+ (sewer) if collected 100%; would like to know expenses by the quarter. Brief discussion followed regarding collection percentages, where the numbers came from, discrepancies between what's being received and what the auditors report as income. Attorney Nelligan said more needs to be done, but wanted to get the Board off the limb; need to get expenses. Town Manager Martin said King & King is starting the review process; will make a presentation to the Selectmen on February 19. Discussion followed regarding auditing firms and awards. S. Vaill asked if it's possible for the new auditors to review the old figures. Town Manager Martin said they will review that. Attorney Nelligan said are looking at current expenses as compared to 2010 –

pretty close; amount owed is from 2004 through 2010. Discussion followed regarding what King & King will be looking at. J. Massicotte said need to make sure revenues come in through the end of the fiscal year. Brief discussion followed regarding recent increase of \$20/year and the capital reserve account. Attorney Nelligan said this should have been brought to your attention a long time ago – been going on since 2004; don't know why money was being transferred in but will try to answer that; there are other revenues than user fees. S. Vaill asked if the auditors can look at funds transferred without permission. Attorney Nelligan said it's documented in the audit report but nothing was done about it; will try to answer the discrepancies in revenues (\$2.6 million compared to almost \$4 million). S. Vaill said we'd save money every year and it would go back into the capital reserve. Attorney Nelligan said no one is accusing the Board of anything; purpose of this meeting is to explain what the audit shows and get information back to the auditor; working with the interim finance director and Town Manager; this Board has to work closely; the Statutes and Charter give it independence but have to work as a team and bring it closer in. J. Massicotte asked how long until the Board knows for the rest of the year. S. Vaill added even quarter to quarter. Town Manager Martin said we'll look line by line and get back to the Board as part of the King & King report. T. Moran said we'll work with everyone. Attorney Nelligan reiterated no one is blaming the Board; these are the facts and we're dealing with them; everyone understands the Board was trying to do the right thing but went in with bad information; now have to fix it. Discussion followed regarding the next meeting, having quarterly expense reports, percentages paid to the Town from water and sewer for employees, balance in various accounts, etc.

Motion by J. Massicotte to adjourn at 5:47 p.m. Second by T. Moran. Vote: all in favor – motion carried unanimous.

Minutes Respectfully Submitted,


Laurie Bessette
Minutes Secretary

Next Regular Meeting:

Probate Room
February 11, 2013
7:00 p.m.