

TOWN OF MANSFIELD  
FINANCE COMMITTEE MEETING

Monday, July 14, 2014

Audrey P. Beck Building  
Council Chambers  
**6:00pm**

A G E N D A

1. Call to order
2. Approval of minutes for June 16, 2014 Meeting
3. Opportunity for Public Comment
4. Four Corners Sewer Project – Bonding Discussion
5. FY 2013/14 Annual Audit
6. Shared Services discussion
7. Communications/Other Business/Future Agenda Items
8. Adjournment



TOWN OF MANSFIELD  
FINANCE COMMITTEE MEETING  
MINUTES OF JUNE 16, 2014

Members Present: Bill Ryan (Chair), Paul Shapiro, Virginia Raymond

Other Council Members Present: Betty Wassmundt

Staff Present: Cherie Trahan

1. Meeting called to order at 6:00pm.
2. Minutes from 5/12/14 meeting approved as corrected.
3. Opportunity for Public Comment – None
4. Update on FY 2012/13 Management Comments – The Committee reviewed the memo from Cherie Trahan dated June 16, 2014 on the status of the auditors' recommendations to management. Cherie Trahan answered questions from the Committee on the same.
5. Update on Uniform Chart of Accounts – Cherie Trahan gave a recap of the communication from the State Dept. of Education and from Office of Policy and Management regarding the Uniform Chart of Accounts implementation and answered questions from the Committee.
6. Update on Energy Contracts and Usage Reports – Cherie Trahan reviewed the most recent energy agreements with the Committee. She will provide comparative energy usage and cost reports after the close of the fiscal year.
7. Delinquent Taxes – Transfer to Suspense List – The Committee discussed the request to approve a transfer of delinquent taxes to the suspense list in the amount of \$53,531.81 as recommended by the Collector of Revenue. The Committee agreed to recommend approval by the Town Council. At a future meeting Cherie will ask the Collector of Revenue to review collection procedures with the Committee.
8. FY 2014/15 Estimated Additional State Revenues – The Committee reviewed the latest estimates from the State for municipal aid and grants for FY 2014/15. Cherie Trahan reviewed the analysis of the State revenues as originally appropriated, additions to the budget from the Annual Town Meeting, and remaining State grant revenues.
9. Communications/Other business/future agenda items –
  - ⇒ UConn Water/Sewer Budget FY13/14
  - ⇒ Parameters for building permit fee reductions
  - ⇒ General discussion on collection procedures
  - ⇒ Financial Advisor to discuss 4 Corners Sewer bonding – process and options
  - ⇒ Preliminary Yearend Results and Yearend Budget Transfers
  - ⇒ Shared Services Discussion
10. Adjournment. The meeting adjourned at 7:14 pm.

**Motions:**

Motion to approve the May 12, 2014 minutes (as corrected) by Paul Shapiro. Seconded by Virginia Raymond. Motion passed unanimously.

Motion to approve the transfer of \$53,531.81 in uncollected property taxes to the Mansfield Property Tax Suspense Book as recommended by the Collector of Revenue by Paul Shapiro. Seconded by Virginia Raymond. Motion passed unanimously.

Motion to adjourn.

Respectfully Submitted,  
Cherie Trahan, Director of Finance



# Four Corners Sewers Project Debt Impact

Independent Bonds & Investment Consultants LLC



# Financing Plan

## Funding Sources:

▶ State of Connecticut Grant	\$3.0 Million
▶ Sewer District Assessments	\$3.0 Million
▶ Town of Mansfield Net Share	<u>\$3.0 Million</u>
▶ Total	\$9.0 Million

- ▶ The Town will need to issue \$6 Million in bonds to provide upfront funding for construction, and will be repaid over time by benefitting property owners through property assessments.
- ▶ It is expected that the Town would issue bonds as 20 year, General Obligation bonds to save on interest cost.
- ▶ Town will charge benefitting property owners the same interest rate the Town receives on its bonds.

# Debt Impact – Level Principal Structure

Fiscal Year	Existing General Fund Debt Service			Bonds 2015		Benefiting Owner Assessments	Net Debt Service to Town	Existing + Proposed	Annual Change In Debt Service	Fiscal Year
	Principal	Interest	P&I	\$6,000,000 5/1/2015	P&I					
2014-15	\$ 220,000	\$ 86,925	\$ 306,925	\$ -	-	\$ -	\$ -	306,925		2014-15
2015-16	220,000	80,325	300,325	480,000	(201,647)	278,353	578,678	271,753		2015-16
2016-17	220,000	73,725	293,725	471,000	(201,647)	269,353	563,078	(15,600)		2016-17
2017-18	220,000	67,125	287,125	462,000	(201,647)	260,353	547,478	(15,600)		2017-18
2018-19	220,000	60,525	280,525	453,000	(201,647)	251,353	531,878	(15,601)		2018-19
2019-20	220,000	53,925	273,925	444,000	(201,647)	242,353	516,278	(15,600)		2019-20
2020-21	220,000	47,325	267,325	435,000	(201,648)	233,352	500,677	(15,600)		2020-21
2021-22	220,000	40,725	260,725	426,000	(201,647)	224,353	485,078	(15,599)		2021-22
2022-23	220,000	33,850	253,850	417,000	(201,647)	215,353	469,203	(15,876)		2022-23
2023-24	220,000	25,600	245,600	408,000	(201,647)	206,353	451,953	(17,250)		2023-24
2024-25	220,000	16,800	236,800	399,000	(201,647)	197,353	434,153	(17,800)		2024-25
2025-26	200,000	8,000	208,000	390,000	(201,647)	188,353	396,353	(37,800)		2025-26
2026-27	-	-	-	381,000	(201,647)	179,353	179,353	(217,001)		2026-27
2027-28	-	-	-	372,000	(201,647)	170,353	170,353	(9,000)		2027-28
2028-29	-	-	-	363,000	(201,648)	161,352	161,352	(9,001)		2028-29
2029-30	-	-	-	354,000	(201,647)	152,353	152,353	(8,999)		2029-30
2030-31	-	-	-	345,000	(201,648)	143,352	143,352	(9,001)		2030-31
2031-32	-	-	-	336,000	(201,647)	134,353	134,353	(9,000)		2031-32
2032-33	-	-	-	327,000	(201,647)	125,353	125,353	(9,000)		2032-33
2033-34	-	-	-	318,000	(201,647)	116,353	116,353	(9,000)		2033-34
2034-35	-	-	-	309,000	(201,647)	107,353	107,353	(9,000)		2034-35
	\$ 2,620,000	\$ 594,850	\$ 3,214,850	\$ 7,890,000	\$ (4,032,943)	\$ 3,857,057	\$ 7,071,907			

# Debt Impact – Level Principal & Interest Structure

Fiscal Year	Existing General Fund Debt Service		Bonds 2015		Benefitting Owner Assessments	Net Debt Service to Town	Existing + Proposed	Annual Change In Debt Service	Fiscal Year
	Principal	Interest	\$6,000,000 5/1/2015	Due: 5/1/16-25 Interest @ 3.125%					
2014-15	\$ 220,000	\$ 86,925	\$ 306,925	\$ -	\$ -	\$ -	\$ 306,925		2014-15
2015-16	220,000	80,325	300,325	408,500	(203,985)	204,515	504,840	197,915	2015-16
2016-17	220,000	73,725	293,725	407,594	(203,985)	203,609	497,334	(7,506)	2016-17
2017-18	220,000	67,125	287,125	407,500	(203,985)	203,515	490,640	(6,693)	2017-18
2018-19	220,000	60,525	280,525	408,188	(203,984)	204,203	484,728	(5,912)	2018-19
2019-20	220,000	53,925	273,925	407,625	(203,984)	203,641	477,566	(7,163)	2019-20
2020-21	220,000	47,325	267,325	407,844	(203,985)	203,859	471,184	(6,382)	2020-21
2021-22	220,000	40,725	260,725	407,813	(203,984)	203,828	464,553	(6,630)	2021-22
2022-23	220,000	33,850	253,850	407,531	(203,985)	203,546	457,396	(7,157)	2022-23
2023-24	220,000	25,600	245,600	408,000	(203,985)	204,015	449,615	(7,781)	2023-24
2024-25	220,000	16,800	236,800	408,188	(203,985)	204,203	441,003	(8,612)	2024-25
2025-26	200,000	8,000	208,000	408,094	(203,985)	204,109	412,109	(28,894)	2025-26
2026-27	-	-	-	407,719	(203,985)	203,734	203,734	(208,375)	2026-27
2027-28	-	-	-	408,063	(203,985)	204,077	204,077	343	2027-28
2028-29	-	-	-	408,094	(203,985)	204,109	204,109	32	2028-29
2029-30	-	-	-	407,813	(203,984)	203,828	203,828	(281)	2029-30
2030-31	-	-	-	408,219	(203,985)	204,234	204,234	406	2030-31
2031-32	-	-	-	408,281	(203,985)	204,296	204,296	62	2031-32
2032-33	-	-	-	408,000	(203,985)	204,015	204,015	(281)	2032-33
2033-34	-	-	-	408,375	(203,984)	204,391	204,391	375	2033-34
2034-35	-	-	-	408,375	(203,984)	204,391	204,391	0	2034-35
	\$ 2,620,000	\$ 594,850	\$ 3,214,850	\$ 8,159,813	\$ (4,079,694)	\$ 4,080,118	\$ 7,294,968		

Prepared by IBIC LLC

# Considerations

---

Level Principal structure repays principal faster and therefore produces lowest total interest cost over term of the loan. However, this structure increases debt service impact in the near term.

‡ Level P&I structure repays principal slower and therefore produces a higher interest rate and total interest cost over the term of the loan (>\$223K). However, this structure reduces debt service impact in the near term.

The Town must decide which factor is of greater importance:  
Minimizing total interest paid or the year/year debt impact.

**MEMO - COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

To: Finance Committee, Town of Mansfield, Connecticut  
From: Vanessa E. Rossitto, CPA, Audit Partner  
Blum Shapiro & Company, P.C.  
Date: July 14, 2014  
Re: Auditing Standard No 114, The Auditor's Communication with  
Those Charged with Governance

The American Institute of Certified Public Accountants (AICPA) issued Statement on Auditing Standard (SAS) No. 114 entitled "The Auditor's Communication with Those Charged with Governance." This statement defines who is charged with governance as well as the information that should be communicated to them. For purposes of our audits we have concluded that the members of the Finance Committee are charged with the governance of the Town.

This standard stresses the importance of two-way communication and requires certain communications to be discussed prior to the audit. Summarized below is the information that we are required to communicate to those charged with governance.

**Objective**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The objective also includes reporting on:

- Internal control related to the financial statements and compliance with laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with Single Audit Act Amendments of 1996; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Connecticut State Single Audit Act.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996 and the provisions of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and the Connecticut State Single Audit Act and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133 and the Connecticut State Single Audit Act and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report.

In connection with our audit of the Town's financial statements, we will also communicate any recommendations to improve the Town's internal controls.

### **Our Responsibility**

Our responsibility under the aforementioned standards is to express opinions on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

An audit is designed to provide reasonable, but not absolute assurance. Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform an examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that we discover. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

### **Audit Scope and Materiality**

The scope of our audit of the financial statements is designed to provide reasonable assurance that the Town's financial statements are free of material misstatements, whether caused by errors or fraud. Our consideration of materiality is a matter of professional judgment and is influenced by our perception of the needs of users of financial statements.

## **Audit Approach**

The nature, timing and extent of our contemplated procedures for significant accounts are based on a risk assessment of the likelihood of material misstatements occurring in those accounts. We contemplate an audit strategy based on reliable effective controls. We plan to execute audit procedures to substantiate account balances primarily as of or near year-end.

In conducting our audit, we maintain an awareness of the possibility that errors, fraud or illegal acts (as defined in authoritative professional literature) may have occurred that could have a material and direct effect on the financial statements. Effective internal controls are designed to prevent or detect errors, fraud or illegal acts; however, it is possible that they may nevertheless occur.

We will report to those charged with governance and management any such situations which come to our attention even though they might not be material in relation to the financial statements taken as a whole.

## **Other Services**

In addition to the audits of the above entities, we are also performing the following services and/or issue the following reports:

- Board of Education Form ED001 Agreed Upon Procedures
- Board of Education Expense Report Agreed Upon Procedures

## **Independence**

There are no relationships between any of our representatives and the Town that in our professional judgment impair our independence.

## **Responsibilities under Auditing Standards Generally Accepted in the United States of America**

### **Management's responsibilities include:**

- Management is responsible for the financial statements and all accompanying information, as well as representations contained therein.
- Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards and for the preparation of the schedule of expenditures of state assistance.
- Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance.
- Management is also responsible for the selection and application of accounting principles.
- Management is responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud or illegal acts affecting the government.

**Auditor's responsibilities include:**

- Understanding the internal control structure to evaluate risk
- Performing tests, analysis and reviews of financial statements and underlying support
- Planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatement, whether caused by error or fraud
- Evaluating fairness of presentation of financial statements in conformity with the Accounting Principles Generally Accepted in the United States of America (GAAP) in all material respects

**Audit Areas of Focus**

- Cash
- Investments
- Receivables and revenues
- Capital Assets
- Payables, accruals, budget and expenditures
- Payroll expenditures
- Debt
- Insurance and Self Insurance
- Grants – Federal and State Single Audit

**Engagement Timing**

- Our initial planning for the year-end audit will be performed during July 2014. Our focus will be on documentation of the internal controls as required by auditing standards, fraud inquiry interviews with management and key personnel, preparation of certain confirmations some overall analytical procedures and audit fieldwork as applicable to the federal and state single audits and procedures performed relevant to the tax collector's and tax assessor's offices.
- Audit Timing:

Commencement of Fieldwork	10/6/14
End of Fieldwork	10/19/14
Issuance of Draft Financial Statements	11/24/14
Client Approval of Draft Statements	12/1/14
Issuance of Financial Statements	12/5/14
Issuance of Management Letter, if applicable	12/5/14
Post Audit Meeting with Management	TBD

**Engagement Team**

An engagement team consisting of the following individuals will be responsible for audit, and other services, including contact information to reach us:

- Vanessa Rossitto, Audit Partner  
Direct Line: 860-561-6824  
Email: [vrossitto@blumshapiro.com](mailto:vrossitto@blumshapiro.com)

- Joe Kask, Concurring Audit Partner  
Direct Line: 860-570-6372  
Email: [jkask@blumshapiro.com](mailto:jkask@blumshapiro.com)
- Michael Popham, Audit & Accounting Manager  
Direct Line: 860-570-6391  
Email: [mpopham@blumshapiro.com](mailto:mpopham@blumshapiro.com)

### Other Communications

At the completion of our audit we will communicate in writing the following information related to our audit:

- Management judgments and significant sensitive accounting estimates
- Significant accounting policies
- The adoption of new accounting principles or changes in accounting principles
- Significant audit adjustments (recorded and unrecorded)
- Disagreements with management about auditing, accounting or disclosure matters
- Difficulties encountered in performing the audit
- Irregularities and illegal acts
- Consultation by management with other auditors
- Matters affecting independence of auditors
- Material weaknesses, significant deficiencies and control deficiencies

### Knowledge of Fraud

- If management or those charged with governance has any knowledge of fraud or potential fraud, this information needs to be communicated to us. As part of the audit process, we will be meeting with management to discuss fraud risks and any further issues.
- It is estimated that U.S. businesses, including municipalities, lose up to 7% of annual revenue to fraud. Municipalities are especially vulnerable due to the large amounts of cash collected in the tax collector's office, in addition to decentralized cash collection points such as transfer stations, golf courses, recreation programs, etc.
- The Forensic Accounting group of BlumShapiro provides Fraud Risk Assessment services. The objectives of a Fraud Risk Assessment are to gather perceptions of fraud risk and to promote fraud awareness and prevention across the entity. The Fraud Risk Assessment process starts with the gathering of information on the population of fraud risks that may apply to the entity. This includes consideration of various types of possible fraud schemes, scenarios and opportunities to commit fraud. This information is then used to assess the relative likelihood and potential significance of identified fraud risk based on historical information, known fraud schemes and interviews with staff and management. A report is prepared documenting fraud risk within the entity and setting forth suggested policies and procedures to help prevent and detect fraud. If you are interested a Fraud Risk Assessment or would like additional information, we would be happy to discuss the details of this service with you.

## Industry Developments – Current Year Accounting Standards

- **GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities.** This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged.

- **GASB Statement No. 67 - Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25.** The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. Earlier application is encouraged.

#### Industry Developments – Future Accounting Standards

- **GASB Statement No. 68 Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.** The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

This Statement is effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged.

#### Industry Developments – Federal Single Audit

- **Uniform Grant Guidance** – The U.S. Office of Management and Budget (OMB) has recently issued *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Grant Guidance or Guidance). This Guidance will supersede what we know today as Circular A-133. The new Guidance is an effort to streamline the existing guidance on administrative requirements, cost principles and audit requirements for federal awards. This guidance provides a government-wide framework for grants management which will be complemented by additional efforts to strengthen program outcomes through innovative and effective use of grant-making models, performance metrics, and evaluation. This reform of OMB guidance will reduce administrative burden on non-Federal entities receiving Federal awards.

The Guidance supersedes and streamlines requirements from OMB Circulars A-21, A-87, A-110, A-122, A-89, A-102 and A-133 and the guidance in Circular A-50 on Single Audit Act follow up.

Some of the more significant changes for award recipients relate to time and effort reporting and indirect costs.

As the effective date of the Circular is December 26, 2014, compliance with the new requirements will start on this date. Award recipients will have to ensure that their internal control system over their grants is in compliance with the new requirements by this date. This also presents a challenge in that many grants will be subject to both the old cost principles and the new Guidance. Suffice it to say that the education process will need to start immediately. Award recipients should read the Guidance and its new requirements now to ensure full compliance.

#### **Areas of Concerns**

- If you have any concerns that you would like to discuss with Blum Shapiro, we will make ourselves available either by phone or in person to discuss such concerns.



# Town of Mansfield Department of Finance

**To:** Matt Hart, Town Manager  
**From:** Cherie Trahan, Director  
**Date:** June 17, 2014  
**Re:** Mileage Reimbursements for Superintendent Baruzzi

As you know, there has been significant discussion regarding the reimbursement of mileage for Superintendent Baruzzi. Serving as the School Business Manager for the Board, I have been doing research and providing information to the Board's Finance Committee. Since this issue was also raised at a Town budget workshop and a Town Finance Committee meeting, I would like to provide you an update along with recommendations for moving forward.

Board of Education Finance Committee Review & Recommendations

The Board Finance Committee met on May 5, May 14 and June 11, 2014. The minutes from the two May meetings and the Finance Committee's recommendations to the full Board are attached (Attachments #1 - 3). I expect the June 11, 2014 meeting minutes will follow soon. Some discussion highlights are as follows:

1. Mileage reimbursement is included in Superintendent Baruzzi's employment contract. The Board will begin negotiating next year's employment contract for Superintendent Baruzzi with a mileage reimbursement cap of \$9,000.
2. Mileage reimbursement is included in the Board of Education's budget as a separate line item and has been for many, many years. The proposed budget for FY 14/15 for this line item was reduced by \$17,000 when adopted.
3. The Fiscal Management Policies of the Board do not specifically address mileage reimbursement. The Board has instructed Superintendent Baruzzi and me to work with Shipman & Goodwin to revise the policies to include an appropriate policy for mileage reimbursement. We will also work with Blum Shapiro on reviewing and revising any accounting procedures.
4. The mileage reimbursement form that the Board has been using has been in place for as long as I know. This form requires the following information - date, destination, miles, and amount. The Board requested a revised form that would account for more information and would be used by all Board employees. I have created a form that includes - employee name, department, "home" worksite, period reporting for, reimbursement rate, date of travel, from location, to location, nature or purpose of the meeting or event, time at the destination, miles driven, and the amount of reimbursement

requested. This form requires the employee's signature and date and an administrator's approval and date. In addition, an "approved mileage chart" has been developed for the more common trips (i.e. between school locations, from the District to State Dept. of Education, etc.). An electronic map (i.e. Mapquest) must be submitted with the reimbursement form for any trips not on the approved mileage chart. The Finance Department will check for the appropriate approvals, verify the mileage reported, verify the reimbursement rate, and calculate the amount to be reimbursed. This procedure will be effective July 1, 2014 for all Board employees. I expect to roll the same procedure out for the Town and Region 19 in the very near future. While the Town's mileage reimbursement procedure meets auditing standards, we think it would be wise to standardize our forms.

5. The Board has also requested that I review and approve any reimbursements for Superintendent Baruzzi and to provide an update to the Board on those reimbursements along with the quarterly financial statements. I will review the submissions for documentation and monitor against the budget. However, it is the responsibility of the Board to determine the appropriateness and value of trips. Superintendent Baruzzi currently provides a monthly update to the Board (see sample Attachment #4) which includes many of the meetings and conferences he attends during any given month. In addition, I provided a list of the various committees that Superintendent Baruzzi serves on for their review. The Board Finance Committee will meet on a quarterly basis to review the financial statements and discuss any fiscal concerns
6. The estimated cost for a forensic audit by Blum Shapiro is approximately \$5,000 - \$8,000. The Board decided to move forward with an in-house review of the last six weeks of completed expense reports before going further with a forensic audit as there is no evidence of fraud at this time. The Finance Department used Mapquest to validate the mileage claimed on the reimbursement requests. We found one discrepancy that threw the mileage reimbursement off for many of the days. Superintendent Baruzzi used 55 miles per trip to and from the Institute of Technology and Business Development in New Britain and the actual mileage is 39 miles. Having 5 years of payment vouchers in house, the Finance office calculated the total amount overpaid for the 5 year period. This amount was \$10,593.64 and Superintendent Baruzzi reimbursed that amount to the Town on June 11, 2014. It is important to note that excluding these trips, the amount of mileage claimed and paid for the period resulted in a net shortage of approximately 28 miles reimbursement to Superintendent Baruzzi. Therefore, while the mileage claimed by day was rounded off, the end result for the period was very close to the actual mileage for the six week period.
7. At the Finance Committee's request several specific dates were reviewed for accuracy. It was discovered that two of the dates were erroneously duplicated and therefore overpaid. The total amount overpaid was \$307.45 and reimbursement has been received from Superintendent Baruzzi.
8. Due to the errors discovered, the Board is engaging Blum Shapiro to randomly select one month per year for the last three fiscal years (11/12, 12/13, and 13/14) to audit all mileage reimbursement forms submitted by the Superintendent for accuracy of mileage amounts, that the dates are correct, and that mileage is calculated correctly. Blum Shapiro will

have a report to present to the Board Finance Committee by September 1, 2014. The Finance Committee will assess at that time whether further review is necessary.

#### Internal Control Procedures

Questions have also been raised about the sufficiency of our internal controls and our consistency in implementing these controls. Each year at the beginning of the annual audit, the auditors conduct an internal control "walk through". They meet with various departments/personnel and document our key processes (see sample Attachment #5). Then they randomly select some transactions to walk through this process with in order to ascertain if we are following through on the procedures we have discussed. They also review these procedures for adequacy. We have had no material findings of non-compliance with our procedures. If the auditors find processes that are insufficient or can be improved in some way, they will provide recommendations in the Management Recommendations letter. The recommendations we have received from the auditors over recent years have been helpful and we have implemented them. None of the recommendations from the auditors were the result of significant deficiencies being identified. Please see the attached audit exit letter dated December 18, 2013 (Attachment #6).

At the beginning of each audit the auditors contact the governing body of each entity to review the scope of the audit and to see if there are any specific areas of concern that they would like looked at. A copy of last year's letter is attached for your information (Communication With Those Charged With Governance – Attachment #7). This year's letter will be forthcoming.

I have had numerous discussions with Vanessa Rossitto from Blum Shapiro regarding our internal controls. Overall, she has confirmed that our procedures and internal controls are good and that we are complying with them. Specifically with regard to the mileage reimbursement, we should have been requiring the purpose of the trip. She has not seen any instances where a finance office recalculates the mileage or confirms the purpose or attendance at a meeting or event. The Town's policy requires the purpose of the meeting however, this procedure had not yet been implemented for the Board. Ms. Rossitto confirmed that we were following our procedures and that an audit would not have picked up this particular concern.

#### Shared Services and Recommendations

The Finance Committee has requested a discussion on our shared services practice and the concern of one individual providing adequate oversight for so many agencies. This is a good question to ask and one that warrants review. A number of things need to be considered including the level of oversight desired, the cost-benefit of that oversight, the level of professional staff available to provide assistance, and the many other benefits that come with sharing services, just one of which is cost savings.

I have spoken with many other finance directors around the State and they are quite envious of our Town's relationship with the Board of Education. We basically have unlimited access to their financial information and communicate regularly to make good use of our resources – both for education and general government. Most communities don't have this relationship, in fact, many town offices have significant difficulty in getting the level of detail of the Board's finances that we take for granted. For this reason, and many others, I strongly support the current 20+ year history we have of shared services.

This does not mean that we do not have challenges, however. Particularly over the last 5 – 6 years resources have been scarce (State aid reductions) and workforce reduced (reduction of one FT Finance Clerk) all while expectations and workload have increased. It is particularly challenging during budget season. Not only do each of the three major entities have numerous budget meetings that I need to attend, but the strain on the finance staff to assist with and prepare three major budgets in a very compressed period of time is significant. We do not have a dedicated budget department. I have one budget analyst, who besides preparing and coordinating all of the salary budgeting and adjustments for 4 agencies, is also responsible for grant monitoring and reporting, assisting with budget oversight and projections, capital projects fiscal management and other various responsibilities. These functions have all grown significantly with the growth in Storrs Center and the need to stretch our dollars further. We are also constantly striving to increase our communication and transparency of financial data with the public. In fact, we are currently working on a project with our financial software vendor to make our financial data readily available to the public via a secure, easy to use website.

Given all of this, if further scrutiny of our collective budgets (Town & Board) is desired, I believe the most cost effective way to achieve this is through the addition of a budget analyst to the staff. This would provide one budget analyst who would be responsible for the day-to-day transactions and review for the Boards of Education budgets and one budget analyst who would do the same for all Town activities. This would be significantly less costly than each entity having their own finance department, possibly financial software, and chief fiscal officer, and further we would maintain the many benefits of shared services. I believe we could effectively manage the various budgets with more scrutiny under this scenario.

Please let me know if you would like to discuss this further.

Finance Committee Draft Minutes – Monday, May 5<sup>th</sup> 5:00 pm Conf Room B, Town Hall

Present – Mark LaPlaca (chair), Martha Kelly, Randy Walikonis

Staff present – Cherie Trahan- Finance Director

Other Board members (not FC) present – Katherine Paulhus, John Fratiello

The meeting was called to order by Mr. LaPlaca at 5:00

The committee reviewed the charge the Board gave to the FC at the special meeting of April 30th.

The committee reviewed with the Finance Director the current procedures by which mileage reimbursement claims are filed and approved and began discussion of possible ways to reduce expenses. The committee requested more information before deciding formally on recommendations for changes.

The committee reviewed the following:

1. An estimate of the cost of a forensic audit (5K-8K) and agreed that there was no need for an additional outside audit of any kind at this time.
2. No other towns or Boards that the Board's auditors were aware of require odometer readings.
3. The town of Mansfield's mileage reimbursement policy.
4. The superintendent's contract. The committee confirmed that he is being reimbursed for expenses in accordance with his contract. The committee requested that the finance dept work with the Superintendent's office to provide the FC with documentation and detailed purpose of all travel for the last 6 weeks of completed expense reports in order to review them for accuracy and purpose of travel to aid in recommendations for ways to reduce expenditures.
5. A detail of the other items charged to travel expenses for the district, including stipends that are paid to administrators for in-district travel. The committee discussed considering whether to recommend that the personnel committee try to negotiate changes in that contract next fall.
6. BOE updates that detailed many of the meetings that the superintendent attends each month.
7. A list of the various regional and state-wide educational committees that the Superintendent serves on – a total of nineteen
8. A detailed breakdown for the last 7 years of mileage reimbursements – the amount paid to the Superintendent and the amount paid to others in the district.

The committee directed the Finance Director to provide the following for our next meeting:

1. Detailed mileage reimbursements for last six weeks of completed expense reports.
2. Information on whether mileage reimbursement is subject to pension reporting requirements

3. Samples of other reimbursement policies and procedures from other school districts – both through CASBO and CAFE.
4. Information about the costs of purchasing an energy-efficient automobile for the use of Board employees.
5. Information about the costs and legal considerations of using Town of Mansfield automobiles.

The committee agreed to meet again on May 14<sup>th</sup> at 6:30pm – meeting room TBD

Motion by Mr. Walikonis to adjourn at 6:50pm. Second by Mrs. Kelly. Vote – Unanimous in favor.

Finance Committee Draft Minutes – Wednesday, May 14th 6:30 pm Conf Room C,  
Town Hall

Present – Mark LaPlaca (chair), Martha Kelly, Randy Walikonis

Staff present – Cherie Trahan- Finance Director

Other Board members (not FC) present – Katherine Paulhus, Jay Rueckl

The meeting was called to order by Mr. LaPlaca at 6:30

The committee reviewed with the Finance Director the following:

1. Detailed mileage reimbursements for last six weeks of completed expense reports.
2. Information on whether mileage reimbursement is subject to pension reporting requirements
3. Samples of other reimbursement policies and procedures from other school districts – both through CASBO and CABA.
4. Information about the costs of purchasing an energy-efficient automobile for the use of Board employees.
5. Information about the costs and legal considerations of using Town of Mansfield automobiles.

Motion by Mrs. Kelly – that the Finance Committee of the Mansfield Board of Education recommend securing the advice and services of an outside auditor to review and establish financial management guidelines, as well as formulate financial policies and procedures for the Board. These financial management policies would be used in conjunction with other Board policies. The auditor would submit a report to the Finance Committee.

Motion was seconded by Mr. Walikonis.

After discussion, the motion failed – Mrs. Kelly voting in the affirmative and Mr. Walikonis and Mr. LaPlaca voting no.

The committee requested that the Finance Director invite the current outside auditor to the next meeting to review the changes already suggested and discuss other recommendations.

The committee requested the Finance Director to audit 4 more days of completed expense reports. The specific dates to be submitted by Mrs. Kelly.

The committee requested the Finance Director begin implementation of recommendations that do not need BOE approval.

The committee agreed to meet again on during the week of June 9<sup>th</sup>, exact date and time TBA depending on member availability.

Motion by Mr. Walikonis to adjourn at 9:01 pm. Second by Mrs. Kelly. Vote – Unanimous in favor.

Recommendations of the Finance Committee  
June 12, 2014

Charge #1 -Review and evaluate the procedures by which mileage reimbursement claims are filed and approved or disapproved, as well as the oversight of these procedures, and to provide the full Board with a summary of these procedures as well as recommendations for change, if any.

1. The current BOE mileage reimbursement form was found to be inadequate. The finance dept was directed to provide and begin requiring use, by July 1, 2014, of a more detailed form, including requiring that individuals provide information regarding the purpose of the travel and time spent at each location traveled to. Further, it should be the goal to provide a form (excel for example) that would calculate the mileage and the reimbursement, thereby improving accuracy.
2. BOE employees submitting mileage reimbursement forms were not required to provide any documentation of the actual mileage. The finance dept. was directed to develop, provide to affected employees and begin requiring use, by July 1, 2014, of a "standard mileage chart" to any frequently traveled to sites. Modeled after the state of CT chart, this will be the only allowed mileage to be reimbursed for travel to those sites. Any BOE traveling on approved business to any other locations should be required to attach Mapquest or other documentation of mileage.
3. BOE mileage or travel reimbursement is currently approved at the building level by the Principal, and then by the Superintendent. The recommendation is to continue this practice. The mileage or travel reimbursement for the Superintendent of Schools was not subject to approval and was infrequently audited for accuracy. The recommendation is to allow the Finance Director to approve these reports subject to review with the Finance Committee of the BOE on a quarterly basis. When Quarterly Financial Reports are issued, the Finance Committee will meet prior to the BOE meeting to review any significant information, including travel and mileage reimbursements.
4. Policies and procedures for mileage reimbursement were found to be non-specific. The recommendation is that the Superintendent and Finance Director work with the auditors (BlumShapiro) to develop specific procedures and work with the Board's attorney to develop a draft policy in alignment with these new procedures and present these to the Board's policy committee by the end of October, 2014.

Charge #2 - Examine ways to reduce district expenditures for mileage reimbursement, including (but not limited to) possible changes in the amount of travel that can be reimbursed, the reimbursement rate, alternative approaches such as the use of a district-owned or -leased car, and taking into account the educational value of out-of-district travel by district staff.

Recommendations:

1. Advise the Personnel Committee to negotiate specific language in the new Administrator's contract regarding the "past practice" of providing stipends for in-district travel and work to reduce or eliminate the amount paid, taking into account whether or not that amount would be greater if individual reimbursement forms were submitted.
2. Require more specific language in the Superintendent's contract limiting the amount of reimbursement for mileage without express Board authorization to \$9000 annually.
3. Audits were completed for six weeks of completed expense reports for the Superintendent from 2/11/14 through 3/21/14. This audit showed an overstatement of the mileage reimbursed for trips to one specific location (New Britain) and has been attributed to an inaccurate mileage estimate for that location. The amount overpaid was \$304.22 for the 6 week period. It should be noted that estimated mileage to other locations was shown to be understated, although significantly less.

After realizing that mileage to this location had been inaccurately estimated and that error never noticed, the finance dept reviewed expense reports submitted by the Superintendent for the previous 5 years (as far back as records were available – beginning with school year 09-10) and the number of trips to that location were determined. The amount the Supt. was overpaid was then calculated and came out to \$10,593.64 over the 5 year period. Superintendent Baruzzi has reimbursed the Board for that amount and those funds have been deposited into the Town's disbursing account.

Another audit was completed for 4 separate days that seemed less likely for significant travel. That audit showed that mileage for one day was inadvertently submitted twice, resulting in overpayment of \$121.00

Since both audits revealed mistakes resulting in overpayment, the recommendation is to direct the Finance dept. to engage BlumShapiro to randomly select one month per year for the last three fiscal years (2011/2012, 2012/2013, and 2013/2014) to audit all mileage reimbursement forms submitted by the Superintendent for accuracy of mileage amounts, that dates are correct, and that mileage is calculated correctly and to have a report to present to the Finance Committee by September 1, 2014.

# Mansfield Public Schools Board of Education Update

Fred Baruzzi

Superintendent of Schools

Issue #68

February 2014

Information regarding the current status of the Mansfield Public Schools: items, issues, challenges, and opportunities district staff addressed during the month, as well as upcoming district and school events.

## Enrollment

Gr.	GW	SE	VN	MMS	Total				
	+/-*	+/-*	+/-*	+/-*					
PK	28	6/0	26	2/0	34	6/1			88
K	34	4/1	37	5/2	42	4/1			113
1	43	1/1	48	4/2	49	10/2			140
2	32	5/1	53	10/2	45	2/5			130
3	40	1/5	46	7/1	47	1/3			133
4	28	1/0	35	5/3	50	2/3			113
PK-4									717
5							126	11/4	126
6							135	5/0	135
7							139	3/2	139
8							143	4/1	143
# Boys	111		116		137		279		
# Girls	94		129		130		264		
Total	205	18/8	245	33/10	267	25/15	543	23/7	1260

\*Enrolled/Withdrawn

Homeschool: 15 students from 8 families

	GW	SE	VN	MMS	District
Immigrant Children*	5	8	1	5	19
**LL**	16	12	9	12	49

Eligible immigrant children are defined as a) ages 3-21 enrolled full-time in school, b) not born in any state, c) have not been attending 1 or more schools in 1 or more states for more than 3 full academic years. \*\*English Language Learners

## District Performance Targets (12-13)

Indicator	Participation Rate	DPI	Target	Achievement
DPI*	100.0%	90.0	88.0	Yes
Students w/ Disabilities	100.0%	64.1	62.1	Yes
Free/Reduced Eligible	100.0%	79.4	78.0	Yes
Hispanic or Latino	100.0%	78.7	81.8	No
ELL	100.0%			
Reading	100.0%	88.4	86.7	Yes
Mathematics	100.0%	90.9	88.0	Yes
Writing	100.06%	91.1	88.0	Yes
Science	100.0%	92.0	88.0	Yes

\* District Performance Index

## Connecticut Mastery Test Results

# / % of students at/above goal – March 2013

Grade	Math	Writing	Reading	Science
3 – 115	95 / 83.3	89 / 77.4	88 / 76.5	n/a
4 – 124	102 / 82.3	90 / 72.6	92 / 75.4	n/a
5 – 137	124 / 91.9	116 / 85.3	108 / 80.6	119 / 86.9
6 – 141	108 / 76.6	107 / 76.4	112 / 80.0	n/a
7 – 135	117 / 86.7	120 / 88.9	122 / 90.4	n/a
8 – 141	105 / 75.0	122 / 87.1	118 / 84.3	117 / 83.0

Students not reaching goal in one or more areas: (2013-2014 grade)

Gr. 4 – 39/34%	Gr. 7 – 57/40%
Gr. 5 – 49/39%	Gr. 8 – 26/19%
Gr. 6 – 43/31%	Gr. 9 – 44/31%

## Budget

- Food Service Comparison:

August 2013-February 2013		August 2013-February 2014	
Paid Meals	Total Meals	Paid Meals	Total Meals
46,803	90,033	51,770	88,465

- Continued budget discussions at Board of Education meetings.
- Prepared answers to Board questions.

## Personnel

	Certified	Non-Certified
Retirements	0	0
Resignations	1	1
Requests for Leave	1	0
New Hires	0	0
Reduction in Force	0	0

- Attended Employee Benefits Quarterly Update

## District: Curriculum, Instruction, and Assessment

### Including Instructional Technology Applications

- Facilitated continued implementation of District CCSS Plan Year 2.
- Continued Study Island software program for all district grade 3 and 4 students to use both at school and at home.
- Facilitated Technology Committee meeting.
- Facilitated school building level meetings to discuss curriculum, instruction, and assessment.
- Facilitated Mathematics Review school visitations.
- Provided ongoing information regarding Smarter Balanced Assessments.
- Initiated Physical Education Program Review.

## Policies

- Implement revised MBOE Policies approved at October 10, 2013 meeting.
- Facilitated implementation of changes to MPS Teacher/Administrator Professional Learning & Evaluation Plan.
- Worked with Board Attorney to draft revision of Resident Students Not Attending Public Schools Policy.

## Security

- Continued the implementation of required crisis prevention drills for all schools with emergency management officials.
- Continued the implementation of Tabletop Emergency Procedures Drill preparation.
- Continued to implement Board approved enhanced safety measures.

## Building and Grounds

- Continued to implement an alternative work order system.
- Initiated setup up and initial planting at MMS greenhouse.
- Continued work on lunch table issue at Goodwin.

Maintenance Work Requests						
	GW	SE	VN	MMS	Total	
Solved	7	16	3	6	32	41%
Pending	8	9	3	8	28	35%
Open	1	4	7	7	19	24%
<b>Total</b>	<b>16</b>	<b>29</b>	<b>13</b>	<b>21</b>	<b>79</b>	<b>100%</b>

## Programs

### Study Island Through February 22, 2014

Grade 3				Grade 4			
Math		Reading		Math		Reading	
Q*	% Correct						
1607	51.8	528	48.2	1081	50.9	1157	23.5

\*Number of questions attempted on grade level

## Energy

- Facilitated school building energy committees.
- Continued to facilitate guidelines for after school building use in an effort to reduce energy consumption.
- Monitored use of energy efficient refrigerators to replace classroom use of small refrigerators.
- Initiated monitoring of gas heat & electric energy charges at MMS due to fuel conversion project.
- Implemented with finance and maintenance department common comprehensive energy management system.

## Communication

- Provided all staff with an update of Administrative Council items.
- Facilitated two Administrative Council meetings.
- Held monthly Facilities Management Meeting.
- Attended MAC meeting.
- Continued to implement digital take home notices at all schools.
- Attended Hockanum and URSA Superintendents meetings.
- Held Quarterly meeting with Town Manager, Finance Director, and Maintenance Director.

## Professional Development

- Supported the continued development of school data teams.
- Implemented District Common Core State Standards as outlined in district plan year two.
- Facilitated Professional Development Committee Meeting.
- Facilitated TEAM Committee Meeting.

## Technology Administrative Applications

- Continued implementation of HealthOffice Software.
- Continued implementation of automated system for recording substitutes.
- Continued use of Horizon library system software.
- Continued implementation of Pearson Limelight Inform to track student assessment data to inform instruction.
- Continued implementation of MMS Parent Portal.
- Implementation of School Messenger software program for transportation and school delays/closings to parents/guardians.
- Continued to implement Versatran's school bus routing software.
- Implemented a secure file program for certified staff professional learning and evaluation plan.
- Continued conversation with Bloomboard regarding potential use for certified staff professional learning and evaluation plan.

## Other

- Attended CAPSS Legislative Committee meeting.
- Participated in CSDE Conference Call with Commissioner of Education regarding evaluation flexibility.
- Facilitated UCONN Internship Lead Teacher Meeting.
- Attended Learning Focused Supervision Series.
- Attended CAPSS Technology meeting.
- Participated in CAPSS PK-K Superintendents Conference Call.
- Attended District Test Coordinators' Workshop for SBAC.
- Attended CT School Climate Conference.
- Attended RTT Grant & Personalized Learning Think Tank at EASTCONN.
- Attended SBAC Assessment Workshop.
- Attended CAPSS Leadership Development Advisory Committee meeting.

Additional information will be provided upon request by calling 429.3350 or by emailing [mboesupt@mansfieldct.org](mailto:mboesupt@mansfieldct.org).

## Mansfield Public Schools Monthly Memorable Moments

### Goodwin School

- Goodwin students continue to challenge themselves on the Trestle Tree during their PE classes. They are feeling very accomplished and proud to show off their newly developed skills. "Mr. Dean! Mr. Dean!"
- Our PTO is collecting supplies for The Backpack Brigade. This is an annual event in which students and their families donate pencils, notebooks, markers etc. The stuffed backpacks then are given to a shelter for children who are in need of school supplies.
- A second PTO project, Square One Art is in full swing. It has become an annual fund-raiser. The students create beautiful drawings in their art class and those drawings are used for the families to order t-shirts, bags, luggage tags, note pads, and more!

### Southeast School

- Many of our classes celebrated the 100 Days of School on February 11. In particular, our second grade students completed art projects using 100 items of their choice to complete a display. We saw so many different ways to get to 100 from Legos, and goldfish, to paper flower petals and Popsicle sticks. Classes visited each other and shared their vivid creations.
- Two musically gifted students were honored at a special Connecticut Association of School award ceremony at the Aqua Turf, Southington, in early February. Congratulations to Suzuki Strings players Leonard Schweitzer and Aaron Kaufold for being recommended by their teachers, Mrs. Vaughn and Mrs. Boyer, respectively, for their outstanding skill. We are so proud of their growth and accomplishments.

### Vinton School

- During the month of February, the Kindergarten children at Vinton organize a school wide project for our Mansfield Animal Shelter: buy a valentine for \$1.00 and help shelter animals. They invite each child and staff member to bring in a photo or draw a picture of their animal friend. Animals have included dogs, cats, horses, birds, fish, or any animals that may be special to them. The Kindergartners help cut and sort the valentines. There are special "In loving memory" valentines. 100% of the money raised goes to Friends of the Mansfield Animal Shelter (FOMAS.) This is a nonprofit group that helps the animals stay at the shelter be more comfortable by contributing towards vet bills, spay/neuter, grooming, specialized feeding, improved bedding/cages, and facility improvements. Through Vinton's efforts, improvements such as expanded cat cages and dog runs have been possible. Over the past 12 years, the Kindergartners have helped Vinton raise, \$400.00 to \$600.00 yearly, (approximately \$6,000.) All proceeds going to the Mansfield Animal Shelter. In late Spring, Noranne Nielsen, Mansfield Animal Control Officer, comes to visit and thank the Kindergartners. She, also, does an educational program about pet care, pet responsibility, and keeping safe around animals. Mansfield Shelter animals have true friends at Vinton!

### Vinton School continued

- Our February 20<sup>th</sup> Winter Concert featured the Vinton 1<sup>st</sup> and 2<sup>nd</sup> Grade Junior Choir. One of the catchiest tunes was a song entitled "I Love Peanuts!" Despite all the disruptions from snow days and delays, the Choir was able to get in plenty of rehearsals, and the show was well attended by Vinton families.

### Mansfield Middle School

- The 2013-2014 girls basketball team finished the season with a record of 13 wins and 1 loss, including two victories in the semi-finals and finals of the NEMSAC tournament. The team ended the season with a back-to-back league championship. Ms. Betsy Parker and Mrs. Kate Dale coached the team through the successful season.
- The 2013-2014 Mansfield Middle School boys basketball team enjoyed another successful season. Led by Mr. Ted Buck and Mr. Ken Rawn the boys played hard throughout the season. With a record of 9-5 which earned the team a spot in the NEMSAC tournament. The team won a thrilling semi-final game against Willington but lost a hard fought game against Lebanon in the Finals to finish as runners-up.
- As we have usually done before the February break, MMS held several special events during the week of February 10-14. It was Spirit Week with a different theme to dress for each day. To promote community awareness Student Council also sponsored a food drive. The goal is to collect over 1,000 items for the WAIM food pantry.
- State Representative Gregg Haddad made his annual visit to MMS. He presented official citations from the General Assembly recognizing fourteen excellent entries he received from 8th graders who submitted essays of 750-1000 words describing their proposal for a new law or changes to a current law.
- Mansfield Middle School students showed tremendous mental toughness as they competed in the Regional Science Bowl Competition at UCONN. The Mansfield team showed great resiliency by coming back to beat a team that they had lost to earlier in the day. Congratulations to Frederick Huang, Michael Lin, Nicolas Martinez, Peter Tomanelli, John Zhou, and Mr. & Mrs. Perkins for taking home first place in the Middle School Science Bowl Competition.

## Upcoming Events in March:

*Please join us at any/all of these events*

GW	SE	VN
Tropical Reading Day 3/7/14	PTO Meeting 3/3/14 7:00pm	Bolton Ice Palace 4 <sup>th</sup> Gr. 3/12/14
Zumba PTA Fundraiser 3/7/14 6:30pm	Bolton Ice Palace 4 <sup>th</sup> Gr. 3/12/14	GW, SE, & VN Parent/Staff Basketball Tournament at E.O. Smith 3/20/14 6:30-7:45pm
Bolton Ice Palace 4 <sup>th</sup> Gr. 3/12/14	Science Fair 3/12/14 6:30pm	
PTO Meeting 3/17/14 6:30pm	GW, SE, & VN Parent/Staff Basketball Tournament at E.O. Smith 3/20/14 6:30-7:45pm	
GW, SE, & VN Parent/Staff Basketball Tournament at E.O. Smith 3/20/14 6:30-7:45pm		
Town Meeting 3/27/14 2:30pm		
MMS		
String Groups at Senior Center Luncheon 3/5/14	MMSA Meeting 3/5/14 7:00pm	Middle School History Day 3/6/14 6:00pm
Eastern Regional Middle School Music Festival 3/7-3/8/14	Spring Country Dance 3/11/14	District History Day 3/22/14
Science Presentations Gr. 5 3/28/14 12:30pm		
District		
Board Meeting 3/13/14 7:30pm	Prof. Development Day: No School 3/31/14	

### Link to District Four Schools Calendar of Events:

<http://www.mansfieldct.gov/content/3607/5184/7573.aspx>

or:

Go to <http://www.mansfieldct.gov/mboe> (Board of Ed. website)

- 1) In the middle at the bottom is a link called "Calendar of Events"
- 2) Click on that link and it will bring you to the calendar.

## EXPENDITURES ACCOUNTS PAYABLE AND BUDGET

Government: Town of Mansfield, Connecticut

Year end: June 30, 2013

## UNDERSTANDING OF INTERNAL CONTROL DESIGN

The following individuals are involved in this process:

Cheryl Decker – Finance Clerk (Regional School District #19)  
Donna Neborsky – Finance Clerk (Town)  
Keri Rowley – Accounting Manager  
Cherie Trahan – Finance Director

Purchase Orders are completed by the various departments within the Town. For purchases < \$5,000 the various department heads have the authority to sign and authorize the purchase of the goods on the purchase order. For purchases >= \$5,000 the Director of Finance needs to review and sign off, either electronically or manually, on the purchase order authorizing the purchase of the goods or service. The Finance Department then reviews the purchase orders for availability of funds, required signatures, and the purchase to ensure it is appropriate. There is no bid policy.

The Town has an ethics policy that includes policies regarding conflicts of interest. This is part of their personnel policies when hiring a new employee.

Each individual Department head is responsible for ensuring that they do not over-expend their budgets. Additionally the Director of Finance reviews the budget to actual results quarterly. Financial statements, summaries, and budget comparisons for every entity involved within the Town are presented in a quarterly packet to the Finance Committee. They in turn review these documents during the committee meetings and make recommendations/comments accordingly. This is recorded in the minutes of the meeting for the Finance Committee.

The Town does have policies that require purchases in excess of \$7,500 to be awarded on a best value criteria and that purchases in excess of \$10,000 for professional services require bidding. Department heads bring items to the Director of Finance's attention that they are aware should be going out to bid. Any items that are not brought to the attention of the Director of Finance by Department heads would be caught during the purchase order approval process. The Director of Finance approves all PO's greater than \$5,000 and therefore would catch anything greater than \$7,500 that should go out to bid before a commitment to purchase is made.

The ordering department will receive the goods and approve the payment by supplying the Finance Department with a white copy of the PO to authorize a partial payment or the pink copy of the PO to authorize a full payment. If there is no PO there is an invoice payment voucher completed attached with a documenting receipt.

Finance receives the invoices directly and the finance clerks review the invoice against the ordered goods and the purchase order from the department head documenting the receipt of goods. Review is documented when they key the batches. After the invoice, the purchase order, and the receipt documentation are matched. Cheryl (Regional School District #19) and Donna (Town) will enter the payment information into the General Ledger.

During the week each AP batch is posted to a general ledger control sheet, the batches are also entered into the general ledger itself. It is posted to the GL a second time by Accounting Manager, Keri, each week.

In May or June, a closing schedule memo is sent to each department head to remind them of yearend procedures. It details cut-off procedures and dates. Also each June a check run schedule is sent to each department for the upcoming fiscal year which includes cut off dates and check run dates. Any invoices received by the 2nd week of July in Finance, that are June 30th or before, are processed as usual and paid in a "clean-up" check run. Any invoices received after the 2nd week of July are processed through the system in the new year and an excel worksheet is used to keep track of the prior year expenses. A journal entry is then done for 06/30/12 and a reversing entry is done for 07/01/12. The accrual is recorded by the Accounting Manager and is then reviewed by Cherie. The journal entry review process is done after mid-July. Transactions are reviewed until the first week of August.

Quarterly the Director of Finance reviews a budget to actual report, and also Quarterly the finance department supplies the Board of Finance with a review package that includes a budget to actual report which they review. This review is documented in the minutes of the Board of Finance.

Part of the posting process is to balance the open PO listing to the encumbrance total on the General Ledger. Each quarter, the open PO listing is compared to the actual PO's on file and to the encumbrance total on the General Ledger. Informal review is done by the Accounting Manager, Keri.

The Town of Mansfield does have a process in place where the Director of Finance will authorize purchasing cards for new Department Heads. Department Heads may request a purchasing card for their staff from the Administrator (Budget Analyst Alicia). The card is issued with policies and procedures. There is no limit on the amount of purchase cards issued. Each cardholder goes over the procedures with the Administrator and must sign that they have read the procedures and agree to the terms before the card is released to them. Any one that has been issued a purchasing card through JP Morgan has access to use their card. There are currently 98 cardholders. (Note: Not all cardholders use their cards). Most cardholders have a \$1,000 maximum single purchase limit and \$5,000 monthly maximum card limit. Per the direction of the Finance Director, a few Department Heads have a \$5,000 maximum single purchase limit and a \$25,000 monthly maximum card limit. Per request of the Department Head, certain staff in their department may have higher single purchase limits.

The Administrator receives and reviews the monthly statement from JP Morgan. Cardholders go into the JP Morgan SDOL system to review and code their purchases. They print off an expense report, attach their receipts and sign the report. Their department head then reviews and signs the expense report. Expense reports are then turned into the Administrator who will do a quick review of the reports. If the expense reports and/or receipts are missing, the cardholders privileges are suspended until the report is complete. The Administrator prints a summary report for all purchases and generates a journal entry from the summary report. The expense reports are then turned over to the Finance Clerks who will do a more thorough review of each receipt with the expense report. If any additional information is needed, the Finance Clerks contact the cardholders directly.

# BlumShapiro

Accounting | Tax | Business Consulting

To the Town Council  
Town of Mansfield, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Mansfield, Connecticut, for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 10, 2013. Professional standards also require that we communicate to you the following information related to our audit.

## Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Mansfield, Connecticut, are described in Note 1 to the financial statements. Management has adopted the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates significant to the financial statements.

The financial statement disclosures are neutral, consistent and clear. There were no sensitive disclosures affecting the financial statements.

## Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated December 18, 2013.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Town of Mansfield, Connecticut  
Page Three

### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Town Council and management of the Town of Mansfield, Connecticut, and is not intended to be and should not be used by anyone other than these specified parties.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 18, 2013

**MEMO - COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

To: Finance Committee, Town of Mansfield, Connecticut  
From: Vanessa Rossitto, CPA, Audit Partner  
Blum Shapiro & Company, P.C.  
Date: July 9, 2013  
Re: Auditing Standard No 114, The Auditor's Communication with  
Those Charged with Governance

The American Institute of Certified Public Accountants (AICPA) issued Statement on Auditing Standard (SAS) No. 114 entitled "The Auditor's Communication with Those Charged with Governance." This statement defines who is charged with governance as well as the information that should be communicated to them. For purposes of our audits we have concluded that the members of the Finance Committee are charged with the governance of the Town.

This standard stresses the importance of two-way communication and requires certain communications to be discussed prior to the audit. Summarized below is the information that we are required to communicate to those charged with governance.

**Objective**

The objective of our audit is the expression of opinions as to whether your basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America and to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The objective also includes reporting on:

- Internal control related to the financial statements and compliance with laws, regulations, contracts and grant agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with laws, regulations and the provisions of contracts or grant agreements that could have a direct and material effect on each major program in accordance with Single Audit Act Amendments of 1996; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Connecticut State Single Audit Act.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996 and the provisions of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*; and the Connecticut State Single Audit Act and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133 and the Connecticut State Single Audit Act and other procedures we consider necessary to enable us to express such opinions and to render the required reports. If our opinions on the financial statements or the Single Audit compliance opinions are other than unqualified (unmodified), we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report.

In connection with our audit of the Town's financial statements, we will also communicate any recommendations to improve the Town's internal controls.

### **Our Responsibility**

Our responsibility under the aforementioned standards is to express opinions on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

An audit is designed to provide reasonable, but not absolute assurance. Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform an examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America.

In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that we discover. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

### **Audit Scope and Materiality**

The scope of our audit of the financial statements is designed to provide reasonable assurance that the Town's financial statements are free of material misstatements, whether caused by errors or fraud. Our consideration of materiality is a matter of professional judgment and is influenced by our perception of the needs of users of financial statements.

## **Audit Approach**

The nature, timing and extent of our contemplated procedures for significant accounts are based on a risk assessment of the likelihood of material misstatements occurring in those accounts. We contemplate an audit strategy based on reliable effective controls. We plan to execute audit procedures to substantiate account balances primarily as of or near year-end.

In conducting our audit, we maintain an awareness of the possibility that errors, fraud or illegal acts (as defined in authoritative professional literature) may have occurred that could have a material and direct effect on the financial statements. Effective internal controls are designed to prevent or detect errors, fraud or illegal acts; however, it is possible that they may nevertheless occur.

We will report to those charged with governance and management any such situations which come to our attention even though they might not be material in relation to the financial statements taken as a whole.

## **Independence**

There are no relationships between any of our representatives and the Town that in our professional judgment impair our independence.

## **Other Services**

In addition to the audits of the above entities, we will also perform the following services and/or issue the following reports:

- Board of Education Form ED001 Agreed Upon Procedures

## **Responsibilities under Auditing Standards Generally Accepted in the United States of America**

### **Management's responsibilities include:**

- Management is responsible for the financial statements and all accompanying information, as well as representations contained therein.
- Management is also responsible for identifying government award programs and understanding and complying with the compliance requirements, and for preparation of the schedule of expenditures of federal awards and for the preparation of the schedule of expenditures of state assistance.
- Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance.
- Management is also responsible for the selection and application of accounting principles
- Management is responsible for the design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud or illegal acts affecting the government.

**Auditor's responsibilities include:**

- Understanding the internal control structure to evaluate risk
- Performing tests, analysis and reviews of financial statements and underlying support
- Planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatement, whether caused by error or fraud
- Evaluating fairness of presentation of financial statements in conformity with the Accounting Principles Generally Accepted in the United States of America (GAAP) in all material respects

**Audit Areas of Focus**

- Cash
- Investments
- Receivables and revenues
- Capital Assets
- Payables, accruals, budget and expenditures
- Payroll expenditures
- Debt
- Insurance and Self Insurance
- Grants – Federal and State Single Audit

**Engagement Timing**

- Our initial planning for the year-end audit will be performed during July 2013. Our focus will be on documentation of the internal controls as required by auditing standards, fraud inquiry interviews with management and key personnel, preparation of certain confirmations some overall analytical procedures and audit fieldwork as applicable to the federal and state single audits and procedures performed relevant to the tax collector's and tax assessor's offices.

- Audit Timing:

Commencement of Fieldwork	10/7/13
End of Fieldwork	10/18/13
Issuance of Draft Financial Statements	11/22/13
Client Approval of Draft Statements	11/29/13
Issuance of Financial Statements	12/6/13
Issuance of Management Letter, if applicable	12/6/13
Post Audit Meeting with Management	TBD

**Engagement Team**

An engagement team consisting of the following individuals will be responsible for audit, and other services, including contact information to reach us:

- Vanessa Rossitto, Audit Partner  
Direct Line: 860-561-6824  
Email: [vrossitto@blumshapiro.com](mailto:vrossitto@blumshapiro.com)
- Joe Kask, Concurring Audit Partner  
Direct Line: 860-570-6372  
Email: [jkask@blumshapiro.com](mailto:jkask@blumshapiro.com)
- Michael Popham, Audit & Accounting Manager  
Direct Line: 860-570-6391  
Email: [mpopham@blumshapiro.com](mailto:mpopham@blumshapiro.com)

### Other Communications

At the completion of our audit we will communicate in writing the following information related to our audit:

- Management judgments and significant sensitive accounting estimates
- Significant accounting policies
- The adoption of new accounting principles or changes in accounting principles
- Significant audit adjustments (recorded and unrecorded)
- Disagreements with management about auditing, accounting or disclosure matters
- Difficulties encountered in performing the audit
- Irregularities and illegal acts
- Consultation by management with other auditors
- Matters affecting independence of auditors
- Material weaknesses, significant deficiencies and control deficiencies

### Knowledge of Fraud

- If management or those charged with governance has any knowledge of fraud or potential fraud, this information needs to be communicated to us. As part of the audit process, we will be meeting with management to discuss fraud risks and any further issues.
- It is estimated that U.S. businesses, including municipalities, lose up to 7% of annual revenue to fraud. Municipalities are especially vulnerable due to the large amounts of cash collected in the tax collector's office, in addition to decentralized cash collection points such as transfer stations, golf courses, recreation programs, etc.
- The Forensic Accounting group of BlumShapiro provides Fraud Risk Assessment services. The objectives of a Fraud Risk Assessment are to gather perceptions of fraud risk and to promote fraud awareness and prevention across the entity. The Fraud Risk Assessment process starts with the gathering of information on the population of fraud risks that may apply to the entity. This includes consideration of various types of possible fraud schemes, scenarios and opportunities to commit fraud. This information is then used to assess the relative likelihood and potential significance of identified fraud risk based on historical information, known fraud schemes and interviews with staff and management. A report is prepared documenting fraud risk within the entity and setting

forth suggested policies and procedures to help prevent and detect fraud. If you are interested a Fraud Risk Assessment or would like additional information, we would be happy to discuss the details of this service with you.

### Industry Developments – Current Year Accounting Standards

- **GASB Statement No. 61 - The Financial Reporting Entity: Omnibus.** This Statement is an amendment to GASBS No. 14 and No. 34. The Statement is designed to improve financial reporting for governmental financial entities to better meet user needs and address reporting entity issues that have come to light since the issuance of those Statements in 1991 and 1999, respectively.

The requirements contained in the Statement, which arise primarily from the reexamination of Statement 14, augment the relevance of financial statements issued by financial reporting entities by improving the related guidance for including, presenting, and disclosing information about component units and equity interest transactions.

- **GASB Statement No. 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.** This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

### Industry Developments – Future Accounting Standards

- **GASB Statement No. 65 – Items Previously Reported as Assets and Liabilities.** This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and

deferred inflows of resources. In addition, Concepts Statement 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement 4.

This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged.

- **GASB Statement No. 67 - Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25.** The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. Earlier application is encouraged.

- **GASB Statement No. 68 Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.** The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional

transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

This Statement is effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged.

#### **Areas of Concerns**

- If you have any concerns that you would like to discuss with Blum Shapiro, we will make ourselves available either by phone or in person to discuss such concerns.

