

November 5, 2008

The public hearing on the 2009 Town of Varick budgets was opened by Supervisor Robert Hayssen at 7:05 p.m.

Mr. Hayssen reported that he received the town's insurance figures for 2009 and verified with the bookkeeper that there was sufficient funds budgeted.

A motion by Jeff Case, seconded by Kathy Russo and so carried unanimously to close the public hearing on the 2009 Budgets.

The regular meeting of the Varick Town Board was called to order by Supervisor Hayssen at 7:10 p.m. Present at this meeting were Council Members Jeff Case, John Saeli, Kathy Russo and Richard Peterson, Town Clerk, Donna Karlsen, Town Attorney, John Sipos, Highway Superintendent, Richard McCulloch, Bookkeeper, Carol Sipos, Planning Board member, Kevin Swartley, Finger Lakes Times Reporter, Paulette Likoudis, Bonadio & Company, LLP, Gerald Archibald, resident of the town, Norman Hollenbeck.

Privilege Of The Floor: Mr. Hollenbeck reported he burns coal in the winter and expressed the problem of disposal of the coal ashes. He suggested that a bin be established at the town barns where people could bring their ashes to be dumped and used on ice and snow covered roads, either straight or mixed with salt. He indicated that he has approximately 15 to 20 mud buckets of ashes a year. Mr. Saeli expressed concern with the clinkers that can be found in coal ashes and the possibility that such a site could turn into a trash dump. Mr. Peterson and Mr. McCulloch noted that the use of ashes on black top is very dirty and Mr. McCulloch was unsure if the use of such a product on roads is allowed by DEC. The board will consider Mr. Hollenbeck's suggestion and Mr. McCulloch will do further research.

Highway: Mr. McCulloch reported that Fall Clean Up went very well and fewer dumpsters were used. Vouchers have been submitted for the stone and oil road work that was completed and he noted he received a few complaints of loose stone being pushed into yards as the result of traffic. He noted that Seneca County will use this process in the Spring on their roads. Air brakes were replaced and the sander was rebuilt on the International truck. They have used the County's wood chipper and grade-all with more grade-all work to be done.

Mr. McCulloch again expressed his concern over the use of coal ash regarding the dirt factor, liability issue and if it is legal to use. He will do further research into this matter.

2006 Audit: Mr. Archibald presented a draft copy of the 2006 audit of the financial statement of the Town of Varick and indicated that he hopes to have both the 2006 and 2007 final audit of the financial statements completed in December 2008 time frame. The reason he isn't submitting the 2006 in final form is that there may be some transactions that they will identify in the 2007 audit that will have an impact on the 2006.

The firm is looking for an unreconciled difference of \$7,695. He went through the material to familiarize the board with what is involved in the audit report and the board will have the opportunity to question him on this and the 2007 report in December. Mr. Archibald reviewed the Required Communication Letter, Management Letter, and Financials.

In the Communications Letter, Mr. Archibald reviewed the difficulties encountered in performing the audit and noted that the books and records of the Town of Varick for the audit period ended December 31, 2006 were not maintained in a timely and accurate manner. As a result, they have issued a management letter which contains a number of recommendations related to both material weaknesses and significant deficiencies in the internal control polices and procedures of the town and noted it is imperative that the current administration review these recommendations and ensure that corrective action is implemented on a timely basis. Mr. Archibald indicated that when the board gets to the Management Letter, he has given credit to the current bookkeeper, Carol Sipos and current supervisor, Robert Hayssen to say that most of what they have observed in 2008 has already addressed and substantially improved the account procedures, internal controls, and financial reporting practices for the Town. Therefore, the recommendations which are included in this report and identified as either material weaknesses or significant deficiencies in internal controls relate specifically to the calendar year accounting periods of 2006 and 2007 and they believe that substantially all, if not all, of the recommendations included in this report have been satisfactorily addressed and appropriate corrective action taken during the 2008 calendar year. He also stated that you will find where in the Management Letter it notes that the Town Clerk completed her duties and assigned responsibilities throughout this time frame in accordance with the Town's documented policies and procedures, particularly as it related to controls over the expenditures and disbursement of the Town. He identified the audit adjustments for the year ended December 31, 2006 to be an unadjusted change in net assets of \$174,751 to the adjusted change of \$244,510 with an unreconciled difference of \$7,695.

In the Management Letter, Mr. Archibald discussed the material weakness which is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. He suggested that Mr. Hayssen, Mrs. Sipos and Mrs. Karlsen review their report submitted and give the board a report as to what has been done in regards to Bonadio's recommendations.

Mr. Archibald noted that he is still trying to acquire town records from Mrs. Teichner's home in order to complete the audits. The board questioned Mr. Sipos as to what recourse the Town had in order to obtain these records. He suggested that Bonadio report to this board as to what information Mrs. Teichner still has, followed up with a resolution requiring this information be returned to the town and if the information still isn't returned the Board could proceed with a court order. Mr. Bonadio suggested a procedure be implemented where all information is kept at the town hall. Mr. Case noted that such procedure is in place, however was not followed by the Mrs. Teichner.

Mr. Sipos stated that the Town Clerk over the past four years has been criticized for voicing opinions at town board meetings looking to see payments are made, looking at what the Supervisor has done with checks and why we haven't paid bills, and you pointed out in the Management Letter that the Town Clerk completed her duties and assigned responsibilities throughout this time frame in accordance with the Town's documented policies and procedures, particularly as it related to controls over the expenditures and disbursement of the Town. He asked Mr. Archibald if he were saying, therefore, that it is her duty to speak up and question what is going on with vouchers, what is going on with the payments, and question the supervisor and bring it to the attention of the town board? Mr. Archibald agreed that this is the duty of the Town Clerk.

Mr. Archibald continued with his review of recommendations and again reiterated that the current administration is following all the suggested recommendations made and this should be documented for future reference. He spoke to internal audits of the Court and Town Clerk's books. The court books can be done at the year end meeting as has been done in the past, by simply having the judge provide the court dockets to the board for review and signature. The clerk's records can be audited by the bookkeeper.

The Financial portion of the report was reviewed and Mr. Archibald again noted that they need to identify the unreconciled differences of Statement of activities of \$7,695 and Reconciliation of revenue, expenses and changes in fund balance of \$8,769. Mrs. Sipos indicated the figures in the Financial report are not detailed enough to complete the AUD report and referenced salaries. Mr. Archibald indicated that there are underlying details completed for salaries that she will be able to use.

Mr. Archibald and Mrs. Sipos have identified posting errors and adjustments that need to be made relating to the 2007 records in order for the audit to progress and he asked for the board's permission to allow Mrs. Sipos to make these adjustments. Carol reported that she has been working on the 2007 revenues and have identified at least 100 entries that need to be made and is not comfortable with making these adjustments without board approval. Mr. Hayssen noted that Mrs. Sipos should be compensated for the extra work and she is to keep track of her hours.

A motion by Jeff Case, seconded by Kathy Russo and so carried unanimously to allow Mrs. Sipos to make the necessary posting adjustments to the 2007 books and receive compensation for this work.

At the request of Mr. Hayssen, Mr. Archibald will supply a copy of the contractual agreement to do the 2006 and 2007 audits.

Varick Sewer District No. 2:

Mr. Hayssen received the proposals to perform maintenance on E-One pumps and pump stations from Koester Associates, Inc., Yaws Environmental Process Control, Inc and Witmer. Mr. Witmer was unable to provide a written proposal, but verbally provided Mr. Saeli a figure of \$24,000 per year to include unlimited call outs, checking the pump

station twice a week and the rebuild of 30 pumps. Anything over 30 pumps the district would be charged \$250 per pump and the district would be responsible for the cost of parts. Mr. Witmer was also willing to repair approximately 5 pumps that are currently inoperable for \$1,000. Koester Associates proposal quoted all service calls at a rate of \$100 with emergency calls after hours at the cost of \$150 per hours. They offered a preventative maintenance program to check all 215 grinder stations twice per year for the sum of \$250.00 per station. All pumps and parts are to be provided by the district. Yaws Environmental Process Control, Inc proposed a rate of \$6,000 per year with \$75 per hour per man for a call out on alarms. They will also charge \$50 per hour for pump repairs plus parts. There will be a 15% mark up fee for parts that will cover phone calls, administration fees, and shipment. These proposals will be on file in the Clerk's office.

Mr. Hayssen indicated that a long range plan would be to hire an employee of the town to perform this work. After review of 2008 expenditures, 2009 budgeted expense lines, and further comparison of services proposed by the bidders, the following motion was made:

A motion by Kathy Russo, seconded by Jeff Case and so carried unanimously to accept Yaws Environmental 2009 proposal.

It was decided to have Yaws repair the pumps that are currently inoperable.

Seneca Lake Water:

Mr. Hayssen reported that Seneca County Water District No. 1 would prefer that we replace our water meter at Kennedy Road instead of taking water usage reading from the meter Jack Holley reads. Blair Supplied provided information about a smaller meter and Mr. Hayssen suggested that it be installed at the water plant rather than at Kennedy Road. This is still up for discussion and Mr. Hayssen will be meeting with Mr. Kaiser and Jim Gabriel to discuss further options. It is the preference of the board to use the meter Jack Holley currently reads, rather than purchase another meter.

He reviewed the three out of district homes that are currently connected to the district's main and noted that perhaps two of the homes could be disconnected, but not the third. We could go ahead with charging them a unit charge, but the Town of Romulus could charge the district tax on our pipe, which we could then in return charge the Romulus residents. It again was noted that our meter at Kennedy Road does not read these homes water usage due to the slow flow and Seneca County Water District No. 1 is charging them for their water used at a higher rate than what Seneca Lake Water District charges. Mr. Sacli reported that he spoke to Dave Kaiser from the Town of Romulus and proposed a motion that the town rescind the board's motion of last month to charge these homeowners a unit charge. It was explained to Mr. Sacli that currently Seneca Lake Water District is receiving no revenue from these three homes for water or line usage and his proposed motion died for lack of a second.

Mr. Hayssen presented Seneca Lake Water District No. 1 with their quarterly billing using Jack Holley's meter to determine water usage for that quarter. He has received

payment for this bill. He also presented them with a supplemental bill for water used December 19, 2007 to September 30, 2008. He based his water usage on readings done by Jack Holley over that time period and figured the difference between his readings and the readings of the Kennedy Road meter which was not working properly. This bill is being reviewed by Seneca County Water District No. 1.

Mr. Hayssen also reported that Seneca County has been maintaining the Ross Valves which are owned by our district. Mr. Hayssen suggested transferring the ownership of this portion of the line over to Seneca County, but how to accomplish this needs to be addressed by each district's respective attorneys. It was also suggested that a check valve be installed past the Ross Valves so that water doesn't come back down the hill from the Town of Romulus into our line. It was suggested that a letter be written to Seneca County informing them they will be responsible for any water that may come into our line from the Town of Romulus and to suggest that Engineer Tim Buhl review the plans for the Ross Valve and have the Town of Romulus pick up the cost for this service.

Mr. Hayssen is also working with the Village of Waterloo to have them read all meters the same day and bill the district quarterly for water usage as we do the district users.

A motion by Jeff Case, seconded by John Saeli and so carried unanimously to approve to pay _ of John Yells cell phone usage bill to the Town of Fayette.

Town of Varick Water District No. 3 (Fayette, Varick Water District): Mr. Hayssen will need to sign the contract agreeing to use Mr. Ricci as attorney for this project. Mr. Sipos will see if the Town of Fayette is paying the same liquidated attorney fee of \$5,000 and if he can negotiate this fee.

Mr. Hayssen received a letter from Department of Agriculture and Markets which indicated that the certification submitted meets the requirement of Section 305(4)(g) and has therefore completed the filing obligation for the proposed action.

Route 89 Water: Mr. Hayssen met with Jason McCormick and they found some missing homes to add to the number of units for this district.

Assessor: A motion by Jeff Case, seconded by Richard Peterson and so carried unanimously to approve the Assessor's Report.

A copy of this report will be filed with the minutes.

Town Clerk's Report: A motion by Richard Peterson, seconded by Jeff Case and so carried unanimously to approve the Town Clerk's Report: Revenue to Supervisor: \$56.86, County Treasurer: \$4.70, State Health Department: \$45,00, Department of Conservation: \$150.75.

Supervisors Report:

Mr. Hayssen reviewed the following problems with the building:

1. Women's toilet is leaking water
2. Roof over barn is leaking
3. Back wall and side concrete wall needs repair
4. Septic tank needs to be pumped
5. Water leaking out of electrical box in bookkeepers office.
6. Gutters need to be moved further out in order to catch water off of roof and vinyl or aluminum put on fascia board

Home Solution by Aaron Pundt submitted a quote of \$2,330 to repair back wall and Mr. Hayssen received a quote of \$40 per hour from Mickey Scharertl to repair the back wall. The board approve to have Home Solutions to do the work with Mickey Scharetle as a back up if Mr. Pundt is unable to get to this in a timely manner.

Mr. Peterson received proposals from Eltec Systems and George H. Wright Company Inc. for a fire and security system. It was determined that both companies were reputable companies and the proposal by Eltec Systems provided more options at a lesser cost. This project was tabled in order to seek possible funding.

After reviewing the repair work needed to be done to the building, it was decided to add \$20,000 to the building expense line and use \$20,000 from the fund balance to offset this expense.

A motion by Jeff Case, seconded by Richard Peterson and so carried to approve amending the Tentative budget line item building expense and add \$20,000 to the original figure, and use fund balance to offset the increase.

The board reviewed the Supervisor's written report.

A motion by Jeff Case, seconded by Richard Peterson and so carried unanimously to adopt the 2009 budgets as presented.

A motion by Jeff Case, seconded by John Saeli and so carried unanimously to approve Abstract 11, General Fund, Vouchers A0008-156 to A0008-164 in the amount of \$489.20, Seneca Lake Water, Vouchers SWS08-157 to SWS08-159 in the amount of \$18,434.43, Highway, Vouchers DAO08-72 to DAO08-84 in the amount of \$41,311.31, Varick Sewer District #2, Vouchers SSS08-30 and SSS08-31 in the amount of \$9,286.50.

Old Business, New Business and Correspondence:

A motion by Jeff Case, seconded by Richard Peterson and so carried unanimously to hire Tim Buhl if necessary to complete engineering services for Seneca Lake Water District.

A motion by Jeff Case, seconded by John Saeli and so carried unanimously to appoint Alan Withers to the Assessment Board of Review for another term.

Mr. Hayssen received information from Don Russo, NYSEG regarding the lighting at the request of Marcia Altimari. The cost to the lighting district will be \$132 per year or a \$12 cost per month. Mr. Case will look further into this.

Mr. Hayssen received a water quality report from Seneca County Health Department which indicated that the quality of water is good.

Mr. Case reported that the Varick Fire Department has received a \$60,000 state grant through the office of state Senator Michael Nozzolio.

A motion by John Saeli, seconded by Jeff Case and so carried unanimously to enter into executive session regarding a personnel issue.

A motion by Jeff Case, seconded by Richard Peterson and so carried unanimously to come out of executive session.

A motion by Richard Peterson, seconded by Jeff Case and so carried to approve the minutes of October 7, 2008.

Roll Call:

Robert Hayssen	Yes
Jeff Case	Yes
John Saeli	Abstained
Kathy Russo	No
Richard Peterson	Yes
So Carried	

Mr. Case made the following statement and wanted it entered in to the minutes as follows:

If members of the town board don't stop treating people like criminals there will be nobody working for this town. We need to be more professional. Word has gotten around and people don't want to work for the town. I trust people until they prove me wrong, and so far none of the employees of the town have proved me wrong.

Mr. Hayssen commented on the hourly pump rate quoted by Yaws. Mr. Peterson preferred a flat rate so there wouldn't be such problems. We spend so much time on sewer and water. Jeff: Don't think it is fair that people are treated like criminals.

A motion by Richard Peterson, seconded by Jeff Case, and so carried unanimously to adjourn the meeting at 10:15.

Respectfully Submitted

Donna Karlsen
Town Clerk