

**MINUTES
BOARD OF FINANCE
REGULAR MEETING, OXFORD TOWN HALL
NOVEMBER 27, 2017 – 7:00 P.M.**

Present: Chairman Jack Kiley; Sue Arpin; Robert DeBisschop; Dana Flach. Also present: James Hliva, Finance Director.

Also in attendance is Sandra Weldon, Sandra E. Welwood, LLC Certified Public Accountants, to present the 2017 audit report.

Mr. Kiley introduced the Board of Finance members to new Board members, Paula Jensen and Jeff Grant.

The Regular Meeting was opened at 7:00 p.m. by Chairman Jack Kiley. The Pledge of Allegiance was recited.

3) ELECTION OF OFFICERS

Mr. Kiley noted that every two years, new officers (Chairman, Vice-Chairman and Secretary) are elected to the Board of Finance. This is a State of Connecticut regulation.

Mr. Kiley asked for nominations for the office of Chairman of Board of Finance. Ms. Arpin nominated Mr. Kiley for Chairman; Ms. Flach seconded the nomination. With no other nominations, a vote was taken.

| <u>Aye</u> | <u>Nay</u> | <u>Abstain</u> |
|----------------|------------|----------------|
| Bob DeBisschop | | |
| Dana Flach | | |
| Sue Arpin | | |
| Jeff Grant | | |
| Paula Jenson | | |

All in favor; Jack Kiley is re-elected Chairman of the Board of Finance.

The next nomination is for Vice-Chairman. Mr. Kiley nominated Ms. Dana Flach. Mr. DeBisschop seconded the nomination. With no other nominations, a vote was taken.

| <u>Aye</u> | <u>Nay</u> | <u>Abstain</u> |
|----------------|------------|----------------|
| Jack Kiley | | |
| Bob DeBisschop | | |
| Dana Flach | | |
| Sue Arpin | | |
| Jeff Grant | | |
| Paula Jenson | | |

All in favor; Dana Flach is elected Vice-Chairman of the Board of Finance.

The next nomination is for Secretary. Mr. Kiley nominated Ms. Sue Arpin as Secretary; the nomination is seconded by Ms. Flach. With no other nominations, a vote is taken.

| <u>Aye</u> | <u>Nay</u> | <u>Abstain</u> |
|----------------|------------|----------------|
| Jack Kiley | | |
| Bob DeBisschop | | |
| Dana Flach | | |
| Sue Arpin | | |
| Jeff Grant | | |
| Paula Jensen | | |

All in favor; Sue Arpin is elected Secretary of the Board of Finance.

- 4) **ACCEPTANCE OF MINUTES**
(a) September 7, 2017 Special Meeting
(b) September 19, 2017 Public Meeting
(c) September 20, 2017 Special Meeting
(d) September 25, 2017 Regular Meeting

Mr. Kiley offered the Committee members some time to review the previous meeting Minutes. Mr. Grant noted a typo in the September 19, 2017 Public Hearing Minutes in the Resolution on Page 1, first line should be **\$44,900,000**. Ms. Flach made a Motion to accept the Minutes of the above-referenced meetings as corrected. Ms. Arpin seconded the Motion. A vote was taken.

| <u>Aye</u> | <u>Nay</u> | <u>Abstain</u> |
|----------------|------------|-------------------------------|
| Jack Kiley | | |
| Bob DeBisschop | | |
| Sue Arpin | | Dana Flach (9/19/17; 9/20/17) |
| | | Jeff Grant (all Minutes) |
| | | Paula Jensen (all Minutes) |

All in favor; Motion passes and the above-referenced Minutes, with the noted change to September 19, 2017, are accepted.

Mr. Kiley explained what transpired over the above-referenced Minutes. He also gave a brief explanation and background of the purpose of the Board of Finance. The Board of Finance is the conscience of the Town. Mr. Hliva also described the BOF as providing true checks and balances. This BOF is the only Board that interacts with the Board of Education.

5) **AMENDMENTS TO THE AGENDA**

Mr. DeBisschop asked if the Board of Finance is not meeting in December then a new calendar will need to be set. If there is a meeting, it will be held on December 18, 2017. Mr. Hliva noted that the 2018 Board of Finance meetings will be held on the fourth Monday of every month unless that Monday is a holiday. Mr. Kiley made the suggestion that a tentative calendar be emailed to the Board members.

6) **AUDIENCE OF CITIZENS – N/A**

7) **OLD BUSINESS – NONE**

8) **NEW BUSINESS**

(a) Presentation of and discussion on the 2017-2018 Municipal Audit.

Ms. Sandra Welwood of Sandra E. Welwood, LLC Certified Public Accountants, began her presentation by asking if the Board of Finance members needed a review of government financial levels. Ms. Weldon provided the Board members with a handout for discussion purposes. The handout is an encapsulated explanation of the audit as it was performed as of June 30, 2017. For the benefit of the new Board members, she gave a detailed explanation of the audit. She added that Mr. Hliva was heavily involved in the preparation of the audit. In addition, the audit was performed a little earlier this year because it went very smoothly. The Board of Education Finance Director was known to Ms. Welwood and she was described as a team player.

Ms. Welwood proceeded to go through the handout prepared for discussion with explanations to the Board on an item-by-item basis. This entailed a very lengthy discussion.

The handout provided by Ms. Welwood is attached to these Minutes for review. The complete audit report is available for review on the Town website.

Ms. Welwood went on to explain that from a reporting standpoint there were no new reporting requirements. However, there will be some new reporting issues in the future, first being OPEB change. This will add additional pages because of more work by the actuary. She recommended beginning now to ascertain how the actuary will view new computations.

Capital Asset Impairments is another upcoming (FYE 2019) issue and will take additional time and work on the part of the auditors.

The definition of Fiduciary Funds will be changing and she recommended beginning some work now.

Lease accounting is the next change (FYE 2021).

Ms. Welwood continued on with her explanation on Page 2. There was a change in revenue levels. The power plant and additional \$2.1M of the teachers' retirement revenue drives the revenue. This item increased from 2016.

Debt levels are good. Debt was paid down.

Total revenues are significantly higher than budget due to the power plant. Mr. Kiley explained that amounts were taken from General Fund and put into Revenue to cover expenses in budget (\$1,221,678.00). This will make a deficit somewhere. Mr. Kiley wants to know what the true amount, i.e. true hit is, did the Town lose money? Mr. Hliva explained the figures to Mr. Kiley.

Ms. Welwood continued to the bar graph on Page 3 and began an explanation of same.

Ms. Welwood noted there were no material weaknesses, primarily due to Mr. Hliva's diligence regarding setting up procedures in the Tax Department with assistance from Ms. Flach. The reports were very good and correct and received in a timely manner. There is still some work needed to be done in the Tax Department. Mr. Kiley pointed out that this tax department position is elected and the Board's hands are tied. Ms. Flach's assistance has been invaluable. Ms. Welwood stated that State statutes say that the Town must have proper internal control in order to qualify for grants. Mr. Hliva said that the use of collection agencies have been researched to collect on unpaid taxes. Ms. Welwood said the Town is not as aggressive as other towns in obtaining payments of unpaid property taxes.

The only other item to mention is grant reporting. There are very rigid auditing rules with regard to grants. It is difficult for the Town to follow the rules without knowing the rules. Mr. Hliva prepared a report for which the Town had no previous knowledge.

In summary, \$3,874,172 went into General Fund. Town actually had a deficit for the year of (\$2,382,052).

Mr. Hliva noted one problem is no centralized reporting. Tax Collector reports to "taxpayers"; Grant Writer reports to Selectmen's Office. These should be under one financial umbrella, including the Assessor. Mr. Kiley said that his recommendation would be for a Charter change to make the Tax Collector and the Town Clerk appointed positions. Then there would be control. Ms. Welwood said this must happen to ensure internal controls.

Mr. DeBisschop asked if the recommended financial control could be accomplished through a Town ordinance by stating that the financial aspects need to be coordinated through a central organization, i.e. the Finance Department. This would be without a Charter change. Ms. Welwood stated that if internal controls are not in place it can jeopardize the Town's ability to obtain grants.

Mr. Kiley thanked Ms. Welwood for her hard work once again. At the end of her presentation, Ms. Welwood left at 8:15 p.m.

Mr. Kiley said he was pleased with the audit. He noted the three departments that overspent were the Police Department (\$173,000), the Board of Selectmen (\$23,000) and Economic Development (\$1,900).

9) **MONTHLY REPORTS** – NONE due to audit

There being no further discussion, Motion to adjourn was made by Mr. Kiley, and seconded by Mr. DeBisschop. All in favor. Meeting was adjourned at 8:20 p.m.

Respectfully submitted,

Lynnette Steeves

Lynnette Steeves, Clerk

17 DEC 11 PM 5:56
TOWN OF OXFORD, CT
Magistrate H. West
TOWN CLERK

Town of Oxford, Connecticut
Board of Finance Meeting
Discussion - For Year Ended June 30, 2017

A. General Results of the Audit

- Great Audit!! Very smooth with prompt response by all
- All areas were reviewed in detail with Jim and Board of Education items were reviewed with Olga

B. Items of Interest

- Nothing changed in financial statements in current year - changes coming in next several years
 - > OPEB changes Next year
 - > Capital asset impairments FYE 2019
 - > Fiduciary Funds FYE 2020
 - > Lease accounting FYE 2021
- Financial Highlights pages 2 to 4 of this handout

C. Opportunities for Consideration

TAX DEPARTMENT

Although not formal, procedures have been put into place including

- > Monthly reconciliation of QDS to bank statement
- > Refunds reconciled - QDS to financial system
- > Better year end reporting and generation of reports
- > Better follow up of bad addresses
- > Moving in right direction but slow

| | 2017 | 2016 | 2015 |
|------------------------------|-------------|-------------|-------------|
| Taxes receivable | 1,954,118 | 2,004,341 | 2,105,418 |
| Interest and fees receivable | 1,354,410 | 1,348,831 | 1,341,759 |
| | 3,308,528 | 3,353,172 | 3,447,177 |
| Allowance for uncollectibles | (1,954,723) | (1,975,214) | (2,037,639) |
| | 1,353,805 | 1,377,958 | 1,409,538 |

GRANT REPORTING

Certain items not followed regarding reporting once grant activity has been completed

Town of Oxford, Connecticut
Board of Finance Meeting
Financial Statement Discussion - For Year Ended June 30, 2017

1. Government-Wide Financial Information (derived from pages 5 and 6)

- Revenues exceeded expenses this year, which caused an increase in the net position balance

| | 2017 | 2016 | Change |
|------------------------|---------------|---------------|--------------|
| Revenues | \$ 59,270,354 | \$ 56,053,770 | \$ 3,216,584 |
| Expenses | 52,133,807 | 49,312,192 | 2,821,615 |
| Change in net position | \$ 7,136,547 | \$ 6,741,578 | \$ 394,969 |

- 94% of 2015 net position is invested in capital assets, net of related debt - not available for current use

| | 2017 | 2016 | Change |
|----------------------------|---------------|---------------|--------------|
| Invested in capital assets | \$ 69,570,629 | \$ 66,103,570 | \$ 3,467,059 |
| Restricted | 131,870 | 13,139 | 118,731 |
| Unrestricted | 13,103,023 | 9,552,266 | 3,550,757 |
| Total net position | \$ 82,805,522 | \$ 75,668,975 | \$ 7,136,547 |

- Debt levels (derived from page 28)

| | 2017 | 2016 | Change |
|---------------------------------|---------------|---------------|----------------|
| Year End Balance - GOB & Notes | \$ 19,022,364 | \$ 20,929,228 | \$ (1,906,864) |
| Bond Anticipation Notes (BAN's) | \$ 5,896,000 | \$ 6,238,000 | \$ (342,000) |
| Other Long-Term Obligations | \$ 7,454,815 | \$ 6,163,656 | \$ 1,291,159 |

2. General Fund Results - Budgetary Basis (derived from page 14)

| | Final Budget | Actual | Variance Positive (Negative) |
|----------------------------|-----------------|---------------|------------------------------------|
| Total revenues | \$ 44,469,733 | \$ 51,301,491 | \$ 6,831,758 |
| Total expenditures | (45,867,785) | (46,351,319) | (483,534) |
| Interfund Transfers - net | (984,000) | (1,076,000) | (92,000) |
| Net change in fund balance | \$ (2,382,052) | \$ 3,874,172 | \$ 6,256,224 |

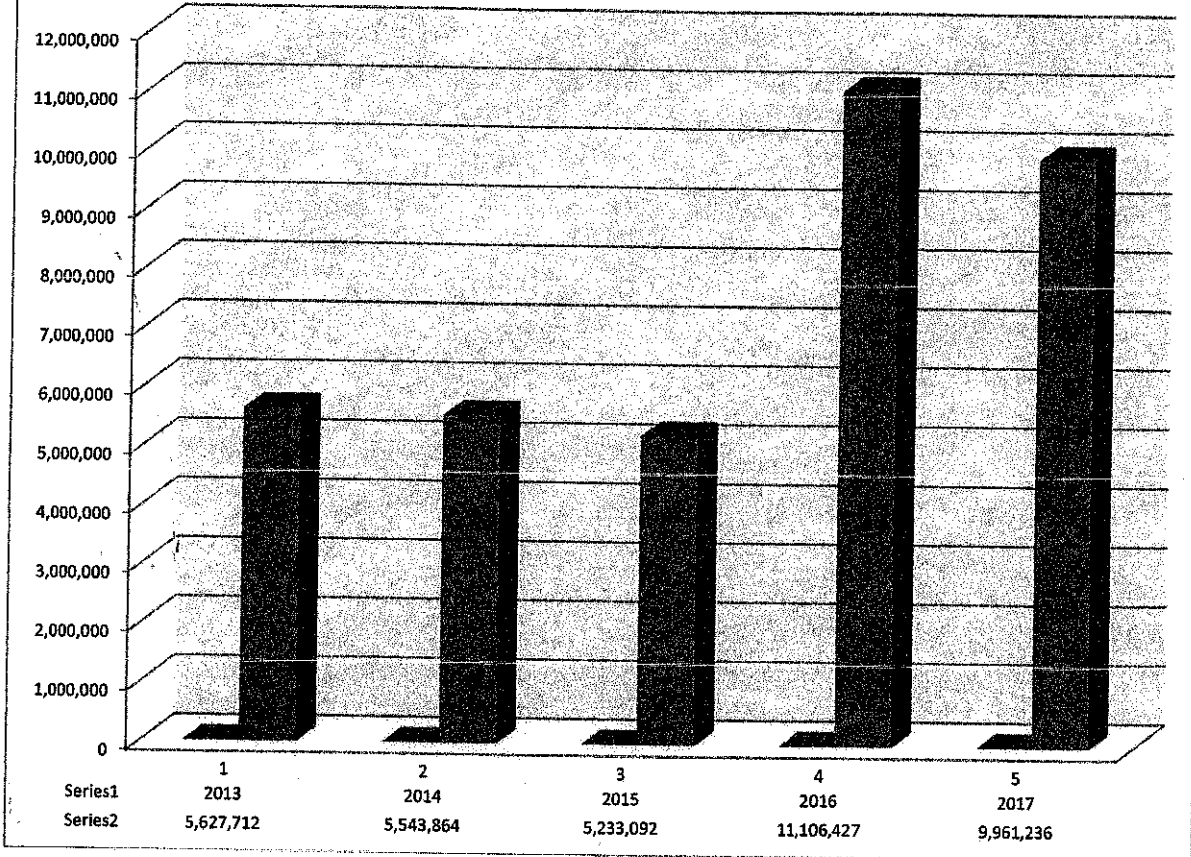
- Major variances caused by:
 - > Special transactions - power plant revenue
 - > Expenditures over budget - unbudgeted grant expenditures

3. Governmental Fund Balances (derived from pages 12 and 13)

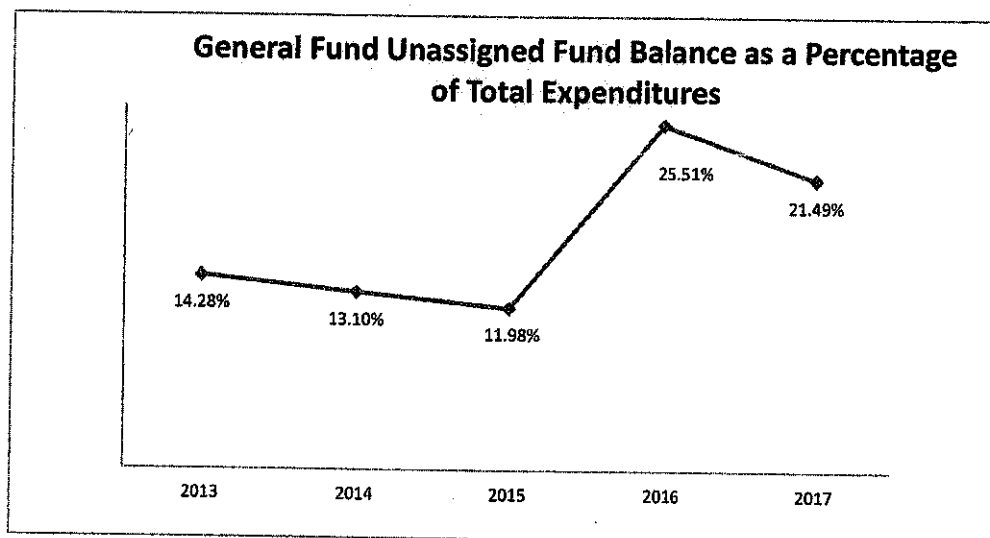
| | 2017 | 2016 | Change |
|------------------------------|---------------|---------------|---------------|
| General Fund | \$ 16,373,586 | \$ 12,332,136 | \$ 4,041,450 |
| High School Construction | 171,820 | (2,441,180) | 2,613,000 |
| High School Athletic Complex | - | (2,945,000) | 2,945,000 |
| Other Nonmajor Funds | 1,823,161 | 1,240,542 | 582,619 |
| | \$ 18,368,567 | \$ 8,186,498 | \$ 10,182,069 |

TOWN OF OXFORD, CONNECTICUT

GENERAL FUND UNASSIGNED FUND BALANCE



General Fund Unassigned Fund Balance as a Percentage of Total Expenditures



TOWN OF OXFORD, CONNECTICUT

