

**MINUTES
BOARD OF FINANCE
SPECIAL MEETING, OXFORD TOWN HALL
TUESDAY, DECEMBER 16, 2014 – 7:00 P.M.**

Present: Chairman Jack Kiley; Richard Burke; Lila Ferrillo; Tom Kelly; and Robert DeBisschop. Also present: James Hliva, Finance Director. Absent: Nancy Schmitt.

The meeting was called to order by Chairman Kiley at 7:00 p.m. and the Pledge of Allegiance was recited.

ACCEPTANCE OF MINUTES

OLD BUSINESS – None

NEW BUSINESS

- (A) The primary focus of this Special Meeting was review of the 2013-2014 municipal audit performed by Sandra E. Welwood, LLC, Certified Public Accountants. Ms. Sandra E. Welwood made the presentation to the Board of Finance, which took up approximately 1.5 hours (7:00 p.m. – 8:30 p.m.).

Sandy prepared a three-page summary of the draft audit for discussion purposes. She went through the summary, explaining the results in detail. All-in-all the town had a successful year primarily achieved through the nearly “cleaned up” receivables which were left in disarray by the previous Tax Collector.

At the end of the Summary presentation, Sandy took questions.

Mr. Kiley asked where did the \$90,000 expenditure for sheriff fees show up, and how did Public Works gain \$100,000? Sandy answered that the \$90,000 shows on Page 37 as an Actual line item under General Government. Mr. Hliva explained that the \$100,000 came in under monies that had been appropriated by the Board of Finance for road paving but then not authorized by the Board of Selectman. So there was a revenue expense and an expenditure savings. Sandy suggested in the future budgeting a situation like this as a separate line item. Mr. Hliva said it used to be done that way but became an “internal struggle” between the Board of Selectmen and the Board of Finance.

The next question was from Mr. Burke regarding the difference in Revenue total shown on Page 6 and Revenue total shown on Page 15. Sandy explained that the Page 6 amount is government-wide which includes capital assets, depreciation and includes debt, long-term debt, accrued interest. Page 15 amount is called budgetary basis; there are no real accrual, no capital assets, no long-term debt, completely different base.

Sandy referred to Page 26 which shows Teachers' on-behalf payment, which is referred to as an inter-governmental revenue. It adds to revenue as well as expenditures.

Mr. Kiley said that all revenues across town-side are recognized strictly on cash basis, not collected. Sandy said that is the difference between budgetary and government-wide. Government-wide has to be very specific with regard to accounting rules that are used. Budgetary is a "quasi-cash basis"; there are accounts payable and items. There are different collection rules.

Mr. Kiley said there is still some work to be done but receivables are getting closer to being cleaned up. Sandy addressed that comment.

Mr. Burke asked Mr. Hliva if he could do a line-by-line reconciliation between the Government-wide and the Budgetary amounts. Mr. Hliva said he could and Mr. Burke said he would be curious to see it.

Sandy continued her explanation to Mr. Burke about Teachers' on-behalf.

Mr. DeBisschop questioned the High School Construction Number on Page 3 of the Summary, asking if that is still the 4% that the State still owes Oxford. Mr. Hliva answered yes. Has an application has ever been submitted for the Athletic Complex? Mr. Hliva said he has not seen any money for this and he is not sure if Rosemary ever submitted an application. Mr. Hliva proceeded to explain the process regarding the Athletic Complex situation with comments from Ms. Ferrillo regarding the original plan.

Mr. Kelly asked if a formal request could be made as to the status of the application for the Athletic Complex, considering that Rosemary received the numbers in April but no one is sure where the project stands. Mr. Kiley suggested that Rosemary be invited to the next meeting.

Mr. Hliva had a question regarding putting additional schedules into the next audit for SECC filings. Sandy said that could be done.

Lengthy discussion between Mr. DeBisschop, Mr. Burke, Mr. Kelly, Mr. Hliva, Mr. Kiley and Sandy ensued regarding Pages 29 and 33, post-employment expenses, including medical, and the cost of budgeting same, "pay as you go", stipends paid to retirees.

Sandy continued with the report concerning the additional work regarding the property tax area, which was an expansion of the audit requested by the Town. She is very concerned with the lack of consistent process in this area. All the people involved in the property tax area need training in QDS (Quality Data System). QDS is in synch with the Connecticut statutes. After the holidays, Sharon Scinto will be taking training classes in QDS and Excel.

The next discussion concerned establishing a formal policy and process to facilitate consistent reporting, monitoring and processing of property tax transactions. Sandy recommends the Tax Collector, Tax Assessor, Finance Director and Board of Finance work together to establish formal policies and processes for collections and transactions. Mr. Burke asked if there was a town which already had an established policy that Oxford could look at rather than inventing the wheel. Sandy responded that the town needs to decide what the policy will be for each area and who will determine the policy and follow-up with each area. Mr. Kiley said someone is needed to keep track of overdues, when do liens get filed, go to collection. All procedures need to be written down, possibly hiring someone to put the procedures together and Mr. Burke agreed that someone should be hired.

Sandy gave an in-depth description of how to develop the policy and process. She said instead of a manual her preference is using bullet point high-level policy and/or a checklist. Policies and processes need to be a group effort and thought of together. As a Board, entity control is needed. Responsibility of the Board of Finance is monitoring, communicating, overseeing and reporting (dictating what needs to be seen and when in order to properly monitor). This is not management.

Sandy offered to be available for a work session meeting to get ideas for policy and process. This would be part of the audit.

Mr. Kiley is concerned that the Tax Collector is behind in the most recent year (2012); Mr. Hliva will check with Ms. Scinto to see if she is caught up.

(B) Appropriation of \$3600 for stipend for Web Site Coordinator.

Ms. Ferrillo asked if \$3600 was the same amount Margaret West would be paying into her medical insurance.

Mr. Kiley moved to not approve this appropriation; Mr. DeBisschop moved to approve. Mr. Kiley asked to have a discussion. Discussed ensued regarding the new Town website and subsequent changes with Mr. Kelly, Ms. Ferrillo, Mr. Burke and Mr. Kiley. Mr. Hliva called former website coordinator who said he could reinstate the old website at no cost to the Town. Mr. Kiley said that the \$3600 appropriation would not be necessary if the Board of Finance thought that a recommendation be made to go back to the old website. He said that people are just being paid extra to do a job; there is time in the Town Clerk's office for the website to be maintained. Mr. Hliva said he wanted it stated for the record that Mr. Kiley asked him to call the previous web coordinator and so he did that. Mr. Burke asked who suggested the stipend; Mr. Kelly responded that it was the Margaret West. Ms. Ferrillo asked if a stipend had ever been paid before and Mr. Kelly said yes. Mr. Kelly proceeded to explain the difference between the old website and the new website, i.e. documents were sent to an outside party for that party to upload documents to the website; the new website made it easier for each department to post their own documents.

Mr. Burke suggested tabling the item and bringing someone in to discuss the concerns of the new website. Mr. Kelly recommended going back to the old website.

Mr. Kelly questioned why is a coordinator needed at a monthly stipend, if the new system is supposed to work so that departments could upload their own documents?

Motion made by Ms. Ferrillo to table this item to see what other options are; seconded by Mr. Kelly. Motion passed.

Mr. Kelly asked Mr. Kiley to send a letter to Website Committee to have them provide explanation and to ask about reverting to old website.

(C) Transfer for Open Burning Wages

Scott Pelletier is claiming that he did not receive wages of \$700 in 2013 and \$700 in 2014. Mr. Kelly recalls when open burning was moved over to Fire Marshal BOF moved \$3300 and Mr. Pelletier was promised \$4000 by the First Selectman Temple. BOF said no to the \$4000 but Mr. Pelletier believed it was part of his compensation.

Mr. Pelletier believed that it was standard procedure that fire marshal keeps blasting fees and he was told that this was the case. Mr. Kelly told Mr. Pelletier that if he turned the blasting fees over to the Town, a deal would be made for him to be paid what Mr. Temple promised him. Ms. Ferrillo explained how and why blasting fees were retained by fire marshal. Once fire marshal is a town employee, blasting fees should be turned over. Ms. Ferrillo wants to see something in writing that states blasting fees are retained by fire marshal. Mr. Kelly said there have been no reports from fire marshal on how many blasting permits were issued. Discussion ensued about this issue and compared the procedure now versus procedure when Mr. Palmer was fire marshal.

Fire Marshal position is State sanctioned; does State say Fire Marshal handles blasting permits?

Ms. Ferrillo pointed out that Mr. Pelletier is Fire Chief, Fire Marshal, car, insurance, free gas, back-up for WPCA, doesn't answer to anyone or punch a time clock; blasting fees are collected in name of the Town.

Mr. Kelly will not vote for additional funding. Mr. Pelletier will be at next BOF meeting. Mr. Kiley wants an understanding that all blasting fees be turned into the Town. Mr. Kelly said that Mr. Kiley should send a letter to Mr. Pelletier with a copy First Selectman and Town Council.

Mr. Kelly made the motion to not approve paying Mr. Pelletier; motion seconded by Mr. Burke. All approved; Motion passed.

Mr. Burke, however, said he would feel more comfortable tabling the issue and discussing it in Mr. Pelletier's presence. He rescinded his vote and Mr. Kelly seconded the rescission. All approved; motion passed.

Mr. Burke made a motion to table the issue and invite Mr. Pelletier to a meeting to discuss it. Mr. Kelly seconded the motion. All approved; motion passed.

Discussion ensued with Mr. Kelly and Ms. Ferrillo about requesting financial report on blasting revenues and any other inspections.


ADJOURNMENT

There being no further discussion, motion was made to adjourn by Mr. Kelly, seconded by Ms. Ferrillo. All approved; motion passed. Meeting was adjourned at 9:15 p.m.

Next Regular Meeting scheduled for Monday, January 26, 2015, 7:00 p.m.

Respectfully submitted,


Lynnette Steeves

15 JAN -5 PM 5:46
TOWN OF GORDON, CT

TOWN CLERK

Town of Oxford, Connecticut
Board of Finance Meeting
Discussion - For Year Ended June 30, 2014

1. General Results of the Audit

- Extremely smooth audit - Jim and Rosemary outdid themselves!
- All personnel were very responsive to our requests with all information requested provided to us
Very much appreciated and created a great team effort - always a positive
- All areas were reviewed in detail with Jim and Board of Education items were reviewed with Rosemary

2. Items of Interest

- One Change to Financial Statements - recorded interest and lien fees receivable with estimated allowance for uncollectible amounts (derived from page 27)

| | |
|--|----------------------------|
| Property taxes | \$ 2,117,823 |
| Interest and fees receivable on delinquent taxes | 1,339,870 |
| Gross receivables | <u>3,457,693</u> |
| Less: allowance for uncollectible accounts | (1,986,415) |
| Net receivables | <u><u>\$ 1,471,278</u></u> |

- Financial highlights - pages 2 and 3 of this summary

3. Opportunities for Consideration

- A** NO material weaknesses or significant deficiencies noted
- B** Property taxes - requires consistent and formal policies and processes
Standard process and year end process (including reporting)
Better communication among departments
Proper recording and reconciliation in QDS
Details per additional handout

Town of Oxford, Connecticut
Board of Finance Meeting
Financial Statement Discussion - For Year Ended June 30, 2014

1. Government-Wide Financial Information (derived from pages 10 and 11)

- Reminder that government-wide information is on a full accrual basis of accounting with all assets and liabilities included and which excludes fiduciary funds
- Revenues exceeded expenses this year, which caused an increase in the net position balance

| | 2014 | 2013 | Change |
|--------------------------------|----------------------|----------------------|---------------------|
| Revenues | \$ 48,112,059 | \$ 45,948,868 | \$ 2,163,191 |
| Expenses | 46,635,133 | 44,078,266 | 2,556,867 |
| Change in net position | 1,476,926 | 1,870,602 | (393,676) |
| Beginning net position balance | 70,256,547 | 68,385,945 | 1,870,602 |
| Ending net position balance | <u>\$ 71,733,473</u> | <u>\$ 70,256,547</u> | <u>\$ 1,476,926</u> |

- 89% of 2014 net position is invested in capital assets, net of related debt - not available for current use

| | 2014 | 2013 | Change |
|----------------------------|----------------------|----------------------|---------------------|
| Invested in capital assets | \$ 64,197,589 | \$ 62,767,865 | \$ 1,429,724 |
| Restricted | 131,342 | 10,410 | 120,932 |
| Unrestricted | 7,404,542 | 7,478,272 | (73,730) |
| Total net position | <u>\$ 71,733,473</u> | <u>\$ 70,256,547</u> | <u>\$ 1,476,926</u> |

- Debt levels (derived from pages 29 and 30)
Pay down of existing debt (normal annual required)

| | 2014 | 2013 | Change |
|---------------------------------|----------------------|----------------------|-----------------------|
| Year End Balance - GOB & Notes | <u>\$ 24,766,853</u> | <u>\$ 26,804,955</u> | <u>\$ (2,038,102)</u> |
| Bond Anticipation Notes (BAN's) | <u>\$ 6,677,000</u> | <u>\$ 6,664,000</u> | <u>\$ 13,000</u> |

Town of Oxford, Connecticut
Board of Finance Meeting
Financial Statement Discussion - For Year Ended June 30, 2014

2. General Fund Results - Budgetary Basis (derived from page 15)

- Reminder the budgetary basis uses the current financial resources measurement focus and does not include the effects of recognizing all assets and liabilities

| | Final Budget | Actual | Variance Positive (Negative) |
|----------------------------|-----------------|---------------|------------------------------------|
| Total revenues | \$ 41,887,103 | \$ 43,158,488 | \$ 1,271,385 |
| Total expenditures | (42,238,318) | (42,321,173) | (82,855) |
| Interfund Transfers - net | (634,000) | (609,563) | 24,437 |
| Net change in fund balance | \$ (985,215) | \$ 227,752 | \$ 1,212,967 |

- Although individual line items on page 15 show variances, in total the results in the General Fund is under budget for total revenue and over budget for total expenditure lines
 - > Property taxes \$403,018 better than budget - \$600,000 back taxes received offset by under budget of \$178,779 current taxes
 - > Intergovernmental grant revenues were \$568,956 greater than budgeted because grants in lieu of taxes, special education, and other grants were not budgeted. Offsetting the special education grant revenue, is \$467,203 of unbudgeted expenditures.
 - > Licenses and permits were greater than anticipated in the amount of \$274,414 for all line items
 - > Expenditures worse than budget because of the \$90,000 sheriff fees related to collection of the back taxes and unbudgeted special education expenditures of \$467,203 mentioned above, offset by public works maintenance better than budget by \$100,130, and employee benefits better than budget by \$163,053

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

- Governmental fund balances are set forth below

| | 2014 | 2013 | Change |
|------------------------------|--------------|--------------|--------------|
| General Fund | \$ 6,355,464 | \$ 6,127,712 | \$ 227,752 |
| High School Construction | (2,661,180) | (2,766,180) | 105,000 |
| High School Athletic Complex | (3,086,635) | (2,407,701) | (678,934) |
| Other Nonmajor Funds | 232,549 | 13,866 | 218,683 |
| | \$ 840,198 | \$ 967,697 | \$ (127,499) |

- The unassigned portion of the General Fund balance is \$5,543,864, which is approximately 13% of current year expenditures - prior year was \$5,627,712, which was approximately 14% of prior year expenditures



MEMORANDUM

DATE: December 11, 2014
TO: Jim Hliva, Finance Director
FROM: Selectmen's Office
RE: Board of Selectmen Action Items

At the Board of Selectmen's Meeting of 12/3/14 the Board moved to:

- Approve the Interlocal Contract for Cooperative Purchasing and authorize the First Selectman to sign; as presented and recommended by the Finance Director.
- Appoint Margaret West as the Interim Web Site operations Coordinator and approve a stipend of \$3,600 per year or \$300 per month.

At the Board of Selectmen's Meeting of 12/17/14 the Board moved to:

Meeting was canceled

Should you have any questions please do not hesitate to contact this office.

/kmw



TOWN OF OXFORD

**S.B. Church Memorial Town Hall
486 Oxford Road, Oxford, Connecticut 06478-1298**

To: Board of Selectmen

From: Finance Director Hliva

Subject: Funding for Open Burning Official. *J. Hliva*

There is a request for \$1,442 on your agenda to rectify the issue with the Open Burning Officials compensation.

There is funding available in the Insurance account. The account number is 1-5365-641-5366.

Last July the insurance was switched for the Fire Department to a new carrier. The switch resulted in a savings on over \$5,000

I am recommending that the transfer for the wages of Open Burning Official come from the Insurance account 1-5365-641-5366 in the amount of \$1,442



MEMORANDUM

DATE: September 18, 2014
TO: Scott Pelletier, Fire Marshal
FROM: Selectmen's Office
RE: Appropriation for Open Burning Official

At the Board of Selectmen's meeting of 9/18/14 the Board moved to approve an appropriation, in the amount of \$1,442.00 for the Opening Burning Official position, as requested by the Fire Marshal in his letter dated 8/19/14. It was noted that this position was paid \$700.00 for FY 12-13. In FY 13-14 this position was not paid. In that same fiscal year, non-union positions were given an increase. If this position was paid, it would have received \$721.00. In FY 14-15 no increases were given, so this position would have still been paid \$721.00. The last two fiscal years total \$1,442.00. This matter will be forwarded to the Board of Finance.

Should you have any questions please feel free to contact this office at your earliest convenience.

/kmw