

**MINUTES  
BOARD OF FINANCE  
REGULAR MEETING, OXFORD TOWN HALL  
NOVEMBER 28, 2016 – 7:00 P.M.**

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

Also in attendance is Sandra Weldon, to present the audit report.

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

- 3) **Acceptance of Minutes**  
    (a) **October 17, 2016 Special Meeting**  
    (b) **October 24, 2016 Regular Meeting**  
    (c) **November 15, 2016 Special Meeting**

Mr. Kiley offered the Committee members some time to review the previous meeting Minutes. With no comments, Mr. Kelly made a Motion to accept the Minutes of the above-referenced meetings; Mr. DeBisschop seconded the Motion. A vote was taken.

<u>Aye</u>	<u>Nay</u>	<u>Abstain</u>
Tom Kelly		Lila Ferrillo (10/24/16 meeting)
Jack Kiley		
Bob DeBisschop		
Dana Flach		
Sue Arpin		

All in favor; Motion passes and the Minutes are accepted.

- 4) **Amendments to the Agenda**

Mr. Kiley made a Motion to add an item for discussion after New Business Items (a) and (b). An issue has arisen regarding the fire truck which Mr. Kiley feels should be discussed. Ms. Flach made a Motion to add an item for discussion; Mr. Kelly seconded the Motion. A vote was taken.

<u>Aye</u>	<u>Nay</u>	<u>Abstain</u>
Tom Kelly		
Lila Ferrillo		
Jack Kiley		
Bob DeBisschop		
Dana Flach		
Sue Arpin		

All in favor; Motion to add an item for discussion under New Business passes.

- 5) **Audience of Citizens** – N/A
- 6) **Old Business** – NONE
- 7) **New Business**

(a) Presentation of and discussion on the 2015-2016 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. The Board agreed that they are aware and did not need an explanation. Ms. Weldon provided the Board members with a handout for discussion purposes. The handout is an encapsulated explanation of that audit as it was performed. She said this year's audit was a tough one because of the additions. There were also some issues with the Tax Department which she will review at the end of her presentation. She added that Mr. Hliva was heavily involved in the preparation of the audit. Confirmation procedures were performed this year in the Tax Department. Planning & Zoning Department was selected this year to perform additional audit work. State of Connecticut had errors with the retirement account and the Town's retirement had to be restated.

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.

Mr. Kiley believes that a lot of time was put into pension funds accounting which might lead to some confusion. Ms. Welwood was inclined to agree.

Ms. Welwood went back to the first page of the handout to discuss Item C-Small Cities Program. The Small Cities Program is a unique federal grant and the recommendation is made that Mr. Hliva establish a special fund for this grant. Mr. Hliva explained the housing grant.

She also noted that important financial documents (i.e. the housing grant documents) were not readily available for the auditor. Ms. Welwood recommended that these documents be maintained in a centrally located area at Town Hall. Mr. Kelly made a suggestion that a plan be put in place going forward to have all these documents kept in one place at Town Hall. This item initiated a discussion among the Board members about how this Small Cities Program is run and how it, and future grants, should be run in the future.

The next item was regarding the additional audit process of the Planning and Zoning Department. It was discovered that certain additional costs incurred in the department are not being billed back to the applicant (person applying for permits).

Ms. Welwood discussed the State Single Audit. The State is starting to get annoyed with towns not preparing their own schedules rather they have auditors prepare the schedules. This is a brief explanation of what the State is looking for.

Mr. Kelly stated that Ms. Flach, Mr. Hliva and he have met with the Tax Collector and also the First Selectman to try to institute standards in the Tax Department, including foreclosures, use of marshals, and sale of properties.

Ms. Flach wants the Assessor's office to research properties that have no house numbers or are just listed as properties, but with no actual ownership. This would encourage collection of uncollected taxes and/or foreclosures and/or sales.

Ms. Welwood had to make the Town of Oxford Tax Department a "material weakness". There has been no improvement in the department since last year's audit. She delved into a very lengthy detailed explanation of problems in the Tax Department. She also believes that QDS codes are not being entered accurately. After this explanation, Ms. Welwood recommended that going forward "the Tax Collector, Tax Assessor, Finance Director and Board of Finance work together to establish a formal policy and process to facilitate consistent reporting, oversight, monitoring, and processing of property tax transactions assessed/collected, including procedures related to delinquent accounts." She listed what these policies and procedures should contain.

Ms. Flach made the recommendation of making the Tax Collector title a figurehead, i.e. funding a stipend and then hiring someone to do the job. Can the salary be lowered in the next budget? Ms. Ferrillo made the suggestion that the Tax Collector should be called in for an Executive Session with the Board of Finance and the First Selectman and set out the issues. Town Counsel should also be present.

Ms. Welwood told the Board of Finance that the State of Connecticut will be contacting the Town for an action plan with regard to the Tax Department.

Mr. Hliva pointed out that some projects ran between two fiscal years (Tetlak Park, ICE grant, ambulance chase car) and were listed as encumbrances. Ms. Welwood informed Mr. Hliva that the Town cannot have encumbrances so some projects were moved over to Capital Nonrecurring. Mr. Hliva will come back to the BOF for approval.

(b) Approval of Library Building Committee to spend over \$2.8MM up to the Bond authorization of \$3.5MM

Mr. Kelly reiterated that at the bond hearing when \$2.8MM had been reached the Library Building Committee will return to the Board of Finance, but now the figure is \$3.5MM. Mr. Hliva discussed the issue with the library basement, that being, no alternate ingress/egress, no elevator, no handicap access. Mr. DeBisschop made the Motion to approve the appropriation of \$3.5MM to the Library Building Committee; Ms. Flach seconded the Motion. A vote was taken.

Aye

Jack Kiley  
Bob DeBisschop  
Dana Flach  
Sue Arpin

Nay

Tom Kelly  
Lila Ferrillo

Abstain

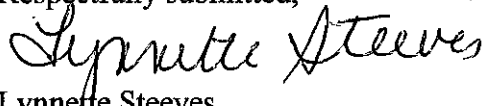
All in favor; Motion passes and appropriation is approved.

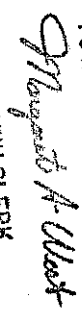
As an Amendment to the Agenda, Mr. Kiley brought up the issue of the fire truck. At the Board of Selectmen meeting, they approved for \$802,000 to Center Fire Company for the Engine No. 41. There was no discussion on how this would be financed, but it would be sent to the Board of Finance for approval. This opened up discussion among the Board of Finance members.

8) **Monthly Reports** – NONE due to audit

There being no further discussion, Motion to adjourn was made by Ms. Flach, and seconded by Mr. Kelly. All in favor. Meeting was adjourned at 8:45 p.m.

Respectfully submitted,

  
Lynnette Steeves  
Clerk

16 DEC - 7 PM 2:19  
TOWN OF OXFORD, CT  
  
TOWN CLERK

**Town of Oxford, Connecticut**  
**Board of Finance Meeting**  
**Discussion - For Year Ended June 30, 2016**

**A. General Results of the Audit**

- Tough audit with so many special transactions and tax issues - Jim assisted with providing additional information Jim's help was 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
- Performed special additional procedures in the tax department area and performed confirmation procedures
- Selected Planning & Zoning department to perform additional audit work - see section C below

**B. Items of Interest**

- Continued issues with CT Municipal Retirement - required restatement of Net Position  
Page 11 of report reduces opening net position                      \$        652,122
- Implemented GASB #72 - Fair Value Measurements - No effect for Town, except added disclosure - bottom of page 27 - levels of hierarchy for determining fair value  
Town has only level one - quoted market price
- The revenue from cell tower lease - recognized in governmental funds but deferred to be amortized over life of lease in the government-wide statements
- Added new schedules - pages 62 through 65
- Financial Highlights page 2 of this handout

**C. Opportunities for Consideration**

**TAX DEPARTMENT**

Material weakness regarding tax department noted - see page 3 of this handout

**SMALL CITIES PROGRAM**

- > Recommend establish special fund for this long-term grant project
- > Recommend that mortgages, invoices, and all other grant documents be maintained at Town Hall
- > More oversight from Town is suggested to ensure program is operating in accordance with grant terms and within grant time period

**PLANNING AND ZONING DEPARTMENT**

- > Certain additional costs incurred are not being billed back to the applicant

**STATE SINGLE AUDIT (Source State Compliance Supplement)**

The auditee is responsible for the preparation of the Schedule of Expenditures of State Financial Assistance and the independent auditor is responsible for issuing an opinion on whether the Schedule is presented fairly in all material respects in relation to the auditee's financial statements taken as a whole. The independent auditor also has the responsibility under the State Single Audit (SSA) Act to determine the major state programs (an important aspect of conducting a State Single Audit); the Schedule of Expenditures of State Financial Assistance serves as the primary basis for the auditor making that determination. Therefore, appropriate major program determination by the auditor is highly dependent on the accuracy and completeness of the information that makes up the Schedule of Expenditures of State Financial Assistance.

**Town of Oxford, Connecticut**  
**Board of Finance Meeting**  
**Financial Statement Discussion - For Year Ended June 30, 2016**

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

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

	2016	2015	Change
Revenues	\$ 56,053,770	\$ 48,789,742	\$ 7,264,028
Expenses	49,312,192	46,835,116	2,477,076
Change in net position	\$ 6,741,578	\$ 1,954,626	\$ 4,786,952

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

	RESTATED		
	2016	2015	Change
Invested in capital assets	\$ 66,103,570	\$ 65,268,951	\$ 834,619
Restricted	13,139	120,688	(107,549)
Unrestricted	9,552,266	3,537,758	6,014,508
Total net position	\$ 75,668,975	\$ 68,927,397	\$ 6,741,578

- Debt levels (derived from pages 29 and 30)

	2016	2015	Change
Year End Balance - GOB & Notes	\$ 20,929,228	\$ 22,670,312	\$ (1,741,084)
Bond Anticipation Notes (BAN's)	\$ 6,238,000	\$ 6,285,000	\$ (47,000)
Other Long-Term Obligations	\$ 6,163,656	\$ 5,304,205	\$ 859,451

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

	Final Budget	Actual	Variance Positive (Negative)
Total revenues	\$ 43,271,215	\$ 51,523,634	\$ 8,252,419
Total expenditures	(45,386,091)	(43,545,934)	1,840,157
Interfund Transfers - net	-	(1,742,740)	(1,742,740)
Net change in fund balance	\$ (2,114,876)	\$ 6,234,960	\$ 8,349,836

- Major variances caused by:
  - > Special transactions, power plant revenue, cell tower revenue, and sale of land
  - > Expenditures better than budget capital expenditures approved not expended

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

	2016	2015	Change
General Fund	\$ 12,332,136	\$ 6,097,176	\$ 6,234,960
High School Construction	(2,441,180)	(2,551,180)	110,000
High School Athletic Complex	(2,945,000)	(3,079,699)	134,699
Other Nonmajor Funds	1,240,542	736,623	503,919
	\$ 8,186,498	\$ 1,202,920	\$ 6,983,578

- The unassigned portion of General Fund balance is \$11,106,427, which is 25.5% of current year expenditures compared to prior year of \$5,233,092, which is approximately 12% of prior year expenditures.

## Tax Collections, Reporting, and Processes

We noted the following in connection with our audit of the property tax area:

- The total delinquent property tax balance includes errors and other changes, which should have been adjusted at June 30, 2016.
- Our current year-end audit work was hindered by incorrect reports being run from the Quality Data System (QDS). This required numerous "reruns" of the reports during the audit and ultimately required manual corrections to accomplish year-end reporting requirements.
- Certain standard QDS reports did not agree among the various QDS reports and required significant research and reconciliation.
- Delinquent accounts sent to the State Marshal for follow up are not properly controlled, monitored, or tracked as to status or even exactly what was sent to the State Marshal.
- Our testing of delinquent tax account addresses disclosed instances where the addresses did not agree to the assessment records.
- We noted the following in connection with our review of the details of the delinquent tax accounts:
  - (a) many accounts with multiple addresses for the same taxpayer,
  - (b) one instance in which there was no address at all in the QDS system,
  - (c) many delinquent accounts in which no taxes have been paid for at least the most recent fifteen year period and therefore, the earliest years are not reflected in the tax report, and
  - (d) several delinquent tax accounts in which the Town of Oxford was listed as the taxpayer.

In addition, we judgmentally selected a sample of delinquent tax accounts at June 30, 2016, to confirm directly with the taxpayer. Our sample represented 47.9% of the dollars that were delinquent at June 30, 2016. The total number of our sample was 51 taxpayers. Our confirmation audit procedures disclosed the following:

### Dollars Confirmed

- \$75,810 (7.9% of sample) returned without exception
- \$98,515 (10.3% of sample) returned by post office as undeliverable
- \$12,384 (1.3% of sample) returned with exception (taxpayer indicated the property had been conveyed to the Town)
- \$774,225 (80.6% of sample) in which there was no response received from the taxpayer

### Number Confirmed

- 3 (5.9% of sample) returned without exception
- 7 (13.7% of sample) returned by post office as undeliverable
- 1 (2.0% of sample) returned with exception (taxpayer indicated that the property had been conveyed to the Town)
- 40 (78.4% of sample) in which there was no response received from the taxpayer

We recommend the Tax Collector, Tax Assessor, Finance Director, and Board of Finance work together to establish a formal policy and process to facilitate consistent reporting, oversight, monitoring, and processing of property tax transactions assessed/collected, including procedures related to delinquent accounts.

The formal policy and process should contain:

- 1) identification of consistent processes to be performed;
- 2) documentation of the monitoring, reporting, and oversight to be completed, and
- 3) guidance related to:
  - a) the proper review of reconciliations,
  - b) process to timely correct errors, changes, and other items
  - c) special payment arrangements,
  - d) additional billing reminders,
  - e) returned billings with incorrect addresses,
  - f) unreported personal property,
  - g) overpayments,
  - h) use of third-party collection services,
  - i) process for sending to State Marshal for follow up,
  - j) write-offs to suspense,
  - k) legal proceeding requirements, and
  - l) year-end close processes.

16 DEC -7 PM 2:20  
TOWN OF OXFORD, CT  
*Margaret A. Clark*  
TOWN CLERK