

**Board of Finance
Regular Meeting
Tuesday, January 13, 2015
MINUTES**

Present: Board of Finance Members Reggie Smith, Ben Witte, Dan Charest, Steve Tuxbury; Alternate members Bill Coates, Steve Roth; First Selectman Dan Jerram, Treasurer Gordon Ross, Bookkeeper Annie Witte, Members of the public Jack Casey, Alesia Kennerson, Joe Toro; Member of the Press Katherine Boughton; Administrative Assistant Christine Hayward.

Members Absent: Jim Fitzgerald (Chairman); Maria Moore.

Board of Finance member Reggie Smith called the meeting to order at 7:00 PM and announced that Chairman Fitzgerald was away on business matters and was unable to attend the meeting. Mr. Fitzgerald had requested that Mr. Smith lead the meeting in his absence, therefore Mr. Smith asked for a motion to confirm this appointment.

MOTION: by Charest to appoint Reggie Smith to serve as Chairman for the meeting, seconded by Witte.

Unanimous.

Seating of Alternates:

Acting Chairman Smith seated Alternate member Bill Coates for absent member Fitzgerald and then stated that Ms. Moore's absence would not be filled due to not being able to seat a Republican for a seat held by a Democrat.

Adoption of Agenda:

Mr. Smith asked if anyone wished to make changes to the posted agenda.
No changes/revisions.

Opportunity for Public Comment:

No comments

Approval of Minutes:

MOTION: by Tuxbury to approve the minutes dated December 9, 2014 minus the commentary that was attached by Member Moore; seconded by Coates.

Discussion followed regarding this motion with Member Charest asking what the commentary was that member Tuxbury was referring to. Acting Chairman Smith replied that at the close of the December 9, 2014 meeting, Member Moore distributed to all Board of Finance members a letter she had written regarding her concern expressed several meetings ago with respect to town hiring practices. She verbally requested that this letter be attached to the minutes as correspondence. Smith noted that this letter follows a series of events and discussions that have occurred regarding the subject by Member Moore. It has been her wish to have comments

she made included as part of the formal record of recent Board of Finance meetings. To date, there have not been any modifications to past minutes approved by this Board. Member Witte asked for clarification of the motion, stating that removing the letter would require an amendment to the minutes, not an approval of the minutes. He further stated that the letter was included as an attachment to the minutes following consultation with personnel at the office of the Freedom of Information Commission. Witte noted that he had requested that Administrative Assistant Hayward contact that office to seek their counsel regarding the matter. He stated that the advice was to include the letter, therefore, he requested that the recording secretary attach the letter to the minutes. Mr. Witte recommended that the letter remain as part of the record and urged that they “let it die.” Smith countered that there was no discussion of the letter and commented that the letter was misdirected, adding that hiring is an operations matter and operations are not within the jurisdiction of the Board of Finance but lie with the First Selectman. Mr. Smith supports removing the letter and moving it to the Board of Selectmen as correspondence, thereby directing it to where it needs to be. Member Tuxbury stated his concern that accepting such correspondence into the record of the Board of Finance might set a precedent for being able to include commentary into minutes that has already been rejected by a majority of members. He asked, “Are we all going to write our own minutes?” Discussion ended and Tuxbury revised his motion:

MOTION: by Tuxbury to amend the minutes dated December 9, 2014; removing the letter that was attached as part of the record. Seconded by Smith.

AYE: Coates, Tuxbury, Smith OPPOSED: Charest ABSTAIN: Witte

MOTION: by Witte to approve the minutes as amended, seconded by Coates.

AYE: Coates, Tuxbury, Witte, Charest, Smith

Mr. Smith handed the letter to Administrative Assistant Hayward and requested that she see to it that it be placed as Correspondence on an agenda of a future Board of Selectmen meeting.

Annual Town Audit Report, Fiscal Year Ending June 30, 2014 – presentation by King, King & Associates, CPAs

NOTE: The audit is not included as an attachment to these minutes, but is filed and available for review upon request in the Office of the Town Clerk.

Acting Chairman Smith introduced Auditors Christopher King and Debbie Franklin, stating that they were present to answer questions related to the annual audit report. Mr. King began the presentation by explaining the thresholds that determine the type of audit that is required. Expending/receiving of federal or state grants in excess of \$500,000 in one year mandates a Federal Single Audit; expending/receiving more than \$300,000 in State funds requires a Single State Audit.

Mr. King stated that the audit of fiscal year 2013-2014 resulted in only one “finding.” King noted that due to the changes/challenges the recreation department faced during the 2013-2014 season, it seemed prudent for the

auditors to focus on that department. A review of the financial transactions of the recreation department showed that the recreation software is not “tied” to the general ledger. Transactions in the recreation department software are completely separate from the accounting software the Town uses. Information is not shared between the two software programs. They are stand-alone, which requires additional exchange of information between the recreation department and the bookkeeping office in order to accurately record transactions. Revenues from various sources were not tracked appropriately. Cash deposits consisted of a combination of various programs, with no accounting of what each program specifically contributed to the deposit. Board of Finance member Charest asked if there were specific funds that were in question. Ms. Franklin explained that things like camp registrations or fees collected for individual programs were not clearly reconciled to show the number of participants times the fees charged to insure that all of the proceeds were collected. First Selectman Jerram clarified that it was common practice to have a group of checks or cash be brought into the bookkeeping department without a specific break down of number of participants and fees charged; these monies would be labeled “camp fees” and deposited as such. The bookkeeper was not responsible for tracking the specifics of each deposit; assuming that was being done at the department level. First Selectman interjected that he wished to remind those present that the current Recreation Director had come on board after the summer and therefore this finding was not a direct reflection of her work. He noted that she is aware of the finding and is working to put accurate systems in place. Auditor Franklin added that she had discussed the issue with the current Recreation Director who had shown her that she was using the recreation software as designed and was entering data into the system in order to improve record-keeping. Ms. Franklin was confident that there would be greater controls implemented during this next year. Mr. King highlighted some specific areas of the audit. He noted that upon initial review, it would appear that the Board of Education budget was over expended; however, that is not the case. There were additional revenues received that offset some expenses. Mr. King commented that the WPCA was fortunate to have excess Grant Revenue that put their finances into a positive direction. He noted that they ‘are bringing in less than they are expending,’ but overall are headed in the right direction. King noted that there had been significant changes in the GASB procedures guiding governmental pension plans. He commented that the actuarial firm contracted by the town to manage the plan was exceptional in providing the information needed to review the fund. The auditors explained that there have been changes in the way Capital funds are designated and tracked for accounting purposes. Overall, the Town continues to be in compliance with accounting principles currently in place. The auditors answered questions posed to them by Board members and at the conclusion of their presentation, Acting Chairman Smith thanked the auditors for attending the meeting.

Bookkeepers Report:

Bookkeeper Annie Witte stated that taxes are continuing to be collected and that the Tax Collector reports that her collection rate is at 63.56% to date. The revenue and expenditures to date were distributed to all Board of Finance members, with no questions regarding the content expressed.

Treasurers Report:

Treasurer Gordon Ross ‘passed’ on presenting a report, stating that he was prepared to respond to a request made by Mr. Fitzgerald regarding reporting of financials. Mr. Ross stated that he would hold off on his presentation until Mr. Fitzgerald was present, since he was the one who had made the specific request.

First Selectman’s Report:

First Selectman Jerram stated that he was happy with the results of the current audit and thanked the auditors for their work. Jerram noted that budget season was now beginning and stated that he was completing budget letters to individual departments.

Jerram informed the Finance Board members that both he and Selectman Kennerson had attended a seminar on Saturday regarding municipal budgets. A recommendation made at that meeting was that budgets should include a line item for accrued time payouts. This is often an unbudgeted expense that can negatively impact expenses. Additionally, capital planning should include regular replacement of vehicles. Jerram stated that discussion also occurred regarding establishment of “sinking funds” that could then be used to cover large, unanticipated expenses such as accrued time pay-outs. These funds could be established as a non-governmental fund that would be available to use when needed. Excess revenues and unexpended budgetary funds could be set aside and deposited into this fund. Mr. Witte commented that if sinking funds are to be established, this is the time to put ideas into action since it is the beginning of the budget season. He noted that if sinking funds were created, excess revenues and budget surpluses from one year would not be available to be used to offset the following year’s budget. Another point made at the seminar was that target percentages for the General Fund balance are dependent upon individual towns and the needs of those towns. Each town should set its own parameters. On a final note, Jerram stated that negotiations with the police union are ongoing.

Any Other Business to Come Before the Board:

Member Tuxbury informed the Board that he had clarified with the Superintendent at Regional that the Average Daily Membership (ADM) is based on enrollment as of October 1 of each school year. He noted that New Hartford is moving from 48% of the total population at Regional to 53%.

Mr. Smith read into the record an e-mail received that was sent by Member Moore to all Board of Finance members. The e-mail stated that Ms. Moore was suffering from health issues and was not able to commit to regular attendance at meetings. She requested that consideration be given to the current membership of the Board “to include one minority alternate so that the BOF has a quorum when Dan Charest, the other minority on the Board is away on business....and I am unable to attend.” Mr. Smith asked the alternates present if either one of them was willing to step down which would be the only way that any change in representation could occur. Neither alternate wished to resign. Smith noted that town citizens elected the alternates to their position and there was no requirement to honor this request. Member Witte commented that such a change is a discussion item for the next election cycle; that would be the appropriate time to make such a change; and also noted that for such a change to be in effect, it would require that the other party run a candidate for the seat.

Chairman Smith stated that this correspondence would be attached to the minutes as part of the record. Member Tuxbury agreed, stating that he had no issue with this correspondence being attached as it is not an attempt to change minutes.

First Selectman Jerram stated that he felt that the minutes should include public acknowledgement that he and the Board sent wishes to Maria to get better soon. He also hoped that she would be able to return to attending meetings soon, so that representation would not be an issue.

Having no other business, member Tuxbury **MOTIONED to adjourn at 8:29 PM** with Witte seconding that motion.

Unanimous.

Respectfully Submitted,

Christine Hayward, Administrative Assistant (substituting for Recording Secretary Penny Miller)

Attachments:

E-mail dated January 13, 2015 from Maria Moore to Board of Finance members