

**New Hartford Board of Finance  
Special Meeting – Session Conference Room  
Thursday, January 12, 2017 @ 7:00 pm**

**Present** Chairman Jim Fitzgerald, Members: Ben Witte, Bart Baxter, Reggie Smith Jr., Steve Tuxbury, Dan Charest, Alternate Maria Moore, First Selectman Dan Jerram, Selectmen Alesia Kennerson and Laura Garay, Supt. of Schools Brian Murphy, Board of Education Chairman Jenn Benaitis, Members of the Public Tom Buzzi, Bob Moore, Republican American Newspaper reporter Kathryn Boughton, Administrative Assistant Christine Hayward, Recording Secretary Penny Miler

**Absent** Alternate Bob Nilsson

Chairman Fitzgerald called the special meeting to order at 7:00 pm

**II. Seating of Alternates** With a full board there was no seating of alternates. Mr. Fitzgerald did note that Ms. Moore could participate in any discussion but would be unable to vote.

**III. Board of Education** Mr. Fitzgerald did recognize Superintendent of Schools Brian Murphy and Board of Education Chair Jennifer Benaitis as being present in the event that the Board of Finance had any questions for them following the presentation of the audit.

**IV. Annual Town Audit Report, Fiscal Year Ending June 30, 2016**

Mr. Fitzgerald recognized Christopher King and Deborah Franklin from King, King & Associates, CPAs. They will present the town's annual audit, fiscal year ending June 30, 2016. A copy of the Final Audit is available for inspection with the Town Clerk. Mr. King stated that there was no difference in the financial statement from the draft copy the board has seen to the final report. The State Single Audit is composed mostly of reports. The summary is there is no reportable non-compliance with the town's state grants. A listing of state funds is found on page 6. The largest ones are town aid roads and LoCIP. The bottom section is exempt programs not required to be tested under this or tested separately. For example, the Department of Education grants. King & King does a 4<sup>th</sup> document which is a ED001. This tests the Board of Education's submission of data on the state system into their computers. The Schedule of Findings and Questioned Costs is on page 8. Mr. King noted that for this section of the audit that all the "no" boxes were checked. This page also includes the two grants tested this year. Mr. Charest asked about the difference between Type A & B programs on that threshold. Mr. King replied for this year any grant over \$100,000 is Type A. Anything under \$100,000 is Type B.

Mr. King continued that the financial statement audit contains multiple sets of financial statements. It starts with a transmittal letter prepared by the town. The cover letter talks about the demographics of the town; how the town is achieving long term projects through financing and continues to page 11 – *Management's Discussion and Analysis*. The auditor's provide the template and the town provides the narrative. Page 15 addresses the bulleted items that describe the factors that went into the financial results. Some are consistent from year to year and some change. There won't be BAN proceeds from Ann Antolini School & Carpenter Road Bridge every year. This is an overview narrative summary of economic results. Page 18 is the first financial statement – full GAP and full accrual – all funds combined. This type activity is the WPCA and the governmental activities is essentially all the other funds except for

the trust funds, such as the Pension. Page 19 is an income statement on the same approach and includes depreciation. The education line (\$18,905,910) includes depreciation of the buildings along with the contribution by the state to the teacher's retirement fund on the town's behalf.

Page 20 – fund basis – General vs Non-major Governmental Funds. If any fund is 10% of the total of the town's assets, liabilities or revenues, it would show up as a major fund. You can have a major fund appear and disappear based on its activity. Currently the General Fund is the only major fund. The Property Taxes of \$590,356 are taxes outstanding and receivable. They don't fall into the fund balance calculation because they aren't collected. When looking at fund balance you aren't counting taxes receivable because they aren't available.

Mr. Smith asked what number is the most accurate for the fund balance at the end of the year. Mr. King said to use the Fund Balance number on Page 24 – Budget and Actual General Fund - \$3,831,432.

Pages 25 – 27 are the statements for the *Enterprise Fund – Water Pollution Control Authority*. They consist of cash in the bank, usage fees receivable (haven't been paid yet) and facility machinery. The Cash Flow Statement (Page 27) shows receipts less payments giving a Net Cash of \$132,828 and from that \$24,000 was transferred to the General Fund for the water study. Their cash balance at the end of June was \$32,281.

There were questions regarding balances of the General Fund that were "assigned" as of June 30, 2016. Return of Settlement funds in the amount of \$50,833 and Capital Improvements totaling \$171,500. It was noted that these funds have been set aside by the Board of Finance and cannot be released as 'able to spend' until the Board of Finance makes a decision to release them. These balances are included as part of the overall General Fund balance. The Board of Finance briefly discussed these balances, and noted that the Settlement Funds are from the CRRRA matter and they questioned whether it might be prudent to release these. No decision was made at this time.

The Management letter was briefly discussed; with Mr. King explaining that there were a couple of observations and recommendations being made regarding internal controls and efficiency. He noted that these are just that – recommendations. Ultimately, the decision rests with management regarding the best way to proceed. Management has written responses to the recommendations and will implement some changes in procedures.

Discussion then turned to fund balance and questions arose regarding best practice with regards to a policy regarding fund balance. Mr. King offered to check with GFOA to see if a sample policy might be available. He noted, however, that the Town should make their own determination of a percentage to budget. He stated that, in his experience, it typically falls between 12% and 15%; adding that this is what rating agencies like to see.

The Board of Finance members had no concerns with the audit as presented and they thanked Mr. King and Ms. Franklin for their attendance at the meeting.

#### **V. Approve Minutes of the December, 13, 2016 Board of Finance Regular Meeting**

**MOTION** by Witte, to approve the Board of Finance Regular Minutes dated December 13, 2016, second by Baxter. Discussion followed.

*Aye: Witte, Baxter, Fitzgerald, Tuxbury, Smith; Opposed: none; Abstained: Charest*  
*Motion passed.*

**VI. Line Item transfer requests from the First Selectman for consideration and approval by the Board of Finance for FY 2016-2017 YTD**

No action necessary.

**VII. Reports**

**Treasurers Report:**

Mr. Ross wasn't present but the information the board had requested on all of the accounts was received. Mr. Smith commented that at the end of this month we should be receiving more tax revenue.

**Bookkeeper's Report:**

The Revenue & Expenditure Reports were distributed. Ms. Witte also submitted a 'monthly' report which also includes the reduction in ECS - \$42,524.00. The state had promised \$63,091 in LoCIP but had not sent it yet; it remains "frozen."

Mr. Tuxbury asked about substantial jump in the Interest, Fees & Fines line. Ms. Witte said Mr. Ross opened a new platinum money market account (\$2,000,000) and that yield is up. Also, a property that had significant back taxes sold and the fines are included (this goes into 3 accounts).

**First Selectman's Report:**

A new truck (\$165,000) is being received tomorrow. The Town and the BOE had a good year. Mr. Tuxbury asked about the Carpenter Road Bridge. Mr. Jerram said that the bridge work is stopped for the winter. We are still on budget. The whole net effect of this moving into next year is 3 grand due to an agreement with one of the property owners regarding the easement that was acquired for construction purposes. The box and poles are done.

**VIII. Discussion on state of Connecticut Mandated 2.5% Municipal Budget Cap (this agenda item was carried forward from the December regular meeting)**

Mr. Fitzgerald isn't sure there is anything to discuss on this. He has read they may rescind it because of the trouble the state is in and passing the cuts onto the municipalities may be more of a burden. It really isn't clear-cut at this time.

**IX. Discussion and any action on the topic of Electronic Purchase Orders and Time and Attendance, Integration with the Charts of Accounts and the General Town Operating and Capital Budgets (agenda item was carried forward from the December regular meeting)**

Mr. Fitzgerald asked do we explore this further with the bookkeeper. Mr. Smith said he sees some benefits to it. He thinks that the town needs to explore it and that it isn't a bad thing to be moving in this direction. Mr. Charest asked what the genesis of this is. Is there a problem? Mr. Tuxbury said that getting real time information on the reports is important so that we know where we are along with the selectman and not a month later. There is potential for savings in it. Mr. Charest asked how so? Mr. Tuxbury replied automation leads to savings. You don't know on the expenditures if there is money spent on some of the line items. He feels we need an automated purchase order system so the information is in there. It will give you more knowledge. Mr. Fitzgerald said multiple administrations have used the same system. Manual time & attendance is very labor intensive. With electronic purchase order systems the order goes through and gets approved by the 1<sup>st</sup> selectman. We need to

move forward with the electronics of today. Mr. Jerram responded that it isn't labor intensive; it is done by 1 employee in 35 hours/week. Jerram noted that if the Board of Ed is saving time and money using electronic purchase orders, then why do they have as much, if not more; labor upstairs doing the same thing? Mr. Tuxbury said that Helena Mubarek sat in the various departments last year to observe the work flow and see if there were any ways to save money. He wanted to know what she found out. Mr. Jerram replied that she said at certain times of the year you might look at one office – like the tax collector's office - and they aren't too busy while at other times they can be very busy. We are not over-staffed. It is not the same all the time. Mr. Smith said if the First Selectman is comfortable with the way it is being handled then he will accept that.

Mr. Smith asked how each individual paycheck created, is it automated or done by hand. The bookkeeper said that the BOE still does payroll manually, too. It is just that it is done at each school and then sent to the office. It is not automated. Mr. Jerram said that the garage has time cards and it is being done manually there. Mr. Jerram has reached out to Tyler Technologies in New Hampshire and they will come to New Hartford and sit with the bookkeeper to see what type of upgrades can be made. Mr. Fitzgerald said there are other groups that specialize in this and they might be less costly. Mr. Witte said at the last meeting a motion was made to look into these two areas to see if there are any cost savings, efficiencies, etc. The Audit Report, management response on the payroll side, said to look at options. I think we should just let the BOS look into it with no specific timeframe.

**X. Discussion on mid-year cuts to the Town of New Hartford, i.e. ECS and any other funding.**

Mr. Fitzgerald said this was already covered by Ms. Witte.

**MOTION** by Smith to adjourn at 9:11 pm, second Witte.

*Unanimous*

Respectfully submitted,

Penny Miller  
Recording Secretary

Attachments:

Comprehensive Annual Financial Report for the year ended June 30, 2016 on file with the Town Clerk  
Revenue and Expenditure Reports  
Monthly Report for Bookkeeper