

**Board of Finance
Special Meeting
Tuesday, January 14, 2020**

Present: Chairman Regina Wexler, Board members Stephen Tuxbury, Kerry Guilfoyle, Dan Charest, Ben Witte; Alternates Lourena Helt, Bart Baxter; First Selectman Dan Jerram, Treasurer Gordon Ross; Member of the Press Kathryn Boughton; Member of the Public Jay Bailey; Administrative Assistant Christine Hayward.

Call to Order:

Chairman Wexler called the meeting to order at 7:05 PM.

Seating of Alternates:

Chairman Wexler seated alternate Lourena Helt for absent member Reggie Smith.

Adoption and/or Revision of Agenda:

There were no suggestions to revise the agenda, Chairman Wexler adopted the agenda as written.

Approval of Minutes – December 10, 2019 regular meeting:

Chairman Wexler asked if there were any changes to the minutes and hearing none, she ruled the minutes approved without objection.

Presentation, Discussion and Action on Audit: FYE June 30, 2019:

Chairman Wexler introduced Chris King and Debbie Franklin, auditors from King, King and Associates. She turned the meeting over to them to present the FYE 2019 audit to the Board. All members of the Board had copies of the audit so that they could follow along with the presentation.

Mr. King began the presentation by stating that he and Ms. Franklin were happy to be here and that he would start off by confirming that there were no findings to report on. He noted that any concerns that had been raised were all addressed and resolved. He cited specific examples of areas that had been resolved: the reconciliations between the Board of Education and the Town, and the Small Cities Grant Program. There had been some work that needed to be done in both of these areas and it has been completed. First Selectman Jerram interjected that the CPA Consultant that has been hired as a recommendation made a few years ago has been interfacing regularly with the Board of Education to insure that transactions done by the Board of Ed are being communicated to the Town and tracked appropriately. Ms. Franklin stated that reconciliation of the Small Cities Grants received from the State and the output of the loans granted to residents was completed, thanks to Jill in bookkeeping.

Mr. King began review of the Audit. He explained that there are some summaries at the beginning of the audit. Page 18 is a summary that includes Governmental Activities and Business type activities; explaining that the business type activity is the Water Pollution Control Authority. Assets that are being depreciated include things such as trucks, roads and in the case of the WPCA, things like pipes.

Mr. King pointed out that page 24 shows that it had been projected that there would be a need of \$325,000 being taken from surplus to fund the budget; however, this did not occur due to revenues exceeding projections.

A section of the Audit is dedicated to the Pension Plan and to the Teachers Retirement plan. It was explained that the Town is within the national average of funding the pension plan. No concerns with the funding were expressed. The town currently has no obligation to the Teachers Retirement Plan.

Mr. King noted that the Taxes levied are “tested” each year and there are no issues. Everything is in good order.

Debt service increased in 2019 due to the Antolini School and Carpenter Road Bridge projects.

Following completion of the review of the Comprehensive Annual Financial Report (CAFR), Mr. King gave a brief review of the State Single Audit. The finding that was received last year has been corrected and everything is good for this year. Mr. King repeated that this finding had to do with reconciliations between the Board of Ed and the Town. He noted that there is a new bookkeeper in the Board of Education this year and the CPA consultant should continue to meet regularly with the Board of Ed to insure that the reconciliations continue to be done properly.

There were no questions for the Auditors and Chairman Wexler thanked them for coming to the meeting.

Public Comment:

No comments

Reports:

Bookkeeper:

The bookkeeper was not present; however the reports had been distributed to all Board members in advance of the meeting and were also available in hard copy at the meeting. First Selectman Jerram was present to answer any questions.

It was noted that the Town has not received any Town Aid Road revenue yet.

It was also noted that the retirement of a town highway maintainer resulted in having to issue accrued time pay out in the amount of \$21,000. This was charged to the wages line item which is an unbudgeted expense. Mr. Jerram explained that accrued time costs are shown in the audit but they are not included in the budget because you don’t know when that expense is going to occur. Jerram also noted that these types of pay outs are not given to new employees. They have been discontinued; there are a few employees who will still receive payouts but the numbers are dwindling as far as who is “grandfathered” for that benefit.

First Selectman’s Report:

First Selectman Jerram presented his report. He noted that there are some “red flags” with respect to the upcoming budget. Health Care costs will be increasing which will have an effect on the local Board of Education, Regional Board of Education and the Town. It is anticipated that the increase can be as much as 10%. Additionally, the student population numbers at Regional will not be in favor of New Hartford. There has been decline in the Average Daily Membership for the other towns and this will have an effect on New Hartford’s cost. Teacher’s contracts have been settled for both the Regional School and the local school. The regional school has settled on 3% for each of 3 years. The local school teachers received a 2.9% average increase for the 3 years.

Jerram noted that there will be no dramatic increase in the Grand List to offset projected increase in expenses.

Mr. Jerram gave a brief update to the Board of Finance members regarding the presentation made to the Board of Selectmen by the Asset Evaluation Team regarding the potential sale of the water and wastewater assets. He stated that this proposal will eventually need to come before the Board of

Finance for consideration of approval before moving forward to the public. It will also need approval by the Planning and Zoning Commission as it will require 8-24 recommendation.

The current proposal includes paying off all of the outstanding debt to the USDA. Aquarion Water Company has bid to pay \$8,000,000 for the assets. Mr. Jerram cautioned that this is a complicated issue to understand and it may take attendance at several presentations in order to process all of the details. Chairman Wexler expressed her concern regarding this proposed sale. She questioned whether the Board of Finance has the authority to “allocate the use of funds to improve an asset the town does not own.” She stated that she had been to the Board of Selectmen presentation and was surprised to learn that the “tipping point” of the USDA approval to grant forgiveness regarding the repayment of the USDA grant was due to the fact that there has been an agreement to use sale proceeds to fund sewer expansion. She expressed concern that the Board of Finance has been “kept in the dark” regarding this plan. She stated that this is ‘the biggest financial decision that the town will ever need to make’ and she was concerned about trying to have a referendum regarding this matter in May. She stated that she has concerns with losing control of the water and sewer systems, especially with respect to future expansion of the sewer system. She noted that with the advent of budget season it may be hard to find time to set aside time with the Asset Evaluation Team.

Member Witte suggested that the discussion needs to begin and it might be good to have the AET come to the February meeting before it gets too deep into budget meetings.

Treasurer’s Report:

Gordon Ross, Town Treasurer, presented his report to the Board. He stated that short term interest rates have gone down a bit, but the overall return on the investment fund is still way ahead and the budgeted revenue for the year has almost been met.

Discussion of 2020/2021 Budget timeline:

Chairman Wexler presented the budget timeline for consideration and approval. Member Guilfoyle noted that she will not be available for a meeting on March 24, 2020 due to travel schedule.

MOTION: by Helt to change the Board of Finance Special Meeting listed on the proposed timeline as March 24, 2020 to March 26, 2020; seconded by Charest.

Unanimous.

The timeline was modified to show this change.

Having no other business, the Chairman adjourned the meeting at 8:40 PM.

Respectfully Submitted,

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

ATTACHMENTS:

Revenue, Expenditure and 4 year comparison reports (12/31/2019); Bookkeepers Report 1/14/20
Treasurer’s Reports – State of CT Short Term Investment Fund as of 12/31/2019; Current Balance of bank accounts

Regional School District No 7 – October 1, 2019 ADM report