

**New Hartford Board of Finance
Virtual Regular Meeting (via ZOOM)
January 12, 2021**

Present: Chairman Regina Wexler, Members: Dan Charest, Kerry Guilfoyle, Paul LeClair, Steve Tuxbury and Ben Witte; Alternates: Ryan Bingham & Lou Helt and Recording Secretary Penny Miller

Others Present: First Selectman Dan Jerram, Treasurer Gordon Ross, C.P.A.s – Chris King and Deborah Franklin from King, King Associates, and Kathryn Boughton (reporter Republican American).

Chairman Wexler opened the meeting at 7:01 pm.

As all members of the board were present no alternates were seated.

The agenda was adopted as presented.

Approval of Minutes – December 8, 2020 Regular Meeting

Mr. Charest asked if the recordings were considered as part of the minutes. Chairman Wexler replied under the Executive Orders they are recordings and she thought that they should be kept for a number of years. First Selectman Jerram said technically he didn't think that the recordings were part of the minutes. The written portion represents your minutes. Due to COVID we are temporarily required to tape the meetings and post them on-line. He was unsure about how long they need to keep the tapes. Mr. Jerram stated that the taped minutes are on the town website.

Mr. Charest said that in the December meeting he had broken down specific numbers and he felt that information should have been included in the minutes along with referencing the number of pages in the exhibits. Chairman Wexler asked Mr. Charest to write up the changes he would like to see and submit them to the board. She continued by saying that the December minutes would be addressed at the February meeting.

Discussion and Possible Action on November 30 Audit Letter, Draft Annual Financial Report and State Single Audit: Chris King, CPA

CPAs Chris King & Deborah Franklin presented the Annual Financial Report & Single Audit. A copy of the Audits is on file in the Town Clerk's Office.

Mr. King said some of the highlights are: The General Fund Balance is about 17% of budgeted expenditures. One common guideline is 12-15% fund balance as percent of budgeted expenditures. The budgetary surplus shows \$389,872, compared to projected use of fund balance of \$345,000 (approximately \$735K positive swing). The WPCA shows a \$332,675 GAAP loss, related to annual depreciation expense of \$358,526. The Town DB Employee Pension is 78% funded, liability decreased \$162K through Town contributions and investment return. Actuarially determined contributions seem to be flattening out, up \$70K from 2014-2017, but only up \$20K from 2017-2020. The covered payroll is also declining from a peak in 2017, likely due to new hires being in the defined contribution plan and no longer receiving the Defined Benefit plan. Outstanding Taxes Receivable balance at 6/30/20 is \$453,167. This is roughly 2.2% of the Current Levy. Mr. King said they generally see 2%-8% as a good guide. You are on the low side which is good. Ms. Franklin noted that having the accounting consultant, Cindy

Rines, for high-level technical assistance continues to provide benefits to the Town, both the BOS and the BOE.

On the State Single Audit, he said the Schedule of FY2020 expenditures of State Financial Assistance shows \$3,503,803 of state funding, including \$2,966,653 ECS Grant. Major programs tested for compliance were Town Aid Road and LOCIP. There were no findings this year.

Mr. King said he talked with First Selectman Jerram about one issue. When the audit was done, they test differently and are looking for risks to the town. They look at the whole revenue process. This year working with the assessors they found that the timeliness of reporting between the building office & assessors should be improved. This is just so that when the permits & changes get through to the grand list the tax bills are sent out in a timely manner. This was just a verbal comment. Some were fine and a couple were slow.

Mr. King said some general observations seen in towns are: property tax collections were slow for towns who offered the delayed due date for tax payments but they gradually caught up by November. Recreation revenues and expenses down. Boards of Education generally had surpluses, particularly in the budget line items for substitutes and transportation. CARES Act funding/reimbursement starting to come in late November.

Mr. Witte said on the Audit, Page 24, it shows the beginning fund (\$4,022,265) is different from the ending fund balance from the prior year. Ms. Franklin said the prior year beginning balance was wrong and for some reason it was not updated. She said that she corrected F/Y 20. Fiscal year 2019 balance should have been greater. Mr. Witte felt there should be an explanation but it doesn't show up anywhere. Mr. King said he will send a written explanation out to the Board of Finance for their review and then include that explanation on the page for clarification.

Mr. Tuxbury said on Page 44 relating to the WPCA there is quite a bit of discussion about the WPCA not paying their debt, but the Town's general fund is. He said this was never approved by the Board of Finance. He asked if they saw any issues with that? Will prior loans be waived? Mr. Jerram said last year there was a similar discussion of where accruals of unpaid loan payments are posted within the audit. Ms. Franklin said the town is still making the payments for the USDA debt. The WPCA is not able to pay their portion so now they owe the general fund. The general fund is making the payments on their behalf. Mr. Jerram said the expenditures were approved by the Board of Finance, Board of Selectmen and the taxpayers at 100%. The estimate of revenue has not been fulfilled in full. We accrue the liability of the unpaid payments within. Last year it was about \$125,000.

Mr. Tuxbury asked when the reimbursement for the bridge will be seen. Mr. Jerram said that all the paperwork has been submitted. He isn't sure how CONNDOT will rule on this. We expended less and so we will get less in grant reimbursements. Mr. Tuxbury said that on Page 42 of the Audit it says we are expecting \$348,978 at 47.3%. Mr. Jerram said that was based on the original formula of expenses paid out. The final expenses were not that amount.

MOTION: by Mr. Witte to accept the Audit Letter and Annual Financial Report and the Single State Audit subject to an appropriate notation regarding the beginning Fund Balance on Page 24 and correcting an excess word, "mediation" on Page 59. Seconded by Ms. Guilfoyle.

Mr. Tuxbury asked Mr. Jerram, on Page 59, where do you see the negative fund balance for the Open Space Fund and the Dog Fund going? Mr. Jerram replied we loaned ourselves money to do the Butler

deal. We leveraged future receipts on lots in the program. The Dog Fund typically is small money. We bought a few properties over the last 10 years. We are making payments in Debt Service. Mr. Tuxbury asked do you see it going further into the negative. Mr. Jerram said it wouldn't unless we appropriate more money to buy more land.

Unanimous

Communications to the board: None

Public Comment: None

Reports

Bookkeeper

Mr. Jerram said the Revenue & Expenditures Fiscal YTD & previous Fiscal YTD were part of the handouts submitted with the agenda. There have been no surprises. Snow and overtime are not a problem at this time. Ms. Wexler asked if the \$50,000 on the Municipal side for the CARES Act will cover the excess cost of the PPE. Are we obligated to spend it on certain things? Mr. Jerram said it is an undesignated reimbursement that goes into the general fund.

Ms. Wexler asked if he had heard anything from the Tax Collector as to how collections are going. He said he looked at last December and there is a 1.2% divergence from last year to this year. We are 1 point off from our collections at the same time last year.

Ms. Wexler said she hasn't seen the final budget for 20-21 posted on the town website. Nor were the meeting dates for 2021 posted. Mr. Jerram will speak to the Town Clerk about this.

Ms. Wexler asked if the terms of office could be on the town website. Mr. Jerram said he would check.

Selectman's Report:

Mr. Jerram said the winter runs the budget and things are going quite well. We received the STEAP grant. We submitted to the Department of Emergency Management & Homeland Security for reimbursement for expenses for 2 fiscal years. One truck is giving the town some trouble.

Treasurer's Report:

Mr. Ross reviewed State of CT Short Term Investment Fund and other bank balances.

Other Business: None

Chairman Wexler deemed the meeting closed at 8:02 pm

Respectfully submitted,

Penny Miller, Recording Secretary

Handouts:

December 8, 2020 Minutes

Audit – posted on the Board of Finance page of the Town website

Revenue Report 12/1/2020-12/31/2020 - 2 pages

Expenditure Report 12/1/2020-12/31/2020 - 6 pages

5-year comparison report expenditures as of 12/31 - 7 pages