

**ASHFORD BOARD OF FINANCE
REGULAR MEETING
June 11, 2015**

Members Present: Cathryn Silver-Smith (Chairperson), Chuck Funk, Merrill Simpson, Gail Zaicek, Judy Austin (alt.), Carl Pfalzgraf (alt.), Francine Hodovan (Recording Secretary)

Guests: Tax Collector Linda Gagne

1. **Call to Order:** Chairperson Cathryn Silver-Smith called the Regular Meeting of the Ashford Board of Finance to order at 7:04 p.m.
2. **Seating of Alternates:** Ms. Austin was seated for Mr. Horn and Mr. Pfalzgraf was seated for Ms. Eastwood.
3. **Approve Minutes of Special Meeting of May 28, 2015:**
MR. PFALZGRAF MOVED AND MR. FUNK SECONDED A MOTION TO ACCEPT THE MINUTES OF THE MAY 28, 2015 BOF SPECIAL MEETING WITH THE FOLLOWING CORRECTION. THE MOTION PASSED WITH EVERYONE VOTING AFFIRMATIVELY EXCEPT FOR MS. AUSTIN AND MS. ZAICEK WHO ABSTAINED.

Under **6b. Action – BOS Request to Transfer \$19,999 from Fund 212 to Fund 227 for DPW:**
the name of Fund # 227-32000-55528-000 is “Cap Bdgt – DPW Resurfacing.”

4. **Hear From Public:** None.

5. **Communications:**

Email received May 29, 2014 from Tax Collector, clarifying interest rates for delinquent tax accounts.

Email received June 3, 2015 from Tax Collector, requesting transfer of 8 real estate accounts to the suspense fund. Ms. Gagne explained that when the tax sale of these properties occurred, not all of the outstanding taxes had been paid; since this money is now uncollectible and in order to clean up accounts at year end, it is advised that they be moved to suspense. The BOF will review this for action at the next meeting.

Email received June 10, 2015 from Town Treasurer, clarifying status of the Uniform Chart of Accounts (UCOA) grant.

Email received June 9, 2015 from Town Accountant identifying 4 funds for realignment or closure.

Ms. Silver-Smith announced that Halloran & Sage, Ltd has been hired as the town attorney effective June 16, 2015.

6. **Unfinished Business:** None.

7. **New Business:**

a. **Selectman’s Update:** None.

b. **Interest Rate on Late Payment of Taxes:**

Ms. Gagne stated in her May 29 email that Connecticut General Statutes (CGS) Section 12-146 directs the interest rate amount to be paid on delinquent taxes and that the Town follows the statute. As a general comment, Mr. Pfalzgraf stated that he feels that the rate should be tied to current mortgage rates.

Ms. Gagne noted that an option to make online payments of taxes will be available as of July 1, 2015. This is a product called “Invoice Cloud” which is offered by Quality Data, with whom she has been working for many years. It is set up to take MasterCard, Visa, Discover and AmEx, at a cost of \$1.95 to the individual per transaction.

c. Uniform Chart of Accounts (UCOA):

Ms. Baker's June 10 email was discussed. BMSI is the company that Ashford School buys their software from. Currently, the firm of Blum Shapiro is mapping the the Town's current COA to the new UCOA for municipalities. The Board would like Ms. Baker and Selectman Zambo to attend the next meeting to provide additional clarifications.

d. Closure of Completed Capital Improvement Projects:

The Board will invite Ms. Baker to attend the next regular meeting in order to complete this.

e. Review/Realignment of Town Funds:

Ms. Barber's June 9, 2015 email identified 4 funds for realignment or closure.

Fund 212 - Town Aid Road: This will require a Town Meeting, which cannot be held until FYE 2016.

Fund 211 – Misc. Special Funds: May be moved to the CNR after the audit is complete. This may have been from a previous logging fund started to clear the Langhammer Property. Further investigation is needed.

Fund 226 – Town Bldg. Fund: Ms. Silver-Smith noted that this fund resulted from a \$500 donation made to the Town prior to the approval of funding for the (new) Town Offices building. The intent of the donors was to incentivize others to contribute to the building project. It should probably be used to enhance Town Offices. Mr. Pfalzgraf suggested using it for LED holiday lights.

Fund 218 – Veterans Fund: This fund is being reported as a GAAP fund, but should probably be a special fund since is it used only for maintenance of the Memorial.

The Board defers action on these funds until Ms. Barber is available to attend the meeting.

f. Policies and Procedures Update:

Ms. Barber is starting to do testing of current procedures at Ashford School.

g. FYE 2015 Audit – Update:

The internal audit schedule for Town and Ashford School was established during the June 4 BOF Audit Planning Meeting. It appears that an individual who was introduced as an Ashford School representative and seated for the meeting was not employed by the school and should not have been seated. Ms. Silver-Smith is in communication with the BOE Chair to obtain clarification as to the status of this individual. Superintendent Longo has made no comment thus far. The auditors and Town Finance department will be notified not to have contact with this individual until such time as the BOF receives a copy of the signed employment contract.

The Board discussed actions to be taken due to continued deficiencies in the school's purchase order controls, which were cited in the last two audits. Based on a recent purchase order for Superintendent expense, which was submitted by and approved by the Superintendent, this control has not been put in place. The Superintendent should not be approving his own purchase orders, nor should individual whom he has authority over.

8. Committee Reports:

a. Annual Report:

The 2013-14 annual report is still being assimilated. The photo Ms. Silver-Smith requested is being followed up on by Ms. Zaicek. Ms. Silver-Smith asked Ms. Zaicek if the Historical Society would like to put a report in the document. Ms. Zaicek will speak with Ms. Joan Bowley, Historical Society Chair.

9. Review of Revenues and Expenses: Waived until the next regular meeting.

10. Agenda Items for Next Meeting:

- Approval of Taxes for Transfer to Suspense Account per CGS 12-165.
- Town Unexpended Education Funds Account Transfer.
- Town UCOA – Ms. Baker, Selectman Zambo
- Closure of Capital Improvement Projects – Ms. Baker
- Funds Review and Assignment – Ms. Barber

11. Remarks for the Good of the Board:

Mr. Pfalzgraf stated that the State passed a budget that gives back to each municipality 0.50% in sales tax revenues with the proviso that they cannot raise their budgets by more than 2.70%, except under special circumstances such as “excess special education cost.”

Mr. Simpson stated that the state car tax will be set at 32 mills this year and go down to 29 mills next year. This will affect cities where they stand to make a good amount of money. The State says they will send back the difference set rate and what the town charges to the town.

Ms. Silver-Smith reminded Board members that they cannot be paid by the Town or the School for any services they may provide to either entity, as this would be a conflict of interest.

12. Adjournment:

MR. PFALZGRAF MOVED AND MR. FUNK SECONDED A MOTION TO ADJOURN THE JUNE 11, 2015 REGULAR MEETING OF THE ASHFORD BOARD OF FINANCE. THE MOTION PASSED WITH EVERYONE VOTING AFFIRMATIVELY.

The Ashford Board of Finance Regular Meeting adjourned at 9:10 p.m.

Respectfully submitted,

Cathryn Silver-Smith (for BOF Clerk)

attachments:

5/29/2015 Email from Tax Collector – Delinquent Tax Interest Rate

6/3/2015 Email from Tax Collector – Request for Approval of Taxes for Transfer to Suspense

6/10/2015 Email from Treasurer – Uniform Chart of Accounts

6/9/2015 Email from Town Accountant – Recommendations for Transfer/Closure of Fund Accounts

5/29/2015 Email from Tax Collector – Delinquent Tax Interest Rate

From: Linda Gagne
Sent: Friday, May 29, 2015 12:27 PM
To: First Selectman; Board of Finance Ashford
Subject: Discussion on Interest Rates

Good Afternoon, Mike and Cathryn.

I am sorry that I missed your meeting yesterday evening. I have cut and pasted the excerpt from CGS. 12-146 as it relates to our interest charges on delinquent accounts. There have been attempts in various sessions of the legislature to make interest rates a local option, but to date this initiative has failed because of the philosophy that the way taxes are collected should be uniform across the state.

Sec. 12-146. Delinquent tax or installment. Interest.

.....
the delinquent portion of the principal of any tax shall be subject to interest at the rate of eighteen per cent per annum from the time when it became due and payable until the same is paid, subject to a minimum interest charge of two dollars per installment which any municipality, by vote of its legislative body, may elect not to impose, and provided, in any computation of such interest, under any provision of this section, each fractional part of a month in which any portion of the principal of such tax remains unpaid shall be considered to be equivalent to a whole month.

I hope that this aids in the discussion of interest rates.

*Linda G. Gagne CCMC
Ashford Tax Collector
P O Box 173
Ashford, CT 06278*

860-487-4411
Fax: 860-487-4433

6/3/2015 Email from Tax Collector – Request for Approval of Taxes for Transfer to Suspense

From: Linda Gagne
Sent: Wednesday, June 3, 2015 2:24 PM
To: Board of Finance Ashford
Cc: First Selectman
Subject: Transfer of Taxes to Suspense

Good Afternoon, Cathryn.

I am preparing paperwork for your next meeting in order for the Board of Finance to be able to transfer 8 accounts to suspense per CGS 12-165. I went back to your April 26, 2012 agenda and used the verbiage from that meeting.

The item was listed under New Business as such:

Approval of Taxes for Transfer to Suspense per CGS 12-165

Would you kindly add this item to your next agenda and advise me when that meeting is?

Thank you.

Linda

Linda G. Gagne CCMC
Ashford Tax Collector
P O Box 173
Ashford, CT 06278

860-487-4411
Fax: 860-487-4433

6/10/2015 Email from Treasurer – Uniform Chart of Accounts

From: Cheryl Baker
Sent: Wednesday, June 10, 2015 9:02 PM
To: Board of Finance Ashford
Subject: Re: BOF Minutes 5/28/15

Cathryn,

Please consider these items to the May 28th BOF Minutes:

Under Item 6a. Selectman's update. Selectman Zambo was informed by the Finance Office that it is their opinion the Uniform Chart of Accounts (UCOA) grant money for the Town is not needed and should be returned. They indicated that they are happy with the BMSI system and they can work with it, although some updates will be needed. Ms. Silver-Smith noted that the BOF, not BOS or Finance department determines the Town's accounting system, and she has not heard from the Finance department on this matter. Mr. Zambo will request something in writing from Ms. Baker and the BOF will also invite her to their next regular meeting.

Response:

When the BOS initially applied for the grant (which was due by December 31st) there had been no research into alternate finance systems. The BOS is the point of contact and receives all correspondence related to this grant.

On January 16th an email from OPM was received by Mr. Zambo requesting a form be completed with estimated amounts for the planning and implementation costs for the UCOA upgrade. We had not done any research and consequently could not complete this process.

On March 9th an email was received by Mr. Zambo which included a letter stating "There is no requirement that directs municipalities to replace their current chart of accounts with the new UCOA." The letter states that Blum Shapiro is mapping the current accounts to the new UCOA for municipalities not yet changing their accounting systems.

On March 16th I was forwarded information from OPM by Mr. Zambo. This communication included requirements for resolutions and endorsements (90 days) and a letter stipulating the need for (1) certification from each participating entity that the UCOA has been implemented in the upgraded financial accounting system, and (2) certification of the total expenses eligible for reimbursement according to the terms of the grant contract.

Also on March 16th, I responded to Mr. Zambo:

"Michael,

Thank you for sharing this information. At this time the Town financial system is functioning adequately and will be within the necessary parameters utilizing the mapping process created for this purpose.

BMSI, the current Town and BOE financial accounting system, is in the process of major upgrades. As soon as the full scope of those upgrades is available I will share them with you. I would hope that any decisions regarding financial systems would not be made until after that time.

Currently within the BMSI software there is a method of converting from the current chart of accounts to the UCOA, while still maintaining the history of the original account. If that is something you are interested in pursuing please let me know and I will provide more information."

As the liaison between the BOF and the Town departments it is reasonable that I would report to the First Selectman, as he is my immediate supervisor. It is his prerogative on how to disseminate the information.

Lastly on this subject, the Town of Ashford has not received any UCOA grant funds to date.

Also please correct:

Item 6b – Transfer \$19,999 from Fund 212 to 227-32000-55528-000 (CapBdgt-DPW Resurfacing)

Please let me know if there are any further questions. I will leave one hard copy on the table for your reference.

Thank you,
Cheryl

Cheryl A. Baker
Treasurer/Administrative Assistant/Webmaster
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cbaker@ashfordtownhall.org

6/9/2015 Email from Town Accountant – Recommendations for Transfer/Closure of Fund Accounts

From: Maureen Barber
Sent: Tuesday, June 9, 2015 2:23 PM
To: Board of Finance Ashford
Subject: Fund review/realignment

Hi Cathryn,

Here are funds that I think we should review:

Fund 212 – Town Aid Road – While shown consolidated with the general fund in the financial statements, this fund is reported separately in the town General Ledger. I believe the balance is \$24,730 after the recent transfer of \$19,999. I think a more transparent and appropriate recording of the funds would be to transfer the remaining balance in the fund to the Capital Projects Fund (250) where it could be designated for road repairs. Because the balance is over the threshold for a transfer (\$20k) it should go to town meeting. I would suggest including this amount in the annual transfer to CNR after the audit is complete.

Fund 211 – Misc Special Funds – I've traced this fund back to the logging fund on prior years financial statements. The only documentation I ever found was a copy of a letter dated 11/10/98 included in the Board of Finance Meeting referencing a 3rd and 4th installment payment for timber sold to Trowbridge Forest products. I don't have any evidence of a restriction on the use of the funds, so perhaps it was for open space? I can't say definitively. I would assume it might be for conservation or open space. We could transfer the balance of \$9,668 to Fund 250 as well, where it could then be used to fund the capital budget when an appropriate project was funded.

Fund 226 – Town Bldg Fund – This fund was a \$500 donation to the town for the new town hall. In 2006, this fund was closed in the financial statements and consolidated with the general fund. Obviously, we've already spent more than \$500 on the town hall, so I would assume the terms of the donation were met. In the same token, we could either purchase something for the town hall in the current year (be aware that it would have to come out of the current year budget, so either an additional appropriation from assigned fund balance needs to be made, or if a town department has room in their budget for an appropriate expense, it could come out of there.) or transfer to CNR for holding until an appropriate project was identified.

218 – Veterans Fund – This fund is a little different. It's reported as a GAAP fund, which means the activity is shown in Note B, and included in the General Fund, but not in the budgetary statements. I'd like to get confirmation from the auditors, but Amanda and I discussed it last year and she was on board. I've asked Pete to let me know if they are still in agreement that the fund should really be a special revenue fund, based on the fact that it is self supporting and receives no money from the general fund. I think it's more transparent as a special revenue, and a little misleading in the General Fund, since it is only used for the maintenance of the memorial.

I know some of this is a little hard to follow, since there are distinct differences between the town general ledger reporting and the financial statement reporting. I can't make this week's meeting, but can attend the next one if you'd like me to explain and answer questions.

Something that will be included in the recommendations for the P&P manual is to adopt a policy to determine how we use designations, assignments of fund balance, etc...but that's a whole different topic.

Thanks,
Maureen