

**CITY OF NORWALK
FINANCE/CLAIMS COMMITTEE
REGULAR MEETING
APRIL 10, 2014**

ATTENDANCE: Bruce Kimmel, Chair; Jerry Petrini, Douglas Hempstead, John Igneri, David Watts (7:42 p.m.)

STAFF: Fred Gilden, Comptroller; Thomas Hamilton, Finance Director

OTHERS: Lisa Biagiarelli, Tax Collector; Rosa Murray, BOE; Richard Rudl, BOE Finance; Michael Stewart, Tax Assessor; Bill O'Brien, Assistant Tax Assessor; Karen DelVecchio, IT Director

CALL TO ORDER.

Mr. Kimmel called the meeting to order at 7:05 p.m. A quorum was present.

**APPROVE THE MINUTES OF THE FOLLOWING FINANCE COMMITTEE
MEETING: FEBRUARY 20, 2014.**

**** MR. HEMPSTEAD MOVED THE ITEM.**

**** THE MOTION TO APPROVE THE MINUTES OF THE FEBRUARY 20, 2014
FINANCE COMMITTEE MEETING PASSED UNANIMOUSLY.**

**CLAIMS COMMITTEE: RECEIVE THE MONTHLY CLAIMS REPORT; REVIEW
AND APPROVE CLAIMS AS REQUIRED FOR CLAIMS REPORT DATED:
APRIL 10, 2014.**

Ms. Biagiarelli said that there were some claims listed in the handout, but none that needed to be voted on.

**NARRATIVE ON TAX COLLECTIONS DATED APRIL 10, 2014 –
RECEIVE REPORT AND DISCUSS.**

MONTHLY TAX COLLECTOR'S REPORT - RECEIVE REPORT AND DISCUSS.

The department is working to prepare for the tax sale. Notices have gone out and \$1.9 million has been collected on those outstanding taxes. Ms. Biagiarelli said that there was 18% interest rate and after five years of delinquent taxes, the interest exceeds the value of the property.

Mr. Igneri asked who had the priority in liens. Ms. Biagiarelli said that the City has the priority and that she notifies the IRS, First Taxing District and other lien holders.

Mr. Kimmel asked if there was a cost involved in doing the sale. Ms. Biagiarelli explained that the cost of the legal notices and such add up to about \$1,800 per parcel. This is added into the value of the property.

CITY JUNE 30, 2013 AUDIT REPORT - PRESENTATION AND DISCUSSION.

Mr. Kimmel said that Mr. Nate Yordin, a CPA, has chaired the Audit committee for a number of years. Mr. Hamilton said that the Committee has representation from the Council, the BET and BOE. Mr. Hamilton said that this was an important oversight function. The audit report has been posted to the City website and there are a number of audit reports available on the website.

Mr. Hamilton then gave an overview of the information contained in the audit report and how the report is prepared. Mr. Kimmel asked for clarification on the full accrual accounting method and the modified accrual accounting method. The methods for debt and depreciation recording are different, as are the fund financial statements. Mr. Hamilton said that the City's total net position is favorable with a positive balance of \$388 million, a majority of which is invested in assets. He then reviewed the governmental modified report. This report included the total of the unassigned fund balance.

Mr. Kimmel asked for clarification on the difference between "assigned" and "restricted". Mr. Hamilton reviewed definitions and stated that the full audit report included an explanation of the terms. Previously the terms that were used were "designated" and "undesignated". Discussion followed about which definition the special appropriations would be identified as.

Mr. Watts joined the meeting at 7:42 p.m.

Mr. Hempstead asked about tax appeals and how the settlement amounts were accounted for. Mr. Hamilton said that there was a special reserve for these funds since the cases often go on for years.

Mr. Hamilton then reviewed the Water Pollution Control Authority and the Parking Authority figures, along with the Pension Trust Fund earnings. The net earnings in the Pension funds increased to \$390 million. There are a number of pension fund plans for the City employees. Mr. Hamilton said that the GASBY accounting rules for pension plans were going to change as of July 1, 2014. He explained how this would affect the governmental reporting requirements. The intent of the change is to provide a more accurate snapshot of the City's financial status.

The budgeted revenues compared to actual revenues and budgeted expenditures against the actual expenditures were the next things that Mr. Hamilton discussed. Due to the tax sales, the City's receivables are down to 6.5 million with more than 4 million from the most recent year.

The discussion then moved to the recent audit letter from McGladrey. Mr. Hamilton reminded everyone that the City now has an internal auditor who is working with various departments such as Recreation and Parks, Planning and Zoning and the Town Clerk's.

Mr. Kimmel asked if Recreation and Parks Department was specifically selected. Mr. Gilden said that a problem had been discovered in Town Clerk's and once that was finished, the auditors were directed to Recreation and Parks. The auditors will be focused on the departments where there is a higher risk for issues. Discussion followed.

Mr. Hempstead asked about the Redevelopment Agency. Mr. Hamilton said that the Redevelopment Agency has a separate audit.

There was a question about the BOE Student Activity accounts and the compensated sick time. Mr. Rudl said that a policy has been developed for the Student Activity Accounts. The issue with the compensated sick time has been addressed by moving all the BOE employees onto the NOVA time card system.

Mr. Kimmel said that the auditors were very complementary towards the City and that they were somewhat surprised at the small size of the Finance Department.

**RESOLUTION, AUTHORIZING A SPECIAL CAPITAL APPROPRIATION IN THE
AMOUNT OF \$2,400,000 FOR STATE SHARE OF ROWAYTON ELEMENTARY
SCHOOL PROJECT (ACCOUNT NO. 09145010-5777-B0322)**

Mr. Lo came forward. Mr. Hempstead said that the 9 million cost of the renovation seemed expensive for an old school. Mr. Lo gave a brief overview of the costs associated with these project.

Mr. Kimmel asked if there was a better way to do this. Mr. Lo reminded everyone that the City does not have land to construct a new school and then demolishing the old building. He said that the renovations at BMHS were 74 million dollars. He said that there needed to be a long time strategy for maintenance.

Mr. Hamilton said that Gilbane had done an analysis report of all the schools. Mr. Lo said that the Gilbane study was about seven or eight years ago.

Mr. Watts asked when the last schools were built. Mr. Lo said that the last schools constructed were Marvin, Jefferson and NHS. These were constructed in the 70's. Mr. Watts said that New Haven has brand new school buildings. Mr. Lo explained that the State paid almost 90% to New Haven for the new construction, but Norwalk only gets 32% on eligible items for renovations. Items such as boilers are not eligible. It is also part of the ratio used for the ECS (Educational Cost Sharing) allocations. Mr. Watts asked for a list of the school buildings and when they were constructed.

Mr. Petrini asked about a line item in the BOE budget. Mr. Rudl said that the study was for the facility utilization that projects the enrollment, not preventative maintenance. Discussion followed.

Mr. Kimmel asked for a report on how the State calculates the reimbursement rate. Mr. Hamilton said that he would provide the formula and the statewide distribution of the funds.

Mr. Watts thanked Mr. Lo for the information and said that he found the fact that Norwalk had not built a school in the last 43 years troubling.

Mr. Petrini asked what category the 2.4 million would fall into. Mr. Hamilton said that this would be a Capitol fund item and the City would be required to pay the money up front and then be reimbursement by the State.

**DISCUSSION ON THE FOLLOW-UP TO THE BLUM, SHAPIRO & COMPANY, PC
BOE FOCUSED OPERATIONAL AUDIT WINTER 2012-13 INCLUDING WHAT
CONTROLS HAVE BEEN PUT IN PLACE AND ADDITIONAL TOOLS ADDED TO
MUNIS FINANCIAL MANAGEMENT SYSTEM.**

Mr. Hamilton said that the Chair had requested this item be included on the agenda. The Complete audit focused on the health care shortfall in 2011-2012 and special education funding. The audit was completed and the report presented to the Council. Mr. Hamilton said that the information packet included an update for the Committee along with additional material. Mr. Hamilton and Mr. Rudl then narrated an overview of the Blum Shapiro recommendation in the audit memo. The grid on pages 2 and 3 indicate that most of the recommendations have been completed.

Mr. Kimmel asked Mr. Hamilton to clarify the expression of "true-up" on page 2 of the document. Mr. Hamilton explained how this would be done. Discussion followed.

Mr. Rudl reviewed the section on Special Education costs and the new procedures that have been put in place. Mr. Kimmel asked about special education transfers. Mr. Rudl said that the transfers are now brought to the Board along with a narrative of why the funding is needed and where the funds were coming from.

Mr. Kimmel asked Ms. DelVecchio about the new software that was purchased for tracking the Special Education costs. Ms. DelVecchio said that the new software has been installed and people have been trained on it. The Staff now is able to create "crystal reports", which can generate reports on departments, schools or general categories, such as Special Education.

Mr. Kimmel then asked Ms. DelVecchio what she thought of the new software. Ms. DelVecchio said that she found the dashboard feature useful, but could not speak for the BOE.

Mr. Kimmel wished to know if the software would prevent another situation like the previous issues from arising. Mr. Hamilton said that the things that would prevent a recurrence would be included in the recommendation given by Blum Shapiro. Discussion followed.

DISCUSSION ON TAX RELIEF PROGRAM FOR THE ELDERLY.

Mr. Stewart and Mr. O'Brien, the Assistant Tax Assessor, came forward. Mr. Stewart said that there were a number of different tax relief programs, but there were two primary programs, the State program and the City program. Currently, there are 11,051 accounts that qualify, which results in a total of \$1,112,397. The City program requires that the residents apply to the State in order to be receive the City benefit. Residents must re-apply for the program every two years. Mr. Stewart then reviewed the information on the back-up information handout.

Mr. Watts left the meeting at 9:08 p.m.

Mr. Hempstead asked if the Tier 1 accounts would be broken out. Mr. Stewart said that he could. There was a substantial increase in the Tier 1 category.

Mr. Watts asked if this information could be included with the tax bills. Mr. Stewart said that the tax bills were from the Tax Collector's office. He said that when this was originally discussed, Ms. Biagiarelli had included a flyer, but it was expensive. He added that it would be less expensive to include a line or two on the bill. However, he cautioned that people do not often look at the back of the bill. Mr. Kimmel said that the mayor might be willing to include a line or two in a letter. Mr. Hamilton said that he would speak to the Mayor about this. Discussion followed.

Mr. Watts rejoined the meeting at 9:15 p.m.

Mr. Stewart cautioned everyone that there was a cap included in the ordinance that would top off at about 1.4 or 1.5 million. Mr. Kimmel asked Mr. Stewart to produce a report with a 5% increase, a 10% increase and a 15% increase.

**CLAIMS COMMITTEE: RECEIVE THE MONTHLY CLAIMS REPORT; REVIEW
AND APPROVE CLAIMS AS REQUIRED FOR CLAIMS REPORT DATED:
APRIL 10, 2014 CONT'D.**

**NARRATIVE ON TAX COLLECTIONS DATED APRIL 10, 2014 –
RECEIVE REPORT AND DISCUSS CONT'D.**

**MONTHLY TAX COLLECTOR'S REPORT - RECEIVE REPORT
AND DISCUSS CONT'D.**

**** MR. HEMPSTEAD MOVED TO ACCEPT THE FOLLOWING ITEMS:**

**THE CLAIMS COMMITTEE: RECEIVE THE MONTHLY CLAIMS REPORT;
REVIEW AND APPROVE CLAIMS AS REQUIRED FOR CLAIMS REPORT
DATED: APRIL 10, 2014, NARRATIVE ON TAX COLLECTIONS DATED
APRIL 10, 2014, AND THE MONTHLY TAX COLLECTOR'S REPORT.**

**** THE MOTION PASSED UNANIMOUSLY.**

CITY JUNE 30, 2013 AUDIT REPORT - PRESENTATION AND DISCUSSION CONT'D.

**RESOLUTION, AUTHORIZING A SPECIAL CAPITAL APPROPRIATION IN THE
AMOUNT OF \$2,400,000 FOR STATE SHARE OF ROWAYTON ELEMENTARY
SCHOOL PROJECT (ACCOUNT NO. 09145010-5777-B0322) CONT'D.**

**DISCUSSION ON THE FOLLOW-UP TO THE BLUM, SHAPIRO & COMPANY, PC
BOE FOCUSED OPERATIONAL AUDIT WINTER 2012-13 INCLUDING WHAT
CONTROLS HAVE BEEN PUT IN PLACE AND ADDITIONAL TOOLS ADDED TO
MUNIS FINANCIAL MANAGEMENT SYSTEM CONT'D.**

**** MR. HEMPSTEAD MOVED TO ACCEPT THE FOLLOWING ITEMS:**

CITY JUNE 30, 2013 AUDIT REPORT,

**RESOLUTION, AUTHORIZING A SPECIAL CAPITAL APPROPRIATION IN
THE AMOUNT OF \$2,400,000 FOR STATE SHARE OF ROWAYTON
ELEMENTARY SCHOOL PROJECT (ACCOUNT NO. 09145010-5777-B0322),
AND**

**THE FOLLOW-UP TO THE BLUM, SHAPIRO & COMPANY, PC BOE
FOCUSED OPERATIONAL AUDIT WINTER 2012-13 INCLUDING WHAT
CONTROLS HAVE BEEN PUT IN PLACE AND ADDITIONAL TOOLS ADDED
TO MUNIS FINANCIAL MANAGEMENT SYSTEM**

**** THE MOTION PASSED UNANIMOUSLY.**

DISCUSSION ON COUNCIL EXPENDITURE BUDGET.

Mr. Hamilton said that the tentative budget includes an additional \$5,000 for the Council Expenditures. He said that he was not aware of the status of the policy procedures. Mr. Hempstead said that he would have the policies ready by Monday. Discussion followed about how the money would be allocated. Mr. Watts said that it was wrong that the Council Members did not have funding for supplies. He said that he would go to the BET and tell them the \$5,000 allocation was a joke. Nearby towns and cities go to the conferences and other events with their

funding, but Norwalk is shut out. Mr. Hempstead said that this came about when the Council members wanted the building open on a Saturday and there was no money in the budget to do so. Mr. Hempstead said that he was trying to compile a list of things that the Council members would be doing this, such as the cost of keys, copies of Mason's Rules, or travel costs. Discussion followed. Mr. Hempstead said he would prepare something for all the council members before Tuesday.

RECEIVE BOARD OF ESTIMATE AND TAXATION APPROPRIATION DATED:
APRIL 7, 2014.

Mr. Hamilton then gave a background on Item 1 and said that there were no funds for the blight Ordinance officer, but once the program is underway, the fines will go into a special revenue fund. The experience in Stamford and other places indicate that the fees and fines cover the cost.

Mr. Watts left the meeting at 10:11 p.m.

Mr. Hamilton then gave an overview of the resolutions.

Mr. Hempstead said that the idea behind the blight ordinance was to clean up the neighborhoods and not generate revenue.

Mr. Kimmel asked about Item 1 on the list, Mr. Hamilton said that the BET did not approve the item, so it should not be on the Council agenda. He said that he would like the discussion on the Tax Relief program, the council expenditure and two other items.

ADJOURNMENT.

**** MR. HEMPSTEAD MOVED TO ADJOURN.**

**** THE MOTION PASSED UNANIMOUSLY.**

The meeting adjourned at 10:18 p.m.

Respectfully submitted,

Sharon L. Soltes
Telesco Secretarial Services.