CITY OF NORWALK
FINANCE/CLAIMS COMMITTEE
REGULAR MEETING
MARCH 10, 2016

ATTENDANCE: John Kydes, Chair; Travis Simms, Shannon O'Toole-Giandurco, Nick Sacchinelli, Douglas Hempstead (7:06 p.m.)

STAFF: Fred Gilden, Comptroller; Lisa Biagiarelli, Tax Collector

OTHERS: Mr. Scott Bassett, Auditor

CALL TO ORDER

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

PUBLIC PARTICIPATION

There was no one from the public present who wished to address the Committee at this time.

Mr. Hempstead joined the meeting at 7:06 p.m.

APPROVE THE MINUTES OF THE FOLLOWING FINANCE COMMITTEE MEETING

February 11, 2016

**** MR. SIMMS MOVED THE MINUTES OF FEBRUARY 11, 2016.**
**** THE MOTION PASSED UNANIMOUSLY.**

February 18, 2016

**** MS. O'TOOLE-GIANDURCO MOVED THE MINUTES OF FEBRUARY 18, 2016**
**** THE MOTION PASSED UNANIMOUSLY.**

CLAIMS COMMITTEE: RECEIVE THE MONTH CLAIMS REPORT; REVIEW AND APPROVE CLAIMS AS REQUIRED FOR CLAIMS REPORT DATED: MARCH 1, 2016

Ms. Biagiarelli said that there were no large claims for Committee approval, so the report was for the Committee's Information only. She gave a quick overview of the information.

Narrative on Tax Collections dated March 10, 2016 - Receive Report and discuss.
Ms, Biagiarelli reviewed her report with the Committee. (See attached.)

Mr. Hempstead asked how bankruptcy issues were handled. Ms. Biagiarelli said that these were very difficult and that the City is treated the same as any other debtor.

MONTHLY TAX COLLECTOR'S REPORT - RECEIVE REPORT AND DISCUSS: JANUARY 31, 2016

Ms. Biagiarelli presented her report. There were no questions from the Committee.

PRESENTATION: JUNE 30, 2015 FINANCIAL AUDIT

Mr. Gilden introduced Mr. Scott Bassett, who performed the annual audit on the City's finances.

Mr. Bassett then said that he had made a presentation to the Audit Committee a few weeks ago. Mr. Gilden asked Mr. Bassett to come in and present an overview of the audit process. Mr. Bassett explained that he was an outside auditor and that in their reviews of the City, the final report has always been that the City has done well. Norwalk produces a CAFR report, which lists some of the benchmarks that the City has attained. His firm handles about 30 municipalities in the State.

Mr. Bassett then reviewed the key points outlined on the "Highlights of Norwalk FY 2015 Comprehensive Annual Financial Report. (See Attached.) He explained that the GASB standards had changed recently and this change would be reflected in the figures.

Mr. Hempstead asked if the WPCA and the Parking Authority revenues were included in the City's Assets. Mr. Bassett said that they were, but they were not included in the City's General Fund. Their revenue remains in their funds.

Mr. Hempstead asked if the Internal Service Fund included both the City and the Board of Education. Mr. Gilden said that it included both the City and the BOE.

Mr. Bassett said that the full 160 page audit document was posted on the web. There is also an executive summary called a MDA, which is a six page report that presents the highlights. He pointed out that having the accurate numbers takes a great deal of work.

Mr. Hempstead said that there were always recommendations. He asked Mr. Bassett to highlight this year's recommendation. Mr. Bassett said that there were not many and gave a quick run down on the various areas.

Mr. Sacchinelli asked about the internal controls. Mr. Bassett said that while they don't issue fines for those, but they do communicate any deficiencies to the management.

Control testing is part of what the service provides. He added that the full blown report is presented at the January Audit meeting.

Mr. Hempstead asked how Norwalk is rated. Mr. Bassett said that because of the OPEB funding decision made a number of years ago, the City is in a good position. The auditors look at certain things to determine their bonding rate. Norwalk has scored favorable in terms of the financial benchmarks.

Mr. Kydes asked how many municipalities the company serviced. Mr. Bassett said that they have 30 accounts in Connecticut and over 1,500 nationwide.

RECEIVE OAK HILLS AUTHORITY MONTHLY FINANCIAL STATEMENTS FOR JANUARY 31, 2016.

Mr. Gilden said that the Authority was still in their winter season and they still have a positive cash flow. Mr. Kydes said he noticed that the warmer weather having an effect on the water bill.

Mr. Hempstead said that the report was only through the end of January. He asked Mr. Gilden if the Authority was in a better position this year. Mr. Gilden said that he believed so since the Authority had not come back to the City to request a loan. The reduction in debt service helped the Authority a great deal.

Authorize the Mayor, Harry W. Rilling, to submit an application to the State of Connecticut for grant funds provided under the State of Connecticut's Local Capital Improvement Fund for 2016 Local Capital Improvement Program ($638,740 - 2016 Entitlement).

**** MR. SACCHINELLI MOVED THE ITEM**.

Mr. Gilden said that this was done every year. The LoCIP funds are usually designated for paving. Other towns keep the funds until they have a large capital project. Mr. Hempstead said that he had noticed that almost every year the amount has remained flat. Mr. Gilden said that it had not increased during the last ten years.

**** THE MOTION PASSED UNANIMOUSLY**.

RECEIVE BOARD OF ESTIMATE AND TAXATION APPROPRIATION DATED: May 7, 2016

Fiscal Year 2015-2016:

1. Resolved, that a sum not to exceed $26,567 be and the same is hereby transferred from contingency to the Registrar of Voters Department to cover the costs of

Primary Election, training and back-up batteries for voting machines in various accounts. (Account # Various)

Mr. Gilden gave a brief overview of how the funding was handled for primaries.

2. Resolved that a sum not to exceed $13,035 be and the same is hereby transferred to the Police Department Special Services Division overtime and State and Federal Reimbursements due to Increased Estimated Revenues (Accounts #01-3035-5120).

Mr. Gilden and Mr. Hempstead explained that there are times when the Federal Government may request the use of some of the local police officers. The State and Federal reimbursements usually are in smaller sums, but this particular reimbursement is a larger amount.

**** MR. HEMPSTEAD MOVED BOTH ITEM 1 AND 2.**
**** THE MOTION PASSED UNANIMOUSLY**.

ADJOURNMENT

**** MR. SACCHINELLI MOVED TO ADJOURN.**
**** THE MOTION PASSED UNANIMOUSLY**.

The meeting adjourned at 7:55 p.m.

Respectfully submitted,

S. L. Soltes
Telesco Secretarial Services

To: Mayor Harry Rilling; Board of Estimate and Taxation; Finance & Claims Committee
From: Lisa Biagiarelli, Tax Collector
Date: March 10, 2016
Re: Narrative for February, 2016 Tax Collector's Report

Through the end of February 2016, eight months into our current fiscal year, we collected more than $292 million, or **97.67%** of our nearly $300 million tax levy. In addition, as of the end of February 2016, we collected more than $14.2 million of our sewer use levy, or **97.11%.** We also collected in excess of 88.4% of the year's IPP (Industrial Pretreatment Program) fee on behalf of the Water Pollution Control Authority.

Also through the month of February 2016, we collected more than $2.8 million (net) in back taxes, interest, lien fees and other fees. That amount still appears to fall short of what we collected in back taxes during the prior fiscal year, however. This year's collections are, again, being impacted by tax credits stemming from reductions from court cases brought by taxpayers challenging their property assessments. Our tax sale will be held on Monday, July 18, 2016. Back tax collections usually spike during tax sale years. We should see the 'gap' between the current and the prior year dwindle, as we continue to bring in revenue related to the tax sale, unless back tax collections continue to be outpaced by prior years' assessment reductions and tax credits.

Compared with last fiscal year, we are slightly ahead relative to current taxes (.4%) and slightly behind relative to current sewer use collections (- . 05%). Because the collection cycle did not end until February 2016, with this end of month report, we are finally able to fully evaluate our standing relative to last year, and conclude that we are on track to meet our budgeted collection goals through the end of the current fiscal year on June 30.

With regard to delinquent collection enforcement, we are working with our state marshals on delinquent business personal property accounts. We have issued some new alias tax warrants and are following up on some that were issued in the fall of 2015. Since the inception of the alias tax warrant program we have collected in excess of $2.3 million through the direct personal effort of the marshals and / or our delinquent tax collector. Our delinquent tax collector has also been working on UCC (Uniform Commercial Code) liens for delinquent businesses, and since September 2015, has filed more than 900 of these liens with the office of the Secretary of the State of Connecticut. Also, on March 4, 2016, we published a delinquent business personal property tax levy notice in the Norwalk Hour to attempt to enforce collection on more than 100 accounts that were either three or more years in arrears, or that owed in excess of $2,000. The notice took almost an entire page in the newspaper. We are going to follow up with another notice next month. Many of those accounts are problem accounts that are difficult to collect for various reasons. Most of those accounts have already been turned over to the state marshal. We continue to work with the Department of Health to ensure that entities owing back business personal property taxes are not allowed to renew their health permits until their back taxes are paid. Norwalk health permits renew in January.

Norwalk residents seeking a resident pass to use the beach, transfer station, and other facilities must be current in their taxes and will be denied a pass until they bring their taxes current.

We are about to embark on the next phase of work relative to our July 2016 tax sale. In November 2015 we sent about 130 preliminary letters to owners of properties that already met the criteria for inclusion. That mailing was a courtesy mailing that is not required by state law. Its purpose was to alert those involved that they met the criteria, and to give them extra time to arrange for financing or otherwise attempt to address the delinquency. To date, we have already collected more than $800,000 on properties scheduled for tax sale. The 'official' sale process will begin within the next four to six weeks. We will finalize the criteria , assign remaining properties for title search, and begin photographing properties. We expect to file notices of sale sometime in April. The sale is scheduled for Monday, July 18, 2016. Previous tax sales have generated upwards of $4 – $5 million or more in revenue .

Our second installment collection period concluded on February 1. We ran our billing files prior to Thanksgiving weekend, and mailed our bills around December 10, giving taxpayers about seven weeks to pay. There were no major issues. At the end of February, we mailed delinquent notices to taxpayers who had not met their current tax obligations. We will file our lien continuing certificates at the close of business tomorrow, Friday, March 11. Tax liens are filed to secure payment of outstanding real estate taxes and sewer use charges. We are adhering to the normal schedule for these processes, based on the necessity of filing liens in mid March in preparation for our July tax sale.

As we first reported in June 2015, the Connecticut Department of Motor Vehicles converted to a new computer system that changes how the DMV identifies taxpayers and vehicles, and how municipalities report tax delinquencies and compliance. The transition has not gone well. Senior members of our staff continue to spend a great deal of time online and on the telephone "troubleshooting" with DMV and our software provider.

The last three months of the fiscal year, April through June, will be a combination of work on delinquent enforcement for the taxes that are now past due, as well as preparation work for the new fiscal year and the tax billing that will take place in early to mid June 2016.

Last but not least, I'm proud to report that members of our staff continue to be recognized as subject matter experts by a number of our professional associations. Al Palumbo, Assistant Tax Collector, is considered an authority on numerous subjects including how federal bankruptcy affects tax collections. He and I are doing a presentation for our Northeast Regional Tax Collectors & Treasurers' Association at our annual conference later this year. We have done similar presentations in the past for our state group. Al is also involved with our state association, and traveled to Hartford last week as part of an eight person delegation that delivered testimony before the Connecticut General Assembly on behalf of our association and the City. Our delinquent tax collector, Cynthia Haith, is participating in a panel presentation at our state association's conference next week in Bristol, Connecticut. Her presentation deals with effective collection of business personal property taxes. She will be joined by the Assessor and Tax Collector from the City of East Hartford, and one of our Fairfield County state marshals. On April 1, I am presenting an all day workshop, sponsored by the Connecticut Tax Collectors' Association, for tax collectors and staff on the topic of how to conduct a municipal tax sale. We hope to teach other towns how to do their own tax sales 'in house,' without hiring outside attorneys or marshals to conduct the sale.

REGULAR MEETING - BOARD OF
Highlights of Norwalk's FY 2015 Comprehensive Annual Financial Report

Government-Wide Financial Statements:

- Total Assets and Deferred Outflows at 6/30/2015 were $870.3 million and Total Liabilities and Deferred Inflows were $494.9 million. (pg. 15)

- Total Net Position at 6/30/2015 was $375.4 million. Of this amount, $403.5 million was invested in capital assets, and the remaining balance was either restricted for various purposes or was unrestricted. Unrestricted net position at year-end was $30.3 million. Total Net Position improved by $17.7 million or 5.9% during the course of the fiscal year. (pg. 15-16)

- Net Capital Assets (Government Activities & Business-Type Activities - after depreciation) totaled $666.3 million, an increase of $20.5 million or 3.1% compared to the prior year. (pg. 39-40)

Fund Financial Statements:

- General fund balance increased by $7.3 million or 19.5% to $44.8 million, representing 12.8% of total general fund revenues (GAAP basis). Unassigned fund balance totals $42.3 million, representing 12.1% of revenues (GAAP basis). The increase in fund balance reflects the City's favorable results of operation during the year. (pg. 17-18)

- Cash and investments at fiscal year-end (excluding pension fund assets) totaled $101.8 million, representing approximately three months of expenditure liquidity within the governmental funds. The City maintains ample cash to meet its liquidity needs. (pg. 17)

- The City's Business-Type Activities (WPCA and Parking Authority) realized a $3.4 million improvement in Fund Net Position, with combined Net Position increasing from $100.7 million to $104.1 million. Unrestricted Net Position (combined) totaled $12.2 million. (pg. 20-21)

- The City's Internal Service Funds (principally the Insurance Fund covering risk management activities of the City and Board of Education) realized a $9.0 million improvement in Fund Net Position. Fund Net Position of the Internal Service Funds started the fiscal year with an increase of $9.6 million, and ended the year with a Fund Net Position of $18.5 million. The City's Internal Service Funds had assets of $35.8 million as of 6/30/2015 and liabilities of $17.3 million. (pg. 20-21)

- The City's Fiduciary Funds (Pension Trust funds and OPEB Trust Fund) had total assets of $466.5 million, with a Net Position restricted for benefits of $453.3 million. Fund Net Position improved by $5.2 million during the fiscal year, from $448.1 million to $453.3 million, or 1.27%. (pg. 23-24)

- Property tax, interest and lien revenue totaled $294.5 million, an increase of $12.6 million or 4.5% higher than FY 2014. Property tax revenue represented 84% of total general fund revenue. The City's collection rate on property taxes was 98.7% for FY 2015. The most recent State-wide data indicates that Norwalk maintains the best collection rate among the six largest cities in Connecticut. (pg. 18, 94-95)