

Preston Board of Finance
Regular Meeting
Wednesday, July 20, 2022
Preston Plains Library

Call to Order - John Moulson called the meeting to order at 7:31 P.M.

1. Roll Call

Members

John Moulson - Chairman
Robert Congdon - Vice Chairman
Kayla Thompson - Clerk
Stacey Becker
Denise Beale
Zachary Maurice

Alternates

Andrew Sawyer
Vacancy

Also Present

Sandra Allyn-Gauthier - Selectwoman
Jerry Grabarek - Selectman
Ken Zachem - Selectman
Cindy Varricchio - Finance Director
Erin Gizio - Treasurer
Sean O'Grady - CPA,CFE of King, King, & Associates, CPAs
Zoe J. Peak - Lead Auditor of King, King, & Associates, CPAs

Bob Congdon motioned to move forward King, King, & Associates, CPAs audit review presentation on the agenda. Zach Maurice seconded the motion. The motion was carried unanimously.

Sean O'Grady stated that the Board had not only the full report but also a powerpoint packet and that he would go through the powerpoint as it highlights more pertinent aspects of the audit. He told board members to ask questions as he went through the information. He then explained how the audit is broken into sections and what each section entails. Pages 3-9 are various narratives concerning different aspects of the audit. A few significant highlights of the audit were that the GF Fund Balance is \$4,116,364. Even though it's recommended that the surplus be 16.67%, Preston has a 20.1% surplus; which is very healthy. It was noted that \$695,000 was used to offset the FY2022-2023 budget.

There has been an increase in the General Fund balance of \$316,368 mainly due to greater than expected tax collections and licenses, permits, and fees. As well as expenditures

less than anticipated with large savings in property redevelopment and education expenses. It was also noted that there was an expectation of using \$700,000 of the GF Fund Balance, however there was a surplus of \$500,000 which created an unexpected \$1.2 million surplus. He then shared a graph showing the GF Fund Balance account over the last 3 years; and stated that it's headed in a positive direction.

Looking at the Town's assets, it was noted that the cataloging of the assets had been lapsed, but has since been brought up to date. The Science Lab renovations, playground, and fuel tanks have been added to the town's assets.

Mr. O'Grady then went over long-term liabilities; which equals roughly \$700,000-800,000. He did mention the Town's portion to the Teachers Retirement Pension Liability is \$16,103,984 and the Town's portion of Teachers Retirement OPEB Liability is \$2,401,910 neither of which the Town is responsible for at this time.

A detailed budgetary schedule can be found in the audit report on pages 52-55. It was mentioned that the Outstanding Taxes Receivable balance was \$254,032 on June 30, 2021 which is roughly 2.1%. The auditors typically see towns between 2-8%; so Preston is on the low end of the scale in that area.

Next the State Single Audit was reviewed. FY2021 State Assistance was a total of \$4.6 million with the following:

- \$3.05 million in Education Cost Sharing and Excess Cost
- \$1.16 million in Pequot Grant
- \$199,000 Town Aid Road
- \$153,000 LoCIP - it was noted that paperwork was not filed with the state through an oversight, but will be filed.

It was noted that with the ARPA funds received this year that a Federal Audit will need to be done for the next audit.

It was noted that during the audit it was discovered that approximately \$120,000 checks were not deposited. Once this was discovered efforts to recoup these funds was started and so far \$100,000 has been redeemed.

It was asked how this occurred. Cindy Varricchio stated that it happened with the previous staff and that without proper internal controls this occurred. Moving forward the established internal controls and Best Practices will assure that this doesn't happen in the future.

At the end of the presentation Mr. O'Grady was asked what he sees other towns have for GF Fund Balance. He stated they typically see 15-18% so Preston's 20.1% is healthy and higher than the average. He did point out that the Town has tried to use the surplus several times over the years, but with significant savings from the Board of Education and in other areas the GF Fund Balance continues to climb.

Kayla Thompson motioned to move the King, King, & Associates Audit Invoice forward on the agenda. Stacey Becker seconded the motion. The motion was carried unanimously.

Sean O'Grady fielded questions from the Board concerning hours billed; explaining that this audit took far more hours than expected, but that moving forward because issues were corrected the next audit will need less hours.

Stacey Becker motioned to pay \$8,437.50 out of the amended Audit budget line item. Kayla Thompson seconded the motion. The motion was carried unanimously.

At this point the meeting reverted back to the original agenda.

2. Public Comment - None

3. Correspondence

- June 17, 2022 - Nick Vegliante: email - in support of Kayla Thompson filling the vacancy on the the Board of Finance
- July 15, 2022 - CCM: email - The Municipal Voice
- June 20, 2022 - Jill Keith: email - regarding concerns about the budget and upcoming Town Meeting
- June 23, 2022 - CCM: email - Grant Finder webinar
- June 17, 2022 - CCM: email - The Municipal Voice
- June 21, 2022 - CCM: email - Municipal Training at Hartford Offices
- July 1, 2022 - CCM: email - The Municipal Voice
- July 11, 2022 - CCM: email - 2022 CCM Convention; Back to the Future, to be held at Mohegan Sun on Nov. 1-2.
- June 23, 2022 - CCM: email - Certified Connecticut Municipal Official Training
- June 14, 2022 - The Collins Center: email - Workshop Series Offered on Wednesdays through June
- July 13, 2022 - CCM: email - Webinar Combating Rising Energy Costs with an Energy Performance Project
- July 12, 2022 - CCM: email - Webinar Increasing Housing Options for Older Adults: Where Do Accessory Dwellings Fit In?

4. Approval of Minutes

a. Board of Finance Regular Meeting April 27, 2022

Bob Congdon motioned to approve the Regular Meeting Minutes of April 27, 2022 as presented. Stacey Becker seconded the motion. The motion was carried unanimously.

b. Board of Finance Regular Meeting June 15, 2022

Kayla Thompson motioned to approve the Regular Meeting Minutes of June 15, 2022 as presented. Bob Congdon seconded the motion. The motion was carried unanimously.

c. Board of Finance Special Meeting June 22, 2022

Bob Congdon motioned to approve the Special Meeting Minutes of June 22, 2022 as presented. Denise Beale seconded the motion. The motion was carried unanimously.

5. Finance Reports

a. Board of Education Report

Cindy Varricchio stated that the Board of Education has spent 87.6% of their budget and still has expenses to pay. There have been delays in shipments that are hindering the finalizing of their FY2021 budget. There looks to be about \$210,000 that will be returned to the Town after all the late shipments and encumbered amounts are paid.

1. Board of Education Liaison Report

Zach Maurice stated that the Board of Education is faced with the growing increase in students so there is a need to move the central office in Preston Plains Middle School.

b. Town Revenue Report

Cindy Varricchio stated that revenues continue to show strong returns. The \$70,000 was received from the Poquetanuck Fire Department. The Revenues are a healthy \$480,000 over budget.

c. Town Expenditure Report

Sandra Allyn-Gauthier stated that the Town is still tracking favorably. There are still a few June bills to come through to be paid out of the remaining \$224,000. PRA has a \$50,000 expense. There are some bigger ticket items that need to be paid; but it looks as if the original estimate of \$65,000 returned to the Town may be a little higher..

6. Old Business

a. 2020-2021 Audit Review - presented by King, King & Associates, CPAs - forwarded on the agenda

b. 2020-2021 Audit Corrective Action Plan

Cindy Varricchio passed out a booklet entitled *Town of Preston and Board of Education Budget 2022-2023* which breaks down the budget in keeping with the State of Connecticut Chart of Accounts. It is showing the changes of account numbers and broken down into several key areas. It was shared that we have morphed away from excel. It was also pointed out that the last page is the State of Connecticut's profile of Preston.

Cindy Varricchio then shared two spreadsheets showing the 2020-2021 Audit Corrective Action Plan. The first was dated as of June 30, 2021 and showed that the Town's general ledgers were incomplete and that an entire year had to be created from 3 different record keeping systems. Starting this year the town will be following Best Practices which will make finance management more concise and accountable. Looking at the Corrective Action Plan for FY2021 it was stated that going forward all deposits will be completed by one person and then verified by another thus avoiding missing deposits. Number 6 of the Plan was to be completed by July 31, 2022 however, it's already been completed.

Then the Corrective Action Plan dated July 19, 2022 was shared. It showed that only Number 10 was not completed. Number 10 - The Town and the Board of Education do not currently have formalized accounting policies and procedures manuals detailing daily, monthly, quarterly, and year-end closing procedures. It was stated that the Town and the Board of Finance must have accounting policies in place. This would ensure appropriate procedures and practices are followed; which will then establish accountability and internal controls, this needs to be done.

c. 2020-2021 Annual Report

Cindy Varricchio stated that this has been completed and that the 2021-2022 report will begin soon.

7. New Business

a. King, King & Associates, CPAs Audit Invoice - Supplemental 2020-2021 Audit Billing - forwarded on the agenda

b. Board of Finance Alternate Vacancy

John Moulson stated that this can't be acted on at this time and that the vacancy needs to be posted on the town website.

c. Planning and Zoning Commission request for Review of Board of Finance Goals in the Plan of Conservation and Development (POCD)

Sandra Allyn-Gauthier stated that Kathy Warzecha needs the Board of Finance to look over their previous goal and revise it as needed. They are also asked to outline steps that will need to be taken in order to have forward movement towards obtaining the goal state.

It was decided that they will look at and revise the goal at the August meeting. If more time is needed they can determine that once they see the progress that is made during the August meeting.

d. Stacey Becker reimbursement for Adobe Acrobat

Stacey Becker presented a bill for reimbursement for the Adobe Acrobat that she used while Clerk of the Board of Finance.

Kayla Thompson motioned to approve the reimbursed \$165.72 to Stacey Becker for the purchase of Adobe Acrobat. Bob Congdon seconded the motion. The motion was carried unanimously.

e. Board of Finance Laptop Software Licenses

It was decided to check with the school for the possibility of acquiring a newer laptop before any licenses are downloaded.

Kayla Thompson motioned the meeting packets onto the agenda. Stacey Becker seconded the motion. The motion was carried unanimously.

Kayla Thompson then pointed out that the correspondences in the meeting packet take 35-40 pages and that many of them are from CCM and the information by meeting time are outdated. She suggested because all of the correspondences are accessible by the Board members via email, that rather than copying them all, she be allowed to make a list of the correspondence that have been received as a part of the meeting packet, saving a great deal of paper.

Kim Lang added that she copied the packets for the meeting and the present system uses 2 reams of paper.

Bob Congdon motioned that all correspondence be listed rather than copied in full, in order to reduce packet pages. Stacey Becker seconded the motion. The motion was carried unanimously.

8. Public Comment - None

9. Adjournment

Bob Congdon motioned to adjourn at 9:10 P.M. Stacey Becker seconded the motion. The motion was carried unanimously.

Respectfully Submitted,

Kimberly Lang

Recording Secretary