

Preston Board of Finance
Regular Meeting
Wednesday, May 19, 2021 at 7:30 P.M.
Teleconference Call

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

1. Roll Call

Members

John Moulson – Chairman
Bob Congdon - Vice Chairman
Stacey Becker - Clerk
Andy Depta
Denise Beale - excused
Zachary Maurice

Alternates

Vacancy
Vacancy

Also Present

Sandra Allyn-Gauthier – First Selectwoman
Jerry Grabarek - Selectman
John Spang – Financial Director
Dr. Seitsinger – Superintendent of Schools
Jim Corley – Public Works Director
Christopher King – King, King, and Associates
Sean O’Grady – King, King, and Associates
4 other members of the public

John Moulson asked that item #5 be brought forward in the Agenda in order to hear the Audit Report presentation by King, King, and Associates.

Christopher King introduced himself and his colleague Sean O’Grady, and then gave a brief review of the FY2020 Audit and reminded the BOF that they have been working on the town’s audit since February 2021. He then shared the following pertinent information from the Report. He stated that the general Fund has a balance of \$3,799,996. The Government Finance Officer’s Association recommends 2 months annual revenue be kept in surplus (16.67%). Preston’s unassigned GF fund balance is 17.19% of annual budgeted revenues and other financing sources. Mr. King stated the increase in GF of \$431,958 is due to two reasons. One, revenue lines were performing better than anticipated, and two several areas saw less expenditures due to the Covid shut down.

He went on to share that the Adopted GASB 84 Fiduciary Activities such as student activity accounts would be considered custodial funds.

Mr. King then reviewed the Town’s Capital Assets:

- increase to CIP science labs renovations and new accounting software
- additional buses and disposal of old ones
- addition of a tanker, roadside mower, and rescue vehicle

Looking at Long Term Liabilities

- paid down of GO Bond \$555,000
- annual debt maturity table shows roughly \$800,000 per year bond principal and interest pay down
- Portion Teacher Retirement Pension Liability associated with the town is \$14,714,403 – State pays
- Portion of Teachers OPEB Liability associated with the town is \$2,294,793 – State pays
- Outstanding tax receivable balance as of 06/30/2020 is \$292,590, which is roughly 2.48% of the current levy

Sean O’Grady then shared the State Single Audit.

- \$3,045,322 – Education Cost Sharing and Excess Cost
- \$1,165,290 – the Pequot Grant
- \$199,275 – Town Aid Road
- \$725,172 – Brownfield Riverwalk

Mr. O’Grady then reviewed the recommendations with the Board. The Auditors suggested the following:

- Bank reconciliation – transaction should be signed off by another person.
- An updated, detailed Capital Asset List is needed.
- Accounting Policy and Procedure Manual should be developed.
- PZC Bonding Accounts have not been adjusted for over 2 years.
- Couple of Federal and Connecticut tax withholdings have not been transmitted in a timely manner.
- There are multiple issues, but the one underlying cause is the lack of checks and balance procedures.

Andy Depta asked what the requirements and timeline for the Town to correct these issues.

Christopher King stated that the firm will follow up on the correction action plan and that they must report the recommendations to the state. If the Town goes several years with the same recommendations and unresolved issues the OPM will investigate. It was shared that John Spang and Town Management were working on a corrective plan and hope to have it completed to share at the June Board of Finance meeting.

Bob Congdon questioned how the PRA Grants and Town Aid Road funds were listed.

Christopher King shared how and why they were listed as they are.

Stacey Becker clarified with Christopher King which set of numbers the Board should be using for budget building.

With no further questions from Board members concerning the FY2020 Audit, John Moulson returned to the Agenda.

2. Public Comment – No one spoke.

3. Correspondences

- April 26, 2021 – John Spangs – email: to Sue Nylen requesting printed copies of communications to Sandra E. Welwood LLC

- April 26, 2021 – John Spang – letter: budget information in an Excel format
- April 27, 2021 – John Spang – email: sharing pertinent information from the audit
- April 28, 2021 – Nancy Musa – email: with an attached letter from King, King, & Associates
- April 28, 2021 – Alina Kisenko – email: Lets Transcript offer
- April 29, 2021 – John Spang – email: stating Audit Report had been received and that the firm will present at the next Regular Meeting May 19th
- May 13, 2021 – John Spang – email: telling Board member that the Audit Report is available to pick up
- May 14, 2021 – Nancy Musa – email: regarding the reopening of Town Hall on June 1st and the return to in-person meetings

4. Approval of Minutes

a. BoF Regular Meeting of April 22, 2021

Bob Congdon motioned to approve the Regular Meeting of April 22, 2021 Minutes. Andy Depta seconded the motion. The motion carried unanimously.

b. BoF Special Meeting of April 29, 2021

Andy Depta motioned to approve the Special Meeting of April 29, 2021 Minutes. Zach Maurice seconded the motion. The motion carried unanimously.

c. BoF Special Meeting of May 5, 2021

Andy Depta motioned to approve the Special Meeting of May 5, 2021 Minutes. Stacey Becker seconded the motion. The motion carried unanimously.

d. BoF Special Meeting of May 12, 2021

These Minutes were tabled until the June meeting.

5. Report on FY2019-2020 Audit from King, King, and Associates

6. Candidate for Alternate – Interview and selections – RTC and DTC Chairmen Introductions

Andy Depta shared that the person he was endorsing has not shown so he is withdrawing his endorsement.

7. Town Revenue Status Report

John Spang reported that there was still good news. He explained, looking at the spreadsheet from Sue Nylen, that any numbers listed in the *Uncollected Balance* column that is in parentheses is over budget. He also explained that the Town has yet to receive Education Cost Sharing of \$1,400,000, the Mashantucket Grant, and State Aid for a total of \$1,800,000 yet to be received. This leaves the town with +\$200,000 by the end of April. Which is very good news.

8. BoE Financial Report

John Spang reported that the Board of Education has spent \$9,728,392 or 79.5% of their budget thus far. Even though the salary and health insurance lines are over budget, money saved in transportation and utilities will allow the Board of Education to return funds to the Town. It's looking like approximately \$120,000 is expected to be returned to the Town.

a. BoE Liaison Report

Zach Maurice stated that the Board of Education wanted to thank Andy Depta for his service as Liaison. He went on to share that as of April 30th it looks like the Board of Education will be returning about \$125,000 to the Town. He then shared that the Board of Education has decided that they would like to move forward with paving all of the PPMS parking area. The auxiliary area is used for extra parking and school activities; they feel it has been neglected and it's time to fix it. In November they are hoping to start looking into a 10-year Capital Plan that will include continuing to rotate out the older buses.

9. BoS Financial Report

Sandra Allyn-Gauthier reported that 70% of the General Government budget has been spent with 30% remaining. Overall, there are no major changes expected at this time and it is expected that \$165,000 will be returned to the Town. Areas that will be returning funds are: \$90,000 from PRA; \$12,000 from Senior Affairs; 13,000 Parks & Rec; \$20,000 State Trooper; \$25,000 Fire Dept.; \$1,500 Library; \$5,000 Registrar of Voters. The savings on the State Trooper may not remain because the Trooper is temporary. This is not a normal year, but hopeful soon we will be back to "normal."

John Moulson summarized that Board of Education is returning \$125,000; Board of selectmen is returning \$165,000; and \$200,000 additional Revenues gives us about \$490,000 is being returned to the town.

10. PRA Update

This will no longer be on the Agenda until such time as there is something to report.

11. Old Business

a. Supplemental appropriation request from BOE for PPMS repaving project

John Spang shared that the Board of Education has decided after researching the options that they would like to pave the entire area. The activity parking lot is used for after school, outdoor activities, fire drills, parties, parking for sports, extra parking for voting.

Andy Depta asked if that activity parking area needs to be done as to specs.

Roy Seitsinger explained that they were told that to have 2 unmatched surfaces close together would create drainage issues and compromise the completed paving job. The Board of Education was told to keep it consistent otherwise water runoff and pooling. He also stated that this project is time sensitive and needs to be completed in a way so it doesn't disrupt school activities.

Stacey Becker motioned that the Board of Finance recommend to bring forward to a Town Meeting to appropriate \$95,000 from the Undesignated Fund to the Capital Fund Project to repave the PPMS and auxiliary parking lots. Zach Maurice seconded the motion.

After further discussion among the members an amended motion was proposed.

Bob Congdon motioned to amend that the Board of Finance recommend bringing forward to a Town Meeting to appropriate \$65,000 from the Undesignated Fund Balance to the Capital Project to repave the PPMS and auxiliary parking lots. Andy Depta seconded the motion. The motion carried unanimously.

b. PZC request for appropriation of \$5,000 to start update of the POCD

Sandra Allyn-Gauthier shared that this was brought before the Board of Finance and there was no action, so we are bringing it back to the Board to get an answer. She also stated that she felt it was similar to the Assessors appropriation that was granted last month. It was made clear that it would not affect the Budget being presented at the Public Hearing on Thursday.

Stacey Becker motioned to appropriate \$5,000 to fund the POCD as recommended by the Board of Selectmen. Zach Maurice seconded the motion. This motion was withdrawn.

The Board discussed several options to deal with the mandated POCD. John Spang was asked for guidance, but was unable to give the Board a definite answer as to how best to handle this. Bob Congdon felt strongly that it should be placed in the the General Government Budget. While Sandra Allyn-Gauthier and Stacey Becker didn't understand how this was significantly different from the Assessor's reval appropriation.

Bob Congdon motioned to appropriate \$5,000 from Undesignated Fund to Capital Non-reoccurring Fund for the 2021 POCD. Andy Depta seconded the motion. The motion carried.

c. Appropriation request from Assessor for interim reval.

John Spang explained that the this will be put out to bid and then when the bid is awarded the company will want a contract to do the work. We don't feel confident to sign a contract for \$45,000 with only \$19,000 in the budget.

Millie Peringer shared her confusion why she has to be involved in this process because she has never been involved before. She shared that the Board of Selectmen open the bids and award it.

John Spang felt a Letter of Intent is necessary to move forward.

Bob Congdon stated that at the last Board of Finance meeting that it is stated in the Minutes that the Board realizes it will cost up to \$60,000 and once the cost is decided it would go to a Town Meeting to secure the rest.

It was decided that no action was needed by the Board at this time.

**d. Request from BOS to change approved capital project Re: new DPW truck
see First Selectwoman's email re: Atty Chudwick's opinion**

Sandra Allyn-Gauthier shared an email from Attorney Chudwick, the Bond Council, stated that if the need can be shown that changes can be made with the endorsement of the Board of Selectmen without going to a Town Meeting. Sandra Allyn-Gauthier felt that this was a need for the Town and brought back to the Board of Finance now that she has obtained advice from the attorney.

Bob Congdon stated that he felt that need hasn't been shown. There was a brief discussion of the cost of the trucks to be purchased, the trade-in deductions from the purchase price, and the best way to proceed.

Sandra Allyn-Gauthier explained that she is not asking for any money, but asking to repurpose Capital Project Funds. That with the two trade-ins, money from their operating budget, and the \$65,000 from the Capital Projects Fund; that the two desired trucks can be purchased. Just reallocating money.

Bob Congdon motioned to take to a Town Meeting to amend Capital Project to authorize the purchase of 2 trucks and use \$9,500 of trade-in towards the purchase. Denise Beale seconded the motion. The motion carried unanimously.

12. New Business

Stacey Becker mentioned the auditor's bill that has been received needs to be paid. She found the second invoice from King, King, and Associates showing that the balance due is \$11,500.

Bob Congdon motioned to appropriate \$11,500 from the Undesignated Fund to pay the second audit invoice. Denise Beale seconded the motion. The motion carried unanimously.

13. Public Comment - none

14. Adjournment

Andy Depta motioned to adjourn at 10:02 P.M... Stacey Becker seconded the motion. The motion carried unanimously.

Respectfully Submitted,

Kimberly Lang

Recording Secretary