

Board of Finance
~~Special~~ ^{Regular} Meeting
November 6, 2023 6:30 PM
Veteran's Meeting Room
Warren Memorial Town Hall

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STAFFORD, CT

2023 NOV -9 PM 5:09

4 pages
w/ 2022
Financial
Statement
Attachment

1. The meeting was called to order at 6:30 PM by member Richard Shuck, as Chairman Francis Moriarty would not be in attendance.

Upon motion of Mr. Geryk and seconded by Mr. Walsh, the Board voted unanimously to seat Mr. Shuck as Chairman for the meeting.

2. Present were members Steve Geryk, Richard Shuck, David Walsh, and alternate member Conrado Ulloa. Upon motion of Mr. Geryk and seconded by Mr. Walsh, the Board unanimously voted to seat alternate Conrado Ulloa. A quorum was established.

Also present were Interim Director of Finance Lynn Nenni, Kyle Connor of Marcum Auditing firm, DPW Director Devin Cowperthwaite, Superintendent of Schools Steve Moccio, Board of Education Director of Finance and Operations Charmaine Bradshaw-Hill, and members of the Board of Education.

3. Upon motion of Mr. Walsh and seconded by Mr. Walsh, the Board unanimously approved the minutes from the October 11, 2023 special meeting.

Upon motion of Mr. Geryk and seconded by Mr. Ulloa, the Board unanimously voted to move agenda item #5 before agenda item #4.

4. Ms. Nenni distributed two FY24 transfers to the Board. ***(see attached)***

Upon motion of Mr. Walsh and seconded by Mr. Geryk, the Board unanimously approved the transfer of \$7,720 from IT account #20-115-1005 to Family Services account #20-510-4500.

Upon motion of Mr. Walsh and seconded by Mr. Ulloa, the Board unanimously approved the transfer of \$7,500 from DPW account #20-300-1170 to DPW account 20-300-3520.

Mr. Cowperthwaite requested that prior to meeting adjournment, the Board enter into executive session for further discussion of the DPW account transfer.

5. Ms. Nenni distributed the completed FY22 Financial Statements and FY22 Auditors Reports to the Board, along with a 2022 overview of the Financial Statements from Mr. Connors. Mr. Connors discussed the \$2.8 million decrease in the Unassigned Fund Balance due to the Utility Fund deficits. Favorable audit findings included higher than anticipated revenues from Town offices, the 97.7 Tax Collection rate, and a healthy Sewer Operating Fund. Further discussion included reconciliations between the Town and Board of Education, Internal Controls, cybersecurity training, and the Utility Fund. Mr. Walsh asked when FY23 audit would be completed, Mr. Connors is projecting a completion date of March 2024.
6. ***Upon motion of Mr. Walsh and seconded by Mr. Ulloa, the Board moved to enter into Executive Session at 7:35 PM.***

Mr. Walsh moved to enter into regular session at 8:02 PM, seconded by Mr. Walsh and unanimously approved.

7. Upon motion of Mr. Geryk and seconded by Mr. Walsh, the Board voted unanimously to adjourn the meeting at 8:03 PM.

Respectfully Submitted,



Erin Kirchhoffer
Recording Secretary

Attachments – Transfers and Overview of FY22 Audit

TRANSFER REQUEST FORM

Department Name: ~~Parks/Holidays~~ IT+

Fiscal Year: FY 2024

Transfer From Account # 20-115-1005

Account Name: Software/Computer Services

Amount-\$7,720

Transfer To Account # 20-510-4500

Account Name: Telephone

Total Transfer

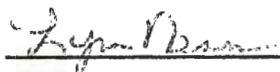
Amount- \$7,720

Please describe the reason for the transfer:

To cover shortfall in Family Services Budget for telephone and internet expenses.

Lynn Nenni

Printed Name: (person requesting transfer)



Signature: (person requesting transfer)

Requires Town Meeting approval per C.G.S. 7-348 Yes- No xx

Date: 11-1-2023

Reviewed by the Board of Selectmen

Date: _____

Approved by Board of Finance

First Selectman

Board of Finance Chairman

TRANSFER REQUEST FORM

Department Name: Highway

Fiscal Year: FY 2024

Transfer From Account # 20-300-1170

Account Name: Salaries-Highway Dept

Transfer To Account # 20-300-3520

Account Name: Consultants

Total Transfer

Amount- \$7,500

Please describe the reason for the transfer (why is the account overbudget).

To cover cost of unanticipated environmental testing and consultation.

Devin Cowperthwaite


Printed Name: (person requesting transfer)

Signature: (person requesting transfer)

Requires Town Meeting approval per C.G.S. 7-348 Yes- No xx

Date: 10/12/2023 meeting

Date: _____

Reviewed by the Board of Selectmen

Approved by Board of Finance

First Selectman

Board of Finance Chairman

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TOWN CLERK

Town of Stafford, CT 2022 Financial Statements

November 6, 2023 | Presented by: Kyle Connors, CPA

MARCUM
ACCOUNTANTS ▲ ADVISORS

marcumllp.com

Introduction

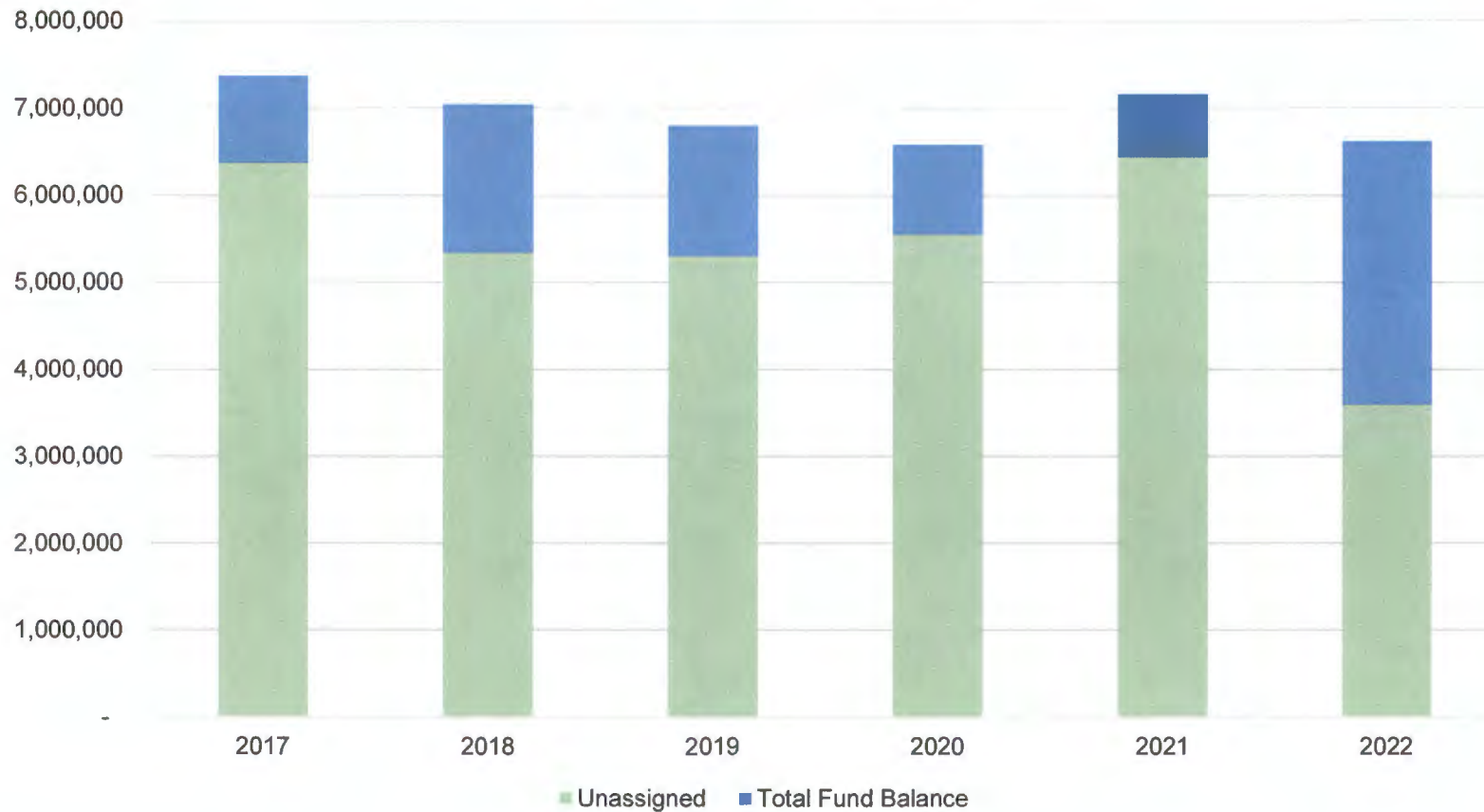
- 01 Presentation will review the Town's 2022 financial statement and single audit results
- 02 Feel free to ask questions at any time

Town General Fund

- Total Fund Balance decreased by \$259 thousand
- Unassigned Fund Balance = \$3.6 million, a decrease from the prior year of \$2.8 million
- Unassigned Fund Balance represents 8.2% of Operating Budget
- Current level is on the lower end of what's considered a healthy target of 8-16% of budgeted expenditures, policy for the Town is 10-14%.
 - 2023, Town used \$725 thousand from ECS fund to balance the budget / replace middle school roof which would reduce percent to approximately 6.5%

Fund Balance: Last Six Years

General Fund - Fund Balance



Results of Operations

- Revenues were over budget by \$269 thousand
- Property taxes \$295 thousand below what was anticipated
- Tax collection percentages:
 - *97.7% collection of current year assessment*

Results of Operations (Continued)

- Intergovernmental revenue favorable by \$190 thousand
 - Higher refunds of prior year expense offset by less local capital improvement program revenue from State than anticipated
- Local source revenue favorable by \$365 thousand
 - Due to higher than anticipated clerk fees as well as higher transfer station fees, building zoning fees and WPCA reimbursement for debt service than anticipated

Results of Operations (Continued)

- Expenditures were \$398 thousand under appropriated amounts
- Favorable results in these areas:
 - *General government capital outlay ~ \$68k*
 - *General highways ~ \$217k*
- Unfavorable results in these areas:
 - **Health capital outlay ~ \$166k**
 - **Board of Education ~ \$5,600**

Sewer User Fund

- Operating revenues amounted to \$2.1 million, up from prior year revenue of \$1.75 million
- Operating expenses were \$1.5 million, consistent with prior year balance
- Operating income of \$644 thousand in 2022 compared to \$255 thousand operating income in 2021
- Fund has net position of \$4.2 million with \$2.2 million classified as unrestricted net position

Town Pension Plans

- Plans are administered through the Town
 - Town Plan funded at 54.38% - net liability of \$ 14.2 million
 - Length of Service Awards Plan funded at 33.95% - net liability of \$93 thousand
- The Town has made all required contributions to the Town plan as prescribed by the State dating back to 2014 (introduction of GASB 68).
- LOSAP has been fully or partially funded each year dating back to 2018

Other Post-Employment Benefits

- Board of Education administers an other post employment benefit (OPEB) plan to certain retirees which has a liability of \$2.3 million at year end
- Plan is funded on a pay as you go basis
- Liability was \$3.8 million in 2018 – decreased steadily since then

Recommendations / Findings

- We noted various deficiencies in the Town and Board's internal controls over financial reporting closing process
 - Town and Board do not formally reconcile expenditures and Month and yearend reconciliations were not performed timely
 - Town capital assets were not historically maintained appropriately leading to restatements in the current year report
 - We noted various prior restatements that were required in the current year during our testing – specifically ARPA revenue that had been recorded as earned in prior year that should have been deferred

Recommendations / Findings (Continued)

- We had various recommendations to improve the Town's internal controls
 - Purchase orders are not always created before purchases are initiated by each Department and purchases are initiated prior to the approval of the Finance Department which results in overspending of line items without the knowledge of the Finance Department.
 - While two board members sign checks, checks were previously not maintained securely under lock and key.
 - While there is a process in place for journal entry review, the Town's financial reporting system allows for individuals to post a journal entry without review.

Recommendations / Findings (Continued)

- We had various recommendations to improve the Board's internal controls
 - The Board does not maintain formal documentation of processes and procedures which lead to the identification of segregation of duties issues over the cash receipts and journal entry review processes.

Other Comments:

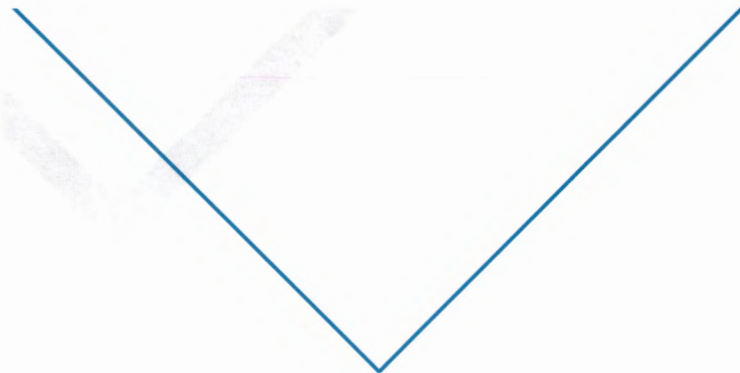
- Continue cybersecurity training on an annual basis – recommending performing vulnerability testing proactively.

Uniform Guidance

- In accordance with Uniform Guidance we selected one Federal and two State programs for compliance testing
 - Child Nutrition Cluster – Federal
 - Tiered Payment in Lieu of Taxes – State
 - Local Transportation Capital Program – State
- No noncompliance was noted during our testing

Questions?





Thank You!

MARCUM
ACCOUNTANTS ▲ ADVISORS

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