

North Stonington Board of Finance Special Meeting
Draft Meeting Minutes, Wednesday, Dec. 09, 2020
Zoom Meeting @7:00pm
North Stonington, CT

DRAFT MINUTES

1. **Call to Order:** 7:01pm, Members present: Chairman Dan Spring, Dan Smith, Alternate Brett Mastroianni filling in for Paul Simonds, Anne Akin, Carolyn Howell, Michael Anderson Absent: Sarah Nelson
2. **Review/Approval of Draft Audit Report 2019-2020:**
 - Very solid audit, improved over last year which had been our best audit to date. There was no management letter issued, this happens when there is a discrepancy found or the auditor is concerned about something.
 - Sandra is not available at this time to do a presentation, but will make herself available at a later date if necessary.
 - Kudos to Christine, Deb and Susan for their quick responses to all of the audit team's requests for info.
 - Still expect an additional billing for this audit but it will be less than the expected \$8K initially expected due to the efficiency of the administrative staff. There will be a supplemental billing because of requirements to include Covid revenues reimbursement
 - Audit makes note of surplus and (pg. 8) that NS was one of 2 towns in CT that showed the fastest growth between 2010 and 2019. This is something that businesses look for when considering a move to a new location.
 - Auditor makes note of the fact that our debt is well within the limits allowed by state statute (pg. 64)
 - Prior annual reports and prior audits are available on the town website.

Questions

- What constitutes "other" revenue (pg. 7)? These revenues are listed in budget line item A5 and include things such as sale of recyclables, transfer stickers, etc. \$59.8K decrease in expected revenue due to? Sale of tanker truck that didn't happen this year and delay of payment of Eversource credit.
- Narrative states there is a decrease in Total Net Position (pg. 5), but numbers seem to indicate an increase over 2019. Christine Diaz thinks number in narrative includes some of the data on page 6.
- General Fund (pg. 7), does this include Undesignated Fund? Yes
- Pg. 21 of report indicates that "the Town has no allowance for uncollected taxes and interest" is this because we base our budget on an estimated 98.5% of taxes being collected? Yes
- Miscellaneous income (pg. 49), decrease of \$44K from expected income is due to? An Eversource credit that we expected to come in was delayed until this year. Expect it to come in within the next 2 to 3 months.

- Unassigned fund (pg. 3) shows an increase from 16.3% to 18.3%, 18.3% reflects balance before we used \$440K to mitigate mil rate increase? Yes, that put us back to about 15.7%.
- Replacement of equipment (pg. 63) what was this for? Majority of \$127K was for Chromebooks. This does not show the 308 Chromebooks from the state, those will show up in this fiscal year.
- What is \$133K expenditure in other (pg. 63) - this was money put into RISA account.
- What is central office expenditure of \$61,712 (pg. 63)? This includes insurance, sub service with Kelley Services, and the initial payment for the financial system.
- What caused the \$56K increase in utilities costs (pg. 63)? This is primarily for 298NW Rd. and the new Wheeler building since the elementary school only came on the books for the last few months of the 2019-2020 fiscal year. Increase is due to extra buildings and the increased cost of utilities. Expect this to drop once solar panels come on line.
- Savings in expenses for teachers and transportation (pg. 63) is due to what? Savings in teacher salaries is due to five retirements or resignations and replacement with staff at a lesser pay rate. Savings in transportation was due to Covid, savings in general transportation to and from home as well as transportation for scheduled sports in the spring that were cancelled.
- What are maintenance services (pg.63)-most of the alarm systems, fire extinguishers, service to phones, HVAC, elevators, as well as things not covered by service contracts. \$75K overage is mainly due to several expenses in the new Wheeler building that hadn't been budgeted for that arose after the project had been turned over to the town. Plumbing was a large portion of those expenses. They had done plumbing work in the old gymnasium, but had not done anything with the underground plumbing and had to put in injector system to help clear waste from showers and bathrooms. Currently reviewing all warranties to be able to properly budget expected annual maintenance costs to be able to keep on top of them going forward.
- What was the savings in employee benefits, \$91K, (pg. 63) was this mainly due to attrition? Replacement staff did not need benefits and replaced staff that had insurance covering couples or families.
- Uncollected taxes (pg. 65)- Uncollected taxes total ~\$422K. This number needs to be decreased, this is approximately 1mil and is about how much we took from the undesignated funds in 2020 to reduce the mil rate increase. It is an issue we need to monitor, and we should make a goal to drop this number to half of what it currently is.
- Do we need to drop our expectations for the upcoming budget season revenue, drop our expectations from 98.5% of taxes collected to something less? In 2020 there were fewer uncollected taxes than in 2019, and in fact we collected more taxes than what we budgeted for.
- Is there anywhere in audit that town lands are accounted for, do we track this at all? Land is not accounted for in audit, nor is it on the grand list because there are no taxes collected from it. Vacant land that the town owns has been tracked, and it has been brought to the attention of the town numerous times that it does not add

anything to the grand list when it sits vacant, and unless the land is benefiting the community as a whole, the town should get rid of it, the town is not in the business of managing real estate.

- Is there a list of these properties but there is no valuation attached to them since they are not taxed. Value is assessed once the town decides to do something with them. Otherwise, they add nothing to the fiscal value of the town.
- What about town owned buildings that the town rents out? Only equipment brought in gets taxed. Land and building still belongs to town and do not add to tax revenue.
- What about land gifted or sold to entities like Avalonia? It just comes off the tax list and does not add revenue going forward.

Motion from Brett Mastroianni to approve the audit as presented. 2nd-Dan Smith
Vote: 6/0/0 Auditing service will be notified so they can finalize the report and print it. Bound copies will be sent to the town and will be filed before the end of the calendar year with the state.

3. **Public Comment:**

Christine Wagner- She would like to know the tax collection rate of surrounding communities or communities similar in size to NS. Chairman Dan Spring has asked the auditor this question of towns that she audits who says that it should be nothing less than 99%, however auditor admits that some towns are really abysmal and don't get anywhere near what we do. They are closer to 90-95%.

Joe Gross- Has never seen so many questions asked at an audit review before, and is glad to see the participation of the board. He would like to know where the auditor wants to see the undesignated fund balance. Chairman Dan Spring answered that the auditor wants to see it at the current level of 18%. He told Brett Mastroianni that there is a report of untaxable town land, which includes town owned land, land held by Avalonia, the state, the grange, and all that land is worth millions. Chairman Dan Spring concurs, but states that much of that land is unmarketable.

4. **Adjournment:** Motion to adjourn at 7:53pm by Brett Mastroianni, 2nd by Anne Akin.
Approved 6/0/0.

Respectfully submitted,

Anne Akin
BoF Secretary