

Prospect Town Council  
Special Meeting  
Unapproved Minutes  
2-26-2020

Chairman Jeff Slapikas called to order the Special meeting of the Prospect Town Council @ 5:00 p.m. The meeting was held at the Prospect Town Hall, 36 Center Street and began with the Pledge of Allegiance. The meeting was taped.

**Members Present:** J. Slapikas, R. Blanc, S. Pilat, M. Patchkofsky, Pat Geary, T. Graveline, S. LusasKolodziej

**Members Absent:** L. Fitzgerald, P. Murray

**Also in Attendance:** Mayor Robert Chatfield& Rico Melaragno from Charles Heaven & Co.

**Mayor's Report:**

Chairman Slapikas presented the Auditor to review the Annual Financial Report.

-**Auditor:** Rico Melaragno, CPA, CGFM from Charles Heaven & Co., appeared before the Council to review the Town of Prospect's Audit Report for Fiscal Year ending 6/30/19. Chairman Slapikas commented that he only received the Annual Report yesterday, and was disappointed that he did not receive the report sooner for review. Chairman Slapikas questioned the date of January 21, 2020 that is listed in the Audit. R. Melaragno advised that the date of January 21, 2020 was the date that the field work was to be completed and the Attorney would submit their opinion as to the dollar amount. A discussion continued with concerns to answering questions from previous Council members with no response. R. Melaragno commented that he couldn't see spending the Tax payer's money by looking for invoices and felt that the Council could go directly to management for answers. R. Melaragno commented on the recent breach of the Town's payroll account and congratulated the Mayor and his staff on the internal controls working; as it was the Mayor and his staff that found the breach and not the Auditor nor Webster Bank. P. Geary stated that it was suggested at the last Audit review that there was a lack of written internal controls and the Mayor should have these in place. R. Melaragno commented that management found the breach; when the Auditors came to Town Hall in May 2019, management had already found the breach. The informal internal controls worked, but could have worked earlier. Discussion. T. Graveline stated that because there is no written procedure in place, the proper steps were not followed; R. Melaragno replied correct. Chairman Slapikas asked R. Melaragno if he was given policies; R. Melaragno advised yes. R. Melaragno advised that he has been advised that the Town is currently working on written policies and procedures and advised the State of the development stages of this in his report. R. Melaragno advised again that the written policies and procedures are in the development stages and will be implemented, but this is a work in progress and could take 2 to 3 years. R. Melaragno read into the record page 57 of the Audit Report referencing the breach in the payroll account. Discussion. R. Melaragno reviewed the Audited Financial Statements giving the Council a power point, the Accounting Procedure Manual and the Audit Report.

R. Melaragno again referenced creating a policies and procedures manual. R. Melaragno thanked the Mayor, staff and other elected officials for their professionalism as the Auditors were given all information asked for.

-Chairman Slapikas read into the record the letters with questions (See Attached) that were received from Tom Galvin, 27 Rockridge Terrace. The following are the answers given by R. Melaragno.

1. R. Melaragno stated that the Audit Report is not designed to identify such material discrepancies.
2. R. Melaragno advised that he would like to take credit for finding the breach in the payroll account, but cannot; it was the Mayor and his staff that found the breach. R. Melaragno commented that the Town's informal procedures worked.
3. R. Melaragno gave no-comment as to the previous auditors. R. Melaragno advised, that per the State, it is not recommended for the external Auditor to reconcile and balance the bank statements.

4. Previously discussed
5. R. Melaragno commented that he did not know if the procedures that the Town had written were due to the recommendation of R. Melaragno and his firm or if it was because of what happened. R. Melaragno commented that he did not know.
6. The Town implemented GASB 75.

T. Galvin requested that the answers be in writing and sent to him. Chairman Slapikas thanked T. Galvin and advised that he would make sure the questions were answered and sent to him.

-Chairman Slapikas asked for further questioned.

-T. Graveline asked R. Melaragno to explain the process by which the Audit is conducted.

-R. Melaragno, advised:

1. Internal Controls (written or not). An item could raise a red flag.

2. Review of Revenue & Taxes. Grand List, apply mil rate

3. State Grants; checking to see if what the grants received are properly used. 25 items are reviewed which are picked by a computer. Then signatures are checked to see if these are in place; if three are necessary then three are there. The firm looks at proof of receipts; reviewing the general ledger and making sure that internal controls are being used and linking these to what is being done. R. Melaragno commented that bank statements are reviewed if this comes about as one of the 25 items to be reviewed. R. Melaragno advised that other areas are also looked at as fixed assets for depreciation and expenditures as to Town Aide Roads. R. Melaragno and his firm reconcile the whole total of the bank statements.

Discussion. Chairman Slapikas asked for further comments.

-Patricia Zappone, 247 New Haven Rd., stated as citizens of Prospect, we do owe thanks to the Town Council, to the Town Hall and to everyone involved for keeping our taxes low and for trying to give us the quality of life that we have in Prospect. P. Zappone continued that the Auditor said that he balanced the payroll account against what goes to the government, so you are paying your employees and then he is looking at what goes to the Social Security and what is paid to the Federal, FICA and the whole thing. P. Zappone questioned if there wouldn't be a discrepancy as the accused did not pay FICA or FUTA, she was just paying bills with it. Chairman Slapikas commented that the Auditor reconciles the total not the bank account. T. Graveline commented that the payroll was accounted for, but not anything else that may have come out of the payroll account. T. Graveline continued that the payroll number matched what was actually paid to the State; the payroll number and taxes matched. Chairman Slapikas thanked P. Zappone for the compliment.

-Chairman Slapikas asked for further comments.

-T. Galvin commented on the State Statutes, education money being used strictly for the District. T. Galvin continued with negligence of balancing of the bank statements, the amount of monies taken; getting the remainder of the monies reimbursed by the insurance company and policies and procedures. T. Galvin also commented on an Audit sub-committee and requests for policies and procedures going back at least 3 years. Chairman Slapikas thanked T. Galvin and asked for further comments.

A motion was requested. **Motion** made by T. Graveline, seconded by R. Blanc to file the Annual Report.

Discussion. **Motion** made by T. Graveline, seconded by R. Blanc to amend the prior motion and to approve filing of this Annual Report with the State of Connecticut, for June 30, 2019 for the Town of Prospect.

**Unanimous.**

-The Council thanked R. Melagarano for his time and explanations.

**Adjournment:**

**Motion** made by S. Lusas Kolodziej, seconded by P. Geary to adjourn the meeting. **Unanimous.** The meeting adjourned @ 6:40 p.m.

*Jeff Slapikas, Town Council Chairman*