

## AGENDA Preliminary 2024-2025 Budget

- ▶ Welcome – Mayor Tom DeVinko
- ▶ Introductions – Mayor Tom DeVinko
- ▶ Initial Findings - Mayor Tom DeVinko
- ▶ Audit Review - Branden Kennedy, BST Auditors
- ▶ 2024-25 Budget Process & Overview – Leslie, Treasurer
- ▶ Questions and Answers

VILLAGE OF WASHINGTONVILLE  
JANUARY 16, 2024

## ISSUES IDENTIFIED

- ▶ Issues Identified as of April 3, 2023
- ▶ Previous year invoices from Budget years 2021 and 2022 approximate Year To Date amount paid out of the 2023 Budget – 1.3M in General A fund, 427K out of Sewer fund, and 38K out of water fund Total 1.6M check written in 2 weeks.
- ▶ All invoices were not approved and paid by the previous Mayor with no resolutions to approve payments
- ▶ Calculated that the village would run out of cash by October 2023.
- ▶ No Treasurer or accountant for 6 years
- ▶ The financial computer system was abandoned approximately 6 years ago for paper documentation and Quick Books for printing checks. Paper trail accounting practices not followed.
- ▶ The lack of documentation is delaying the annual audits for General and water and sewer funds and AUD submission to NYS comptrollers.
- ▶ Audits and Annual Update Document (AUD's) left to be done 2020, 2021, 2022, 2023
- ▶ Lack of budgets and State reporting to NYS Moody's had removed our bond rating in 2020. Basically, saying we are not credit worthy due to no financial data reported.
- ▶ Could not obtain a credit card from our local bank due to no financials over 3 years.

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## ISSUES IDENTIFIED (CONTINUED)

- ▶ Department heads were not part of the budget process entire annual budget was completed by the previous mayor/budget officer.
- ▶ Rental of a Generator for the Sewer Plant that was not needed at 6,000 a month for 5 years is 360,000
- ▶ The 2023/24 Budget increase was 3%, our Treasurer recommended a minimum starting increase of 25%. For the reason of no increase over the past 6 years. Cost of living over the past several years was 3.6%.
- ▶ Revenue amounts were over inflated and expense codes were under the actual expenses.
- ▶ Planning board escrow account does not balance and not up to date.
- ▶ Grant monies were co-mingled in the general fund. Separate accounts should be created. FEMA fund \$435,000, Police fund \$50,000, ARPA (COVID) 600,000
- ▶ General, water and sewer funds have been co-mingled. Example water fund invoices paid from sewer fund.
- ▶ No Bidding on capital road projects. Procurement policy rules not enforced.
- ▶ There is 800K from the Sewer Plant expansion that EFC (state Agency) will not release due to the village not submitting quarterly Sewer Plant Project Reporting from 2020.
- ▶ ARPA (Covid Money) approximate amount of 600K received in two payments 2021 and 2022 cannot identify what the money was spent on.
- ▶ 1M borrowed for road pavement projects money was deposited into our General Fund in 2018.
- ▶ Constitutional Tax Limit Filing is four years delinquent in both Constitutional Tax Limit and Property Tax Cap Filing. NYS Auditor have been asking for this information since November 2022.
- ▶ Mayor had handwritten checks to vendors and not entered into Quick book desktop application. No accounting principals followed.

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## ISSUES IDENTIFIED (CONT)

- ▶ Based on inquiries with department heads and re-analyzing projections for fiscal year 2023/2024 the adopted budget could potentially be short approximately \$1.291 million in the general fund, \$38,000 in water fund and \$303,000 in sewer fund for a total of \$1.632 million. This is due to under estimating expenditures as well as over estimating on revenues.
- ▶ Additional items that should have been budgeted for in 2023/2024 approximate \$243,000. These items include a new police vehicle, dump truck and a generator for the sewer plant.
- ▶ Approximately \$1.615 million of checks processed the last 2 weeks in March were related to the 2022/2023 budget. Another \$50,000 of checks being paid in April and May related to the 2022/2023 or prior budgets.
- ▶ The Village has inquired with our attorneys on other alternatives for financing however since the Village is behind on having external audits performed (last audit completed was for FYE 2/28/2019) deficit financing is the only option.
- ▶ Based on the information above we are working with NYS and have received deficit financing for an amount not to exceed \$4.5 million. **The Village will only borrow what is needed.**
- ▶ The amount financed was 4.4 Million, NYS Controller Office will perform an audit to verify borrowing. This loan is for 10 years.

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## ACTIONS TAKEN TO DATE

- ▶ Need to obtain additional Auditing firm to assist with compiling information for our Auditing firm PKF.
- ▶ Department Heads are now responsible for approving all invoices for payments and following a procurement policy
- ▶ Weekly department head meetings to review financials and priorities
- ▶ Analyzing Water and sewer billing system data entry and policy software inconsistencies
- ▶ Findings – Excessive estimated meter readings, inaccurate data entry into the billing system, lack of processing quarterly exception reports before bills are created. Software parameters inaccurate
- ▶ Replacement of 75 defective water meter, there are approximately 300-350 water meters that need to be replaced. Replacement of meters brought inhouse and done by our DPW Staff to save money.
- ▶ Met with our bond counsel regarding our Sewer Bond payments and approximately \$300,000 of overdue past invoices from 2016-2019. Remaining loan balance 1.2 Million Loan Paid off 2035.
- ▶ Scheduled meeting with H2M Sewer plant designer and Project Mgmt. to review all contractor(s) that walked off the job to due lack payments by the village (2016-2020). There is incomplete work for electrical as possible other areas.
- ▶ Currently reviewing all vendor contracts for any possible savings also audited all Utilities accounts for accuracy. Found many discrepancies with our utility bills have now been corrected
- ▶ To prevent co-mingle of grants and revenue deposits separate account will be created.
- ▶ Grant and EFC monies reimbursed to the Village 24K Attorney Fees, 190K Contractor sewer Plant, 5K OC Grant, 250K sweeper is due in February.

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## ACTIONS TAKEN TO DATE (Cont)

- ▶ Removed a Part Time Building Inspector position
- ▶ Did not fill two Clerk Positions that were vacated the day we took office.
- ▶ 4 Village Board members filling positions, Deputy Mayor Walski - Water/Sewer Billing, Trustee Jacaruso Building department/Liaison to Zoning Board of Appeals/Planning/Comprehensive plan/Architectural boards, Trustee Presser - Purchasing/Account Payable, Trustee Coleman – Grants
- ▶ Attempting to secure 800k dollars from EFC (State Agency) this money is owed to the Village, but the Village never completed reports to be reimbursed, lack of documentation is severely impacting receiving monies.
- ▶ We requested The Office of the State Comptroller an Audit/Risk Analysis of the 2022/23 and previous budgets financial practices
- ▶ We hired an auditing firm BST to compile the budget data for the years 2020, 2021, 2022, 2023
- ▶ The priority budget year to audit is 2020 our auditing firm of PKF is reviewing data waiting a report.
- ▶ Modified our Treasurer responsibilities to handle all daily financial activities removed from auditing responsibilities.
- ▶ Purchased the Edmund financial software suite – Implementation kick-off May 12, 2023 Go-live is scheduled for February on or about February 15, 2024.

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