

**BOARD OF FINANCE**  
**REGULAR MEETING MINUTES**  
**February 26, 2024**

**I. CALL TO ORDER:**

The hybrid meeting was opened at 7:02 p.m. in person and by GoTo Meeting by Houston Putnam Lowry, Chair, present: Carl Gisnarian, Kathleen Johnson, Brian Loveless, Micah Rousey, and Cathy Salchert attended virtually . A quorum was present.

**II. MINUTES OF PRECEDING MEETINGS:**

**January 22, 2024, Meeting –**

On a motion made by Micah Rousey seconded by Carl Gisnarian it was voted:

**RESOLVED:** That the Board of Finance approves the minutes of the January 22, 2024, regular meeting as drafted.

Gisnarian, Johnson, Loveless, Lowry, Rousey and Salchert voted in favor.  
Motion carried 6-0-0.

**III. MOTION TO AMEND THE AGENDA:**

A discussion was held regarding the removal and reinstatement of the Pledge of Allegiance on the agenda.

On a motion made by Kathleen Johnson seconded by Brian Loveless it was voted:

**RESOLVED:** That the Board of Finance reinstates the Pledge of Allegiance to the agenda.

Gisnarian, Johnson, Loveless and Salchert voted in favor, Lowry opposed, Rousey abstained.  
Motion carried 4-1-1.

**IV. COMMUNICATION FROM MEMBERS:**

Micah Rousey: I just wanted to say the financial report, having come from a municipality that was not as comprehensive in their financial reporting, I found this to be an absolute breath of fresh air. Maybe I shouldn't be as surprised as I was about the yearly award that the town receives for their financial records, I don't know how I would have anything to add to this, it's pretty incredible and gives a sense of pride living in the town of Avon.

Houston Putnam Lowry: Addressing Tom DiStasio Finance Director, I would also agree with the good job. I'm sure that people don't give attaboys like they should, so consider this to be an attaboy because everybody just expects your usual level of excellent performance, and sometimes we forget to say thank you.

Tom DiStasio, thanked the members for their comments adding that credit for the work that goes into the audit goes to more than just himself, there's a lot of people in the accounting and finance office, the revenue collection office, the assessor's office, and all the staff that keeps everything moving based on the policies and procedures that we put in place that set us up for a smooth year end reporting process, and credit also goes to our auditors from CLA who are here virtually today, and they will be taking you through the presentation of the results of the fiscal year 23 audit.

Kathleen Johnson: Agrees with the previous member comments, she came from a different industry and was never provided with the details that is given in the Town's Annual Comprehensive Financial Report (ACFR).

**V. FINANCE DIRECTOR'S REPORT/MISC.:**

**A. Monthly Financial Report Summary**

Details of the Monthly Financial Report Summary were included in the packet report dated for the period ended 1/31/24. Tom DiStasio discussed the report.

Notable items were:

Revenues:

- Property tax collections increased in January as expected with the second installment of real estate taxes and supplemental motor vehicle taxes. The Revenue Collection offices have also sent out past due notices and will continue their collection efforts through the remainder of the fiscal year.
- Intergovernmental revenues, we received about \$440,000, most of which pertains to education cost sharing and open choice attendance grant funding, which pertains to education funding from the State. These revenue receipts are in line with expectations.
- Other local revenues continue to be strong with interest income remaining high as the interest rates remain high.
- Overall revenues are trending slightly lower than this time last year when measured as a percentage of the overall budget. This is primarily due to increases that were made in the budget development process for fiscal year 2024, budgeted revenues were increased in some categories, specifically inter-governmental revenue. Revenues receipts remain strong and in line with historical expectations.

Expenditures:

- Overall Town operating general fund expenditures are shown to be 61.55% of what is budgeted for the year. When the balances of large purchase orders covering several months of the fiscal year and annual employer health insurance expenditures are prorated, Town operating general fund expenditures would be

55.62% of what is budgeted for the year which is generally consistent with spending at this point in time during FY 2023.

- In response to Carl's question, Tom explained that the current collection of property taxes is not associated with the property reevaluations. The reevaluation that took place is effective with the October 1, 2023, grand list which will be utilized to calculate the bills that are due to be paid throughout fiscal year 2025. Estimating the impact of the reevaluations on the grand list there is about a 23% increase for real estate assessments. Overall, the budget that was presented to the Town Council at their budget workshop, which is an estimate of the grand list that we would file, we showed a 19.44% increase in the grand list that is primarily driven by the reevaluations.
- Carl referenced the General Fund Expenditures as a percent of budget in the category of debt service going up about 1% annually for FY 2022 – 2024 inquiring if we were getting close to paying something off. Tom explained that we have not issued any new debts, and that the timing of the debt service payments and the amounts getting lower as they are paid. This percent is measuring the percentage of the overall budget that has been expended as of January 31<sup>st</sup>.
- Micah inquired on what the percentage increase on average the residential part of the grand list was not including commercial property. Tom did not have that on hand but will get the answer.
- Houston inquired on tuition reimbursement for the Board of Education, what percent are they running at because as he recalls once you break a certain level on choice students, you get a higher percentage, are we in the higher bracket or we in the lower bracket? Tom did not have that percentage but will ask the Board of Education to provide it.

## **VI. OLD BUSINESS:**

### **23/24-08      Review and Discussion: FY 24/25 Budget**

Tom detailed that the Town Council had their budget workshop on Saturday, February 10<sup>th</sup> in which several Board of Finance members either attended in person or virtually. The budget that was presented to them requires a tax increase of about 3.74% and it resulted in an anticipated mill rate of 30.5. The Town Council will be meeting on Thursday, March 7<sup>th</sup> where they'll be discussing some potential adjustments to the budget that was presented to them.

The following key dates are scheduled on the budget calendar, the annual budget public meeting, which will be held on Monday, April 1<sup>st</sup>. The Board of Finance budget workshop is scheduled for Wednesday, April 3<sup>rd</sup>, and the annual budget meeting is scheduled for Monday, May 6<sup>th</sup>. All these meetings are scheduled to take place in the Avon Free Public Library at 7:00 p.m., in the

community room, and they will be live streamed. Also, if necessary, the budget calendar also allows for a second or third board of finance budget workshop, if needed at any point in time, after April 3<sup>rd</sup>.

Brian stated that after looking at the financials of seven months through January 31<sup>st</sup>, there is a considerable variance in other local revenues due to the interest rate environment that may persist for some time. After some calculations he would be in favor of reducing the budget increase down by at least \$2.5 million bringing it to a baseline of about \$3.5 million increase.

Micah expressed that with the current state of affairs with the country and the economy, the cost of everything is increasing, seeing an increase of only 3.74% is relatively easy to hear.

Kathleen added that it is true that costs are increasing but we don't know that people's salaries are keeping up with that, so that is just one more thing that is going up.

Carl asked Tom to go through the process of how they come up with the percentage increase and the proposed mill rate. Tom explained that it is a two-step process. The first step is to take the results of your revaluations, and re calculate what the mill rate would be prior to factoring in any fiscal year 25, budgetary increases, which would include any non-revaluation related grand list changes, as well as spending increases, or any non-tax levy revenue adjustments in the budget. That process will bring your mill rate down to approximately 29.7 (the exact number is not currently on hand). The next step would be to factor in all those other budgetary changes, which would give you more of an apples-to-apples comparison to a non-revaluation year budget process. That second step is where we're getting that 3.74%, as we're isolating the impacts of the reevaluation to the first step of the process. That allows us to determine what an appropriate measurement of the fiscal year 25, budgetary impact to the tax increase would be. If someone just looked at the mill rate this year at 35.39, and then compared it to the mill rate that's proposed in the January budget submission, which is 30.5, they are going to see the decrease. So, they might say, oh, that's a tax decrease, but that's not really the case, as people's property values have increased and ultimately there's more revenue that is being generated by the property tax levy. So, you do have to take that step by step approach, to get an adequate tax increase calculation.

## **VII. NEW BUSINESS:**

**23/24-15 ACFR Presentation by Clifton, Larson and Allen (CLA)**

**23/24-16 Governance Communication from Clifton, Larson and Allen (CLA)**

Joining the meeting from Clifton, Larson and Allen were Vanessa Rossitto, Principle, Jessica Aniskoff, Newly Advanced Principle and Alex Kimmel, Senior on the engagement.

Jessica reviewed the audit presentation and governance communication with the Board of Finance. The PowerPoint presentation is attached to these minutes.

Cathy asked for clarification of the governance letter, with reference to the uncorrected misstatements – leases and subscription-based information technology arrangements (SBITAs).

Vanessa explained that during the audit there are some amounts that are materially correct but just above the inconsequential threshold, which means that the Town is not required to implement the GASB 87 and/ or GASB 96 standard, but should continue tracking so should the number increase, the standard can be implemented. GASB 87 is the capitalization of any lease arrangements the Town is paying for and GASB 96 is for any software arrangements the Town is paying for. The recording is a credit to assets and a debit to liabilities.

Houston inquired on the net pension liability, as it decreased \$5.5 million to \$18.1 million, is there an estimate as to when the pension liability in the auditor's opinion would be expected to reach zero? Jessica explained that is hard to answer because one of the factors that goes into that net pension liability is where your assets are, as of June 30th, for the market value. So that's something that's going to change every year, whether the market is in a good place or a not so good place, which is where your trust funds are going to come into play. So, depending on what level your investments are at your funds that you have set aside in those trusts. Vanessa stated It's probably a better question for the Town's actuaries because they know your plans in and out what is used in the calculation.

Houston asked for clarification on claims incurred but not reported. Jessica explained that these are claims that happened before June 30<sup>th</sup> but did not necessarily hit the insurance yet. So, what is done is that the auditors obtain a run out report of what that number is estimated to be, and then look at the claims that come in July and August, to see if the estimate was reasonable. Tom explained that the report was obtained from Cigna.

Houston asked what the plans are for implementation of the changes required in the management letter. Tom stated that there are corrective plans for all the items noted. There will be modification to the accounting standards, policy and procedures guidelines that will include additional procedures to ensure documentation of a formal review of every report that gets filed with respect to any grant funding and that review will be formally documented prior to the submission of those reports. There will be a closer look at construction- in- process including an end of year review, which will include closer monitoring and discussion with the department heads who are running the construction projects. We are also going to build a review process into the hiring process for contractors to ensure that they are not suspended or debarred prior to entering a contract.

#### **VIII. ADJOURN:**

On a motion made by Brian Loveless, seconded by Micah Rousey, it was voted:

**RESOLVED:** That the Board of Finance adjourn the meeting at 8:06 p.m.

Gisnarian, Johnson, Loveless, Lowry, Rousey and Salchert voted in favor.  
Motion carried 6-0-0.

***Minutes are official only after approval by the Board of Finance, usually at its next meeting.***

Respectfully Submitted,

2/28/2024

X 

Signed by: 4076d14e-c6c6-47e4-87a6-04602192bb06

Micah Rousey,  
Secretary

Attest: Christine Pescatore, Clerk

All referenced material is available to the public in the Town Manager's Office.



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# Town of Avon, Connecticut

## June 30, 2023 Audit Presentation

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# Agenda:

- Terms of the Engagement
- Executive Summary
- Financial Highlights
- Federal and State Single Audit
- Management Letter
- Governance Communication
- Upcoming GASB Pronouncements





# Terms of the Engagement

Financial Statement and Single Audit

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# Terms of the Engagement:

- Express opinions on whether the basic financial statements are presented in accordance with GAAP
- Express an “in relation” to opinion on the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance.
- Express an opinion on compliance related to major federal and state award programs
- Provide a report on internal control over financial reporting and compliance with laws, regulations, contracts and grants
- Provide a report on internal control over compliance related to major federal and state award programs





# Executive Summary

## Audit Results

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# Executive Summary

## ● Financial Statements

- Unmodified opinion on the financial statements
- No findings reported on internal control over financial reporting

## ● Federal Single Audit

- Unmodified opinion on the major federal programs
- No compliance findings. Two internal control findings ~ significant deficiencies in internal control over compliance

## ● State Single Audit

- Unmodified opinion on the major state programs
- No compliance findings or significant deficiencies in internal control over compliance



# Financial Highlights

## Overview

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# Financial Highlights

## Government Wide Financial Statements

	Governmental Activities	
	2023	2022
Current Assets	\$ 52,982,854	\$ 46,205,531
Capital Assets, Net of Accumulated Depreciation	142,429,646	144,104,737
Total Assets	195,412,500	190,310,268
Deferred Outflows of Resources	7,418,191	7,435,735
Long-Term Liabilities Outstanding	47,564,595	67,253,800
Other Liabilities	10,303,971	9,400,767
Total Liabilities	57,868,566	76,654,567
Deferred Inflows of Resources	19,712,541	8,723,378
Net Position:		
Net Investment in Capital Assets	130,427,683	128,812,896
Nonexpendable - Purposes of Trust	103,230	90,816
Grants	1,465,027	1,020,997
Debt Service	196,509	-
Net Pension Asset	-	176,520
Unrestricted	(6,942,865)	(17,733,171)
Total Net Position	\$ 125,249,584	\$ 112,368,058



# Financial Highlights – Governmental Funds

				Nonmajor	Total
				Governmental	Governmental
	General	CIFA	ARPA	Funds	Funds
<b>REVENUES</b>					
Property Taxes	\$ 92,575,481	\$ -	\$ -	\$ -	\$ 92,575,481
Intergovernmental	14,296,043	87,483	1,771,268	3,290,696	19,445,490
Charges for Services	4,333,403	-	-	4,811,370	9,144,773
Investment Income (Loss)	1,947,759	40,142	-	26,211	2,014,112
Other Local Revenues	409,996	2,250	-	289,164	701,410
Total Revenues	113,562,682	129,875	1,771,268	8,417,441	123,881,266
<b>EXPENDITURES</b>					
Current:					
Town Council:					
General Government	3,110,294	-	-	276,480	3,386,774
Public Safety	10,026,313	-	-	80,546	10,106,859
Public Works	5,607,332	-	-	3,071,534	8,678,866
Health and Social Services	558,181	-	150,898	-	709,079
Recreation and Parks	811,737	-	-	421,218	1,232,955
Educational - Cultural	1,717,321	-	-	-	1,717,321
Conservation and Development	543,272	-	-	-	543,272
Miscellaneous	6,240,815	-	-	-	6,240,815
Total Town Council	28,615,265	-	150,898	3,849,778	32,615,941
Board of Education	74,754,488	-	-	3,429,398	78,183,886
Debt Service	2,962,950	-	-	-	2,962,950
Capital Outlay	-	2,595,247	1,620,370	264,253	4,479,870
Total Expenditures	106,332,703	2,595,247	1,771,268	7,543,429	118,242,647
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	7,229,979	(2,465,372)	-	874,012	5,638,619
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	314,294	4,010,639	-	1,313,600	5,638,533
Transfers Out	(4,757,239)	(1,294)	-	(880,000)	(5,638,533)
Other Financing Sources (Uses), Net	(4,442,945)	4,009,345	-	433,600	-
<b>NET CHANGE IN FUND BALANCES</b>	2,787,034	1,543,973	-	1,307,612	5,638,619
Fund Balances - Beginning of Year	18,815,411	6,907,017	-	7,845,001	33,567,429
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 21,602,445</b>	<b>\$ 8,450,990</b>	<b>\$ -</b>	<b>\$ 9,152,613</b>	<b>\$ 39,206,048</b>





# Financial Highlights

- General Fund

- Fund balance \$21.6M

- ◇ Nonspendable \$39K

- ◇ Restricted \$64K

- ◇ Assigned - \$6.8M

- \$1.5M Payroll, Pension, OPEB, Internal Service Claims

- \$2.6M Future Capital Projects and Roads

- \$750K Debt Service

- \$1.9M Other purposes (encumbrances)

- ◇ Unassigned - \$14.7M



# Financial Highlights

- Property Tax Collections
  - 99.32% 2023
  - 99.50% 2022
- General Fund Budget
  - Revenues \$2.2M greater than budget including \$1.4M appropriation of fund balance
  - Expenditures 408K less than budget
- Net Pension Liability
  - Decreased \$5.5M to \$18.1M
- Net OPEB Liability
  - Decreased \$11.8M to \$15.9M



# Financial Highlights

## — Pension and OPEB Trust Funds

		Other Postemployment Benefit Fund
	Pension	
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 4,698,250	\$ 2,839,274
Plan Members	168,453	-
Total Contributions	4,866,703	2,839,274
Investment Income:		
Net Increase in Fair Value of Investments	2,129,904	1,454,746
Interest and Dividends	1,648,700	238,331
Total Investment Income	3,778,604	1,693,077
Total Additions	8,645,307	4,532,351
<b>DEDUCTIONS</b>		
Benefits	4,264,871	1,951,307
Administration	41,198	17,000
Total Deductions	4,306,069	1,968,307
<b>CHANGES IN NET POSITION</b>	4,339,238	2,564,044
Net Position - Beginning of Year	36,081,225	14,445,661
<b>NET POSITION - END OF YEAR</b>	<b>\$ 40,420,463</b>	<b>\$ 17,009,705</b>





# Federal and State Single Audit

## Overview

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# Federal Single Audit:

- Total federal awards expended - \$4.5M
- Major programs
  - Special Education Cluster
  - ARPA
- Unmodified opinion on major program compliance
- Internal control findings:
  - Suspension and Debarment
  - Reporting



# State Single Audit:

- Total state awards expended - \$4.3M
- Major programs:
  - Open Choice
  - Tiered PILOT
- Unmodified opinion on major program compliance
- No compliance or internal control findings



# Management Letter

## Summary

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# Management Letter:

- Construction in progress.
  - Not properly placed in service and depreciated.







# Governance Communication

## Summary

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# Governance Communication:

- New standards adopted – GASB 96 Subscription Based Information Technology Arrangements (SBITAs), no material affect
- Significant Estimates
  - Capital Assets – Useful lives
  - Net Pension, OPEB Liability
  - Landfill post closure monitoring liability
  - Allowance for Doubtful Accounts
  - Claims Incurred but not Reported
- No disagreements with management
- Management did not consult with other accountants
- No difficulties encountered in performing the audit
- Uncorrected misstatements – Leases and SBITAs
- No independence issues





# Upcoming GASB Pronouncements

Summary

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# GASB Standards:

- Implementation Year 2024:
  - Statement 99 – Omnibus 2022 (various)
  - Statement 100 – Accounting Changes and Error Corrections
- Implementation Year 2025:
  - Statement 101 – Compensated Absences
  - Statement 102 – Certain Risk Disclosures





# Questions?

