

**BOARD OF FINANCE  
REGULAR MEETING  
MINUTES  
MARCH 28, 2022**

**I. CALL TO ORDER**

The meeting was opened at 7:03 p.m. via GoToMeeting by Cathy Salchert, Chair, present: Cathy Salchert, Margaret Bratton, Ellen Retelle, Carl Gisnarian, Charles Harvell, Houston Putnam Lowry and Brian Loveless. A quorum was present.

**II. COMMUNICATION FROM THE AUDIENCE - None**

**III. MINUTES OF PRECEDING MEETING**

**February 28, 2022 Meeting**

On a motion made by Houston Putnam Lowry seconded by Ellen Retelle, it was voted:

**RESOLVED:** The Board of Finance approves the minutes of the February 28, 2022 meeting as amended by the following written comments of Margaret Bratton:

Margaret Bratton read comments from Tom Harrison about his recognition, because he was unable to attend tonight's meeting. Tom said that he was flattered to be invited to tonight's meeting and appreciates the gesture in recognition of his tenure. Although he said that he'd prefer to ride off into the sunset instead of attending tonight's meeting, he had a wonderful run and wanted to express his gratitude for all of the Town and Education employees, other Elected Officials, and Town Residents who were so friendly and helpful along the way.

Messrs: Lowry, Gisnarian, Harvell, Loveless and Mmes: Salchert, Bratton and Retelle voted in favor Motion carried 7-0-0.

**IV. PRESENTATION ON ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**21/22-25: ACFR Presentation by Clifton, Larson and Allen**

Vanessa Rositto of Clifton, Larson and Allen (formerly Blum Shapiro) reviewed the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. Ms. Rositto covered the terms of engagement, financial highlights, the Federal and State Single Audit, management letter, governance communication and the upcoming governmental accounting standards board (GASB) pronouncements. The Town of Avon was issued a clean audit opinion, which indicates that everything is fairly stated in accordance with generally accepted accounting standards (GAAP). There were no findings on internal controls that rise to the level of significant deficiency or material weakness.

The management letter contained one comment, with two circumstances, a characterization from capital lease to purchase of finance and a recording of a capital lease at the Board of Education that was not identified.

Ms. Rositto explained the new GASB 84 standard, which was issued to improve financial reporting by properly identifying all of a government's fiduciary activities, determining the type of fiduciary fund used to report each fiduciary activity, and presenting the financial statements of fiduciary funds appropriately. No disagreements with management were found.

There was one uncorrected misstatement, which was a change in the method of amortizing the bond premium. In the past it was amortized on the straight line method and is now changed to the effective interest method because Clifton, Larson and Allen has a policy of doing it that way. The difference between the methods was not material and did not require an audit entry.

**21/22-26: Response to Audit comments and recommendations to Management**

Tom DiStasio reiterated that the two circumstances in the comment do not constitute a significant deficiency or material weakness in internal controls and that we welcome the recommendations from the auditors, and will be cognizant of these types of events moving forward.

**21/22-27: Appointment of Auditor for FY 21/22**

On a motion made by Ellen Retelle, seconded by Charles Harvell, it was voted:

**RESOLVED:** The Board of Finance hereby approves the appointment of Clifton, Larson and Allen as the auditor for Fiscal Year 21/22.

Messrs: Lowry, Gisnarian, Harvell, Loveless and Mmes: Salchert, Bratton and Retelle voted in favor Motion carried 7-0-0.

**V. TOWN MANAGER'S REPORT**

**A. Monthly Financial Report Summary**

Details were included in the packet report dated period ended 2/31/2022 prepared and reported by Tom DiStasio. In response to a question regarding the low percentage in charges for services, Mr. DiStasio explained the Open Choice Program there are students who attend Avon Public Schools from other towns, who incur special educations costs. Those costs are billed to the student's resident town later in the year, which results in a lower percentage of charges for services earlier in the year.

Avon did not contribute as much as it should have to its self-funded health insurance plan and is making up the shortfall over a 5 year period (and is currently in year two). The Board of Education was funding its share of the self-funded health insurance plan in full. The stop-loss insurance is currently set for \$175,000.

**VI. OLD BUSINESS**

**21/22-09 Review and Discussion: FY 22/23 Budget.**

The board reviewed the slides for the Board of Finance presentation at the public hearing to be held on April 4, 2022. The following changes were agreed upon.

Slide 1: Margaret Bratton suggested adding Monday to the date, to read Monday, April 4, 2022.

Slide 6: Tom DiStasio noted that the slides were drafted prior to the completion of the Board of Assessment Appeals. There was approximately \$60,000 granted in appeals by the Board, which

will not have an effect on the calculated mill rate. The slide will be updated with the current net grand list amount.

Slide 9: Margaret Bratton suggested a color change for easier reading and Carl Gisnarian thought showing a positive over a negative in the graph, could be confusing to the reader. It was tabled to have Tom DiStasio find a better way to express the grand list change due to the revaluation.

Slide 10: Margaret Bratton suggested adding an asterisk and explanation to show the years that revaluations took place.

Slide 11: Decision was made to remove this slide for two reasons. Ellen Retelle noting the use of the 2019 equalized mill rate and not one more recent. The reason for using the 2019 was due to the fact that was the most recent from the State of Connecticut Office of Policy and Management. Carl Gisnarian felt that showing the equalized mill rate may cause confusion when people look at their bills and see the current mill rate which is different.

Slide 12: Margaret Bratton asked for clarification on what assessments – various encompasses. Tom DiStasio responded it consists of other revenues such as collection of prior levies or sewer assessments that do not fall under the current tax levy.

Slide 14: Carl Gisnarian suggested removing the comparison of unassigned fund balance to other towns and focusing only on Avon. Tom DiStasio will update the slide as recommended.

Slide 17: Ellen Retelle suggested the slide be updated with more assessed values for reference.

Tom DiStasio will update the slide to add additional values and also stated that there will be calculators available on the Assessor's webpage that can be used by the public to calculate their real estate and vehicle bills and compare them to last year.

Ellen Retelle inquired as to why we would raise the mill rate when we are using ARPA funds for some projects. Brandon Robertson clarified that the use of ARPA funds has no impact on the mill rate, When readers look at the overall expenditure increase, some think that is the tax increase and it is not.. The higher expenditures this are due to the funds that will be spent on pavement management that will be offset with ARPA funds and having no impact on the mill rate.

**21/22-21      American Rescue Plan Act (ARPA):**

No current discussion

**21/22-23      Discuss and possibly appoint a policy sub-committee of the Board of Finance**

On a suggestion made by Houston Putnam Lowry without objection, this item will be moved to the next meeting agenda.

**VII.    NEW BUSINESS**

**21/22-28      Supplemental Appropriation: Senior Center HVAC system, \$140,000**

On a motion made by Ellen Retelle, seconded by Margaret Bratton it was voted:

**RESOLVED:** The Board of Finance hereby amends the fiscal year 21/22 budget by increasing:

**REVENUES**

American Rescue Plan Act Grant, Intergovernmental, American Rescue Plan Act Grant Revenue, Account #50-0330-44037 in the amount of \$140,000.00 and increasing:

**APPROPRIATIONS**

American Rescue Plan Act Grant, Town CIP-Facilities, Senior Center HVAC System-ARPA, Account #50-4829-53459 in the amount of \$140,000.00, for the purpose of allocating funding received through the American Rescue Plan Act towards the replacement of the Senior Center's HVAC system.

Messrs: Lowry, Gisnarian, Harvell, Loveless and Mmes: Salchert, Bratton and Retelle voted in favor. Motion carried 7-0-0.

**21/22-29      Transfer of Appropriation: Patrol Building Improvements, \$33,527.36**

On a motion made by Margaret Bratton, seconded by Ellen Retelle it was voted:

**RESOLVED:** That the Board of Finance hereby amends the FY 21/22 budget by transferring appropriations in the amount of \$33,527.36 from General Fund, Roadways, Regular Full-Time, Account #01-3101-51011, to General Fund, Other Financing Uses, Interfund Transfer-Out, Account #01-8700-58000, and transferring to Capital Projects Fund, Town CIP-Facilities, Patrol Building Improvements, Account #02-4829-53082 and Capital Projects Fund, Other Financing Sources, Interfund Transfers In, Account #02-0390-43918 for the purpose of covering unanticipated accrued expenditures.

Messrs: Lowry, Gisnarian, Harvell, Loveless and Mmes: Salchert, Bratton and Retelle voted in favor. Motion carried 7-0-0.

**21/22-30      Supplemental Appropriation: Avon Police Department / 2022 Justice Assistance Grant (JAG) Violent Crime Prevention Grant, \$20,000**

On a motion made by Houston Putnam Lowry, seconded by Carl Gisnarian, it was voted:

**RESOLVED:** To table the Supplemental Appropriation for the Avon Police Department / 2022 Justice Assistance Grant (JAG) Violent Crime Prevention Grant, \$20,000, pending further information on future costs of the pole-mounted license plate readers.

Messrs: Lowry, Gisnarian, Harvell, Loveless and Mmes: Salchert, Bratton and Retelle voted in favor. Motion carried 7-0-0.

**21/22-31      Supplemental Appropriation: Dial-A-Ride Coach Bus, \$74,160**

On a motion made by Margaret Bratton, seconded by Ellen Retelle it was voted:

**RESOLVED:** That the Board of Finance hereby amends the FY 21/22 Budget by increasing:

**REVENUES**

Capital Projects Fund (Facil & Equip), Intergovernmental, Dial a Ride CT DOT 5310, Account # 02-0330-43399 in the amount of \$74,160.00 and increasing:

**APPROPRIATIONS**

Capital Projects Fund (Facil & Equip), Town CIP-Equip, Dial A Ride Van, Account # 02-4837-53014 in the amount of \$74,160.00, for the purpose of purchasing a new Dial A Ride Coach Bus through the CT DOT Section 5310 program.

Messrs: Lowry, Gisnarian, Harvell, Loveless and Mmes: Salchert, Bratton and Retelle voted in favor. Motion carried 7-0-0.

**21/22-32      Transfer of Appropriation: Dial-A-Ride Coach Bus, \$424**

On a motion made by Margaret Bratton, seconded by Ellen Retelle it was voted:

**RESOLVED:** That the Board of Finance hereby amend the FY 21/22 budget by transferring appropriations in the amount of \$424.00 from the General Fund, Human Services, General Service, Account #01-4203-52185, to General Fund, Other Financing Uses, Interfund Transfer-out, Account #01-8700-58000, and transferring to Capital Projects Fund, Town CIP-Equip, Dial A Ride Van, Account #02-4837-53014 and Capital Projects fund, Other Financing Sources, Interfund Transfers In, Account #02-0390-43918 for the purpose of purchasing a new Dial A Ride Coach Bus through the CT DOT Section 5310 program.

**VIII.    OTHER BUSINESS**

None

**IX.      ADJOURN**

On a motion made by Houston Putnam Lowry, seconded by Ellen Retell, it was voted:

**RESOLVED:** That the Board of Finance adjourn the meeting at 8:35 p.m.  
Messrs: Lowry, Gismarian, Harvell, Loveless and Mmes: Salchert, Bratton and Retelle voted in favor. Motion carried 7-0-0.

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

Respectfully Submitted,

  
Digitally signed by Houston Putnam Lowry  
DN: cn=Houston Putnam Lowry, o=Ford & Paulekas, LLP, ou, email=PTL@HPLowry.com, c=US  
Date: 2022.03.31 15:40:30 -04'00'

Houston Putnam Lowry, Secretary

Attest: Christine Pescatore, Clerk

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



# Town of Avon, Connecticut June 30, 2021 Audit Presentation

March 28, 2022

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

# Agenda

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



# Terms of 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



# Financial Statements

- Unmodified opinion issued on the financial statements
  - ◇ Best opinion available
- Emphasis of Matter – Restatement due to GASB 84 Fiduciary Activities implementation
- No findings on internal control over financial reporting and compliance with laws, regulations, contracts and grants.



# Federal Single Audit

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



# State Single Audit

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



# Financial Highlights – Fund Financial Statements

	General	CIFA	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 85,021,376	\$	\$	\$ 85,021,376
Intergovernmental	11,257,257		2,528,038	13,785,295
Charges for services	3,776,801		4,522,206	8,299,007
Investment income	93,672	881	19,045	113,598
Other local revenues	203,229	382,499	516,596	1,102,324
Total revenues	100,352,335	383,380	7,585,885	108,321,600
Expenditures:				
Current:				
Town Council:				
General government	3,627,019		446,512	4,073,531
Public safety	11,446,312		147,759	11,594,071
Public works	6,433,747		2,911,089	9,344,836
Health and social services	597,887			597,887
Recreation and parks	788,408		261,618	1,050,026
Educational - cultural	1,751,983			1,751,983
Conservation and development	684,397			684,397
Miscellaneous	422,912			422,912
Total town council	25,752,665	-	3,766,978	29,519,643
Board of Education	68,805,737		2,438,599	71,244,336
Debt service	3,151,590	8,448		3,160,038
Capital outlay		4,796,245	418,456	5,214,701
Total expenditures	97,709,992	4,804,693	6,624,033	109,138,718
Excess (Deficiency) of Revenues over Expenditures	2,642,343	(4,421,313)	961,852	(817,118)
Other Financing Sources (Uses):				
Capital lease issuance	263,120			263,120
Transfers in	77,307	4,804,185	314,487	5,195,979
Transfers out	(3,797,431)	(1,241)	(1,397,307)	(5,195,979)
Net other financing sources (uses)	(3,457,004)	4,802,944	(1,082,820)	263,120
Net Change in Fund Balances	(814,661)	381,631	(120,968)	(553,998)
Fund Balances at Beginning of Year, as Restated	16,895,322	7,857,071	7,769,167	32,521,560
Fund Balances at End of Year	\$ 16,080,661	\$ 8,238,702	\$ 7,648,199	\$ 31,967,562



# Financial Highlights – General Fund

- Fund Balance - \$16.08M
  - Non-spendable - \$58K
  - Assigned - \$3.30M
    - Subsequent Year's Budget - \$206,000
    - Return of Fund Balance from BOE - \$250,000
    - Encumbrances - \$1.93M
    - Payroll escrow - \$75,000
    - Pension - \$400,000
    - OPEB - \$300,000
    - Capital - \$142,424
  - Unassigned - \$12.72M



# Restatement – GASB 84

<b>Fiduciary Funds:</b>	<u>Agency Funds</u>	<u>Custodial Funds Net Position</u>
Balance as previously reported June 30, 2020	\$ 279,320	\$ -
Adjustments:		
Student Activity Fund now reported as a Special Revenue Fund	(179,277)	
Flexible Spending Fund now reported as a Special Revenue Fund	(46,171)	
CPACE Fund now reported as a Custodial Fund	(1,500)	1,500
Police Cadet Activity Fund now reported as a Special Revenue Fund	(817)	
Compliance Bond Fund now reported in the General Fund	(45,080)	
Trail Equipment Replacement Fund now reported as a Special Revenue Fund	(5,305)	
Asset Forfeiture Fund now reported as a Special Revenue Fund	<u>(1,170)</u>	
Balance as restated July 1, 2020	<u>\$ -</u>	<u>\$ 1,500</u>



# Financial Highlights

- **Property Tax Collections – 99.50% in current year, 99.48% in prior year**
- **General Fund Budget**
  - Revenues \$2.7M less than budget – including \$3.2M appropriation of fund balance
  - Expenditures \$1.02M below budget
- **Net Pension Liability**
  - Decreased \$8.7M to \$17.6M
- **Total OPEB Liability**
  - Decreased \$3.1M to \$25.0M



# Federal Single Audit

- Total federal awards expended - \$2.02M
- Major program
  - ◇ Coronavirus Relief Fund
- Unmodified opinion on major program compliance
- No compliance findings



# State Single Audit

- Total state awards expended - \$3.86M
- Major programs
  - ◇ Municipal Purposes and Projects
  - ◇ Town Aid Road
- Unmodified opinion on major program compliance
- No compliance findings



# Management Letter

- Capital Assets and Accounts Payable
  - Vehicle
  - Capital lease not identified



# Auditors' Communication

- New standards adopted – GASB 84
- Significant Estimates
  - Capital Assets – Useful lives
  - Allowance for Uncollectible Receivables
  - Net Pension Liability
  - Total OPEB Liability
  - Medical Claims Liability
  - Landfill



# Auditors' Communication

- No disagreements with management
- Management did not consult with other accountants
- No difficulties encountered in performing the audit
- Uncorrected misstatements
  - Change in method of amortizing bond premium
- No independence issues



# GASB Standards

- **Implementation Year 2022**

- Statement 87 – Leases
- Statement 89 – Accounting for Interest Cost before the End of a Construction Period
- Statement 92 – Omnibus 2020 (various)
- Statement 93 – Replacement of Interbank Offered Rates
- Statement 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans
- Statement 98 – Annual Comprehensive Financial Report



# GASB Standards

- **Implementation Year 2023**

- Statement 91 – Conduit Debt Obligations
- Statement 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements
- Statement 96 – Subscription-Based Information Technology Arrangements





Questions?





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