

**BOARD OF FINANCE
MEETING MINUTES
February 27, 2023**

I. CALL TO ORDER

The meeting was opened at 7:05 p.m. via GoTo Meeting by Cathy Salchert, Chair, present: Margaret Bratton, Carl Gisnarian, Charles Harvell, Houston Putnam Lowry, Brian Loveless, Ellen Retelle and Cathy Salchert. A quorum was present.

II. MINUTES OF PRECEDING MEETINGS:

January 23, 2022, Meeting –

On a motion made by Houston Putnam Lowry, seconded by Charles Harvell it was voted:

RESOLVED: That the Board of Finance approves the minutes of the January 23, 2023, meeting as drafted.

Bratton, Gisnarian, Harvell, Loveless, Lowry, Retelle and Salchert voted in favor.

Motion carried 7-0-0.

III. PRESENTATION ON ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

22/23-23 ACFR Presentation by Clifton, Larson and Allen

22/23-24 Governance Communication from Clifton, Larson and Allen

Jessica Aniskoff of CliftonLarsonAllen LLP reviewed the Annual Comprehensive Financial Report for the fiscal year ending June 30, 2022. The Town received a “clean” opinion on the financial statements, with no findings reported regarding internal controls and compliance, which is the highest score available. The Town also received a “clean” opinion on the major federal programs with no compliance findings or significant deficiencies in internal controls over compliance, also the highest score available for both the Federal and State Single Audits.

Tom DiStasio explained that the discount rate is unrelated to short term interest rates because it is being used for actuarial assumptions over the course of many years to ensure adequate funding of the pension fund. It is an estimate of return.

Jessica Aniskoff reviewed the Governance Communication, explaining the GASB 87 Leases new standard adopted, which resulted in a lease receivables in the General Fund and the Fisher Meadows Fund for the cell tower leases and the land rental with the CT water company. CliftonLarsonAllen LLP reviewed all significant estimates to confirm they are reasonable and there is no management bias.

There were no difficulties in performing the audit. There were no independence issues or disagreements with management. Management did not need to consult with other accountants regarding any opinions of Clifton, Larson and Allen.

There were two uncorrected misstatements. The first was in relation to GASB 87. The Town leases copiers and postage machines. A calculation was done and it was determined that the misstatement was not material and do not need to be included in the financial statements. This will be monitored annually.

The second uncorrected misstatement was related to the Pension and Other Post Employment Benefits (OPEB) fund. There should have been a receivable and a revenue included in the fund. It was included in the general fund as a payable, but there was no associated payable. This was not material and does not change any readers opinion of the fund.

Vanessa Rossitto of CliftonLarsonAllen LLP reviewed the upcoming GASB statements for the fiscal year ending June 30, 2023. Three statements will be implemented. Statement 91 – Conduit Debt Obligations and Statement 94 – Public-Private & Public-Public partnerships & availability payment arrangements will not affect the Town. Statement 96 – Subscription-Based information technology arrangements the Town will need to implement. This standard is similar to the lease standard, where the Town will need to capitalize any subscriptions for software they have. In year 2024 currently Statement 99 – Omnibus 2022 (various) and Statement 100 – Accounting Changes and Error Corrections will be instated. In year 2025 Statement 101 – Compensated Absences, these will be analyzed as they are implemented to evaluate their affect on the Town.

22/23-25 Appointment of Auditor for FY 22/23

Tom DiStasio explained the arrangement with CliftonLarsonAllen LLP expired at the end of this audit. CliftonLarsonAllen LLP submitted a proposal to extend their contract. The Town decided to put out a Request for Proposals to compare to other audit firms. The Requests for Proposals will close on March 15, 2023. At that time a team, will be established to evaluate the submitted proposals and make recommendations, to the Board of Finance at their April meeting. A member of the Board of Finance will be asked to be on the evaluation team.

IV. TOWN MANAGERS REPORT/MISC.

A. Monthly Financial Report Summary

Details of the Monthly Financial Report Summary were included in the packet report dated period ended 1/31/23 prepared and reported by Tom DiStasio, which were discussed.

An analysis of interest income, with a five year look back at the Town's investment in the State's short-term investment fund prepared by and reported by Tom DiStasio, which was discussed. The interest rates in the short-term investment fund (STIF) have followed the Federal Government short-term interest rates that have been set and the interest income mirrors the rise and falls associated with the rates. This is best seen during the pandemic when the Federal Government lowered interest rates to under 1%, resulting in lower interest income and now the rates have increased to higher than those in the past five years, so we are seeing a corresponding increase in the interest income. When asked why the Town has not considered longer term investments, Tom explained that the Town has an investment policy that prioritizes three main things, (i) safety, (ii) liquidity and (iii) yield. The Town utilizes the

STIF accounts as the primary investment vehicle to implement this policy.

B. Acquisition & Leaseback of Property located at 645 West Avon Road

The be moving forward with the acquisition and leaseback of 645 West Avon Road.

V. OLD BUSINESS

21/22-21 American Rescue Plan Act.

Town Council Updates as of February 3, 2023: www.avonct.gov/arpa

22/23-11 Review and Discussion: FY 23/24 Budget

At this time in the budget process, the proposed budget would require approximately a 3.2% mill rate increase. The Town Council is meeting on Thursday March 2, 2023, and they will be discussing some potential reductions.

The Board members discussed the process for submitting an questions they may about the budget after the Town Council meeting. It was determined that questions would be given to Chair, Cathy Salchert and she would disseminate them to the Town and Board of Education for review and answers. The questions and answers would be compiled into a document that would be given to all the Board members for review. Then the Board decide if it needs a Special Meeting to discuss the responses further, prior to their next regular meeting scheduled on March 27, 2023.

VI. NEW BUSINESS

22/23-26 Supplemental Appropriation: Zoning Regulations Update, \$45,000

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

RESOLVED: That the Board of Finance hereby amends the FY 22/23 Budget by increasing:

REVENUES

American Rescue Plan Act Grant, Intergovernmental, American Rescue Plan Act Grant Revenue, Account #50-0330-44037 in the amount of \$45,000.00 and increasing:

APPROPRIATIONS

American Rescue Plan Act Grant, Town CIP-Facilities, Zoning Regulation Revision- ARPA. Account #50-4829-53446 in the amount of \$45,000.00 for the purpose of allocating funding received through the American Rescue Plan Act towards supplementing the funding available for the Town's comprehensive zoning regulation revision process.

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

22/23-27 Appropriation: Pavement Management, \$750,000

On a motion made by Houston Putnam Lowry seconded by Margaret Bratton it was voted:

RESOLVED: That the Board of Finance hereby appropriates a sum not to exceed \$750,000, from General Fund, Other Financing Sources, Assigned to Road Improvement, Account # 01-0390-43931 and transfer from Account # 01-8700-58000, General Fund, Other Financing Uses, Interfund Transfers Out.

To

Account # 02-4831-53003, Capital Projects Fund (Facil & Equip), Town CIP-Facil/Road Overlay, Road Surface Improvements and Account # 02-0390-43918 Capital Projects Fund (Facil & Equip) Other Financing Sources, Interfund Transfers In, in the amount of \$750,000, for the purpose of road improvements.

Bratton, Gisnarian, , Loveless, and Lowry voted in favor. Harvell, Retelle and Salchert voted against.

Motion carried 4-3-0.

VII. ADJOURN

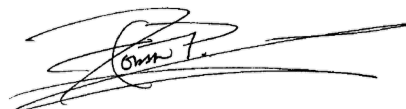
On a motion made by Ellen Retelle, seconded by Houston Putnam Lowry, it was voted:

RESOLVED: That the Board of Finance adjourn the meeting at 8:50 p.m.

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

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

Respectfully Submitted,



Houston Putnam Lowry,
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, 2022 Audit Presentation

February 27, 2023

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Agenda:

- Terms of the Engagement
- Executive Summary
- Financial Highlights
- Federal and State Single Audit
- 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 in report on internal control and compliance

- Federal Single Audit

- Unmodified opinion on the major federal programs
- No compliance findings or 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	
	2022	2021
Current Assets	\$ 46,205,531	\$ 55,440,271
Capital Assets, Net of Accumulated Depreciation	144,104,737	144,708,555
Noncurrent Assets	-	174,622
Total Assets	190,310,268	200,323,448
Deferred Outflows of Resources	7,435,735	3,709,107
Long-Term Liabilities Outstanding	74,199,923	62,113,491
Other Liabilities	9,400,767	15,692,779
Total Liabilities	83,600,690	77,806,270
Deferred Inflows of Resources	8,723,378	20,324,640
Net Position:		
Net Investment in Capital Assets	128,812,896	126,527,955
Nonexpendable - Purposes of Trust	90,816	71,459
Expendable - Purposes of Trust	-	29,530
Grants	1,020,997	174,545
Net Pension Asset	176,520	174,622
Other Purposes	-	795,176
Unrestricted	(24,679,294)	(21,871,642)
Total Net Position	\$ 105,421,935	\$ 105,901,645



Financial Highlights – Governmental Funds

			Nonmajor Governmental Funds	Total Governmental Funds
	General	CIFA		
REVENUES				
Property Taxes	\$ 89,720,542	\$ -	\$ -	\$ 89,720,542
Intergovernmental	11,812,369	-	4,507,808	16,320,177
Charges for Services	4,302,985	-	4,052,715	8,355,700
Investment Income (Loss)	155,524	1,973	(9,187)	148,310
Other Local Revenues	405,909	411,940	359,981	1,177,830
Total Revenues	106,397,329	413,913	8,911,317	115,722,559
EXPENDITURES				
Current:				
Town Council:				
General Government	3,734,323	-	174,816	3,909,139
Public Safety	12,140,841	-	66,730	12,207,571
Public Works	6,745,378	-	3,312,883	10,058,261
Health and Social Services	645,450	-	-	645,450
Recreation and Parks	900,606	-	322,133	1,222,739
Educational - Cultural	1,892,505	-	-	1,892,505
Conservation and Development	730,137	-	-	730,137
Miscellaneous	369,835	-	-	369,835
Total Town Council	27,159,075	-	3,876,562	31,035,637
Board of Education	71,385,691	-	3,365,926	74,751,617
Debt Service	3,038,525	-	-	3,038,525
Capital Outlay	-	3,335,490	1,961,423	5,296,913
Total Expenditures	101,583,291	3,335,490	9,203,911	114,122,692
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,814,038	(2,921,577)	(292,594)	1,599,867
OTHER FINANCING SOURCES (USES)				
Transfers In	1,437,792	2,998,539	671,662	5,107,993
Transfers Out	(3,517,080)	(1,408,647)	(182,266)	(5,107,993)
Other Financing Sources (Uses), Net	(2,079,288)	1,589,892	489,396	-
NET CHANGE IN FUND BALANCES	2,734,750	(1,331,685)	196,802	1,599,867
Fund Balances - Beginning of Year	16,080,661	8,238,702	7,648,199	31,967,562
FUND BALANCES - END OF YEAR	\$ 18,815,411	\$ 6,907,017	\$ 7,845,001	\$ 33,567,429



Financial Highlights – General Fund

- Fund balance \$18.8M
 - ◇ Nonspendable \$46K
 - ◇ Assigned – \$5.2M
 - ◇ Encumbrances - \$1.7M
 - ◇ Reserve for Public Safety - \$300,000
 - ◇ Payroll escrow - \$75,000
 - ◇ Pension - \$400,000
 - ◇ OPEB - \$300,000
 - ◇ Capital - \$128,612
 - ◇ Debt Service - \$750,000
 - ◇ Road Improvement - \$750,000
 - ◇ Internal Service Claims - \$750,000
 - ◇ Other - \$55,000
 - ◇ Unassigned - \$13.6M



Financial Highlights

- Property Tax Collections – 99.50% in current year, 99.50% in prior year
- General Fund Budget
 - Revenue \$1.73M higher than budget, including \$1.68M appropriation of fund balance
 - Expenditures \$869K below budget
- Net Pension Liability
 - Increased \$6.0M to \$23.6M
- Net OPEB Liability
 - Increased \$2.7M to \$27.6M





Federal and State Single Audit

Overview

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Federal Single Audit:

- Total federal awards expended - \$4.0M
- Major programs
 - Child Nutrition Cluster
 - Education Stabilization Fund
- Unmodified opinion on major program compliance
- No compliance or internal control findings

State Single Audit:

- Total state awards expended - \$3.6M
- Major programs:
 - ◇ Open Choice Program
 - ◇ Town Aid Road
- Unmodified opinion on major program compliance
- No compliance or internal control findings



Governance Communication

Summary

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Governance Communication:

- New standards adopted – GASB 87 Leases
 - Lease receivable
 - Capital leases recharacterized to “financing arrangements”
- Significant Estimates
 - Capital Assets – Useful lives
 - Allowance for Doubtful Accounts – Receivables
 - Net Pension Liability
 - Net OPEB Liability
 - Medical Claims Liability
 - Landfill



Governance Communication:

- No disagreements with management
- Management did not consult with other accountants
- No difficulties encountered in performing the audit
- Uncorrected misstatements – Lessee Implementation, OPEB Contributions
- No independence issues





Upcoming GASB Pronouncements

Summary

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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

GASB Standards:

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



Questions?





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