

**Beacon Falls Board of Finance
10 Maple Avenue
Beacon Falls, CT 06403**

**BEACON FALLS BOARD OF FINANCE
Regular Monthly Meeting via TEAMS
February 13, 2024, MINUTES
(Subject to Revision)**



1. **Call to Order / Pledge of Allegiance:** K. Brennan called the meeting to order at 7:04 PM and led the assembly in the Pledge of Allegiance.
Members Present: K. Brennan, J. Carroll, S. Leeper, K. Lembo, W. Giglio, B. Catanzaro
Members Absent: None
2. **Public Present:** Finance Manager N. Nau, First Selectman G. Smith, Selectman M. Krenesky, Michael VanDeVenter of Mahoney Sabol
3. **Comments from the Public:** None.
4. **Presentation of the FY2023 Audit:** Michael VanDeventer of Mahoney Sabol provided the attached presentation of the 2023 Audit Results. Mahoney Sabol reviewed their scope of work in completing an audit of the Town's 2023 Financial Statements by CPA and GASB standards. Federal and State Single Audits were also performed. Non-audit services included: assisting in the preparation of the financial statement, conversion to government-wide statements. Management oversees those services and accepts responsibility for those services. The report on the Financial Statements contains unmodified clean opinions and provides reasonable assurance that financials are free from material misstatement. Regarding compliance and internal control, Mahoney Sabol did not report any material noncompliance or weaknesses.

Mahoney Sabol offered an unmodified opinion on the Federal Single audit, which was comprised of COVID recovery funds under ARPA. There were no material weaknesses with grant compliance. They issued a similar report with State Single audit showing \$6.2M in Grant funds from the State, which is comprised mainly of ESC funds, LOTCIP road funds, town road aid and smaller grants.

In 2023, the final planned used of fund balance was \$927,000 and the actual decrease in fund balance was \$141,832. This was mainly due to Budgetary variance on tax collections, state funding and interest. There were no budgetary compliance issues cited.

With regard to Government wide financials there was a combined decrease of \$1.3M. The State MERS valuation is done one year behind, so market losses in the prior fiscal year come into play. Pension plans experienced gains this year, which should be reflected next year. The Town's OPEB liability is on a pay as you go basis and the LOSAP (Service Award) liability is over \$775,000.

There were no issues with the scope and timing of the audit, and no new GASB accounting standards for FY2023. Financial statements consist of estimated useful lives, and Mahoney Sabol found the estimates are reasonable. There were no significant difficulties, and the Finance Department was ready for the audit, no disagreements, representation letters.

G. Smith asked if there are any minor things, we are not doing that the Town can improve on. Mr. VanDeVenter noted that the Town has a clean overall grade and if there were significant issues they would be communicated to the board. Beacon Falls was one of only 55 municipalities that filed their FY2023 audit by the 12/31/23 deadline. N. Nau noted that regarding the Federal Single Audit, specific procurement guidelines were required for the ARPA funds and there were no issues with this portion of the audit. The ARPA funds were well documented as to where the money was spent.

N. Nau asked about the review of the LOSAP (Service Award) program documentation. The program is 69% funded. M. Vandevanter noted that most pension plans are 60-80% funded. The Town should continue making annual contributions as outlined by the actuaries and in a healthy budget year, municipalities may consider making additional contributions. S. Leeper noted that Michael and Mahoney Sabol did a great job and extended his thanks for the presentation this evening. The Board members concurred.

5. **Approval of Minutes:** Approval of the 1/9/2024 Regular Meeting minutes. S. Leeper made a motion to approve the January Regular meeting minutes. _____ seconded the motion. All ayes.

6. **Correspondence:** None

7. **Reporting:**

- a. Tax Collector Report – No comments. Positive tax collections for January on property and MV.
- b. Treasurers Report – No comments. Check activity – Non-recurring Capital and grants fund positive pay next.
- c. Town Clerk Report – No comments.
- d. Region 16 Report – N. Nau spoke with the Finance Director of Region 16, and they are waiting for health care information and final numbers from the State on revenue.
- e. Ambulance Report – N. Nau received an email from Tom Pratt who has been challenged getting the data from the new collection agency. He will send the report as soon as he has it.

6. **First Selectman's/Finance Manager's Report:**

- a. Budget Transfers: 3 transfers were approved by BOS on Monday night.
- b. As one of the transfers is a result of theft on the Rice Lane Tower, the town is looking to put video cameras on the building at that site. B. Catanzaro asked about a town-wide Security RFP and N. Nau noted that we have the same provider for almost all the town buildings which have been brought online with alarming needs one by one, as part of a town-wide project.
- c. Elevator Repair: The Purchase Order is ready for Otis, and we are waiting for CIRMA to review the boilerplate language for the conditions of their contract, which N. Nau has redlined. Once CIRMA completes their review and revises the language, we will get on the repair schedule for Otis. Prepayment and the liability clause are being reviewed.
- d. Capital Projects: The Fire and Police Generators are being installed this week.
- e. Burton Road: We have some punch list items to clean up in the spring, but the project is largely complete. The Town will forego painting the back side of the wall.
- f. WWTP Update: As part of the 5-year capital improvement plan, T. Carey is working with SLR to change or update the plan for WWTP. They need to come up with something that is palatable, as it is a big lift to do everything that needs to happen there. The Town is working to satisfy the requirements of DEEP while working towards compliance. T. Carey would like to get the 2nd digester cap completed after the \$1M electrical upgrade is completed. The Wastewater plant is a major commitment, and the town is taking small bites of the overall project.
- g. West Road – The Town is working with NVCOG and DeCarlo & Soll to submit a preliminary LOTCIP.
- h. Avenues – Provided the West Road LOTCIP application is accepted, G. Smith hopes to move STEAP funds to the Avenues in the spring.
- i. Church Street – There have been some project changes after a review, the Road Foreman had some concerns. There will be more drainage, and replacement of the sewer laterals, which will add \$120,000 onto the project. Sidewalks will tie Main Street to the Hill neighborhood.

7. **Finance Managers Report:**

- a. Interns are working on Asset tracking and Street logic.
- b. N. Nau has asked the Treasurer to put together an investment policy.

- c. Escrow Policy: P&Z will adopt a policy shortly. We are now holding monthly land use meetings for departments to come together to be in sync on Land use projects.
- d. Capital Projects:
- i. WWTP Electrical Upgrades: We received the schedule from Tucker Mechanical today and they will begin shortly.
 - ii. Elevator repair at Town Hall – The Insurance company found some contract items unacceptable. The language moved forward yesterday, and we hope to have it back soon. Once this is established, the repair should take 5 days.
 - iii. Capital Projects – As G. Smith noted, the generators are being installed and Public Works was installed last month.
 - iv. The Fire Department received the rest of their AFG equipment; Paratech struts and N. Nau will be seeking reimbursement from FEMA for this grant.
 - v. POCD – SLR and the Town will need to request an extension from the State.
 - vi. Public Works Plow Truck is taking longer than expected, but production is moving along.
 - vii. Beacon Valley Bridge - Project is completed and the monies have been paid by the State and by Naugatuck for their portion.
 - viii. Beacon Valley Road (East): N. Nau is working on getting legal costs reimbursed as the complicated easements led to \$27,000 in legal fees. We received \$1.5M in LOTCIP monies for the project which will be underway soon.
 - ix. Patrol Car: Arrived Wednesday of last week and PD is registering this vehicle and all their own cars.
 - x. WWTP – F-250 Truck was delivered, and the body and plow Purchase Order is in progress.
- e. Grants:
- i. FIT test machine/AFG Grant: FEMA changed their priorities, and this is no longer a high priority. RIT packs are the new AFG request from Fire and they are \$7-\$9k.
 - ii. State EV Grant – The Resolution was approved last night at the BOS meeting and the Town is moving forward with the original scope of work.
 - iii. CIF Community Center Grant – N. Nau is cautiously optimistic as DECD has issued specific questions and we have provided answers.
 - iv. K. Brennan has a question under current year capital. The new ambulance will be delivered soon using a new vendor. How is this financially set up? N. Nau noted that Flagstar keeps the same note, principal and interest and we switch out the vendor and item. BOS passed a revised resolution, noting the true cost of the Ambulance which is a savings of \$30,000. At the end of the first year, if the note is lower than Flagstar will pay it back. The Purchase Order has been executed.
 - v. Rimmon Schoolhouse – M. Krenesky noted that we are not relocating the schoolhouse and there will need to be a condition assessment, so the Town can renovate it in place. The building is owned by the Town and the DECD/SHPO grant will need to know how the building would get used. The SPHO Grant would be awarded in January 2025. He has been in touch with Eric Lott on renovation construction, as he has renovated other Oxford schoolhouses, and would define the scope of the project. M. Krenesky has a quote for \$75,000 to renovate the building as an 1800s schoolhouse. W. Giglio asked about ownership. We own 1/10 of an acre and the previous owner can take back property if the building is moved. W. Giglio asked what the building could be used for. M. Krenesky noted that the Historical Society could use it, set it up as a working schoolhouse and discuss the hours it might be open.
 - vi. N. Nau noted Conservation Commission wants to pursue DEEP Recreation trail grant for an Acre 39/Pent Road and Naugatuck State Forest trail connection. They have a plan to connect every piece of open space that should be connected. K. Brennan noted that since we are approaching budget season, if there is a grant match, it will need to be included.

8. **Finance Policy Manual:** No changes this month. N. Nau noted that she hoped to provide a multi-year town budget in FY2026.
9. **Old Business:**
 - a. **Master Fee Schedule** – We should see some movement on this fee schedule soon. Ordinance changes are with the Town Attorney for review, including Melbourne Trust changes, road ordinance changes. G. Smith hopes to move forward in the next 60 days.
 - b. N. Nau encouraged the Boards to review the FY2025 Budget SharePoint site as there is a lot of information and all of the department requests are there online.
10. **New Business:**
 - a. **Budget Workshop Schedule:** A high level 5-minute overview for all departments will take place February 20th. 7:00 PM at the Senior Center high level overview. This overview will be a TEAMS meeting also. The schedule can be adjusted as needed. March will feature in-person workshops with larger departments invited back. N. Nau noted there are some personnel requests which are above and beyond COLA increases. She has also asked each department to review their 5-year CIP, which is a heavy lift.
 - b. **BUDGET TRANSFERS:** S. Leeper made a motion to approve the 3 budget transfers as presented. W. Giglio seconded the motion. All ayes.

| TOWN OF BEACON FALLS | | | | | | |
|---|---------------|-----------------|---------------|-----------------------------|--------------|---|
| FY2024 | | | | | | |
| TRANSFERS FOR 2/12 BOS & 2/13/24 BOF MEETINGS | | | | | | |
| 01/04/2024 | | | | | | |
| FY2023-2024 BUDGET | | | | | | |
| REVISED | | | | | | |
| TRANSFER FROM: | | | TRANSFER TO: | | | |
| Amount | Line | Description | Line | Description | Amount | Explanation |
| \$ (19,999.00) | 10.90.83.1170 | Contingency | 45.90.44.1022 | Radio Tower Wiring Repairs | \$ 19,999.00 | Theft on the Radio tower, major repairs needed, New repeater for Fire communications. |
| \$ (9,999.00) | 10.90.83.1170 | Contingency | 10.90.59.1703 | Public Works Vehicle Repair | \$ 9,999.00 | Major transmission repair last month (\$9500) and the line if over budget again. |
| \$ (4,000.00) | 10.90.53.1505 | Police Training | 10.90.53.1060 | Police Computer Support | \$ 4,000.00 | Purchase of 5 computers for Police Department |
| \$ (33,998.00) | | | | | \$ 33,998.00 | |

11. **Adjournment:** S. Leeper made a motion to adjourn at 8:24 PM. W. Giglio seconded the motion. All ayes.

Respectfully Submitted,

Erin A. Schwarz

Erin A. Schwarz, Finance Office



Presentation to the Board of Finance

2023 Audit Results

Town of Beacon Falls, Connecticut

Presented by:
Michael J. VanDeventer, CPA, Partner

February 13, 2024

www.mahoneysabol.com

Glastonbury Essex



Agenda

- Scope of Work
- Auditor's Reports
- Financial Highlights
- Required Communications
- Questions



Scope of Work

Audit of Financial Statements performed in accordance with the following:

- Auditing standards issued by the American Institute of Certified Public Accountants
- *Government auditing standards* issued by the Government Accountability Office

Federal and State Single Audit performed in accordance with the following:

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)
- State of Connecticut, OPM Compliance Supplement to the State Single Audit Act
- Applicable grant and contract agreements



Scope of Work (Continued)

Nonaudit Services:

- Assisted in the preparation of the financial statements, the schedules of expenditures of federal awards and state financial assistance, and related notes
- Assisted in the conversion of the governmental funds financial statements to the government-wide financial statements
- In order for our firm to be able to perform these services and remain independent of the Town, management is required to oversee these services by designating an individual with suitable skill, knowledge, or experience, to evaluate the adequacy and results of those services; and to accept responsibility for them. Natasha Nau, Finance Manager, has accepted responsibility for these services



Auditor's Reports

Report on Financial Statements

- The Town's report contained unmodified opinions on the financial statements:
 - An unmodified opinion is expressed when the auditor concludes that the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board
 - Our opinion provides reasonable assurance that the financial statements are free from a material misstatement, whether due to error or fraud

Report on Compliance and on Internal Control over Financial Reporting

- We did not report any material noncompliance of laws and regulations
- We did not report any significant deficiencies or material weaknesses over financial reporting



Auditor's Reports (Continued)

Federal Single Audit

- Report on Compliance and on Internal Control at the Federal Award Level
 - Fiscal Year 2023: \$1,214,932 expended
 - Major Program:
 - Coronavirus State and Local Fiscal Recovery Funds - \$1,203,700
 - Unmodified "clean" opinion on compliance
 - We did not report any significant deficiencies or material weaknesses over grant compliance

State Single Audit

- Report on Compliance and on Internal Control at the State Financial Assistance Level
 - Fiscal Year 2023: \$6,205,576 expended, \$2,037,907 nonexempt
 - Major Program:
 - Local Transportation Capital Improvement Program - \$1,416,975
 - Unmodified "clean" opinion on compliance
 - We did not report any significant deficiencies or material weaknesses over grant compliance



Financial Highlights

General Fund – Budgetary Highlights

- Final planned for the use of fund balance of \$927,980
- Actual change in fund balance was a decrease of \$141,832, resulting in a favorable budgetary variance of \$786,148
- Revenues and other financing sources were \$307,378 more than budgeted
 - Favorable variances on property tax collections, State funding, and interest income
- Expenditures were \$478,770 less than budgeted
 - No budgetary compliance issues were identified



Financial Highlights (Continued)

Governmental Funds – Highlights

- Combined ending fund balances as of June 30, 2023 totaled \$12,057,768, a decrease of \$1,310,413 from the prior year
- Total fund balances consisted of the following:
 - General Fund: \$4,914,560, a decrease of \$75,864 from the prior year
 - \$3,858,828 is considered unassigned, which is sufficient to cover 1.9 months of and represents 15.9% of the Town’s fiscal year 2024 General Fund budgetary expenditure appropriations
 - Bonded Projects Fund: \$3,319,445, a decrease of \$1,230,485 from the prior year
 - Reflects use of bond funds restricted for capital purposes
 - Unbudgeted Grants Fund: \$37,611, an increase of \$25,923 from the prior year
 - Other Funds: \$3,786,152, a decrease of \$29,987 from the prior year



Financial Highlights (Continued)

Government-wide Financials – Highlights

- Positive unrestricted net position of \$4,225,720
- Connecticut Municipal Employees' Retirement System – Pension
 - The net pension liability for the Connecticut Municipal Employees' Retirement System attributed to the Town totaled approximately \$2.615 million
 - Plan is 69% funded compared to the 83% funded reported in the prior year
 - Town has an additional pension obligation payable to CMERS of approximately \$1.185 million relating to unfunded benefits that existed prior to joining the Plan
- Town OPEB Liability of \$720,594 (discount rate of 3.65%)
 - Funded on a pay-as-you-go basis
- Town LOSAP Liability of \$779,695 (discount rate of 3.86%)
 - Assets accumulated for the purpose of paying benefits totaled \$542,597



Required Communications

Auditor's Responsibility under U.S. Generally Accepted Auditing Standards

Planned Scope and Timing of the Audit:

- No changes in the planned scope or timing of the audit that was originally agreed-upon

Significant Audit Findings:

- Qualitative Aspects of Accounting Practices
 - New accounting standards:
 - No new accounting standards were implemented that had a significant effect on the financial statements
 - Significant estimates and judgments:
 - Estimated useful lives assigned to capital assets
 - Discount rates utilized to determine pension, LOSAP and OPEB liabilities



Required Communications (Continued)

Significant Audit Findings (Continued)

- There were no difficulties encountered in performing the audit
- There were no uncorrected misstatements
- There were no disagreements with management
- We obtained a management representation letter and there were no unusual representations requested by us from management
- We are not aware of any consultations by management with other independent accountants



Questions?

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