

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



**Beacon Falls Board of Selectmen  
Beacon Falls Board of Finance  
Special Meeting Minutes  
January 24, 2018  
(Subject to Revision)**

Members Present: First Selectman Chris Bielik,  
Joseph Rodorigo, Tom Pratt, Jim Carroll, Steven Leeper  
Absent: Brian Ploss, Mark Bronn  
Selectman Peter Betkoski – by phone  
Selectman Mike Kerensky came in at 7:00PM  
Tom Broesler Finance Manager  
Erin Schwarz Finance Assistant

Newspaper- Citizen News

**1. Call to order/Pledge of Allegiance**

First Selectman Chris Bielik called the special meeting to order at 6:32P.M.

**2. Discussion and vote to accept audit**

The CPA firm of Mahoney Sabol, gave the Board of Selectmen and Board of Finance copies of the presentation on the 2017 audit results, and also copies of the financials for the Town of Beacon Falls. The firm Mahoney Sabol gave a presentation of the 2017 yearly audit results. Copy of the presentation is attached to the minutes. And copies of the financials will be available on the Town of Beacon Falls website.

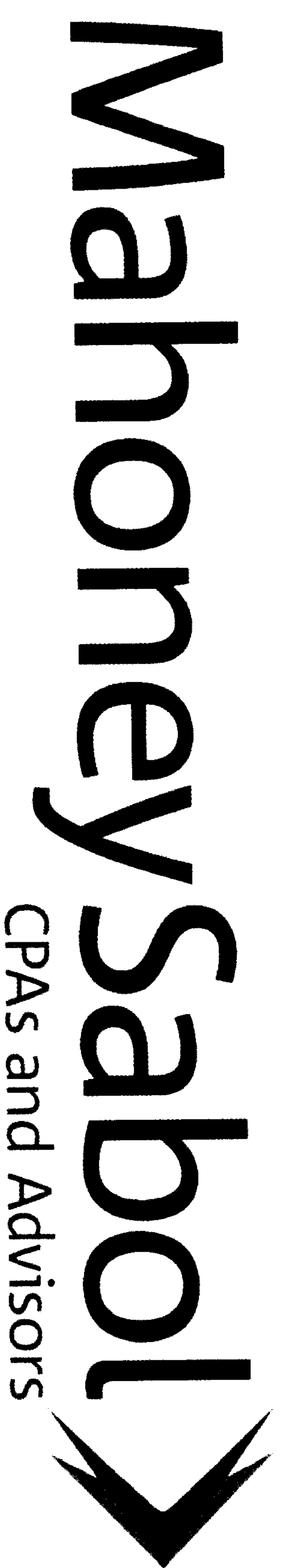
**3. Adjournment-**

Motion to adjourn the Board of Selectmen Special meeting at 7:04; Kerensky/Bielik; no discussion; all ayes, Kerensky abstained.

Motion to adjourn the Board of Finance Special meeting at 7:04; Leeper/Carrol; no discussion; all ayes.

Respectfully Submitted,

Joann Smith Overby  
BOS & BOF Clerk



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**Presentation to the Board of Finance**

**2017 Audit Results**

**Town of Beacon Falls,  
Connecticut**

**Presented by:**

**Michael J. VanDeventer, CPA, Partner**

**Samantha A. Thomas, CPA, Manager**

**Lauren Blair, CPA, Senior Associate**

**January 24, 2018**

**[www.mahoneysabol.com](http://www.mahoneysabol.com)**

**Glastonbury Essex Middletown**

## **Agenda**

- Scope of Work
- Auditor's Reports
- Financial Highlights
- Internal Control Matters and Recommendations
- 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

**State Single Audit performed in accordance with the following:**

- State of Connecticut, OPM Compliance Supplement to the State Single Audit Act
- Applicable grant and contract agreements

**Assisted in the preparation of the financial statements and the schedule of expenditures of state financial assistance.**

# Auditor's Reports

## Report on Financial Statements

- Unmodified "clean" opinions on the following opinion units:
  - Governmental activities
  - Each Major Governmental Fund:
    - General Fund
    - Bonded Projects Fund
    - Special Projects Fund
  - Aggregate remaining fund information

## Report on Compliance and on Internal Control over Financial Reporting

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

## Auditor's Reports (Continued)

### State Single Audit

- Report on Compliance and on Internal Control at the State Financial Assistance Level
  - Fiscal Year 2017: \$4,785,108 expended, \$564,937 nonexempt
  - Fiscal Year 2016: \$4,598,317 expended, \$416,950 nonexempt
  - Major Programs:
    - Town Aid Road Grants (\$188,620)
    - Small Town Economic Assistance Program (\$196,971)
  - Unmodified “clean” opinion on compliance
  - No significant deficiencies or material weaknesses over compliance reported

## Financial Highlights

- Government-wide Financial Highlights

	2017	2016
Current and other assets	\$ 10,622,874	\$ 9,837,978
Capital assets	18,043,526	16,593,301
Total assets	<u>28,666,400</u>	<u>26,431,279</u>
Deferred outflows of resources	<u>506,655</u>	<u>94,177</u>
Other liabilities	1,249,166	708,089
Long-term liabilities	12,395,529	10,882,150
Total liabilities	<u>13,644,695</u>	<u>11,590,239</u>
Net position:		
Net investment in capital assets	9,949,660	9,973,490
Restricted	503,038	481,748
Unrestricted	5,075,662	4,479,979
Total net position	<u>\$ 15,528,360</u>	<u>\$ 14,935,217</u>



## **Financial Highlights (Continued)**

### **Government-wide Financial Highlights (Continued)**

- Net position increased by \$593,143 during the current fiscal year.
- The Town's capital assets increased by \$1,450,225 in the current year. Significant capital asset additions consisted of:
  - Outlays for on-going road improvement projects (Burton Road, Noe Place, Lower Highland Avenue, Upper Highland Avenue)
  - Costs incurred relating to the construction of a pump station
  - Costs incurred related to the purchase of various public safety equipment
- Total bonded debt increased by \$900,000 during the current fiscal year due to the net issuance of \$1,285,000 in general obligation bonds, offset by current year debt service payments.

## Financial Highlights (Continued)

### Government-wide Financial Highlights (Continued)

- The Town does continues to report an unfunded other post-employment benefit obligation of \$650,966 (July 1, 2016 valuation date), for which a net OPEB obligation of \$80,642 is reflected as a liability :
  - This reflects the liability associated with post-employment health benefits provided to Town retired employees through the Town's group health insurance plan
  - The liability relates to both a direct benefit and an implicit rate subsidy which is currently funded on pay as you go basis
  - Entire amount of the liability will be reflected on the Town's balance sheet next year, which will result in an additional reduction to the Town's unrestricted net position.
- Town's proportionate share of net pension liability (CMERS) \$1.2 million at year end.

## **Financial Highlights (Continued)**

### **Funds Financial Highlights**

- Combined ending fund balances as of June 30, 2017 totaled \$7.2 million, an increase of \$705 thousand from the prior year
- Total fund balances consisted of the following:
  - General Fund: \$3.3 million (\$2.9 million unassigned)
  - Bonded Projects Fund: \$1.35 million
  - Special Projects Fund: \$16 thousand
  - Other Funds: \$2.56 million
- Unassigned fund balance of the General Fund as of June 30, 2017 represented 14.0% of total General Fund expenditures. This is sufficient to cover approximately 1.7 months of General Fund operating expenditures.

## **Financial Highlights (Continued)**

### **General Fund – Budgetary Highlights**

- Original operating budget for the General Fund planned for the utilization of fund balance in the amount of \$30,033.
- Additional appropriations in the amount of \$686,290 were approved by the Board of Finance and Town Meeting during the year. Significant additional appropriations consisted of \$500,000 as a transfer to the Sewer Waste Water Fund and \$186,290 to fund various capital and special projects.
- Actual change in fund balance of the General Fund on a budgetary basis was an increase of \$298,857.
- Revenues were \$650,154 more than budgeted due to the surplus received from the Town's regional school district, collections on delinquent property taxes, and proceeds received from the sale of Community School.
- Expenditures were \$365,200 less than budgeted.

# Internal Control Matters and Recommendations

## Current Year Recommendations:

- Accounts Payable Closing Procedures
- Reconciliation of Accounts Payable and Encumbrances
- Capital Asset Tracking
- Disposal of Fully Depreciated Capital Assets

## Prior Year Recommendations – Unresolved:

- Fraud Risk Assessment Process
- Reconciliation of Property Taxes and Assessments

**Prior Year Significant Deficiency in Internal Control over Financial Reporting is considered to have been resolved.**

# Required Communications

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

### Planned Scope and Timing of the Audit

### Significant Audit Findings

- Qualitative Aspects of Accounting Practices
  - The Town was required to implement a number of new accounting standards, however, those standards did not have a significant impact on the financial statements
  - The disclosures included in the financial statements are deemed to be neutral, consistent, and clear.
- There were no significant difficulties encountered in performing the audit
- None of the adjustments identified and recorded as part of the audit were deemed to be material to the financial statements
- Uncorrected misstatement consist of the following:
  - An understatement of accounts payable and capital outlays in the amount of \$24,542 relating to pump station upgrades and road improvement costs

# Required Communications

## Significant Audit Findings

- No disagreements with Management
- Management Representations
- We were not aware of any management consultations with other independent accountants



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## Questions?

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