Board of Finance
Regular Meeting Minutes
Zoom Meeting

Wednesday, February 10, 2020
7:00 pm

Present: Chairman Ronald R. Fedor, Mark Geer, John Sheehan, Kevin Petchark, Glenn Patterson, Robert Tuneski

Absent: Tali Maidelis

Elected: Robert J. Brule, First Selectman

RTM: Thomas Dembek

Staff: Brett Mahoney, Chief of Police; Christine Johnston, Library Director, Gary Schneider, Public Works Director; Abby Piersall, Planning Director; Dani Gorman, Director Youth & Family Services; Paige Walton, Assessor, Joseph Mancini, BOE Director of Finance/Operations; Kimberly Allen, Finance Director, Maryellen McConnell, Secretary

1. Establishment of a quorum and call to order:

   A quorum was established and a call to order was established at 7:00 pm, February 10, 2020.

2. Public comment: No public comment.

3. Approval and acceptance of minutes:

   Motion by John Sheehan and **seconded** by Mark Geer to approve the revised minutes of January 13, 2021.

   Vote: 6-0 **Motion: Passed**

4. To consider and act on a request from Brett Mahoney, Chief of Police, to request an additional appropriation of $16,566 to purchase a generator for the regional police boat. This bid was through appropriate Town of Waterford Controls, bid #20-114 to Crocker's Boat Yard of New London for line #10129-53220.

   Motion by John Sheehan and **seconded** by Mark Geer to authorize to transfer the money from contingency line #10121-59010 to pay for the generator.

   Vote: 6-0 **Motion: Passed**

5. To consider and act on a request from Brett Mahoney, Chief of Police, to request an additional appropriation of $33,639 to pay the remaining portion of the Police Department Records Management Software to Central Square Technologies.

Motion by John Sheehan and **seconded** by Mark Geer to approve the transfer from contingency line #10121-59010 to line #10147-52043.

Vote: 6-0 **Motion: Passed**

6. To consider and act on a transfer request from Gary Schneider, Public Works Director, for an **FY21 second quarter, Out of Series Transfer as follows:**

Account	**Description**	**Approved Budget Amount**	**Current Available Budget Amount**	**Account Increase**	**Account Decrease**	**Revised Available Budget Amount**
10130-52030	Professional Fees	90,000.00	(1,365.82)	5,000.00		3,634.18
10130-53300	Highway Materials	235,000.00	174,830.14		(5,000.00)	169,830.14
	Total			**5,000.00**	**(5,000.00)**	

Motion by John Sheehan to increase 10130-52030 Professional Fees by $5,000 and decrease 10130-53300 Highway Materials by $5,000, and **seconded** by Glenn Patterson.

Vote: 6-0 **Motion: Passed**

7. To consider and act on a request from Abby Piersall, Planning Director, to appropriate $50,000 in Designated Funds from FY21 Capital and Non-Recurring Expenditure Fund line #20511-57857 Civic Triangle Upgrades.

Motion by John Sheehan, **seconded** by Mark Geer to appropriate $50,000 in Designated Funds fromFY21 Capital and Non-Recurring Expenditure Fund line #20511-57857 Civic Triangle Upgrades.

Vote: 6-0 **Motion: Passed**

8. To consider and act on a transfer request from Christine Johnson, Library Director, for an **Out of-Series Transfer as follows:**

Account	Description	Approved Budget Amount	Current Available Budget Amount	Account Increase	Account Decrease	Revised Available Budget Amount
10136-51110	Administration	112,435.00	(7,306.84)	44,470.75		37,163.91
10121-59010	Contingency	265,000.00	187,956.00		(44,470.75)	143,485.25
	Total			**44,470.75**	**(44,470.75)**	

Amended Motion by John Sheehan the request to be an additional appropriation of $44,470.75 from Contingency.

Amended motion by John Sheehan to change the amount from $44,470.75 to $44,471.00, **seconded** by Glenn Patterson.

Vote: 6-0 **Motion: Passed**

9. To consider and act on a transfer request from Dani Gorman, Youth & Family Services Director, for an **Out-of-Series Transfer as follows:**

Account	Description	Approved Budget Amount	Current Available Budget Amount	Account Increase	Account Decrease	Revised Available Budget Amount
10119-51810	Overtime	0.00	(114.78)	1,000.00		885.22
10119-52030	Professional Fees	22,000.00	12,462.20		(1,000.00)	11,462.20
	Total			**1,000.00**	**(1,000.00)**	

Motion by John Sheehan and **seconded** by Mark Geer to approved the request as stated.

Vote: 6-0 **Motion: Passed**

10. Old Business: None.

11. New Business:
   a. John Sheehan – Questions and comments on the FY2020 Audit Report. Discussion ensued, see attached questions and comments.
   b. Paige Walton, Assessor: 2020 Grand List – it was completed on time. We are up 1.71% over last post BA's numbers. The bulk of the numbers are from personal property and motor vehicles.

12. Liaison Reports:
   a. Glenn Patterson for the Municipal Complex: we have a temporary certificate of occupancy and we are in the new complex. The installation of the pressure washing system should take place by the end of next week. The majority of the small items on the punch list will be finished once the weather improves. We should be completing the project by April-May of this year.
   b. Robert Brule: Ledge Light will be utilizing the Municipal Complex as a vaccination site. They are very happy to be able to utilize a very large site. Thomas Giard and myself have been in discussion regarding the Board of Education hiring a Human Resources Director and separate the Town and Board of Education Human Resources services.

13. Adjournment:

Motion by John Sheehan and **seconded** by Mark Geer to adjourn the Meeting of the Board of Finance at 8:41 p.m.

Vote: 6-0 **Motion: Passed**

Respectfully submitted,

Mark Geer, Jr., Clerk

Maryellen McConnell, Secretary

Questions and Comments on FY2020 Audit Report

State and Federal Special Report Letters

1. Total Federal revenues = $1,716,656 in FY2020 up from $1,399,839 in FY2019 which was down from $2,588,876 in FY2018 which was up from $1,476,481 in FY2017 which was down from $1,850,874 in FY2016 – down from $2,139,308 in FY2015.
2. The largest Federal award was the Special Education IDEA grants totaling $586,337.
3. No deficiencies were noted in the Federal Single Audit Report
4. Total State revenues = $1,848,603 down from $2,446,421 in FY2020 down slightly from $2,489,647 in FY2018 which was down from $4,830,177 in FY2017 and down from $3,957,188 in FY2016 which was, down from $4,605,398 in FY2015 (-$648,210). Increase in FY2017 was in School Construction Grants.
5. No Findings or Questioned Costs found in the State Single Audit Report

Comprehensive Financial Report

1. Cover notes that, like the FY2019 Report, the FY2020 Report is a Comprehensive Annual Financial Report (CAFR) unlike the FY2018 report, which like the FY2017Audit Report is just the Annual Financial Report, not a Comprehensive Annual Financial Report (CAFR). I prefer the CAFAR because the additional statistical information is very useful.
2. Short summary of Waterford Government that preceded listing of Principal Town Officials in prior CAFRS is after the listing of Principal Town Officials. It did not appear in FY2018 Audit Report. It was also not in the FY2017 or FY2016 Audit reports. It had been in previous Audit reports.
3. Excellent summary of Economic Activity in Town on Pages vi-vii.
4. The paragraph on Long Term Financial Planning needs to be corrected to include the fact that the RTM formed a Planning Committee that superseded the BOF Committee in CY 2013 (October 7, 2013 RTM meeting). Same comment was in the Review of the FY2019 report
5. Why does the GASB 54 narrative discuss the FY2019 Unassigned Fund Balance of $16,781,193 rather than the FY2020 Unassigned Fund Balance of $18,963,143? The FY2019 report also referred to the FY2018 unassigned Fund Balance of $13,979,558. Page viii
6. The Auditor's report explained how they conducted the Audit of the Financial Statements provided by the Town noting what they reviewed and what they did not review. Pages 1-3.
7. IN FY2020 the Town's net position decreased by 0.6% or $894 thousand and business activities decreased by 2.9% or $1.6 million. In FY2019 the Town's net position decreased by 0.8% or $1.4 million and the business activities decreased by 2.2% or $1.3 million. Town's net assets as restated due to GASB 75 increased by 1.4% in FY2018 compared to the increase in FY2017 of 1.7% compared to the decrease of 3.42% in FY16. Expenses in FY2020 were $894 thousand more than the $111.4 million generated in taxes and other revenue. Expenses in FY2019 were $1.4 million more than the $102.6 million generated in tax and other

revenues compared to FY2018 expenses that were $2.1 million less than the $106.9 million generated in tax and other revenues. In FY2017 expenses were $2.7 million less than generated revenues compared to expenses $5.8 million more than generated revenues in FY2016. This compares to an increase in FY15 when expenses were $1.0 million less than generated revenues. Resources available for appropriation in FY2020 were $1.5 million more than anticipated compared to FY2019 resources available for appropriation compared to $2.7 million more than anticipated compared to resources in FY2018 that were $823.4 thousand more than anticipated. Resources available for appropriation were $1.2 million more than anticipated in FY2017 compared to being $505 thousand more than anticipated in FY16. This compares to FY15 when resources were $2.5 million less than anticipated for the general fund. Page 4

8. Due to the managed spending by department heads and the impact of the COVID-19 shut down of activities, $1 million of the unassigned balance was transferred to the Capital Non-Recurring Expenditure Fund and $1.8 million of unused appropriations were returned to fund balance compared to the $963.0 thousand that were returned to fund balance at the end of FY2019 compared to $792.6 thousand of unused appropriations which were returned to the general fund balance in FY2018. This compares to $591.2 thousand of unused appropriations were returned to the general fund balance in FY2017. This compares closely to the $599.3 thousand of unused appropriations that were returned to general fund balance in FY16. This compares to $251.1 thousand of unused appropriation that was returned to the general fund balance in FY15. Page 4
9. Good explanation of town financial activities and categories of Town funds is found Page 5.
10. Note that Town Funds use the modified accrual accounting method so there is a difference between governmental activities and governmental funds. This difference is described in a reconciliation included with the fund statements. Page 5.
11. Town cannot use fiduciary net assets to finance operations. Page 5
12. As noted above, the Town's assets were restated in FY2018 Audit Report due to GASB 75. In FY2020 the unrestricted net assets changed to ($19.13) million compared to the FY2019 unrestricted net assets of ($13.040) million from the ($11.532) million in FY2018 Based on that restatement, the Unrestricted net assets decreased from ($13.638) million in FY2017 to ($11.532) million in FY2018. In the FY2017 report Unrestricted net assets changed from (5.725) million at end of FY15 to (10.913) million at end of FY16 to (5.839) in FY2017. The negative value is a result of the implementation of GASB 68 in FY15.. Business type activities (mostly the Utility Commission Enterprise Fund) decreased to $53.6 million in FY2019 compared to $54.817 million in FY18 compared to $56.670 million at end of FY17 compared to $57.463 million at end of FY16. This compares to $57.6 million in FY15. Page 6.
13. Total Revenues were $111.416 million and total expenses were $112.215 million in FY2020 compared to Total Revenues of $102.563 million and total expenses were $103.781 million in FY2019. This compares to Total Revenues of $106.967 million and total expenses of $104.634 million in FY18. This compares to Total

Revenues $104.939 million and total expenses $102.223 in FY17 compared to revenues of $101.315 million and Total Expenses $107.242 million in FY16 compared to Total revenues $102.886 million, Total Expenses $102.315 million in FY15. Page 7.

14. Government activities revenue sources – 82.7% from property taxes, 13.4% from operating and capital grants and contributions, 2.8% from charges for services and 1.1% from investment and other general revenues in FY20. This compares to 88.0% from property taxes, 7.2% from operating and capital grants and contributions, 3.5% from charges for services and 1.3% from investment and other general revenues in FY2019. This compares to 82.2 % from property taxes, 14.0% from operating and capital grants and contributions, 3.1% from charges for services and 0.7% from investment and other general revenues in FY18. This compares to 81.9% from property taxes, 14.4% from operating and capital grants and contributions, 3.3% from charges for services and 0.4% from investment and other general revenue in FY17 compared to 85.2% from property taxes, 11.2 from operating and capital grants. 3.4% from charges for services and 0.2% from investments in FY16. This compares to 80.5% from property taxes, 16.2% from operating and capital grants and contributions, 3.1% from charges for services and 0.2% from investment and other general revenues in FY2015. Investments have decreased by $215.0 thousand in FY2020 after increasing slightly in percentage share (up by $611.0 Thousand in FY2019 over FY18. Page 7 & 8.
15. Note the factors affecting operations outlined on Pages 7 & 8.
16. Revenues from Sewer fees decreased by $55 thousand in FY2020 after increasing by $111 thousand in FY19 compared to a decrease of $265,000 (3.3%) in FY18 compared to $226,000 (1.4%) in FY17 compared to decrease of $70,000 (1.8%) in FY16. Capital contributions decreased by $43 thousand in FY2020 after a $221 thousand (5.3%) decrease in FY2019, compared to a $890 thousand decrease (68.1%) in FY17 compared to the increase by $362,000 (38.3%) in FY16. This was due to completion of work on Pump Station Grit Facility in FY18, Harvey Ave. Pump Station in FY17 and the Wastewater SCADA system project. This compares to a decrease of $117,000 (3.0%) and capital contributions increased by $522,000 due to completion of Bolles Court Pump Station improvements in FY15. Page 8
17. Town Combined Fund Balance was $31.2 million in FY2020, an increase of $7.5 million from $23.7 million in FY2019, an increase of $1.7 million compared to $22.0 million, an increase of $0.9 million in FY18 from $21.1 million an increase of $3.5 million in FY17 compared to $17.6, million, a decrease of $2.7 million in FY16 compared to $20.4 million in FY15. The General Fund showed a total increase of $2.8 million in FY20 compared to an increase of $2.5 million in FY2019 compared to an increase of $1.2 million in FY18 compared to an increase of $1.7 million in FY17 compared to an increase of $1.3 million in FY16 compared to a decrease of $2.4 million in FY15. Page 8
18. The Internal Service Fund net assets increased by $1.3 million in FY20 compared to a decrease by $352.5 thousand in FY19 compared to an increase by $255.3 thousand for FY18 adding to the $217.2 thousand in FY17 adding to the $788,900 increase in FY16 adding to the $1.0 million increase in FY15. Fortunately, in

FY20 the contributions of $11.4 million offset the expenses of $10.2 million. This compared to FY19 when the contributions of $11.7 million offset the expenses of $12.1 million. This compares to FY18 where the $11.2 million in contributions was greater than the $11.0 million expenses in FY18 continuing the positive trend. In FY17 the $11.0 million in contributions and other revenues was greater than the $10.8 million in expenses for claims and administration. This continues the positive trend. In FY16 the $10.9 million in contributions was greater than the $10.1 million in expenses for claims and administration just as in FY15 the $11.9 million in contributions was greater than the $10.9 million in claim expenses. Page 9.

19. FY20 revenues were $2.3 million over expenditures. This compares to FY19 when revenues were $2.8 million over expenditures on a budgetary basis. This compares to FY18 revenues that were $934.9 thousand over expenses compared to FY17 when revenues were $1.8 million over expenses compared to FY16 when revenues were $1.2 million over expenses. FY15 revenues were $2.2 million under expenditures. Page 9
20. As usual, a good presentation of major factors affecting the FY20 operating budget. Page 10.
21. There were $522,100 of outstanding encumbrances at the end of FY20. This compares to $186,800 of outstanding encumbrances at end of FY19. This compares to $566,000 of outstanding encumbrances at the end of FY18. This compares to $279,600 of outstanding encumbrances at the end of FY17. This compares with $414,700 of outstanding encumbrances at the end of FY16 compared to $283,600 of outstanding encumbrances at the end of FY15. Encumbrances are reported as expenditures for budgetary purposes. Page 10
22. Note that balances for special revenue funds that are funded primarily from operating transfers from the General Fund are also rolled into the General Fund for reporting purposes. In FY20 those balances amounted to $355,500. In FY19 those balances amounted to $67,000. In FY18, those balances amounted to $74,900. In FY17 those balances were $86,600 compared to $98,700 in FY16. Page 10
23. Capital assets decreased by $2 million in FY20. This compares to a decrease of $6.8 million in FY19. This compares to a decrease of $7.0 million in FY18 on top of the $7.37 million decrease in FY17 on top of the $5.8 million decrease in FY 16 on top of decrease of $3 million in FY15. Page 11.
24. Town debt at end of FY20 was $63 million down from $69.5 million at the end of FY19, down from $74.5 million at end of FY18 which was down from the $79.5 million in at end of FY17 compared to $85.7 million at end of FY16, down from $90.2 million in FY15. Page 12.
25. Town debt rating is "AA" from Standard and Poor's in FY20. This is no change from FY19 and FY15. There is no mention of "Aa2" (up from "AA3" in FY11) from Moody's Investors Service that was noted in the FY16 report. Page 12.
26. Note that the town debt limit in FY20 is $638.6 million, up from $614.8 million in FY19, up from 603.2 million in FY18, unchanged from FY17 but up from $572.3 million in FY16, up from $552.3 million in FY15. I hope we never get close to that figure. Page 12.

27. The unemployment rate in FY20 was 10.8% up sharply from 3.7% in FY19. The FY19 rate was down from the FY18 rate of 4.0% down from an FY17 rate of 4.7% in FY17 compared to 5.3% in FY16. This is lower than the national 11.1% and higher than the State average of 10.1% in FY20. Page 12
28. The Unassigned Fund Balance increased by $2.2 million in FY20 compared to a $2.8 million increase in FY19 compared to an increase of $796.8 thousand in FY18 compared to an increase of $2.2 million in FY17 compared to a $809,700 increase in FY16. This is compared to the increase of $8.2 million in FY15 due to the disestablishment of the stabilization fund of $10.4 million. The negative operating results of $2.2 million caused the reduction to $8.2 million. The stabilization fund was established at the end of FY11 at $9.7 million For historical information prior to change in fund definitions in FY11, the Unreserved Fund Balance at end of FY2010 was $11.1 million, essentially the same as in FY2009 (report says it is a decrease from $12.08 in FY09) and close to the $11.4 million at end of FY07 after an increase to $19.2 million in FY08 due to Dominion settlement. Page 12
29. Total Net Assets for FY20 are $210,444,390 compared to net assets in FY19 of $212,884,881 compared to net assets for FY18 of $215,485,469 compared to net assets of $222,999,822 in FY17 compared to $221,076,376 in FY16, compared to an FY15 value of $227,004,185 Page 13.
30. Loss in the Business Type Activities (Utility Commission) in FY20 was $1,688,931 compared to a loss in FY19 of $1,451,560 compared to a loss of $2,085,971 in FY18 compared to a loss of $800,704 in FY17, compared to FY16 loss of $137,199 compared to the FY15 loss of $433,961. These losses are mostly due to depreciation of related capital equipment. Page 14.
31. Long Term Liabilities at end of FY20 was $14,540,697. This is an increase from the FY19 value of $13,688,114, a slight decrease from FY18 total liabilities of $14,426,353 compared to $10,893,245 in FY17 compared to an FY16 value of $19,128,450 compared to an FY15 value of $16,458,081. Page 15.
32. Long Term Liabilities not reported in the funds at end of FY20 are $158,417,896 compared to a FY19 value of $134,731,866 compared to $124,511,806 in FY18 compared to $124,073,136 in FY17, compared to FY16 liabilities of $125,581,192 compared to FY15 liabilities of $123,607,087. This is the third time the long-term liabilities have been detailed in this part of the audit due to the OPEB reporting requirements. Page 16.
33. Note that the Net Pension Liability is $31,574,561, Compensated Absences is $7,239,502 and Net OPEB Liability is $17,291,575 in FY20. This compares to a Net Pension Liability of $29,879,877, Compensated absences liability of $7,258,446, and the Net OPEB liability of $18,501,569 in FY19. This compares to Net pension liability of $14,262,138; the compensated absences liability of $7,093,628 and Net OPEB liability of $20,720,417 for FY18. Page 16
34. General Fund Balance at end of FY20 was $20,113,162 compared to $17,259,424 at end of FY19, compared to $14,789.151 in FY18 compared to $13,594,126 in FY17, compared to FY16 Balance of $11,922,864 compared to a general fund balance at end of FY15 of $10,574,012. Page 17

35. Capital and Nonrecurring Fund Balance at end of FY20 was $8,062,934 compared to $4,491,330 at end of FY19, compared to $5,593,327 at end of FY18 compared to $6,473,966 in FY17, compared to FY16 CNR balance of $7,307,393 compared to a CNR balance at end of FY15 of $10,197. Page 17.
36. Note that there was still a deficit of $2,941,628 related to the Waterford High School Building Project at the end of FY20. This is down from the deficit of $2,941,645 at end of FY19. I guess $17 of interest sort of pays off. Real question is what is current status? Page 17
37. Note the explanations for the differences in amounts reported for government activities on page 18. There is more detail in FY20 and FY19 audits compared to previous audits before FY18. Some of this is a result of the requirement to provide more detail regarding Pension and OPEB future liabilities. Page 18
38. The change in net assets of government activities was ($895,894) in FY20 compared to ($1,356,763) at end of FY19 compared to $2,137,645 at end of FY18 compared to $2,716,587 at end of FY17 compared to ($5,790,620) at end of FY16 compared to ($1,005,513) in FY15. Page 18.
39. Enterprise Fund showed an operating loss of $1,688,931 in FY20 compared to an operating loss of $1,451,560 in FY19 compared a loss of $2,105,565 in FY18 compared to a loss of $1,217,918 in FY17 compared to a loss of S1,444,095 in FY16 compared to a loss of $1,378,805 in FY15. The depreciation expense plays a significant role in this paper loss. Page 20
40. Internal Service Fund for Health insurance showed an increase to $5,802,649 in FY20 compared to a reduction to $4,542,016 in FY19 compared to its position of $4,894,509 in FY18, up from $4,639,216 in FY17 up from $4,422,052 in FY16 up from $3,633,202 in FY15. Page 20
41. Internal Service Fund Investment income of $47,265 in FY20 is up slightly from $43,199 in FY19 is up from $27,557 in FY18 is up from $12,741 in FY17 is up from $3,548 in FY16 is up from the $2,017 earned in FY15. Page 21.
42. Utility Commission Enterprise Fund ended FY20 with $4,836,350 cash balance compared to ending FY19 with $3,667,346 up from $3,138,882 cash balance in FY18, up from $2,990,568 in FY17, up from FY16 cash balance of $2,320,871 in cash, up from FY15 with $2,266,877. Page 21.
43. Pension Fund lost $10,850 in FY17 adding to the $64,001 loss in FY16, adding on to the $74,007 loss in FY15. Not broken out in FY18, FY19, or FY20. Page 23.
44. Note that $6,109,331 was restricted to OPEB Benefits and $540,447 to Retirement Benefits in FY20 compared to $5,056,942 restricted for OPEB and $535,281 for retirement in FY19. Page 22
45. Trust Funds information was combined in the FY18 report rather than separating the Pension fund and the OPEB fund. This was repeated in FY19 and FY20. I prefer keeping the reporting of the two funds separate even though both are managed by the Retirement Commission. Page 22 & 23
46. The combined Trust funds ended FY20 with a balance of $6,649,778 up from a FY19 balance of $5,592,253 up from a FY18 balance of $4,179,991 compared to a combined balance of $2,919,656 at end of FY17. OPEB Trust Fund ended FY17 with a balance of $2,355,136 with its only expense in FY17 an

Administrative payment of $9,781. It made its first appearance in the audit report in FY16 with a value of $1,160,000. Page 22 and 23.

47. The combined Retirement and OPEB Investment Income in FY20 was $333,388 in FY20, compared to a FY19 Investment income of $297,336 up from $161,460 in FY18. The FY17 investment income was $48,277. Page 23
48. It is important to understand the accounting policies discussed on pages 24-35.
49. Note that revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows. Page 25
50. Generally, expenditures are recorded when a liability is incurred. However, debt service expenditures as well as expenditures related capital leases, compensated absences, claims and judgements are recorded when payment is due. Page 25
51. Note the rules on interfund activity described on Page 26
52. Note the depreciation table on page 27 for all physical property and equipment.
53. Note discussion of Deferred Outflows/Inflows related to OPEB funds on Pages 27-28.
54. Fund balance terms explained on pages 29-30. (GASB 54 implementation)
55. In budget discussion on page 31, the appeals process time lines are in the Town Charter, not Town Ordinances. This error was also in the FY19 and FY18 reports.
56. During FY20 supplemental budgetary appropriations of $1 million were made. This compares to supplemental budgetary appropriations of $800,000. Page 31
57. Note the difference between GAAP and budgetary basis of accounting on Pages 31 and 32.
58. Funds with Deficit balances – Historic Preservation Enhancement Grant – I assume that the dollars are in the General Fund. High School Building Project – $2,941,628 in FY20 compared to $2,941,645 deficit in FY19 (down from $2,941,672 deficit in FY18). I assume this is the amount in dispute with the State regarding allowed expenditures for the High School Project. Page 32. In FY19 and FY18 report the High School Building Project owed the General Fund $2,942,807 (Page 37).
59. Custodial Credit Risk Presentation different in FY20, FY19 and FY18 different from the FY17 discussion. IN FY20 the discussion was limited to a bank balance of $9,684,969. Discussion was limited to bank balance of $3,682,002 in FY19 and $1,258,200 in FY18 while bank balance if FY17 was $16.969,000. Respective Credit Risks reported are $7,671,969 in FY20 , 2,859,979 in FY19, $633,815 in FY18 and $13,500,000 in FY17. Page 33
60. Be sure to review the Various Risk explanations. Pages 33-35
61. Net Receivables in FY20 were $3,772,763 compared to $3,669,623 in FY19 compared to $5,347,557 in FY18. Page 35
62. Note the decrease in net capital assets on page 36 due to depreciation. Page 36
63. Note the Depreciation expense of $9,366,645 in FY20 compared to $9,627,541 in FY19 compared to $9,718,411 in FY18 compared to $9,668,916 in FY17 compared to $9,676,204 in FY16 compared to $9,334,424 in FY15. Page 37
64. Construction Commitments remaining at end of FY20 are $6,689,464 compared to $13,379,955 in FY19, compared to $1,726,988 in FY18 compared to remaining FY17 commitment of $1,716,627 compared with FY16 Commitment of

$1,390,796 compared to the FY15 commitment of $1,168,918. The new Public Works Building on Hartford Road is responsible for the large number. Page 37

65. Note the composition of the interfund balances at the end of FY20 totaling $9,107,963, compared to a balance of $7,352,253 in FY19. Page 37
66. Note the Post-Employment Benefits (OPEB) liability in FY20 of $17,291,575 compared to the FY19 liability of $18,501,569 compared to the FY18 liability of $20,720,417 compared to the restated value in FY17 of $21,640,691 in FY17. FY17 Audit Report stated an OPEB liability of $13,841,300 down from the FY16 value of $15,274,000 up from the FY15 value of $13,574,800 and the Compensated absences of $7,239,502 in FY20 up from $7,258,446 in FY19 up from $7,093,628 in FY18 compared to $7,301,177 in FY17 down from $7,811,225 in FY16 compared to $8,247,881 in FY15. Enterprise fund compensated absences are $345,395 in FY20 compared to $406,178 in FY19 compared to $358,456 in FY18 compared to $383,488 in FY17 up from $348,931 in FY16 up slightly from $348,518 in FY15. Page 39.
67. Note the Town's long-term liability of $134,964,002 in FY20, up from $130,232,756 in FY19 up from $122,470,628 in FY18 compared to the restated FY17 value of $131,872,563. FY17 audit reported a long-term liability of $124,073,136 in FY17 down from $125,581,192 in FY16 up from $123,607,087 in FY15. Page 39.
68. The Due within one year is $6,521,348 in FY20 down from $6,534,786 in FY19 up from $6,415,023 in FY18 compared to $5,841,000 in FY17 up from $5,101,327 in FY 16 up from $4,950,806 in FY15. Page 39
69. Note the bond payment schedule. Final payment of bonds will be in 2035 up from reported 2034 in FY19 (It was 2037 in FY17, 2036 in FY16 and 2035 in FY15). The recent bonding for the Municipal Complex and bond refinancing that happened in December 2019 and December 2020 will move the final payment year to FY2041. Page 40.
70. Total statutory debt limit of seven time annual receipts from taxation is $638,609,762 in FY20 compared to $614,810,721 in FY19 The actual debt at end of FY20 was $63,030,000 compared to FY19 when it was $69,465,000. It was not listed in FY18 report. The actual debt in FY18 is $74,485,000. In FY17 the Total statutory debt limit was $603,192,000 but current debt was $87,841,000. Page 40 and 41
71. Note the funds with deficits on June 30, 2020. Page 42
72. Note that the Unassigned Fund Balance of the General Fund at end of FY20 was $18,963,147 but the total Unassigned Balance was reduced to $16,016,519 by negative balances in other funds in FY20. Page 42
73. Tax Abatement discussion on page 43 first appeared in the FY18 audit report.
74. Description of Employee Retirement Systems and Pension Plans is much expanded from previous audit reports prior to FY17. Pages 43-65 (compared to Page 42-49 in FY14 audit report)
75. Membership in the town retirement plan on July 1, 2019 (date of last actuarial valuation) is 10, down from the FY19 and FY18 figure of 13 (Based on July 1, 2017 actuarial valuation. This is down from 17 for FY17. This is down from 19 in a previous actuarial valuation in FY15) Page 44.

76. Note the annual required contribution to the town plan of $81,131 (with contributions of $89,953 made by the Town) for the year that ended on June 30, 2020 compared to $82,000 for year that ended on June 30, 2019 compared to $81,493 for year that ended June 30, 2018 compared to $84,000 as of June 30, 2017 compared with $83,367 as of June 30, 2016 which was the same amount as June 30, 2015. Page 44
77. Although the pension liability as of June 30, 2020 was $969,081 compared to the June 30, 2019 liability of $1,013,766 compared to $1,066,831 as of June 30, 2018, compared to the liability as of June 30, 2017 is $1,052,775 down from June 30, 2016 is $1,126,510 (down from June 30, 2015 liability of $1,213,597 down from $1,293,910 at end of FY14), the actual amount in plan is $540,447 (55.77% of pension liability) up from $535,281(52.80% of pension liability) at end of FY19 compared to $543,569 at end of FY18 (50.95% of pension liability) compared to $564,556 at end of FY17 (53.63% of liability), down from $575,470 (51.08% of total liability) at end of FY16 compared to $639,471 (52.69% of total liability) at end of FY15. Page 45
78. The net pension liability is very sensitive to the discount rate. See table of page 47.
79. Pension trust fund had a net position at end of FY20 of $540,447 up from FY19 net position of $535,281 down from $543,569 at end of FY18 and $564,520 at end of FY17. Page 48
80. The MERS is fully explained on Pages 49-52
81. Town reported liability share in the MERS is $31,145,927 at end of FY20 up from $29,401,392 at end of FY19 up from $13,738,876 in FY18 down from $16,236,237 in FY17, up from $11,738,474 (6%) in FY16, up from $8,954,659 (17.38%) in FY15. The recognized pension expense was $9,233,462 at end of FY20 up from $4,931,098 at end of FY19 up from $3,358,779 in FY18, down from $3,747,799 in FY17 up from $2,256,480 in FY16 compared to $1,698,885 for FY15. Page 50
82. The town has recorded $835,265 as long-term liability to MERS at end of FY20 down from $1,252,629 as long-term liability to MERS at end of FY19 down from $1,678,977 as long term liability to MERS at June 30, 2018, down from $2,110,496 as long term liability to MERS at June 30, 2017 down from the FY2016 value of $2,542,012. The FY20 amount paid was $417,364. The FY19 amount paid was $426,348. The FY18 amount paid was $431,519 compared to the FY17 amount paid of $431,516. Page 51.
83. Actuarial Assumptions noted on pages 51-52 greatly impact the Net Pension Liability, especially the discount rate. Page 52
84. The Teachers' retirement system is fully explained on Pages 53-55
85. The aggregated Pension information combines data from the PERS plan, The State Teachers Plan and the MERS plan to show the total pension liability for the Town. This table was new in the FY19 audit but the FY19 audit did not include the State Teachers Plan. Page 56
86. Employee contribution to the MERF is 2.25% if covered by Social Security and 5% if not covered by Social Security (Page 50) while the Teacher's Contribution

is 7% as of January 1, 2018 (An increase from 6% effective on July 1, 1992) (Page 54).

87. Legislation passed in June 2019 has increased the employee contribution to MERF to 2.75% if covered by Social Security and 5.5% if not covered by Social Security for FY20. The Act envisions an increase up to 5.25% if covered by Social Security and 8% if not covered by Social Security in FY24. (This change is not reflected in the FY20 audit).
88. Note membership in the OPEB retirement plan of 514 as of July 1, 2018 down from 528 as of July 1, 2016 (down from 804 as of July 1, 2014 which was up from 733 as of July 1, 2012 and Up from 713 as of July 1, 2010). Number of members has not been updated since July 1, 2018. Page 57
89. OPEB Liability Presentation in FY20, FY19 and FY18 audit is very different from presentation in previous audit reports due to GASB 75. Pages 57-65
90. The Net OPEB liability that is recognized as of June 30, 2020 is $17,291,575, down from the June 30, 2019 liability of $18,501,569 down from liability as of June 30, 2018 of $20,720,417 compared to July 1, 2017 net liability of $21,632,696 (GASB 75). Page 57
91. Note that the Plan fiduciary net position percentage of total OPEB liability is only 26.11% which is up from 21.47% in FY19 which is up from 14.93% in FY18. Page 57
92. The Discount rate used to measure OPEB liability in FY20 was 6.75%, the same as FY19 based on the July 1, 2018 study. Page 58
93. Like the Retirement Plan Liability, the OPEB liability of very sensitive to the discount rate. Page 58
94. For FY20 the Town recognized OPEB expense was $1,018,898 down from the FY19 Town recognized OPEB expense of $1,310,541 down slightly from the FY18 Town recognized OPEB expense of $1,539,938. Page 59
95. OPEB Trust Fund position at end of FY20 was $6,109,331 up from FY19 EOY position of $5,056,972 up from the FY18 end of year position of $3,636,422 compared to end of FY17 position of $2,355,136. Page 60
96. Teacher's OPEB explained although the Town makes no contributions to this fund Pages 61-65
97. Note that if Town was required to fund OPEB for teachers the net OPEB liability would be $15,128,952. Page 63
98. Not to panic anyone but that would give the Town a total OPEB liability of $32,420,527 at end of FY2020.
99. Note discussion on Risk Management on Pages 65-66
100. Health Claim additional liability as of June 30, 2020 was $639,399 down from the June 30, 2019 additional liability of $976,696 up from June 30, 2018 liability of $872,476 compared to June 30, 2017 liability of $814,809 compared to June 30, 2016 Liability of $764,096 compared to Health Claim Liability on June 30, 2015 of $783,939 compared to the Health Claim liability June 30, 2014 of $807,131. Due to change to a fully-indemnified insurance policy there were no liabilities as of June 30, 2013. Page 65-66
101. Miner Lane Landfill liability not claimed in FY20, FY19 or FY18. The Liability is listed as $295,000 in FY19 down from $309,000 for FY18 on Page 39.

Town claimed liability for closed land fill on Miner Lane for FY17 was $368,000 compared to FY16 liability of $391,000 compared to $414,000 in FY15. Page 66

102. Note that Dominion is 34.1% of Town property tax revenue in FY20 up from 33.7% of Town property tax revenues in FY19, down slightly from 34.9% of property tax revenues in FY 18 compared to 34.5% in FY17 compared to 33% of tax revenue in FY16 down slightly from 34% of tax revenue in FY15, same as in FY14, up from 30% of tax revenues in FY13, FY12, FY11 and FY10 compared to 29% n FY09. Page 66

103. COVID-19 Impact in FY20 discussed on page 67. Hopefully it will make only one more appearance in FY21. Page 67

104. Note the difference in budgetary revenues compared to GAAP revenues. Page 69.

105. Retirement Commission returned $383,132 at end of FY20. This probably should have gone to an extra contribution to the OPEB fund. Page 71

106. Public Works returned $331,282 in FY20 compare to $149,384 in FY19 compared to $270,273 in FY18 compared to $149,076 in FY17 compared to $142,177 in FY16 compared to $130,552 in FY15. Page 72

107. Board of Education returned $332,426 in FY20 compared to returning $50,099 in FY19. Page 73

108. Comparing expenditure total on Pages 73 with revenue total on page 69 Revenue was $2,229,889 greater than expenses in FY20 compared to Revenue $2,470,273 greater than Expenses in FY19 compared to FY18 when Revenues were $934,924 greater than expenses compared to revenue $1,818,440 greater than expenses in FY17 compared to $1,348,852 greater than expenses in FY16 compared to revenue being $2,410,135 less than expenses in FY15.

109. Town finished year FY20 with $1,780,026 unexpended balance compared to a FY19 $962,997 unexpended balance compared to FY18 with $792,563 unexpended balance compared with $591,164 unexpended balance in FY17 compared to FY16 with $599,291 unexpended balance compared to FY15 with $252,144 unexpended balance. BOE had an unexpended balance of $50,099 in FY19 compared to $114,988 in FY18 compared to $57,659 in FY17 compared to $44,165 in FY16 compared to an unexpended balance of $28,084 in FY15. Page 73.

110. The major difference between the budgetary and GAAP basis is that encumbrances are recognized as a charge against a budget appropriation in the year in which the purchase order is issued so that encumbrances outstanding at year end are recorded in budgetary reports as expenditures of the current year while in GAAP basis encumbrances are recorded as assigned fund balance. Page 73

111. Pension liability for Pension Trust Fund is $969,081 in FY20 compared to $1,013,766 in FY19 compared to $1,066,831 in FY18 compared to $1,052,775 in FY17 compared to $1,126,510 in FY16 compared to $1,213,597 in FY15 but the net pension liability is $428,634 or 55.77% in FY20 compared to $478,485 or 52.80% in FY19 compared to $523,262 or 50.95% in FY18 compared to $488,219 or 53.63% for FY17 compared to $551,040 or 51.08% in FY16 compared to $574,126 or 52.69% in FY15. Page 74

112. Regarding MERS, the Town's proportion of the net pension liability is 3.02% in FY20 compared to 3.07% in FY19 compared to 5.54% in FY18 compared to 6.09% in FY17 compared to 4.88% in FY16 and 5.21% in FY15. This is a restatement of the 17.38% for FY16 and FY15 in the FY16 report. The fiduciary net position is 72.69% in FY20 compared to 73.60% in FY19 compared to 91.68% in FY18 compared to 88.29% for FY17 compared to 92.72% in FY16 of total pension liability. The percentage is up slightly from the 90.48% for FY15. Page 77

113. Town contributions to the MERS was 15.55% of the covered payroll in FY20 compared to 13.26% of the covered payroll in FY19, compared to 13.21% in FY18, 14.91% in FY17 and 13.51% in FY16. Page 78

114. Although the town pays nothing to finance the Teacher's Retirement System, the System fiduciary net position is only 52.00% in FY20 down from 57.69% in FY19 up from 55.93% in FY18 up from 52.26% in FY17 down from 59.50% of the total pension liability in FY16 compared to 61.51% of the total pension liability in FY15. Page 79.

115. Note that Net OPEB liability is 55.64% of covered payroll of $31,077,578 in FY20 compared to 61.08% of covered payroll of $30,290,037 in FY19 compared to 68.09% of covered payroll of $30,429,413 in FY18 compared to 73.05% of covered payroll of $29,615,001 for FY17. Page 80

116. Note that for FY20 the Actuarially determined contribution was $2,127,089 but the actual contribution was $1,614,570 leaving a deficiency of $512,519 compared to FY19 when the Actuarially determined contribution was $2,482,200 but the actual contribution was $1,871,349 leaving a deficiency of $610,855 compared to FY18 where the Actuarially determined contribution was $2,474,700 but the actual contribution was only $1,906,707, leaving a deficiency of $567,993 compare to the FY17 actual contribution of $3,811,946 which was a contribution Excess of $1,204,946. Page 81

117. Investment return of 5.44% in FY20 is down from the 6.44% investment return in FY19 was better than the 4.13% in FY18 was better than the 2.069% rate of return in FY17. Page 82

118. Note information of Teacher's Retirement System OPEB share for Town that is paid by the State on Page 83 (Same as on page 63)

119. Unlike previous audit reports prior to FY18, there is no General Fund Balance Sheet that generally appeared before the Schedule of Expenditures and Encumbrances on page 84. The balance sheet is actually on Page 15. This appears to be a difference in audit methods between auditors. Note the balance sheet General Fund total of $29,316,688 in FY20 up from $26,602,213 in FY19 is up from $26,124,036 in FY18 up from $22,084,471 in FY17 which is a decrease from $26,083,818 in FY16 which is an increase from the $22,097,428 balance in FY15.

120. Note the Unexpended balance of $332,426 in FY20 compared to $50,099 in FY19 compared to $114,988 in FY18 compared to $57,659 in FY17 compared to $44,165 for FY16 compared to the unexpended balance of $26,084 for FY15. Page 84

121. Uncollected taxes for FY2020 are $525,600 (Grand List of 2018). Uncollected taxes for FY2019 were $527,459 (Grand list of 2017). Uncollected taxes for FY2018 were $611,084 (Grand List of 2016). Uncollected taxes for FY2017 were $606,243 (Grand list of 2015). Uncollected taxes for FY2016 were $629,715 (Grand list of 2014). Uncollected taxes for FY2015 (Grand list of 2013) were $613. Total uncollected taxes at end of FY20 were $1,207,391, up slightly from FY19 total of $1,180,222 which were down from FY18 total uncollected taxes of $1,587,257 down from FY17 uncollected taxes of $1,665,965 down from FY16 when total was $1,787,537, up from FY15 when the total was $1,563,749. It is gratifying to note the success in collecting the back taxes. Page 85

122. Utility Commission has about $31,662 of uncollected assessments in FY20, down from $54,548 of uncollected assessments in FY19 down from $71,652 of uncollected assessments at end of FY2018 compared to $94,429 of uncollected assessments at end of FY2017 compared to $133,589 of uncollected assessments at end of FY16 compared to $13,421 at end of FY15. Pages 86-87. Sewer assessments seem to be most delinquent. It is obvious that the collection efforts of the Utility Commission, assisted by the Town Attorney, have been successful.

123. The unnumbered pages between pages 87 and 88 explain all of the Special Revenue Funds. These funds account for grants received by the town). Most of the grants were for Board of Education, Youth & Family Services, and Police.

124. Under the Capital Project Funds it would be clearer if the Fleet Management Fund Funding Source included an annual input from the Capital Improvement Fund.

125. Water Fund had a balance of $622,193 in FY20 up from $617,287 in FY19 up from $604,153 in FY18 up from $578,846 in FY17 up from $554,977 in FY16, an increase from $544,450 at end of FY15. Page 92.

126. Sewer Maintenance Fund had assets of $481,119 at end of FY20, up from $457,793 at end of FY19, down from $569,904 in FY18 and $534,403 at end of FY17 compared to $349,356 at end of FY16 compared to $422,888 at end of FY15. Page 91. Actual Cash Balance at end of FY20 was $458,650 up from $365,123 at end of FY19 compared to an FY18 balance of $546,494 compared to FY17 balance of $506,685, up from FY16 balance of $356,303 down from FY15 actual cash balance of $554,907. Note that the Treasurer's Report for end of FY2020 showed a cash position of $478,022. Page 95

127. Animal Control Facility Fund had balance of $25,966 at end of FY20 compared to $212,801 at end of FY19, unchanged from FY18, equal to $212,801 at end of FY17 up from $212,504 at end of FY16 up from $201,104 at end of FY15. The construction of the Regional Animal Shelter in Bates Woods Park accounts for the change in the fund. Page 95.

128. Fiduciary Funds Section was new in the FY2019 Audit report.

129. Pension fund position at end of FY20 was $540,477 compared to $535,281 at end of FY19 compared to $543,569 at end of FY18. OPEB Fund position at end of FY20 was $6,109,331 compared to $5,056,972 at end of FY19 compared to $3,636,422 at end of FY18. Treasurer's report for end of FY2020

stated that Pension Fund had a Cash Balance of $541,890 and the OPEB fund had a balance of $6,119,819. Page 96

130. Schedules of Capital Asset Values is not in FY2020, FY2019 or FY2018 report. There is a presentation in a different format on Page 6. For Historical purposes the information from FY2017 report follows. -Note the Capital Asset Value of $385,463,608 at end of FY17 up from $384,518,148 at end of FY16 up from $383,596,614 at end of FY15. Public Works and Board of Ed have highest Capital Asset values.

131. Statistical Section has returned in FY19 and FY20 after not been in the FY17 or FY18 reports. Note the categories of the Statistical Section information. This information is a requirement for a CAFR.

132. Note the Total General Fund Balance changes with FY20 at $20,113,000 and FY19 at $17,259,000. This compares to the recent Treasurer's Report cash value of the General Fund on June 30, 2020 of $21,350,290 and June 30,2019 of $21,482,646. Page 102

133. Debt Service starting in FY2019 as a percentage of noncapital expenditures is completely different than the percentage in previous audit reports. FY20 is 8.2%, FY19 is 8.67%, FY18 is 8.14%, FY17 is 8.42%, FY16 is 8.77%. You may compare the different values with previous audit reports. The percentage in FY16 was 7.88% of noncapital expenditures up from 7.35% in FY15 (down from7.98% of noncapital expenditures in FY15 audit report), up from 5.92% of noncapital expenditures in FY14 up from 4.97 in FY13. (It was 4.36% of noncapital expenditures for FY13 in the FY13 report. Page 103.

134. Shift of tax burden is almost nonexistent between FY13 and FY14 due to revaluation. Note the large drop off for Industrial Real Estate in the 2017 Grand List. Page 104

135. Mill Rate for FY16 appears to be in error. My paperwork shows a mill rate of 25.85 in FY16, not 25.83. Page 104.

136. Millstone Power Station is still the largest taxpayer in town by a significant margin even though now only 33.80% in FY20 down from 34.28% of grand list in FY19. Page 105.

137. Note that the tax collection rate is still greater than 99%. This is important when considering the new mill rate. Page 106

138. Note that debt per capita in FY20 is $3,742, up from FY19 value of $3,655 which was down from FY18 value of $3,919 and FY17 value of 4,181. You may compare the FY16 and lower values in the Audit report with the FY16 values listed. FY16 is $4,412.16 down from FY15 debt per capita of $4,640.19 in FY15 down slightly from FY14 debt per capita of $4,863.90 compared to $4,182.25 in FY13. Page 107.

139. This is the second audit report where there is General Purpose Debt as well as the School Debt. On June 30, 2020 the School indebtedness was $71.406 million and the General-Purpose debt was still $15 million. On June 30, 2019 the School indebtedness was $77.841 million and the General Purpose was $15 million. The Debt Limit for General Purpose is $190.268 million and for School $339,129 million in FY20 compared to General Purpose of $182.618 million and for Schools is $317.394 million in FY19. Page 108

140. The Percentage of Total net debt applicable to the limit as a percentage of the debt limit which was in the FY19 report does not appear in the FY20 report. Page 109.

141. Waterford population decreased each year from 2013 until 2015. Did it really stay the same in FY16 and then stay constant from FY17 to FY19 at 19,007 and suddenly drop off to 18,746 in FY20? Page 110

142. Although the source note numbers remained at the top of the columns, the sources that were listed in FY19 do not appear in FY20. Page 110

143. What does it say when the Town Government is the town's number 2 employer? I thought the Dominion employment had decreased to around 1,300. Does the figure count contractors as employees? Page 111.

144. Note BOE employees increased between FY13 and FY14 and increased again between FY 17 and FY18 and between FY18 and FY19. Page 112

145. It would be nice to separate false alarms from actual emergencies in the Fire Statistic. Page 111

146. Refuse collection increased from 2017 through 2020 as a result of the tightening of the recycling rules. It follows that there was a significant drop from 15 tons per day to 8 tons per day between FY19 and FY20. Not delighted to see the increase of refuse collection to 48 tons per day in FY16. Nice to see the drop in refuse collected in FY15 (27 tons/day) compared to FY14 (42 tons/day). Page 113

147. Thanks for adding a statistic on the amount of revenue collected by Rec and Parks and Senior Citizens from their fees for the past five years. Note the increase in Rec & Parks revenue in FY2013, FY2012, FY2011 and FY2010 with a drop in FY2014 (Is this related to lack of pool in that time frame?) Increase for FY15 does not indicate a total recovery. FY16 data is close to FY12 . Good increase between FY18 and FY19. You can see the impact of COVID restrictions on the revenues in FY20. Page 113

148. The impact of on line information and electronic readers is very visible in the drop in Volumes borrowed between FY15 and FY20. I suspect that COVID restrictions also played a part in the FY20 decrease. Page 113

149. Water main breaks have increased significantly between FY17 and FY18. They then settled out in FY19 and FY20. Page 113

150. Should Street light statistics be added to the Capital Asset statistics? Page 114

Management Letters Comments

1. No observations or negative comments in Management letter or Audit Check off list however the Auditors did have some recommendations regarding Internal Controls
    a. Initiate a regular review of employee listing and the payroll system change logs by an employee of the HR department to insure there are no false employees, individuals not removed upon termination, or unapproved changes to pay rates.

b. Establish a formal Whistleblower policy and tip line, especially for employees, to report fraud or inconsistencies in the Town.
c. Establish the practice of having Town employees and elected officials sign a formal log acknowledging their understanding of the Ethics policies of the Town. I informed the RTM L&A committee of this comment during the public hearing on the revision to the Ethics Ordinance. The committee determined that the requirement for employees and public officials to sign acknowledging receipt of a copy of the Ethics ordinance was sufficient. The Ordinance would rely on the Human Resources Department and Town Clerk to administer such a sign in log.
d. Town should perform a risk assessment to identify, analyze and manage the risk of asset misappropriation. This should be an element of Town Internal Controls. This assessment can be performed by an outside agency or a management level individual who has extensive knowledge of the Town that might be used in the assessment.
e. The Town must be proactive in assessing and managing operations and IT environments in anticipation of cyber threats. The recommendations are lengthy and I recommend all members read them to see what financial investments might be requested by the administration to implement the recommendations.
f. The Auditors also reviewed the specific security of the financial management systems and the letter notes seven recommendations that are still outstanding:
    i. Perform regular format tests of backup data
    ii. Implement formal wire transfer procedures
    iii. Evaluate and ensure PCI (personal/confidential information) compliance
    iv. Update technology and operational policies and procedures
    v. Develop and test a comprehensive disaster recovery plan
    vi. Incorporate a mobile device and bring your own device (BYOD) strategy
    vii. Institute a comprehensive cybersecurity training progr1616am

Comparing Unaudited EOY Report with Audited Report

1. The following revenues were different in the unaudited vs. the audited report:

Department	Audit	EOY Report
Rent and Miscellaneous	4,260	4,257
Recreation & Parks Commission	180,265	165,818
Recycling	45,020	39,650
Versa Kart(not listed in audit)	0	5,370
Community Use of Schools (not in audit)	0	14,447

2. The following department expenses were different in the unaudited vs. the audited report:

Department	Audit	EOY Report
Senior Citizens	477,283	477,293

Board of Education	49,004,638	48,672,211
Total General Fund	94,487,477	94,155,049

Eighteen others were $1.00 difference which could be due to rounding differences.