

AUDIT COMMITTEE
TOWN OF SOUTH WINDSOR

Minutes

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March 8, 2023

Virtual Meeting

Roll Call

Members Present: Steven King, Town Council
Phillip Koboski, Town Council
Cesar Lopez, Town Council

Members Absent: None

Also Present: Michael Maniscalco, Town Manager
Patricia Perry, Director of Finance
Leslie Zoll, Clifton Larson Allen Wealth Advisors, LLC
Grace Musiitwa, Clifton Larson Allen Wealth Advisors, LLC

1. Call Meeting to Order

The virtual meeting was called to order at 11:00 am.

2. Approval of Minutes (January 27, 2021)

Councilor Phillip Koboski made a motion to approve the minutes of January 27, 2021. Councilor Cesar Lopez seconded the motion. **MOTION CARRIES unanimously.**

3. New Business

A. CLA (Clifton Larson Alan) 6/30/2022 Audit Recap

Leslie Zoll of CLA presented the 2022 Town of South Windsor Audit Presentation. Ms. Zoll reviewed the Terms of Engagement, Executive Summary along with the Financial Highlights (See Exhibit A, Town of South Windsor 2022 Audit Presentation).

Ms. Zoll reported that South Windsor has a clean opinion all around. Under Financial Statements, the Town received an unmodified opinion on the financial statements and no findings reported on the internal control and compliance. For the State Single Audit, the Town received an unmodified opinion on major state programs and no compliance findings or significant deficiencies in internal control over compliance reported. On the Federal Single Audit, the Town of South Windsor received an

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unmodified opinion on major federal programs and no compliance findings or significant deficiencies in internal control over compliance reported.

Grace Musiitwa, of CLA presented on the Federal and State Single Audit, Governance Communication (see Exhibit A, Town of South Windsor 2022 Audit Presentation). For the Federal Single Audit, an unmodified opinion on major program compliance was issued and there were no compliance or internal control findings. For the State Single Audit, an unmodified opinion on major program compliance was issued and there were no compliance or internal control findings.

Regarding the Governance Communication:

- New standards adopted –GASB 87 Leases
- Significant Estimates
 - ✓ Capital Assets –Useful lives
 - ✓ Net Pension Liability/Net OPEB Liability
 - ✓ Allowance for doubtful accounts on taxes and sewer use receivables
 - ✓ Incremental Borrowing Rate Used for Leases
- No disagreements with management
- Management did not consult with other accountants

Leslie Zoll reported on the upcoming GASB Pronouncements (see Exhibit A, Town of South Windsor 2022 Audit Presentation).

B. Discussion: Chairperson for Audit Committee

Deputy Mayor Steven King made a motion to nominate Phil Koboski as Chairperson for the Committee. Councilor Cesar Lopez seconded the motion. **MOTION CARRIES unanimously.**

C. Discussion: 6/30/23 Audit Fees per Extension #1 of Contract

Director of Finance, Patricia Perry explained that the in 2020 the Town went out to RFP and obtained Blum Shapiro who were then taken over by CLA (Clifton Larson Alan). The Town was given two one-year extensions so the upcoming June 30, 2023 audit. CLA is requesting \$65,000 in additional fees to complete the 6/30/23 audit. Previously, that amount was \$59,000. Ms. Perry explained that there are only two companies that audit municipalities (CLA and RSM) and both of the towns that shared audit results/costs with Ms. Perry had shown that the cost was upward of

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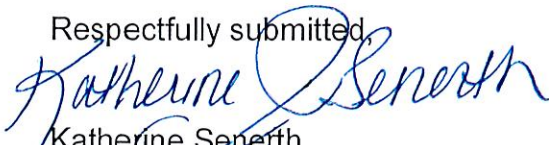
\$85,000 to \$100,000 so she feels that if the Town were to go out for RFP, that they would be spending more than the \$65,000 that CLA would now be charging. Over the last three years CLA has only increased their cost by \$1000 per year. Ms. Perry recommended to stay with CLA for the upcoming audit. Councilor Koboski, Councilor Lopez and Deputy Mayor King agreed. Ms. Perry will send the resolution language to Amanda Poma and will copy the Town Manager for a resolution to be placed on the next Town Council agenda to approve and appoint the auditor.

Chairperson Phil Koboski made a motion to recommend to the Town Council to appoint Clifton Larson Alan as the Town's auditor. Deputy Mayor Steven King seconded the motion. **MOTION CARRIES 3-0.**

4. Motion to Adjourn

Deputy Mayor Steven King made a motion to adjourn the meeting at 11:27am. Councilor Cesar Lopez seconded the motion. **MOTION CARRIES**

Respectfully submitted,



Katherine Sennerth
Executive Assistant

Attachments:

Exhibit A: Town of South Windsor 2022 Audit Presentation – prepared by Clifton Larson Allen Wealth Advisors, LLC



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Town of South Windsor

2022 Audit Presentation



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Agenda

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





Terms of Engagement

Financial Statements and Single Audits

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Terms of Engagement

- Express opinions on whether the basic financial statements are presented in accordance with GAAP
- Express an “in relation” to opinion on the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance.
- Express an opinion on compliance related to major federal and state award programs
- Provide a report on internal control over financial reporting and compliance with laws, regulations, contracts and grants
- Provide a report on internal control over compliance related to major federal and state award programs





Executive Summary

Audit Results

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Executive Summary

- Financial Statements
 - Unmodified opinion issued on the financial statements
 - No findings reported in report on internal control and compliance
- State Single Audit
 - Unmodified opinion on major state programs
 - No compliance findings or significant deficiencies in internal control over compliance reported
- Federal Single Audit
 - Unmodified opinion on major federal programs
 - No compliance findings or significant deficiencies in internal control over compliance reported





Financial Highlights

Overview

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Financial Highlights - Government Wide Statements (pg. 7)

	Governmental Activities	
	2022	2021
Assets:		
Current Assets	\$ 85,397,287	\$ 66,032,851
Capital Assets, Net of Accumulated Depreciation	312,310,803	293,538,186
Total Assets	397,708,090	359,571,037
Deferred Outflows of Resources	11,701,712	4,418,852
Liabilities:		
Long-Term Liabilities Outstanding	32,010,334	20,260,127
Other Liabilities	160,553,122	130,637,724
Total Liabilities	192,563,456	150,897,851
Deferred Inflows of Resources	7,813,102	12,882,296
Net Position:		
Net Investment in Capital Assets	175,877,622	181,142,167
Restricted	5,564,207	4,122,315
Unrestricted	27,591,415	14,945,260
Total Net Position	\$ 209,033,244	\$ 200,209,742



Financial Highlights - Governmental Funds (pg. 16)

	General	Capital Projects Fund	Sewer Operating Fund	American Rescue Plan Act Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 73,869,366	\$ -	\$ 28,935	\$ -	\$ 2,110,794	\$ 76,009,095
Investments	-	-	-	-	162,999	162,999
Receivables, Net	1,552,469	-	142,735	-	629,688	2,324,892
Due from Other Funds	44,390	16,084,330	1,756,560	3,582,075	3,664,081	25,131,426
Other Assets	41,819	-	-	-	43,762	85,581
Total Assets	\$ 75,508,044	\$ 16,084,330	\$ 1,928,221	\$ 3,582,075	\$ 6,611,324	\$ 103,713,994
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts and Other Payables	\$ 5,820,353	\$ 4,438,284	\$ 204,769	\$ 285,902	\$ 522,519	\$ 11,271,817
Due to Other Funds	25,087,036	-	-	-	44,390	25,131,426
Notes Payable	-	14,000,000	-	-	-	14,000,000
Unearned Revenue	-	762,544	-	3,296,173	416,711	4,475,428
Total Liabilities	30,907,389	19,200,828	204,769	3,582,075	983,620	54,878,672
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	1,129,993	-	-	-	-	1,129,993
Unavailable Revenue - Sewer Use	-	-	142,735	-	-	142,735
Advance Property Tax Collections	4,275,598	-	-	-	-	4,275,598
Total Deferred Inflows of Resources	5,405,591	-	142,735	-	-	5,548,326
FUND BALANCES						
Nonspendable	41,819	-	-	-	43,762	85,581
Restricted	1,643,469	-	-	-	3,920,738	5,564,207
Committed	3,200,000	-	1,580,726	-	1,663,204	6,443,930
Assigned	1,122,761	-	-	-	-	1,122,761
Unassigned	33,187,015	(3,116,498)	-	-	-	30,070,517
Total Fund Balances	39,195,064	(3,116,498)	1,580,726	-	5,627,704	43,286,996
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 75,508,044	\$ 16,084,330	\$ 1,928,221	\$ 3,582,075	\$ 6,611,324	\$ 103,713,994



Financial Highlights - Proprietary Funds (pg. 20)

	Governmental Activities
	Internal Service Fund
ASSETS	
Cash and Cash Equivalents	\$ 6,814,719
LIABILITIES	
Accounts and Other Payables	1,084,000
NET POSITION	
Unrestricted	\$ 5,730,719



Financial Highlights – Fiduciary Funds (pg. 111)

	Pension Trust Funds		Other Post	Total
	Tow n Plan	Board of Education Plan	Employment Benefit Trust Fund	
ASSETS				
Cash and Cash Equivalents	\$ 40,442	\$ 277,200	\$ 14,963	\$ 332,605
Investments:				
Mutual Funds	36,471,930	16,292,856	4,097,025	56,861,811
Accounts Receivable	-	194,728	-	194,728
Total Assets	36,512,372	16,764,784	4,111,988	57,389,144
NET POSITION				
Restricted for Pension Benefits and Other Purposes	\$ 36,512,372	\$ 16,764,784	\$ 4,111,988	\$ 57,389,144



Financial Highlights

- Property Tax Collections – 99.50% compared to 99.24% in the prior year
- General Fund Unassigned Fund Balance - \$33.2M - 23.9% of total general fund expenditures
- Budgetary Revenues and Other Financing Sources came in higher than expected by \$3.0M (RSI – 1 page 78)
- Budgetary Expenditures and Other Financing Uses came in lower than expected by \$1.4M (RSI – 2 page 82)



Financial Highlights

- Sewer Operating Fund realized an unfavorable variance from budget by \$645K.
- Net Pension Liabilities
 - Town Plan - \$13.6M and 62.32% funded
 - BOE Plan - \$508K and 95.98% funded
- Net OPEB Liability
 - \$9.1M and 18.42% funded





Federal and State Single Audits

Overview

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Federal Single Audit

- Federal Awards Expended - \$5.2M
- Major Programs Tested
 - Child Nutrition Cluster
 - Education Stabilization Fund
- Unmodified opinion on major program compliance
- No compliance or internal control findings



State Single Audit

- State Financial Assistance Awards expended - \$17.4M
- Major Programs Tested
 - Municipal Grants In Aid
 - LOTCIP
 - Community Connectivity Grant Program
 - Open Choice
- 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
- Significant Estimates
 - Capital Assets – Useful lives
 - Net Pension Liability/Net OPEB Liability
 - Allowance for doubtful accounts on taxes and sewer use receivables
 - Incremental Borrowing Rate Used for Leases
- No disagreements with management
- Management did not consult with other accountants



Governance Communication

- No difficulties encountered in performing the audit
- No uncorrected misstatements
- No independence issues





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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