

AUDIT COMMITTEE
TOWN OF SOUTH WINDSOR

Minutes

Page 1

January 27, 2021

Virtual Meeting

Roll Call

Members Present: Mary Justine Hockenberry, Town Council
Karen Lydecker, Town Council

Members Absent: Janice Snyder, Town Council

Also Present: Michael Maniscalco, Town Manager
Patricia Perry, Director of Finance
Leslie Zoll, CliftonLarsonAllen Wealth Advisors, LLC

1. Call Meeting to Order

The virtual meeting was called to order at 9:00 am.

2. Approval of Minutes (February 18, 2020)

Councilor Mary Justine Hockenberry made a motion to approve the minutes of February 18, 2020. Councilor Karen Lydecker seconded the motion, and it was approved unanimously.

3. Other Business

A. Discussion: CliftonLarsonAllen (CLA) Acquires Blumshapiro

a. Assumption of Contract

Ms. Zoll explained that as of January 1, 2021, CLA has acquired Blum Shapiro, but that all contracts have been moved over and assumed. No procedures or fees will change, and the team will remain intact. The Committee discussed the possible need to sign a new contract with CLA, as Blum Shapiro technically no longer exists as a firm. Mr. Maniscalco will consult the Town Attorney for guidance, and send the results to the Committee for further discussion if necessary.

B. FY 19-20 Audit Results

Ms. Zoll presented the FY 19-20 Audit Results (**Attachment A, TOSW 2020 Audit Presentation**). CLA opines on the financial statements of the Town in accordance with government auditing standards. They also opine on the expenditures of, and compliance with, federal and state award programs.

MINUTES
Audit Committee Meeting
January 27, 2021
Page 2

They report on internal controls as it relates to the financial statements as a whole, but do not opine on their effectiveness. CLA issued an unmodified opinion on the financial statements for FY 19-20, meaning that there were no issues found. The Federal and State Single Audits each produced unmodified opinions. For further details, and specific financial information, please see Attachment A.

Ms. Zoll delivered the Auditor's Communication. No new GASB standards were adopted during FY 19-20. Please see Attachment A for upcoming GASB standard implementations. No disagreements or difficulties were encountered with management during the audit. CLA is recommending that the Town revise its purchasing policy to include uniform guidance procedures. This is a standard recommendation being made to many municipalities.

Ms. Zoll briefly expanded on Blum Shapiro's decision to merge with CLA. Blum Shapiro decided to partner with CLA in order to grow their practice and serve more clients. CLA serves clients across the country, and this partnership will provide the Blum Shapiro team with additional reach and resources.

4. Motion to Adjourn

Councilor Lydecker made a motion to adjourn. Councilor Hockenberry seconded the motion, and it was approved unanimously. The meeting was adjourned at approximately 9:45 am.

Respectfully submitted,

Samara Haddock
Recording Secretary

Attachments:

A: Town of South Windsor 2020 Audit Presentation – prepared by CliftonLarsonAllen Wealth Advisors, LLC

Town of South Windsor, Connecticut

2020 Audit Presentation
January 27, 2021

©2019 CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor



Create Opportunities

Agenda

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



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



Terms of Engagement

- 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

- Financial Statements
 - Unmodified opinion issued on the financial statements
 - No findings reported in report on internal control and compliance



Executive Summary

- Federal Single Audit
 - Unmodified opinion on major federal program
 - No compliance findings or significant deficiencies in internal control over compliance reported



Executive Summary

- State Single Audit
 - Unmodified opinion on major state programs
 - No compliance findings or significant deficiencies in internal control over compliance reported



Financial Highlights

- Governmental activities

	Governmental Activities	
	2020	2019
Current assets	\$ 49,079,053	\$ 59,113,287
Capital assets, net of accumulated depreciation	281,799,435	242,365,514
Total assets	<u>330,878,488</u>	<u>301,478,801</u>
Deferred outflows of resources	<u>4,832,332</u>	<u>2,475,192</u>
Long-term liabilities outstanding	28,464,486	28,280,339
Other liabilities	121,097,412	110,736,568
Total liabilities	<u>149,561,898</u>	<u>139,016,907</u>
Deferred inflows of resources	<u>6,552,684</u>	<u>6,766,530</u>
Net Position:		
Net investment in capital assets	177,794,273	148,370,264
Unrestricted	<u>1,801,965</u>	<u>9,800,292</u>
Total Net Position	<u>\$ 179,596,238</u>	<u>\$ 158,170,556</u>



Financial Highlights

TOWN OF SOUTH WINDSOR, CONNECTICUT BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2020						EXHIBIT III
	General	Capital Projects Fund	Sewer Operating Fund	Nonmajor Governmental Funds	Total Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 40,290,946	\$	\$ 30,035	\$ 970,164	\$ 41,291,145	
Investments				143,008	143,008	
Receivables, net	2,129,812	198,730	457,326	99,981	2,885,849	
Due from other funds	1,566,377		1,808,237	3,331,317	6,705,931	
Other assets				20,735	20,735	
Total Assets	\$ 43,987,135	\$ 198,730	\$ 2,295,598	\$ 4,565,205	\$ 51,046,668	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and other payables	\$ 2,548,993	\$ 4,803,579	\$ 198,210	\$ 396,499	\$ 7,947,281	
Due to other funds	5,139,554	1,539,721		26,656	6,705,931	
Notes payable		18,000,000			18,000,000	
Unearned revenue		826,500		153,865	980,365	
Total liabilities	7,688,547	25,169,800	198,210	577,020	33,633,577	
Deferred inflows of resources:						
Unavailable revenue - property taxes	1,817,348				1,817,348	
Unavailable revenue - sewer use			457,326		457,326	
Advance property tax collections	3,792,616				3,792,616	
Total deferred inflows of resources	5,609,964	-	457,326	-	6,067,290	
Fund balances:						
Nonspendable				20,735	20,735	
Restricted				1,756,737	1,756,737	
Committed	3,094,594		1,640,062	2,217,328	6,951,984	
Assigned	4,813,890				4,813,890	
Unassigned	22,780,140	(24,971,070)		(6,615)	(2,197,545)	
Total fund balances	30,688,624	(24,971,070)	1,640,062	3,988,185	11,345,801	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 43,987,135	\$ 198,730	\$ 2,295,598	\$ 4,565,205	\$ 51,046,668	



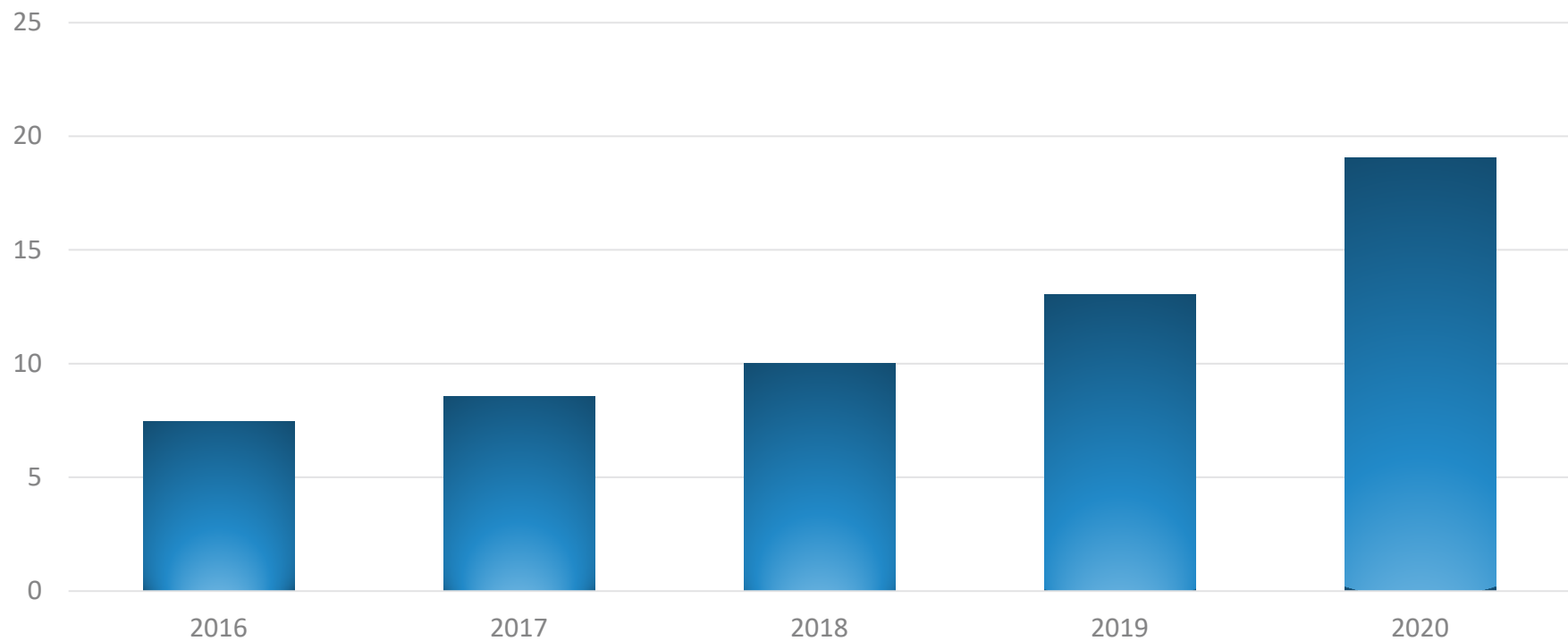
Financial Highlights

- General Fund (page 14)
 - Fund balance \$30.7M
 - ◇ Committed \$3.1M– Tax Stabilization Program
 - ◇ Assigned - \$4.8M – Encumbrances
 - ◇ Unassigned - \$22.8M
 - Unassigned FB is 19% of budgeted expenditures
 - Tax Collection Rate is 99.31% compared to 99.25% in the prior year



Financial Highlights

General Fund – Percentage of Unassigned Fund Balance
to Budgetary Expenditures



Financial Highlights

- Proprietary Funds (CAFR page 18)

		EXHIBIT V
TOWN OF SOUTH WINDSOR, CONNECTICUT		
STATEMENT OF NET POSITION - PROPRIETARY FUND		
JUNE 30, 2020		
		Governmental
		Activities
		Internal
		Service Fund
Current Assets:		
Cash and cash equivalents	\$	4,718,469
Accounts receivable		19,847
Total assets		4,738,316
Current Liabilities:		
Accounts and other payables		735,000
Net Position:		
Unrestricted	\$	4,003,316



Financial Highlights

- Fiduciary Funds (CAFR page 21)

			EXHIBIT VIII
TOWN OF SOUTH WINDSOR, CONNECTICUT			
STATEMENT OF NET POSITION - FIDUCIARY FUNDS			
JUNE 30, 2020			
	Pension and Other Employee Benefit Trust Funds		Agency Funds
Assets:			
Cash and cash equivalents	\$ 1,010,053	\$	1,885,486
Investments:			
Mutual funds	49,265,502		
Accounts receivable			7,143
Total assets	50,275,555	\$	1,892,629
Liabilities:			
Accounts payable		\$	11,102
Due to other groups			1,881,527
Total liabilities	-	\$	1,892,629
Net Position:			
Restricted for Pension Benefits and Other Purposes	\$ 50,275,555		



Financial Highlights

- Town Net Pension Liability
\$13,591,926 - 70% funded
- BOE Net Pension Liability
\$2,729,261 - 85% funded
- Net OPEB Liability
\$9,424,794 - 24.35% funded



Federal Single Audit

- Total federal awards expended - \$1.7M
- Major program – Special Education Cluster
- Unmodified opinion on major program compliance
- No compliance or internal control finding



State Single Audit

- Total state awards expended - \$29.0M
- Major programs
 - ◇ Municipal Grants-In-Aid
 - ◇ Town Aid Road
- Unmodified opinion on major program compliance
- No compliance or internal control finding



Auditors' Communication

- New standards adopted – none
- Significant Estimates
 - Capital Assets – Useful lives
 - Allowance for Uncollectible Receivables
 - Net Pension Liability
 - Net OPEB Liability
 - Medical Claims Liability



Auditors' Communication

- No disagreements with management
- Management did not consult with other accountants
- No difficulties encountered in performing the audit
- No uncorrected misstatements
- No independence issues



Management Letter

- Comments and Recommendations
 - Uniform Guidance



GASB Standards

- Implementation Year 2021
 - Statement 84 – Fiduciary Activities
 - Statement 90 – Majority Equity Interests
 - Statement 92 – Omnibus 2020 (various)



GASB Standards

- Implementation Year 2022
 - Statement 87 – Leases
 - Statement 89 – Accounting for Interest Cost before the End of a Construction Period
 - Statement 92 – Omnibus 2020 (various)
 - Statement 93 – Replacement of Interbank Offered Rates
 - Statement 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans



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



Blumshapiro >>> CLA

- Effective 1/1/2021
- Same Values/Culture
- Teams still intact
- CLA Currently serves ~3,500 government clients
- More resources



Contact Information

Leslie A. Zoll
Principal
CLA

Leslie.Zoll@claconnect.com
860-570-6376

Grace Musiitwa
Senior
CLA

Grace.Musiitwa@claconnect.com
860-570-6469





CLAAconnect.com

©2019 CliftonLarsonAllen LLP

Questions?

