



Town of Branford, CT 2020 Audit Results Presentation

September 27 , 2021

WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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

Agenda

- Scope of the Engagement
- Reporting Results
- Financial Highlights
- Required Communications
- Contact Information



Terms of the Engagement

- Under Generally Accepted Auditing Standards (GAAS)
 - Express opinions on whether the basic financial statements are presented in accordance with Generally Accepted Accounting Principals (GAAP).
- Under Generally Accepted Governmental Auditing Standards (GAGAS)
 - Provide a report on internal control over financial reporting and on compliance with laws, regulations, contracts and grants.



Terms of the Engagement

- Under Uniform Guidance (Federal Single Audit)
 - Express an opinion on compliance related to major federal award programs.
 - Provide a report on internal control over compliance related to major federal award programs.
- Under the CT State Single Audit Act
 - Express an opinion on compliance related to major state award programs.
 - Provide a report on internal control over compliance related to major state award programs.



Reporting Results

- Under Generally Accepted Auditing Standards (GAAS)
 - Unmodified opinions (pages 1 – 3) of the financial statement document.
 - Governmental activities
 - Each major fund (General Fund, Capital Projects Fund)
 - Aggregate remaining fund information (Internal Service Funds, Pension & OPEB Funds and Agency Funds)



Reporting Results

- Under Governmental Auditing Standards
 - Report on internal control over financial reporting
 - A deficiency in internal control was identified and deemed to be a significant deficiency.
 - Report on compliance with laws, regulations, contracts and grants
 - No instances of noncompliance or other matters were noted.



Reporting Results

- Under Uniform Guidance (Federal Single Audit)
 - Opinion on compliance requirements related to major federal programs
 - Unmodified opinion on compliance requirements.
 - Dept. of Agriculture - Child Nutrition Cluster (\$671,513)
 - DOE - Special Education Cluster (IDEA) (\$203,038)
 - Dept. of Homeland Security - Staffing for Adequate Fire and Emergency Response (SAFER) (\$593,212)
 - Report on internal control over major federal program compliance requirements
 - No deficiencies in internal control over compliance were identified.



Reporting Results

- Under CT State Single Audit
 - Opinion on compliance requirements related to major federal programs
 - Unmodified opinion on compliance requirements.
 - DOT – Harbor Street Culvert (\$950,033)
 - OPM – Local Capital Improvement (\$522,800)
 - Office of Early Childhood – Early Care and Education (\$394,081)
 - Report on internal control over major state program compliance requirements
 - No deficiencies in internal control over compliance were identified.



Financial Highlights

- General Fund:** Total fund balance in the general fund at year end was \$37,252,270. If that balance, \$28,993,999 was Unassigned at year end. The unassigned balance represents approximately 23.9% of total general fund expenditures and transfers out for the fiscal year.
- Capital Projects Funds (CPF):** Total fund balance in the CPF totaled \$26,923,044. Receivables at year end totaled \$10,186,013 which predominantly represent estimated reimbursement of project expenditures due from the State of Connecticut.

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 51,196,678	\$ 22,820,374	\$ 15,030,029	\$ 89,047,081
Investments	1,551,276		694,586	2,245,862
Receivables, net	8,178,370	10,186,013	1,876,604	20,240,987
Due from other funds		6,533,830	250,201	6,784,031
Inventories			16,717	16,717
Other assets	17,970			17,970
Total Assets	\$ 60,944,294	\$ 39,540,217	\$ 17,868,137	\$ 118,352,648
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts and other payables	\$ 4,720,547	\$ 5,289,974	\$ 688,003	\$ 10,698,524
Due to other funds	4,809,031		1,975,000	6,784,031
Unearned revenue	753,325		855,742	1,609,067
Other	112,293			112,293
Total liabilities	10,395,196	5,289,974	3,518,745	19,203,915
Deferred Inflows of Resources:				
Unavailable revenue - property taxes	4,812,011			4,812,011
Unavailable revenue - interest on property taxes	2,134,277			2,134,277
Unavailable revenue - special assessments			498,609	498,609
Unavailable revenue - school construction grants		7,327,199		7,327,199
Unavailable revenue - loans receivable			292,044	292,044
Advance property tax collections	6,350,540			6,350,540
Total deferred inflows of resources	13,296,828	7,327,199	790,653	21,414,680
Fund Balances:				
Nonspendable	17,970		116,176	134,146
Restricted		26,923,044	8,600,027	35,523,071
Committed	359,748		4,842,536	5,202,284
Assigned	7,880,553			7,880,553
Unassigned	28,993,999			28,993,999
Total fund balances	37,252,270	26,923,044	13,558,739	77,734,053
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 60,944,294	\$ 39,540,217	\$ 17,868,137	\$ 118,352,648



Financial Highlights

- General Fund:** Total fund balance in the general fund increased \$4,653,003 on a GAAP basis. This was due to revenues coming in in excess of projected estimates and expenditures coming in below budgeted appropriations.
- Capital Projects Funds (CPF):** Total fund balance in the CPF increased \$20,759,642 during the fiscal year. This was primarily due to Bond Proceeds received from the \$45MM the October 2019 debt issuance.

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 104,762,381	\$	\$	\$ 104,762,381
Assessments and interest			2,834,108	2,834,108
Intergovernmental	12,289,534	9,814,255	5,207,924	27,311,713
Charges for services	4,844,290		2,872,761	7,717,051
Income on investments	943,520	114,319	113,326	1,171,165
Miscellaneous	1,522,036	441,504	400,606	2,364,146
Total revenues	<u>124,361,761</u>	<u>10,370,078</u>	<u>11,428,725</u>	<u>146,160,564</u>
Expenditures:				
Current:				
General government	5,085,899	181,359	71,928	5,339,186
Public safety	13,751,069		804,720	14,555,789
Public works and highway	5,596,745		3,388,280	8,985,025
Parks, recreation and libraries	2,875,863	39,336	412,596	3,327,795
Health and human services	631,716		2,187,384	2,819,100
Education	65,141,599		3,585,056	68,726,655
Pension and insurance	13,708,168			13,708,168
Capital outlay		39,354,232	522,880	39,877,112
Debt service	9,233,555	149,369		9,382,924
Total expenditures	<u>116,024,614</u>	<u>39,724,296</u>	<u>10,972,844</u>	<u>166,721,754</u>
Excess (Deficiency) of Revenues over Expenditures	<u>8,337,147</u>	<u>(29,354,218)</u>	<u>455,881</u>	<u>(20,561,190)</u>
Other Financing Sources (Uses):				
Transfers in	694,225	5,403,860	2,155,459	8,253,544
Transfers out	(5,426,655)	(290,000)	(2,536,889)	(8,253,544)
Proceeds from bond issuance		45,000,000		45,000,000
Bond premiums	1,048,286			1,048,286
Total other financing sources (uses)	<u>(3,684,144)</u>	<u>50,113,860</u>	<u>(381,430)</u>	<u>46,048,286</u>
Net Change in Fund Balances	<u>4,653,003</u>	<u>20,759,642</u>	<u>74,451</u>	<u>25,487,096</u>
Fund Balances at Beginning of Year	<u>32,599,267</u>	<u>6,163,402</u>	<u>13,484,288</u>	<u>52,246,957</u>
Fund Balances at End of Year	<u>\$ 37,252,270</u>	<u>\$ 26,923,044</u>	<u>\$ 13,558,739</u>	<u>\$ 77,734,053</u>



Financial Highlights

General Fund Budget Results:

- Total fund balance in the general fund increased \$3,830,013 on a budgetary basis for the year. This was due to actual revenues coming in in excess of projected estimates and expenditures being held below planned appropriation amounts.
- Overall, the General Fund produced a budgetary variance surplus of \$7,044,570.

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
REVENUES AND OTHER FINANCING SOURCES				
Taxes	\$ 102,749,433	\$ 102,749,433	\$ 104,762,381	\$ 2,012,948
Intergovernmental Revenues	3,344,596	3,344,596	3,780,592	435,996
Licenses, Permits and Fees	3,764,600	3,975,600	4,844,290	868,690
Interest Income	525,000	525,000	942,674	417,674
Other	1,408,800	1,666,533	1,993,707	327,174
Total revenues	111,792,429	112,261,162	116,323,644	4,062,482
Other Financing Sources:				
Transfers from Other Funds	680,035	694,225	694,225	-
Total Revenue and Other Financing Sources	112,472,464	112,955,387	117,017,869	4,062,482
EXPENDITURES AND OTHER FINANCING USES				
General Government	5,297,306	5,578,745	5,238,578	340,167
Public Safety	13,927,295	14,273,586	13,756,028	517,558
Public Works and Highways	6,012,468	6,041,411	5,657,326	384,085
Recreation	1,223,952	1,231,808	1,204,940	26,868
Libraries	1,689,899	1,689,899	1,676,764	13,135
Health and Welfare	688,399	688,399	628,766	59,633
Board of Education	57,731,600	57,731,600	57,010,074	721,526
Pension and Insurance	15,385,743	14,627,279	13,708,169	919,110
Debt Service	8,465,834	8,648,562	8,648,556	6
Total Expenditures	110,422,496	110,511,289	107,529,201	2,982,088
Other Financing Uses:				
Transfers to Other Funds	4,874,968	5,658,655	5,658,655	-
Total Expenditures and Other Financing Uses	115,297,464	116,169,944	113,187,856	2,982,088
Excess Revenues & Other Financing Sources over Expenditures and Other Financing Uses	(2,825,000)	(3,214,557)	3,830,013	7,044,570



Financial Highlights

Long-Term Debt:

- Overall, long-term bonds and clean water notes increased \$39.3MM for the year. This was primarily due to the \$45MM debt issuance and scheduled bond payments on outstanding debt.
- The Net pension liability increased \$2,357,204 year over year while the Net OPEB liability decreased (\$6,476,774).

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Bonds payable:				
General obligation bonds	\$ 41,985,000	\$ 45,000,000	\$ 4,885,000	\$ 82,100,000
Clean water notes	7,489,973		1,552,337	5,937,636
Bond premiums	1,833,690	1,048,286	357,376	2,524,600
	<u>51,308,663</u>	<u>46,048,286</u>	<u>6,794,713</u>	<u>90,562,236</u>
Total bonds and notes payable				
Landfill closure	1,048,500		165,000	883,500
Net pension liability	40,158,510	2,357,204		42,515,714
Net OPEB liability	6,771,421		6,476,774	294,647
Compensated absences	3,529,587	979,492	148,240	4,360,839
Risk management claims	5,882,490	10,893,298	11,583,550	5,192,238
Notes payable	375,000		125,000	250,000
	<u>109,074,171</u>	<u>60,278,280</u>	<u>25,293,277</u>	<u>144,059,174</u>
Total Governmental Activities Long-Term Liabilities				



Financial Highlights

Net Pension Liability (NPL):

Police Pension Plan

- The Police plan NPL increased \$1.3MM.
- Contributions to the plan made during the year were \$1,095,000 which was \$38,940 in excess of the actuarially determined contribution.

	2014	2015	2016	2017	2018	2019	2020
Total pension liability:							
Service cost	\$ 579,898	\$ 600,194	\$ 621,201	\$ 586,875	\$ 586,875	\$ 437,672	\$ 615,498
Interest	1,838,139	1,908,583	1,990,048	2,058,766	2,140,743	2,207,541	2,330,759
Changes of benefit terms						844,917	
Differences between expected and actual experience			(880,737)		1,820,908		13,874
Changes of assumptions			991,581		708,596		(219,286)
Benefit payments, including refunds of member contributions	(1,519,089)	(1,400,589)	(1,564,499)	(1,844,784)	(1,602,870)	(1,740,559)	(2,014,458)
Net change in total pension liability	898,948	1,108,188	1,357,594	1,000,847	3,752,252	1,749,571	728,207
Total pension liability - beginning	26,425,916	27,324,864	28,431,052	29,788,646	30,789,493	34,541,745	36,291,316
Total pension liability - ending	27,324,864	28,431,052	29,788,646	30,789,493	34,541,745	36,291,316	37,017,523
Plan fiduciary net position:							
Contributions - employer	920,000	898,000	910,500	914,742	1,811,484	1,489,164	1,086,000
Contributions - member	282,016	301,089	280,850	258,782	211,005	243,220	399,582
Net investment income	2,255,408	40,813	149,903	1,542,864	776,539	1,202,829	(86,998)
Benefit payments, including refunds of member contributions	(1,519,089)	(1,400,589)	(1,564,499)	(1,844,784)	(1,602,870)	(1,740,559)	(2,014,458)
Other						888,740	
Net change in plan fiduciary net position	1,938,335	(160,887)	(223,248)	1,071,604	1,296,158	2,081,194	(808,874)
Plan fiduciary net position - beginning	19,825,212	21,763,547	21,802,860	21,379,414	22,451,018	23,747,178	25,828,370
Plan fiduciary net position - ending	21,763,547	21,802,860	21,379,414	22,451,018	23,747,178	25,828,370	25,221,496
Net Pension Liability - Ending	\$ 5,561,317	\$ 6,628,392	\$ 8,409,232	\$ 8,338,475	\$ 10,794,569	\$ 10,462,946	\$ 11,796,027
Plan fiduciary net position as a percentage of the total pension liability	79.65%	75.98%	71.77%	72.92%	68.75%	71.17%	68.13%



Financial Highlights

Net Pension Liability (NPL):

Volunteer Fire Department Pension Plan

- The Fire plan NPL increased \$34,818.
- Contributions to the plan made during the year were \$87,299 which was \$27,659 in excess of the actuarially determined contribution.

	2015	2016	2017	2018	2019	2020
Total pension liability:						
Service cost	\$ 13,044	\$ 18,559	\$ 19,116	\$ 20,274	\$ 20,496	\$ 23,451
Interest	77,644	80,186	84,136	86,666	90,917	95,109
Differences between expected and actual experience	(34,725)		(733)		(26,189)	
Changes of assumptions	16,764		23,148		67,300	
Benefit payments, including refunds of member contributions	(40,957)	(42,937)	(42,936)	(46,584)	(41,745)	(36,520)
Net change in total pension liability	31,770	55,808	82,731	60,356	110,779	82,040
Total pension liability - beginning	1,116,290	1,148,060	1,203,868	1,286,599	1,346,955	1,457,734
Total pension liability - ending	1,148,060	1,203,868	1,286,599	1,346,955	1,457,734	1,539,774
Plan fiduciary net position:						
Contributions - employer	62,000	348,000	86,000	87,000	87,000	87,299
Net investment income (loss)	(192)	2,651	66,884	35,625	54,293	(2,554)
Benefit payments, including refunds of member contributions	(40,957)	(42,937)	(42,936)	(46,584)	(41,745)	(36,520)
Net change in plan fiduciary net position	20,851	307,714	109,948	76,041	99,548	48,225
Plan fiduciary net position - beginning	497,814	518,665	826,379	936,327	1,012,368	1,111,916
Plan fiduciary net position - ending	518,665	826,379	936,327	1,012,368	1,111,916	1,160,141
Net Pension Liability - Ending	\$ 629,395	\$ 377,489	\$ 350,272	\$ 334,587	\$ 345,818	\$ 379,633
Plan fiduciary net position as a percentage of the total pension liability	45.18%	68.64%	72.78%	75.16%	76.28%	75.34%



Financial Highlights

Net OPEB Liability:

Retiree Health Plan

- The Retiree Health Plan Net OPEB Liability decreased \$6,476,774.
- Contributions to the plan made during the year were \$9,609,044 which was \$7,638,663 in excess of the actuarially determined contribution.

	2017	2018	2019	2020
Total OPEB liability:				
Service cost	\$ 808,381	\$ 838,695	\$ 884,463	\$ 1,011,077
Interest	1,849,266	1,963,934	2,066,626	1,997,540
Differences between expected and actual experience	124,760	29,728	(2,500,899)	36,501
Changes of assumptions			917,229	
Benefit payments	<u>(1,035,117)</u>	<u>(1,070,696)</u>	<u>(1,652,303)</u>	<u>(1,096,643)</u>
Net change in total OPEB liability	1,747,290	1,761,661	(284,884)	1,948,475
Total OPEB liability - beginning	<u>27,035,934</u>	<u>28,783,224</u>	<u>30,544,885</u>	<u>30,260,001</u>
Total OPEB liability - ending	<u>28,783,224</u>	<u>30,544,885</u>	<u>30,260,001</u>	<u>32,208,476</u>
Plan fiduciary net position:				
Contributions - employer	2,216,607	2,218,026	8,141,374	9,609,044
Contributions - TRB subsidy	25,410	64,570	51,480	53,020
Net investment income	1,090,779	662,753	841,537	(140,172)
Benefit payments	<u>(1,035,117)</u>	<u>(1,070,696)</u>	<u>(1,652,303)</u>	<u>(1,096,643)</u>
Net change in plan fiduciary net position	2,297,679	1,874,653	7,382,088	8,425,249
Plan fiduciary net position - beginning	<u>11,934,160</u>	<u>14,231,839</u>	<u>16,106,492</u>	<u>23,488,580</u>
Plan fiduciary net position - ending	<u>14,231,839</u>	<u>16,106,492</u>	<u>23,488,580</u>	<u>31,913,829</u>
Net OPEB Liability - Ending	\$ <u>14,551,385</u>	\$ <u>14,438,393</u>	\$ <u>6,771,421</u>	\$ <u>294,647</u>
Plan fiduciary net position as a percentage of the total OPEB liability	49.44%	52.73%	77.62%	99.09%



Required Communications

- Qualitative aspects of accounting practices
 - Financial statement disclosures were found to be neutral, consistent and clear.
- Difficulties encountered in performing the audit
 - We experience delays in completing our audit due to delays in the financial close process.
- Uncorrected misstatements
 - There was one passed AJE related to a BOE impressed account that is carrying a year end balance (\$255,198).



Required Communications

- Corrected misstatements
 - No material corrected misstatement were noted.
- Disagreements with management
 - No disagreements arose during our audit.
- Management representations
 - Representations were obtained from management on August 4, 2021.
- Management consultations with other independent accountants
 - To our knowledge, no such consultations occurred.



Required Communications

- Significant issues discussed with management prior to engagement
 - All discussion occurred within the normal course of our professional relationship and our responses were not a condition to our engagement.
- Significant findings or issues that were discussed, or the subject of correspondence with management
 - Significant deficiency in internal control over financial reporting was identified.
 - The deficiency was related to the collection of delinquent taxes in the tax collection office.



Contact Information

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Questions?



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