

**Town Council Finance Committee  
Joint Meeting with Coventry Board of Education  
Meeting Minutes  
January 10, 2022**

**1.A Call to Order:** Finance Chair Robyn Gallagher called the meeting to order at 7:02 pm.

Present in the Annex: Lisa Thomas, Marty Milkovic, Julie Blanchard, Town Manager John Elsesser, Finance Director Amanda Backhaus, Mary Kortmann (BOE), Jennifer Beausoleil (BOE), Peter DePaolo (BOE), BOE Business Manager Bob Carroll, and Superintendent Dr. David Petrone

Via Zoom: Robyn Gallagher, Emma Eaton (BOE), Leslie Zoll CliftonAllenLarson LLP.

**1.B Presentation of Audit:** Leslie Zoll, audit partner CliftonLarsonAllen LLP, went through a presentation of the audit. The presentation is attached to the minutes.

Motion to recommend the Council accept the 2022 financial statements was made by Marty. The motion was seconded by Robyn and passes unanimously.

There was discussion regarding auditor re-appointment since our three-year term with CLA has now ended. Finance will defer auditor re-appointment until Finance. Jen noted she would like more detail in the actual presentation, especially with the new members. Peter noted it would have been helpful to identify where in the audit each exhibit was while discussing. Lisa noted we will review this at a future finance meeting.

**1.C. Board of Education Fiscal Reports:** Robyn noted she has reviewed the attached and opened up to BOE if they had anything to highlight. Mary said they have nothing specific but would be open to questions if there are any. Robyn thanked for providing the BOE reports noting they are very useful.

**1.D CHS Walls Funding:** John provided brief background regarding the CHS Wall repair. During a structure check, it was found that the new construction section of High School had missing rebar in the walls. We have been working away at the issue in sections – auditorium, band room, and some missing rebar pieces in the front of the building – but we still have areas to complete. Amanda reviewed the most recent estimate for the last stage of repair. Price ranges from \$144,000 to \$193,000. We currently have approximately \$69 thousand available so we will need additional funding. John notes we have enough money to begin the process but will be coming back to Finance once we have finalized numbers. This has historically been funded with cash by the Council through CNREF. We will target to get final numbers to Finance for the February meeting.

**1.E BOE FY2023 CIP Request:** Jen noted she asked that the BOE CIP be included on the agenda because it is one of things we all work together on. If there were questions, they wanted to be available to answer prior to waiting for our budget meeting in March. Lisa asked about classroom computer upgrades and why there were two options. Dr. Petrone noted that they have provided two scenarios. They have applied for two different pools of grant funding. One of the scenarios is if they do receive the grant and the second is if they do not receive the grant. Robyn inquired if the last line in the IT scenario was a plug and it was confirmed that it is, but the BOE definitely had enough use in replacing smartboards.

Lisa inquired about the floor refurbishment. The BOE discussed the current plan and rotational schedule of the floor refurb.

Peter asked if there was a budget limit they were looking to stay in? John stated the same as the prior year. John noted two years ago when they were faced with a difficult budget year, the BOE chose to gut the capital. The Town cut operating and the BOE will now need to deal with that decision. John notes he has to make his own recommendation upon reviewing all of the capital submissions from all departments.

Marty asked why several projects were blank with no amounts listed. Mary noted those belong to School Building Committee. Green are bonded and blue are still to be funded. Dr. Petrone noted some items might be funded through grants as well.

Robyn asked about the weight room relocation which has a very high price tag. John discussed the possibility of “renovate as new” through the School Construction grant process. The School Building Committee recently authorized the Town to move forward with that. This could potentially cover several items that are outlined in the BOE’s CIP.

Jen noted the Board appreciates items are still allocated in future years, even if not funded immediately. This allows the BOE to utilize their 1% fund to pay for items themselves if needed.

Marty moved to adjourn the joint meeting at 8:45 pm. Julie seconded and the motion passed unanimously.

**Town Council Finance Committee  
Meeting Minutes  
January 10, 2022**

**3. Call to Order:** Regular meeting called to order at 8:51 pm.

Present in the Annex: Lisa Thomas, Marty Milkovic, Julie Blanchard, Town Manager John Elsesser, Finance Director Amanda Backhaus

Via Zoom: Robyn Gallagher

**4. Acceptance of Minutes:** Motion to approve the minutes from December 13, 2021 made by Marty. Seconded by Robyn. Robyn noted the following two edits:

- Page 2, Item 5, Line 5, There is a period after FY22 which should be a comma
- Page 2, Item 5, Line 9, should be “removed” rather than “remove”

Motion passed unanimously with edits as outlined.

**5. Reports:**

**5.A Finance Chair:** Robyn noted she was happy to have a successful joint meeting with the BOE.

**5.B Committee Members:** Julie asked Amanda about the first few storms on holidays and weekends. She noted the increase in pay for having storms fall on these sort of days. Amanda noted she will review the costs and report back to the Committee.

**5.C Finance Director’s Report:** Amanda reviewed her Finance Director’s Report. General Fund Revenue and Expenditures were in line with last year. COVRRA fund is increasing and she expects the remaining \$90k to be collected between now and June 30<sup>th</sup>. Sewer Fund Remains Strong. Both Recreation and EMS are still showing deficits. She notes this can be discussed later in the agenda under ARP.

Amanda noted she has also included the 7/1/2021 actuarial valuation. This shows our pension is 75.6% funded. This differs from what is reported in the audit due to the fact that actuaries smooth investment earnings/losses over a 4 year period. Our audit is as of June 30 and shows over 80%. John noted we have been working to get our investment rate of return below 7% which will be more in line with historical earning.

**6. FY2023 Budget:** Amanda noted these items were discussed previously. She has included them as a just for everyone's information. Robyn noted we will continue this to the next meeting.

**7. American Rescue Plan Funding:** Amanda noted this will not be an action item, rather a discussion. She noted this past week the Treasury finally issued the Final Rule. One big change from the Interim Final Rule is that rather than calculate revenue loss, entities are able to claim a standard \$10 million as revenue loss. This means all of our funding can fall in the revenue loss category which means it can be used for any governmental service. This increase in flexibility is a huge benefit to the Town. Amanda notes we will need to generate a list of potential uses. We might want to consider helping to bail out recreation and EMS. John noted it is very exciting and we will work on getting a list of uses for next month's meeting.

**8. Fiscal Management Policy:** Amanda noted this policy had been discussed at the last finance meeting so she wanted to include it for the Committee's review. It has not been updated since 2016 so it might be good to review it – even if we just clean up wording like “undesignated” to “unassigned”. Amanda noted perhaps the best thing would be for all members to review and we can discuss at the next meeting. Robyn asked if Amanda had any recommendations. Amanda noted she will mark up the word document with her proposals and send out to the Committee so they can review and see if they have any additional changes.

**9. Executive Session:** Marty moved that the Town Council Finance Committee enter into Executive Session pursuant to Connecticut General Statutes 1-200(6)(E)-discussion of any matter which would result in the disclosure of public records or the information therein contained described in sub-section (b) of Section 1-210 with the following people in attendance: Finance Committee, Town Manager John Elsesser and Finance Director Amanda Backhaus. Seconded by Julie. Executive session began at 9:22 pm.

Motion to leave Executive Session at 9:28 was made by Julie. Motion seconded by Marty and passed unanimously.

**10. Adjournment:** Motion made to adjourn at 9:29 was made by Julie. Motion seconded by Marty and passed unanimously.

Respectfully submitted,

Amanda L. Backhaus, CPA  
Director of Finance

*Note: These minutes are draft/not official until approved by the Committee at the next Committee meeting. Please see subsequent meeting for approval or changes to these minutes.*

# Town of Coventry, Connecticut

2021 Audit Exit Conference  
January 10, 2022



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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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

- 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 (Child Nutrition Cluster)
  - No compliance findings or significant deficiencies in internal control over compliance reported



# Executive Summary

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



# Financial Highlights

- Governmental activities

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Current assets	\$ 23,391,993	\$ 25,259,051
Capital assets, net of accumulated depreciation	119,947,506	117,280,278
Total assets	<u>143,339,499</u>	<u>142,539,329</u>
Deferred outflows of resources	<u>2,846,715</u>	<u>3,584,974</u>
Long-term liabilities outstanding	30,702,910	36,373,380
Other liabilities	4,227,194	2,378,668
Total liabilities	<u>34,930,104</u>	<u>38,752,048</u>
Deferred inflows of resources	<u>5,704,909</u>	<u>2,357,054</u>
Net Position:		
Net investment in capital assets	101,222,555	102,155,249
Restricted	7,682,783	33,558
Unrestricted	<u>(3,354,137)</u>	<u>2,826,394</u>
Total Net Position	<u>\$ 105,551,201</u>	<u>\$ 105,015,201</u>



# Financial Highlights

EXHIBIT III							
TOWN OF COVENTRY, CONNECTICUT							
BALANCE SHEET - GOVERNMENTAL FUNDS							
JUNE 30, 2021							
	General	Sewer Assessment	CDBG Grant	Capital Projects	Miscellaneous Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,811,016	\$ 192,648	\$ 194,347	\$ 4,213,835	\$ 1,409,502	\$ 3,222,744	\$ 12,044,092
Investments	4,117,020					5,617	4,122,637
Receivables, net	810,134	1,235,090	2,180,896	57,203	353,283	640,483	5,277,089
Due from other funds	555,069						555,069
Other	62,071						62,071
Inventories						37,425	37,425
<b>Total Assets</b>	<b>\$ 8,355,310</b>	<b>\$ 1,427,738</b>	<b>\$ 2,375,243</b>	<b>\$ 4,271,038</b>	<b>\$ 1,762,785</b>	<b>\$ 3,906,269</b>	<b>\$ 22,098,383</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts and other payables	\$ 1,071,230		\$ 14,670	\$ 84,805	\$ 12,988	\$ 233,243	\$ 1,416,936
Accrued payroll					1,949	107,080	109,029
Due to other funds				4,449		153,808	158,257
Unearned revenue	181,337			37,362	1,732,500	220,856	2,172,055
<b>Total liabilities</b>	<b>1,252,567</b>	<b>-</b>	<b>14,670</b>	<b>126,616</b>	<b>1,747,437</b>	<b>714,987</b>	<b>3,856,277</b>
Deferred inflows of resources:							
Unavailable revenue:							
Property taxes	649,723						649,723
Special assessments		1,229,484					1,229,484
Sewer receivable						55,237	55,237
COVRRR receivable						92,788	92,788
Loans receivable			2,180,896				2,180,896
Grants receivable					350,524		350,524
Other receivables						220,716	220,716
<b>Total deferred inflows of resources</b>	<b>649,723</b>	<b>1,229,484</b>	<b>2,180,896</b>	<b>-</b>	<b>350,524</b>	<b>368,741</b>	<b>4,779,368</b>
Fund balances:							
Nonspendable	62,071					51,020	113,091
Restricted	11,597	198,254	179,677	2,489,898	123,798	905,060	3,908,284
Committed	5,697			1,658,973		2,081,760	3,746,430
Assigned	658,425						658,425
Unassigned	5,715,230			(4,449)	(458,974)	(215,299)	5,036,508
<b>Total fund balances</b>	<b>6,453,020</b>	<b>198,254</b>	<b>179,677</b>	<b>4,144,422</b>	<b>(335,176)</b>	<b>2,822,541</b>	<b>13,462,738</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 8,355,310</b>	<b>\$ 1,427,738</b>	<b>\$ 2,375,243</b>	<b>\$ 4,271,038</b>	<b>\$ 1,762,785</b>	<b>\$ 3,906,269</b>	<b>\$ 22,098,383</b>



# Financial Highlights

		EXHIBIT V
<b>TOWN OF COVENTRY, CONNECTICUT</b>		
<b>STATEMENT OF NET POSITION - PROPRIETARY FUNDS</b>		
<b>JUNE 30, 2021</b>		
		<b>Governmental</b>
		<b>Activities</b>
		<b>Internal</b>
		<b>Service Funds</b>
Current Assets:		
Cash and cash equivalents	\$	90,971
Advance to plan administrator		1,754,896
		<u>1,845,867</u>
Total assets		<u>1,845,867</u>
Current Liabilities:		
Claims payable		394,891
Due to other funds		394,000
		<u>788,891</u>
Total liabilities		<u>788,891</u>
Net Position:		
Unrestricted	\$	1,056,976
		<u>1,056,976</u>



# Financial Highlights

		EXHIBIT VIII
<b>TOWN OF COVENTRY, CONNECTICUT</b>		
<b>STATEMENT OF NET POSITION - FIDUCIARY FUND</b>		
<b>JUNE 30, 2021</b>		
		<b>Pension</b>
		<b>Trust</b>
		<b>Fund</b>
Assets:		
Cash and cash equivalents	\$	108,840
Mutual funds		10,960,642
Guaranteed investment contracts		7,146,907
Total Assets		18,216,389
Liabilities:		
Due to other funds		2,812
Total Liabilities		2,812
Net Position:		
Net Position Restricted for Pensions	\$	18,213,577



## Financial Highlights

- Property Tax Collections – 98.88% compared to 98.71% in the prior year
- General Fund Unassigned Fund Balance - \$5,715,230 - 12.72% of GAAP expenditures
- Net Pension Liability - \$3,492,764 from \$6,464,563 in the prior year and 83.91% funded as of June 30, 2021
- Total OPEB liability - \$7,282,764



# Federal Single Audit

- Total federal awards expended - \$1,723,898
- Major program – Child Nutrition Cluster
- Unmodified opinion on major program compliance
- No compliance or internal control finding



## State Single Audit

- Total state awards expended - \$10,615,432
- Major program – LOTCIP
- Unmodified opinion on major program compliance
- No compliance or internal control finding



# Auditors' Communication

- New standards adopted – GASB 84
- Significant Estimates
  - Capital Assets – Useful lives
  - Net Pension Liability
  - Total OPEB Liability (Asset)



# 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



# 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



# Contact Information

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Questions?

