

City of Bristol, Connecticut
Banking & Audit Committee Meeting
February 19, 2021

A meeting of the Banking & Audit Committee of the Board of Finance was held on February 19, 2021 in the 3rd Floor Conference Room of City Hall. The following were in attendance: Committee Members: John Smith, Jon Mace, David Maikowski City: Diane Waldron, Robin Manuele, Jeanne Doerr CLA: Nikoleta McTigue and Santo Carta

1. Call to order.

John Smith called the meeting to order at 9:00 a.m.

2. To discuss the 2019-2020 Audit and to take any action as necessary.

Nikoleta McTigue, Principal, reviewed the terms of engagement with the Committee. The auditors 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 state financial assistance, and express an opinion on compliance related to major federal and state award programs. The auditors provide a report on internal control over financial reporting and compliance with laws, regulations, contract, grants, and compliance related to major state and federal programs.

Nikoleta provided an executive summary of the audit, an unmodified opinion on the basic financials was issued where no findings were reported on internal controls over financial reporting. The Federal and State Single Audits also had an unmodified opinion on the major programs with no compliance findings or significant deficiencies in internal control over compliance reported. Nikoleta reviewed the financial highlights of the government wide financial statements and governmental funds. General Fund Fund Balance is \$41.2 million, with \$30 million unassigned or 13% of general fund budgetary expenditures and transfers. \$3.1 million is committed and \$8 million assigned. For June 30 2020, General Fund revenues were \$46 thousand higher than budget, General Fund expenditures were \$2.3 million lower than budget and property tax collections were \$200 thousand above budget. The property tax collection rate for the current year levy was 98.89%. Financial highlights of the Pension and OPEB liability were discussed, the OPEB liability is currently \$64 million funded at 18.04% Nikoleta reviewed the Federal and State Single Audits where testing is required annually on major programs, no compliance findings on either program.

The auditors are required to communicate certain information to the City, which no new standards were adopted this year, significant estimates are used within the audit, there were no disagreements with management, management did not consult with other accountants, there were no difficulties encountered in performing the audit, no uncorrected misstatements and no independence issues.

Nikoleta reviewed management advisory comments. The one finding from fiscal year 2019 regarding procurement has been corrected. For fiscal year 2020 there are internal control observations and discussions that came up during the audit process. There is an unreconciled \$189,000 difference on the pooled cash bank reconciliations, which is immaterial to the overall financial statements, but there is lack of a formal review and sign off of the bank reconciliations by someone other than the preparer. Pension payments, COLA and new retiree benefits are input into the system by the same person without independent review and sign off by someone not involved with the initial calculations. Payroll warrants for the City, Police and Fire were not consistently reviewed by the Deputy Treasurer prior to being posted in MUNIS. Diane discussed the process has now changed where the Comptroller's Office is reviewing the pension calculations for Police and Fire, as well as City which are calculated by the Comptroller's Office. All three calculations now go before the General City Retirement Board, which is a change since the pension merger under one umbrella.

For the BOE, procurement practices such as consulting for IDEA small purchases under \$250,000 requires quotes from an adequate number of qualified sources and those quotes were not retained. The BOE School Activity Fund should be maintained in the MUNIS general ledger, as that is an upcoming GASB requirement. Discussion was held on the number and variety of student activity funds the schools have, and what will qualify to be maintained in the ledger, this area will have to be explored further with clarification as to what will need to be implemented.

Nikoleta reviewed the upcoming GASB standards for the next three years, GASB 84, 90 and 92 will be implemented for 2021, GASB 87, 89, 92, 93, and 97 will be implemented in year 2022.

Nikoleta and Santa left the meeting at 9:46 a.m.

Chairman Smith expressed his concerns about the student activity funds, and would like to see a policy set on those funds as there has to be several of them.

Discussion was held on the City's OPEB funding strategy. Diane stated all Unions are now splitting the employee weekly pension contribution with part of the contribution to the pension fund, and part OPEB contribution.

Discussion was held on the bank reconciliation issue. Deputy Treasurer, Jeanne Doerr stated there is more at the bank than in MUNIS so she feels something is not posted. There was a similar issue when she first took the position and now that her office is fully staff she hopes to find the problem. Chairman Smith stated if the bank is reconciled every month there should not be an issue. Diane stated there needs to be a sign off and review done by the Deputy Treasurer every month, which hasn't been done in the past, if this was done this could have been caught sooner.

3. Adjournment.

Jon Mace made a motion to adjourn seconded by David Maikowski at 10:05 a.m.

Respectfully Submitted,

John Smith/jam
John Smith, Chairman