Banking & Audit Committee Minutes
January 26, 2024

A special meeting of the Banking & Audit Committee of the Board of Finance was held on January 26, 2024 at 8:30 a.m. in the Meeting Room 1-3 of City Hall, 111 North Main Street, Bristol.

Members Present: Dave Maikowski, Glenn Heiser, and Jon Mace
Also Present: City: Diane Waldron, Robin Manuele, and Jessica Pilgrim. Nikoleta McTigue and Gabriel Epstein, CLA.

1. Call to order.

Chairman Maikowski called the meeting to order at 8:30 a.m.

2. To discuss the June 30, 2023 Audit and to take any action as necessary.

Nikoleta and Gabe reviewed the 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 award programs and
    - Major state 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 award programs and major state programs

Executive Summary

- Financial Statements
    - Unmodified opinion on the basic financial statements
        - Best opinion available
- Emphasis of Matter paragraph – GASB 96 Subscription-Based Information Technology Arrangements (SBITA)
    - A right-to-use subscription asset and corresponding subscription liability is recognized for all SBITA contracts with terms greater than 12 months
- Emphasis of Matter paragraph – Sewer Enterprise Fund
    - Reclassification of Sewer Operating Fund to business-type activity from a nonmajor governmental fund resulted in a restatement of beginning net position of governmental activities and business-type activities, and beginning fund balance of capital projects fund and nonmajor governmental funds
- No findings reported on internal controls over financial reporting

Federal Single Audit

Major Programs

- COVID-19 – Education Stabilization Fund (ESSER)
- COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (ARPA)
- COVID-19 – Emergency Connectivity Fund Program
- Title I Grants to Local Educational Agencies
- Special Education Cluster (IDEA)

Audit Results

- Unqualified opinion on compliance for all major programs
- No findings in internal control over compliance and internal control over financial reporting
    - Prior audit procurement finding has been corrected. A bid waiver was obtained for the procurement under the COVID-19 – Emergency Connectivity Fund Program in fiscal year 2023

State Single Audit

Major Programs

- Alliance District
- Urban Acts (Bristol Centre Square Redevelopment Project)
- Town Aid Road (Municipal and STO)
- Early Care and Education – School Readiness

Audit Result

- Unmodified opinion on compliance for major state programs
- No findings in internal control over compliance and internal control over financial reporting

Auditors' Communication

- New Standards Adopted – GASB No. 96 Subscription-Based Information Technology Arrangements (SBITA)
- Significant Estimates
- Net pension liability/asset
- Net OPEB liability
- Depreciation expense
- Allowance for Uncollectible Receivables
- IBNR healthcare costs liability
- Landfill post closure liability
- Lease receivable
- Lease and SBITA liabilities
- No difficulties encountered in performing the audit
- No uncorrected misstatements
- No disagreements with management
- Management did not consult with other accountants
- No difficulties encountered in performing the audit
- No independence issues

GASB Standards

- Implementation Year 2024
- Statement 99 – Omnibus 2022 (various)
- Statement 100 – Accounting Changes and Error Corrections

Nikoleta discussed the new GASB statements which will be implemented in the next year related to Compensated Absences which are already reported in the audit.

Commissioner Heiser stated the Audit should be a required read for all members of the Board of Finance. Commissioner Mace agreed especially going into the budget season.

Nikoleta and Gabe left the meeting at 8:45 a.m.

3. To discuss Departmental Review audits and to take any action as necessary.

Diane provided an update on the Pension Review which focuses on years 2020-2021 and 2021-2022. The private equity funds performance and incentive funds fees have been hard to verify. Diane has been working with CLA and Beirne Wealth to obtain the correct information. Beirne Wealth was asked to document their process to verify the fees. Discussion was held on the regulation standards the pension funds should be held to.

Diane explained the Water/Sewer review just started, CLA will begin their interviews next week.

4. To discuss update on Bank accounts and Banking Services RFP and to take any action as necessary.

Diane explained the banking RFP was put off due to the transition in the office. The most challenging part of reviewing the RFPs is that each bank submitted their responses in different formats and it is difficult to evaluate based on the spreadsheet that was sent with the RFP. Diane discussed the open issues with Roger Rousseau, and Roger was going to reach out to the banks to see if their RFP would hold for a couple of months. In addition, Roger and Diane discussed creating a standard pricing template for each bank to complete so there is a better comparison of costs. At this point there have not been any issues with M&T.

Diane discussed the CD's and investments the City currently holds as well as the City's investment policy. Right now, CD's are 14% of the investment policy. Dave suggested putting a term instead of percentage on the policy. The Committee will review the Investment policy, for discussion at a future meeting. The new Treasurer and Deputy Treasurer have been reviewing the investments and will present their annual review to the BOF.

5. Adjournment.

Commissioner Mace made a motion seconded by Commissioner Heiser "to adjourn" at 9:56 a.m.

Jodi A. McGrane
Recording Secretary