

Town of Townsend Audit

June 30, 2022



Presented by:

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Engagement

- Audit the financial statements of the year ended June 30, 2022.
- Audits were performed under:
 - Generally Accepted Auditing Standards and
 - Government Auditing Standards

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Engagement Results and Deliverables

- Financial audit of the year ended June 30, 2022, financial statements with an unqualified (clean) opinion.
- Independent Auditor's Report under Government Auditing Standards, for the year ended June 30, 2022, with no findings and recommendations.
- Brief overview of the audited financial statements.

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Financial Audit - Required Communications

Significant Audit Matters

- Use of estimates to prepare the statements,
- For older infrastructure assets, for which actual cost is not known, the recorded values are based on current replacement costs, adjusted for historical price trends and engineering estimates.
- Donations of real property, such as land dedicated for open space, are recorded at acquisition value.
- Significant disclosures in the notes to the statements,
- No significant difficulties encountered in dealing with management in performing our audit,
- We reviewed the material corrected and the uncorrected misstatements discovered in our audit (attached to the Communications Letter),

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Financial Audit - Required Comm. (cont.)

Significant Audit Matters (cont.)

- We noted that there were no disagreements with management,
- We received all requested management representations,
- No management consultations with other accountants.
- Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America.
- The Auditor's responsibility is to express opinions on these financial statements based on the audit.
- Auditor's Report on the Financial Statements is an Unmodified (Clean) Opinion.

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Audit Under Government Auditing Standards

- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Required by Government Auditing Standards,
- Performed under standards issued by the Comptroller General of the United States,
- Considers Internal Control (IC) Over Financial Reporting,
- Tests Compliance with Laws and Regulations.

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Audit Under Government Auditing Standards (cont.)

No Audit Findings in Report

- Our consideration of internal control was for the limited purpose of our audit and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.
- Given the limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Audit Under Government Auditing Standards (cont.)

Opportunities for Improvement to Internal Controls

- **Investment Management, Recordkeeping, and Policies** - Some of the Town's investment allocations as of June 30, 2022, were inconsistent with investment policy target allocations in the Town's investment policy document. These differences were not material; however, we suggest that the Town monitor its allocations to address investment goals.
- **System and Organization Controls (SOC) Reports** - The third-party service providers the Town uses to process financial transactions did not provide SOC reports to the Town upon request. A SOC report is an independent evaluation of the service organization's internal controls' design and effectiveness. They are an important component to the Town's own internal controls. We suggest that the Town clarify SOC report availability with each of its service providers and consider reevaluating their relationship with service providers that do not provide such reports.

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Questions & Comments



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