



Town Council
Town of Ledyard, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Ledyard, Connecticut as of and for the year ended June 30, 2022, and have issued our report thereon dated December 27, 2022. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Connecticut State Single Audit Act (State Single Audit), as well as certain information related to the planned scope and timing of our audit in our planning communication dated July 7, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Ledyard, Connecticut are described in Note 1 to the financial statements.

The entity changed accounting policies related to Leases by adopting Statement of Governmental Accounting Standards Board (GASB Statement) No. 87, *Leases*, in 2022. Accordingly, the accounting change has been applied to the beginning of the period of adoption.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the net pension liability is based on actuarial valuation utilizing various assumptions and estimates approved by management. We evaluated the key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the total other postemployment benefit (OPEB) liability is based on actuarial valuation utilizing various assumptions and estimates approved by management. We evaluated the key factors and assumptions used to develop the net OPEB liability in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of depreciation expense is based on the estimated useful lives of governmental activities and business-type activities capital assets, which are based on history and industry standards. We evaluated the key factors and assumptions used to determine the useful lives in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the allowance for doubtful accounts is based on historical taxes, water and sewer revenues, historical loss levels, and an analysis of the collectability of individual accounts. We evaluated the key factors and assumptions used to develop the allowance in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the lease liability is based on assumptions related to the Town's incremental borrowing rate. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. If uncorrected misstatements exist, include the following paragraph:

Uncorrected misstatements or the matters underlying uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even if management has concluded that the uncorrected misstatements are immaterial to the financial statements under audit.

Corrected misstatements

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

The attached schedule summarizes all misstatements (immaterial) detected as a result of audit procedures that were corrected by management.

Disagreements with management

For purposes of this communication, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

Management representations

We have requested certain representations from management that are included in the management representation letter dated December 27, 2022.

Management consultations with other independent accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the entity's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Significant issues discussed with management prior to engagement

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the schedule of expenditures of federal awards (SEFA) and schedule of expenditures of state financial assistance (SESFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA and the SESFA to determine that the SEFA and the SESFA comply with the requirements of the Uniform Guidance and the State Single Audit, respectively, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA and the SESFA are appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA and the SESFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 27, 2022.

With respect to the combining and individual nonmajor fund financial statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated December 27, 2022.

The introduction and statistical section accompanying the financial statements, which is the responsibility of management, was prepared for purposes of additional analysis and is not a required part of the financial statements. Such information was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we did not express an opinion or provide any assurance on it.

Other information included in annual reports

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document. You are responsible to provide us the opportunity to review such documents before issuance.

* * *

This communication is intended solely for the information and use of the Town Council and management of the Town of Ledyard, Connecticut and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

West Hartford, Connecticut
December 27, 2022

Client: **A155041 - Town of Ledyard, Connecticut**
 Engagement: **AUD 2022 - Town of Ledyard, Connecticut**
 Period Ending: **6/30/2022**
 Trial Balance: **0900.00 - BSC Gov Fund TB**
 Workpaper: **0114.21 - Corrected Misstatements**
 Fund Level: **All**
 Index: **All**

Account	Description	Debit	Credit
Adjusting Journal Entries			
Adjusting Journal Entries JE # 101			
AJE: To remove old balances from the balance sheet			
0101-00-0000-00000-18150 -	INTERFUND-BOE GENERAL FUND	58,006.00	
0101-00-0000-00000-21260 -	TRB - BOE W/H ACCOUNT	114,440.00	
0150-70-0001-01000-51040 -	TEACHER SALARY	58,006.00	
0101-00-0000-00000-24405 -	SCHOOL RETIREMENT W/H		172,446.00
0150-00-0000-00000-18101 -	INTERFUND-GENERAL FUND		58,006.00
Total		230,452.00	230,452.00
Adjusting Journal Entries JE # 103			
AJE: To record prepaid expenses for BOE expenses			
0150-00-0000-00000-13530 -	PREPAID EXPENSES	345,204.00	
0150-70-0008-02500-57350 -	BUSINESS OFFICE SOFTWARE		13,203.00
0150-70-0008-02500-57350 -	BUSINESS OFFICE SOFTWARE		14,169.00
0150-70-0008-02500-57350 -	BUSINESS OFFICE SOFTWARE		9,115.00
0150-70-0008-02500-57350 -	BUSINESS OFFICE SOFTWARE		5,465.00
0150-70-0008-02500-58100 -	DUES & FEES-DIST COMM		4,594.00
0150-70-0008-02500-58100 -	DUES & FEES-DIST COMM		3,968.00
0150-70-0009-06110-55600 -	SPED TUITION PUBLIC		294,690.00
Total		345,204.00	345,204.00
Adjusting Journal Entries JE # 104			
AJE: To record prepaid expenses for BOE Educational Grants and Food Services expenses			
0160-00-0000-00000-13530 -	Prepaid Expenses	78,222.00	
0250-00-0000-00000-13530 -	Prepaid expenses	15,000.00	
0160-70-0014-03100-57300 -	NEW EQUIPMENT		78,222.00
0250-70-0035-01200-53400 -	OTHER PROF/TECH SERVICES-SPED		15,000.00
Total		93,222.00	93,222.00
Adjusting Journal Entries JE # 105			
AJE: To fix school lunch accounts			
0160-00-0000-00000-12000 -	A/R	169,751.00	
0160-70-0014-03100-44004 -	FOOD SERVICE CASH SALES	123,118.00	
0160-70-0014-03100-44002 -	FOOD SERVICE NSLP		292,869.00
Total		292,869.00	292,869.00
Adjusting Journal Entries JE # 106			
AJE: To recorded unearned revenues			
0250-00-0000-00000-12000 -	A/R	190,178.00	
0250-70-0008-00000-42004 -	ESSER DYSLEXIA	11,700.00	
0250-70-0009-01200-42004 -	American Rescue Plan Revenue	22,228.00	
0250-70-0030-01200-42004 -	TITLE I REVENUE	1,676.00	
0250-70-0034-01200-42004 -	TITLE II REVENUE	7,797.00	
0250-70-0035-01000-42004 -	ESSERII	140,271.00	
0250-70-0035-01200-42004 -	TITLE II C/O REVENUE	6,786.00	
0250-70-0041-01000-42004 -	T4 Revenue	6,989.00	
0250-70-0057-00000-42004 -	PUBLIC SCHOOL GRANTS	30,105.00	
0250-70-0075-01013-42004 -	LEAF REVENUE AFTER 7/1/14	12,829.00	
0250-00-0000-00000-20000 -CLA	Deferred Inflow		123,291.00
0250-00-0000-00000-25000 -	DEFERRED INCOME		188,213.00
0250-70-0009-01200-42004 -	American Rescue Plan Revenue		41,437.00
0250-70-0031-01200-42004 -	TITLE I C/O REVENUE		20,423.00
0250-70-0038-01000-42004 -	PUBLIC SCHOOL GRANTS		89.00
0250-70-0055-01200-42004 -	IDEA 611 REVENUE		47,678.00
0250-70-0056-01200-42004 -	IDEA 611 C/O REVENUE		9,428.00
Total		430,559.00	430,559.00
Total Adjusting Journal Entries		1,392,306.00	1,392,306.00
Total All Journal Entries		1,392,306.00	1,392,306.00

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT

Town of Ledyard, Connecticut

Governmental Activities

Year Ended June 30, 2022

UNCORRECTED ADJUSTMENTS

Effect of misstatements on:

Description	Effect of misstatements on:			
	Assets and Deferred Outflows of Resources	Liabilities and Deferred Inflows of Resources	Net Position	Change in Net Position
Understatement of deferred outflows, net position and expenses related to OPEB	\$ 301,286	\$ -	\$ (203,664)	\$ (97,622)
Understatement of rehab loans receivable and net position			(677,728)	677,728
Allocation of net pension liability to Business Type Activity	36,812	(76,170)		39,358
Overstatement of BOE expenditures during the current year that were not classified as a prepaid item.	383,504			(383,504)
Net current year misstatements (Iron Curtain Method)	721,602	(76,170)	(881,392)	235,960
Net prior year misstatements	-	-	-	-
Combined current and prior year misstatements (Rollover Method)	\$ 721,602	\$ (76,170)	\$ (881,392)	\$ 235,960
Financial statement totals	<u>\$ 150,973,506</u>	<u>\$ (82,056,713)</u>	<u>\$ (65,890,987)</u>	<u>\$ (3,025,806)</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	0%	0%	1%	-8%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	0%	0%	1%	-8%

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT

Town of Ledyard, Connecticut

Business Type Activities

Year Ended June 30, 2022

UNCORRECTED ADJUSTMENTS

Effect of misstatements on:

Description	Effect of misstatements on:			Net Expense/Revenue and Change in Net Assets / Fund Balance
	Assets	Liabilities	Fund Balance / Net Assets	
Allocation of net pension liability to Business Type Activity Expenses posted during 2022 that related to 2021	\$ 36,812	\$ (91,420)	63,861	\$ 54,608 (63,861)
Net current year misstatements (Iron Curtain Method)	36,812	(91,420)	63,861	(9,253)
Net prior year misstatements	-	-		-
Combined current and prior year misstatements (Rollover Method)	\$ 36,812	\$ (91,420)	\$ 63,861	\$ (9,253)
Financial statement totals	<u>\$ 26,421,757</u>	<u>\$ (4,855,119)</u>	<u>\$ (21,928,664)</u>	<u>\$ 362,026</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	0%	2%	0%	-3%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	0%	2%	0%	-3%

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT

Town of Ledyard, Connecticut

General Fund

Year Ended June 30, 2022

UNCORRECTED ADJUSTMENTS

Effect of misstatements on:

Description	Assets and Deferred Outflows of Resources	Liabilities and Deferred Inflows of Resources	Net Position	Change in Net Position
Overstatement of BOE expenditures during the current year that were not classified as a prepaid item.	\$ 339,668	\$ -	\$ -	\$ (339,668)
				-
Net current year misstatements (Iron Curtain Method)	339,668	-	-	(339,668)
Net prior year misstatements	-	-		-
Combined current and prior year misstatements (Rollover Method)	\$ 339,668	\$ -	\$ -	\$ (339,668)
Financial statement totals	<u>\$ 21,629,877</u>	<u>\$ (16,658,670)</u>	<u>\$ (5,014,582)</u>	<u>\$ 43,375</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	2%			-783%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	2%			-783%

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT

Town of Ledyard, Connecticut

Aggregate Remaining Funds

Year Ended June 30, 2022

UNCORRECTED ADJUSTMENTS

Effect of misstatements on:

Description	Assets and Deferred Outflows of Resources	Liabilities and Deferred Inflows of Resources	Net Position	Change in Net Position
Overstatement of BOE expenditures during the current year that were not classified as a prepaid item.	\$ 43,836	\$ -	\$ -	\$ (43,836)
Net current year misstatements (Iron Curtain Method)	43,836	-	-	(43,836)
Net prior year misstatements	-	-	-	-
Combined current and prior year misstatements (Rollover Method)	\$ 43,836	\$ -	\$ -	\$ (43,836)
Financial statement totals	<u>\$ 9,529,528</u>	<u>\$ (4,163,912)</u>	<u>\$ (3,806,477)</u>	<u>\$ (1,559,139)</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	0%			3%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	0%			3%

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT

Town of Ledyard, Connecticut

Water Fund (Enterprise Fund)

Year Ended June 30, 2022

UNCORRECTED ADJUSTMENTS

Effect of misstatements on:

Description	Effect of misstatements on:			Net Expense/Revenue and Change in Net Assets / Fund Balance
	Assets	Liabilities	Fund Balance / Net Assets	
Allocation of net pension liability to Water fund Expenses posted during 2022 that related to 2021	\$ 10,635	\$ (22,004)	63,861	\$ 11,369 (63,861)
Net current year misstatements (Iron Curtain Method)	10,635	(22,004)	63,861	(52,492)
Net prior year misstatements	-	-		-
Combined current and prior year misstatements (Rollover Method)	\$ 10,635	\$ (22,004)	\$ 63,861	\$ (52,492)
Financial statement totals	<u>\$ 20,926,900</u>	<u>\$ (3,638,712)</u>	<u>\$ (17,537,143)</u>	<u>\$ 248,955</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	0%	1%	0%	-21%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	0%	1%	0%	-21%

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT

Town of Ledyard, Connecticut

Sewer Fund (BTA)

Year Ended June 30, 2022

UNCORRECTED ADJUSTMENTS

Effect of misstatements on:

Description	Effect of misstatements on:			Net Expense/Revenue and Change in Net Assets / Fund Balance
	Assets	Liabilities	Fund Balance / Net Assets	
Allocation of net pension liability to Sewer fund	\$ 7,562	\$ (54,074)		\$ 46,512
Net current year misstatements (Iron Curtain Method)	7,562	(54,074)	-	46,512
Net prior year misstatements	-	-		-
Combined current and prior year misstatements (Rollover Method)	\$ 7,562	\$ (54,074)	\$ -	\$ 46,512
Financial statement totals	<u>\$ 5,518,188</u>	<u>\$ (1,239,738)</u>	<u>\$ (4,391,521)</u>	<u>\$ 113,071</u>
Current year misstatement as a % of financial statement totals (Iron Curtain Method)	0%	4%		41%
Current and prior year misstatement as a % of financial statement totals (Rollover Method)	0%	4%		41%