

**CONNECTICUT PAID FAMILY AND MEDICAL LEAVE  
INSURANCE AUTHORITY  
BOARD OF DIRECTORS MEETING**

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**MARCUM**  
ACCOUNTANTS ▲ ADVISORS

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# Discussion Points

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- ▶ Introductions
- ▶ Auditors' Reports
- ▶ Financial Statement Highlights
  - Contributions
  - Benefit Claims Expense & Claims Reserve
  - GASB 96 Adoption
  - Investments
  - Defined Benefit Pension & OPEB Plans
- ▶ Questions & Contact Information

# Auditors' Reports

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- ▶ Marcum issued an unmodified opinion on the 2023 financial statements
  - ▶ Opinion indicated that the financial statements were fairly presented in accordance with *Accounting Principles Generally Accepted in the US*
- ▶ Marcum's audit was conducted in accordance with *Government Auditing Standards*
  - ▶ We issued a report on internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements
  - ▶ This report does not provide an opinion on the effectiveness of the Authority's internal control or on compliance, however, no material weaknesses or instances of noncompliance were noted
- ▶ The Authority's financial statements include Management's Discussion & Analysis in addition to Supplementary Pension and OPEB Schedules
  - ▶ We performed certain limited procedures on this information
  - ▶ We did not express an opinion or provide assurance on this information in our auditors' report

# Contributions

- ▶ Contributions receivable represent contributions received subsequent to June 30 related to payroll periods that ended prior to July 1
- ▶ The following amounts were reported in the Authority's audited financial statements:

	(\$ in 000's)	
	2023	2022
Contributions receivable at June 30	<u>\$111,878</u>	<u>\$104,382</u>
Contribution revenue recognized during the year	<u>\$442,942</u>	<u>\$415,121</u>

- ▶ The Authority did not record an allowance for uncollectible receivables

# Benefit Claims Expense & Claims Reserve

- ▶ The Authority began paying claims in January 2022
- ▶ Benefit claims expense was \$314 million for the year ended June 30, 2023 and \$144 million for the six-month period of benefits in 2022
- ▶ The reserve estimates include the following components:
  - ▶ Reserve for approved open claims with outstanding payments (Case Reserves)
  - ▶ Reserve for pending claims not yet adjudicated
  - ▶ Reserve for claims that have been Incurred-But-Not-Reported (IBNR)

	(\$ in 000's)	
	6/30/2023	6/30/2022
Case Reserves	\$20,233	\$10,000
Pending Claims Reserves	22,494	23,000
IBNR Reserves	9,247	7,000
Total Reserves	<u>\$51,974</u>	<u>\$40,000</u>

# GASB 96 - Subscription-Based Information Technology Arrangements

- ▶ A Subscription-Based Information Technology Arrangement (SBITA) is defined as a contract that conveys control of the right to use another party’s information technology software for a period of time
- ▶ The Authority adopted GASB 96 on July 1, 2022
- ▶ Results for periods prior to July 1, 2022 were not restated for GASB 96
- ▶ GASB 96 establishes a framework to record:
  - ▶ Intangible Right of Use Asset
  - ▶ SBITA Liability

	(\$ in 000's)	
	6/30/2023	7/1/2022
Right of Use SBITA Asset	\$2,577	\$3,222
SBITA Liability	(2,691)	(3,222)
	<u>(\$114)</u>	<u>\$0</u>

# Investments

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- ▶ The State Treasurer is responsible for the investment of the funds held by the Authority's Trust
- ▶ Invested in the State's Short-Term Investment Fund
- ▶ The Authority had investments with fair values of approximately \$486 million and \$370 million at June 30, 2023 and 2022
- ▶ Net investment income was \$17.4 million in 2023 and \$981,000 in 2022

# Defined Benefit Pension Plan

- ▶ Eligible employees of the Authority participate in the State Employees' Retirement System (SERS) defined benefit pension plan
- ▶ The following table summarizes the recorded components of the pension plan:

	(\$ in 000's)	
	6/30/2023	6/30/2022
Pension liabilities	(\$9,442)	(\$5,342)
Deferred inflows	(13)	(387)
Deferred outflows	<u>9,328</u>	<u>5,725</u>
Fiduciary net position impact	(\$127)	(\$4)

- ▶ Cavanaugh MacDonald Consulting performed the SERS actuarial valuations
- ▶ The Authority's proportionate share of the net pension liability was allocated based on its proportionate contributions



# Other Post Employment Benefit Plan

- ▶ The following table summarizes the recorded components of the Other Post Employment Benefit (OPEB) plan:

	(\$ in 000's)	
	6/30/2023	6/30/2022
OPEB liabilities	(\$9,661)	(\$5,152)
Deferred OPEB outflows	11,504	5,660
Deferred OPEB inflows	(4,459)	(1,260)
Fiduciary net position impact	(\$2,616)	(\$752)

- ▶ The Segal Group prepared the OPEB actuarial valuations
- ▶ The Authority's proportionate share of the net OPEB liability was allocated based on its proportionate contributions

# Financial Summary

- ▶ The following table summarizes the Authority's changes in fiduciary net position for the years ended June 30:

	(\$ in 000's)	
	2023	2022
<b>Additions:</b>		
Contribution revenues	\$ 442,942	\$ 415,121
Investment income	17,382	981
<b>Deductions - Expenses</b>	<u>(353,014)</u>	<u>(174,698)</u>
<b>Increase in Fiduciary Net Position</b>	<u>\$ 107,310</u>	<u>\$ 241,404</u>
<b>Fiduciary Net Position</b>	<u>\$ 547,247</u>	<u>\$ 439,937</u>

# Questions & Contact Information

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# Thank You!

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