

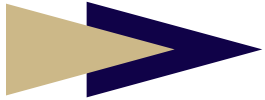


# Connecticut Paid Family and Medical Leave Insurance Authority

*Audit Results*

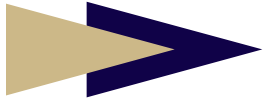
June 30, 2024

**Whittlesey**  
Forward Advising™



## Agenda

- Whittlesey Engagement Team
- Overview of Audit Results
- Required Communications
- Significant Audit Areas
- Technical Updates



## Whittlesey Engagement Team

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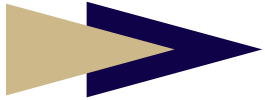
## Overview of Audit Results

- We have issued an unmodified opinion on the financial statements.
- We reported no compliance findings or significant deficiencies in internal control over compliance.
- As part of the audit, an IT controls specialist at Whittlesey reviewed the Authority's IT environment and general IT related internal controls.
- This was our 1<sup>st</sup> year auditing the Authority. We encountered no difficulties in dealing with management and completing the audit. All information requested from management was provided promptly allowing us to complete the audit on schedule.
- No findings were reported in the *Government Auditing Standards* report on internal control and compliance.
- There were no misstatements that required correction.



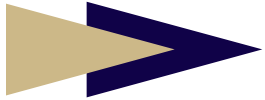
## Required Communications

Matters to be Communicated	Whittlesey Responses
<b>Auditor Responsibilities Under Generally Accepted Auditing Standards and Government Auditing Standards</b>	Communicated in our engagement letter dated April 18, 2024, and further discussed in this presentation.
<b>Our Judgments About the Authority's Accounting Policies</b>	Significant accounting policies are appropriate and have been consistently applied. No new accounting policies were adopted during 2024. The application of accounting for subscription-based information technology agreements (SBITAs) was changed during 2024 based on management's re-evaluation of the Authority's IT arrangement and the applicability of each to the accounting standard which was previously adopted. The net impact on the Authority's net position was not material and we evaluated the application change during our audit.
<b>Management Representations</b>	Management representations were obtained prior to issuance of the financial statements on October 18, 2024.
<b>Accounting Estimates</b>	We have evaluated the methods, assumptions and data used to develop the accounting estimates and found them to be reasonable in relation to the financial statements taken as a whole. We identified significant estimates to be the allowance for uncollectible receivables, reserve for benefit claims, net pension liability, and net OPEB liability.
<b>Significant Audit Adjustments or Unadjusted Audit Differences</b>	There were no unadjusted differences or audit adjustments.
<b>Fraud and Illegal Acts</b>	We noted no instances of fraud or illegal acts.
<b>Material Weaknesses in Internal Control</b>	No material weaknesses were identified.
<b>Disagreements with Management</b>	None.
<b>Difficulties Encountered in Dealing with Management when Performing the Audit</b>	None. The entire audit was completed through sharing of information through email and a secure portal and having meetings/discussions over the phone or through Microsoft Teams. We were able to complete the audit timely with no delays in reporting results to the Committee.
<b>Management Consultation with Other Accountants</b>	None.
<b>Independence</b>	We confirm to you that we are independent with respect to the Authority under all relevant professional and regulatory standards.



## Required Communications

Other Information	Whittlesey Responses
Required supplementary information (RSI)	<p>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.</p>



## Significant Audit Areas and Transactions

Significant Audit Areas	Audit Procedures
Cash and Cash Equivalents	We confirmed 100% of cash accounts held by the Authority and tested bank reconciliations for accuracy and reconciling items.
Investments	We confirmed 100% of the investments held by the Authority and tested the fair value of the portfolio.
Contributions Receivable and Revenue	Contributions receivable represent actual contributions received subsequent to June 30, related to payroll periods ended prior to July 1. We tested subsequent cash receipts and the assumptions and method used to estimate the allowance for uncollectible accounts. We selected a sample of employers and confirmed contributions remitted for the fiscal year. We also performed a detailed test of controls over a sample of cash receipts.
Benefit claims expense and reserve liability	We performed detailed testing of controls over a sample of benefit claims. We also gained an understanding of the Authority's monthly random claims quality assurance audit process. We reviewed the assumptions used by the Authority's Actuary to determine the benefit claims reserve and agreed the reserve recorded in the financial statements to the actuarial estimate.
Net Pension Liability and Net OPEB Liability	We reviewed the assumptions used by the State of Connecticut's Actuaries and agreed the liabilities recorded in the financial statements to the Plan's audited Schedule of Employers Allocations.



## Contributions

*(in thousands)*

	2024	2023	\$ Change	% Change
Contributions from participants	\$ 465,244	\$ 442,942	\$ 22,302	5.03%
Contributions receivable from participants	123,908	111,878	12,030	11%
Allowance for uncollectible receivables	(5,995)	-	(5,995)	100%
Months contributions in receivables	3.20	3.03		
Allowance as a % of receivables	5%	0%		

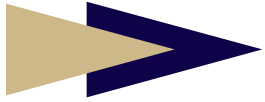




## Benefit Claims

(in thousands)

	2024	2023	\$ Change	% Change
<b>Benefit claims expense</b>	\$ 385,700	\$ 313,537	\$ 72,163	23%
Case reserve	\$ 36,052	\$ 20,233	\$ 15,819	78%
Pending claims	14,283	22,494	(8,211)	-37%
Incurred but not reported claims	6,050	9,247	(3,197)	-35%
<b>Benefit claims reserve liability</b>	<u>\$ 56,385</u>	<u>\$ 51,974</u>	<u>\$ 4,411</u>	<u>8%</u>
Reserve as a % of total benefit expense	15%	17%		
Months claims in benefits reserve	1.8	2.0		



## Technical Updates

- GASB No. 101 *Compensated Absences* updates the recognition and measurement guidance for compensated absences (effective July 1, 2024)
- GASB No. 102 *Certain Risk Disclosures* provides users of government financial statements with essential information about risks related to vulnerabilities due to certain concentrations and constraints. (effective July 1, 2024)
- GASB No. 103 *Financial Reporting Model Improvements* improves key components of the financial reporting model to enhance effectiveness essential for decision making and accountability. (effective July 1, 2025)



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