

TOWN COUNCIL
Town of Trumbull
CONNECTICUT
www.trumbull-ct.gov

TOWN HALL
Trumbull

TELEPHONE
(203) 452-5000



AGENDA No. 816

- I CALL TO ORDER
- II MOMENT OF SILENCE
- III PLEDGE OF ALLEGIANCE
- IV ROLL CALL
- V PUBLIC COMMENT
- VI APPROVAL OF MINUTES
- VII NEW BUSINESS

DATE: September 10, 2020
TIME: 7:30 p.m.
PLACE: Via Videoconference

NOTICE is hereby given that the Town Council of the Town of Trumbull, Connecticut will hold its meeting on September 10, 2020 at 7:30 p.m. via videoconference for the following purpose:

Town Council Regular Meeting

Sep 10, 2020 7:30 PM

Join the meeting online: <https://zoom.us/j/91663504810?pwd=Wlg3YzNJb2w2eE9SYINNY2JKU1hwUT09>

Webinar ID: 916 6350 4810

Password: 298499

Join by telephone: (929) 205-6099 or (877) 853-5257 (Toll Free) / Webinar ID: 916 6350 4810

DISCUSSION ITEM: Auditor's Communication for the Town of Trumbull FY2020 Audit

NEW BUSINESS:

1. RESOLUTION TC28-95: To consider and act upon a resolution which would authorize the submission of the funding application for Epidemiology and Laboratory Capacity (ELC) Enhancing Detection Cooperative Agreement with the State of Connecticut Department of Public Health and identify Vicki A. Tesoro, First Selectman, as the individual authorized to sign the application and all subsequent amendments, reports and related documents in order to administer and implement the project. (R&R)

2. RESOLUTION TC28-96: To consider and act upon a resolution which would authorize the Town attorney to settle a workers' compensation claim known as Donna Marie McCarthy v. the Town of Trumbull BOE. (R&R)
3. RESOLUTION TC28-97: To consider and act upon a resolution which would approve Wiles Associates as the architect for the Trumbull Veterans & First Responders Center project as recommended by the Trumbull Veterans & First Responders Center Building Committee. (R&R)
4. RESOLUTION TC28-98: To consider and act upon a resolution which would appoint Jonathan B. Tropp of 27 Salem Road as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2022. (R&R)
5. RESOLUTION TC28-99: To consider and act upon a resolution which would appoint Sue Neil of 284 Unity Road as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2022. (R&R)
6. RESOLUTION TC28-100: To consider and act upon a resolution which would appoint Melissa Usseglio of 48 Oxen Hill Road as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2022. (R&R)
7. RESOLUTION TC28-101: To consider and act upon a resolution which would appoint Ashleigh Pascarella of 9 Southgate Road as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2022. (R&R)
8. RESOLUTION TC28-102: To consider and act upon a resolution which would appoint Tara Figueroa of 105 Grove Street as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2024. (R&R)
9. RESOLUTION TC28-103: To consider and act upon a resolution which would appoint Danny Wasinski of 93 Strobel Road as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2024. (R&R)
10. RESOLUTION TC28-104: To consider and act upon a resolution which would appoint Lincoln Johnson of 550 White Plains Road as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2024. (R&R)
11. RESOLUTION TC28-105: To consider and act upon a resolution which would appoint Amanda DeCosta Wagner of 43 Beech Street as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2024. (R&R)
12. RESOLUTION TC28-106: To consider and act upon a resolution which would amend RESOLUTION TC28-88 adopted on July 9, 2020. (R&R)

VIII ADJOURNMENT

COPY OF THE RESOLUTION ATTACHED HERETO
Mary Beth Thornton, Chairman
Trumbull Town Council

RESOLUTIONS

1. RESOLUTION TC28-95: BE IT RESOLVED, That the submission of the funding application for Epidemiology and Laboratory Capacity (ELC) Enhancing Detection Cooperative Agreement with the State of Connecticut Department of Public Health is hereby authorized and Vicki A. Tesoro, First Selectman, is hereby identified as the individual authorized to sign the application and all subsequent amendments, reports and related documents in order to administer and implement the project. (Full Resolution Attached)
2. RESOLUTION TC28-96: BE IT RESOLVED, That the Town attorney is hereby authorized to settle a workers' compensation claim known as Donna Marie McCarthy v. the Town of Trumbull BOE.
3. RESOLUTION TC28-97: BE IT RESOLVED, That Wiles Associates is hereby approved as the architect for the Trumbull Veterans & First Responders Center project as recommended by the Trumbull Veterans & First Responders Center Building Committee.
4. RESOLUTION TC28-98: BE IT RESOLVED, That Jonathan B. Tropp of 27 Salem Road, be and the same is hereby appointed as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2022.
5. RESOLUTION TC28-99: BE IT RESOLVED, That Sue Neil of 284 Unity Road, be and the same is hereby appointed as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2022.
6. RESOLUTION TC28-100: BE IT RESOLVED, That Melissa Usseglio of 48 Oxen Hill Road, be and the same is hereby appointed as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2022.
7. RESOLUTION TC28-101: BE IT RESOLVED, That Ashleigh Pascarella of 9 Southgate Road, be and the same is hereby appointed as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2022.
8. RESOLUTION TC28-102: BE IT RESOLVED, That Tara Figueroa of 105 Grove Street, be and the same is hereby appointed as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2024.
9. RESOLUTION TC28-103: BE IT RESOLVED, That Danny Wasinski of 93 Strobel Road, be and the same is hereby appointed as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2024.
10. RESOLUTION TC28-104: BE IT RESOLVED, That Lincoln Johnson of 550 White Plains Road, be and the same is hereby appointed as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2024.

11. RESOLUTION TC28-105: BE IT RESOLVED, That Amanda DeCosta Wagner of 43 Beech Street, be and the same is hereby appointed as a member of the Equity, Diversity and Inclusion Task Force for a term extending to the first Monday of December 2024.

12. RESOLUTION TC28-106: BE IT RESOLVED, That RESOLUTION TC28-88 adopted on July 9, 2020 is hereby amended to read as BE IT RESOLVED, That a special election shall be held on _____ in the Town of Trumbull to fill the vacant Board of Education seat created by the resignation of Kathleen Fearon, for the remainder of the term ending the first Monday in December, 2021. The Town Clerk and the Registrars of Voters are directed to establish the ballots, polling places and dates for party endorsement and a primary election, if necessary, pursuant to law.

FULL RESOLUTION

RESOLUTION TC28-95:

Whereas, the State of Connecticut, Department of Public Health, is offering an Epidemiology and Laboratory Capacity (ELC) Enhancing Detection Cooperative Agreement with Local Health Departments; and

Whereas, grants are to be used to enhance detection, response, surveillance and prevention of COVID-19; and

Whereas, the ELC Enhancing Cooperative Agreement Project Period is May 19, 2020 through November 17, 2022, and the Total Allocation is \$119,008; and

Whereas, the total funding is allocated as follows: Year One May 19, 2020 to May 17, 2021, Annual Allocation \$47,603; Year Two, May 18, 2021 to May 17, 2022, Annual Allocation \$47,603; Year Three (six months), May 18, 2022 to November 17, 2022, Total Allocation, \$23,802; and

Whereas, funding shall be used for salary and fringe benefits, mileage, office supplies, equipment and contractual services; and

Whereas, the Town of Trumbull will submit an application for funding to support the enhanced detection, response, surveillance and prevention of COVID-19.

Now, Therefore, Be it Resolved, That the Trumbull Town Council authorizes the submission of the funding application for Epidemiology and Laboratory Capacity (ELC) Enhancing Detection Cooperative Agreement with the State of Connecticut Department of Public Health and identifies Vicki A. Tesoro, First Selectman, as the individual authorized to sign the application and all subsequent amendments, reports and related documents in order to administer and implement the project.

MEMO - COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To: Town Council, Town of Trumbull, Connecticut
From: Leslie Zoll, CPA, Audit Partner
Blum Shapiro & Company, P.C.
Date: August 17, 2020
Re: Auditing Standard No. 114, "The Auditor's Communication with Those Charged with Governance" regarding audit of Town of Trumbull, Connecticut

We are engaged to audit the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town of Trumbull, Connecticut for the year ended June 30, 2020. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

Our responsibilities under Auditing Standards Generally Accepted in the United States of America, Government Auditing Standards, the Uniform Guidance and the Connecticut State Single Audit Act.

As stated in our engagement letter dated July 24, 2020, our responsibility, as described by professional standards, is to express opinions as to whether the financial statements, prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve those charged with governance or management of their responsibilities.

In planning and performing our audit, we will consider the Town of Trumbull, Connecticut's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal or state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Connecticut State Single Audit Act.

As part of obtaining reasonable assurance about whether the Town of Trumbull, Connecticut's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with the Uniform Guidance and the Connecticut State Single Audit Act, we will examine, on a test basis, evidence about the Town of Trumbull, Connecticut's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement and the State of Connecticut Compliance Supplement applicable to each of its major federal and state programs for the purpose of expressing an opinion on the Town of Trumbull, Connecticut's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the Town of Trumbull, Connecticut's compliance with those requirements.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform an examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*.

Planned Scope, Timing of the Audit and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of our audit. However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

Other Attest Services

- Connecticut State Department of Education Agreed Upon Procedures

Nonattest Services

In addition to above services, we will also assist in performing certain nonattest services. These services do not constitute an audit under *Government Auditing Standards*. The services are as follows:

- preparing a draft of the financial statements,
- preparing a draft of the schedule of expenditures of federal awards (SEFA),
- preparing a draft of the schedule of expenditures of state financial assistance (SESFA),
- preparing and submitting the federal data collection form,

Management agrees to oversee the nonattest services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Independence

There are no relationships between any of our representatives and the Town of Trumbull, Connecticut that in our professional judgment impairs our independence.

Responsibilities under Auditing Standards Generally Accepted in the United States of America

Management's responsibilities include:

- The selection and application of accounting principles, the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, schedule of expenditures of state financial assistance, and all accompanying information
- Establishing and maintaining effective internal controls, including internal controls over compliance

- Making all financial records and related information available to us and for the accuracy and completeness of that information
- The design and implementation of programs and controls to prevent and detect fraud and for informing us about all known or suspected fraud affecting the government
- Identifying government award programs and understanding and complying with the compliance requirements

Auditor's responsibilities include:

- Express opinions on the financial statements based on our audit
- Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement
- Performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements
- Consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

Audit Areas of Focus

- Cash
- Investments
- Receivables and revenues
- Capital Assets
- Payables, accruals, expenditures
- Payroll expenditures
- Debt
- Insurance and Self Insurance
- Grants – Federal and State Single Audit

Engagement Timing

NOTE: Due to COVID-19, we recognize that there has been disruption in your operations. We will communicate with management to ensure our fieldwork is conducted at mutually agreeable dates but due to the disruptions you have encountered, please recognize that we might not meet the exact dates outlined below. At this time, we do not anticipate any delays in issuance of the financial statements.

Our initial planning for the year-end audit will be performed during August 2020. Our focus will be on documentation of the internal controls as required by auditing standards, fraud inquiry interviews with management and key personnel, preparation of certain confirmations some overall analytical procedures and audit fieldwork as applicable to the federal and state single audits and procedures performed relevant to the tax collector's and tax assessor's offices.

- Audit Timing:

Trial Balance Files to BlumShapiro	10/2/2020
Commencement of Fieldwork	10/5/2020
End of Fieldwork	10/23/2020
Issuance of Draft Financial Statements	11/30/2020
Client Approval of Draft Statements	12/7/2020
MD+A Finalized	12/7/2020
Issuance of Financial Statements	12/15/2020
Issuance of Management Letter, if applicable	12/15/2020
Post Audit Meeting with Management	TBD

Engagement Team

The engagement team that will be responsible for audit, and other services, is as follows including contact information to reach us:

- Leslie Zoll, Audit Partner
Direct Line: 860-570-6376
Email: lzell@blumshapiro.com
- Vanessa Rossitto, Audit Partner and Concurring Reviewer
Direct Line: 860-561-6824
Email: vrossitto@blumshapiro.com
- Michael Popham, Audit Manager
Direct Line: 860-570-6391
Email: mpopham@blumshapiro.com

Other Communications

At the completion of our audit we will communicate in writing the following information related to our audit:

- Management judgments and significant sensitive accounting estimates
- Significant accounting policies
- The adoption of new accounting principles or changes in accounting principles
- Significant audit adjustments (recorded and unrecorded)
- Disagreements with management about auditing, accounting or disclosure matters
- Difficulties encountered in performing the audit
- Irregularities and illegal acts
- Consultation by management with other auditors
- Matters affecting independence of auditors
- Material weaknesses, significant deficiencies and control deficiencies

Knowledge of Fraud

- If management or those charged with governance has any knowledge of fraud or potential fraud, this information needs to be communicated to us. As part of the audit process, we will be meeting with management to discuss fraud risks and any further issues.

Best Practices and Industry Updates

Fraud Risk Assessment

- In the 2018 Report to the Nations, a survey of members conducted by the Association of Certified Fraud Examiners (ACFE), the median loss per fraud occurrence was \$130,000, with more than 22% of those cases resulting in losses exceeding \$1,000,000. Almost any employee may be capable of perpetrating a fraudulent act given the right set of circumstances. Municipalities are especially vulnerable due to the large amounts of cash collected in the tax collector's office in addition to decentralized cash collection points such as transfer stations, recreation programs, school activity accounts, etc. Also, one of the primary fraud risks is the ever-present risk of misappropriation of assets (theft), through fraudulent cash disbursements.
- The objectives of a Fraud Risk Assessment are to gather perceptions of fraud risk and to promote fraud awareness and prevention across the entity. The Fraud Risk Assessment process starts with the gathering of information on the population of fraud risks that may apply to the entity. This includes consideration of various types of possible fraud schemes, scenarios and opportunities to commit fraud. This information is then used to assess the relative likelihood and potential significance of identified fraud risk based on historical information, known fraud schemes and interviews with staff and management. The fraud risk assessment can be formal – performed by an outside accounting or consulting firm; or informal - performed by a management-level individual who has extensive knowledge of the entity that might be used in the assessment. The fraud risk assessment process should consider the Entity's vulnerability to misappropriation of assets.

Cybersecurity Threats

Cybersecurity has reached a new crossroads. Municipalities can no longer have a “wait and see” attitude toward securing operations and data. Proactively assessing and managing operations and IT environment(s) in anticipation of cyber threats is critical. Managing your organization's risk to cyber threats starts with a consideration of the following:

- Cybersecurity is now considered a key business risk by most boards.
- Global spending on cybersecurity is projected to increase each of the next 10 years.
- Nearly 70% of funds expended due to a cyber event are unrecoverable.
- Ransomware attacks force the majority of impacted businesses to pay to get their data back.
- The scale of data breaches and lost funds due to phishing and business email compromise is exponentially trending upward.
- Most companies do not know all locations where personal/confidential information is stored and/or how it is protected.
- With the most frequent cybersecurity attack vector migrating from the network perimeter, directly to the individual user, everyone who touches technology can be a point of exposure.

As such, cybersecurity strategies require a new approach to identify where critical information exists that needs to be protected, a new way of foreseeing and deterring the threats that could result in the theft of information or the loss of funds, and a new way to understand the overarching corporate risk associated with cyber-attacks.

Understanding your baseline exposure to cyber threats is a critical best practice. An annual security and vulnerability risk assessment should be performed that identifies and evaluates exposures, hazards and/or potential for breach that could negatively impact an organization's ability to conduct business. These assessments help to identify the inherent cyber risks and provide measures, processes and controls to reduce the impact of these risks to business operations. From this assessment you should

identify and locate personal/confidential information and understand how this information is secured and gain a clear understanding of potential for exposure. Risk mitigation plans should be designed to tighten areas of exposure and establish stronger security protocols. Limited resources will be applied to the areas most in need of protection.

As a key component to building and maintaining a resilient culture of cybersecurity, strengthening employee cybersecurity awareness through focused training will be a critical component of an organization wide cybersecurity initiative. Progressive ways of assessing how employees respond to targeted threats through phishing simulation attacks can proactively identify areas of exposure, reinforce learning objectives, identify training opportunities, and help identify missing security protocols.

BlumShapiro offers a range of services to assess your company's cybersecurity strategy and develop a plan to mitigate risk. It can start with a short educational session for employees. We also offer a portfolio of Implementation services to help mitigate overall risks.

Future Accounting Standards and Industry Developments

NOTE: Due to COVID-19, the GASB has delayed the implementation dates of these standards by at least 12 months. The dates below reflect the new implementation date.

Industry Developments - Current Year - June 30, 2020 - Accounting Standards

- **GASB Statement 95 – Postponement of the Effective Dates of Certain Authoritative Guidance**

Industry Developments - Future Accounting Standards - June 30, 2021

- **GASB Statement 84 – Fiduciary Activities** This statement establishes criteria for identifying fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.
- **GASB Statement 90 – Majority Equity Interests** This statement defines majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment, and measured using the equity method unless it is held by a special-purpose government engaged only in fiduciary activities and then would be measured at fair value.
- **GASB Statement 92 – Omnibus 2020** The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

Effective upon issuance:

- Clarification of the effective date of GASB Statement 87, Implementation Guide 2019-3
- Risk financing and insurance-related activities of public entity risk pools reinsurance recoveries
- Terminology used to refer to derivative instruments

Industry Developments - Future Accounting Standards - June 30, 2022

- **GASB Statement 87 – Leases** This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.
- **GASB Statement 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period** This statement requires interest cost incurred before the end of a construction period to be expensed in the period in which the cost is incurred.
- **GASB Statement 92 – Omnibus 2020** The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.
 - Intra-entity transfers of assets between a governmental employer or nonemployer contributing entity and a defined benefit pension plan or a defined benefit other postemployment benefit (OPEB) plan that are within the same financial reporting entity
 - Reporting assets accumulated for defined benefit postemployment benefits provided through plans that are not administered through trusts that meet specific criteria
 - Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
 - Nonrecurring fair value measurements
- **GASB Statement 93 – Replacement of Interbank Offered Rates** This statement addresses the issues raised about how the London Interbank Offered Rate (LIBOR) was determined and its expected cessation by the end of 2021. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021 (June 30, 2022 or December 31, 2022). *This statement is also not included in the ED to delay implementation of various standards and implementation guides.*
- **GASB Statement 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans** The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans.

Industry Developments - Future Accounting Standards - June 30, 2023

- **GASB Statement 91 – Conduit Debt Obligations** - Conduit debt obligations are debt instruments issued by a state or local government to provide financing for a specific third party, which is primarily liable for repaying the debt instrument. The GASB's existing standards, Interpretation No. 2, Disclosure of Conduit Debt Obligations, allowed variation in practice among governments that issue conduit debt obligations, which adversely affects the comparability of financial statement

information. The variation arose from the option for government issuers either to recognize conduit debt obligations as their own debt or to disclose them.

Statement 91 eliminates the option for government issuers to recognize conduit debt obligations, thereby providing a single method of reporting;

Although government issuers will no longer report conduit debt obligations as liabilities, they may need to recognize a liability related to commitments they make or voluntarily provide associated with that conduit debt. Statement 91 requires a government issuer to recognize a liability if qualitative factors indicate that it is more likely than not that it will support one or more debt service payments for a conduit debt obligation.

GASB Statement 96 – Subscription-Based Information Technology Arrangements – This statement addresses cloud computing and other subscription-based forms of software applications and data storage.

- Defines a subscription-based information technology arrangement (SBITA) as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction.
- Required governments with SBITAs to recognize a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability (with an exception for short-term SBITAs – those with a maximum possible term of 12 months).
- Provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.

Areas of Concerns

- If you have any concerns that you would like to discuss with Blum Shapiro, we will make ourselves available either by phone or in person to discuss such concerns.