



RSM US LLP

June 30, 2023

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Management and the Board of Estimate and Taxation  
Town of Greenwich, CT

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In planning and performing our audit of the financial statements of the Town of Greenwich, CT (the Town) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing, or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We communicated the significant deficiencies and material weaknesses identified during our audit in the federal and state single audit report dated June 30, 2023.

Certain deficiencies in internal control that have been previously communicated to you, in writing, by us or by others within your organization are not repeated herein.

Following are descriptions of other identified deficiencies in internal control that we determined did not constitute significant deficiencies or material weaknesses:

#### **Fund Deficits**

At June 30, 2022, the Nathaniel Witherell fund had a fund deficit of approximately \$5.3 million. Over-expending special revenue funds will place additional resource requirements on the General Fund. If additional revenue cannot be generated in relation to the funds, General Fund appropriations will be necessary to eliminate the deficit balances.

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#### **Recommendation**

We recommend the Town develop a plan to address the fund deficit.

#### **Unavailable Revenue**

As a result of our procedures, we identified three audit adjustments regarding unavailable revenue. These included an increase of \$6,318,115 for interest receivable, a decrease of \$162,397 for grant receivable and a decrease of \$1,000,000 in intergovernmental revenue. The impact of these adjustments was an increase in receivables and unavailable revenues of \$7,155,718 on a fund level.

#### **Recommendation**

We recommend the Town develop procedures to review outstanding receivables at year end to ensure availability criteria has been met.

#### **Pollution Remediation Projects**

We identified that approximately \$11.4 million in pollution remediation project expenses were improperly capitalized. Expenses related to returning an asset to its original use are not capitalizable. These expenses should have been reducing the pollution remediation liability.

#### **Recommendation**

We recommend the Town implement procedures to ensure project costs related to the pollution remediation projects are not considered when reviewing for capital asset additions. Management has specific project codes for the pollution remediation projects. These projects should be identified as not subject to capitalization.

#### **Teachers Retirement Board (TRB) On Behalf Revenue and Expense**

Management recorded the on behalf revenue and expense incorrectly based on the figures to be used for the government-wide reporting. The fund basis reporting was recorded accurately. Due to clerical error, the revenue and expense were overstated by \$47.5 million. There was no impact on the change in net position or ending net position.

#### **Recommendation**

We recommend the Town prepare a schedule to determine the TRB revenue and expense for both the fund balance and the government-wide figures. This schedule should calculate the required adjustments.

This communication is intended solely for the information and use of management, the Board of Estimate and Taxation, and others within the organization, and is not intended to be, and should not be, used by anyone other than these specified parties.

*RSM US LLP*