

City of Hartford June 30, 2019

Audit Presentation

blum
shapiro

step forward →

Agenda

- » Engagement Scope and Standards
- » Required Auditors' Communication
- » Results and Financial Highlights
 - CAFR
 - Federal and State Single Audit
 - Management Letter
- » Upcoming GASB Pronouncements

Engagement Scope and Standards

» CAFR

- Opinion on governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information under auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in Government Auditing Standards issued by the comptroller general of the United States.

» Federal Single Audit

- Uniform Guidance – Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

» State Single Audit

- State Single Audit Act – CGS Sections 4-230 to 4-236

Required Auditors' Communication

- » Significant Accounting policies described in Note 1 in the CAFR
- » No new standards adopted in FY2019
- » No difficulties encountered in performing the audit
- » No disagreements with management
- » No uncorrected misstatements
- » Management did not consult with other accountants
- » Representation Letter signed by management of the City and the Board of Education

Required Auditors' Communication

Accounting Estimates:

- » Net Pension Liability
- » Net OPEB Liability
- » Useful Lives of Capital Assets
- » Estimate of Claims and Judgments:
 - » Workers compensation
 - » General liability
 - » Health
 - » Heart & Hypertension
- » Allowance for Doubtful Accounts
- » Loss Contingencies
- » Investments Measured at Fair Value not based on Market Prices

Engagement Results - CAFR

» Responsibilities - Management

- preparation and fair presentation of the Financial Statements in accordance with US GAAP,
- design, implementation and maintenance of internal control so that financial statements that are free from material misstatement whether due to error or fraud.

» Responsibilities - Auditor

- express opinions on the Financial Statements based on our audit,
- plan and perform our audit to provide reasonable assurance about whether the Financial Statements are free of material misstatement.

» CAFR – Unmodified “clean” opinions

Engagement Results - CAFR

» Governmental Activities

- All government funds of the City aggregated on a full accrual basis.
- Net Position increased \$47.482 Million from \$385.911 Million as restated in 2018 to \$433.393 Million 2019.
- Net Position as of July 1, 2018 was restated to include additional capital assets that were incorrectly expensed in the previous fiscal years. The adjustment was \$36.561 Million.
- Capital assets increased \$42.677 Million to \$1.577 Billion, Long-term Debt increased \$28.252 Million as a result of \$71.989 Million increase in pension and OPEB liabilities offset by payments on bonds, notes and other claims.

» Business-Type Activities

- Enterprise Funds aggregated
- Net Position decreased \$128K from \$19.634 Million to \$19.506 at June 30, 2019

» Component Unit – Hartford Parking Authority

- Revenues and Expenses of \$8.564M

Engagement Results - CAFR

» General Fund

- Fund Balance – Total = \$12.585 Million, an increase of \$7.701 Million from 2018.
- Budgetary revenues came in \$9.398 Million less than budget, and budgetary expenditures came in \$17.099 Million less than budget
- Tax collections were 97.69% for the current year grand list, compared to 97.82% in the prior year

Engagement Results - CAFR

» Capital Improvement Fund

- Fund balance increased \$3.289 Million to \$3.943 Million at June 30, 2019

» Community Development Loan and Grant Fund

- Fund Balance increased \$107K to \$2.522 Million at June 30, 2019

» Debt Service Fund

- Fund Balance decreased \$11.875 Million to \$29.280 Million at June 30, 2019

» Educational Grants Fund

- Fund Balance decreased \$350K to \$7.747 Million at June 30, 2019

» Non Major Governmental Funds

- Fund balance increased \$7.028 Million to \$46.927 Million at June 30, 2019

Engagement Results - CAFR

» Enterprise Funds

- Hartford Stadium Authority
 - Net Position increased \$126K to \$538K at June 30, 2019
- Hartford Parking Facilities
 - Net Position increased \$37K to \$15.273M at June 30, 2019
- Golf Course
 - Net Position decreased \$291K to \$3.695M at June 30, 2019

Engagement Results - CAFR

» Internal Service Funds

- Workers' Compensation – Net Position increased \$446K to (\$19.910M) at June 30, 2019
- Liability and Property Damage – Net Position stayed flat at (\$5.520M) at June 30, 2019
- Metro Hartford Information Services – Net Position decreased \$299K to \$-0- at June 30, 2019
- Retirees – Net Position stayed at \$-0- at June 30, 2019
- Actives – Net Position increased \$549K to \$2.955M at June 30, 2019

Engagement Results - CAFR

» Pension Trust Fund

- Net Position increased \$5.383M to 1.049 Billion at June 30, 2019

» OPEB Trust Fund

- Net Position increased \$1.411M to \$22.616M at June 30, 2019

» Agency Funds

- Assets of \$840K

Engagement Results - CAFR

- » Pension Liability - \$473.726M
- » OPEB Liability - \$450.070M
- » Teachers Pension and OPEB
 - Pension - \$445.642M – Page 73
 - OPEB - \$89.087M – Page 87

Engagement Results – Federal and State Single Audit

Federal Single Audit

- » Unmodified “clean” opinion on compliance
- » No material weaknesses identified
- » Program Tested:
 - » Section 8 Housing Choice Vouchers
 - » HIV Emergency Relief Project Grants
 - » Special Education Cluster
 - » Community Development Block Grants
 - » Staffing for Adequate Fire and Emergency Response (SAFER)

State Single Audit

- » Unmodified “clean” opinion on compliance
- » No material weaknesses identified
- » Programs Tested:
 - » Alliance District
 - » Magnet Schools
- » **Yellow Book**
 - » No material weaknesses or significant deficiencies identified.

Management Letter

- » Board of Education Financial Close Process
- » Information Technology Controls

Upcoming GASB Standards

- » 2020
 - Statement 84 – Fiduciary activities
 - Statement 90 – Majority Equity Interests
- » 2021
 - Statement 87 – Leases
 - Statement 89 – Accounting for Interest Cost before the End of a Construction Period
- » 2022
 - Statement 91 – Conduit Debt Obligations