

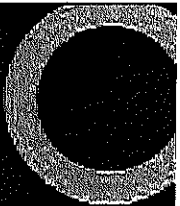
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VALUE

**Presentation of the
Annual Financial Report for
the Year Ended
June 30, 2017**

City of West Haven, Connecticut

July 23, 2018





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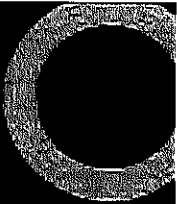
Agenda

- Discuss the various reports issued
 - a. Annual Financial Report (AFR)
 - b. Federal and State Single Audits
- Provide our required communications
 - Communication with Those Charged with Governance (SAS 114 letter)
- Discuss future considerations



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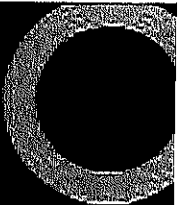
Celebrating 175 Years



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VALUE

Notable items in the 2017 AFR

- Fund balance decreased by \$1,402,610.
- Pension plan funded percentage for the City and Allingtown were 84.13% and 22.27%, respectively.
- Deficit funding bonds were issued in November 2017.



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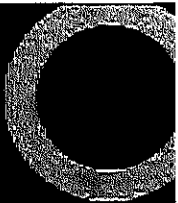
Notable items in the 2017 AFR

- GASB 74 and 75 (OPEB) implemented:
 1. Net OPEB liability (NOL) and related deferred inflows and outflows recorded (Exhibit A pg. 14-15)
 2. Prior period adjustment to record (pg. 70)
 3. New footnote disclosures (pgs. 65-70)
 4. New RSI Schedules (pgs. 81-82)



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Celebrating 75 Years



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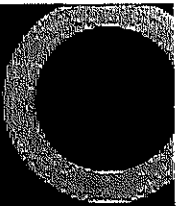
Notable items in the 2017 AFR

- New GASB Statements that were effective for 2017 were:
 - **GASB 74** - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
 - **GASB 77** - *Tax Abatement Disclosures*
 - **GASB 78** - *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*
 - **GASB 80** - *Blending Requirements for Certain Component Units*
- GASB 75 was early implemented

5

AFR (Annual Financial Report)

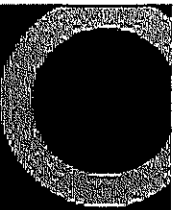
- Opinion on Financial Statements (pgs. 2-4)
Section headings – Level of responsibility:
Opinions - Unmodified opinion on financial statements
 - Other Matters
 - Required Supplementary information (limited)
 - Supplementary information (in relation to)
 - Introductory section (no responsibility)
 - Statistical section (no responsibility)



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Management Discussion and Analysis

- Management Discussion and Analysis (pgs. 5-13)
Executive Summary of financial highlights and discussion of changes compared to the prior year
 - a. Financial highlights – First 6 bullets page 5
 - Implemented new OPEB accounting standard (GASB 75)
 - b. Discussion of current year changes:
 1. General Fund/ Fund balance (pg. 11)
 2. General fund budgetary highlights (pg. 11)
 3. Capital assets and long-term debt activity/changes (pg. 12-13)



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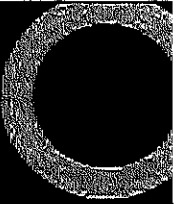
Exhibit C – General Fund

- Unassigned Fund Balance of (\$18,138,674) (pg. 17)
- \$16,135,000 deficit funding bonds were issued in November 2017, effectively reducing the deficit to \$(2,003,674).
- Rating agency guidelines 10%-15% of total budgetary operating budget (strong)
- New State statute protects up to 15% from arbitration considerations



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General Fund Operations

- Exhibit D (GAAP) and Exhibit F (budgetary) (pg. 19 & 22)
Net decrease in fund balance of (\$1,402,610)
- Net decrease was due to (Exhibit F):
 1. Lower intergovernmental revenue (\$2,712,192)
(Details-Schedule 1 pgs. 83-84)
 2. Lower than expected charges for services (\$807,071)
(Details - Schedule 1 pgs. 85-95)
 3. Underspent expenditure budget \$1,115,309



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Calculating **25** Years

Net Taxpayer Cost of Services by Function

City of West Haven, CT

Schedule of Net Cost of Function to Taxpayer
 General Fund
 Budgetary Basis

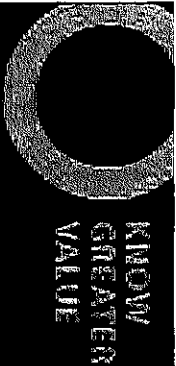
Functions/Programs	Expenses	Revenues by Function			Net Cost of Survives By Function
		Charges for Services & Interest	Grants and Contributions	Other Financing Sources	
General government	\$ 5,582,281	\$ 2,006,755	\$ 8,276,354	\$ 308,450	\$ 5,009,278
Public safety	15,037,051	1,071,020	-	415,779	(13,550,252)
Public works	10,741,857	104,936	616,673	-	(10,020,248)
Benefits and insurance	16,281,933	-	-	-	(16,281,933)
Human resources and health	1,162,719	80,990	62,337	-	(1,019,392)
Library	1,596,000	-	-	-	(1,596,000)
Parks and recreation	869,743	325,238	-	-	(544,505)
Education	87,778,458	4,809	45,633,379	-	(42,140,270)
Debt service	16,731,010	-	475,000	1,381,086	(14,874,924)
Transfers out	684,781	-	-	-	(684,781)
TOTALS	\$ 156,465,833	\$ 3,593,748	\$ 55,063,743	\$ 2,105,315	(95,703,027)

Property taxes

94,300,417

Net Change in Fund Balance - Exhibit F

\$ (1,402,610)



Pension Funds

Exhibits H and I (pgs. 24-25)

Police

Allingtown

- Increase in net position of \$7,571,015 \$6,807,934 \$763,081
- Increase in fair value of \$10,364,761 10,072,066 292,695
- RSI Schedules (pages 71-74)

RSI 2A, 2B (pgs. 73-74)

Police

- Funding percentage increased from 79.28% to 84.13%
- Annual rate of return was 10.64% compared to (1.87)% in 2016

Allingtown

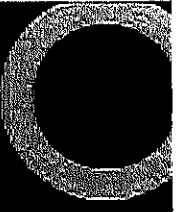
- Funding percentage increased from 20.28% to 22.27%
- Annual rate of return was 7.53% compared to 1.29% in 2016



Pension Funding Perspective

Entity	Employee Plans		Police and Fire Plans	
	Funded	Actual	Funded	Actual
	Percentage	Net Position (in millions)	Percentage	Assets (in millions)
New Canaan	106.79%	\$ 133.13	Combined	35.70
Bridgeport - Fire			98.29%	
Westport	87.19%	92.33	Combined	176.45
Fairfield	83.10%	191.23	86.50%	
West Haven			84.13%	115.78
Stamford	80.62%	210.58	73.12%	332.15
Norwalk	79.87%	192.73	77.52%	205.45
Greenwich	77.88%	438.45	Combined	
New London	64.82%	30.27	MERS	
Norwich	60.46%	165.26	Combined	324.67
New Haven	34.12%	161.20	40.93%	
Allingtown Fire Dept			22.27%	6.50
Bridgeport - Police			22.82%	
	MERS			71.03





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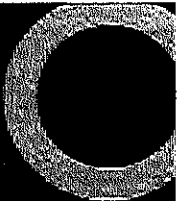
OPEB Funds

- OPEB liability (RSI 81-82):
 - City \$164,262,272 (Decrease of \$ 14,375,095)
 - Allingtown \$ 25,525,553 (Decrease of \$ 2,582,566)
- Funded Ratio:
 - City No trust - \$0
 - Allingtown No trust - \$0

Note: New disclosures required by GASB 74/early implemented GASB 75

Federal Single Audit

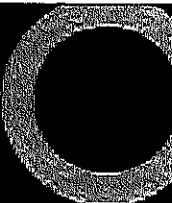
- Schedule of Federal monies spent (pg. 1)
- 3 programs tested (pg. 1):
 - Community Development Block Grant
 - Title I
 - IDEA Special Education Cluster
- 3 findings (pg. 7-9).
- Unmodified opinion on compliance (pg. 10-11)



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State Single Audit

- Schedule of State monies spent (pg. 15-16)
- 5 programs tested (pg. 20):
 - Brownfield Remediation Program
 - PILOT – Colleges and Hospitals
 - Alliance District General Improvements
 - Alliance District Funding Program
 - Medicare
- No findings or questioned costs (pg. 22)
- Unmodified opinion on compliance (pg. 23)



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Required Communications

- SAS 114 letter
- Estimates -
 - Net Pension Liability
 - Net OPEB Liability
 - IBNR (Risk Management)
- Disclosures are neutral, consistent, and clear
- Management representations were requested
- No material uncorrected misstatements



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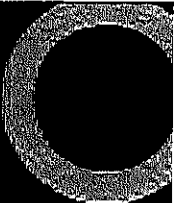
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Future Considerations

--2018

- **GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions**
- **GASB 81 – Irrevocable Split-Interest Agreements**
- **GASB 82 – Pension Issues**



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Future Considerations

--2019

- GASB 83 – Certain Asset Retirement Obligations
- GASB 84 – Fiduciary Activities
- GASB 85 – Omnibus 2017
- GASB 86 – Certain Debt Extinguishments

--2021

- GASB 87 – Leases



Questions

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