

City of West Haven, Connecticut

2020 Audit Exit Conference



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WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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Create Opportunities

Agenda

- Terms of Engagement
- Executive Summary
- Financial Highlights
- Federal and State Single Audit
- Management Letter Recommendations
- Governance Communication
- Upcoming GASB Pronouncements
- CLA

Terms of Engagement

- Express opinions on whether the basic financial statements are presented in accordance with GAAP
- Express an “in relation” to opinion on the schedule of expenditures of federal awards and schedule of expenditures of State financial assistance.
- Express an opinion on compliance related to major federal and state award programs



Terms of Engagement

- Provide a report on internal control over financial reporting and compliance with laws, regulations, contracts and grants
- Provide a report on internal control over compliance related to major federal and state award programs



Executive Summary

- Financial Statements
 - Unmodified opinion issued on the financial statements
 - Material weakness identified on internal control over financial reporting regarding year end cash disbursements

Executive Summary

- Federal Single Audit
 - Unmodified opinion on major federal program
 - No compliance findings and one significant deficiency in internal control over compliance regarding procurement standards under Uniform Guidance



Executive Summary

- State Single Audit
 - Unmodified opinion on major state program
 - One compliance finding regarding subrecipient monitoring and no significant deficiencies in internal control over compliance reported

Financial Highlights

	Governmental Activities	
	2020	2019
Current and other assets	\$ 42,800,064	\$ 42,931,004
Capital assets, net of accumulated depreciation	277,320,185	250,962,784
Total assets	320,120,249	293,893,788
Deferred outflow of resources	126,013,421	23,880,324
Current liabilities	55,016,877	72,947,978
Long-term liabilities outstanding	496,108,984	372,296,430
Total liabilities	551,125,861	445,244,408
Deferred inflow of resources	26,861,597	31,471,486
Net Position:		
Net investments in capital assets	159,518,899	157,436,719
Restricted	9,304,337	6,551,358
Unrestricted	(300,677,024)	(322,929,859)
Total Net Position	\$ (131,853,788)	\$ (158,941,782)



Financial Highlights

- Governmental Funds (page 15)

CITY OF WEST HAVEN, CONNECTICUT BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2020							EXHIBIT III
	General Fund	Allingtown Fire Department Fund	Capital Improvement Fund	Sewer Fund	Nonmajor Governmental Funds	Total Governmental Funds	
ASSETS							
Cash and cash equivalents	\$ 19,639,738	\$ 2,593,126	\$	\$ 6,043,161	\$ 951,293	\$ 29,227,318	
Receivables, net	7,827,814	543,592	825	1,108,367	3,532,840	13,013,438	
Due from other funds	3,030,281				1,814,751	4,845,032	
Prepaid items	346,540			149,832		496,372	
Total Assets	\$ 30,844,373	\$ 3,136,718	\$ 825	\$ 7,301,360	\$ 6,298,884	\$ 47,582,160	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 14,947,723	\$ 262,758	\$ 3,788,736	\$ 604,039	\$ 982,683	\$ 20,585,939	
Due to other funds	2,428,055	64,848	1,569,756	70,098	1,325,579	5,458,336	
Unearned revenue	176,255		684		78,784	255,723	
Bond anticipation notes			32,500,000			32,500,000	
Total liabilities	17,552,033	327,606	37,859,176	674,137	2,387,046	58,799,998	
Deferred inflows of resources:							
Unavailable revenue - property	3,913,448	414,834				4,328,282	
Unavailable revenue - other receivable				1,095,920		1,095,920	
Advance property tax collections	5,803,221	404,258		626,871		6,834,350	
Total deferred inflows of resources	9,716,669	819,092	-	1,722,791	-	12,258,552	
Fund balances:							
Nonspendable	346,540			149,832		496,372	
Restricted		1,990,020		4,754,600	2,602,583	9,347,203	
Committed					1,571,567	1,571,567	
Assigned	27,720					27,720	
Unassigned	3,201,411		(37,858,351)		(262,312)	(34,919,252)	
Total fund balances	3,575,671	1,990,020	(37,858,351)	4,904,432	3,911,838	(23,476,390)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 30,844,373	\$ 3,136,718	\$ 825	\$ 7,301,360	\$ 6,298,884	\$ 47,582,160	



Financial Highlights

- Proprietary Funds (page 19)

	EXHIBIT V
CITY OF WEST HAVEN, CONNECTICUT	
STATEMENT OF NET POSITION - PROPRIETARY FUND	
JUNE 30, 2020	
	Governmental Activities
	Internal Service Funds
Assets:	
Current assets:	
Receivables, net	\$ 62,936
Due from other funds	613,304
Total assets	<u>676,240</u>
Liabilities:	
Current liabilities:	
Accounts payable	576,240
Claims payable	3,317,312
Total current liabilities	<u>3,893,552</u>
Noncurrent liabilities:	
Claims payable	5,951,848
Total liabilities	<u>9,845,400</u>
Net Position:	
Unrestricted	<u>(9,169,160)</u>
Total Net Position	<u>\$ (9,169,160)</u>



Financial Highlights

- Fiduciary Funds (page 22)

			EXHIBIT VIII
CITY OF WEST HAVEN, CONNECTICUT			
STATEMENT OF NET POSITION - FIDUCIARY FUNDS			
JUNE 30, 2020			
		Pension Trust Funds	Custodial Funds
Assets:			
Cash and cash equivalents	\$	21,861,053	\$ 404,611
Investments, at fair value:			
Mutual funds		44,861,715	
Common stock		25,712,961	
Corporate bonds		13,450,717	
Private equity funds		11,995,459	
Annuities		5,382,316	
Total investments		101,403,168	-
Total assets		123,264,221	404,611
Liabilities:			
Due to student groups and other			404,611
Total liabilities		-	\$ 404,611

Financial Highlights

- Property Tax Collection Rates

	<u>2020</u>	<u>2019</u>
City	97.85%	98.35%
Allingtown	97.73%	98.16%

- Net Pension Liability

- Police - \$28.9M and 79.75% funded
- Allingtown Pension - \$23.4M and 28.20% funded

- Total OPEB Liability - \$308.1M



Federal Single Audit

- Total federal awards expended - \$8.1M
- Major programs
 - ◇ Child Nutrition Cluster
 - ◇ Special Education Cluster
- Unmodified opinion on major program compliance
- Significant deficiency in internal control over compliance regarding procurement standards under Uniform Guidance



State Single Audit

- Total state awards expended - \$89.1M
- Major programs
 - ◇ Alliance District
 - ◇ Clean Water Revenue Bonds
 - ◇ PILOT on Private Colleges and Hospitals
 - ◇ Child Day Care
- Unmodified opinion on major program compliance with one compliance finding on subrecipient monitoring for the Child Day Care grant
- No internal control findings on compliance over major state programs



Auditors' Communication

- New standards adopted – none
- Significant Estimates
 - Capital Assets – Useful Lives
 - Allowance for Uncollectible Receivables
 - Net Pension Liability
 - Total OPEB Liability
 - Claims and Judgements
 - Investments Measured at FMV



Auditors' Communication

- No disagreements with management
- Management did not consult with other accountants
- No difficulties encountered in performing the audit
- No uncorrected misstatements
- No independence issues



Management Letter

- Comments and Recommendations
 - Accounts Payable
 - Cash Controls
 - Shipping Receipts
 - Bank Reconciliations
 - Timesheets
 - Approved Vendor List
 - Pension and OPEB Benefit Payments



GASB Standards

- Implementation Year 2021
 - Statement 84 – Fiduciary Activities
 - Statement 90 – Majority Equity Interests
 - Statement 92 – Omnibus 2020 (various)



GASB Standards

- Implementation Year 2022
 - Statement 87 – Leases
 - Statement 89 – Accounting for Interest Cost before the End of a Construction Period
 - Statement 92 – Omnibus 2020 (various)
 - Statement 93 – Replacement of Interbank Offered Rates
 - Statement 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans



GASB Standards

- Implementation Year 2023
 - Statement 91 – Conduit Debt Obligations
 - Statement 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements
 - Statement 96 – Subscription-Based Information Technology Arrangements



Blumshapiro >>> CLA

- Effective 1/1/2021
- Same Values/Culture
- Teams still intact
- CLA Currently serves ~3,500 government clients
- More resources

Contact Information

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Questions?

