

City of Torrington, Connecticut

2020 Audit Exit Conference

January 16, 2021

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WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING

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Create Opportunities

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TORRINGTON TOWN CLERK

Agenda

- Terms of Engagement
- Executive Summary
- Financial Highlights
- Federal and State Single Audit
- 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
 - No findings reported in report on internal control and compliance



Executive Summary

- Federal Single Audit
 - Unmodified opinion on major federal program
 - No compliance findings or significant deficiencies in internal control over compliance reported



Executive Summary

- State Single Audit
 - Unmodified opinion on major state program
 - No compliance findings or significant deficiencies in internal control over compliance reported



Financial Highlights

- Governmental activities

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 65,570	\$ 60,994	\$ 7,703	\$ 6,887	\$ 73,273	\$ 67,881
Capital assets, net of accumulated depreciation	128,253	110,370	18,253	8,854	146,506	119,224
Total assets	193,823	171,364	25,956	15,741	219,779	187,105
Deferred outflows of resources	25,123	4,496	377	95	25,500	4,591
Long-term debt outstanding	237,073	187,150	15,463	5,043	252,536	192,193
Other liabilities	18,119	22,822	54	86	18,173	22,908
Total liabilities	255,192	209,972	15,517	5,129	270,709	215,101
Deferred inflows of resources	13,005	18,646	167	287	13,172	18,933
Net Position:						
Net investment in capital assets	95,320	79,518	5,722	6,244	101,042	85,762
Restricted	5	5			5	5
Unrestricted	(144,576)	(132,281)	4,927	4,176	(139,649)	(128,105)
Total Net Assets	\$ (49,251)	\$ (52,758)	\$ 10,649	\$ 10,420	\$ (38,602)	\$ (42,338)



Financial Highlights

CITY OF TORRINGTON, CONNECTICUT GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2020						EXHIBIT III
	General	Bonded Projects	WPCA Infrastructure Projects	Nonmajor Governmental Funds	Total Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 12,976,335	\$ 12,546,910	\$	\$ 15,013,589	\$	40,536,834
Investments	9,151,045					9,151,045
Receivables, net	761,881		918,715	4,320,895		6,001,491
Due from other funds	2,262,303			335,000		2,597,303
Inventories				11,867		11,867
Total Assets	\$ 25,151,564	\$ 12,546,910	\$ 918,715	\$ 19,681,351	\$	58,298,540
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts and claims payable	\$ 5,661,231	\$ 1,142,930	\$ 2,098,995	\$ 545,066	\$	9,448,222
Performance bonds	177,073					177,073
Deferred revenue				484,027		484,027
Due to other funds	335,000		1,231,268	1,031,035		2,597,303
Loans Payable			6,251,948			6,251,948
Total liabilities	6,173,304	1,142,930	9,582,211	2,060,128		18,958,573
Deferred inflows of resources:						
Unavailable revenue - grants receivable				897,111		897,111
Fund balances:						
Nonspendable				2,634,831		2,634,831
Restricted				1,535,942		1,535,942
Committed	87,598	11,403,980		9,636,433		21,128,011
Assigned	905,932			3,093,021		3,998,953
Unassigned	17,984,730		(8,663,496)	(176,115)		9,145,119
Total fund balances	18,978,260	11,403,980	(8,663,496)	16,724,112		38,442,856
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 25,151,564	\$ 12,546,910	\$ 918,715	\$ 19,681,351	\$	58,298,540



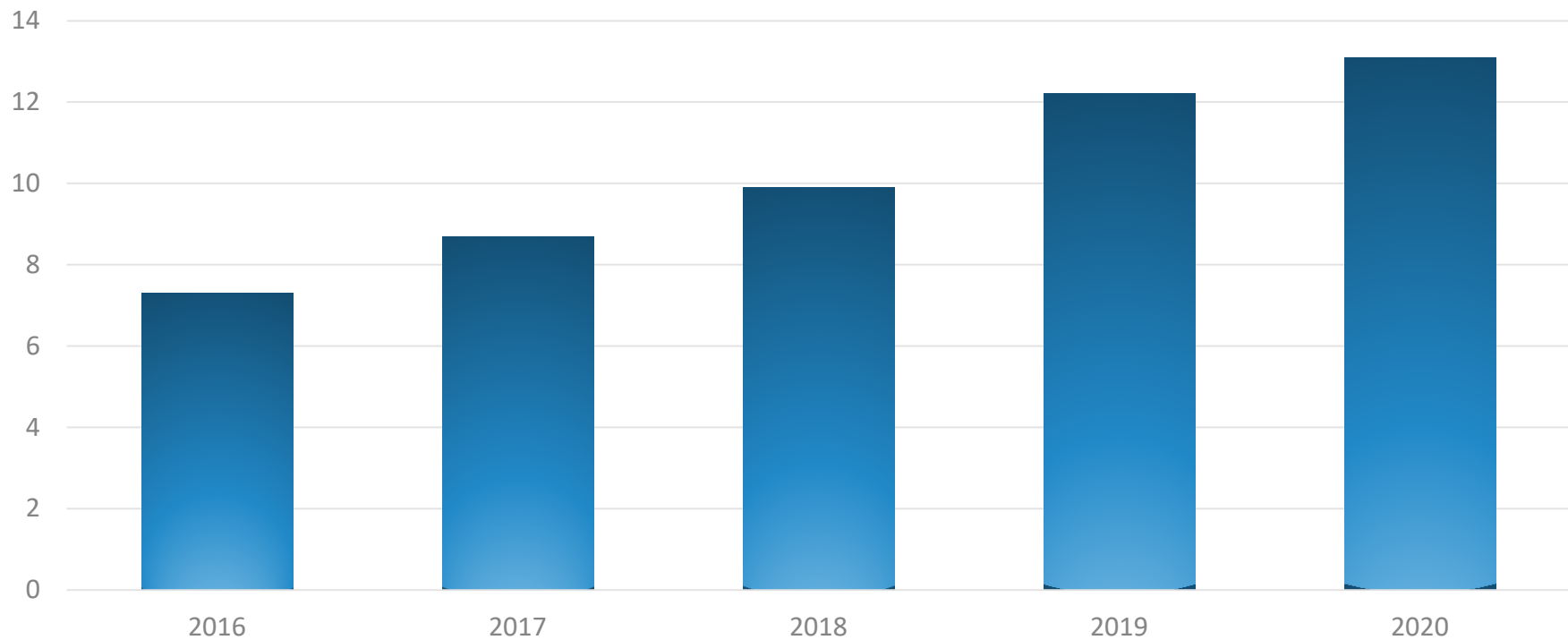
Financial Highlights

- General Fund
 - Fund balance \$18,978,260
 - ◇ Committed - \$87,598 (Revaluation)
 - ◇ Assigned - \$905,932 (Encumbrances)
 - ◇ Unassigned - \$17,984,730
 - Unassigned fund balance represents 13% of total General Fund expenditures



Financial Highlights

General Fund – Percentage of Unassigned Fund Balance to Expenditures and Other Financing Uses



Financial Highlights

CITY OF TORRINGTON, CONNECTICUT PROPRIETARY FUNDS STATEMENT OF NET POSITION JUNE 30, 2020			EXHIBIT V
	Business-Type Activities WPCA Enterprise Fund	Governmental Activities Internal Service Funds	
Assets:			
Cash and cash equivalents	\$ 7,673,812	\$ 9,369,945	
Due from other funds			
Receivables, net	29,434	20,265	
Prepaid expenses		478,501	
Capital assets, net of accumulated depreciation	18,252,666		
Total assets	25,955,912	9,868,711	
Deferred Outflows of Resources:			
Deferred outflows of resources related to pensions	155,608		
Deferred outflows of resources related to OPEB	221,445		
Total Deferred Outflows of Resources	377,053	-	
Liabilities:			
Current liabilities:			
Accounts and other payables	53,734	1,603,311	
Notes payable	568,430		
Compensated absences	59,221		
Total current liabilities	681,385	1,603,311	
Noncurrent liabilities:			
Bonds and notes payable	11,961,915		
Compensated absences	154,178		
Net pension liability	1,235,208		
Net OPEB liability	1,484,036		
Total noncurrent liabilities	14,835,337	-	
Total liabilities	15,516,722	1,603,311	
Deferred Inflows of Resources:			
Deferred inflows of resources related to pensions	48,304		
Deferred inflows of resources related to OPEB	118,258		
Total deferred inflows of resources	166,562	-	
Net Position:			
Net investment in capital assets	5,722,321		
Unrestricted	4,927,360	8,265,400	
Total Net Position	\$ 10,649,681	\$ 8,265,400	



Financial Highlights

			EXHIBIT VIII
CITY OF TORRINGTON, CONNECTICUT			
FIDUCIARY FUNDS			
STATEMENT OF FIDUCIARY NET POSITION			
JUNE 30, 2020			
	Pension and		
	OPEB Trust	Custodial	
	Funds	Funds	
Assets:			
Cash and cash equivalents	\$ 154,088	\$ 404,045	
Investments:			
U.S. Government securities	167		
Mutual funds - fixed income	105,551,527		
Receivables:			
Other	6		
Total Assets	105,705,788	404,045	
Liabilities:			
Accounts and other payables	16,309		
Net Position:			
Held in Trust for Pension Benefits	105,689,479		
Restricted for student groups and related organizations		404,045	
Total Net Position	\$ 105,689,479	\$ 404,045	



Financial Highlights

- Municipal Employees Net Pension Liability - \$10,293,398 - 80.01% funded
- Police and Fire Employees Net Pension Liability - \$39,300,652 – 61.89% Funded
- Net OPEB Liability - \$140,653,677 -
– .47% funded



Federal Single Audit

- Total federal awards expended - \$4.8M
- Major programs
 - ◇ Child Nutrition Cluster
 - ◇ Title I Grants
 - ◇ Special Education Cluster
- Unmodified opinion on major program compliance
- No compliance or internal control finding



State Single Audit

- Total state awards expended - \$59.2M
- Major programs
 - ◇ Local Transport Capital Program
 - ◇ Clean Water Revenue Grant and Bonds
 - ◇ Municipal Grants-In-Aid
- Unmodified opinion on major program compliance
- No compliance or internal control finding



Auditors' Communication

- New standards adopted – none
- Significant Estimates
 - Capital Assets – Useful lives
 - Net Pension Liability
 - Net OPEB Liability



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
 - Current Year
 - ◇ Board of Education Encumbrances
 - Prior Year
 - ◇ Information Technology
 - ◇ Uniform Guidance
 - ◇ Cybersecurity Assessment
 - ◇ Fraud Risk Assessment



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?

