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Town of Ledyard, Connecticut 2022 Audit Results Presentation

January 18, 2023

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Agenda

- Terms of Engagement
- Executive Summary
- Financial Highlights
- Federal and State Single Audit
- Governance Communication
- Management Advisory Letter
- Upcoming GASB Pronouncement
- Contact Information



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 Award Programs and
 - Major State Programs



Terms of Engagement Continued

- 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 award programs and major state programs



Executive Summary

- Financial Statements
 - Unmodified Opinion on the basic financial statements
 - Best opinion available
 - Emphasis of Matter paragraph – GASB 87 *Leases*
 - A right-to-use lease asset and corresponding lease liability is now recorded for lease arrangements where the term is greater than 12 months and the Town is the lessee
 - Significant deficiency on internal controls over financial reporting
 - BOE prepaid items reported as expenditures in FY22
 - General fund \$345K
 - Aggregate remaining funds \$93K



Financial Highlights – Governmental Activities

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2020
Current and other assets	\$ 33,022,351	\$ 29,606,993	\$ 2,933,843	\$ 3,205,015	\$ 35,956,194	\$ 32,812,008
Capital assets, net of accumulated depreciation	111,544,113	113,524,462	23,439,468	23,928,234	134,983,581	137,452,696
Total assets	144,566,464	143,131,455	26,373,311	27,133,249	170,939,775	170,264,704
Deferred outflows of resources	6,407,042	3,433,594	48,446	56,522	6,455,488	3,490,116
Current and other liabilities	19,840,155	22,040,222	1,076,658	1,024,746	20,916,813	23,064,968
Long-term liabilities outstanding	57,618,211	52,528,691	3,778,461	4,236,361	61,396,672	56,765,052
Total liabilities	77,458,366	74,568,913	4,855,119	5,261,107	82,313,485	79,830,020
Deferred inflows of resources	4,598,347	6,105,149	-	-	4,598,347	6,105,149
Net Position:						
Net investments in capital assets	63,467,397	64,912,397	19,260,238	19,304,065	82,727,635	84,216,462
Restricted	2,250,084	1,509,012	-	-	2,250,084	1,509,012
Unrestricted	3,199,312	(530,422)	2,306,400	2,624,599	5,505,712	2,094,177
Total Net Position	\$ 68,916,793	\$ 65,890,987	\$ 21,566,638	\$ 21,928,664	\$ 90,483,431	\$ 87,819,651



Financial Highlights – Governmental Funds

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes, Interest, and Lien Fees	\$ 41,109,833	\$ -	\$ -	\$ 41,109,833
Intergovernmental Revenues	21,939,791	1,314,771	5,429,028	28,684,488
Charges for Services	2,911,472	438,859	892,708	4,243,039
Investment Income	43,051	-	987	44,038
Contributions	-	-	126,390	126,390
Other	-	63,317	875,000	938,317
Total Revenues	68,004,147	1,816,947	7,325,011	75,146,105
EXPENDITURES				
Current:				
General Government	12,188,344	-	78,987	12,267,331
Public Safety	4,305,814	-	-	4,305,814
Public Works	2,825,303	-	450	2,825,753
Health and Welfare	1,233,152	-	28,517	1,261,669
Library	528,833	-	28,848	558,479
Parks and Recreation	459,325	-	169,285	628,610
Education	38,637,354	-	5,874,253	44,511,607
Debt Service:				
Principal Retirement	2,550,942	-	-	2,550,942
Interest and Other Charges	1,202,357	377,054	12,956	1,592,367
Lease Payment	45,735	-	-	45,735
Capital Outlay	204,820	2,987,844	-	3,172,664
Total Expenditures	64,181,779	3,344,898	6,194,294	73,720,971
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,822,368	(1,527,951)	1,130,717	1,425,134
OTHER FINANCING SOURCES (USES)				
Bonds Issuance	-	3,000,000	-	3,000,000
Refunding Bonds Issuance	-	-	2,805,000	2,805,000
Premiums	-	-	695,458	695,458
Lease Issuance	204,820	-	-	204,820
Payment to Refunded Bond Escrow Agent	-	-	(2,867,881)	(2,867,881)
Sale of Capital Assets	-	59,607	-	59,607
Transfers in from Other Funds	603,273	2,133,079	-	2,736,352
Transfers Out to Other Funds	(2,673,836)	(120,000)	(4,155)	(2,797,991)
Total Other Financing (Uses)	(1,865,743)	5,072,686	428,422	3,635,365
NET CHANGE IN FUND BALANCES	(43,375)	3,544,735	1,559,139	5,060,499
Fund Balances - Beginning of Year	5,014,582	(8,592,971)	3,806,477	228,088
FUND BALANCES - END OF YEAR	\$ 4,971,207	\$ (5,048,236)	\$ 5,365,616	\$ 5,288,587



Financial Highlights – General Fund

- General Fund Budget
 - Property tax collections totaled \$41.1M ~ \$215K higher than budget
 - Total revenues and transfers in were higher than budgetary estimates by \$856K
 - Expenditures and transfers out were \$5K lower than budgeted appropriations.



Federal Single Audit

- Total Federal Awards expended - \$5.3M
- Major Programs
 - COVID-19 – Education Stabilization Fund - \$1.4M
 - Child Nutrition Cluster - \$1.5M
- Unmodified Opinion on major program compliance
- No compliance or internal control findings



State Single Audit

- Total State Awards expended – \$17.4M, subject to testing - \$3.9M
- Major Programs
 - Tiered PILOT and MRSA Pilot - \$874K and \$310K
 - Vocational Agriculture - \$997K
- Unmodified opinion on major program compliance
- No compliance or internal control findings



Required Communications

- Qualitative aspects of accounting practices
 - New Standards adopted – GASB 87 *Leases*
 - Significant Estimates
 - Net Pension Liability
 - Net OPEB Liability
 - Capital Assets – Useful lives
 - Allowance for Uncollectible Receivables
 - Leases – Incremental Borrowing Rate
- Disagreements with management – None



Required Communications

- Uncorrected misstatements
 - Deferred outflows for contributions subsequent to measurement date for OPEB Plan
 - Rehab loans receivable – not reported in previous years
 - Allocation of net pension liability to business-type activities
 - Prepaid items for BOE
- Corrected misstatements
 - Attached to governance communication



Auditors' Communication Continued

- Management representations - Signed
- Management consultations with other independent accountants - None
- Significant issues discussed with management prior to engagement - None
- Significant findings or issues that were discussed, or the subject of correspondence with management - None
- Other audit findings or issues – Management Advisory Letter
- Other information in documents containing audited financial statements
 - RSI, Introductory and Statistical Information – no opinion
 - Combining and individual financial statement and schedules, SEFA and SESFA – in relation to financial statements opinion



Management Advisory Letter

- Capital Assets
 - Excel spreadsheets
- Rehabilitation Loans
 - In previous years rehabilitation loans were not tracked and reconciled to the general ledger
- General Ledger Maintenance
 - Water fund – an isolated incident where expenses that pertained to FY21 were reported in FY22
- Prior Year Findings:
 - Board of Education – Education Grant Fund and School Lunch Fund Accounting
 - Adjustments were required Education Grant Fund and School Lunch Fund



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**



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