

MEETING DATE
April 24, 2017
Subject: Receive Fiscal Year 2016 Comprehensive Annual Financial Report (CAFR) and Auditors' Communications with Governance



AGENDA REPORT

AGENDA
Section:
Item #: 4

Department/Office: Finance Department

Requested Action or Motion: Move to acknowledge receipt of annual audit report for the fiscal year ending September 30, 2016.

Summary Explanation & Background:

The City Council engaged the independent certified public accounting firm of McDirmit Davis and Company, LLC, to perform the annual audit of the City of Maitland and its component unit (the CRA), who issued an unmodified opinion or clean report. The results of the audit performed are formally published in the Comprehensive Annual Financial Report (“CAFR”). The CAFR has been submitted to the Government Finance Officers’ Association (GFOA) for an annual national achievement award. In order to qualify for this award, the City must publish an easily readable and effectively organized CAFR. Furthermore, the contents of the CAFR have to conform to the rigorous standards established by the award program. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. The City has received this national achievement award for **28 consecutive years**, and staff believes that the report submitted to the City Council will continue to conform to the standards established by this award program.

In addition to the CAFR, the Independent Auditors have provided standard required communications with governance, which covers 10 key areas of communication, all with no issues, 1) Auditors Responsibility, 2) Planned Scope and Timing of Audit, 3) Compliance with Ethics Requirements Regarding Independence, 4) Qualitative Aspects of the Entity’s Significant Accounting Practices, 5) Significant Difficulties Encountered During the Audit, 6) Uncorrected and Corrected Misstatements, 7) Disagreements with Management, 8) Representations Requested from Management, 9) Management Consultations with Other Accountants, 10) Other Significant Matters, Findings, or Issues.

The CAFR is divided into four sections: introductory, financial, statistical, and compliance. The introductory section contains the table of contents, principal city officials, organizational chart and transmittal memorandum. The report from the independent auditors starts the Financial Section. Immediately following is Management’s Discussion and Analysis (MD&A) which serves as an executive summary. GAAP requires that management provide this narrative introduction, overview and analysis to accompany the basic financial statements. The government-wide statements present the overall financial picture of the City in accordance to the Governmental Accounting Standards Board (GASB) pronouncements. This is designed to provide readers with a broad overview of the

City's finances similar to a private-sector business. These statements show the September 30, 2016 fiscal year balances and overall results of operations for the period then ended, for all City funds and the CRA. The statements are as follows:

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation and sick leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include general government, public safety, physical environment, transportation, culture and recreation, and interest on long-term debt. The business-type activities of the City include operations of the water, wastewater and solid waste utilities.

Following the government-wide statements in the CAFR, the *Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances* are presented for all major and non-major governmental funds. A major fund is one of material significance and is determined through prescribed calculations. The General Fund is always considered a major fund by definition. The CRA met the requirements to be presented as a major fund. Non-major funds are combined together for presentation in aggregate. Reconciliations between these governmental statements and the government-wide statements are also presented. Budget to actual comparison schedules for the General Fund, CRA and Environmental Stormwater Fund are also included as supplementary information. Proprietary fund statements follow the governmental funds. Included here are the *Statement of Net Position, the Statement of Revenues, Expenses and Changes in Fund Net Position, and the Statement of Cash Flows*. Following these statements are the *Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets for the Police Officers' and Firefighters' Pension Fund*. All of these statements are followed by the *Notes to the Basic Financial Statements*. The final part of the Financial Section provides statements for each individual non-major governmental fund. The governmental funds are presented in their various categories: special revenue funds, debt service fund, and capital project fund. The Statistical Section of the CAFR is not audited. All of the tables and schedules present numerous facts about the City, for the last 10 years. The statistical facts include population figures, principal taxpayers, and assessed valuations of taxable property. The final section of the CAFR contains compliance related audit reports and management letter. The City did not receive any audit findings or management letter comments in the current year.

The CAFR and Governance Letter was reviewed by the Fiscal Advisory Board at their meeting on

April 11, 2017.

Fiscal Impact:

N/A

Exhibits: Maitland FY 16 CAFR (PDF)
Maitland Governance Letter (PDF)

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Commission/Board:

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Reviewed by City Attorney

Yes N/A