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2016 CAFR City Council Presentation

Presented by Eide Bailly, LLP



Overall Financial Position

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$266,014,998 (total net position) for the calendar year reported. [F/S Pg. 19]
- Overall fund balances at the end of 2016 increased by \$58,709,753. This increase primarily relates to the issuance of bonds in the Capital Expenditures Fund [F/S – Pg. 23]
- At the end of the current calendar year, the unassigned fund balance for the General Fund was \$10,861,695 or 19.9% of total General Fund expenditures. [F/S – Pg. 21]
- General Fund – Fund Balance increased by \$9,367,611. [F/S – Pg. 23]



Management's Discussion & Analysis

Management's Discussion and Analysis – Summarizes the City's finances in layman's terms:

- **Net Position** [MD&A – Pg. 7]
 - Total Net Position increased \$17.6M over 2015
 - Governmental Activities Net Position increased \$18.4M
 - Business Type Activities Net Position decreased \$783k
 - Investment in Capital Assets is 62% of Net Position
 - Positive Net Position balance for Governmental Type Activities
 - Negative Net Position balance for Business Type Activities



Management's Discussion & Analysis

- **Changes in Net Position** [MD&A Pg. 9]
 - Total Revenues increased \$17.8M over 2015 [\$105.3M vs. \$87.4M]
 - \$6.8M in developer contributions
 - \$4.9M increase in sales and use tax revenues
 - Total Expenses increased from the prior year actual amounts by \$4M [\$87.7M vs. \$83.7M]
 - Overall Net Position increased by \$17.6M.
 - City continues to maintain a strong financial position



Auditor's Reports to Council

- Independent Auditor's Report
- Management Letter
- Letter to Governance



Independent Auditor's Report (page 1 of CAFR)

- Clean “unmodified” opinion
 - The best you can receive
- First page of the opinion
 - Indicates what was audited
 - Management's responsibilities
 - Auditor's responsibilities
 - Opinion



Independent Auditor's Report (page 2 of CAFR)

- Second page of the opinion
 - Other Matters
 - Required Supplementary Information (unaudited)
 - Management's Discussion & Analysis
 - Budget to Actual Schedules (general fund and major special revenue funds)
 - OPEB schedule
 - Other Information (in-relation to opinion)
 - Supplemental schedules
 - Local Highway Finance Report
 - Other Information (unaudited)
 - Introductory information and statistical information



Management Letter (separately bound document)

Material Weakness:

- Accounting for sales tax incentive payments in the funds



Letter to Governance

- A communication required by Professional Standards
 - Implementation of new accounting standards
 - GASB Statement No. 72 *Fair Value Measurements*
 - GASB Statement No. 77 *Tax Abatement Disclosures*
 - Estimates are used in the financial statement process
 - Key disclosures in the notes to the financial statements
 - No disagreements with management
 - Corrected and uncorrected misstatements



How did the Audit Go in 2016

- Excellent and competent Finance Staff
 - Much improved internal control processes over previous years
 - Continuing to improve processes with new staff and competencies
 - Communications among departments and top management is key to accurate financial reporting
 - Continued financial strength will result from continuous improvement processes implemented with transparency and excellent people

