City of Dover, New Hampshire

Presentation of Results of Audit

June 30, 2016

Presented by:

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Principal

Macpage LLC

South Portland, Maine

Relationship With The Auditors

- Independent auditors work for the Council.
- Auditors work with management to perform the audit.
- Auditors express an opinion on the financial statements that are the responsibility of management.

Reports Issued

- SAS 114 Letter – Required communication with the audit committee or equivalent oversight committee
  - Early implemented GASB 75 Accounting and Financial reporting for Postemployment Benefit Plans Other Than Pension Plans
- Management letter
- Financial report

Management Letter Comments

- There are three levels of severity
- The highest level is a material weakness
- The next highest level is a significant deficiency
- The lowest level is a control deficiency or could be referred to as a best practice recommendation
- Auditors must evaluate each item and use judgment to determine the level of severity based in part on the potential for the financial statements to be misstated
- The City has no material weaknesses and two significant deficiencies (2 in prior year) and five best practices recommendations (8 in prior year)

Overview of the Financial Statements and How to Read Them

- Transmittal letter – CAFR Program – 12th year of Participation
- Auditors' Report – unmodified opinion (clean opinion)
- MD&A – provides the reader with a summary to have a basic understanding of how the City is doing
- There are 3 basis, or levels of accounting
- Government Wide Financial Statements – full accrual basis – "business model"
- Fund Financial Statements – Modified accrual basis
- Budgetary Basis – General Fund –Modified Cash basis
- Proprietary Funds – full accrual basis
- Fiduciary funds – Modified accrual basis
- The footnotes and supporting schedules support the basic exhibits mentioned above

Audit Approach - General

- Gain an understanding of entity-wide governance/oversight
- Gain an understanding of procedures and internal controls over significant areas
  - Revenues
  - Expenditures
  - Payroll
  - Reconciliation of accounts
- Perform test of internal controls to determine if internal controls are properly designed and implemented
- Substantive testing to support the account balances and footnote disclosures

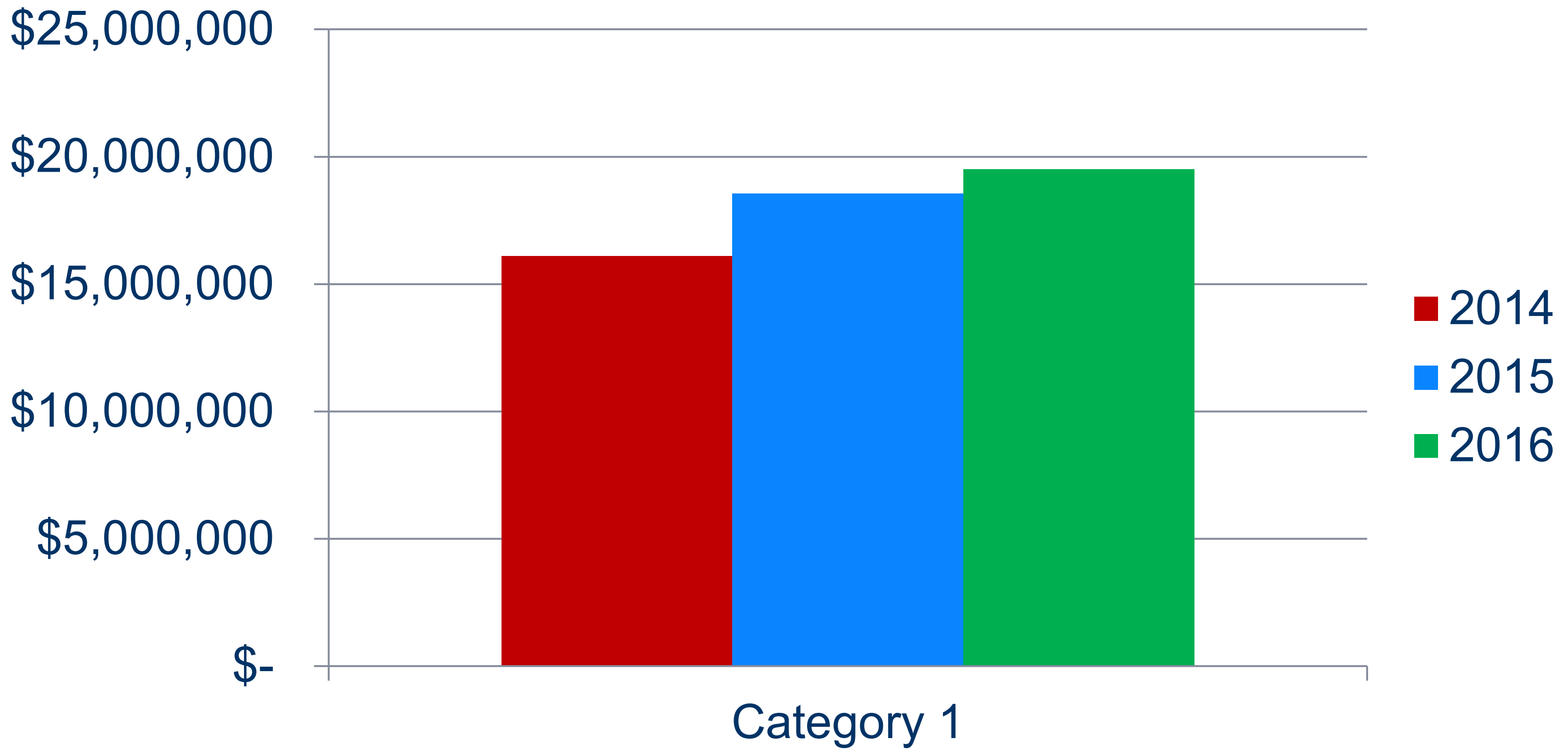
What is new this year?

- GASB project on accounting for postemployment benefits other than pensions, which the City early implemented and, which required full accrual in the government-wide financial statements and required extensive disclosures.

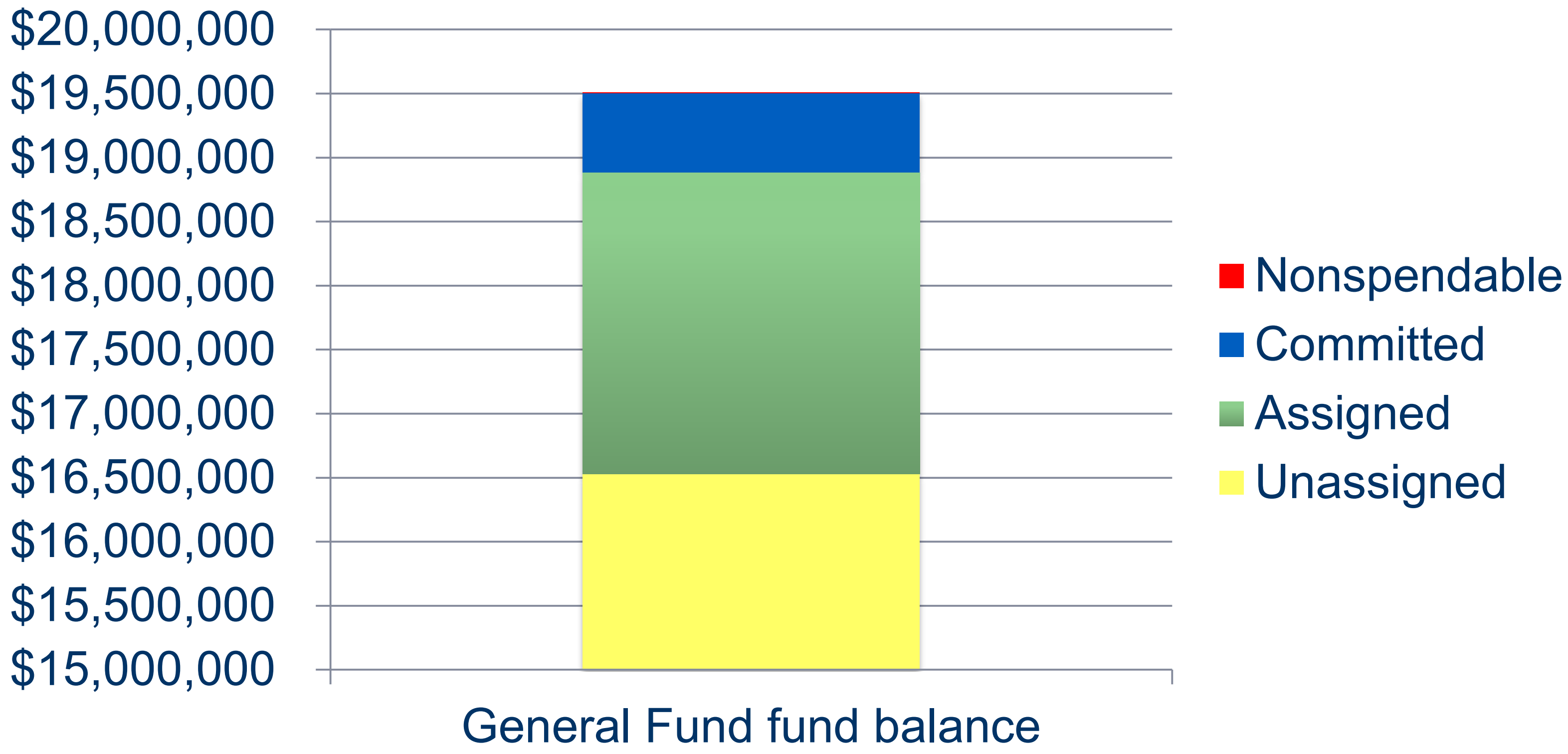
What is new in future years?

- There is nothing substantial on the horizon. Implementing GASB No. 68 – Pensions and GASB No. 75 – OPEB, were significant changes to previously required accounting standards.

City of Dover
General Fund - Fund Balance – Last 3 Years



General Fund - Fund balance classifications – June 30, 2016



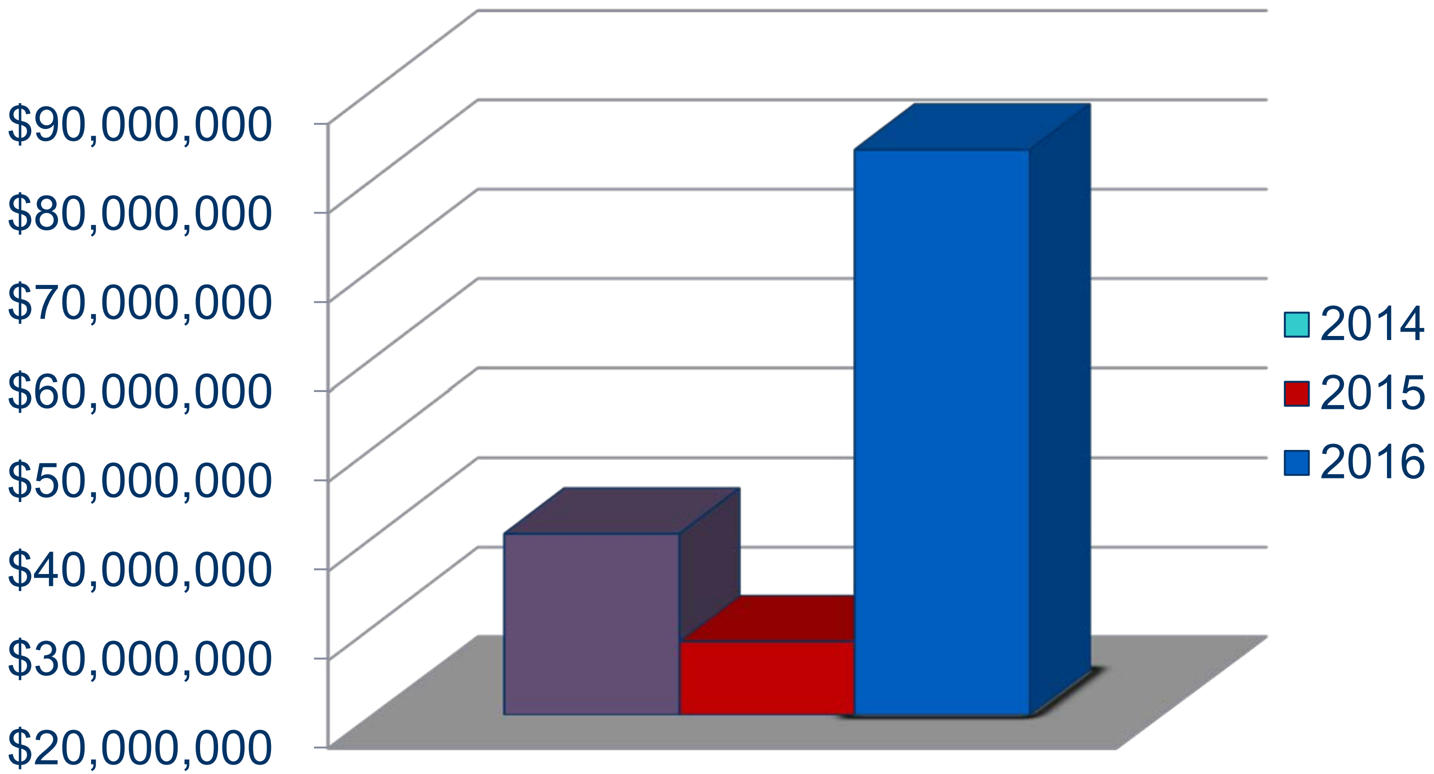
City of Dover

Budget vs. Actual Comparison – General Fund – Fiscal Year Ended June 30, 2016 – Budgetary Basis

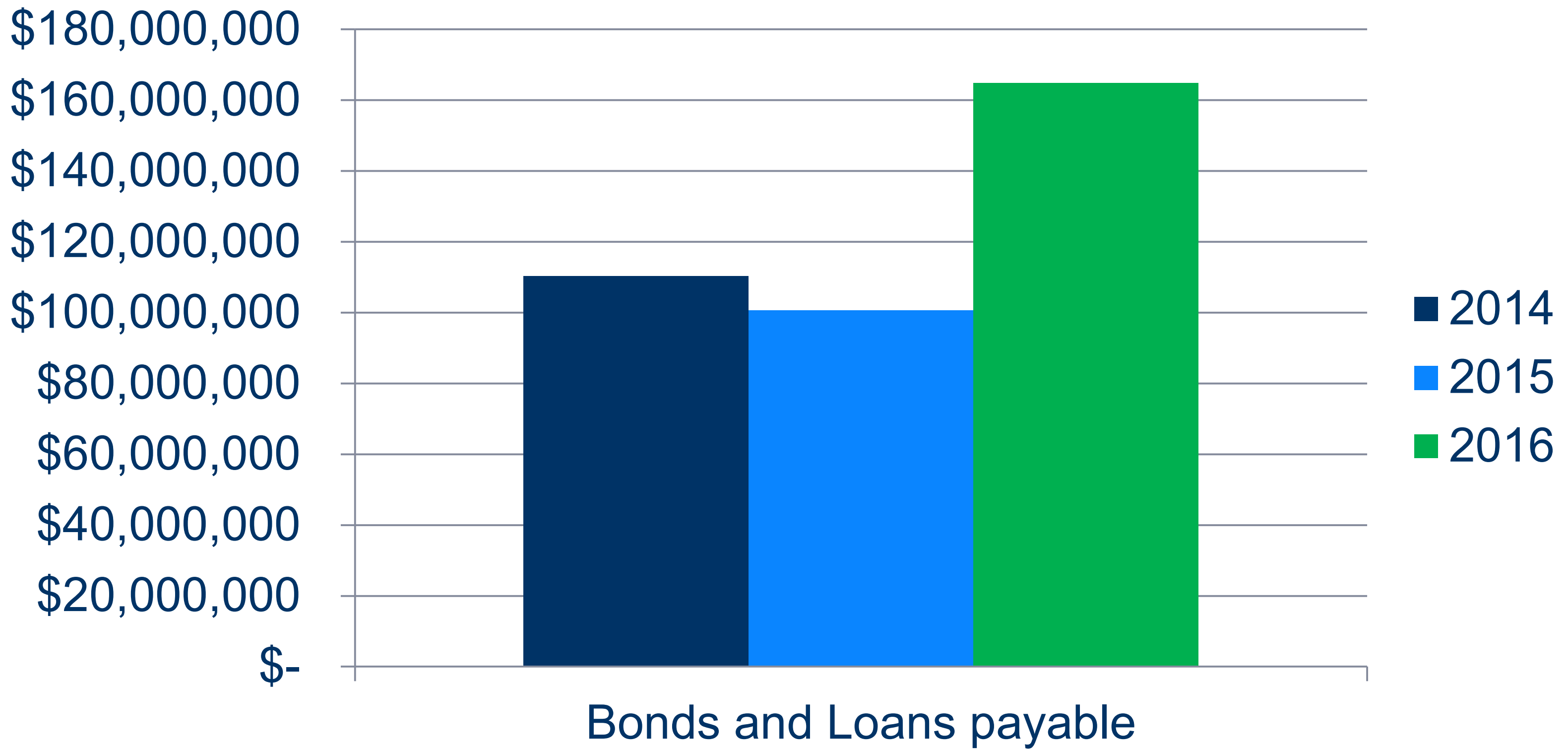
	Budgeted Amounts	Actual Amounts	Variance
Revenues	$102,792,900	$103,196,375	$403,475
Expenditures	102,792,900	102,215,604	577,296
Revenues over Expenditures	$-	$980,771	$980,771

City of Dover

All other Governmental Funds – Fund Balance – Last 3 Years

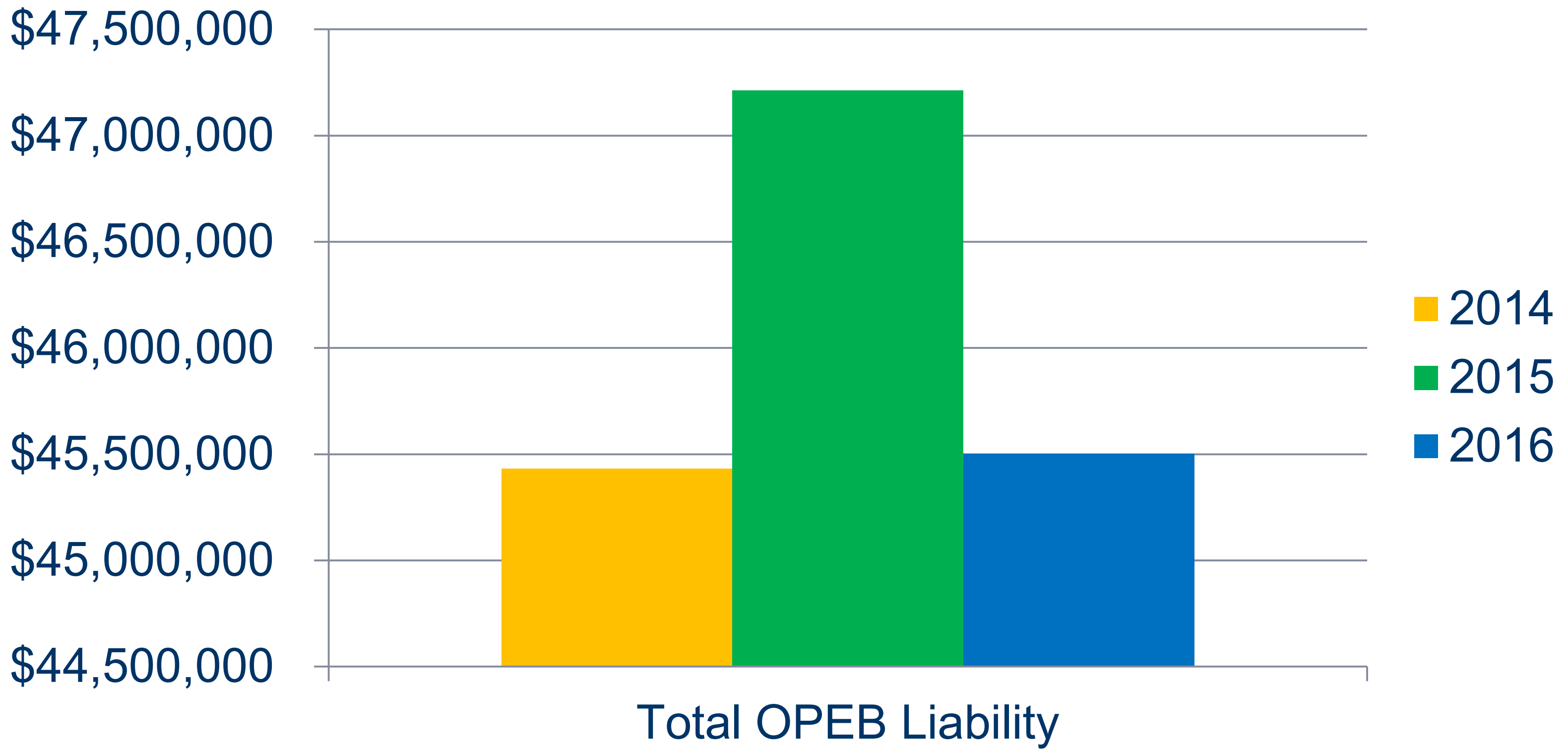


City of Dover
Bonds and Loans Payable – Last 3 Years



City of Dover
Statement of Net Assets
Net Pension Liability – Last 3 Years

City of Dover
Statement of Net Assets
OPEB Liability – Last 3 Years



Questions & Comments

This presentation is intended as a tool to assist the Council and management in understanding its financial results. The information contained in this publication should be read in conjunction with the audited financial statements and related disclosures and should not be used for any other purposes without the expressed consent of Macpage LLC.