

City of Dover, New Hampshire

Presentation of Results of Audit

June 30, 2017

Presented by:

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Principal

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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 – standard letter, no issues, no changes in accounting practices
- 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 three significant deficiencies (2 in prior year) and six best practices recommendations (5 in prior year)

Overview of the Financial Statements and How to Read Them

- Transmittal letter – CAFR Program – this is 14th 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?

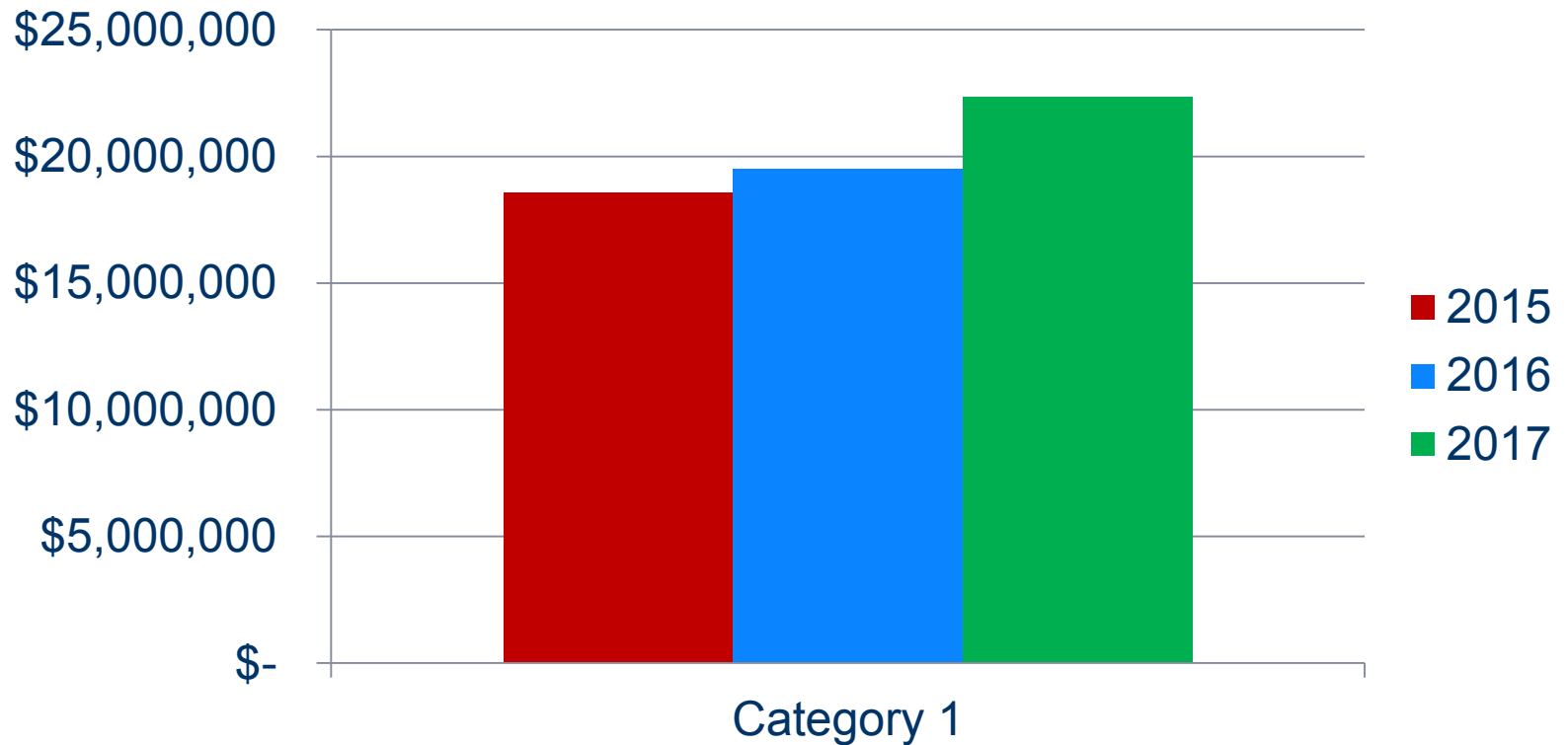
- Minor item - enhanced disclosures about tax abatements
 - The City currently has two Tax increment financing districts (TIFD); Downtown Dover and Waterfront. In each case the tax revenue is set aside and is used for specific City purposes.
 - In June 2015 City Council adopted RSA 79-E relative to the Community Revitalization Tax Relief Incentive Program
 - Provides short-term property assessment tax relief to the property owner for rehabilitation or construction.

What is new in future years?

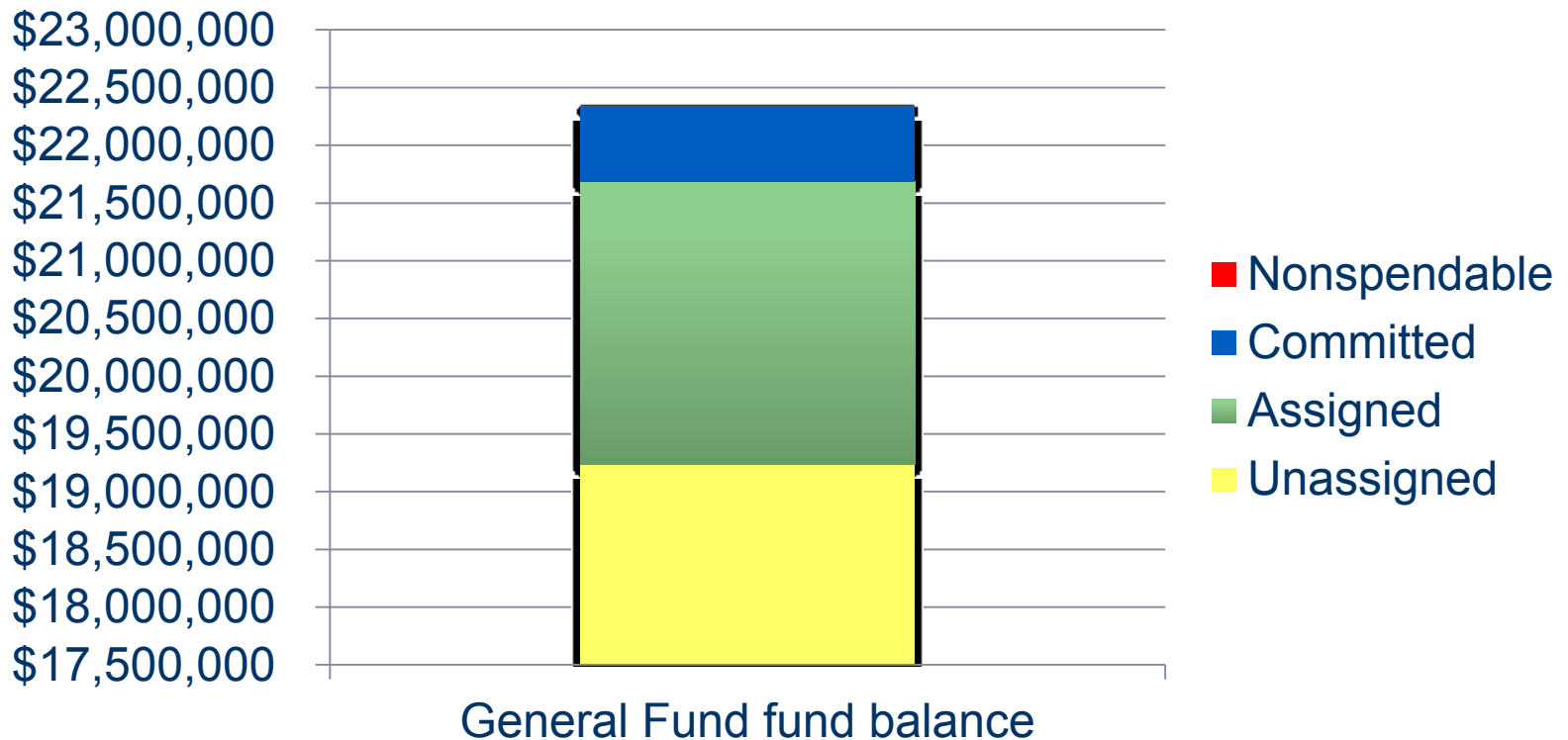
- There is nothing substantial in the near term.
- The City is reporting in accordance with all applicable GASB Statements.

City of Dover

General Fund - Fund Balance – Last 3 Years



General Fund - Fund balance classifications – June 30, 2017



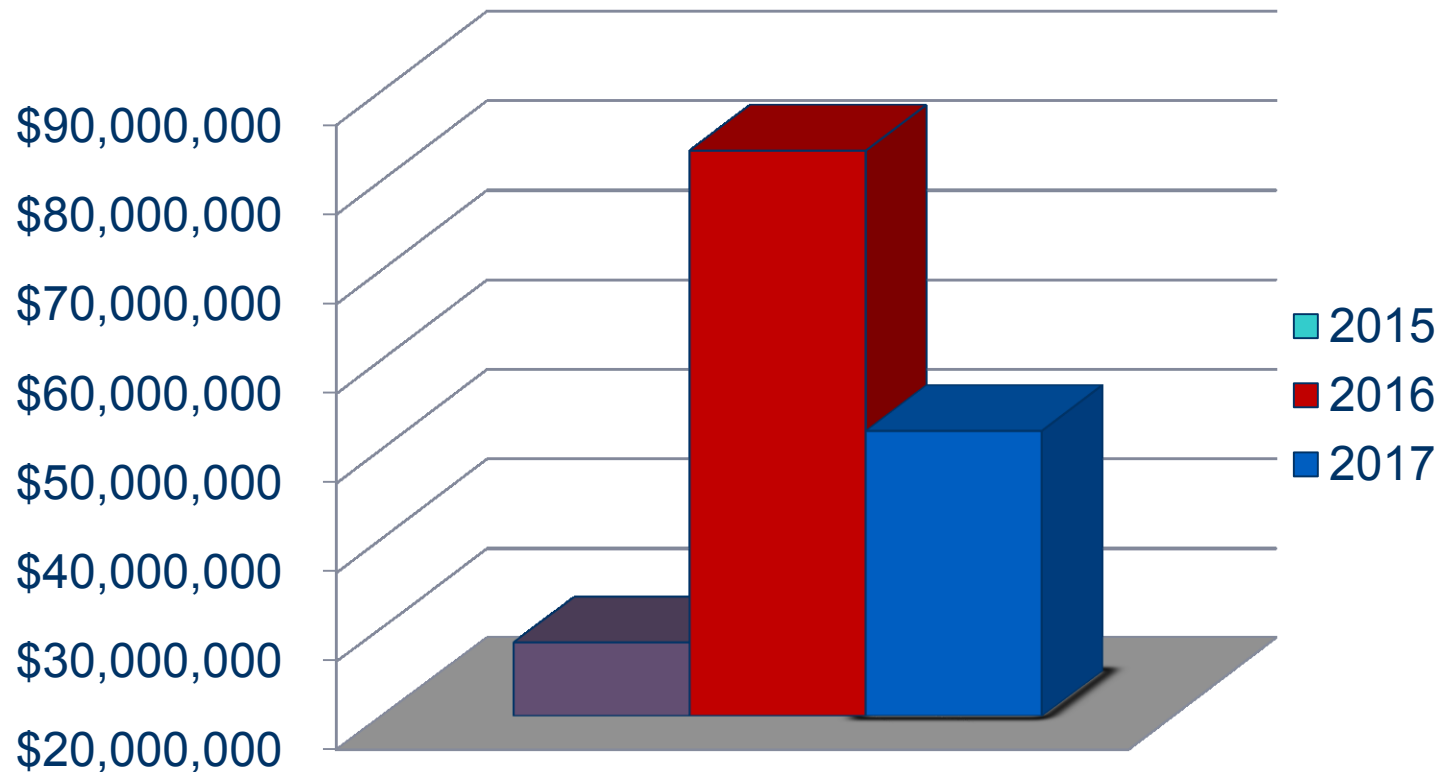
City of Dover

Budget vs. Actual Comparison – General Fund – Fiscal Year Ended June 30, 2017 – Budgetary Basis

	Budgeted Amounts	Actual Amounts	Variance
Revenues	\$109,153,162	\$109,588,444	\$435,282
Expenditures	109,153,162	106,655,627	2,497,535
Revenues over Expenditures	\$-	\$2,932,817	\$2,932,817

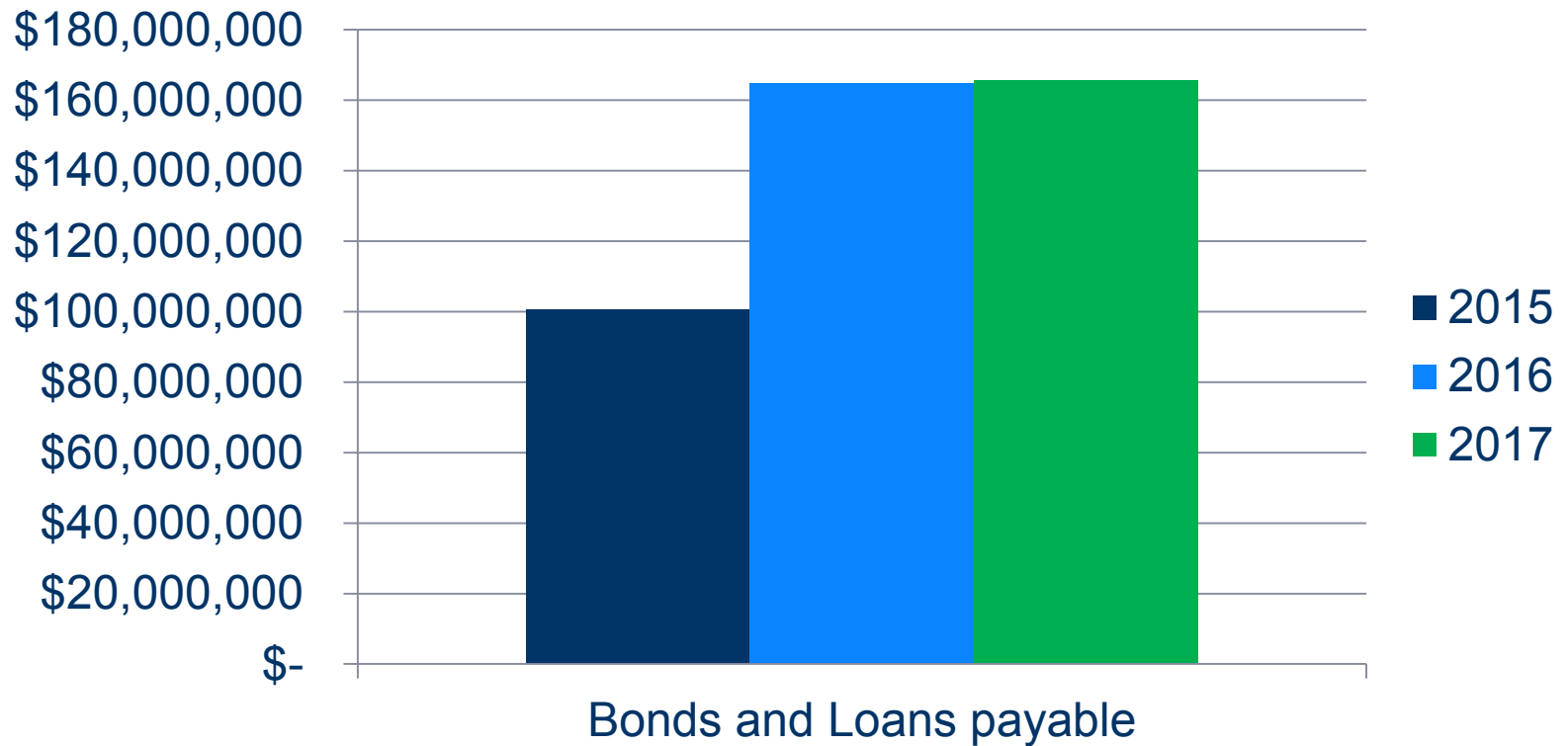
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All other Governmental Funds – Fund Balance – Last 3 Years

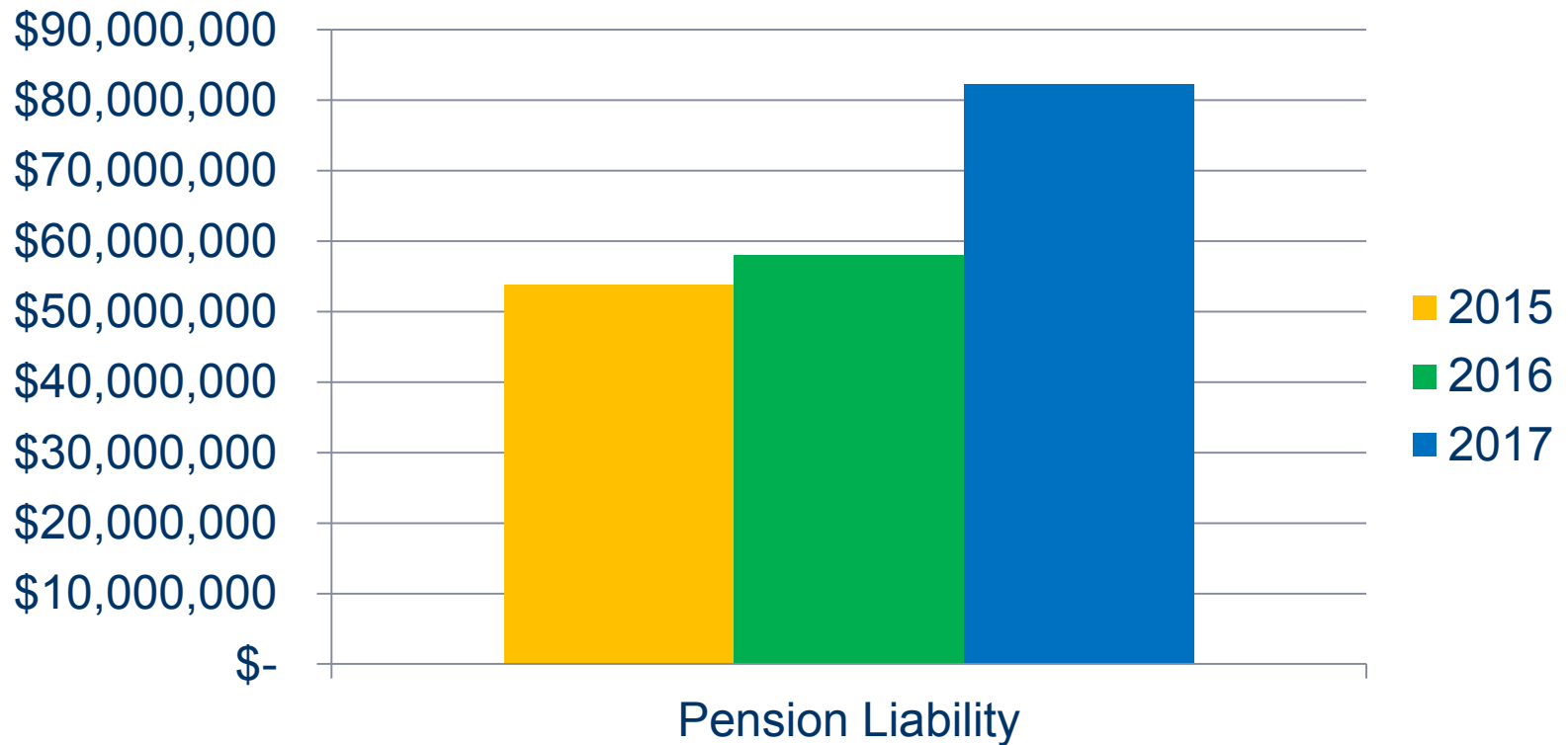


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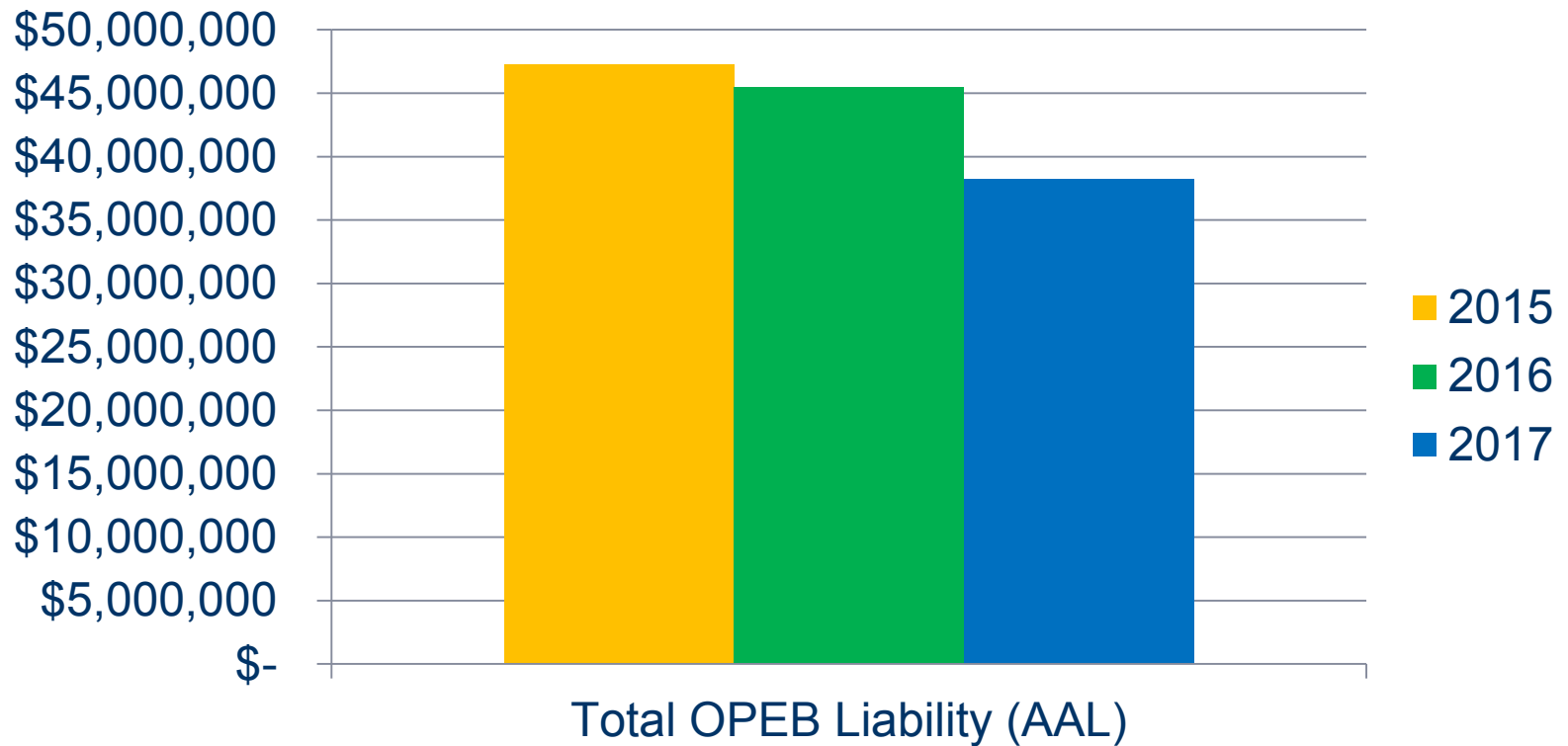
Bonds and Loans Payable – Last 3 Years



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.