

Legislation Text

File #: 19-199, Version: 1

Presenter/Contact

Jared Werner, Chief Financial Officer
(830) 221-4385 - jwerner@nbtexas.org

SUBJECT:

Discuss and consider acceptance of the FY 2017-18 Audit and Comprehensive Annual Financial Report performed by Belt Harris Pechacek, LLLP.

BACKGROUND / RATIONALE:

Annually, the City is required to have an outside firm conduct an audit of the City's financial records. This audit has been completed by Belt Harris Pechacek, LLLP. The results are included in the City of New Braunfels, Texas Comprehensive Annual Financial Report for the Year Ended September 30, 2018. The audit was completed with an unmodified opinion.

The comprehensive report includes information and schedules to enhance the information provided to the City Council and the citizens. For the last ten years, the City submitted the audit document for review by the Government Finance Officers Association of the United States and Canada (GFOA) Excellence in Financial reporting Program. GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of New Braunfels for its Comprehensive Annual Financial Report for each of those ten years, the first being the fiscal year ended September 30, 2008. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. Staff will submit this year's report to the GFOA program as well.

The outside auditors annually, in a letter to the City, provide their comments regarding the City's financial policies and practices, citing areas for improvement. For FY 2017-18, there are no areas that have been cited as concern. However, in FY 2016-17, there were three findings and one matter for future consideration included in this letter. Those are included below, as well as the solutions implemented by staff to address them.

1. It was recommended that the City enhance its month end closing procedures to ensure all material balance sheet and other key accounts are reconciled and adjusted to supporting ledgers.
 - *A process is now in place where all balance sheet items and key revenue and expense accounts are reconciled regularly.*
2. It was recommended that the Creekside TIRZ and the New Braunfels Development Authority (NBDA) be reported on the CAFR as blended component units.
 - *The TIRZ Fund and NBDA Fund have been reclassified to blended component units. Going forward, a checklist is being used to aid in the evaluation of GASB's component unit requirements.*

3. Variances between the City's Schedule of Expenditures of Federal Awards and grantors records were noted. It was recommended that the City reconcile on an annual basis.
 - *A reconciliation process has been implemented and federal grant activity is being closely monitored.*
4. In addition, GASB Statement number 75 - Other Post Employment Benefits (OPEB) which establishes new standards of accounting and financial reporting was implemented in FY 2017-18. It was recommended that the City consult with an actuary to be insure proper compliance of the standard.
 - *The City has been working with its actuary to properly report the OPEB according to GASB 75 requirements.*

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

X	Yes	City Plan/Council Priority:	Strategic Priorities: Effective Management: Maintain fiscal stability of City operations
----------	-----	------------------------------------	--

FISCAL IMPACT:

None

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff recommends acceptance of the FY 2017-18 Audit and Comprehensive Annual Financial Report.