MSL MOORE STEPHENS LOVELACE CPAs & ADVISORS

CITY OF VENICE, FLORIDA

REQUIRED AUDITOR COMMUNICATIONS
FISCAL YEAR ENDED SEPTEMBER 30, 2013

PRESENTED BY
WILLIAM BLEND, CPA, CFE
SHAREHOLDER

MSL

MOORE STEPHENS LOVELACE CPAs & ADVISORS

AUDIT OVERVIEW

Services and Deliverables

Report on Financial Statements (Pages 1 & 2)

Report on Internal Control over Financial Reporting and on Compliance and Other Matters (Pages 137 & 138)

Report on Compliance and Internal Control over Compliance Applicable to Each Major Federal program (Pages 139-141)

Separate Management Letter

Auditor Responsibilities

Auditor Responsibilities included:

Performed our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards,* OMB Circular A-133, and Chapter 10.550, Rules of the Auditor General.

These standards are designed to provide reasonable, but not absolute, assurance that the financial statements and federal grant programs tested are free of material misstatement.

Management Responsibilities

Management Responsibilities included:

- Establishing and maintaining internal controls, as well as monitoring internal controls
- Selecting and applying appropriate accounting and reporting principles
- Making all financial records and related information available to us
- Disclosing any related parties
- Adjusting the financial statements for material misstatement
- Designing and implementing programs to prevent and detect fraud
- Informing us of any known or suspected fraud or illegal acts or allegations of same without regard to materiality
- Establishing and maintaining a process to track and correct any current or prior audit findings

Internal Controls

We considered the City's internal controls over financial reporting as a basis for designing our audit procedures.

We did not express an opinion on the effectiveness of the City's internal controls.

We performed specific tests of controls over federal grants.

Compliance

We performed tests of the City's compliance with laws, regulations, contracts, and grant agreements.

For single audit purposes, we also performed tests of transactions for the types of compliance requirements that could have a direct and material effect on the City's major federal programs.

Communication of Significant Matters

There were no significant audit adjustments made during the course of the audit.

There were no unreported or unadjusted differences.

We had no disagreements with management.

As far as we know, management did not receive opinions from other accountants.

Risk-Based Audit Approach

A Risk-Based Audit Approach requires the use of our professional judgment in determining materiality and audit areas of significance.

Our procedures included:

- Testing transactions on a sample basis
- Verifying account balances we deemed significant
- Analysis of relevant controls
- Inquiry
- Analytics
- Other procedures we deemed necessary

Management Representations

We obtained certain representations from management, including:

- Records provided complete
- No known communications from regulatory agencies concerning noncompliance
- Responsible for internal controls
- No undisclosed knowledge of fraud or suspected fraud
- Financial statements complete
- Responsible for compliance
- Complied with contractual obligations
- Matters pertaining to grant expenditures

Assigned Individuals

The City identified Jeff Snyder, Finance Director, as the management-level individual to oversee our work and take responsibility for the City's financial statements.

Our Team was made up of:

- Governmental Specialists
- IT Specialists

Audit Schedule

Audit Stage	Dates
Interim fieldwork	July-August 2013
Year-end fieldwork	December 2013
Review of Financial Statements (CAFR)	January 2014
Presentation to the City	February 2014
Submission of CAFR to GFOA	February 2014
Submission to State	February 2014

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FINANCIAL HIGHLIGHTS

City-Wide Analysis (Pages 19-21)

	Governmental Activities		Business-type Activities	
	2013	2012	2013	2012
Current Ratio	10.87	10.15	4.44	3.08
Total Assets	$93.5M	$94.6M	$143.8M	$114.6M
Total Deferred Outflows of Resources	-	-	$ 0.1M	-
Total Liabilities	$20.5M	$20.0M	$ 40.5M	$ 21.1M
Total Net Position				
Investment in Capital Assets	$52.9M	$50.8M	$ 59.2M	$ 72.4M
Restricted	4.7M	4.1M	25.9M	6.0M
Unrestricted	15.4M	19.7M	18.3M	15.1M
Unrestricted NP as a % of Total Expenses	54.2%	70.9%	78.4%	68.1%
Change in Net Position	($1.6M)	$3.3M	$9.9M	$4.7M

Fund Financial Statements (Pages 22-41)

Major Funds:

Governmental:

- General Fund
- Streets Capital Projects

Enterprise:

- Water and Sewer Utility Fund
- Solid Waste Fund
- Airport Fund
- Storm Water Drainage Fund

Fiduciary Funds:

- Pension Trust Funds (Police & Fire)

General Fund (Pages 22-26)

	2013	2012
Total Assets	$15.1M	$15.6M
Total Liabilities	0.9M	1.3M
Fund Balance: Nonspendable Restricted Committed Unassigned	 $ 3.6M 0.2M 0.4M 10.0M	 $ 4.0M 0.2M 0.1M 10.0M
Unassigned FB as a % of Total Expenditures and Transfers Out	47.2%	49.7%
Net Change in Fund Balance	($.05M)	$1.3M

General Fund Budget (Page 26)

	Budget	Actual	Variance
Resources:			
Beginning Fund Balance	$ 14.3M	$ 14.3M	
Total Revenues & Transfers In	21.5M	21.1M	($0.4M)
Total Resources	35.8M	35.4M	
Total Expenditures & Transfers Out	24.7M	21.2M	3.5M
Ending Fund Balance	$ 11.1M	$ 14.2M	
Net Change in Fund Balance	($ 3.2M)	($ .05M)	$3.2M

Enterprise Funds (Pages 28-39)

	Water and Sewer Utility		Solid Waste	
	2013	2012	2013	2012
Total Assets	111.8M	$89.5M	$ 7.0M	$ 7.2M
Total Deferred Outflows of Resources	0.1M	-	-	-
Total Liabilities	41.3M	22.3M	1.1M	1.3M
Net Position:				
Net Investment in Capital Assets	36.9M	56.8M	2.0M	2.0M
Restricted	25.1M	5.3M	0.0M	0.0M
Unrestricted	8.6M	5.1M	3.9M	3.9M
Total Net Position	$70.6M	$67.2M	$ 5.9M	$ 5.9M
Total Operating Revenues	$20.2M	$18.7M	$ 4.9M	$ 5.0M
Total Operating Expenses	14.6M	14.7M	4.1M	3.6M
Operating Income	$ 5.6M	$ 4.0M	$ 0.8M	$1.4M

Enterprise Funds (Pages 28-39)

	Airport		Storm Water Drainage	
	2013	2012	2013	2012
Total Assets	$20.2M	$13.5M	$ 8.3M	$ 8.0M
Total Deferred Outflows of Resources	-		-	
Total Liabilities	1.0M	0.5M	0.6M	0.8M
Net Position:				
Net Investment in Capital Assets	14.7M	8.0M	5.6M	5.6M
Restricted	0.8M	0.8M	0.0M	0.0M
Unrestricted	3.7M	4.2M	2.1M	1.6M
Total Net Position	$19.2M	$13.0M	$ 7.7M	$ 7.2M
Total Operating Revenues	$2.2M	$2.0M	$ 1.4M	$ 1.3M
Total Operating Expenses	2.2M	1.8M	0.8M	0.7M
Operating Income	$0.0M	$0.2M	$0.6M	$0.6M

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COMMENTS OR QUESTIONS?