



Presentation of 2016 Audit Results

Atlanta BeltLine, Inc.

January 11, 2017

Agenda

- Engagement Team
- Results of the 2016 Audit
- Comments, Recommendations, and Other Issues
- Questions



Engagement Team

■ Mauldin & Jenkins, LLC; General Information.

- Founded in 1920.
- Large regional firm serving the Southeastern United States.
- Offices located in Macon, Atlanta, Albany, Bradenton, FL, Chattanooga, TN and Birmingham, AL with firm governmental leadership positioned in the Atlanta (and Macon) office(s) employing approximately 260 personnel.
- In addition to our governmental practice, we have large banking, healthcare, not-for-profit, benefit plan and tax practices.

■ Mauldin & Jenkins, LLC; Governmental Sector.

- Largest specific industry niche served by the Firm representing 25% of Firm practice.
- Serve more governmental entities in Georgia than any other certified public accounting firm requiring over 70,000 hours of service on an annual basis.
- Approximately 90 professional staff persons with current governmental experience.
- Current auditor for over 300 total governments in the Southeast, including approximately:
 - 85 cities (including 7 of 10 largest cities in Georgia);
 - 40 counties (including 6 of the 10 largest in Georgia);
 - 40 school systems (8 of the 10 largest in Georgia);
 - 30 state entities; and,
 - 80 special purpose entities (stand-alone business type entities, libraries, etc).

■ Engagement team leaders

- Joel Black, Engagement Partner
- Doug Moses, Quality Review Partner



Results of 2016 Audit

- **Our Responsibility Under Auditing Standards Generally Accepted in the United States of America (GAAS)**
 - We considered the internal control structure for the purpose of expressing our opinion on ABI's basic financial statements and not providing assurance on the internal control structure.
 - Our audit was performed in accordance with GAAS and Government Auditing Standards.
 - Our objective is to provide reasonable—not absolute—assurance that the basic financial statements are free of material misstatement.
 - The basic financial statements are the responsibility of the ABI's management.

- **Report on 2016 Basic Financial Statements**
 - Unmodified (“clean”) opinion on basic financial statements.
 - Presented fairly in accordance with accounting principles generally accepted in the United States of America.
 - Our responsibility does not extend beyond financial information contained in our report.

- **Audit Adjustments**
 - Adjustments were prepared by management and provided to us throughout the audit process and have been recorded in ABI's financial statements. There were no passed audit adjustments.



Results of 2016 Audit (continued)

■ Significant Accounting Policies

- The significant accounting policies used by ABI are described in Note 1 to the basic financial statements.
- The policies used by ABI are in accordance with generally accepted accounting principles and similar government non-profit organizations.
- In considering the qualitative aspects of its policies, ABI is not involved in any controversial or emerging issues for which guidance is not available.

■ Management Judgment/Accounting Estimates

- ABI uses various estimates as part of its financial reporting process – including valuation of accounts receivable and advances.
- Management's estimates used in preparation of financial statements were deemed reasonable in relation to the financial statements taken as a whole. We considered this information and the qualitative aspects of management's calculations in evaluating ABI's significant accounting estimates.

■ Financial Statement Disclosures

- The footnote disclosures to the financial statements are also an integral part of the financial statements and the process used by management to accumulate the information included in the disclosures was the same process used in accumulating the statements. The overall neutrality, consistency, and clarity of the disclosures was considered as part our audit.



Results of 2016 Audit (continued)

■ Relationship with Management

- We received full cooperation from ABI's management and staff.
- There were no disagreements with management on accounting issues or financial reporting matters.

■ Representation from Management

- We requested written representations from management relating to the accuracy of information included in the financial statements and the completeness and accuracy of various information requested by us, during the audit. Management provided those written representations without a problem.

■ Significant Issues Discussed with Management

- There were no significant issues discussed with management related to business conditions, plans, or strategies that may have affected the risk of material misstatement of the financial statements. We are not aware of any consultations management had with us or other accountants about accounting or auditing matters. No major issues were discussed with management prior to our retention to perform the aforementioned audit.



Results of 2016 Audit (continued)

■ Consultation with Other Accountants

- To the best of our knowledge, management has not consulted with, or obtained opinions from, other independent accountants during the fiscal year, nor did we face any issues requiring outside consultation.

■ Information in Documents Containing Audited Financial Statements

- Our responsibility for other information in documents containing ABI's basic financial statements and our report thereon does not extend beyond the information identified in our report. If ABI intends to publish or otherwise reproduce the financial statements and make reference to our firm, we must be provided with printers' proof for our review and approval before printing. ABI must also provide us with a copy of the final reproduced material for our approval before it is distributed.

■ Auditor Independence

- In accordance with AICPA professional standards, M&J is independent with regard to ABI and its financial reporting process.
- There were no fees paid to M&J for management advisory services during fiscal year 2016 that might effect our independence as auditors.



Comments, Recommendations, and Other Issues

■ Other Matters

There are no other matters for discussion.

■ New GASB Pronouncements – Implemented This Year

- Statement No. 72, *Fair Value Measurement and Application*, provides guidance on the measurement of fair values of certain accounts – most notably investments. The most significant change expected for the ABI may be to change certain investment disclosures and potentially the valuation of donated capital assets. No significant change for ABI.
- GASB Statement No. 76, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, provides guidance on the authoritative literature which should be utilized in applying GAAP to state and local government financial statements. No significant change for ABI.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, provides for the accounting of the value of external investment pools (such as the Georgia Fund 1) at amortized cost, as opposed to fair value, if the pool meets certain requirements. The Georgia Fund 1 decided not to meet the requirements and therefore investment in the Georgia Fund 1 is reported at fair value. ABI does not invest in an external government investment pool and thus this statement had no impact on the ABI's statements or disclosures.



Comments, Recommendations, and Other Matters

■ New GASB Standards

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, brings standards for recording the Total Pension Liability (similar to the requirements of GASB Statement 68) for plans not covered by that standard. Certain of these requirement will be applicable for June 30, 2016 while others June 30, 2017. This should not have an impact on ABI.
- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, enhances note disclosures and RSI for OPEB plan financial statements. This standard is similar to the requirements of Statement No. 67 related to pensions and impacts the financial statements of the plan itself. Applicable for June 30, 2017. No impact on ABI's accounting.
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, requires governments providing defined benefit OPEB plans (post-retirement health-care benefits) to recognize the full amount of their long-term obligation for OPEB benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of OPEB benefits. This standard is similar to the requirements of Statement No. 68 related to pensions which was implemented this year. Applicable for June 30, 2018. No impact on ABI's accounting.



Comments, Recommendations, and Other Matters

■ New GASB Standards.

- GASB Statement No. 77, *Tax Abatement Disclosures*, will require footnote disclosure related to any tax abatements entered into which would impact a government's revenue, whether entered into by the government or another government but having an impact on the reporting government. Applicable for June 30, 2017.
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, amends GASB 68 to address practice issues which came up with the implementation of that new standard. It changes the accounting and disclosure requirements for government's whose employees participate in a multi-employer cost sharing pension plan that is not a government plan and is used to provide pensions to both government and non-government employers. This should have no impact on ABI's accounting. Applicable for June 30, 2017.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB 14*, amends the blending requirements to include a not-for-profit corporation in which the primary government is the sole corporate member. Applicable for June 30, 2017.



Comments, Recommendations, and Other Matters

■ New GASB Standards.

- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, provides recognition and measurement guidance for situations in which a government is a beneficiary of split-interest agreement. A split-interest agreement is a type of giving agreement used by donors to provide resources to two or more beneficiaries, often through trusts. Applicable for June 30, 2018.
- GASB Statement No. 82, *Pension Issues, an amendment of GASB 67, 68, and 73*, amends the pension standards to address the presentation of payroll-related measures, the selection of actuarial assumptions, and the classification of payments made by employers to satisfy employee contribution requirements. No impact is expected on ABI's statements. Applicable for June 30, 2017.

■ Other Matters Currently Being Considered by GASB

- Leases (operating leases potentially treated the same as capital leases).
- Conceptual framework and current measurement focus considerations (revenue recognition / 60 days rules and consumption vs. purchases method for expensing inventories).
- Fiduciary activities – changes in what constitutes these activities and how they are presented
- Asset retirement obligations
- Financial reporting model (is GASB 34's model the right model today?)
- Debt extinguishments using existing resources
- Going concern considerations



Emerging Issues

■ Other Changes

- There continues to be changes to auditing standards relative to the conduct and reporting of Single Audits. This year’s financial and compliance audit recognized the implementation of the new Uniform Grant Guidance (UG) which included significant changes to cost principles and other requirements for auditees receiving Federal funds. These changes are driven based on the grant award date as awarded by the Federal agency. As such, auditors and auditees will follow requirements from both the “old” and “new” guidance for a few years to come.
- Beginning with ABI’s fiscal year 2016, additional changes to audit requirements were effective. These include changes to the:
 - Threshold for a Single Audit (from \$500,000 to \$750,000)
 - Major program thresholds; and
 - Percentage coverage thresholds (for low risk from 25% to 20% and for high risk from 50% to 40%)



Comments, Recommendations, and Other Matters

■ Since March of 2009:

- Mauldin & Jenkins provides free quarterly continuing education for all of our governmental clients. Topics are tailored to be of interest to governmental entities. In an effort to accommodate our entire governmental client base, we offer the sessions several times per quarter at a variety of client provided locations resulting in greater networking and knowledge sharing among our governmental clients. We normally see approximately 100 people per quarter. Examples of subjects addressed include:

Accounting for Debt Issuances
 American Recovery & Reinvestment Act (ARRA) Updates
 Best Budgeting Practices, Policies and Processes
 CAFR Preparation (two (2) day hands-on course)
 Capital Asset Accounting Processes and Controls
 Collateralization of Deposits and Investments
 Evaluating Financial and Non-Financial Health of a Govt.
 GASB No. 51, Intangible Assets
 GASB No. 54, Governmental Fund Balance
 GASB No. 60, Service Concession Arrangements
 GASB No. 61, the Financial Reporting Entity
 GASB No.'s 63 & 65, Deferred Inflows and Outflows
 GASB No.'s 67 & 68, Pension Stds. (several occasions)
 GASB No. 72, Fair Value Measurement and Application
 GASB No.'s 74 & 75, OPEB Standards

GASB No. 77, Tax Abatement Disclosures
 GASB Updates (ongoing and several sessions)
 Grant Accounting Processes and Controls
 Internal Controls Over Accounts Payable, Payroll and Cash Disbursements
 Internal Controls Over Receivables & the Revenue Cycle
 IRS Issues, Primarily Payroll Matters
 Legal Considerations for Debt Issuances & Disclosures
 Policies and Procedures Manuals
 Segregation of Duties
 Single Audits for Auditees
 Special Purpose Local Option Sales Tax (SPLOST)
 Accounting, Reporting & Compliance
 Uniform Grant Reporting Requirements and the New Single Audit



Questions & Comments

