



# City of San Antonio

## Agenda Memorandum

**File Number:**16-4552

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**Agenda Item Number:** 5.

**Agenda Date:** 10/4/2016

**In Control:** Early Childhood Education Municipal Development Corporation Board of Directors

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**DEPARTMENT:** Pre-K 4 SA

**DEPARTMENT HEAD:** Sarah Baray, Ph.D.

**COUNCIL DISTRICTS IMPACTED:** Citywide

### **SUBJECT:**

Fiscal Year 2016 Financial Audit and Related Reports

### **SUMMARY:**

This item includes a briefing and Board discussion of the results of the Pre-K 4 SA financial audit engagement by Padgett Stratemann & Co., L.L.P. for the 2016 fiscal year beginning on July 1, 2015 and ending June 30, 2016.

### **BACKGROUND INFORMATION:**

Pre-K 4 SA is required to engage an independent certified public accounting (CPA) firm to conduct an annual audit of financial records and accounts. As a result, various reports and opinions are prepared in order to communicate the financial position of Pre-K 4 SA. A brief description of each of the reports produced during the annual audit is provided below.

On an annual basis, Pre-K 4 SA publishes an Annual Financial Report which reports the program's financial position, results of operations, and the liquidity of funds. The Annual Financial Report is presented as part of the City of San Antonio Comprehensive Annual Financial Report (CAFR) and is available to the general public.

Pre-K 4 SA also publishes the Financial and Compliance Reports on Federal Grants "Single Audit Report." Because the program receives financial assistance in the form of a federal grant, Single Audit Reports are required in order to comply with the Single Audit Act Amendments of 1996, and the

U.S. Office of Management and Budget Uniform Guidance. The Single Audit Report is submitted to the federal and state agencies from which Pre-K 4 SA received grant funding during the fiscal year.

The letter on Internal Control (Management Letter) is a formal communication by Padgett, Stratemann & Co. to the Board of Directors and management that focuses on internal control matters discovered during the course of the audit of financial statements.

On August 18, 2016, Padgett Stratemann & Co. entered into an agreement to join RSM US LLP, a firm in which Padgett Stratemann & Co. had been working with for over 21 years though an alliance relationship. However, the resources provided for this audit and the publishing of the reports described above will still bear the Padgett Stratemann & Co. name.

**ISSUE:**

This item includes a presentation of the Annual Financial Report, Single Audit and Management Letter to the Board by Padgett Stratemann & Co.

**ALTERNATIVES:**

This item includes a briefing only

**FISCAL IMPACT:**

This item includes a briefing only

**RECOMMENDATION:**

This item includes a briefing only