We'll get you there

CPAs | CONSULTANTS | WEALTH ADVISORS

City of Marco Island, Florida

Presentation of the 2025 Audit Results to the City Council

July 13, 2026

Services Performed

Financial Statements

Audit of the City's Annual Comprehensive Financial Report (ACFR) for the year ended September 30, 2025, in accordance with *Government Auditing Standards*

State Compliance

State Single Audit in accordance with Section 215.97, *Florida Statutes* and *Chapter 10.550, Rules of the Auditor General*

Examination of compliance with applicable Florida Statutes for investments

Reports Delivered

Independent Auditors' Report

Report on Internal Control Over Financial Reporting and On Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditors' Report on Compliance for Each Major State Project and Report on Internal Control Over Compliance Required by Chapter 10.550, Rules of the Auditor General of the State of Florida (Single Audit Report)

Independent Accountants' Report on Compliance with specific Florida Statutes as required by Chapter 10.550 Rules of the Auditor General

Management Letter as required by Chapter 10.550 Rules of the Auditor General

Audit Process

RISK-BASED APPROACH

Internal controls	Revenue recognition
Significant estimates	Debt and covenants
Cutoff of accruals and expenditures	Information Technology
Grant compliance	New Accounting Pronouncements

AUDIT OPINIONS

Financial statement

Financial statement audit opinion is **unmodified**.

Single Audit –State Projects

State awards audit opinion is **unmodified**.

AUDIT RESULTS

Financial statement

Two material weaknesses noted.
No significant deficiencies noted.

State awards

No material weaknesses noted.
No significant deficiencies noted.

Governance Communications

Overall

- Scope of audit proceeded as planned
- Significant accounting policies - In accordance with generally accepted accounting principles and consistent with industry practices and standards
- Change in accounting policies and principles – GASB 101: *Compensated Absences* was implemented in 2025

Difficulties

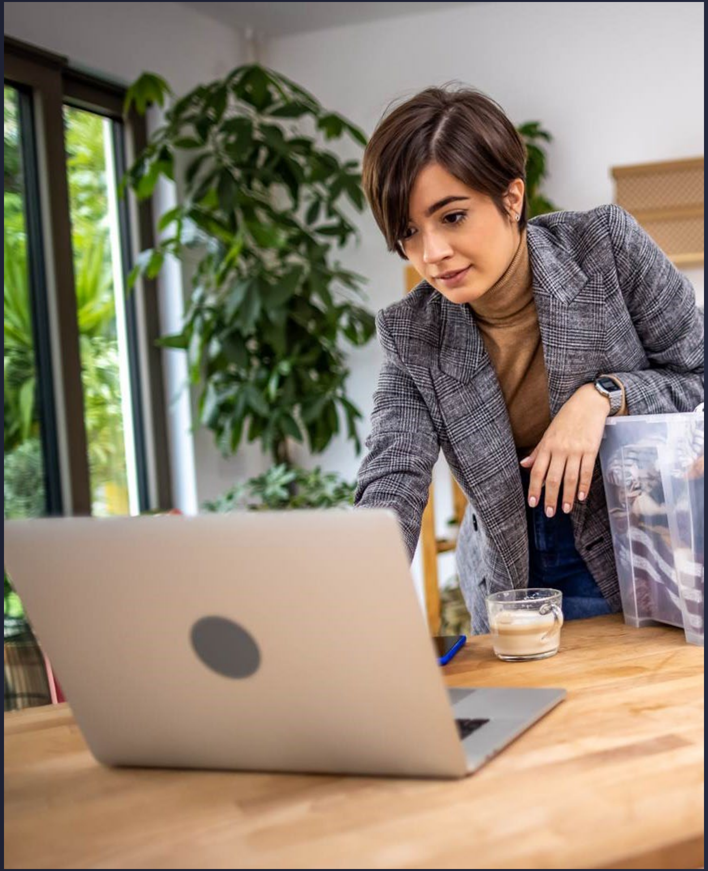
- No difficulties encountered in performing the audit.
- Audit timeline was later than agreed to but completed by regulatory deadline.
- Management was helpful in working with us to complete our audit – *thank you!*

Estimates

- Significant estimates within the financial statements:
  - Pension Liability/Asset
  - OPEB Liability
  - Claims Liability

Other

- CLA proposed audit adjustments that were recorded to the financial statements
- Uncorrected misstatements related to:
  - Prior year grant revenue
  - Prior year capital assets
  - Accruals related to 2025 expenditures
  - Accruals related to 2025 grant transactions



Wrap-Up

Overall Results

Reality

Unmodified opinions on the financial statements and single audit

Some findings repeated from last year

The City was not audit ready in a timely manner

Numerous journal entries were required over the course of the audit

Progress

Some findings did not repeat

City has made investments in personnel and processes to resolve challenges

Path Forward

Sustained attention will be needed over multiple audit cycles

Must begin now to establish processes and procedures for timely close and audit preparation for 2026

Thank you!

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