



## Agenda



- Introduction
- Our Audit Responsibilities
- Deliverables
- Single Audit Overview
- Communications to the Finance Committee
- Upcoming Standards

## Auditor Responsibilities



- Perform an audit of the City's basic financial statements as of and for the year ended June 30, 2017.
- The objective of an audit of financial statements is to express an opinion that the basic financial statements are presented fairly in conformity with generally accepted accounting principles (GAAP).
- The audit was performed in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*.
- Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

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## Deliverables



- (1) Opinion on the City's basic financial statements – GFOA submission - Unmodified
- (2) Opinion on the City's Electric Enterprise Fund - Unmodified
- (3) Opinion on the City's Water Enterprise Fund - Unmodified
- (4) Financial and compliance opinions on the Successor Agency financial statements - Unmodified
- (5) Financial and compliance opinions on the Public Financing Authority financial statements – Unmodified
- (6) Opinion on City's compliance with Air Quality Management District requirements
- (7) Agreed-upon procedures report related to the City's GANN Limit calculation
- (8) Single audit and required opinions (federal grants). Includes opinions on internal control over financial reporting and on compliance for each major program – Unmodified.
- (9) Auditor communications to the City Council summarizing the audit results.

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## Single Audit Overview



- Total Expenditures of Federal Awards for FY 16/17: \$11,153,787
- Major Programs tested:
  - Community Development Block Grants/Entitlement Grants (CFDA #14.218)
    - Total Expenditures: \$2,633,933
    - Attributes Tested: Allowable Activities, Period of Availability, Cash Management, Earmarking, Procurement, Reporting, Subrecipient Monitoring, and Special Tests
    - Conclusion: No compliance findings noted
  - Housing Opportunities for Persons with AIDS (CFDA #14.241)
    - Total Expenditures: \$1,644,947
    - Attributes Tested: Allowable Costs/Activities, Period of Availability, Cash Management, Earmarking, Reporting, and Subrecipient Monitoring
    - Conclusion: No compliance findings noted
  - Federal Transit Formula Grant (CFDA #20.507)
    - Total Expenditures: \$451,474
    - Attributes Tested: Allowable Activities, Period of Availability, Cash Management, Procurement, and Reporting
    - Conclusion: No compliance findings noted

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## Communications to the Finance Committee



- Auditors' responsibility under professional standards
- Accounting practices – adoption of or changes in accounting policies, alternative treatments - two new GASB's effective for FY 16/17 – Tax Abatement Disclosures and Pension Disclosure Revisions impact to the City's financial statements
- There were no auditor proposed adjustments/reclassifications made to the financial statements
- There were no uncorrected misstatement identified
- There were no disagreements with management
- There were no consultations with other accountants
- There were no difficulties encountered in performing our audit
- There were no major issues encountered during the fiscal year that were a condition to our retention as auditors
- Management representations were provided to us
- There were no material weaknesses or significant deficiencies in internal control noted.

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## Upcoming Accounting & Auditing Standards



- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is effective for the City's fiscal year ending June 30, 2018.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, is effective for the City's fiscal year ending June 30, 2018.
- GASB Statement No. 83, *Certain Assets Retirement Obligations*, is effective for the City's fiscal year ending June 30, 2019.
- GASB Statement No. 84, *Fiduciary Activities*, is effective for the City's fiscal year ending June 30, 2020.
- GASB Statement No. 85, *Omnibus*, is effective for the City's fiscal year ending June 30, 2018.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, is effective for the City's fiscal year ending June 30, 2018.
- GASB Statement No. 87, *Leases*, is effective for the City's fiscal year ending June 30, 2021.

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## Comments/Questions?



# Thank you.



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