



*City of Arts & Innovation*

# City Council Memorandum

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**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: JANUARY 23, 2018**

**FROM: FINANCE DEPARTMENT      WARDS: ALL**

**SUBJECT: REPORT FROM THE OUTSIDE INDEPENDENT AUDITOR ON THE FINANCIAL RESULTS FOR FISCAL YEAR 2016-2017; AND REAPPOINTMENT OF MACIAS, GINI & O'CONNEL L.L.P. AS INDEPENDENT AUDITOR FOR FISCAL YEAR 2017-2018**

## **ISSUES:**

Receive the annual financial audit reports of the City for fiscal year 2016-2017 as required by the Riverside City Charter; and reappoint Macias, Gini & O'Connell L.L.P. to serve as the City's independent auditor for Fiscal Year 2017-2018.

## **RECOMMENDATIONS:**

That the City Council:

1. Receive the annual financial audit reports of the City for fiscal year 2016-2017; and
2. Reappoint Macias, Gini & O'Connell L.L.P. for year five of their five-year contract to serve as the City's independent auditor to conduct the annual audit of Fiscal Year 2017/18.

## **COMMITTEE RECOMMENDATION:**

This report is published on January 11, 2018 for the January 23, 2018 City Council meeting.

On January 18, 2018, the Finance Committee will hear this item for consideration to forward to the City Council the reports outlined below and recommend that the City Council reappoint Macias, Gini & O'Connell L.L.P. for year five of their five-year contract to serve as the City's independent auditor to conduct the annual audit of Fiscal Year 2017-2018.

## **DISCUSSION:**

The City's independent auditor, Macias, Gini & O'Connell L.L.P. ("MGO"), has completed the annual audit of the City's fiscal year 2016-2017 financial statements and other financial reports subject to audit, as follows:

1. Comprehensive Annual Financial Report (CAFR)
2. Successor Agency to the Redevelopment Agency of the City of Riverside Financial Report

3. Riverside Public Financing Authority Financial and Compliance Report
4. Air Quality Management District Report
5. Riverside Public Utilities Annual Financial Report
6. Appropriations Limit (Gann) Calculation Compliance Opinion
7. Single Audit Report on Federal Awards
8. Popular Annual Financial Report (PAFR)

The auditors provided an unmodified, or clean, opinion that the City's financial statements are presented fairly and in conformity with generally accepted accounting principles. This clean audit opinion supports the fact that the City observed compliance with generally accepted accounting principles and statutory requirements. Additionally, the City had no audit findings or instances of material weaknesses or significant deficiencies identified during the audit process.

Our staff and leadership team work very closely to be prudent and thorough in our financial practices. The lack of audit findings confirms that the City operates with high ethical standards and has necessary internal controls to ensure an accurate and accountable use of public funds. Good finance is important to everything government does, and taxpayers expect this kind of accountability.

The City's financial statements are distributed to the City Council, federal and state government agencies per contract requirements, bond holders, rating and financial institutions and are made available in libraries for interested citizens.

For the first time ever the City has produced a Popular Annual Financial Report (PAFR). The Government Finance Officers Association established the PAFR in 1991 to encourage and assist state and local governments to extract information from their Comprehensive Annual Financial Report (CAFR) to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and who may be overwhelmed by the volume of information in the traditional CAFR.

MGO has completed four years of a five-year contract. The contract was awarded consistent with the City's charter, which allows the City's independent auditor to serve for no more than five years before mandatory rotation is required. This practice is consistent with industry best practices as promulgated by the national organization of municipal financial professionals, the Government Finance Officers Association. MGO has done a good job with the current year's audit and it is proposed that the City exercise the fifth and final year option of their contract.

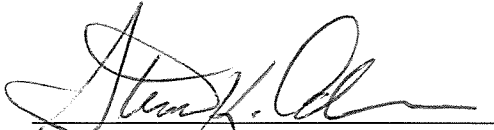
Representatives from MGO will be at the meeting to make a short presentation of required communications with the Finance Committee and answer any questions.

### **FISCAL IMPACT:**

There is no fiscal impact associated with this report.

Prepared by: Edward Enriquez, Controller/Deputy Treasurer  
Certified as to  
availability of funds: Adam Raymond, Chief Financial Officer/Treasurer  
Approved by: Marianna Marysheva, Assistant City Manager  
Approved as to form: Gary G. Geuss, City Attorney

Concurs with:

  
Steven K. Adams, Chair  
Finance Committee

Attachments:

1. Successor Agency Financial Report
2. Riverside Public Financing Authority Financial and Compliance Report
3. Air Quality Management District Report
4. Appropriations Limit (Gann) Calculation Compliance Opinion
5. Single Audit Report
6. Popular Annual Financial Report (PAFR)
7. Auditor Required Communication
8. Comprehensive Annual Financial Report (CAFR)
9. Riverside Public Utilities Annual Financial Report