



FY2018 Comprehensive Annual Financial Report (CAFR) and Annual Audit

City Council Meeting
February 4, 2019

Communications/Audit Reports

- Comprehensive Annual Financial Report (CAFR)
- Management Letter
- Communication with Governance
- Single Audit Report
- Highway User Revenue Fund (HURF) Report
- Annual Expenditure Limitation Report (AELR)



Financial Status (Total Gov't)

Total Government	2017	2018	% Change
Net Investment in Capital Assets	\$963.9M	\$958.5M	(0.6)%
Restricted	58.1M	59.8M	2.9%
Unrestricted	75.5M	97.4M	29.0%
Total Net Position	\$1,097.5M	\$1,115.8M	1.7%

Financial Status (General Fund)

General Fund	2017	2018	% Change
Nonspendable	0.9M	0.9M	0.0%
Restricted	0.1M	0.0M	(100)%
Committed	21.4M	21.9M	2.3%
Assigned	12.7M	2.4M	(81.1)%
Unassigned	15.7M	22.8M	45.2%
Total Net Position	\$50.8M	\$48.1M	(5.5)%

CAFR

Contains the basic financial statements, management discussion, and additional information

- Unmodified opinion
 - “good” or “clean” opinion
 - This is the best possible opinion the City can receive.



Definitions

- Internal controls: rules, systems, procedures to ensure financial integrity, support accountability, prevent fraud
- Deficiencies: internal controls may not prevent or detect an error
 - Significant deficiency
 - Material weakness



Communication w/ Governance

Letter regarding the audit

Written to Council and Management

- Changes in accounting policies
- Describes estimates
- Describes interaction with staff
- Un-/Corrected misstatements
- Findings/issues referenced



Communication w/ Management

Letter regarding the audit

Written to Senior Management

- Comments and suggestions re: internal control deficiencies:
 - Inventory
 - Procurement cards
 - Capital asset capitalization policy
 - Information technology user rights
 - Development impact fees



Single Audit Report

Letter regarding the audit of federal funds
Written to Council and Management

- No questioned costs
- Material weaknesses
 - Bank reconciliations
 - Prior period adjustment: Long-term storage credits on inventory
 - Material audit adjustments



HURF Report

Letter regarding the audit

Written to Council

- Arizona Revised Statutes Title 28, Chapter 18, Article 2
- No issues noted





CAFR and Annual Audit

Questions/Comments?