



Staff Report

TO: Finance and Audit Committee Members
FROM: Jennifer Ustation, Finance Director
Lisa Leach, Assistant Finance Director
DATE December 20, 2021
SUBJECT: Review of Draft FY2021 Annual Comprehensive Financial Report

Background and Analysis:

On an annual basis the City is required to have an independent audit of its financial statements. The audit for FY2021 is in the final stages of completion and a draft report will be submitted to the City for review as soon as available.

The audit provides for an unmodified (“clean”) opinion, which means that the financial statements present fairly in all material respects, the financial condition of the City. The audit process includes an interim period of review of internal controls and testing of transactions and year-end balances. Both processes are completed by the independent auditors.

This is the first year the City is completing an Annual Comprehensive Financial Report (ACFR). The ACFR is divided into the following sections:

- **Introductory Section (New with ACFR)** – Includes a Letter of Transmittal to introduce the ACFR and provide a profile of the government, and information that is useful in assessing a government’s economic condition and organizational information.
- **Independent Auditor’s Report on Financial Statements** – provides an opinion on the reasonable assurance about whether the financial statements as a whole are free from material misstatement.
- **Management Discussion and Analysis** – provides management’s discussion of the financial condition of the City and the results of operations for the year ended FY 2020-2021.
- **Financial Statements** – this provides for detailed financial results of both government activities and business type activities along with the change in financial position for the City during the fiscal year July 1, 2020, through June 30, 2021.

- **Notes to the Financial Statements** – this provides additional information regarding a summary of significant accounting policies, including valuation of assets and liabilities.
- **Supplementary Information** – this provides for comparative data with information from prior years.
- **Statistical Section (New with ACFR)** – provides financial trends, revenue capacity, debt capacity, demographic, economic and operating information which provides a context for assessing a government's economic condition.

The draft is expected to go through the technical review process with the audit firm, which is the last phase to achieve a final report and staff does not anticipate any substantive changes. City staff plans to take the report in final form to City Council in January and submit the ACFR to the GFOA for the Certificate for Achievement for Excellence in Financial Reporting. The deadline to apply for the award is January 31, 2022.

Recommended Action:

Discussion of the Annual Comprehensive Financial Report and recommend for City Council consideration once a final version is received.

Attachments:

A. Annual Comprehensive Financial Report (to be attached when received and provided at the meeting)