



Staff Report

TO: Finance and Audit Committee Members
FROM: Jeff Mohlenkamp, Finance Director
Lisa Leach, Senior Accountant
DATE January 11, 2021
SUBJECT: Review of Audited Financial Statements for FY 2020

Background and Analysis:

On an annual basis the City is required to have an independent audit of internal controls and financial statements. The audit for FY 2020 is complete and the financial statements along with the auditor opinion are included as Attachment A.

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.

The review of internal controls and findings regarding prior year deficiencies and deficiencies identified during the current audit are also included as Attachment B. The auditors identified 3 new deficiencies and also identified two prior year deficiencies that require additional action on the part of the City. Management’s response is included in this report.

The Annual Financial Report and Independent Auditor’s Report divided into the following sections:

- **Auditor’s Report on the Financial Statements** – includes their opinion regarding the reliability of the balances and financial activity conducted by the City.
- **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 2019-20.

- **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, 2019, through June 30, 2020.
- **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.

As highlighted in the management discussion and analysis and detailed in the financial statements, the City's financial position continues to improve with positive operating results and improvements in the net financial position of the City. The independent audit firm of Rogers, Anderson, Malody and Scott, LLP will provide an overview of the audit process for the Committee and be available to answer questions.

Additional attachments included for review include the Attachment C, which provides the appropriations limit and Attachment D, which includes the auditor representation letter and identifies adjusting entries proposed by the auditor and the management representation letter.

Recommended Action:

It is recommended that the Finance and Audit Committee review the attached financial statements and move them forward to the City Council for consideration.

Attachments:

- A. Audited Financial Statements for FY 2019-20
- B. Report on review of Internal Controls for FY 2019-20
- C. Appropriations Limit Report
- D. Auditor representation letter/ Management representation letter