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City of Greeley Audit Presentation to the City Council

Year Ended December 31, 2021



City of Greeley 2021 Executive Summary

- **Financial Statement Audit (Report dated March 15, 2023)**
 - Unmodified opinion – Highest form of assurance
 - General Fund continues to be financially sound, with an unassigned fund balance of \$43.1 million. Total fund balance increased \$8.5 million in 2021, from \$45.8 million to \$54.3 million.
 - Water and Sewer Funds have combined unrestricted net position of \$57.1 million at December 31, 2021.
 - In 2021, the City invested \$116.8 million in various infrastructure projects, equipment, land, water rights, etc.
 - Debt paydown of \$12.8 million in 2021 and no new debt issued in 2021.
- **Single Audit in progress; completion May 31st**
 - Includes review of ARPA, FTA (transit), Watershed and CDBG programs.



City of Greeley

Communication With Those Charged With Governance

➤ Internal Control Related Matters Identified

1. General ledger and underlying accounting records were not reconciled and closed in a timely manner throughout the year
 - The City provided year-end adjustments, reconciliations, and general ledger balances related to the year ended December 31, 2021 after the recommended typical closing period for a city. Year-end adjustments, updates to schedules, and final supporting reconciliations and workpapers were received through February 2023.
2. Material noncompliance with laws and regulations – the City was not able to file the audited financial statements by the deadline
 - Audited financial statements were filed in March 2023.
3. Year-end journal entries were identified during the audit and were necessary to state the financial statements in accordance with GAAP
 - The City failed to properly record ARPA revenue and unearned revenue until the auditor questioned the amount recorded on the trial balance. Additionally, the City failed to defer revenue related to grant funds that have not been received within period of availability but are expected to be collected. This second issue surrounding the failure to defer revenue related to grant funds was not material and was reported as a passed adjustment.

*Please see separate letter to Mayor and City Council dated March 15, 2023 for more details.



City of Greeley

Communication With Those Charged With Governance (Continued)

- Required Communication with Those Charged with Governance
 - No transactions entered for which there was a lack of authoritative guidance
 - No significant transactions recognized in a different period than when the transaction occurred
 - Management estimates included within the financial statements (net pension liability)
 - No difficulties or disagreements with management in performing the audit

*Please see separate letter to Mayor and City Council dated March 15, 2023 for more details.



Planning Steps for 2022 Audit

- Improvements to the city's new ERP system have been completed allowing for significant reduction in manual corrections required.
- City has hired external help to assist with the preparation for the 2022 audit and identify improvements in the City's financial reporting process,
 - External resources have been onboarding and are supporting activities to get back to timely reporting moving forward.
 - Accounting team has been able to backfill several positions; remaining two positions currently being recruited.
- City's audit schedule is to complete the accounting records and related reconciliations for 2022 in spring/summer 2023 and have the 2022 financial statement audit completed by September 30, 2023



Thank you for the opportunity to serve as auditors for the City of Greeley

For more information, please contact:

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