



# CITY OF WHEATLAND

## CITY COUNCIL MEETING STAFF REPORT

January 23, 2018

**SUBJECT: Fiscal Year 2017 Audited Financial Report**

**PREPARED BY: Susan Mahoney, Finance Director**

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### **Recommendation**

Staff recommends the City Council receive and file the audited Annual Financial Report for the fiscal year ended June 30, 2017.

### **Background/Discussion**

Each year, an audit of the City's financial statements is conducted by an independent auditor and the results are presented to the City Council. The audit for the fiscal year ended June 30, 2017 was conducted by Don Cole & Company, CPAs. This is the sixth year this firm has audited the City.

The scope of the annual audit typically includes:

1. An evaluation by the auditor that the preparation of the financial statements by City staff fairly presents the financial position of the City.

*It is the opinion of the auditors that the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.*

2. A separate audit called a Single Audit. It is required when the City receives over \$750,000 in federal funds.

*The City received \$625,014 in federal funds in fiscal year 2017, therefore, a Single Audit is not required.*

3. A Report on Internal Control Over Financial Reporting which comments on the City's system of internal controls (Attachment 2).

*The results of the auditor's tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.*

The Annual Financial Report for the Fiscal Year Ended June 30, 2017 (Attachment 1) includes a Management Discussion and Analysis (pages 3 through 10) which provides an overview of the City's financial activity.

The following are some key highlights reported in the financial report:

- The fund balance of the General Fund increased \$22,334 over the prior year.
- A Statistical Section has been added to the financial report (pages 65 through 81) which includes additional information about the City such as assessed value of property, top ten property tax payers, top 25 sales tax producers, direct and overlapping tax rates, demographic and economic statistics, principal employers, etc.
- The net position of the Water and Wastewater Funds continues to decline as service charges are not sufficient to recapture funding for depreciation. Negative unrestricted net position indicates there are no reserves for infrastructure improvements.

### **Alternatives**

The Annual Financial Report is prepared by an independent auditor and is in conformity with Generally Accepted Accounting Principles. The alternative is to not accept the report.

### **Fiscal Impact**

There is no fiscal impact associated with this item.

### **Attachments**

1. Annual Financial Report for the fiscal year ended June 30, 2017
2. Report on Internal Control over Financial Reporting`