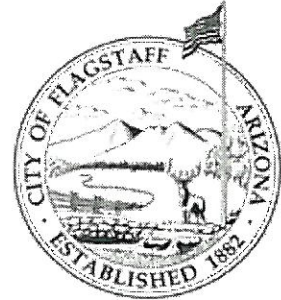


CITY OF FLAGSTAFF STAFF SUMMARY REPORT

To: The Honorable Mayor and Council
From: Rick Tadder, Finance Director, 213-2215
Date: February 7, 2011
Meeting Date: March 1, 2011



TITLE: Consideration of Audited Financial Reports for June 30, 2010

RECOMMENDED ACTION: Approve the June 30, 2010 Comprehensive Annual Financial Report and the Single Audit Report and Schedule of Financial Awards as recommended by City of Flagstaff audit committee.

ACTION SUMMARY:

- Policy Decision or Reason for Action:
 - The City is required by City Charter to have an audit performed for each fiscal year. The City is also required to complete the Single Audit Report as the City receives more than \$300,000 in federal financial assistance.
- Financial Impact:
 - There is no financial impact to approving the City's Fiscal Year 2010 Comprehensive Annual Financial Report (CAFR) and Single Audit Report and Schedule of Financial Awards (SEFA).
- Connection to Council Goal:
 - Effective governance
- Options:
 - Approve the City's Fiscal Year 2010 CAFR and Single Audit Report and SEFA.
 - Do not approve the City's Fiscal Year 2010 CAFR and Single Audit Report and SEFA with direction to the Audit Committee of Council questions/issues.
- Has there been a previous Council decision on this topic? No

Division Director (Acknowledgment that all reviews have been completed and required approvals initialed below.)

ADDITIONAL INFORMATION:

Background/History:

The Audit Committee was represented by:

- Scott Overton, Council Member
- Kevin Burke, City Manager
- Barbara Goodrich, Management Services Director
- David Cospers, CPA
- Sharman Cawood, CPA
- Christopher Lambert, CPA

The CAFR is reviewed by the Audit Committee through a presentation by the audit firm Eide Bailly, LLP, the firm who performed the annual City audit. The presentation of the financial reports to the audit committee on January 24, 2011 was facilitated by Lealan Miller, Partner with Eide Bailly and Pam Eggert, Senior Audit Associate with Eide Bailly.

Key Considerations: The City has received an unqualified opinion from the audit firm, meaning they believe the financial statements are fairly presented in accordance with generally accepted accounting principals. In the Communication to Council, the audit firm states: there were no difficulties encountered in performing the audit; there were no corrected or uncorrected misstatements to report and; there were no disagreements with management.

The City presents its' financial statements in accordance with all standards as defined by the Government Accounting Standards Board (GASB).

The City is required by City Charter to have an audit performed for each fiscal year. The City is also required to complete the Single Audit Report as the City receives more than \$300,000 in federal financial assistance.

The Audit Committee unanimously approved the acceptance of the CAFR and Single Audit and SEFA.

Community Benefits and Considerations: Independent review of the City's financial statements elevates the level of confidence that the City is reporting fairly, accurately, and within prescribed guidelines.

Community Involvement: The community is directly involved through the participation on the Audit Committee. Any community member may receive a copy of the most recent CAFR and Single Audit Report and SEFA.

A copy of the current and historical copies CAFR and Single Audit and SEFA is available in the following locations:

- On the City web site, www.flagstaff.az.gov under the Finance and Budget section
- At the Flagstaff Public Library, 300 W Aspen Ave, Flagstaff, AZ
- At the East Flagstaff Community Library, 3000 N 4th Street, Suite 5, Flagstaff, Arizona

INITIALS	RESPONSIBILITY	DATE	INITIALS	RESPONSIBILITY	DATE
_____	BIDS/PURCHASES	_____	_____	FINANCE/BUDGET	<i>RT</i>
_____	GRANTS	_____	_____	CONTRACTS	_____
_____	LEGAL	_____	_____	IGAS	_____

DATE OF COUNCIL APPROVAL: _____

Financial Implications: Should the City not perform an annual audit of its financial statements and complete a Single Audit, the City could lose valuable grant funding. The amount of reimbursements of Federal Award reported for in Fiscal Year 2010 was \$4,816,558. State grant funding was approximately \$785,000 in Fiscal Year 2010.

Options and Alternatives:

- Approve the City's Fiscal Year 2010 CAFR and Single Audit and SEFA
- Do not approve the City's Fiscal Year 2010 CAFR and Single Audit and SEFA with direction to the Audit Committee of Council questions/issues.

Attachments:

- One copy of the Fiscal Year ended June 30, 2010 CAFR, Communication to Council (prepared by Edie Bailly, LLP) and Single Audit Report and SEFA is available in the council office.

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_____	BIDS/PURCHASES	_____	_____	FINANCE/BUDGET	<u>PT</u>
_____	GRANTS	_____	_____	CONTRACTS	_____
_____	LEGAL	_____	_____	IGAS	_____

DATE OF COUNCIL APPROVAL: _____