



# City of Flagstaff

Audit Committee Agenda  
June 28, 2022  
9:00 A.M.

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## I. Introductions

## II. Public Participation

At this time, any member of the public may address the Committee on any subject that is not scheduled before the Committee on that day. The Arizona Open Meeting Law prohibits the Committee from discussing or acting on an item which is not listed on the prepared agenda. Committee members may, however, respond to criticism made by those addressing the Committee, ask staff to review a matter, or ask that a matter be placed on a future agenda. To address the Committee on an item that is on the agenda, please wait for the Chair to call for Public Comment at the time the item is heard.

## III. Ratification of Actions Taken at June 20, 2022 Meeting - (Action items listed below)

- a. Approval of January 15, 2021, Audit Committee Minutes
- b. Presentation on the Fiscal Year 2020-2021 Audit by CliftonLarsonAllen
  - i. Discussion of Fiscal Year 2020-2021 Audit
  - ii. Fiscal Year 2019-2020 outstanding items at time of prior year audit committee meeting
    - a. Annual Expenditure Limitation Report
    - b. HUD Real Estate Assessment Report
    - c. Landfill Assurance Agreed Upon Procedures
  - iii. Auditor Governance, Compliance and Communication Letters
- c. Vote to Accept Reports

## IV. Adjournment



# Minutes

## City of Flagstaff

### Audit Committee

12:00 p.m. Monday, June 20, 2022

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Microsoft Teams, City Hall, 211 West Aspen Avenue

**CALL TO ORDER: 12:16 p.m.**

#### **I. INTRODUCTIONS/ROLL CALL**

COMMISSION MEMBERS:

Sharman Cawood, CPA (present)  
Dave Cospers, CPA, Auditor (present)  
Rick Tadder, Mgmt. Services Dir./Treasurer (present)  
Paul Deasy, Mayor (present)

CITY STAFF:

Brandi Suda, Finance Director (present)  
Greg Clifton, City Manager (present)  
Heidi Derryberry, Assistant Finance Dir. (present)

CONSULTANTS:

Dennis Osuch, Principal (present)

#### **II. Public Participation**

Rick Tadder opened to any Public Participation; No members of the public were in attendance in MS Teams or in person.

#### **III. Approval of January 15, 2021 Audit Committee meeting minutes**

Motion: Sharman Cawood

Second: Dave Cospers

Passed Unanimously

#### **IV. Discussion of Fiscal Year 2020/2021 Audit**

Introduction of Dennis Osuch Principal of Clifton, Larson & Allen- City Auditor

3 items from last meeting:

1. 6-30-20 – Annual Expenditure Limitation Examination (HURF) – unmodified opinion
2. 6-30-20 – HUD Real Estate Assessment Agreed-Upon Procedures – no findings reported
3. 6-30-20 – Landfill Agreed-Upon Procedures – no findings reported

Reports issued – June 30, 2021 Summary:

1. Annual Comprehensive Financial report
2. Governance Communication
3. Single Audit Report
4. Highway User Revenue Examination Report
5. Annual Expenditure Limitation Examination Report
6. Passenger Facility Charge Report
7. Landfill Agreed-Upon Procedures Report

June 30, 2021 Audit Summary

Dennis Osuch delivers audit presentation:

Preliminary Fieldwork in July both off site and on site. Final field work in October, November, December 2021. Single Audit performed in Spring of 2022.

Budget Hours: 650, Actual Hours: 700

Reports at a glance:

A: Governance Communication- significant estimates on useful lives of assets, fair value of investments, allowance for uncollectibles, unfunded pension/OPEB liability, landfill closure and post closure liability and compensated absences. No difficulties, one misstatement, no material audit adjustments.

B: ACFR Comprehensive Annual Financial Report- unmodified opinion, GFOA certificate of excellence.

C: Single Audit Report- GAS – no deficiencies or material weakness, UG- unmodified opinion, no matters of non-compliance, no control deficiencies

D: Highway User Revenue Examination: Unmodified opinion

E: Annual Expenditure Limitation Examination (HURF) – Unmodified opinion

F: Passenger Facilities Charge Report – regulated by FAA, unmodified opinion on compliance

G: Landfill Agreed-Upon Procedures – No findings

Annual Comprehensive Financial Report (ACFR)

Comprehensive Annual Financial Report- unmodified “clean” opinion

1. Audit basic financial statements

2. Provide an "in relation to" opinion on combining and individual nonmajor funding financial statements and schedules and the financial data schedules
3. Disclaim an opinion on the required supplementary information introductory sectional and statistical section.
4. Risk Based Approach- identify higher risk areas such as:
  - a. Management override controls,
  - b. Revenue recognition & assertion,
  - c. Financial close

Single Audit Report (SAR) Government auditing standards report – report on internal controls

1. Report on internal controls does not provide an opinion, no material weaknesses, no significant deficiencies
2. Report of compliance for each major program, on internal control over compliance and schedule of federal expenditures
3. Provide an in-relation-to opinion on the schedule of federal expenditures

Three major programs tested:

A) 20.106 Airport Improvement Program	\$3,898,976
B) 21.019 Coronavirus Relief Fund	\$1,934,046
C) 14.218 CDBG Entitlement Grants	\$1,657,620
D) 14.850 Public and Indian Housing	\$659,890
E) 14.872 Public Housing Capital Fund	\$935,123

4. Testing Federal Expenditures:
  - a. Total Federal Expenditures: \$15,362,728
  - b. Total Federal Expenditures Tested: \$9,085,655
  - c. Total Actual Coverage: 59.1%
  - d. Unmodified (clean) opinion

No Questions

Rick Tadder comment: The single audit expanded over the last 3 years. Even with the elevated amount of work, there were no findings. Kudos to financial team. Thanked Brandi Suda and Heidi Derryberry.

Brandi Suda comment – great work to the finance team.

**V. Vote to Accept Reports and forward to City Council**

Motion: Greg Clifton

Second: Sharman Cawood

Motion Passed Unanimously, Rick Tadder noted a new state law – auditor will present to the City Council on July 5, 2022.

Items of Significance for next year:

- Governmental Accounting Standards board statement (GASBS No 87 – leases)
- 2022 Compliance supplement was issued in April 2022
- Issuance of new long-term debt
- New City funds
- Significant Changes within the City
  - Changes in key personnel
  - Changes in policies or procedures
  - Restructured departments
  - New programs
- Audit Timeline
  - Will build with management
  - Expectations
    - Issue ACRF, PFC report, HURF Examination by the end of November/Beginning of December
    - Single audit to complete and issued prior to December 31
    - Landfill agreed-upon procedures report to be issued prior to December 31
    - Annual Expenditure Limitation report to be issued by January 31<sup>st</sup>
    - June 30, 2022 Audit Committee Meeting to be scheduled before the end of February 2023
- Next Meeting: meet 1x per year, but Rick Tadder reminded the group that they can meet more often. No questions or comments

**VI. Information or other additional questions**

- No questions from Sharman.
- Sharman will be stepping off the audit committee after this meeting.

- Two vacancies on the audit committee

**VII. Adjournment**

Rick Tadder adjourned the meeting at 12:45 p.m.