



Item: Audit Report, FY 2007-2008

From: Fiscal Services Department

Initiated By: Judy D Gusick, Staff Accountant

Presented By: Coleen Balzarini, Fiscal Services Director

Action Requested: Accept Comprehensive Annual Financial Report with Independent Auditor's Report

Suggested Motion:

1. Commissioner moves:

“I move that the City Commission accept/reject the FY 2007-2008 Comprehensive Annual Financial Report and Independent Auditor's report as presented as well as approve the responses to the Audit Management Letter recommendations as presented, the Special Emphasis audit as presented, and authorize staff to submit the responses to the State of Montana, Department of Administration and other government agencies as necessary.”

2. Mayor calls for a second, discussion, inquiries from the public, and calls the vote.

Staff Recommendation: Staff recommends the City Commission accept the FY 2007-2008 Comprehensive Annual Financial Report (CAFR) and approve responses to the auditor's recommendations contained in the FY 2007-2008 Audit Management Letter as well as the recommendations made in the Special Emphasis audit.

Background: The City's Audit Committee received a copy of the FY 2007-2008 CAFR, the Independent Auditor's report, responses to the GFOA's (Government Finance Officers Association) comments on the FY 2006-2007 CAFR and a brief summary of the FY 2007-2008 audit and FY 2007-2008 Special Emphasis audit on December 10, 2008. The Audit Committee recommends the City Commission accept the CAFR and annual Independent Auditor's report.

Along with the FY 2007-2008 Audit Report, the City's auditors (Junkermier, Clark, Campanella, Stevens, P.C., Certified Public Accountants) issued a separate Audit Management Letter. The letter comments on internal control recommendations related to the operations of the City that **could** adversely affect the City's ability to record, process, summarize, and report financial data.

The attached document notes that the auditors' have one recommendation for FY 2007-2008 and prior year recommendations and their current status.

The FY 2007-2008 CAFR will be submitted to the Government Finance Officers Association's (GFOA) Certificate of Achievement Program for review. The prior year's CAFR was submitted and subsequently awarded the Certificate of Achievement for Excellence in Financial Reporting. The City has received this certification every year since FY 1993-1994. It is anticipated the FY 2007-2008 CAFR will meet requirements to receive the certification as well, since all comments and recommendations made by GFOA for improvement of presentation were implemented in the FY 2007-2008 CAFR.

Special Emphasis Review: Each Fiscal Year the City of Great Falls Audit Committee selects an area of the City's operations for a Special Emphasis Review. The focus is more in depth and detail than the annual City wide audit and designed to provide a more detailed analysis of the selected area. FY 2007-2008 reviewed the Electric Utility Fund. Previous Special Emphasis Reviews are as follows:

FY 2007	None
FY 2006	Cash procedures for all departments
FY 2005	Electric Utility Fund
FY 2004	Electric Utility Fund
FY 2003	GASB 34 Reporting Model
FY 2002	Swimming Pool operations follow-up
FY 2001	Swimming Pool operations

Other areas that have been reviewed in the years prior to 2001 are Parking, Golf Courses, Sanitation, and Fairgrounds operations while under City management.

Concurrences: The City's Audit Committee is made up of one City Commissioner, Commissioner Beecher, and the Mayor, Dona Stebbins, one citizen, JoAnne Fisher, the City Manager, Greg T. Doyon, and the Fiscal Services Director, Coleen Balzarini. The Committee members that were present recommend approval of the FY 2007-2008 CAFR, responses to the Audit Management letter recommendations as presented, the Special Emphasis audit as presented, and authorize staff to submit the responses to the State of Montana, Department of Administration and other government agencies as necessary.

Fiscal Impact: The City's Bond ratings, the ability of the City to issue new debt, City eligibility for Federal Grants as well as not being in compliance with State of Montana Statutes are all affected by the CAFR and related reports.

Alternatives: Deny acceptance of City CAFR.

Attachments/Exhibits:

City of Great Falls 2007-2008 CAFR

Audit Management Letter with Recommendations and Management Responses

Independent Accountant's Report on Applying Agreed-Upon Procedures for Electric Utility Fund (Special Emphasis Review)

Electric Fund as Extracted from the Comprehensive Annual Financial Report.