

**AUDIT
of the City of Albany**



**PRESENTATION TO THE CITY COUNCIL
APRIL 2, 2012**

**PRESENTED BY:
AHMED BADAWI, CPA, PARTNER
CAPORICCI AND LARSON, INC. A SUBSIDIARY OF
MARCUM LLP**



**MANAGEMENT'S
RESPONSIBILITIES**

MANAGEMENT'S RESPONSIBILITIES

3

- Management is responsible for the Financial Statements.
- Management is responsible for establishing and maintaining internal control over financial reporting and compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants.
- Management is responsible for making all financial records and related information available to us.
- Management is responsible for adjusting the financial statements to correct material misstatements.

MANAGEMENT'S RESPONSIBILITIES

4

- Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving:
 - Management
 - Employees who have significant roles in internal controls
 - Others where the fraud could have a material effect on the financial statements

MANAGEMENT'S RESPONSIBILITIES

5

- Management is responsible for ensuring that the City complies with applicable laws and regulations.
- Management has the responsibility of following up and taking corrective action on reported audit findings and of preparing a summary schedule of prior audit findings and a corrective action plan, if any.

6

AUDITORS' RESPONSIBILITIES

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7

- We are responsible for obtaining reasonable assurance that the financial statements are free of material misstatements.
- We are responsible for examining, on a test basis, evidence supporting amounts and disclosures.
- We are responsible for assessing accounting principles used and estimates made, and evaluating the overall financial statements presentation.

AUDITORS' RESPONSIBILITIES

8

- We are responsible for reviewing the City's internal control policies and procedures.
- We are responsible for assessing risk of material misstatements in the financial statements.
- We are responsible for the expression of an opinion on the City's Financial Statements.

C&L AUDIT EFFORTS (IN SUMMARY)

C&L'S AUDIT EFFORTS

- Assessed the City's accounting principles
- Reviewed, tested, and evaluated the City's internal controls
- Validated the City's significant account balances to supporting documents
- Obtained information directly from attorneys, banks, fiscal agents, and others
- Reviewed the City's financial statements for adherence to GAAP
- Performed year-over-year comparisons of specific account balances
- Reviewed the basis of management's estimates

2011 AUDIT RESULTS

FINANCIAL STATEMENT COMPONENTS

- **Auditors' Report (our opinion)**
- **Management's Discussion and Analysis**
- **Basic Financial Statements:**
 - Government-Wide Financial Statements
 - × Statement of Net Assets
 - × Statement of Activities
 - Fund Financial Statements
 - Notes to Basic Financial Statements
- **Required Supplementary Information**
- **Supplementary Information**

OUR OPINION

13

- Financial statements are fairly presented in all material respects
- Significant accounting policies have been consistently applied
- Estimates are reasonable
- Disclosures are properly reflected in the financial statements

OTHER KEY POINTS

14

- No disagreements with management
- No significant deficiency nor material weakness in internal accounting controls discovered
- No indications of fraudulent or inappropriate activity

15

**SOME
FINANCIAL
STATISTICS**

COSTS OF SERVICES TO TAX REVENUES

16

Years ended June 30,

	2011	2010
Net Cost of Services for Governmental activities	\$ (16,787,554)	\$ (17,214,903)
Net Cost of Services for Business type activities	851,223	1,525,071
Total Net Cost of Services	(15,936,331)	(15,689,832)
 Tax Revenues	 17,848,964	 17,629,144
Cost of Services to Tax Revenues	89%	89%
2010 Survey Average for Cities		115%*

* Source: C&L Survey of Selected California Cities

**GENERAL FUND AVAILABLE FUND BALANCE TO
ANNUAL EXPENDITURES**

17

Years ended June 30,

	<u>2011</u>	<u>2010</u>
Available Fund Balance	\$ 4,899,301	\$ 5,065,476
Annual Expenditures	<u>16,801,172</u>	<u>16,093,620</u>
Available Fund Balance to Annual Expenditures	<u>29%</u>	<u>31%</u>
2010 Survey Average for Cities		<u>22% *</u>
# of Months Covered	3.7	3.7
GFOA Recommended # of months	2 - 4	2 - 4

* Source: C&L Survey of Selected California Cities



Thank You
For Allowing C&L to Provide Audit Services
To
The City of Albany