

City of Patterson

Patterson, California

Single Audit and Independent Auditors' Reports

For the Year Ended June 30, 2017



**City of Patterson
Single Audit Reports
For the Year Ended June 30, 2017**

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditors' Report

Honorable Mayor and Members of the City Council
of the City of Patterson
Patterson, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Patterson, California (the "City"), as of and for the year ended June 30, 2017, and the related notes to the basic financial statements which collectively comprise the City's basic financial statements and have issued our report thereon dated March 13, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies as item number 2017-001.

To the Honorable Mayor and Members of City Council
of the City of Patterson
Patterson, California
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The City’s Responses to Findings

The City’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "The Per Group, LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
March 23, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE,
AND ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Honorable Mayor and Members of City Council
of the City of Patterson
Patterson, California

Report on Compliance for Each Major Federal Program

We have audited the City of Patterson, California (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and

To the Honorable Mayor and Members of City Council
of the City of Patterson
Patterson, California
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report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2017, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 23, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the City's financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The PwC Group, LLP

Walnut Creek, California
March 23, 2018

City of Patterson
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/Passed through Grantor Program Title	CFDA Number	Grant Award Number	Federal Expenditures
U.S. Department of Housing and Urban Development:			
Community Development Block Grant - Entitlement Cluster:			
<i>Passed Through Stanislaus County:</i>			
Community Development Block Grant	14.218	B-14-UC-06-0100	\$ 11,863
Total Community Development Block Grant - Entitlement Cluster			<u>11,863</u>
 <i>Passed Through Turlock County:</i>			
HOME Investment Partnerships Program	14.239	M14-DC060240 (Subaward 16-043)	4,478
Total U.S. Department of Housing and Urban Development			<u>16,341</u>
 U.S. Department of Transportation:			
Highway Planning and Construction Cluster:			
<i>Passed Through State of California Department of Transportation:</i>			
Ward Avenue Overlay Project	20.205	STPL-5244 (024)	795,058
Ward and Las Palmas Intersection Project	20.205	CML-5244 (033)	524,484
Sperry and Del Puerto Intersection Project	20.205	CML-5244(027)	64,535
Rogers Road DMC Bridge	20.205	BRLS-5244 (032)	814
Total Highway Planning and Construction Cluster			<u>1,384,891</u>
Total U.S. Department of Transportation			<u>1,384,891</u>
Total Expenditures of Federal Awards			<u>\$ 1,401,232</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards

City of Patterson
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Note 1 – Reporting Entity

The financial reporting entity consists of the primary government, City of Patterson (the “City”), organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Note 2 – Basis of Accounting

the various grant programs have been recorded within the general fund and special revenue funds of the City. The City utilizes the modified accrual method of accounting for the general fund and special revenue funds. The accompanying Schedule of Expenditures of Federal Awards (“Schedule”) is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the City’s basic financial statements.

Note 3 – Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California, Turlock County and Stanislaus County of is included in the Schedule. The Schedule was prepared from only the accounts of various grant programs and, therefore, does not present the financial position, change in fund balance, or results of operations of the City.

Note 4 – Subrecipients

During the fiscal year ended June 30, 2017, there were no amounts provided to subrecipients.

Note 5 – Indirect Cost Rate

The City has not elected to use the 10-percent de minimis indirect rate as allowed under the Uniform Guidance.

City of Patterson
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section I – Summary of Auditors’ Result

Financial Statements

Types of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? 2017-001

Noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? 2017-002

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in
 Accordance with 2 CFR 200.516(a)? Yes

Identification of major programs:

Major Program	Federal CFDA #	Federal Expenditures
Highway Planning and Construction Cluster	20.205	\$ 1,384,891
Total major program expenditures		\$ 1,384,891
Total expenditures of federal awards		\$ 1,401,232
Percent of total federal award expenditures		98.83%

Dollar threshold used to distinguish between type A and type B program: \$750,000

Auditee qualified as low-risk auditee in accordance with 2 CFR 200.520? No

City of Patterson
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

Section II – Financial Statement Findings

Finding: 2017-001 Internal Control Over Financial Reporting

Criteria:

Management is responsible for designing, implementing, and maintaining appropriate internal control over financial reporting and compliance.

Internal control is defined as a process implemented and monitored by the City Council, management, and other personnel. The Internal Control System should be designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- Reliability of financial reporting;
- Effectiveness and efficiency of operations; and
- Compliance with applicable laws and regulations.

The Internal Control Framework would include establishing or enhancing guidance in the following areas:

- *Control environment* sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure.
- *Risk assessment* is the entity’s identification and analysis of relevant risks to achievement of its objectives, forming a basis for determining how the risks should be managed.
- *Control activities* are the policies and procedures that help ensure that management directives are carried out.
- *Information and communication* systems support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.
- *Monitoring* is a process that assesses the quality of internal control performance over time.

Condition and Context:

During the performance of the year-end audit, we noted below:

1. Capital Assets:
 - The City does not have formal capital assets policy.
 - The City did not capitalize the total assets value as of the date of purchase. During the audit, we noted the capital assets items was split and capitalized in two fiscal years.
 - The City did not properly classified capital lease transaction and are recording the transaction using “pay-as-you-go” methodology.
2. Accounts Payable
 - The City performed their year-end accruals of its accounts payable based on budget. Therefore, the City did not properly accrue 100% of the invoices for the goods or services that were fulfilled prior to June 30.
3. Interest Payable
 - The City did not properly accrued interest payable for its long-term debt on the Government-Wide Financial Statements. Therefore, the liability as of June 30, 2016 was understated by \$1.4 Million.

City of Patterson
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

Section II – Financial Statement Findings (Continued)

Finding: 2017-001 Internal Control Over Financial Reporting (Continued)

Cause:

The City lacks the understanding and awareness of the importance to adhere to a year-end closing procedures checklist that has been established in FY 2016-17 to ensure all accruals are properly reported in the general ledger.

Effect:

Without compliance of implementation of the formal and comprehensive policies and procedures regarding internal control over the overall financial reporting and each individual transaction cycle could lead to inconsistency in processing transactions or to process transactions without proper approvals or with human errors and reversals.

Lacking of reviewing process led to misstatements to the financial statements and significant number of adjusting journal entries and reversal entries were posted after the commencement of the audit.

Recommendation:

We recommend the City to educate City staff the importance of adherence to year end closing procedures checklist. We also recommend that the City adopt formal reviewing procedures to minimize the risk of misstatements over financial reporting.

View of Responsible Officials and Planned Corrective Actions:

The City is in agreement with this finding and recommendation. Management has reviewed year end close process and improvement has been made and establish the following mid fiscal year 2017.

- Establish Year-end close procedure and checklist during fiscal year 2017. However, additional training will be provided to department staff to strengthen the understanding and awareness of the importance to adhere to year end close procedure and checklist.
- Management is aware of inadequate resource in Finance to observe segregation of duties, where reviewer and preparer role can be established in fiscal year 2017. Council approved an Accounting Technician position (payroll and capital assets) in November 2016 and the position is filled in April 2017.
- A qualified accounting personnel is essential to maintaining effective internal controls and accurate financial statements. The City completed a full evaluation and revision of the Accountant job description that incorporates more stringent minimum requirements for accounting educational coursework to attract a more focused and experienced professional workforce. The Accountant position recruitment is expected to be completed in Spring 2018.

City of Patterson
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

Section III – Federal Awards Findings and Questioned Costs

Finding: 2017-002 Suspension and Debarment

Criteria:

Suspension and Debarment - Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All nonprocurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at <https://www.sam.gov/portal/public/SAM/> (Note: The OMB guidance at 2 CFR part 180 and agency implementing regulations still refer to the SAM Exclusions as the Excluded Parties List System (EPLS)), (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

Condition:

The City did not performed suspension and debarment review of the vendors through the SAM’s system, however the City does include a vendor certification statement for ‘Debarment and Suspension Certificate’ in the project Bid package (page 55-56) for all contracted vendors of federally funded projects.

Cause:

The City utilizes the ‘Debarment and Suspension Certificate’ as its formal policy and process in maintaining proper documentation in regards to their suspension and debarment review process over vendors that the City contracted with federally-funded projects.

Effect:

Without verifying whether vendors are suspended or debarred from working on federally-funded projects prior to the contract awarded, the City could be contracting with vendors that are prohibited from working on federally funded projects.

Identification as a Repeat Finding, if Applicable:

Not applicable.

Recommendation:

We recommend the City to incorporate the signed ‘Debarment and Suspension Certificate’ statement as part of the binding contract between the City and vendor for federally funded projects.

City of Patterson
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

Section III – Federal Awards Findings and Questioned Costs (Continued)

Finding: 2017-002 Suspension and Debarment (Continued)

View of Responsible Officials and Planned Corrective Actions:

The City is in agreement with the findings and recommendation. A Correction Action Plan will be in effect date as of 3/15/18. The City’s “Notice of Award Contract Document Checklist” will now include a checkbox with the following:

- Documentation of the monitoring of the suspension/debarment process to ensure Contractors/Vendors are not suspended or debarred from federally-funded purchases.
(*SAM.gov website “No SuspensionDebarment – Exclusions”*)
- The ‘Debarment and Suspension Certificate’ signed statement will be included in to the federally funded project binders.

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PRIOR AUDIT FINDINGS STATUS

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City of Patterson
Prior Year Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017

Section I – Financial Statement Findings

Finding 2016-001: Year End Close (Material Weakness)

Criteria

An effective internal control system and timely financial reporting provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Condition

During the performance of the audit, we noted that the processes utilized for closing and reporting of financial activity for the fiscal year ended June 30, 2016 were not effective, which contributed to the delayed closing of the City's trial balances and resulted in excess of 30 adjustments to the original trial balance. Additionally we noted major errors in the recording of investments, grants receivable, notes receivable, capital assets, compensated absences, long term debt, transfers, revenue, and expenses which ultimately required adjustments to correct.

Cause

The City has not assessed the staffing needs of the finance department.

Recommendation

We recommend that the City incorporate review procedures and checklists over the City's financial reporting process to ensure accurate and complete preparation of the City's financial statements.

Management Response

The City is in agreement with this finding and recommendation. The City has struggled with competing demands in the department and the loss of key personnel such as the Finance Director. The City began hiring an interim Finance Director in September 2015 and a permanent position new Finance Director in February 2016 with increased skills, expertise and knowledge of municipal finance. Since then the new Finance Director has been dealing with a number of substantial City's needs such as preparation of FY 2016-2017 Budget with compressed timeline, FY 2014 Single Audit and PPFA Audit. As the City increased activities in both operations and borrowings, the volume of transaction activities and account analysis increased without increase in resource in Finance. Management has reviewed year-end close process and improvement has been made and establish the following in fiscal year 2017:

- Establish Year-end close procedure and checklist for fiscal year 2017.
- Identify critical due dates and develop a listing of assignment.
- Hold periodic meetings to monitor the progress of assignments and responsibilities.
- Conduct management review of financial statements and audit schedules prior to presenting them to the auditor.
- Thorough review and segregation of duties in journal entry preparation, review, and approval.
- Finance Director has proposed an additional staff Accounting Technician during FY 2016-17 Budget and was asked to bring back to mid-year budget review due to funding priority and constraint. Council approved Accounting Technician position in November 2016 and the position is filled in April 2017.

Status

See current year finding 2017-001.

City of Patterson
Prior Year Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

Finding 2016-002 Grant Reporting (Significant Deficiency)

Criteria

In order to properly record financial information pertaining to grant funding, it is necessary for information relating to grant reimbursements and expenditures to be conveyed to the finance department.

Condition

The City of Patterson's grant expenditures are not being communicated timely to the finance department or granting agencies. This has resulted in significant delays in receiving reimbursements for expenditures and errors in accounting for revenues and expenditures.

Cause

The City does not have a system in place which requires grant information to be submitted to the finance department in a timely manner.

Recommendation

We recommend that the City implement procedures that require timely communication between personnel managing grants and the finance department.

Management's Response

The City is in agreement with this finding and recommendation. Management has reviewed grant reporting process and established the following in fiscal year 2017:

- Training is now being provided to existing personnel in areas of federal grants, accounting, accounting close, and documentation.

Status

Implemented.

City of Patterson
Prior Year Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

Finding 2016-003 Financial Reporting (Significant Deficiency)

Criteria

An effective internal control system and timely financial reporting provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Condition

During the performance of the audit, we discovered that monthly financial packets previously provided to City Council had been discontinued during the year. Timely and accurate financial information is instrumental in order for Management and Governance to perform their fiduciary duties.

Cause

The City has not assessed the staffing needs of the finance department.

Recommendation

We recommend that the City resume the control procedures established for financial reporting.

Management's Response

The City is in agreement with this finding and recommendation. Finance staff took every effort to be in compliance with laws and regulations in the area of financial reporting. Finance staff has been providing monthly warrant/disbursement report to Councils via email. The 1st and 2nd quarter of Fiscal Year 2017 financial report was provided to Council on February 21, 2017. Due to lack of resource and conflicting priorities in Finance, a monthly or quarterly financial reports to Council has been a challenge to Finance team. We will continue to assess the staffing needs in Finance department and with Council approved Accounting Technician position we are able to fill the position in April 2017. Finance staff will provide at minimum quarterly financial report to Council in FY 2017-18.

Status

Implemented.

City of Patterson
Prior Year Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2017

Finding No. 2016-004: Noncompliance with Reporting Requirement

Criteria

The Single Audit reporting package and data collection form are required to be submitted to the Federal Audit Clearing-House (FAC) nine months after year end.

Condition

The 2016 Single Audit reporting package and data collection form have not been submitted to the Federal Audit Clearing-House. The filing deadline was March 31, 2017.

Cause

Management was not prepared timely for the 2016 annual audit and single audit.

Recommendation

We recommend that Management close the year-end accounting and be prepared for the audit within 3 months after year-end in order to complete the audit and single audit timely and file on time with the Federal Audit Clearing-House.

Management Response

The City is in agreement with this finding and recommendation. Finance staff took every effort to keep the City current in reporting requirement and remain compliance with laws and regulations. However, Finance Director inherited 2 years of reporting backlog and submitted Single Audit FY 2014 package in July 2016. PPFA Audit FY 2014 was issued in October 2016. City, PPFA, WPFA and TDA Financial Audits FY 2015 were issued in October 2016. As the City increased activities in both operations and borrowings, the volume of transaction activities and account analysis increased without increase in resource in Finance. Therefore, the FY 2016 transactions were not caught up until March 2017. Finance Director has put in place year end close process, schedule staff assignment with date of expected date of completion and working with City Staff of year end closing expectation. The new auditor is scheduled to start interim audit in August 2017 with Field work begin in November 2017.

Status

Implemented.