

CITY OF YUBA CITY  
STAFF REPORT

**Date:** December 18, 2018  
**To:** Honorable Mayor & Members of the City Council  
**From:** Finance/IT Department  
**Presentation By:** Robin Bertagna, C.P.A., Finance/IT Director and  
Ahmed Badawi, CPA, Badawi & Associates, C.P.A.s

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**Summary**

**Subject:** Comprehensive Annual Financial Report (CAFR) and Related Audit Reports for Fiscal Year Ended June 30, 2018  
**Recommendation:** Accept the Comprehensive Annual Financial Report (CAFR) and Related Audit Reports for Fiscal Year Ended June 30, 2018  
**Fiscal Impact:** Informational item only

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**Purpose:**

To receive and file the CAFR and related reports for FYE June 30, 2018.

**Background:**

In accordance with State statute and City ordinance, the City has an independent audit conducted on an annual basis. It is customary that the resulting Comprehensive Annual Financial Report (CAFR) and related audit reports be submitted to the City Council.

Copies of the CAFR and related reports were distributed to the City Council, and the CAFR is available for viewing and printing online at:

[www.yubacity.net/2017-18CAFR](http://www.yubacity.net/2017-18CAFR)

**Analysis:*****Financial Position***

The Management's Discussion and Analysis, which begins on page 5 of the CAFR, provides an overview of financial activities for the fiscal year. As in previous years, the Transmittal Letter that precedes it contains an economic condition and financial information summary.

***Audit Results***

Once again, the City received an unqualified opinion from the independent auditor. The top paragraph on page 2 of the CAFR states as follows:

*"In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America."*

The Single Audit Report contains the auditor's report on internal control over financial reporting. The auditors evaluate any deficiencies identified based on professional judgement of the level of the deficiency. The two types of deficiencies are either a material weakness or a significant deficiency. A material weakness is considered to be the more severe of the two. A material weakness is considered a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected in 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. The City's auditors did not identify any material weaknesses or any significant deficiencies in internal control.

On pages 12-15 of their Single Audit Report, the auditor's provide an update on the status of the three prior year findings and recommendations. They conclude that the City implemented all three of their recommendations from the prior year audit during the fiscal year ended June 30, 2018. The Single Audit Report is available for viewing and printing online at:

[www.yubacity.net/2017-18SingleAudit](http://www.yubacity.net/2017-18SingleAudit)

**Fiscal Impact:**

Informational item only

**Alternatives:**

Not applicable

**Recommendation:**

Staff recommends that the City Council accept the Fiscal Year 2018 Comprehensive Annual Financial Report (CAFR) and related audit reports for filing.

Prepared By:

*/s/ Robin Bertagna*

Robin Bertagna, C.P.A.  
Finance/IT Director

Submitted By:

*/s/ Steven C. Kroeger*

Steven C. Kroeger  
City Manager

Reviewed By:

City Attorney

SLC via email