



# MEMORANDUM

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**To:** Mayor and Members of the City Council

**From:** Rich Olson, City Manager

**Date:** November 16, 2017

**Re:** Presentation of City's Comprehensive Annual Financial Report

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***BACKGROUND:***

The City's auditors, S. Preston, Douglas & Associates, LLP, have completed the audit for fiscal year 2016-2017. Historically, the auditors present the audit to the City Council during the work session in November. This year the presentation will be conducted during the November 27, 2017 meeting.

***ANALYSIS:***

The City's Comprehensive Annual Financial Report (CAFR) received an unmodified (or clean) opinion, meaning that the auditors did not find anything indicating that the financial statements are not accurate.

The auditors did report a finding concerning the City's pre-audits. General Statute 159-28, which requires purchases to have the pre-audit statement evidenced in writing on an order, contract or agreement to pay a sum of money, was not followed for all payments. City Staff disagrees with this finding. Of the items tested, one was paid under contract (Cintas), which has a purchase order issued; and the other items mentioned were credit card purchases.

On June 30, 2017, the governmental funds the City of Elizabeth City reported declared a combined fund balance of \$7,783,205, a 22% increase over last year; and an 18% increase in unassigned fund balance. The City's fund balance in the General Fund has increased from 17.1% in 2016 to 22.5% in 2017. This ratio is fund balance as a percentage of total expenditures.

At the end of the year, the unrestricted net position of the Electric Fund amounted to \$9,824,844, a decrease of \$141,974; the Water & Sewer Fund was \$776,949, a decrease of \$496,090; the Stormwater Fund amounted to \$934,596, an increase of \$177,885; and the Solid Waste Fund was \$766,898, an increase of \$57,555.

***STAFF RECOMMENDATION:***

For informational purposes. The auditors from S. Preston, Douglas & Associates, LLP will be presenting the Comprehensive Annual Financial Report to the Council on November 27, 2017.