



# TOWN OF ERIE

645 Holbrook Street  
Erie, CO 80516

## Town Council

**Board Meeting Date: 7/10/2018**

---

**File #: 18-236, Version: 1**

---

**SUBJECT:** Presentation of 2017 Audit Report and Comprehensive Annual Financial Report.

**DEPARTMENT:** Finance

**PRESENTER:** Steve Felten - Finance Director

**FISCAL INFORMATION:**

Cost as Recommended: n/a

Balance Available: n/a

Budget Line Item Number: n/a

New Appropriation Required: n/a

**STAFF RECOMMENDATION:** No action required - information purposes only

**SUMMARY AND BACKGROUND OF SUBJECT MATTER:**

The Comprehensive Annual Financial Report (CAFR) is the Town's official annual financial report. The audit of the financial statements for the year ended December 31, 2017, was performed by CliftonLarsonAllen (CLA). The Town received a favorable report (i.e., an unmodified opinion). A copy of the Town's CAFR is attached.

Following is a brief commentary on the annual audit report. Representatives from CLA will also provide comments on the audit and internal control findings at the Board meeting and will be available for questions.

Comprehensive Annual Financial Report Summary:

The CAFR consists of four sections, as follows: the introductory section, the financial section, the statistical section, and the compliance section.

The introductory section includes a table of contents, a letter of transmittal, and a list of town officials. The auditors' opinion, management's discussion and analysis (MD&A), financial statements, and notes to the financial statements are found in the financial section. Also included in this section are schedules for those funds considered nonmajor (as defined by accounting standards), combining schedules, and budget variance schedules for the various funds. The statistical section includes required and optional statistical tables containing various types of information related to the Town's financial trends, revenue and debt capacity, demographic and economic data, and operating information. The compliance section consists of required disclosures related to certain outstanding bonds and the Local Highway Finance Report.

The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) as issued by the Governmental Accounting Standards Board (GASB). The objective of the audit performed by CLA was to provide assurance that the CAFR is in conformity with those standards in all material respects. CLA issued an unqualified opinion on the Town's financials for 2016, a so-called "clean" opinion.

The Town also strives to prepare the CAFR to meet the standards of the Government Finance Officers Association's

(GFOA) Certificate of Achievement for Excellence in Financial Reporting award program. This program encourages preparers of CAFR's to go beyond the minimum requirements of GAAP and strive for transparency and full disclosure in their CAFR. The Town has received this award for the years 2004-2016 and will submit the 2017 CAFR to GFOA for consideration for the award.

For readers new to CAFR's, reading MD&A (pages 17-29) provides a good starting point. MD&A provides an analysis and overview of the financial statements and results of operations. It also provides explanations of the various sections of the CAFR. In addition to the financial statements themselves, the footnotes are also a critical part of the CAFR. The footnotes (pages 47-74) provide information on accounting policies followed by the Town in preparation of the CAFR, details on specific financial statement items (e.g., deposits and investments), along with other important disclosures.

Internal Control Comments:

As part of the audit of the financial statements, CLA reviewed the Town's internal controls. CLA has provided a draft of their findings and recommendations. There were three findings. The findings/recommendations along with management's responses are attached to this memorandum.

Audit Adjustments:

There were one audit adjustment. A calculation error was made in the determining the year-end property tax deferral entry for the urban renewal authority. Additional checks have been added to the spreadsheet used to calculate the deferral amount. The correction had no effect on fund balance, revenues or expenditures.

**ATTACHMENTS:**

- a. Comprehensive Annual Financial Report for the year ended December 31, 2017.
- b. Auditor Communications (3)