

**CITY OF PEORIA, ARIZONA
COUNCIL COMMUNICATIONS**

cc: 14C
Amend No. _____

Date prepared: November 7, 2007 Council Meeting Date: November 20, 2007

TO: Terry Ellis, City Manager
FROM: Brent Mattingly, Chief Financial Officer *Bm*
PREPARED BY: Dan Leahy, Accounting Supervisor
SUBJECT: Fiscal Year 2007 Comprehensive Annual Financial Report, Single Audit, and Management Letter

RECOMMENDATION:

That Council receive and file the Comprehensive Annual Financial Report, Single Audit, and Management Letter for the fiscal year ended June 30, 2007.

SUMMARY:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Peoria, Arizona for the fiscal year ended June 30, 2007. The report was prepared by the Finance Department. The basic financial statements, combining fund financial statements, related footnotes and other supplementary information have been examined by an independent firm of Certified Public Accountants, Heinfeld, Meech & Co., P.C., whose report is included within. The examination satisfies Article VI, Section 7, of the City Charter, which requires an annual audit of all accounts of the City by an independent certified public accountant. Additionally, the administration of Federal financial assistance received by the City directly from Federal agencies, or passed through to the City by the State of Arizona or other governmental entities during fiscal year 2007, was tested by Heinfeld, Meech & Co., P.C. for compliance with applicable laws and regulations.

Responsibility for the accuracy of the presented data and the completeness and fairness of the presentations, including all disclosures, rest with the City. We believe the data is accurate in all material respects and is presented in a manner which fairly sets forth the financial position and results of operations of the City. Furthermore, we believe that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been included.

CITY CLERK USE ONLY:

- Consent Agenda
- Carry Over to Date: _____
- Approved
- Unfinished Business (Date heard previous: _____)
- New Business
- Public Hearing: No Action Taken

ORD. # _____ RES. # _____
LCON# _____ LIC. # _____
Action Date: _____

The CAFR is presented in three sections. An Introductory Section includes the table of contents, transmittal letter, principal officials and organization chart. The Financial Section includes the independent auditor's report, management's discussion and analysis highlighting significant aspects of financial operations during the fiscal year, the government-wide financial statements, the fund financial statements, including fund combining statements, and related notes and other supplementary information. The Statistical Section includes a number of tables of unaudited data depicting the financial history of the City, as well as demographic and other miscellaneous statistics, generally presented on a multi year basis. As part of this agenda package, each City Council member received a copy of the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2007.

These financial statements have been prepared in accordance with accounting standards generally accepted in the United States of America for local governments as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA). Staff believes the CAFR meets the standards and requirements of the Governmental Accounting Standards Board in the presentation of financial data, exhibits, and footnote disclosures.

Additionally, the City is required to have an independent audit of Federal financial assistance received by the City from Federal agencies, or passed through to the City by the State of Arizona or other governmental entities during the fiscal year (the "Single Audit"). The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements having a direct impact and material impact on major programs, with special emphasis on internal controls and compliance requirements involving the administration of major federal awards. The results of the City's Single Audit for the fiscal year ended June 30, 2007 found no violations of applicable laws and regulations with respect to major programs. The reports from Heinfeld, Meech & Co., P.C. are included in the City of Peoria, Arizona's separately issued Single Audit Report, copies of which have been provided to Council.

As part of the audit process, the auditors also prepare a management letter as a separate report. A copy of the management letter for the fiscal year ended June 30, 2007 is included with this agenda item. The management letter presents the auditor's comments and recommendations intended to improve the internal controls and operating efficiencies of the City. Staff responses to the auditor's recommendations are included in the body of the management letter.

ATTACHMENTS:

2007 Comprehensive Annual Financial Report
2007 Single Audit Report
2007 Management Letter

**SUPPORTING DOCUMENTATION
PERTAINING TO THIS
AGENDA ITEM IS ON FILE IN THE
OFFICE OF THE CITY CLERK**