



Sierra Vista
A R I Z O N A

Audit Communication to Governance

Year Ended June 30, 2023

Presented by Michael A. Hoerig, CPA
July 25, 2024



Statutory Requirement

- ARS §9-481(H) - Effective September 29, 2021, within 90 days of audit completion, auditors must present audit results and any findings to the Council in a regular meeting without the use of a consent agenda.

Importance of the audit

- Verify management representations regarding finances
- Demonstrate stewardship and accountability to:
 - Citizens
 - Governing body
 - Grantors
 - State agencies
 - Federal agencies
 - Bond holders
 - IRS
 - Creditors
- Review compliance with certain laws and regulations
- Governing body ultimately must ensure management fulfills its responsibility

Audit Process & Timeline

- Initial planning of the audit began in August 2023
- Audit conducted with both remote and on-site procedures
- On-site visits in September 2023 and January 2024
- Audit procedures performed include tests of controls, verification to supporting documentation, confirmation with third parties, use of data analytics software, and various analytical comparisons
- Review of financial statements (ACFR), ELR, Single Audit report and issuance of auditor's reports April-June 2024

Audit reports issued

- Communication to Governance
- Annual Comprehensive Financial Report (ACFR) – Audit Opinion
- Single Audit Report
 - Report on internal control over financial reporting, in accordance with Government Auditing Standards
 - Report on internal control and compliance for federal awards; and report on SEFA
- Expenditure Limitation Report (ELR) – examination opinion
- Highway User Revenue Fund (HURF) – compliance examination

Communication to Governance

- Identification of sensitive accounting estimates
- No difficulties encountered in performing the audit or disagreements with management
- No significant audit adjustments
- Reminder of the importance of internal controls and management oversight regarding fraud
- Engagement letter provided to management
- Management representation letter provided by management

Key Items for the 2023 Audit

- Annual Comprehensive Financial Report (ACFR)
 - Audit opinion dated June 26, 2024 (unqualified, “clean”)
 - City has submitted the ACFR to GFOA for the certificate of achievement for excellence in financial reporting
 - No other significant changes to financial reporting or notes to the financial statements
 - Increase in government-wide net position of \$14.0 million

Key Items for the 2023 Audit

- Single Audit Report
 - Schedule of Expenditures of Federal Awards (SEFA) (page 6)
 - Schedule of Findings and Questioned Costs (page 8)
 - Major Federal Programs:
 - Outdoor Recreation Acquisition, Development and Planning
 - Coronavirus State and Local Fiscal Recovery Funds
 - Financial Statement Findings (page 9)
 - Federal Compliance Findings - none
 - Management's corrective action plan and response to prior year finding (pages 10-13)

Audit Team Contacts:

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