

ACTION SHEET
CITY COUNCIL COMMITTEE MEETING OF 02/26/14
ITEM FROM FINANCE COMMITTEE MEETING OF 02/17/14

ISSUE:

26. Presentation and Request for Approval of the City of Santa Fe Comprehensive Annual Financial Report for Fiscal Year Ending June 30, 2013. (Teresita Garcia and Marty Mathisen)

FINANCE COMMITTEE ACTION:

SPECIAL CONDITIONS OR AMENDMENTS

Approval of the CAFR requires a majority of the governing body per Section 2.2.2.10(J)(3)(d) NMAC, Requirements for Contracting and Conducting Audits of Agencies. Because there was a lack of majority this item needs to move forward to Council for approval.

STAFF FOLLOW-UP:

VOTE	FOR	AGAINST	ABSTAIN
COUNCILOR BUSHEE			
COUNCILOR CALVERT			
COUNCILOR DIMAS			
COUNCILOR IVES			
CHAIRPERSON DOMINGUEZ			


3-19-12/FCMissue

City of Santa Fe, New Mexico

memo

DATE: January 16, 2014

TO: Finance Committee

VIA: Marcos A. Tapia 
Finance Director

FROM: Teresita Garcia 
Assistant Finance Director

ITEM AND ISSUE:

Comprehensive Annual Financial Report for the Fiscal Year Ending June 30, 2013.

BACKGROUND AND SUMMARY:

The City of Santa Fe's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013 which has been provided to you, has been completed and reviewed by Atkinson & Co., Ltd Certified Public Accountants.

The auditor's from Atkinson & Co., Ltd have expressed an unmodified opinion on the combined financial statements of the City of Santa Fe on page 1 and 2. The auditors also report on internal controls, starting on page 217. This report is based on a study and evaluation of the city's internal control structure and disclosed findings, which the auditor considers to be reportable under the standards established by the American Institute of Certified Public Accountants.

ACTION RECOMMENDED:

The report has been distributed to each Councilor. Please bring the report to the Finance Committee meeting of Monday, January 21, 2014 for review and discussion.



CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

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December 2, 2013

To the Finance Committee
City of Santa Fe

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Santa Fe for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (*Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 5, 2013. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Santa Fe are described in Note I, pages 33-43 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2013. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. New accounting standards that apply now or will apply next year are presented in Note V, page 75.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City of Santa Fe's financial statements were:

1. Management's estimate of the net book value of capital assets is based on useful life.
2. Management's estimate of claims incurred but not reported, including medical, general, and workman's compensation claims, is based on actuarial estimates.
3. Management's estimate of the net realizable value of accounts receivable including ambulance, parking, and utility accounts receivable is based on historical cash collection data.

Qualitative Aspects of Accounting Practices – Continued

We evaluated the key factors and assumptions used to develop the useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosures in relation to capital assets and construction in progress, pages 52 to 55; the disclosures for accounts receivable net of allowances on page 51; the disclosure of investments on page 48 to 50 and long-term details on page 58 to 67 are either subject to estimates or are at fair market value and may therefore change in the near-term or may be of more interest to readers.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 2, 2013.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

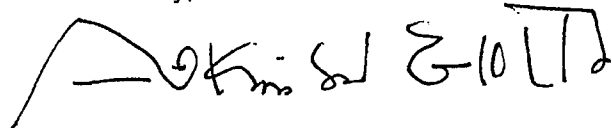
Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our findings are included in the schedule of findings and questioned costs listed in the Comprehensive Annual Financial Report (CAFR) for fiscal year 2013. Repeat findings and those identified as significant deficiencies are the most important items among the findings.

This information is intended solely for the use of the Finance Committee and management of City of Santa Fe and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "K. S. G. [initials]", written over a horizontal line.

Atkinson & Co., Ltd.