

City of Maricopa

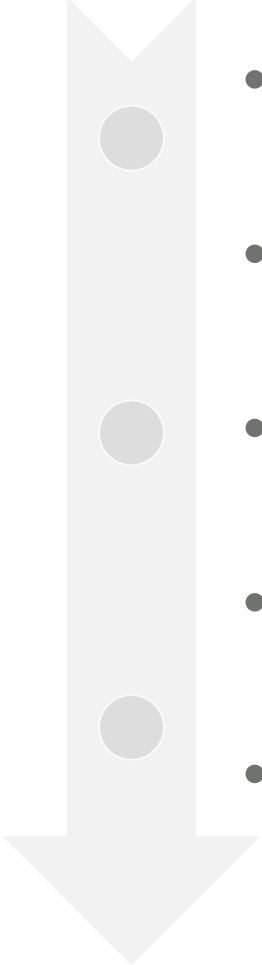

Audit Communication to Governance

Year Ended June 30, 2023

Presented by Christopher W. Heinfeld, CPA



Audit Timeline

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- May 2023 – Engagement Letter Issued and Signed
 - July 2023 – Preliminary Fieldwork
 - November 2023 – Final Fieldwork
 - January 2024 – Draft of Audit Report Sent
 - February 1, 2024 – Audit Report Issued
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Scope of Audit Services

- Perform an audit in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance
- Issue an accountant's report for the examination of compliance of Highway User Revenue Fund monies
- Issue an accountant's report for the examination of the Annual Expenditure Limitation Report

New Accounting Policies or Standards Implemented

- Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Agreements (SBITA)*, was implemented during the year

This new standard (1) defines a subscription-based information technology arrangement (SBITA); (2) establishes that a SBITA results in a right to use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Implementation of GASB No 96 did not impact the City's financial statements.

Significant Estimates in the Financial Statements

- Useful lives of depreciable capital assets
- Assumptions used in the actuarial valuations of the pension plans

Summary of Audit Adjustments

- Audit adjustments are necessary for known or likely misstatements identified in the financial statements during the audit that are not trivial in nature.

Corrected Misstatements –

Correction of revenue recognition for two grants: one to reverse revenue and record unearned revenues, and one to record receivables and unavailable revenues.

See finding FS-2023-001 in the Single Audit Report for details.

Nonaudit Services Provided by HM

- Assistance with preparation of the financial statements and notes to financial statements
Includes preparing of adjusting journal entries necessary to convert the accounting records to the basis of accounting required by GAAP
- Assistance with preparation of the SEFA and Data Collection Form, as well as the AELR

Responsibilities of Auditor and Management

- **Fraud Communications**
 - Inquiries regarding fraud and noncompliance were conducted with members of management and other employees
 - Responsibility for fraud ultimately rests with management and the Board
- **Auditor's Responsibilities**
 - Audit designed to provide reasonable, not absolute assurance
 - Management is ultimately responsible for the financial statements

Other Required Communications

- There were no disagreements with management over financial accounting, reporting or audit matters
- Management provided the required representation letter at the conclusion of the audit
- Heinfeld Meech continually assesses client relationships to ensure compliance with relevant ethical requirements such as independence

Audit Related Reports Issued

- Annual Comprehensive Financial Report
- Single Audit Report
- Examination report on the compliance of Highway User Revenue Fund monies
- Examination report on the Annual Expenditure Limitation Report

Annual Comprehensive Financial Report Highlights

- Page 13 – Independent Auditor’s Report (Unmodified Opinion)
- Page 17 – Management’s Discussion and Analysis
- Page 27 – Basic Financial Statements
- Page 41 – Notes to the Financial Statements
- Page 73 – Required Supplementary Information
- Page 85 – Supplementary Information
- Page 115 – Statistical Section

Single Audit Report Highlights

- Page 9 – Schedule of Findings and Questioned Costs
 - No Significant Deficiencies noted in Internal Controls over the Financial Statements
 - One Material Weaknesses noted in Internal Controls over the Financial Statements – Revenue Recognition
 - No Significant Deficiencies or Material Weaknesses noted in Internal Controls over the Major Federal Programs
 - Major Federal Programs:
 - Economic Development Cluster
 - No Prior Year Findings

Final Comments

- Management and staff were cooperative and helpful during the audit process.

Thank you

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