



CPAs & BUSINESS ADVISORS

CITY OF COMMERCE CITY, COLORADO

December 31, 2017 Financial Statement Audit

AGENDA

- I. Scope of Audit and Deliverables
- II. Financial Highlights
- III. Single Audit Summary
- IV. Required Communications with Governance
- V. Questions

SCOPE OF AUDIT AND DELIVERABLES

We conducted an audit of the financial statements of the City of Commerce City, Colorado as of and for the year ended December 31, 2017 in accordance with auditing standards generally accepted in the United States of America and the standards contained in *Government Auditing Standards*.

- We issued an Unmodified Opinion on the fairness of the basic financial statements and footnotes.

We issued a Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

- We identified a material weakness in internal controls related to material audit adjustments.
- The results of our testing disclosed no instances of noncompliance or other matters that are required to be reported.

FINANCIAL HIGHLIGHTS:

SUMMARY STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Assets				
Current assets	\$ 192,056,364	\$ 245,857,824	\$ 255,571	\$ 169,895
Other non-current assets	1,204,776	1,073,372	-	242,592
Capital assets	454,423,363	350,042,182	-	24,005,918
Total assets	647,684,503	596,973,378	255,571	24,418,405
Deferred Outflows of Resources	2,044,363	2,098,527	-	-
Total Assets and Deferred Outflows	649,728,866	599,071,905	255,571	24,418,405
Liabilities				
Current liabilities	32,653,201	35,917,053	-	692,414
Long-term liabilities	311,400,672	283,285,212	-	28,333,596
Total Liabilities	344,053,873	319,202,265	-	29,026,010
Deferred Inflows of Resources	10,609,880	8,826,330	-	-
Total liabilities and Deferred Inflows	354,663,753	328,028,595	-	29,026,010
Net position:				
Net investment in capital assets	178,124,097	169,907,974	-	(4,962,678)
Restricted	46,309,188	27,788,777	-	-
Unrestricted	70,631,827	72,925,851	255,571	355,074
Total net position	\$ 295,065,112	\$ 270,622,602	\$ 255,571	\$ (4,607,604)

FINANCIAL HIGHLIGHTS:

SUMMARY STATEMENT OF ACTIVITIES

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Revenues:				
Program:				
Charges for services	\$ 12,563,618	\$ 14,966,030	\$ 799,196	\$ 2,756,752
Operating grants	1,236,071	442,529	-	-
Capital grants and contributions	22,261,014	10,555,501	-	-
General:				
Taxes	80,140,990	70,711,660	-	-
Others	2,692,665	5,818,758	5,279,636	11,631
Total revenues	118,894,358	102,494,478	6,078,832	2,768,383
Program Expenses:				
General Government	20,101,431	17,228,391	-	-
Human resources	1,126,099	976,141	-	-
Community development	4,017,432	3,929,739	-	-
Public safety	16,766,559	16,059,811	-	-
Public works	27,207,824	24,687,608	-	-
Parks, recreation and golf	14,282,916	12,913,063	-	-
Interest	11,656,649	9,396,230	-	-
Finance authority	-	-	508,596	2,473,235
Total expenses	95,158,909	85,190,982	508,596	2,473,235
Revenues over (under) expenses	23,735,449	17,303,496	5,570,236	295,148
Transfers	707,061	1,078,846	(707,061)	(1,078,846)
Change in net position	24,442,510	18,382,342	4,863,175	(783,698)
Beginning net position	270,622,602	252,240,260	(4,607,604)	(3,823,906)
Ending net position	\$ 295,065,112	\$ 270,622,602	\$ 255,571	\$ (4,607,604)

SINGLE AUDIT SUMMARY

- Approximately \$809,000 of federal expenditures in 2017.
- One major program selected for testing: Highway Planning and Construction #20.205 with approximately \$683,000 of federal expenditures.
- Within this grant there were three separate grants the City was managing.
 - Significant deficiency in internal control over compliance associated with the Wage Rate Requirements for the Safe Routes to School Grant.

REQUIRED COMMUNICATIONS WITH GOVERNANCE

- Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
- We conducted the audit consistent with the planned scope and timing previously communicated.
- We have complied with all relevant ethical requirements regarding independence.
- Significant accounting policies are identified in Note 1 to the Financial Statements. No matters have come to our attention that would require us to inform you about.

REQUIRED COMMUNICATIONS WITH GOVERNANCE

- We evaluated the key factors and assumptions used to develop the following significant estimates to determine the estimates were fairly stated in relation to the financial statements taken as a whole:
 - Other Post-Employment benefits (OPEB)
- Certain footnote disclosures involve significant judgement and are sensitive because of the importance to financial statement users:
 - Long-term debt (Note 3-G) and Other Post-Employment Benefits (Note 3-J)
- There were no significant difficulties in dealing with management.

REQUIRED COMMUNICATIONS WITH GOVERNANCE

➤ Corrected Misstatements

General Fund

Unearned Revenue \$ 4,500,000

Revenue \$ 1,034,596

Accounts Receivable \$ 5,534,594

To properly recognize revenue associated with terms of an intergovernmental agreement.

General Fund

Revenue / Other Financing Sources \$31,586,622

Expenses / Other Finance Uses \$31,586,622

To properly account for activity within the finance authority prior to the debt refunding with the City.

Capital Expenditure Fund

Revenue \$ 515,518

Accounts Receivable \$ 515,518

To properly recognize revenue associated with terms of an intergovernmental agreement.

Finance Authority

Revenue \$ 2,078,932

Expenses / Other Financing Uses \$ 2,078,932

To properly account for activity within the finance authority prior to the debt refunding with the City.

REQUIRED COMMUNICATIONS WITH GOVERNANCE

➤ Uncorrected Misstatements

Capital Expenditure Fund

Uncorrected misstatement relating to an overstatement of accounts payable and related expenditures totaling \$189,700.

General Fund

Uncorrected misstatement relating to an understatement of cash and accrued liabilities related to an improper classification of accrued payroll in the amount of \$461,000.

- There were no disagreements with management.
- Management will provide written representations at the conclusion of the audit.
- To our knowledge, management has not consulted with other accountants.

REQUIRED COMMUNICATIONS WITH GOVERNANCE

- No significant issues, outside the normal course of our professional relationship, were discussed with management.
- Our responsibility as auditors for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report. However, we are required to read the information in the introductory and statistical sections. Nothing came to our attention that caused us to believe the information is materially inconsistent with the information appearing in the financial statements.

QUESTIONS?

This presentation is presented with the understanding that the information contained does not constitute legal, accounting or other professional advice. It is not intended to be responsive to any individual situation or concerns, as the contents of this presentation are intended for general information purposes only. Viewers are urged not to act upon the information contained in this presentation without first consulting competent legal, accounting or other professional advice regarding implications of a particular factual situation. Questions and additional information can be submitted to your Eide Bailly representative, or to the presenter of this session.

THANK YOU

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