City Council Fiscal Year 2023 Year-End Audit CFO Introduction

December 12, 2023

THE CITY OF ASHEVILLE



Key Takeaways

- The fiscal 2023 year-end audit was completed and submitted to the NC Local Government Commission (LGC) on November 6th.

- The Audit Opinion issued by Cherry Bekaert LLP was Unmodified or “Clean” which is the Highest Level of Assurance.

- Cherry Bekaert LLP’s audit identified two accounting errors in the materials staff initially submitted to them that resulted in findings that they are required to report to management and the board.

- Year-end unassigned fund balance in the General Fund was 18.8%, which is slightly above the City’s policy threshold of 15% and in-line with results from prior years.

Why Have An External Audit?

- Required by State Statute (GS 159-34)
  - Each local government shall have its accounts audited as soon as possible after the close of each fiscal year by a certified public accountant or by an accountant certified by the Commission as qualified to audit local government accounts.
  - The auditor shall be selected by and report directly to the governing board.
- Federal government requires Single Audits from all recipients who expend $750,000 or more in federal financial assistance within a fiscal year
  - Financial Statements & Programmatic Compliance Evaluation.
- Best practice, transparency, assurance to debt rating agencies.
- Importance of independent review (Asheville rotates audit firms every 5 years).

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Audit Results

- Types of Audit Opinions
  - Adverse
  - Disclaim
  - Qualified
  - ***Unmodified – "Clean" (Highest Level of Assurance)***

- November 1 Representation Letter provides a detailed summary of the key components of the audit.
  - Which includes no fraud, illegal acts, or violations of laws and regulations noted.
  - Auditors will review the findings in their presentation.

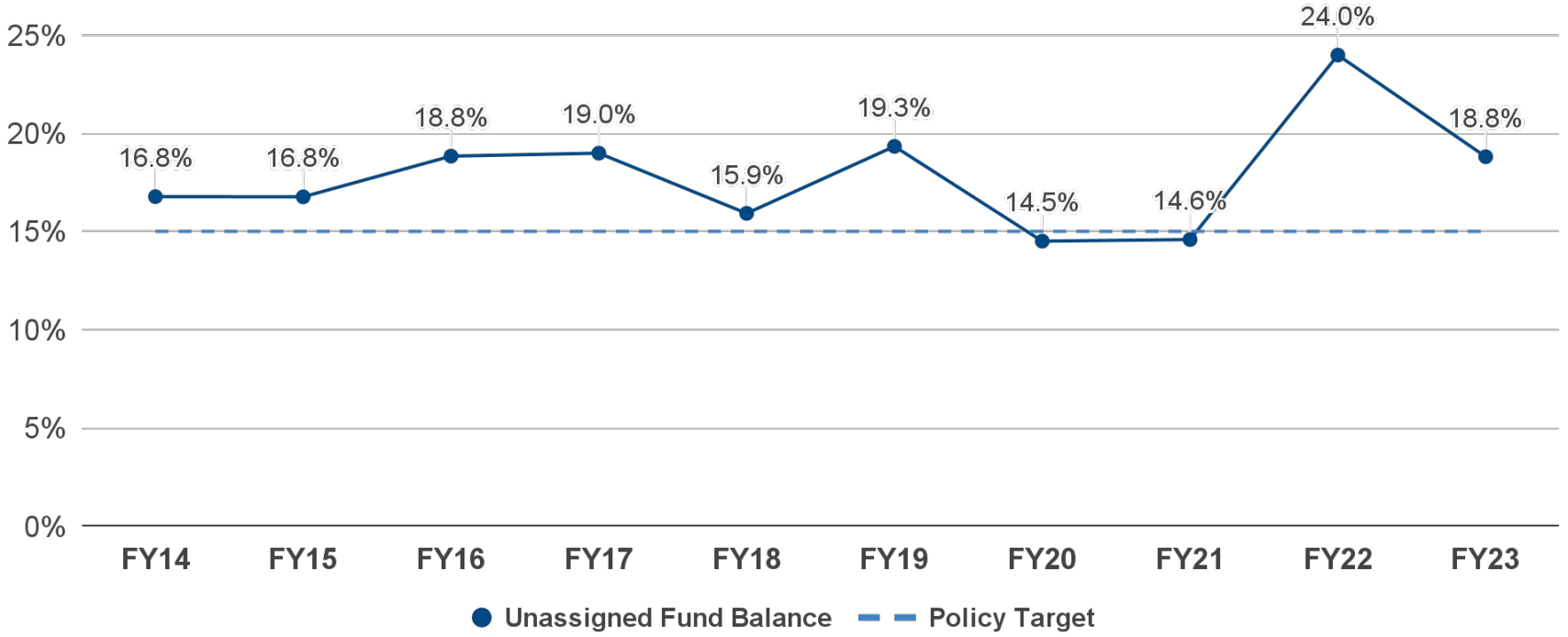
- Fiscal Year 2022-23 Annual Comprehensive Financial Report (ACFR) provides a complete overview of the City's financial position.

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Cherry Bekaert Report

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General Fund Unassigned Fund Balance



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Next Steps

- The LGC requires that Council submit a response to the auditor's two findings within 60 days of tonight's presentation.
  - Finance staff will draft that response and circulate for Council signatures.

- Staff will implement the corrective action plans for the two findings and report back to the Audit Committee at its January 2024 meeting.

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