

## **ITEM 10.G.**

### **MOORPARK CITY COUNCIL AGENDA REPORT**

**TO:** Honorable City Council

**FROM:** Ron Ahlers, Finance Director *RA*

**DATE:** May 15, 2012 (City Council meeting of June 6, 2012)

**SUBJECT:** Consider Letter from External Auditors Regarding the Fiscal Year 2011/12 Audit

#### **BACKGROUND**

Annually the City of Moorpark engages the services of a CPA firm to perform an audit of the financial statements of the City. We recently contracted with the firm of Rogers, Anderson, Malody & Scott, LLP Certified Public Accountants (RAMS) for these services for a five year period. The attached memo is a communication tool by the auditors to the City Council of the City of Moorpark.

#### **DISCUSSION**

At the beginning of each audit cycle the external auditors send out a memo to the City Council which states their responsibilities with regard to the audit along with the scope and timing of the audit. Auditing standards (SAS 114) require that this memo be sent to the governing board of the corporation. This is one of the communication tools between the external auditor and the City Council.

The memo is attached for your review.

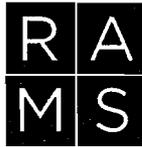
#### **FISCAL IMPACT**

None.

#### **STAFF RECOMMENDATION**

Receive and file.

Attachment: RAMS Memo regarding the Fiscal Year 2011/12 Audit



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

RECEIVED

MAY 09 2012

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May 1, 2012

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City Council  
City of Moorpark  
Moorpark, California

We are engaged to audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moorpark and the Moorpark Redevelopment Agency (collectively the City) for the year ended June 30, 2012. Professional standards require that we provide you with the following information related to our audit. We would also appreciate the opportunity to meet with you to discuss this information further since a two-way dialogue can provide valuable information for the audit process.

***Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133***

As stated in our engagement letter dated May 1, 2012, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

California Society of  
Certified Public Accountants

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we will perform tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions is not an objective of our audit. Also in accordance with OMB Circular A-133, we will examine, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit will provide a reasonable basis for our opinion, it will not provide a legal determination on the City's compliance with those requirements.

1. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.
2. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

#### ***Other Information in Documents Containing Audited Financial Statements***

The City currently issues a Comprehensive Annual Financial Report (CAFR) which contains certain required supplementary information such as *Management's Discussion and Analysis*, the *PERS schedule of funding progress* and budget vs. actual comparisons for the general fund and each major special revenue fund. Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. The CAFR will also include various budget vs. actual comparison schedules. This information will be subjected to the auditing procedures applied in the audit of the basic financial statements.

Also included in the CAFR will be a statistical section containing certain statistical data as required by the Government Finance Officers Association. The above mentioned statistical information will not be subjected to the auditing procedures applied in our audit of the financial statements and our audit report will disclaim our opinion on the data.

#### ***Planned Scope and Timing of the Audit***

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will communicate our significant findings at the conclusion of the audit. We will also communicate any internal control related matters that are required to be communicated under professional standards.

We expect to begin our audit on approximately July 9, 2012 and issue our report on approximately December 15, 2012.

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

Very truly yours,

ROGERS, ANDERSON, MALODY & SCOTT, LLP

  
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Terry P. Shea, CPA