

2022 Annual Financial Audit

*Finance, Governance and
Public Safety Committee*

CITY OF FOUNTAINS
HEART OF THE NATION



KANSAS CITY
MISSOURI

January 04, 2023

2022 Annual Financial Audit

- Audit Reports
- Presentation by External Auditors
 - Financial Audit
 - Audit of Federal Grants
- Response to Findings
- Financial Highlights

2022 Annual Comprehensive Financial Report (ACFR)

- Includes audited financial statements of the City
- Filed with State, federal grant agencies and the Municipal Securities Rulemaking Board for required audit disclosure
- Used by rating agencies, bondholders, citizens and other interested parties
- Popular Annual Financial Report (PAFR)



ACFR Highlights

- Introductory Section
- Financial Section
 - Auditor's Opinion (page A-1)
 - Management Discussion and Analysis (page A-5)
 - Financial Statements (page A-23)
- Statistical Section (page C-1)

2022 Annual Comprehensive Financial Report (ACFR)

- Missouri statutes require an annual audit
- Audit conducted by Allen, Gibbs & Houlik, L.C. (AGH), the City's independent audit firm
- Communication of results of audit by AGH

Audit Communications

- Required Communication
- Significant Estimates
- Implementation of new accounting standards
- Financial statement finding
- Audit adjustments
- No disagreements, difficulties or significant issues during the audit



Audit Communications

Four goals for an audit:

1. Did the City comply with all laws and regulations?
2. Were internal controls in place and more importantly, did they work?
3. Do the financial statements accurately reflect the books and records of the City?
4. Audit Opinion

Audit of Federal Grants

- Single Audit
- Major programs reviewed:
 - Community Development Block Grants/Entitlement Grants
 - Airport Improvement Program
 - Coronavirus Relief Fund (CARES)
 - Emergency Rental Assistance
 - Coronavirus State and Local Fiscal Recovery Funds (ARPA)
 - HIV Care Formula Grants (Ryan White)
 - TSA Electronic Baggage Screening Program

Audit of Federal Grants

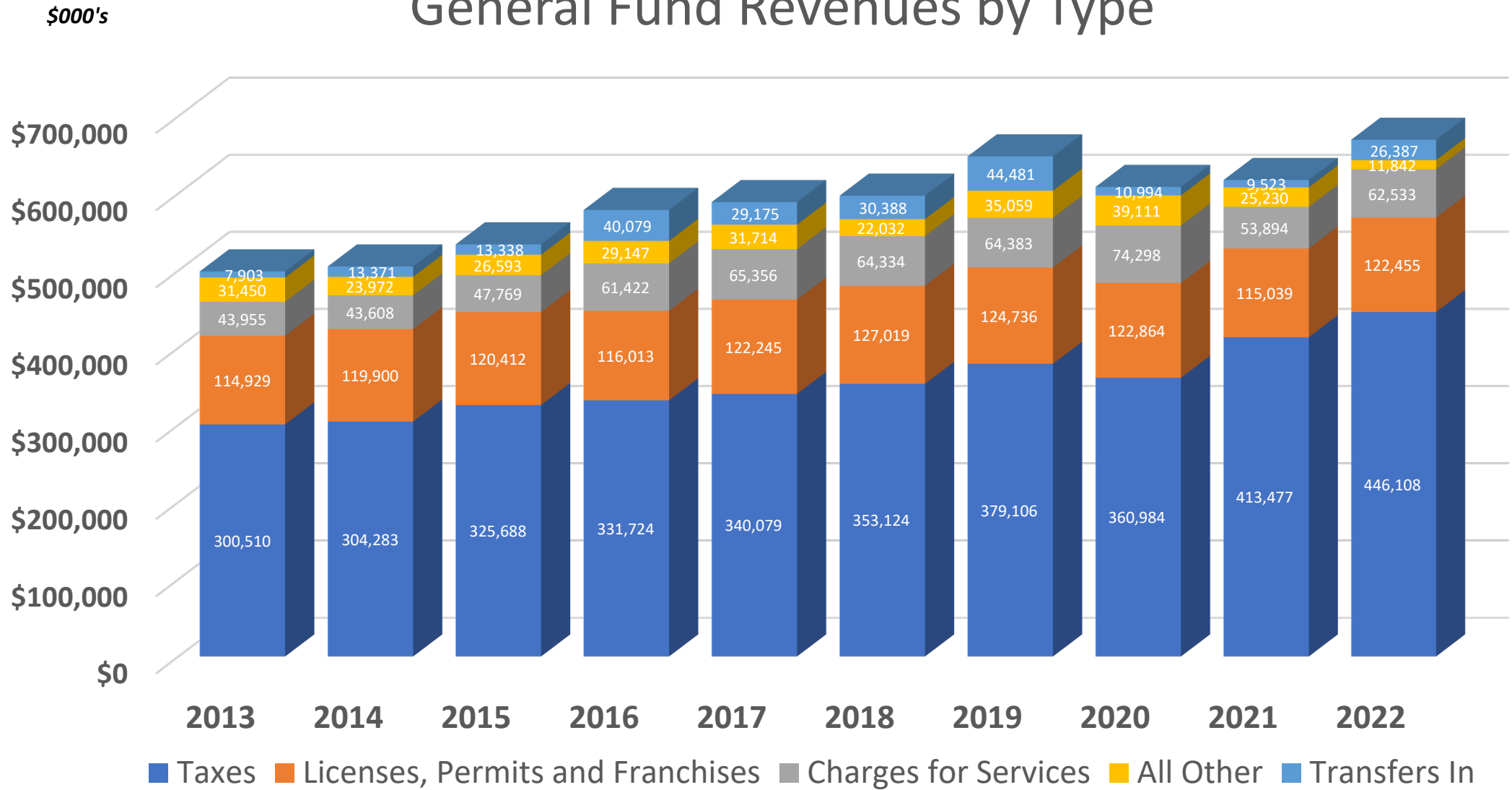
- Summary of Auditor's Results (page 15)
 - Qualified Opinion for Community Development Block Grants/Entitlement
 - Unmodified Opinion for remaining six programs identified as Major Programs

Response to Federal Grant Audit Findings

- Continued work with grant departments
 - Proper compliance processes and procedures
 - Compliance areas
- **Program Income Finding**
 - **Repeat finding**
 - Finance and Housing have made progress in resolving the finding by working to set up a system of tracking and recording program income
 - Have obtained information from the third-party loan servicer, which will allow for the confirmation of existing loans

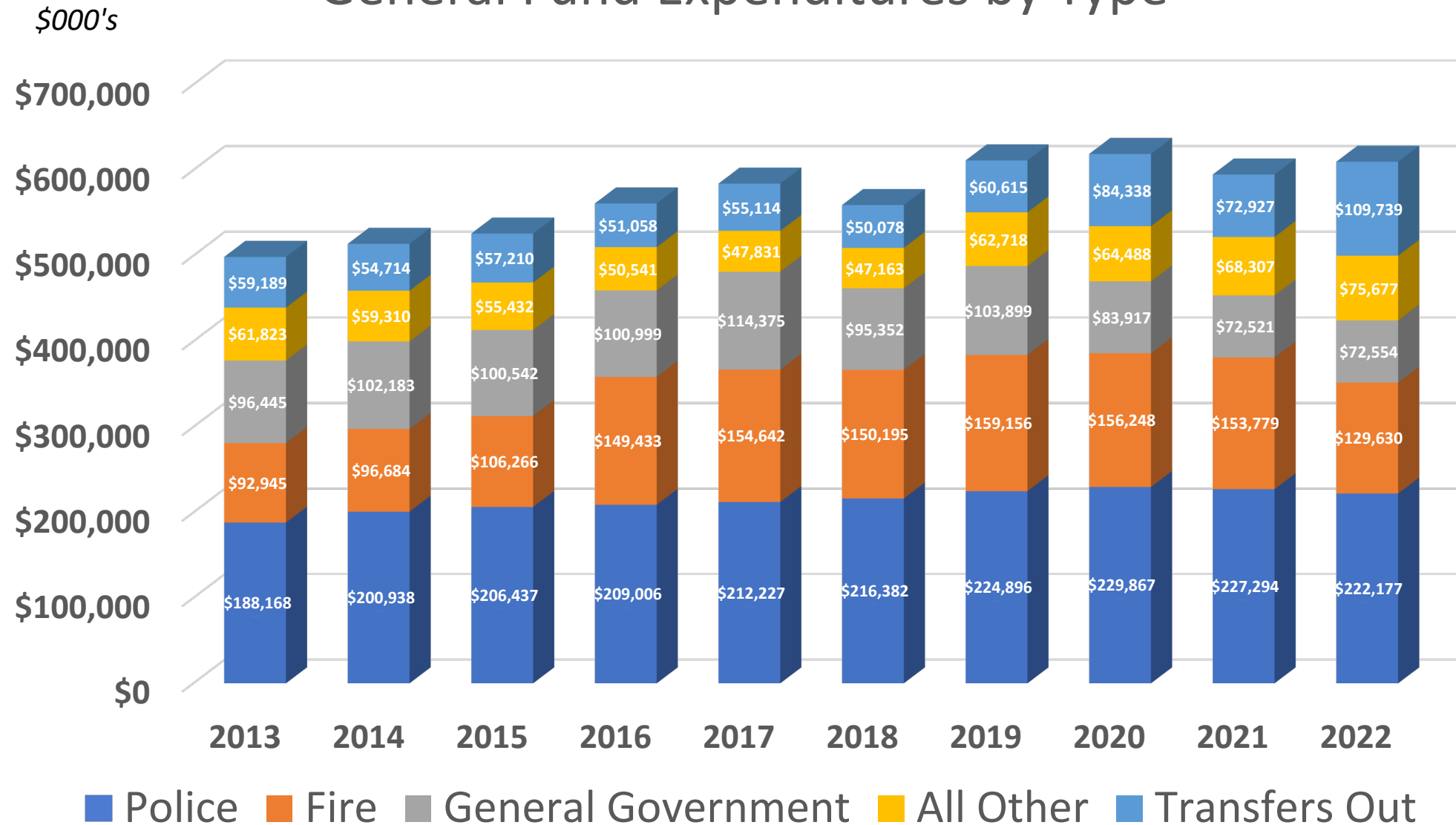
2022 Financial Highlights

General Fund Revenues by Type

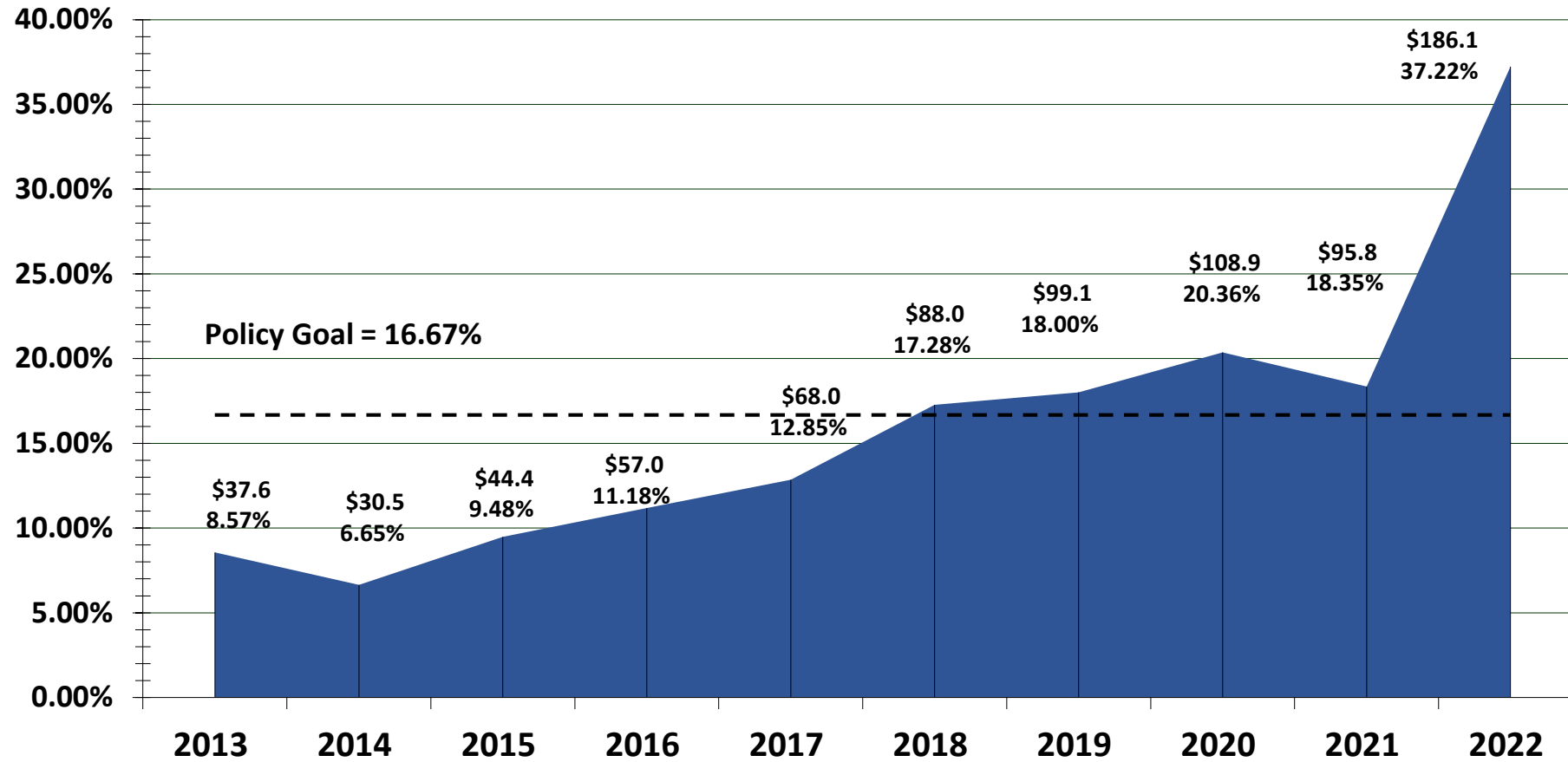




General Fund Expenditures by Type



Analysis of the General Fund Balance as a % of Operating Expenditures



In Fiscal Year 2022, \$67.2 million in expenditures were moved to the American Rescue Plan Fund to offset the negative impact on revenues due to COVID-19.

Questions?