

**CITY OF LA VISTA
MAYOR AND CITY COUNCIL REPORT
MARCH 18, 2008 AGENDA**

Subject:	Type:	Submitted By:
FY 2006/2007 AUDIT REPORT — ORIZON CPAS LLC	◆ RESOLUTION ORDINANCE RECEIVE/FILE	SHEILA LINDBERG FINANCE DIRECTOR

SYNOPSIS

A resolution has been prepared to accept the audit for the twelve months ending September 30, 2007. The Council will also be accepting the audit for the Economic Development Fund – LB840.

FISCAL IMPACT

N/A.

RECOMMENDATION

Approval.

BACKGROUND

The certified public accountants, Orizon CPAs LLC, have submitted to the City their *Accountants' Report and General Purpose Financial Statement*. The audit states that the City's financial statements were tested and disclosed no instances of noncompliance with *Government Auditing Standards*. The following findings have been noted as part of the audit:

- Segregation of Duties — to maintain adequate internal accounting control. (Significant Deficiency)
- Finance Personnel — lack expertise to complete financial statements. (Material Weakness)

For a city the size of La Vista segregation of duties is a challenge. Staff has implemented new procedures, but with the current staff and the tightening of the standards, the City may continue to have the significant deficiency. While you have a copy of the full audit, the findings and management response have been included as an attachment to this staff report. After completing the audit, the auditors informed staff of the new internal control standards. If staff had become aware of the new standards in a more timely manner, the material weakness could have been avoided.

CITY OF LA VISTA, NEBRASKA

SCHEDULE OF FINDINGS AND RESPONSES

As noted in our independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*, we identified three findings that we consider to be significant deficiencies which includes one finding we consider to be a material weakness. These findings are presented below.

Significant Deficiencies

2007-1

Certain members of the City's administrative and finance personnel have access to or responsibility for certain duties that compromise its segregation of duties. Among the conflicting duties includes the City Finance Director having access to cash, reconciling certain bank accounts, and preparing and posting journal entries.

Management Response

The City acknowledges the inability to segregate duties based on current staffing levels. The City is trying to address conflicting duties as much as possible with the existing staff. The City is also developing a staffing plan that would completely eliminate this significant deficiency.

2007-2

The City's finance personnel lack the expertise in preparing financial statements in accordance with generally accepted accounting principles to detect and correct a potential misstatement in the presentation of its external financial statements or notes in accordance with these principles. We consider this significant deficiency to be a material weakness.

Management Response

The City was not advised of the specific requirements of SAS112 until the audit was completed. It is true that the City's finance staff is not Certified Public Accountants (CPA's) which would be necessary to address this issue in-house. If the City had prior knowledge of this accounting standard measures would have been taken to ensure that the financial statements were completed by a firm other than the City's auditors. The City will pursue a new contract for audit services that will follow these new control standards.

RESOLUTION _____

A RESOLUTION OF THE MAYOR AND CITY COUNCIL OF THE CITY OF LA VISTA, NEBRASKA APPROVING THE FISCAL YEAR 2006 - 2007 MUNICIPAL AUDIT AS PREPARED BY THE AUDITING FIRM OF ORIZON CPAs, LLC, OMAHA, NEBRASKA.

WHEREAS, the City of La Vista has contracted with the firm of ORIZON CPAs, LLC, Omaha, Nebraska, to complete an audit of the City's fiscal year 2006-2007 municipal operations; and

WHEREAS, ORIZON CPAs, LLC has completed said audit and provided copies of their findings.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and City Council of La Vista, Nebraska, that the 2006-2007 municipal audit is hereby accepted and approved.

PASSED AND APPROVED THIS 18TH DAY OF MARCH 2008.

CITY OF LA VISTA

Douglas Kindig, Mayor

ATTEST:

Pamela A. Buethe, CMC
City Clerk