



## City Council Agenda Report

Meeting Date: 2/4/14

TO: City Council  
FROM: Chris Constantin, Administrative Services Director  
RE: Audit of City Financial Statements – Request for Extension

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### REPORT IN BRIEF:

The certified public accounting firm of Vavrinek, Trine Day and Co. (VTD) was engaged by the City Council to perform an audit of the financial statements and perform compliance testing of the City of Chico and the Chico Public Financing Authority for the fiscal year ended June 30, 2013. Due to ongoing discussions between the City and VTD regarding the proper presentation of the financial statements, completion of the audit has been delayed. In accordance with Section 1109 of the City's Charter, we are requesting an extension for the completion of the audit from the first meeting in February to a Council meeting no later than March 18, 2014.

#### Recommendation:

The Administrative Services Director recommends the City Council approve the request for an extension to present the audited financial statements of the City of Chico and Chico Public Financing Authority to Council no later than March 18, 2014


### BACKGROUND:

Pursuant to the provisions of Sections 908 and 1109 of the City's Charter, an independent auditor, hired by the Council to perform an annual audit of the books, financial records and related documents of the City in accordance with generally accepted auditing standards, shall submit to the Council a report on the audit for the preceding fiscal year on or before the first regular meeting in February, unless an extension is granted by the council.

During its audit, VTD has provided numerous recommendations for the City to modify and restate certain reporting Funds. Although the City has implemented many of these recommendations, there are some restatements that the City and VTD have not resolved. City staff and VTD are in communication with the Governmental Accounting Standards Board (GASB) to seek guidance and resolution to the outstanding issues that we will discuss tonight.

Depending on the resolution of the issues, the Administrative Services Director may come before Council prior to March 18 to discuss the potential ramifications and seek additional direction from Council.

Prepared by:   
Chris Constantin, Administrative Services Director

Approved by:   
Brian Nakamura, City Manager

### DISTRIBUTION:

City Clerk (3)  
City Manager  
City Attorney