



<b>TRANSMITTAL MEMORANDUM</b>
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TO: The Honorable Mayor and City Council

FROM: Karl R. Amylon, City Manager

DATE: November 12, 2020

RE: **Accepting the Comprehensive Annual Financial Report of the City of Ketchikan, Alaska and the Supplementary Compliance Report Section for the Year Ended December 31, 2019**

As indicated in the attached memorandum from Finance Director Bob Newell, arrangements have been made for a representative of Teuscher Walpole, LLC to present the results of the 2019 annual financial and compliance audit to the City Council at its meeting of November 19, 2020. Both the Finance Director and my office are pleased to advise the City Council that the auditors issued an unqualified opinion as a result of the audit. A copy of the Comprehensive Annual Financial Report (the "CAFR"), which includes the auditor's report, the supplementary Compliance Report Section and the auditor's communication with those charged with governance, is attached for City Council review.

Both Mr. Newell and I will be prepared to speak to the 2019 Comprehensive Annual Financial Report of the City of Ketchikan, Alaska and the supplemental Compliance Report Section in more depth at the November 19, 2020 City Council meeting.

A motion has been prepared for City Council consideration.

**RECOMMENDATION**

It is recommended that the City Council adopt the motion accepting the Comprehensive Annual Financial Report of the City of Ketchikan, Alaska and the supplementary Compliance Report Section for the year ended December 31, 2019.

**Recommended Motion:** I move that the City Council accept the Comprehensive Annual Financial Report of the City of Ketchikan, Alaska and the supplementary Compliance Report Section for the year ended December 31, 2019.

**MEMORANDUM**  
**CITY OF KETCHIKAN, ALASKA**  
**Finance Department**  
*Office of the Finance Director*

*Bob Newell, Finance Director*  
*Camille Nelson, Financial Analyst*  
*Phone: (907) 228.5621*  
*Facsimile: (907) 228-5617*

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**TO:** Karl R. Amylon, City Manager/KPU General Manager

**FROM:** Bob Newell, Finance Director

**DATE:** November 11, 2020

**SUBJECT: 2019 Comprehensive Annual Financial Report and Compliance Report Section**

The firm of Teuscher Walpole, LLC has completed the City's annual audit for the year ended December 31, 2019. I am pleased to inform you that the auditor issued an unmodified or "clean" opinion on the City's financial statements. In addition, the auditor did not identify any deficiencies in internal control that would have been considered a material weakness. They also did not find any instances of noncompliance with certain provisions of laws, regulations, contracts and grant agreements that could have a direct and material effect on the determination of the amounts reported in the City's financial statements.

By means of this memorandum, I am transmitting the 2019 Comprehensive Annual Financial Report (the "CAFR"), which includes the auditor's report, and the supplementary Compliance Report Section. A copy of the auditor's communication with those charged with governance letter has also been attached for your review. The auditor's communication with those charged with governance is a report that requires the auditor to bring to the attention of the governing board significant audit findings and other matters that were identified during the course of the audit.

The CAFR includes the Management's Discussion and Analysis, the basic financial statements of the City and other financial information about the City, all of which are designed to communicate the City's financial position as of December 31, 2019, and changes in its financial position and cash flows for the year then ended. The Compliance Report Section (State Single Audit) includes reports on the City's compliance with requirements applicable to state financial assistance programs, and reports on the internal control structure used in administering of state financial assistance programs. Also included are schedules of expenditures of state financial assistance programs, and schedules of findings and questioned costs, if applicable.

Federal and state regulations require the City to develop a corrective action plan to address internal control weaknesses, questioned costs, and other findings noted during the audit and reported in the Compliance Report Section. Since there were no internal control weaknesses, questioned costs or findings for 2019, a corrective action plan was not required.

Arrangements have been made for Kelly Priestley, the audit partner for Teuscher Walpole, to present the results of the 2019 annual financial and compliance audit to the City Council on Thursday, November 19, 2020.

I would like to take this opportunity to thank the Finance Department staff for their dedication and a job well done. Closing down the audit continues to be a challenge because the Governmental Accounting Standards Board continues issue complex groundbreaking accounting standards. I would like to thank the departments and their staff for their patience and cooperation during the closing of the books for 2019. The time they spent responding to requests for information from

Karl R. Amylon  
November 11, 2020  
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Finance and the auditor was very much appreciated. I would also like to thank the City's auditor, Teuscher Walpole, for their willingness to adjust their work schedule to accommodate the delays caused by COVID-19. Finally, I would like to extend my appreciation to the City Manager and the City Council for their continued interest and support in planning and overseeing the financial affairs of the City.

**Recommended Motion:**

I move the City Council accept the Comprehensive Annual Financial Report of the City of Ketchikan, Alaska and the supplementary Compliance Report Section for the year ended December 31, 2019.