



Administrative Report

H.12., File # 25-1695

Meeting Date: 12/16/2025

To: MAYOR AND CITY COUNCIL
From: STEPHANIE MEYER, FINANCE DIRECTOR

TITLE

RECEIVE AND FILE THE FINAL ANNUAL AUDITED FINANCIAL REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

EXECUTIVE SUMMARY

The City's independent auditors, CliftonLarsonAllen, LLP (CLA), have finalized the City's annual audit of the City's fiscal activities for the Fiscal Year ended June 30, 2024. CLA presented a final draft to the Budget and Finance Commission on September 11, 2025 and to the Audit Committee on September 16, 2025. Staff presented a final draft to the City Council on the same date. At that meeting, Council requested that staff submit the final audit when completed.

This report includes the final FY 2023-24 Annual Comprehensive Financial Report (ACFR), which staff will post to the City's website and share with rating agencies and other interested entities. The final version reflects adjustments based on second reviewer comments and to fit CLA's preferred presentation of costs. It also includes Management's Discussion and Analysis (MD&A), which discusses the City's fiscal activities in detail. There are no changes to the previously presented findings or to the auditors unmodified opinion, which is the best opinion the City can receive.

BACKGROUND

The ACFR reflects the financial position of the City and its component units. The primary purpose of the report, as defined by the City Charter, is to inform the public and Mayor and City Council of all financial and administrative activities of the previous fiscal year. The unmodified opinion means that the auditor certifies that the City's financial statements are fairly presented in all material respects and are in conformity with Generally Accepted Accounting Principles (GAAP) and Government Accounting Standards Board (GASB) requirements. This is the best opinion the City can receive.

Following September presentations to the Budget and Finance Commission and Audit Committee and staff's submission to Council, the audit went through final internal review within CLA. Changes from the final draft shared in September reflect adjustments preferred by CLA to the specific recording of Marine Avenue Hotel and Concord transactions and a change to the presentation of the City's internal services. These adjustments do not impact overall findings and do not materially change the financials as presented in September. The final document also includes the MD&A.

In addition to the ACFR, annual reports include the following items:

- Inmate Trust Fund Financial Report

- Audit Communication Letter
- Single Audit

As shared in the previous report, the Inmate Trust Fund Financial Statement is prepared and submitted as required by the state penal code. This fund accounts for the money received by the City from the telephone company for providing pay telephone service to City jail inmates. Monies received are to be used solely for the benefit of the inmates. Council received a final draft of this report on September 16, 2025, along with other reports. The attached final version includes the signed Management Representation Letter and a minor update to expenditure.

The Audit Communication Letter summarizes significant changes in accounting practices required by newly applicable accounting standards, describes sensitive accounting estimates which the auditors found reasonable, lists the corrected misstatements identified during the audit, and makes other similar disclosures. The final version is included as an attachment for reference; there are no changes to the information.

The Single Audit Report is required for all federal and state funded programs. These programs are audited in conformity with the provisions of the Single Audit Act of 1984 and OMB Circular A-133, Audits of State and Local Governments. Finance and Housing staff are finalizing the Single Audit with the auditor, and will submit the final in January 2026.

Staff recommends the City Council receive and file the City's final Annual Audited Financial Reports for the Fiscal Year ended June 30, 2024.

COORDINATION

The reports have been coordinated with the City's independent auditors.

FISCAL IMPACT

The total cost for this activity is included in the Financial Services Department's annual operating budget and is part of the Department's annual work program.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Letter - Audit Communication Letter, CliftonLarsonAllen, LLP
- Report - Annual Comprehensive Financial Report (ACFR), Fiscal Year Ended June 30, 2024 (Final)
- Report - Inmate Trust Fund Financial Report (Final)