



Administrative Report

H.6., File # 24-0353

Meeting Date: 3/12/2024

To: MAYOR AND CITY COUNCIL
From: WENDY COLLAZO, FINANCE DIRECTOR

TITLE

APPROVE THE ANNUAL AUDITED FINANCIAL REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023

EXECUTIVE SUMMARY

The City's independent auditors, Lance, Soll and Lunghard, LLP, have completed their annual audit of the City's fiscal activities for the Fiscal Year ended June 30, 2023. The resulting reports are listed below. We are pleased to report that the City received an unmodified opinion, which is the best opinion the City can receive. This means that the auditor believes 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.

The annual audit reports are as follows:

- Annual Comprehensive Financial Report (ACFR)
- Inmate Trust Fund Financial Report
- Audit Communication Letter

The Single Audit report, which is not included, will follow and is on track to be completed prior to the U.S. Office of Management and Budget (OMB) deadline of March 31, 2024. The City's fiscal activities are discussed at length in the Letter of Transmittal and the Management's Discussion and Analysis (MD&A) sections of the ACFR.

On December 19, 2023, the City Council approved assignments of General Fund balance, which are included in the ACFR. The draft ACFR and corresponding financial statements were presented to the City's Budget and Finance Commission on February 16, 2024. An audit firm representative attended the meeting to review the materials with the Commission and respond to questions. On the afternoon of March 12, 2024, the ACFR and the related reports will be discussed with the City's Audit Committee. The audit firm's representative will present the findings to the Committee and will be available for any questions. The Audit Committee meeting was originally scheduled for the prior week.

BACKGROUND

The ACFR is a comprehensive document reflecting the financial position of the City and its component units for the prior fiscal year. The primary purpose of the report, as defined by the City Charter, is to inform the Mayor and City Council of all financial and administrative activities of the

previous fiscal year. An audit is also required to obtain the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) and is often a requirement for grants or federal awards. The City has received this award for the past 30 years.

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. This report includes a draft; staff does not anticipate any significant changes in the final document, which will be included as a blue folder item.

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 Single Audit Report, to be completed prior to the OMB deadline, 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 the OMB Circular A-133, Audits of State and Local Governments.

COORDINATION

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

FISCAL IMPACT

The total cost for this activity is included in the Financial Services Department's portion of the FY 2023-24 Adopted Budget and is part of the Department's annual work program.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

1. Annual Comprehensive Financial Report (ACFR), Fiscal Year Ended June 30, 2023
2. DRAFT Inmate Trust Fund Financial Report
3. Audit Communication Letter, February 28, 2024