Business Item No. 3

PowerPoint Presentation Distributed During Meeting

City of Highland

Annual Comprehensive Financial Report

Audit Presentation

Fiscal Year Ended June 30, 2023

Presented by:
Brett Van Lant
Partner

Van Lant & Fankhanel, LLP
Certified Public Accountants

- Audit fieldwork has been completed
- Reports are in draft form
- Issuance of the final reports on schedule for early December

Reports and Letters Issued

- Audit Report - Opinion on Financial Statements
- Report on Internal Control and Compliance
- Report on the City's Appropriations Limit
- Statement on Auditing Standards (SAS) 114 Communication Letter
- Single Audit Report

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Auditor's Report

- Management's Responsibilities:
  - Preparation of Financial Statements
  - Free from material misstatement
  - (whether due to fraud or error)
  - In accordance with GAAP
  - Design and maintenance
  - of internal controls

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Auditor's Report

- Auditor's Responsibilities:
  - Reasonable assurance
  - Involves auditor judgment
  - Risk assessment
    - Risk of material misstatement
    - Whether due to fraud or error

Report on Internal Control and Compliance

- Internal control over financial reporting
- Consider internal control to determine what audit procedures to perform
- Not to express an opinion
- Compliance testing – no opinion
  - Test for noncompliance that could be have a material impact on the financial statements

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Results of Audit Reports

- Unmodified (clean) opinion on
- Financial Statements
- No opinion on RSI (Required Supplementary Information)
    - Limited Procedures
- Unmodified opinion on compliance
- No material weaknesses identified

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Financial Statement Key Figures

- Governmental Accounting Standards Board (GASB) Statement No. 68 (Pensions)
  - City has a Net Pension Liability of $5,855,448, an increase of $3,333,013 compared to prior year
- Revenues exceeded expenditures in the General Fund by $6.1 Million
- Unrestricted Fund Balance in General Fund (assigned and unassigned) is approximately 95% of FY 2022-23 expenditures (11 months reserves).
  - GFOA best practices recommends a minimum of 2 months operating reserves

Financial Statement Key Figures

- General Fund Budget
  - Revenues exceeded budgeted revenues by $2.285M
  - Expenditures were below budgeted expenditures by $2.985M

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Thank you to City Staff for their cooperation and assistance in completing the audit.

Questions?