Business Item No. 2

PowerPoint Meeting Distributed During Meeting

City of Highland

Annual Comprehensive Financial Report

2023-24 Fiscal Year

Van Lant & Fankhanel, LLP

Certified Public Accountants

November 24, 1987

City of Highland

Status of the Audit

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

Various Reports Issued

- Opinion on Financial Statements
- Internal Control/Compliance Report and Single Audit
- Letter to the Finance Committee
- Appropriations Limit Report

Opinion on Financial Statements

- Management's Financial Statements
- Auditor's Responsibilities
  - Express opinion
    - Reasonable assurance
  - Conduct audit in accordance with applicable standards; obtain evidence
  - Procedures involve auditor judgment
    - Risk assessment

Opinion on Financial Statements - Continued

- Unmodified (clean) Opinion
- Required Supplementary Information
  - MD&A Budgetary schedule, Pension and OPEB schedules
  - Limited audit procedures – no opinion expressed
- Other Supplementary Information
- No new accounting pronouncements required to be implemented this year

Financial Statement Key Figures

- Governmental Accounting Standards Board (GASB) Statement No. 68 (Pensions)
  - City has a Net Pension Liability of $6,350,964, an increase of $495,516 compared to prior year
- Revenues exceeded expenditures in the General Fund by $5.5 Million
- Unrestricted Fund Balance in General Fund (assigned and unassigned) is approximately 95% of FY 2023-24 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 $1.95 million
  - Expenditures under budgeted expenditures by $1.91 million

Report on Internal Controls and Compliance and Single Audit

- 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
- Opinion on compliance with federal grant awards

Letter to Board of Directors

- Required Communication from auditors directly to “those charged with governance” – Finance Committee and City Council
- Estimates
- Sensitive Disclosures
- Difficulties or Disagreements
- Other Audit Findings or Issues

Appropriations Limit Report

- Required by Article XIIIB of the California Constitution
- Specific procedures to test the calculation for the fiscal year ended June 30, 2024
  - Agreed-Upon Procedures Report
  - No exceptions to the City’s calculation
- Spending Limit from proceeds of taxes
  - City is well below the appropriations limit

Thank you

- Thank you to City staff, including Tish and Michelle for their efficiency and assistance throughout the audit!

Questions?