



Council Agenda Report

From: Ryan Cornell, Administrative Services Director
Catherine Piatti, Finance Manager

Subject: Annual Comprehensive Financial Report for Fiscal Year 2024-25

CEQA Determination: The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Date: December 2, 2025

Facts

1. State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This Annual Comprehensive Financial Report (ACFR) has been published to fulfill this requirement.
2. The ACFR is prepared in accordance with generally accepted accounting procedures (GAAP), including compliance with pronouncements issued by the Governmental Accounting Standards Board (GASB). The report is designed to highlight changes in the City's financial condition and practices over time and to allow consistency between state, municipal, and other governmental agencies.
3. On March 18, 2024, City Council authorized the City Manager to enter into a contract with Moss, Levy, & Harzheim, LLP, for auditing services. Moss, Levy & Hartzheim, LLP is a Certified Public Accounting firm specializing in audits of cities, school districts, community services district, and other types of governmental entities throughout the State.
4. City management is responsible for the preparation and fair presentation of the financial statements as well as the design, implementation, and maintenance of internal control. Internal controls are the mechanisms, rules, and procedures implemented by the City to ensure the integrity of financial and accounting information, promote accountability, and prevent fraud.
5. Moss, Levy & Harzheim, LLP issued an unqualified opinion, meaning that the financial statements and other information reported in the ACFR fairly represent, in all material respects, the financial position of the City as of June 30, 2025 and the financial activities beginning on July 1, 2024 and ending on June 30, 2025.
6. In addition to receiving an unqualified opinion, the auditors did not note any deficiencies within the City's accounting practices or internal controls, thus informing the community that the City's financial practices contribute to the City's commitment to be trustworthy stewards of the community's tax dollars. Over the past 25 years, the City has excelled in financial reporting, resulting in various awards and audits that have been clear of findings and material misstatements.
7. Hard copies of the ACFR are available for review in the City Library and City Clerk's Office at 1000 Spring Street, and the Administrative Services Office at 4305 Second Wind Way. A reference copy for the City Council has been placed in the City Council office. An electronic copy of the ACFR is also available on the City's website.

Options

1. Take no action;
2. Receive and file the Annual Comprehensive Financial Report for fiscal year ending June 30, 2025; or
3. Provide alternative direction to staff or the auditor.

Analysis and Conclusions

State law requires that every general-purpose local government publish an annual report on its financial position and activity, and that the report be audited by an independent firm of certified public accountants. Taken together, the ACFR, the multi-year fiscal forecast, and the budget provide the best overview of the City's fiscal health and opportunities for future financial stability. Because the ACFR is audited by an independent expert, the report provides additional assurance to the community that the City is being a responsible steward of the community's tax dollars.

The City's financial statements, internal documents, and controls have been audited by Moss, Levy & Hartzhiem, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2025 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is presented as the first component of the financial section of the ACFR.

ACFR Organization

The City's ACFR is organized into three major sections: Introductory, Financial, and Statistical. The following is a brief summary of the contents of each of these sections:

1. **Introductory Section:** The letter of transmittal and other information of general interest are presented in this section including the organizational chart, directory of officials as well as the Government Finance Officers Association's *Certificate of Achievement for Excellence in Financial Reporting*. The letter of transmittal is an opportunity for management to provide an overview of the City's activities, prospective information as well as subjective information useful in assessing the City's economic condition.
2. **Financial Section:** The financial section includes the report of the independent auditor, management's discussion and analysis, basic financial statements (including notes), required supplementary information and related notes, combining statements (i.e., non-major funds), and individual fund financial statements and schedules.
3. **Statistical Section:** The statistical section offers operational, economic, and historical data that provides a context for assessing the City's economic condition. Such data includes information on financial trends, revenue and debt capacity, demographic, economic, and operating indicators.

Recognition for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive report for the fiscal year ended June 30, 2024. This was the sixth time the City has received the award from GFOA. Previously, the City was awarded the California Society of Municipal Finance Officers Certificate for Outstanding Financial Reporting for 19 consecutive years. To receive the award, the City published an easily readable and efficiently organized ACFR that satisfied accounting principles generally accepted in the United States of America and all applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, staff believes that the current ACFR continues to meet the certificate requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its Operating and Capital Budget Report for Fiscal Year 2024-25 and 2025-26 on August 12, 2024. To qualify for this award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communication device.

Fiscal Impact

None.

CEQA

The City finds that this action is not a project under the California Environmental Quality Act pursuant to State Guidelines Section State CEQA Guidelines, §§ 15060, subd. (c)(2)-(3), 15378.

Recommendation (Option 2)

Receive and file the Annual Comprehensive Financial Report, which includes the Independent Auditor's Report on the City's financial statements, for the fiscal year ended, June 30, 2025.

Attachments

1. Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2025.

Attachment 1

**The Annual Comprehensive Financial Report
for Fiscal Year Ended June 30, 2025 will be
addended to the agenda asap.**