

City of Atwater

Atwater, California

Single Audit Reports

For the year ended June 30, 2024

**City of Atwater
Single Audit Reports
For the year ended June 30, 2024**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
of the City of Atwater
Atwater, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Atwater, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 24, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be significant deficiencies.

To the Honorable Mayor and Members of the City Council
of the City of Atwater
Atwater, California
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to findings identified in our engagement and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is fluid and cursive, with "Badawi" on the top line and "& Associates" on the bottom line, with a small ampersand between them.

Badawi & Associates, CPAs
Emeryville, California
September 24, 2025



**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council
of the City of Atwater
Atwater, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Atwater, California (City)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America(GAAS); the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

To the Honorable Mayor and Members of the City Council
of the City of Atwater
Atwater, California
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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item SA2024-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on city's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

To the Honorable Mayor and Members of the City Council
of the City of Atwater
Atwater, California
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Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items SA 2024-001 to be significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on city's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

To the Honorable Mayor and Members of the City Council
of the City of Atwater
Atwater, California
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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated September 24, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is fluid and cursive, with "Badawi" on the first line and "& Associates" on the second line.

Badawi & Associates, CPAs
Emeryville, California
September 24, 2025

City of Atwater
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2024

Grantor Agency and Grant Title	Assistance Listing Number	Agency or Pass-through Number	Program Expenditures
<u>U.S. Department of Justice</u>			
<i>Direct Programs</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Bureau of Justice Asst Grant 2021	\$ 29,182
Total Edward Byrne Memorial Justice Assistance Grant Program			<u>29,182</u>
Total U.S. Department of Justice			<u>29,182</u>
<u>U.S. Department of Transportation</u>			
<i>Passed Through State of California Department of Transportation</i>			
Highway Planning and Construction (Federal-Aid Highway Program)			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	CML-5254(030)	251,012
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	CML-5254(033)	36,820
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	CML-5254(032)	22,373
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	CML-5254(031)	58,929
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	CML-5254(021)	86,670
Total Highway Planning and Construction (Federal-Aid Highway Program)			<u>455,804</u>
Total U.S. Department of Transportation			<u>455,804</u>
Total Highway Planning and Construction Cluster			<u>455,804</u>
<u>U.S. Department of the Treasury</u>			
<i>Direct Programs</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	n/a	1,964,241
Total Coronavirus State and Local Fiscal Recovery Funds			<u>1,964,241</u>
Total U.S. Department of the Treasury			<u>1,964,241</u>
<u>U.S. Department of Health and Human Services</u>			
<i>Direct Programs</i>			
Low-income Household Water Assistance Program	93.499	n/a	278,933
Total Low-income Household Water Assistance Program			<u>278,933</u>
Total U.S. Department of Health and Human Services			<u>278,933</u>
Total Expenditures of Federal Awards			<u>\$ 2,728,160</u>

The accompanying notes are an integral part of this schedule

City of Atwater
Notes to Schedule of Expenditures of Federal Awards
For the year ended June 30, 2024

A. Reporting Entity

The financial reporting entity consists of (a) the primary government, City of Atwater, California (City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. Basis of Accounting

Funds received under the various grant programs have been recorded within the general, special revenue, and capital projects funds of the City. The City utilizes the modified accrual basis of accounting for the general, special revenue, and capital projects funds. Expenditures of federal awards reported on the Schedule of Expenditures of Federal Awards (Schedule) are recognized when incurred.

C. Relationship of Schedule of Expenditures of Federal Awards to Financial Statements

The accompanying Schedule presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California is included in the Schedule.

The Schedule was prepared only from the accounts of various grant programs and, therefore, does not present the financial position or results of operations of the City.

D. Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the Schedule shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the City determined that no identifying number is assigned for the program, or the City was unable to obtain an identifying number from the pass-through entity.

E. Indirect Costs

The City did not elect to use indirect costs.

City of Atwater
Schedule of Findings and Questioned Costs
For the year ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Types of auditors' report issued on whether financial statements audited were prepared in accordance with GAAP Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

Any noncompliance material to the financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a)? Yes

Identification of major programs:

Assistance Listing

Number(s)	Name of Federal Program or Cluster	Expenditures
21.027	Coronavirus State and Local Fiscal Recovery Funds	\$ 1,964,241
	Total Expenditures of All Major Federal Programs	\$ 1,964,241
	Total Expenditures of Federal Awards	\$ 2,728,160
	Percentage of Total Expenditures of Federal Awards	72%

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low-risk auditee under section 200.520? No

City of Atwater
Schedule of Findings and Questioned Costs
For the year ended June 30, 2024

Section II - Current Year Findings

A. Financial Statement Audit

2024-001 - Financial Closing and Audit Preparedness (Significant Deficiency)

Criteria

The City is responsible for a timely preparation and presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. In addition, an effective internal control system over financial closing and reporting provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Condition

During the performance of the audit, we noted that the city was not fully prepared for the audit. Several of the documents requested for the audit were not provided timely. This resulted in significant delays in the audit process and single audit.

Cause

The City has experienced staff turnover in key positions involved in the closing and financial reporting process.

Effect

The City's trial balance was provided late, and City was not ready for the audit. This resulted in a significant delay to complete the audit.

Recommendation

We recommend that the City enhance its internal control over financial reporting and its closing procedures to ensure its books are thoroughly completed before the commencement of the audit.

Management Response

The City will take the Auditor's recommendation into consideration and will continue to review areas of improvement that can be implemented to help mitigate this concern in the future. The City agrees that staff turnover contributed to the delinquency of the audit process, including the year-end closing preparations. In addition to the turnover of staff, the City has limited staff dedicated to the accounting functions of the Finance department. To meet the timely deadline requirements necessary for the annual audit process, it will be essential to add additional finance personnel dedicated to general ledger, accounting, and audit functions, or acquire these services through professional contracts. Since the prior audit period, the City implemented two key measures to help improve in this area of deficiency: addition of a second accountant and addition of language into the City's Strategic Plan 2026-2030 that will ensure dedication of resources to aid in completion of timely financial reporting. These measures will help position the City for improved outcomes in the future with financial reporting processes and timeliness; however, they will not provide immediate remedy due to considerable amount of time involved in training of staff and procurement of services. While the conditions were not optimal in completing the audit this year, City staff made every effort possible to continue moving the process forward with the available resources.

City of Atwater
Schedule of Findings and Questioned Costs
For the year ended June 30, 2024

Section II - Current Year Findings, Continued

A. Financial Statement Audit, Continued

2024-002: Long term Debts Roll Forward Schedule (Significant Deficiency)

Criteria

The City is responsible for maintaining records of long-term debt, creating, and updating roll forward schedules and reconciling the records frequently to the financial statements to ensure the accuracy of the accounting records.

Condition

During the performance of the audit, we noted the City's doesn't maintain any roll forward schedule and City' debt records did not tie to the prior year audited financial statements and City was unable to confirm the accurate amount of long-term debt outstanding as of June 30, 2024.

Cause

Roll Forward schedules are not prepared by the city. Frequent reconciliations of long-term debt were not performed to ensure the accuracy of the long-term debts.

Effect

Detailed long-term debt listing doesn't tie to the prior year audited financial statements and audit record.

Recommendation

We recommend that the City implement internal controls to ensure frequent reconciliation of the long-term debt records to the financial statements.

Management Response

The City will take the Auditor's recommendation into consideration and will continue to review areas of improvement that can be implemented to help mitigate this concern in the future. The City agrees that staff turnover contributed to the delinquency of the audit process, including the year-end closing preparations. In addition to the turnover of staff, the City has limited staff dedicated to the accounting functions of the Finance department. To meet the timely deadline requirements necessary for the annual audit process, it will be essential to add additional finance personnel dedicated to general ledger, accounting, and audit functions, or acquire these services through professional contracts. Since the prior audit period, the City implemented two key measures to help improve in this area of deficiency: addition of a second accountant and addition of language into the City's Strategic Plan 2026-2030 that will ensure dedication of resources to aid in completion of timely financial reporting. These measures will help position the City for improved outcomes in the future with financial reporting processes and timeliness; however, they will not provide immediate remedy due to considerable amount of time involved in training of staff and procurement of services. While the conditions were not optimal in completing the audit this year, City staff made every effort possible to continue moving the process forward with the available resources.

City of Atwater
Schedule of Findings and Questioned Costs
For the year ended June 30, 2024

Section II - Current Year Findings, Continued

B. Federal Award Program Audit

SA2024-001: Lack of Documentation for Suspension or Debarment Verification

Criteria

Per 2 CFR section 180.300, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the System for Award Management (SAM) Exclusions maintained by the General Services Administration (GSA) and available at SAM.gov (2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity.

Condition

The City failed to provide evidence demonstrating the verification of vendor's eligibility before entering into a procurement contract.

Cause

The absence of documented proof regarding the verification of vendor's eligibility for participation in the transaction is attributed to inadequate record-keeping practices rather than a failure to conduct the verification process. It appears that while the verification may have been conducted, the City did not retain sufficient documentation to demonstrate compliance with the requirement.

Effect

Without proper documentation, the City's procurement process lacks transparency and accountability, leading to challenges in demonstrating compliance with federal regulations.

Recommendation

The City should enhance its record-keeping practices to ensure that documentation of suspension or debarment verification is consistently maintained for all procurement transactions.

Management Response

The City has taken action by updating the procedures to now include a requirement for attaching the suspension and debarment verifications as part of the documentation process.

City of Atwater
Schedule of Findings and Questioned Costs
For the year ended June 30, 2024

Section III – Prior Year Findings

A. Financial Statement Audit

2023-001 - Financial Closing and Audit Preparedness (Significant Deficiency)

Criteria

The City is responsible for a timely preparation and presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. In addition, an effective internal control system over financial closing and reporting provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

Condition

During the performance of the audit, we noted that the city was not fully prepared for the audit. Several of the documents requested for the audit were not provided timely. Several issues were identified and adjusted during the year. This resulted in significant delays in the audit process. Listed below are some of those adjustments made during the audit.

- Correction of Interest Payable for Proprietary Bonds
- Correction of FMV adjustments of investments
- Reclassification of ARPA revenue to unearned revenue
- Correction of Lease Liability outstanding as of June 30, 2023
- Correction of RDA capital assets account

Cause

The City has experienced staff turnover in key positions involved in the closing and financial reporting process.

Effect

The City's trial balance was provided late, and City was not ready for the audit. This resulted in a significant delay to complete the audit.

Recommendation

We recommend that the City enhance its internal control over financial reporting and its closing procedures to ensure its books are thoroughly completed before the commencement of the audit.

Status

No change, current year finding as well.

City of Atwater
Schedule of Findings and Questioned Costs
For the year ended June 30, 2024

Section III – Prior Year Findings, Continued

2023-002: Capital Assets Roll Forward Schedule (Significant Deficiency)

Criteria

The City is responsible for maintaining records of capital assets, creating, and updating roll forward schedules and reconciling the records frequently to the financial statements to ensure the accuracy of the accounting records.

Condition

During the performance of the audit, we noted the City's capital assets records did not tie to the prior year audited financial statements specifically in classification of assets.

Cause

Roll Forward schedules are not prepared by the City. Frequent reconciliations of capital assets were not performed on the capital assets to ensure the accuracy of the presentation of the capital assets.

Effect

Detailed Asset listing classifications doesn't tie to the prior year audited financial statements capital assets schedule.

Recommendation

We recommend that the City implement internal controls to ensure frequent reconciliation of the capital asset records to the financial statements.

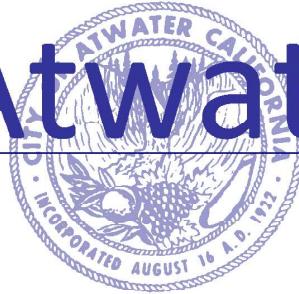
Status:

Resolved

B. Federal Award Program Audit

No prior year federal award program audit findings.

City of Atwater



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SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2024
CORRECTIVE ACTION PLANS

Financial Statement Findings - Current Year

Finding Reference Number: 2024-001 - Financial Closing and Audit Preparedness

Contact Person: Anna Nicholas, Finance Director

Corrective Action Plan:

The City will enhance its internal control over financial reporting and its closing procedures to ensure its books are thoroughly completed before the commencement of the audit.

The City will add additional finance personnel dedicated to general ledger, accounting, and audit functions, or acquire these services through professional contracts. Since the prior audit period, the City implemented two key measures to help improve in this area of deficiency: addition of a second accountant and addition of language into the City's Strategic Plan 2026-2030 that will ensure dedication of resources to aid in completion of timely financial reporting.

Anticipated Completion Date: December 31, 2025

Financial Statement Findings - Current Year (Continued)

Finding Reference Number: 2024-002 - Long-term Debt Roll Forward Schedule

Contact Person: Anna Nicholas, Finance Director

Corrective Action Plan:

The City will implement internal controls to ensure frequent reconciliation of the long-term debt records to the financial statements.

The City will add additional finance personnel dedicated to general ledger, accounting, and audit functions, or acquire these services through professional contracts. Since the prior audit period, the City implemented two key measures to help improve in this area of deficiency: addition of a second accountant and addition of language into the City's Strategic Plan 2026-2030 that will ensure dedication of resources to aid in completion of timely financial reporting.

Anticipated Completion Date: December 31, 2025

Federal Awards Findings - Current Year

Finding Reference Number: SA2024-001 - Lack of Documentation for Suspension or Debarment Verification

Assistance Listing Number: 21.027

Assistance Listing Title: Coronavirus State and Local Fiscal Recovery funds

Name of Federal Agency: U.S. Department of the Treasury

Contact Person: Anna Nicholas, Finance Director

Corrective Action Plan:

The City will enhance its record-keeping practices to ensure that documentation of suspension or debarment verification is consistently maintained for all procurement transactions. The City has taken action by updating the procedures to now include a requirement for attaching the suspension and debarment verifications as part of the documentation process.

Anticipated Completion Date: August 1, 2025