



# Staff Report

**CITY OF UPLAND**  
"The City of Gracious Living"

DATE: February 10, 2025  
TO: MAYOR AND CITY COUNCIL  
FROM: MICHAEL BLAY, CITY MANAGER  
PREPARED BY: STEPHEN PARKER, CPA, ASSISTANT CITY MANAGER  
STACI SULLIVAN, FINANCE MANAGER  
SUBJECT: ANNUAL COMPREHENSIVE FINANCIAL REPORT AND RELATED REPORTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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## **RECOMMENDED ACTION:**

It is recommended that the City Council receive and file the Annual Comprehensive Financial Report (ACFR), the Auditor's Communication with Those Charged with Governance, the Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters, and the Independent Accountants' Report of Agreed-Upon Procedures Applied to Appropriations Limit Worksheets for the Fiscal Year ended June 30, 2024.

## **GOAL STATEMENT**

The proposed action supports the City's goal of managing the City's resources in a fiscally responsible manner.

## **BACKGROUND**

Each year, the Finance Division is responsible for the preparation of the ACFR following an independent audit. The ACFR presents a summary of financial position and financial transactions for Fiscal Year 2023-24.

The ACFR has been prepared by the Administrative Services Department in conformity with generally accepted accounting principles. This report includes all funds and entities that are within the control of the City.

## **ISSUES AND ANALYSIS**

The ACFR is organized into three sections: 1) the Introductory Section includes the letter of transmittal, the City's organizational chart and a list of principal officials for the Fiscal Year ended June 30, 2024; 2) the Financial Section includes the independent auditor's report, management's discussion and analysis, the basic financial statement and supplementary financial information; 3) the Statistical Section includes information on financial trends, revenue and debt capacity, demographic, economic and operating information for multiple years. To gain an initial understanding of the report, the reader is directed to the letter of transmittal and management's discussion and analysis.

The firm of Van Lant & Fankhanel, LLP, Certified Public Accountants, has conducted an independent audit of the financial statements of the City of Upland for the Fiscal Year ended June 30, 2024, and has issued an "unqualified" opinion thereon. An "unqualified" opinion is the highest rating possible and means that the auditors believe the financial statements of the City fairly present, in all material aspects, the financial position and changes in financial position and cash flows for the City for the year ended June 30, 2024, in conformance with generally accepted accounting principles. In addition to their report on the City's financial statements, the independent auditors have also issued three other required reports and letter to the City Council: 1) Auditor Communications Letter; 2) Report on Internal Controls Over Financial Reporting and On Compliance and Other Matters; and 3) Report on Agreed-Upon Procedures relating to the calculation of the City's appropriations limit for the year ended June 30, 2024.

The first letter is a direct communication between the auditors and the governing body and advises the City Council of certain significant matters related to the audit, such as the most sensitive estimates and disclosures included in the financial statements, as well as whether they encountered any difficulties in dealing with management or had any disagreements with management. The auditors noted no such difficulties or disagreements during the course of their audit.

The second letter indicates the auditors discovered no deficiencies in internal control that they considered to be a material weakness or significant deficiency.

The final item is the Report on Agreed-Upon Procedures Applied to Appropriations Limit Worksheets for the Year Ended June 30, 2024. The auditors noted no issues in reviewing staff's calculation of the appropriations limit for Fiscal Year 2023-24.

**ENVIRONMENTAL DETERMINATION**

The proposed action is not subject to the California Environmental Quality Act (CEQA). Section 15378 of the CEQA Guidelines defines a project subject to CEQA. The proposed action is not included within the definition of a "project" and thus is exempt.

**FISCAL IMPACTS**

There is no fiscal impact associated with this action.

**ALTERNATIVES**

Provide alternative direction to staff.

**CEQA:** Not a Project.