

City of Lindsay

Financial Statement and Management Reports Presentation June 30, 2023



PRESENTERS

WILSON LAM, CPA – AUDIT PARTNER

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- Management's Responsibilities
- Auditors' Responsibilities
- Results

Responsibilities – Management



- Present the Financial Statements in accordance with Generally Accepted Accounting Principles (GAAP) and Government Auditing Standards (GAS)
- Adopt Accounting Policies and Procedures
- Establish and Maintain Internal Controls over Financial Reporting
- Provide evidence supporting the financial statements and related disclosures
- Prevent and detect fraud

Auditor's Responsibilities



- Assess Audit Risk of Internal Controls Over Financial Reporting
- Determine compliance with GAAP and GAS
- Perform audit procedures
- Determine the Fairness and Accuracy of Financial Statements Presentation
- Issue Audit Opinion on the Financial Statements
- Issue Recommendations to Management
- Financial statements are City's Management

General Fund Financial Summary



Current Year

- Total revenues
\$9,767,150
- Total expenses
\$12,383,687
- Other financing sources (uses)
\$3,794,585
- Net change in fund balances
\$1,178,048
- Total assets
\$10,414,447
- Total liabilities and deferred inflows
\$11,769,822
- Fund Balances (deficits)
\$(1,355,375)

Prior Year

- Total revenues
\$9,633,410
- Total expenses
\$8,872,102
- Excess of revenues over expenditures
\$761,308
- Total assets
\$6,023,720
- Total liabilities and deferred inflows
\$6,896,824
- Fund Balances (deficits)
\$(1,306,438)

Audit Opinion and Other Matters



- Financial Statements – Issued Disclaimer due to ongoing criminal investigations on the former city’s management
- Internal Control over Financial Reporting – We do not express opinion on it
- Federal Awards – More than \$750,000, Single Audit is required, one major program: Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)
- Going concern due to General Fund deficit fund balances
- Implemented GASB No.96, Subscription-based information technology arrangement (SBITA), impacted on the governmental activities, resulting in the recognition of SBITA leased assets of \$276,295, and a subscription liability of \$276,295.
- Estimates appear reasonable (such as accruals, depreciation methods)
- Disclosures are proper in accordance with standards

Other Matters



- Material weaknesses
 - Internal controls over financial reporting/accounting close and accuracy in financial reporting
 - Deficit fund balance in general fund
 - California State Auditor identified high risk issues
 - Lack of fraud prevention and detection policy
- Significant deficiencies
 - Segregation of duties for cash receipts at the park and recreation department
 - Lack of control over cash receipts at all cash collection locations
 - Adherence to investment policy
 - Inadequate budgetary controls
- No accounting disputes
- Management was cooperative and provided information to complete work

Questions and Comments?



Thank you