

INDIAN WELLS CITY COUNCIL

January 30, 2025



To: City Council
From: Finance Department
Prepared by: Kevin McCarthy, Finance Director
Subject: **Annual Financial Report for the Fiscal Year Ending June 30, 2024**

RECOMMENDED ACTION:

Council **RECEIVES** and **FILES** the City's Annual Financial Report for the fiscal year ending June 30, 2024; and,

FINDS the project to be exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15060.

SUMMARY:

The Finance Committee convened on January 14, 2025, to conduct a comprehensive review of the City's Annual Financial Report. Following this review, the Committee recommends that the City Council consider receiving and filing the Annual Financial Report as presented.

Davis Farr, the City's independent auditor, has issued an unqualified opinion on the Annual Financial Report for the fiscal year ending June 30, 2024. An unqualified opinion is the highest level of assurance that a municipality can achieve, affirming the accuracy and integrity of the City's financial statements.

As part of the audit process, the auditors evaluate the City's internal control systems and compliance with applicable laws and regulations. They also communicate any audit-related matters deemed significant to those responsible for overseeing the City's financial reporting.

BACKGROUND:

Government Code Compliance and Annual Financial Reporting Pursuant to Government Code 26909(a), the City, as a local agency of the County, is required to engage the services of a certified public accountant to conduct an annual audit of its financial

accounts and records. This audit must adhere to generally accepted auditing standards. Additionally, under Government Code 26909(b), the resulting audit report must be submitted to the State Controller and the County Auditor within six months following the end of the fiscal year. Accordingly, this report has been prepared in full compliance with these statutory requirements for the fiscal year ending June 30, 2024.

The independent auditor's report is included in the financial section of the Annual Financial Report. Following the auditor's report, the Management's Discussion and Analysis (MD&A) provides a comprehensive narrative introduction, overview, and analysis of the City's financial statements. The MD&A serves as a complement to the transmittal letter and is best understood when reviewed in conjunction with it.

Residents are encouraged to review the City's Annual Financial Report, which is accessible via the City's official website at <http://www.cityofindianwells.org>. The financial report will also be submitted to the Government Finance Officers Association (GFOA) for consideration for the Certificate of Achievement for Excellence in Financial Reporting. The City has been honored with this prestigious award annually since 1991, a testament to its commitment to transparency and excellence in financial reporting.

This award, conferred by the GFOA, recognizes government entities that demonstrate superior financial reporting practices, fostering accountability and trust among residents and stakeholders. Receiving the Certificate of Achievement underscores the City's dedication to accurate, transparent, and accessible financial communication.

Financial Transparency and Communication

Maintaining transparent and open communication with residents and stakeholders is a cornerstone of the City Council's goals and priorities. To ensure residents remain informed about the City's fiscal health, the Council employs the following strategies throughout the year:

1. Hosting City Council meetings and study sessions to promote public engagement.
2. Presenting the Financial Forecast during the annual Strategic Planning sessions.
3. Convening Finance Committee Meetings to provide detailed updates on financial matters.
4. Publishing the Annual Financial Statements.
5. Providing fiscal updates via the City's official website.
6. Issuing the Mayor's Letter to share key financial insights.

7. Sending periodic fiscal update e-blasts to residents.
8. Mailing the Financial Primer to all residents to simplify complex financial topics.
9. Sharing the Capital Improvements Overview through mailers.
10. Publishing the Indian Wells Checkbook online for public access.
11. Distributing the Budget at a Glance mailer to provide an accessible overview of the budget.
12. Offering resident meetings with the City's Finance Director for direct discussions.
13. Hosting Coffee with the City Manager sessions for informal engagement.

These initiatives underscore the City's commitment to fostering transparency, accountability, and public trust in its financial management practices.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):

This action has been reviewed per the authority and criteria contained in the California Environmental Quality Act (CEQA), the State and local CEQA Guidelines, and the City's environmental regulations. The City, acting as the Lead Agency, determined that the ordinance is not subject to CEQA pursuant to Sections 15060(c)(2), 15060(c)(3), and 15061(b)(3) of the State CEQA Guidelines, because it will not result in a direct or reasonably foreseeable indirect physical change to the environment as there is no possibility that the action would result in a significant environmental impact, and because it does not constitute a "project" as defined in Section 15378 of the State CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3.

ATTACHMENTS:

1. City Financial Statements FY 2023-24