



FY 2022-23 AUDIT & ACFR REVIEW

Christie Donnelly, Management Services Director

<https://www.cityoflompc.com/government/departments/management-services/finance/-folder-43>

TONIGHT'S AGENDA

- **AUDIT REVIEW – slides provided by LSL**
- **UTILITIES FUNDS STATUS @ FY END 2023**
- **GENERAL FUND STATUS @ FY END 2023**
- **MID-YEAR GENERAL FUND BUDGET UPDATE FY 2023-24**
- **REVIEW OPTIONS FOR UNASSIGNED GF BALANCE**



2023 Financial Audit

City of Lompoc

lslcpas.com



Your LSL Team



Ryan Domino, CPA
Partner



Riley Greenlee, CPA
Manager



Scope of Engagement

- LSL has been engaged by the City of Lompoc to perform the following procedures:
 - Financial statement audit for the year ended June 30, 2023, in accordance with generally accepted auditing standards and Government Auditing Standards
 - Single audit over the federal award programs for the year ended June 30, 2023, in accordance with the federal Uniform Guidance.



Scope of Engagement

- Interim Fieldwork

- May 1 – May 5, 2023
- Examined internal controls
- Provided feedback to management
- Performed our audit risk assessment
- Planned year-end audit procedures to respond to risk

- Year-End Fieldwork

- October 23– October 27, 2023
- Detailed testing of account balances and transactions
- Compliance testing with laws, regulations, grant agreements, contracts
- Single Audit testing
- Other procedures necessary to obtain sufficient, appropriate audit evidence



Results of Audit

- We issued an unmodified auditor's opinion on the financial statements.
 - Financial statements are accurate and reliable as of June 30, 2023.
- We issued the Report on Internal Control and Compliance
 - No significant deficiencies in internal control noted.
 - No material weaknesses in internal control noted.
 - No material noncompliance with laws, regulations, grants, etc. noted.



Results of Audit

- We identified no going concern doubts as of June 30, 2023.
- We identified no fraud, waste, or abuse during the fiscal year ended June 30, 2023.
- We had no disagreements with management about application of accounting principles.
- We had no difficulties conducting our audits.
- We determined that all estimates used by management in preparing the financial statements were reasonable.



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CALIFORNIA: Brea | Santa Ana | Laguna Hills | Sacramento

TEXAS: The Woodlands

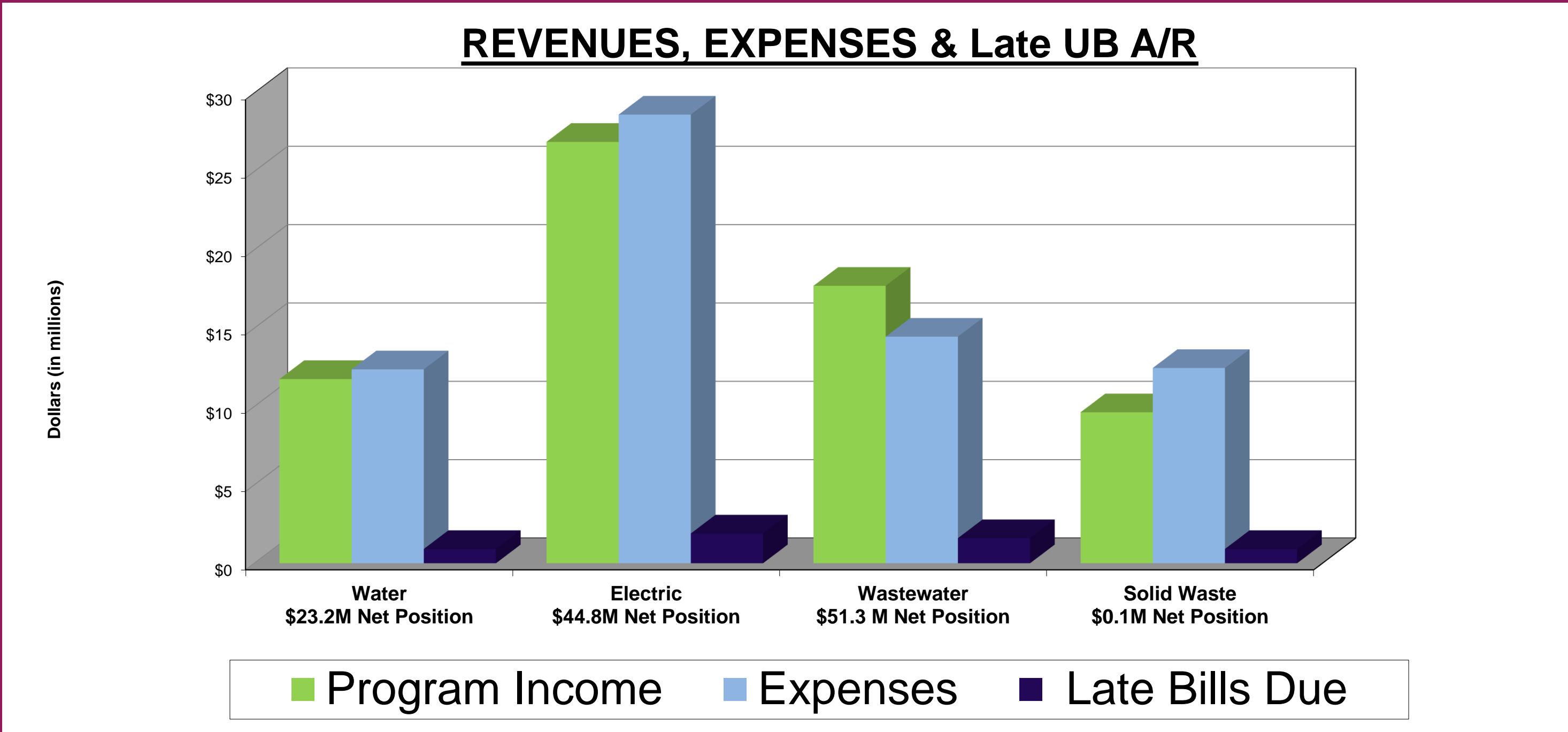




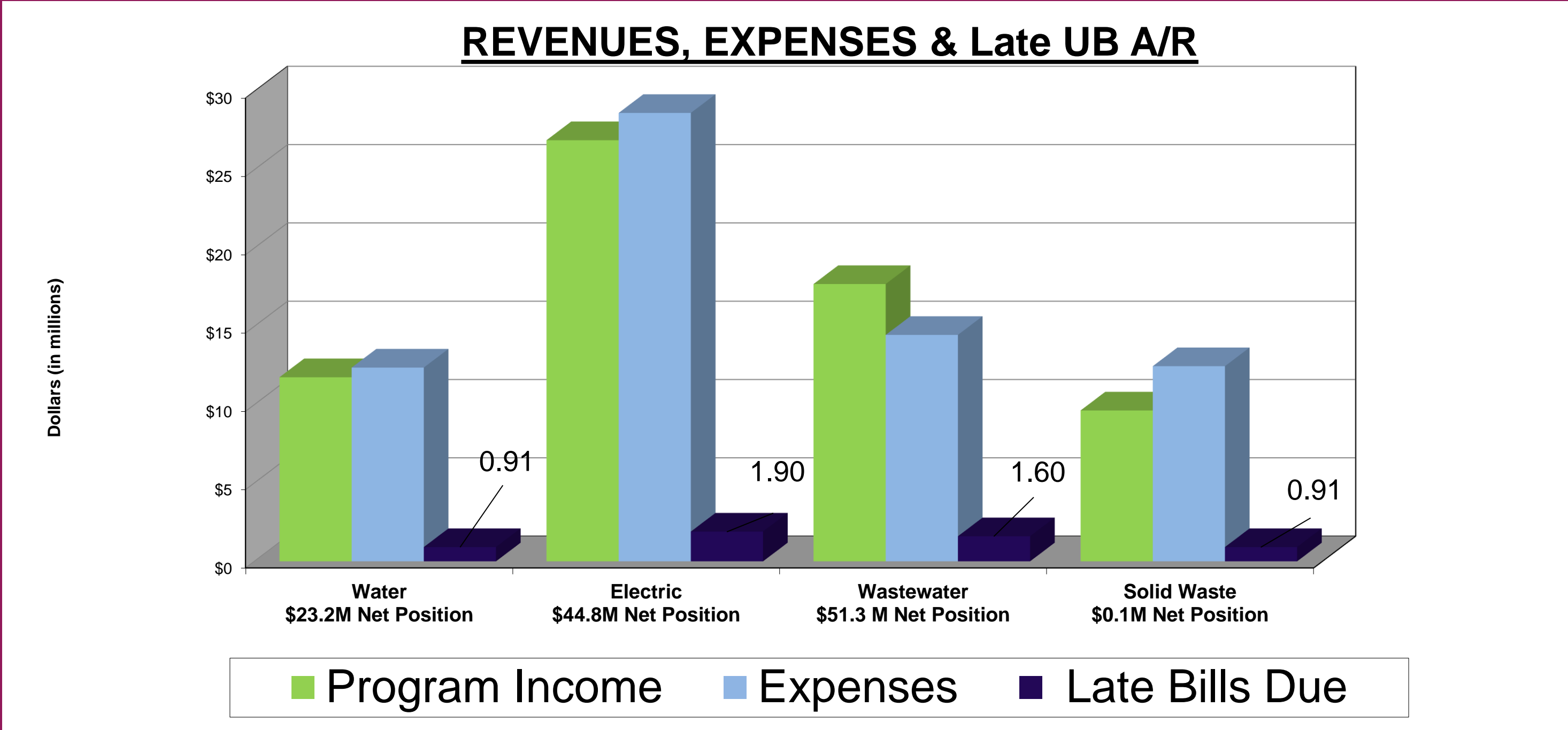
FISCAL YEAR 2022-23

ACFR SUMMARY

BUSINESS-TYPE ACTIVITIES: UTILITIES



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BUSINESS-TYPE ACTIVITIES: UTILITY BILLING A/R

Calculated Allocation:	Dec 2022 - LATE A/R	Dec 2022 Pmt Plan Balances	June 2023 - LATE A/R	June Payment Plan balances	Dec 2023 - LATE A/R	Dec 2023 Pmt Plan balances
Electric	2,174,876	\$ 94,002	\$ 1,941,911	\$ 1,180,780	\$ 1,532,839	\$ 774,938
Solid Waste	966,401	44,352	914,412	539,639	653,976	348,335
Wastewater	1,793,524	85,181	1,622,113	959,799	1,104,600	582,404
Water	998,456	41,140	905,118	529,007	618,282	338,476
TOTAL	\$ 5,945,699		\$ 5,403,087		\$ 3,925,720	
On Pmt Plan:		\$ 265,456		\$ 3,221,314		\$ 2,052,177



GOVERNMENTAL ACTIVITIES

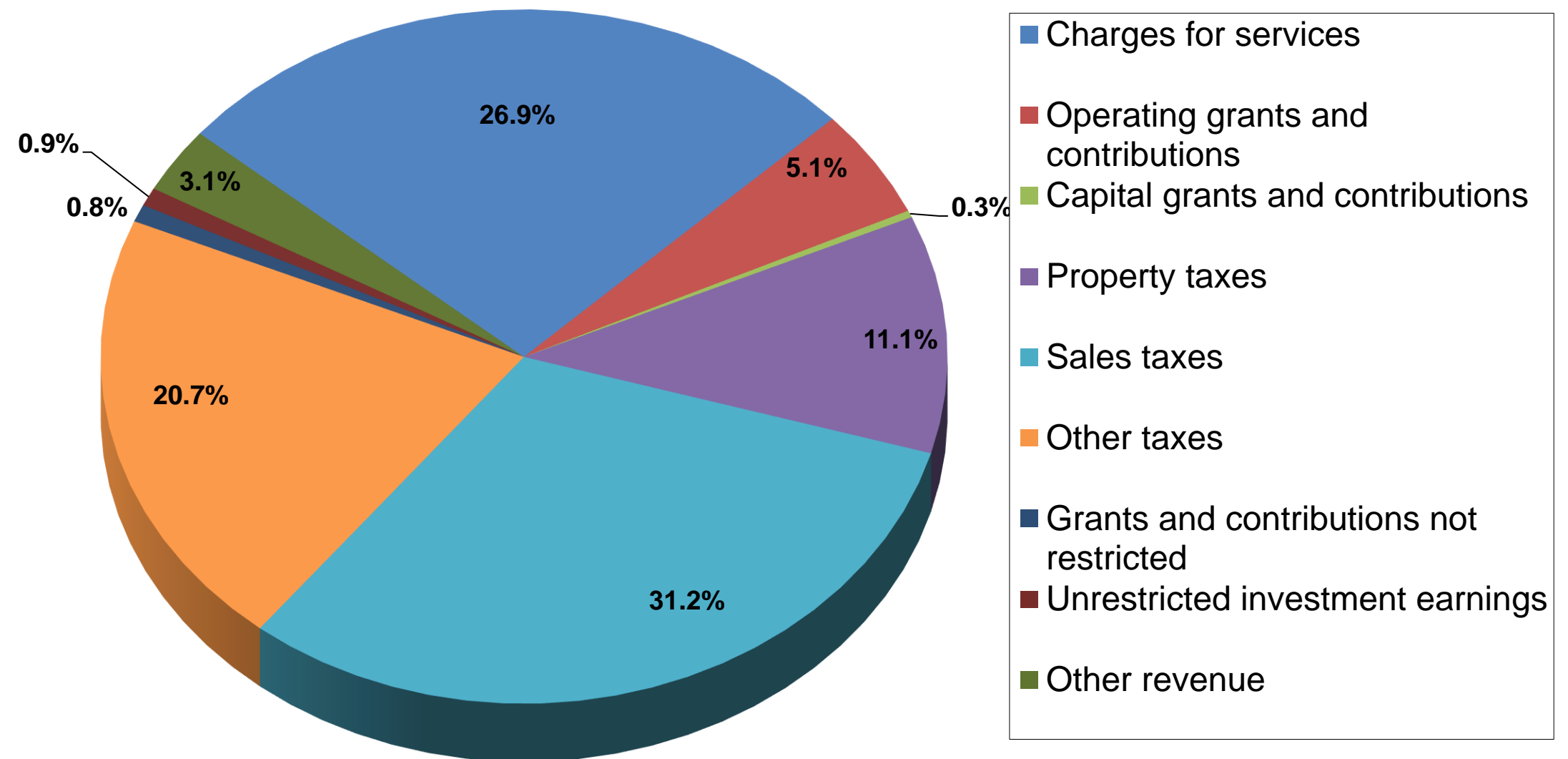
- **GENERAL FUND**
 - **Police**
 - **Fire**
 - **Library**
 - **Parks**
 - **Recreation**
 - **Facilities**
 - **Community Development**
 - **Building Inspection**
 - **Administration**

- **SPECIAL REVENUE FUNDS**
 - **CDBG**
 - **Measure A**
 - **Special Gas Tax**
- **CAPITAL PROJECTS & DEBT SERVICE FUNDS**
 - **CIP Projects**
 - **Street Development**

GOVERNMENTAL ACTIVITIES REVENUES

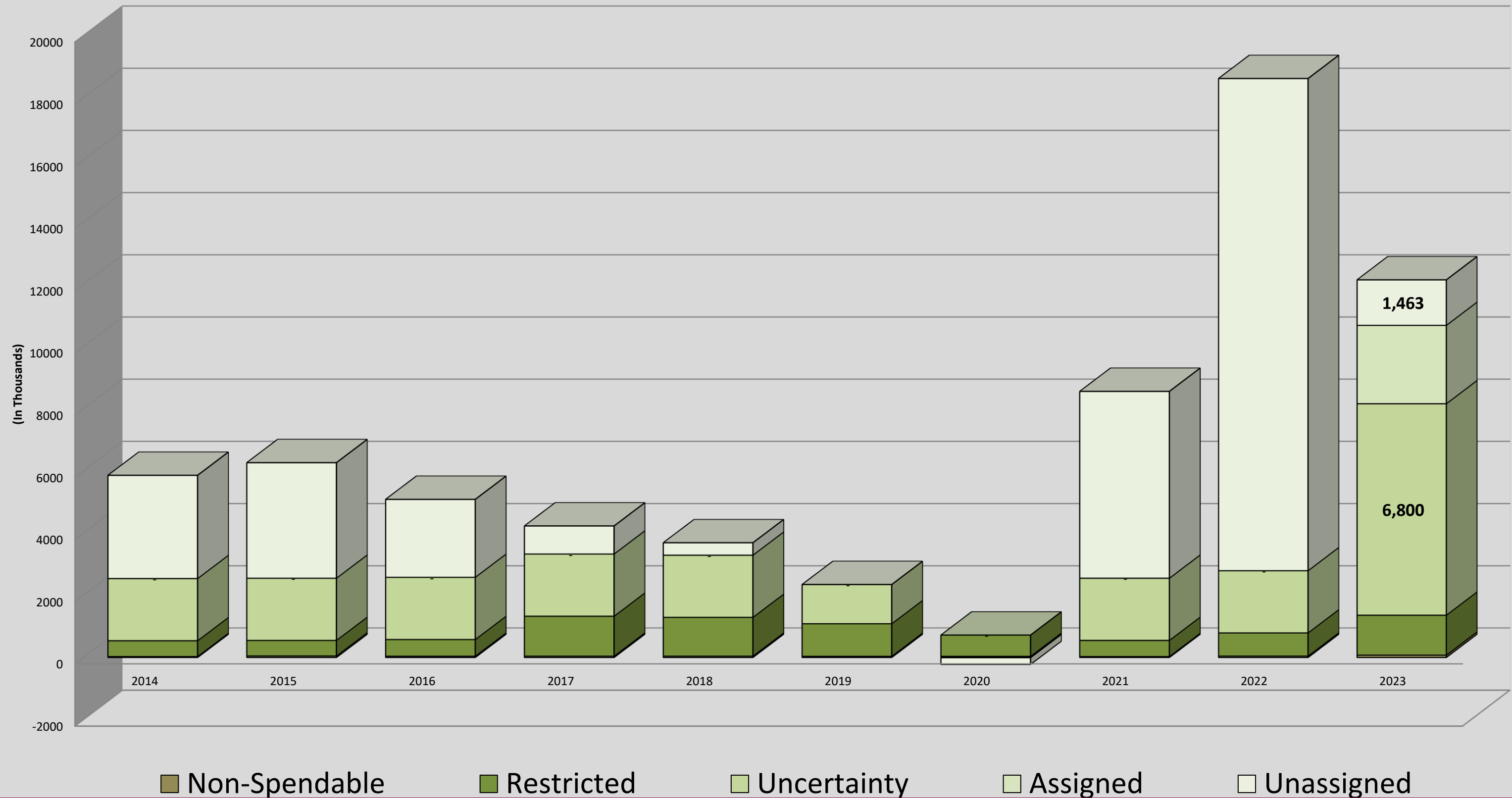
- 63% From taxes
- 27% Charges for services
- General Fund Balance = \$13.0M
- Unassigned General Fund Balance = \$8.3M

Revenue by Source - Governmental Activities





GENERAL FUND BALANCE



GENERAL FUND BALANCE BREAKDOWN

2022-23 General Fund - All Activity

	Original Budget	Actuals
Revenues	\$ 41,308,865	\$ 46,850,806
Expenditures	(39,956,120)	(44,640,209)
Transfers In (Out) - one time activity	-	(8,000,000)
Excess of revenues (under) expenditures	\$ 1,352,745	\$ (5,789,403)

2022-23 General Fund Operating Activity (less One-time Activity)

	Original Budget	Actual
Revenues, adjusted	\$ 41,308,865	\$ 46,850,806
Expenditures	(39,956,120)	(44,640,209)
Net change in fund balance from Operations	\$ 1,352,745	\$ 2,210,597

2022-23 General Fund Reserves (Unassigned General Fund Balance)

End FY 2021-22, adjusted	\$ 7,122,455
Change in Restricted/Assigned Balances	(1,061,669)
Net Change in GF balance from Operations 2023	2,210,597
End FY 2022-23, adjusted	\$ 8,271,383

2022-23 Unassigned General Fund Balance

End FY 2021-22 \$ 7.12M
(\$6.8M in uncertainty account)

Increase Restricted/Assigned (1.06M)

Increase Unassigned 2.21M

Unassigned GF Balance \$ 8.27M

\$ 8.1M =
2 mos reserves

\$12.2M =
3 mos reserves

Available to
Discuss:
\$1.47M

UNASSIGNED GENERAL FUND BALANCE

2022-23 Unassigned General Fund Balance

End FY 2021-22 \$ 7.12M
(\$6.8M in uncertainty account)

Increase Restricted/Assigned (1.06M)

Increase Unassigned 2.21M

Unassigned GF Balance \$ 8.27M

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Available to
Discuss =
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OPTIONS

- Move to Uncertainty Reserve Account
- Move to 424CIP Account
- Appropriate portion for requests
- Do Nothing – keep as unassigned Fund balance for short-term deficits or unexpected needed appropriations
- Any combination of the above options

~ Discussion after Mid-year Budget Update ~



FISCAL YEAR 2023-24
MID-YEAR GENERAL FUND
BUDGET UPDATE



GOVERNMENTAL ACTIVITIES TAX REVENUES

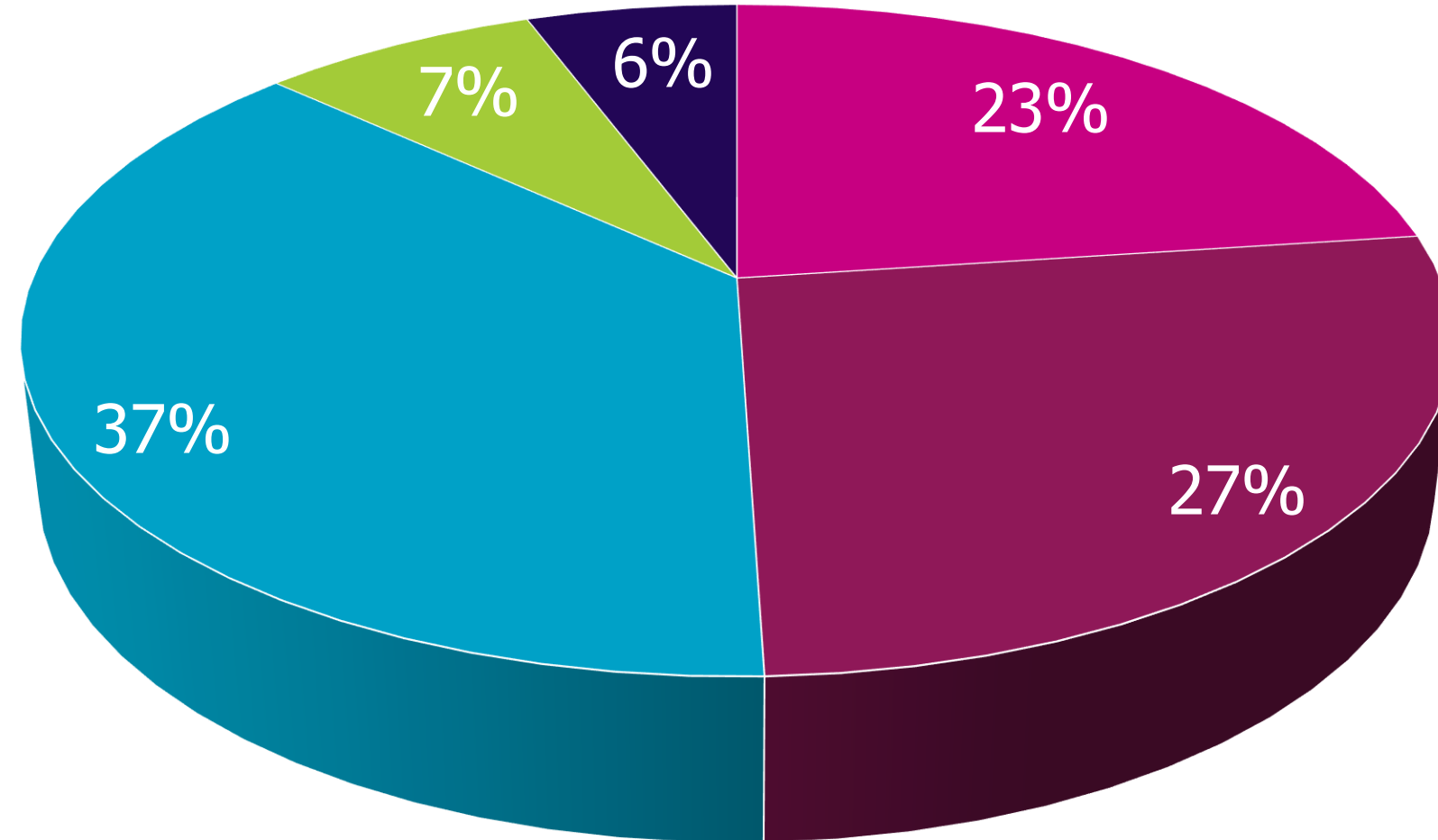
■ Sales Tax (Bradley Burns)

■ 1% Transaction Sales Tax (I2020)

■ Property Tax

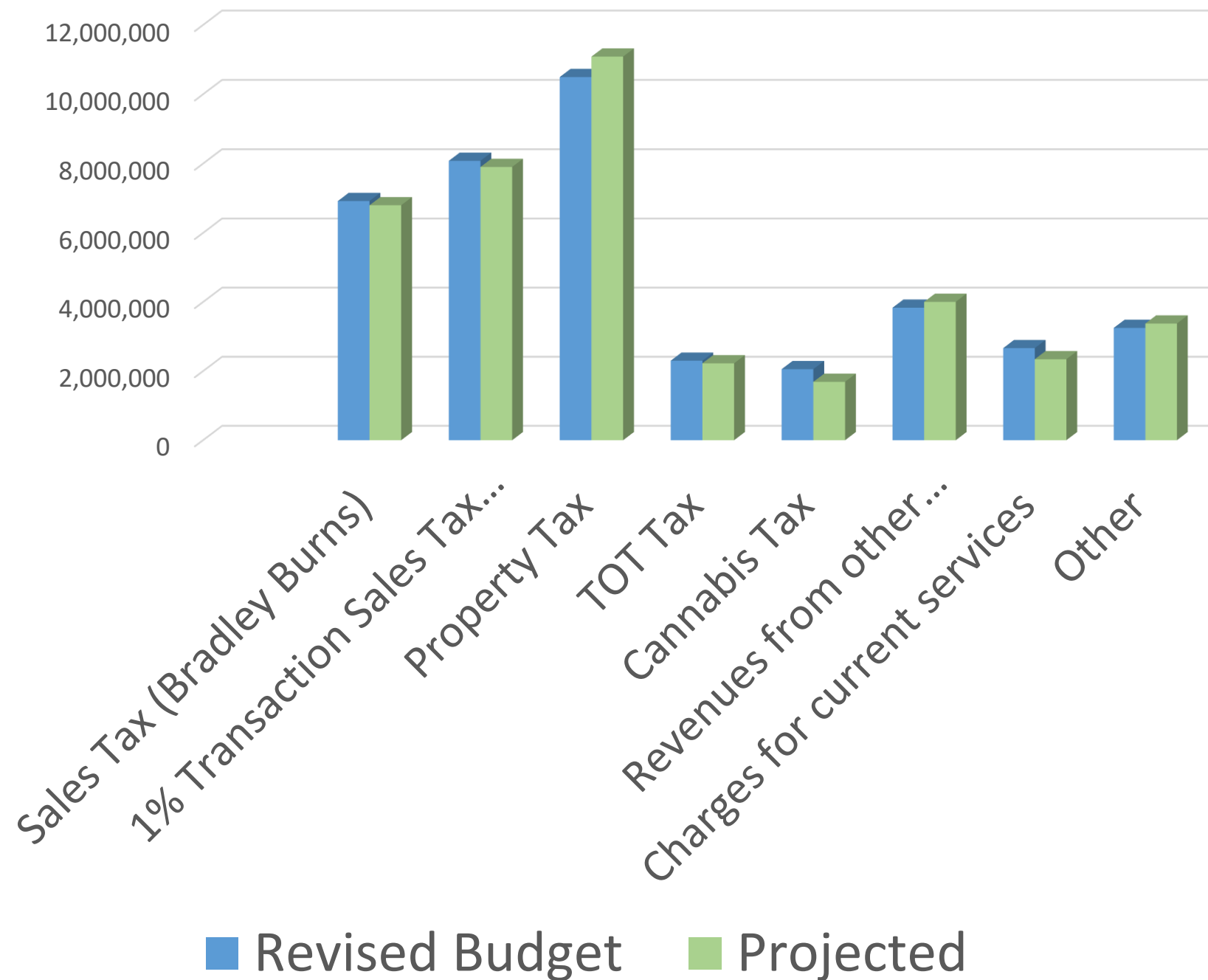
■ TOT Tax

■ Cannabis Tax



2023-24 Projected vs. Budgeted Revenues

Revenues - Variance to Revised Budget



Revenues	Variance	Percentage Difference
Sales Tax (Bradley Burns)	\$ (121,909)	-2%
1% Transaction Sales Tax (I2020)	(177,090)	-2%
Property Tax	588,794	6%
TOT Tax	(74,538)	-3%
Cannabis Tax	(366,232)	-18%
Revenues from other agencies	169,718	4%
Charges for current services	(321,689)	-12%
Other	126,593	4%

GENERAL FUND EXPENDITURES BY DIVISION

Division	Salaries - Variance	Discretionary - Variance	Combined Variance
Building (Inspection)	\$ 19,329	\$ (2,455)	\$ 16,874
Community Development	26,530	25,782	52,312
Engineering & Streets	(474,825)	49,131	(425,694)
Facilities	(13,571)	(1,619)	(15,190)
Fire	569,942	(2,146)	567,796
General Government	(164,914)	(151,451)	(316,365)
Library	(46,044)	(11,425)	(57,469)
Parks	(19,813)	868	(18,945)
Police	157,038	2,431	159,468
Recreation	(210,382)	(10,322)	(220,705)
TOTAL VARIANCE	\$ (156,710)	(101,208)	\$ (257,918)

2023-24 MID-YEAR SUMMARY

	Original Budget	Projected Actuals	Variance
	Operating Activity		
Revenues	\$ 57,913,444	\$ 58,239,145	\$ 325,702
Expenditures	53,691,688	54,711,153	1,019,465
Excess of revenues (under) expenditures	\$ 4,221,756	\$ 3,527,993	\$ (693,763)

	Adjust: One-time Activity	
Add: Carryforwards & Transfers		1,057,912
Less: CIP	(4,216,141)	(5,274,053)
Net change - CIP One-time Activity	\$ (4,216,141)	\$ (4,216,141)

	Combined Activity	
Revenues	\$ 57,913,444	\$ 59,297,057
Expenditures - All	57,907,829	59,985,206
Projected Net change in Fund Balance	\$ 5,615	\$ (688,148)

Projection is 1.1% over budget

Will need to offset deficit with FY23 surplus unassigned fund balance

UNASSIGNED GENERAL FUND BALANCE - revisit

2022-23 Unassigned General Fund Balance

End FY 2021-22 \$ 7.12M
(\$6.8M in uncertainty account)

Increase Restricted/Assigned (1.06M)

Increase Unassigned 2.21M

Unassigned GF Balance \$ 8.27M

\$ 8.1M =
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Staff Recommendation

- Move \$0.3M to uncertainty account – to total \$7.1M
- Move \$0.4M to Governmental CIP fund (424CIP)
- Consider \$25k request for Mural Society
- Keep Remainder (\$0.7M) as unassigned Fund balance for projected FY24 deficit and any unforeseen needs



THANK YOU!



Christie Donnelly, Management Services Director