



Agenda Item No: 3.a

PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: June 30, 2026

Submitted by: Gavin Houn

From: Finance

Subject:

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE PERIOD ENDING JUNE 30, 2025

Financial Impact:

None.

Summary:

The annual audit of the City's financial records has been completed by the City's audit firm, Clifton Allen Larson (CLA). Part of the audit contract includes working with Staff to complete the Annual Comprehensive Financial Report ("ACFR"). The ACFR will be reviewed with the Financial Audit Oversight Committee ("FAOC") on June 29, 2026 and if the FAOC approves the report, it will be recommended for the City Council to receive and file without any material modifications.

Recommended Action:

It is recommended that the City Council:

1. Receive and file the Annual Comprehensive Financial Report for the period ending June 30, 2025, as recommended by the Financial Audit Oversight Committee; and
2. Receive and file the Single Audit of Federally Assisted Grant Programs for the period ending June 30, 2025, as recommended by the Financial Audit Oversight Committee.

Strategic Plan Statement:

This action is not related to any Strategic Plan goal or objective.

Discussion:

Each year the City has an external audit performed by an independent auditing firm. At the conclusion of the audit process, the auditors and the City's Finance Department complete the Annual Comprehensive Financial Report (ACFR). As required by the Government Accounting Standards Board (GASB), the report's format includes standardized reporting information such as the Management Discussion and Analysis (MD&A), Required Supplementary Information, and Government-wide Financial Statements including the Statement of Net Position and Statement of Activities.

Also included in the report is the Independent Auditors' Report. In the opinion of the auditors (CLA), the financial statements are presented fairly in all material respects. The audit of the

City's financial records was completed in accordance with generally accepted auditing standards applicable to financial audits contained in Government Audit Standards issued by the Government Accountability Office. The City received a "clean" or unmodified opinion for the audit this year with one material weakness noted. The weakness identified were misstatements that if not corrected, would cause the City's financial statements to be materially misstated. The misstatements included moving some capital projects from "construction in progress" into a non-depreciating "capital assets" category instead of depreciating asset category and inadvertently including the employee share of CalPERS for pension related deferred inflow of resources when it should have just been the employer paid portion. All misstatements were corrected, and Finance has updated its year-end checklist to ensure these misstatements will not be repeated.

The ACFR will be presented to the Financial Audit Oversight Committee at its meeting on June 29, 2026. Upon the Committee's approval, the report will be recommended to the City Council to receive and file..

Financial Summary:

There is no fiscal impact to the recommended action.

Attachments

[ACFR - FY 25 City of Placentia Final.pdf](#)

[City of Placentia Results Presentation FY 2025 - FINAL.pptx](#)