



Finance Committee **MEETING**

12/3/2024

☒ Received Before Meeting

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City of Palo Alto Office of the City Auditor (OCA)

Finance Committee Meeting

City of Palo Alto Audited Financial Statements

Presenter: Kate Murdock, City Auditor

December 3, 2024

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Financial Audit Overview

- Article IV, Section 13 of the City Charter requires “the City Council shall engage an independent certified public accounting firm to conduct an annual external audit and report the results of this audit in writing to the City Council.”
- Title II, Chapter 2.08 of the City Code requires that the City Auditor coordinate the annual external financial audit.



Purpose

- Obtain reasonable assurance that financial statements are fairly stated

Results

- Unmodified opinion across all reports – financial statements are prepared in all material respects and comply with accounting standards being used as well as applicable regulations



FY 2023-24 Audit Results

Presented by Benjamin Lau, CPA, Partner

The following presentation was prepared as part of our audit of the City of Palo Alto (the “City”) for the year ended June 30, 2024, and is limited in its overall information, and is intended solely for the information and use by those charged with governance oversight, management and as necessary, those charged with financial reporting oversight role of the City. This communication is not intended and should not be used by any other party, committee or person other than these specified parties.

Scope of Services

- Audit Report on the Basic Financial Statements (ACFR) for the Year Ended June 30, 2024
- Single Audit Reports for the Year Ended June 30, 2024
- Cable TV Franchise Statements of Revenues and Expenses for the Years Ended December 31, 2023 and 2022
- Palo Alto Public Improvement Corporation Financial Statements for the Year Ended June 30, 2024
- Regional Water Quality Control Plant Financial Statements for the Year Ended June 30, 2024
- Pedestrian/Bicycle Facilities Grant, Metropolitan Transportation Commission, Transportation Development Act Funds, Article III for the Year Ended June 30, 2024
- Agreed Upon Procedures Related to Article XIII-B Appropriations Limit for the Year Ended June 30, 2024

MGO Audits

- **Purpose**
 - To obtain reasonable assurance that amounts are fairly stated
- **Applicable Framework**
 - Generally accepted accounting principles (GAAP) or Special-purpose framework
 - Generally accepted auditing standards (GAAS)
 - Government Auditing Standards (GAGAS)

FY 2023-2024 Audit Results

- **Basic Financial Statements (ACFR)**
 - Unmodified Opinions
- **Single Audit Reports (Federal Award Compliance)**
 - Unmodified Opinions
 - No noncompliance for each major federal program (2 major programs for FY 2024)
 - No material weaknesses or significant deficiencies in internal controls over compliance
- **Other Reports**
 - Unmodified Opinions
 - No material weaknesses or significant deficiencies in internal controls over financial reporting

FY 2023-2024 Audit Results

Report to the City Council

- Required Communications
 1. Our Responsibility in Relation to the Financial Statements Audit
 2. Planned Scope and Timing of the Audit
 3. Accounting Policies and Policies and Practices
 - a. Preferability of Accounting Policies and Practices
 - b. Adoption of, or change in, Accounting Policies
 - c. Significant Accounting Policies
 - d. Significant Unusual Transactions
 - e. Management's Judgments and Accounting Estimates
 - f. Audit Adjustments and Uncorrected Misstatements
 4. Disagreement with Managements
 5. Consultations with Other Accountants
 6. Significant Issues Discussed with Management
 7. Difficult or Contentious Matters That Required Consultation
 8. Shared Responsibilities for Independence
 9. Representations Requested from Management
 10. Internal Control and Compliance Matters

Questions?

We are excited to explore the opportunities.