



April 25, 2025

To the Honorable Mayor and City Council
City of Angels, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Angels, California (the City) for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter previously provided to you. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during fiscal year 2024. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements were:

Management's estimate of the allowance for doubtful accounts is based on historic revenues and analysis of collectability. We evaluated the methods, assumptions, and data used to develop the allowance for doubtful accounts in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net pension liability and related deferrals is based on actuarial valuations. We evaluated the methods, assumptions, and data used to develop the liability and related deferrals in determining that it is reasonable in relation to the financial statements taken as a whole.

Other postemployment benefit obligations are determined using terms of various healthcare plans offered, together with relevant actuarial assumptions and healthcare cost trend rates, projected annual rates and discount rates. We evaluated the key factors and assumptions used to develop the other postretirement benefit obligation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of depreciation is based on historic costs. We evaluated the methods, assumptions, and data used to develop the estimate of depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

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Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of Deficit Fund Balance in Note 13 to the financial statements provides information regarding the City's funds which have liabilities that exceed their assets resulting in a deficit fund balance.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule, "Uncorrected Audit Differences", summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgement, such uncorrected misstatements are immaterial to the financial statements under audit. In addition, the adjustments noted in the "Corrected Material Audit Adjustments" attached represent the material misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In our audit engagement letter previously provided to you, we communicated the following significant risks of material misstatement (significant risks) as part of our audit planning:

- Management override of controls
- Improper revenue recognition due to fraud

During the course of the audit, we identified additional significant risks:

- Incomplete or inaccurate revenue recognition for grant related revenues.

These risks were addressed within our audit procedures, and we have no findings to report related to these risks.

Other Matters

We applied certain limited procedures to the budgetary comparison schedule, schedule of the proportionate share of net pension liability, schedule of contributions, and schedule of changes in net OPEB liability and related ratios, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual nonmajor fund financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Honorable Mayor, City Council and management of the City of Angels, California and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Price Page & Company

Client:

Engagement:

Current Period:

Workpaper:

CITY OF ANGELS
6-30-24 Audit
06/30/2024
Attachment: Uncorrected Audit Differences

Account	Description	Misstatement	Workpaper Reference	Debit	Credit	Net Income Effect
		Known				
PJE01		Misstatement	L300			
To correct the difference between the lease receivable and deferred inflows recorded in the City's books and the auditors' recalculation.						
010-3000-40704-0000	Property Rental			38,129.56	0.00	
010-0000-11090-0000	Leases Receivable			0.00	20,410.36	
010-0000-26037-0000	Deferred Inflows - Leases			0.00	17,719.20	
Total				38,129.56	38,129.56	(38,129.56)
GRAND TOTAL				38,129.56	38,129.56	(38,129.56)

Client: CITY OF ANGELS
Engagement: 6-30-24 Audit
Current Period: 06/30/2024
Workpaper: Attachment: Corrected Material Audit Adjustments

Account	Description	Workpaper Reference	Debit	Credit	Net Income Effect
AJE12		N150			
To correct opening fund balance for CMAQ/CML funds reported as revenue in the CY (reported in audited f/s in FY2023)					
139-2010-40805-0000	CMAQ Funds		50,000.00	0.00	
139-2010-40806-0000	CML Funds		120,585.29	0.00	
139-0000-30000-0000	Fund Balance - Unrestricted		0.00	170,585.29	
Total			170,585.29	170,585.29	(170,585.29)
AJE15		N150			
To correct opening fund balance related to prior year grant income recorded in current year (recorded in audited FS in FY23).					
115-2011-44000-0000	Grant Income		414,794.90	0.00	
115-0000-30000-0000	Fund Balance - Unrestricted		0.00	414,794.90	
Total			414,794.90	414,794.90	(414,794.90)