



City of Colusa California

STAFF REPORT

DATE: March 3rd, 2026
TO: Mayor and Members of the City Council
FROM: Ishrat Aziz-Khan, through Jesse Cain, City Manager

AGENDA ITEM:

Consideration of Resolution approving the Fiscal Year 2024-2025 Annual audit and Single audit reports.

Recommendation: Council approve the annual and single audit reports prepared by Smith & Newell, the City contracted audit firm.

BACKGROUND ANALYSIS:

The Financial statements, Annual Audit, and Single Audit reports were prepared by SMITH & NEWELL the audit firm, for the City of Colusa in accordance with auditing standards generally accepted accounting principles.

In the auditor's opinion, all requested information was presented fairly, without any material errors.

The Audit report concluded with a \$561,472 deficit in general funds, and a \$50,032 surplus in CDBG and other city funds, which resulted in a net deficit of \$511,440 in governmental funds. The retail tax revenue received was \$294k less than the adopted budget, and \$481k less than the prior year. The Transaction tax (Measure B) was also \$108k lower than the adopted budget. Overall, the assets for governmental funds increased by \$1.4 million which includes the pavement of the City streets and equipment for the safety departments.

Enterprise funds, water funds had a \$1,070,344 surplus while the Sewer fund ended the year with a \$5,906,134 surplus mainly the capital outlay funded through grants. The net operating balance for water funds was \$49,994 and negative \$484,459, meaning the operating expenditure was higher than the operating revenue. The net assets increased by \$8.1 million, mainly the grant funded projects.

The single Audit report is required to be prepared whenever the city meets the threshold of \$750,000 from federally awarded funds. It is one of the requirements to apply for CDBG loans, and other federal grants.

The grants included in the FY 2024-25 Single Audit Report were CDBG for Perilli Building, CDBG Home Rehabilitation and First Time Home Buyers, Safe Street for All (SS4), Walnut Ranch projects, Sewer Recycle grant, and SLFRF.

BUDGET IMPACT:

None

STAFF RECOMMENDATION:

Approve Resolution 26-

ATTACHMENT:

- Financial Statements together with Independent Auditor's Report for the Year Ended June 2025, and
- Single Audit Act Reports and Schedules for the Year Ended June 30th, 2025.