



City of Lodi 2025 Financial Audit

Presented by:
Christian Townes, CPA, Partner

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Scope of Engagement

- LSL was engaged by the City of Lodi to perform the following procedures:
 - Financial statement audit for the year ended June 30, 2025, in accordance with generally accepted auditing standards and Government Auditing Standards.
 - Single audit over the City's federal award programs for the year ended June 30, 2025, in accordance with the federal Uniform Guidance.



Scope of Engagement

- Interim Fieldwork

- July 28–August 1, 2025
- Examined internal controls
- Interviewed staff and personnel
- Provided feedback to management
- Performed our audit risk assessment
- Planned year-end audit procedures to respond to risk

- Year-End Fieldwork

- December 15–January 15, 2026
- 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

- Unmodified auditor's opinion on the General Fund and the Streets Fund
- Modified auditor's opinion on the Governmental Activities, Business-type Activities, Electric Fund, Wastewater Fund, Water Fund, and the Aggregate Remaining Fund information
- We issued the Report on Internal Control and Compliance
 - Deficiencies in internal control were identified.
- All findings were repeat findings from the FY 2024 audit.



Results of Audit

- We issued an unmodified auditor’s opinion on the City of Lodi’s compliance with the requirements of major federal award programs.
 - We found an instance of noncompliance with the terms and conditions of major federal award programs at June 30, 2025, related to delays in financial reporting and incomplete schedule of expenditures of federal awards.
- We identified no going concern doubts as of June 30, 2025.
- We identified no fraud, waste, or abuse during the fiscal year ended June 30, 2025.



Results of Audit

- 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.



Changes from Prior Year

- During the fiscal year, the City implemented GASB 101, *Compensated Absences*. The implementation of this pronouncement resulted in a restatement of \$(1.0) million to the City's beginning net position.
- During the year, the City identified errors in the CIP balance related to previously capitalized items that did not meet the criteria to be capitalized. The error resulted in a restatement of \$(1.0) million to the City's beginning net position.
- Further discussion of these restatements can be found in Note 18 of the financial statements.



Financial Highlights

- Net position increased by \$29.7 million in the year to \$457.5 million.
- Total assets increased \$27.5 million or 3.3% from the prior year.
 - Capital assets increased by \$14.3 million.
- Total liabilities decreased \$6.7 million or 1.8% from the prior year.
 - Long-term liabilities decreased by \$11.9 million.
 - Net pension liability decreased from \$173.4 million to \$169.4 million, or 2.3%
 - Net OPEB liability decreased from \$18.2 million to \$17.0 million, or 6.6%



Questions



Contact Us



www.lslcpas.com



contact.us@lslcpas.com



(949) 829-8299



Our Offices

Irvine, CA – Headquarters

500 Technology Drive, Suite 350
Irvine, CA 92618

Phoenix Metropolitan Area, AZ

950 W. Elliot Rd. Suite 110
Tempe, AZ 85284 USA

Sacramento, CA

500 Capitol Mall, Suite 2350
Sacramento, CA 95814

The Woodlands, TX

21 Waterway Avenue, Suite 30089
The Woodlands, TX 77380

