



CITY OF NEWPORT BEACH FINANCE COMMITTEE STAFF REPORT

Agenda Item No. 5A
February 12, 2026

TO: HONORABLE CHAIRMAN AND MEMBERS OF THE COMMITTEE

FROM: Administrative Services Department
Jason Al-Imam, Administrative Services Director/Treasurer
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**SUBJECT: FINANCIAL STATEMENT AUDIT RESULTS AND RELATED
COMMUNICATION FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

SUMMARY:

The City is audited annually by an independent auditing firm, presently Davis Farr LLP. The audit process takes several months, beginning after the books are closed (typically in September) and concluding several months later once the financial statements have been prepared. The financial statement audit for the fiscal year ended June 30, 2025 has been completed by Davis Farr LLP, which reflects an “unmodified”, or clean opinion that the City’s financial statements for the fiscal year are presented fairly.

RECOMMENDED ACTION:

Receive and file.

DISCUSSION:

The financial statement audit for the fiscal year ended June 30, 2025 has been completed, which reflects an unmodified or “clean” audit opinion, meaning that the financial statements are presented fairly, in all material respects, and in conformity with generally accepted accounting principles.

The auditors reported no significant unusual transactions, no significant difficulties encountered in connection with the performance of the audit, no material corrected and uncorrected misstatements, no disagreements with management, and no other audit findings or issues. In addition, the auditors did not identify any deficiencies in internal control that would need to be communicated to the Committee, nor did they identify any instances of noncompliance or other matters to report.

The Single Audit, a compliance audit of federally assisted grant programs, is still ongoing. While no audit findings are anticipated as a result of the Single Audit, staff will communicate any findings, should they occur, to the Finance Committee at a future meeting.

Representatives of Davis Farr LLP will be present for the Finance Committee meeting and will make a presentation regarding the results of their audit of the City's financial statements. Staff and the auditors will then be available for questions from the Committee and the public. Additionally, should the Committee wish to discuss any matters related to the Fiscal Year 2024-25 Audit with the auditors without staff present, such an opportunity can be afforded at the conclusion of the item.

Prepared by:

/s/ Trevor Power

Trevor Power
Accounting Manager

Submitted by:

/s/ Jason Al-Imam

Jason Al-Imam
Administrative Services Director/
Treasurer

ATTACHMENTS:

Attachment A – Fiscal Year 2024-25 Financial Statement

Attachment B – Required Audit Communications

Attachment C – Report on Internal Control and Other Matters