



DATE: December 1, 2016

AGENDA ITEM # ____

TO: Financial Commission

FROM: Jon Maginot, City Clerk/Assistant to the City Manager

SUBJECT: Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016

RECOMMENDATION:

Receive staff and auditor presentation and discuss the draft CAFR

BACKGROUND

The City's independent auditor, Maze and Associates, has completed the audit of the City's financial statements and provided their auditor reports for the fiscal year ended June 30, 2016. The City has once again prepared its financial statements in the form of a Comprehensive Annual Finance Report (CAFR), which contains three sections:

1. Introductory Section – This section includes the transmittal letter, list of principal officers, and an organization chart
2. Financial Section – This section includes the independent auditor's report, Management's Discussion and Analysis of the fiscal year, the basic financial statements and notes that explain the City's financial position and operating results, and supplementary statements, schedules, and notes that provide additional detailed information to the basic financial statements
3. Statistical Section – This section includes pertinent financial and non-financial statistical data that presents various economic, social, and demographic trends and other information about the City for the past ten years

DISCUSSION

The City has once again attained an unqualified audit opinion validating the fair and accurate presentation of its financial status as of June 30, 2016. As the CAFR indicates, the City ended the year in good fiscal health, reflecting continued recovery of revenues and strong fiscal management. This year's CAFR again validates the City's financial accounting systems, procedures, budgetary prudence and internal controls. The City also maintained its reserves, including a General Fund Reserve of 20% of operating budget, in addition to other key reserves including the Other Post-Employment Benefits (OPEB) Reserve, PERS Reserve, and Technology Reserve.

The Government-Wide Financial Statements provide a combined presentation of all the City's funds broken into two categories, Governmental Activities, which includes the General Fund and Special Revenue Funds (Park in-Lieu, Capital Improvement, etc.), and Proprietary (Enterprise) Funds. Some highlights include:

- General Fund revenues increased \$1.61 million from the previous year to \$37.7 million indicating continued economic growth within the City

- General Fund expenditures increased \$4.6 million to \$34.4 million mainly due to the City being fully staffed for the first time in a number of years, with no positions being held vacant
- The In-Lieu Park Fund balance decreased \$1.4 million, with the major expenditure being the purchase of Lincoln Park
- The Capital Projects Fund decreased \$2.5 million, reflecting an increase in capital projects
- A decrease in overall Governmental Fund balance of \$45,000
- Enterprise Funds increased with the Sewer Fund seeing an increase of \$2.4 million and the Solid Waste Fund seeing an increase of \$404,000

While the CAFR provides favorable news for the City's finances, it is important that the City continue its prudent fiscal management and to plan for future needs and conditions.

The Transmittal Letter and Management Discussion and Analysis found in the first two sections of the CAFR provide a more in-depth review and summary of the City's financial performance. Readers of the CAFR are encouraged to read these sections for a more thorough analysis of the financial statements.

ATTACHMENTS

- 1) Draft Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016

