

The background of the slide features a collage of financial data visualizations. At the top, a bar chart shows monthly data from May to December. Below it, a line graph tracks data from June to October. A large pie chart is centrally located, with a legend on the right listing months from January to December. In the bottom right, a table displays numerical data in four columns. A black calculator is visible on the left, and a stack of US dollar bills is on the right.

# City of Capitola Annual Comprehensive Financial Report

January 8, 2026

125,058

123,487

124,000

105,450

86,502

154,568

56,845

110,000

150,000

35,000

83,000

45,000

95,054

97,511

99,011

99,216

101,090

101,684

101,962

102,747

124,500

125,000

154,000

95,000

154,200

110,000

89,000

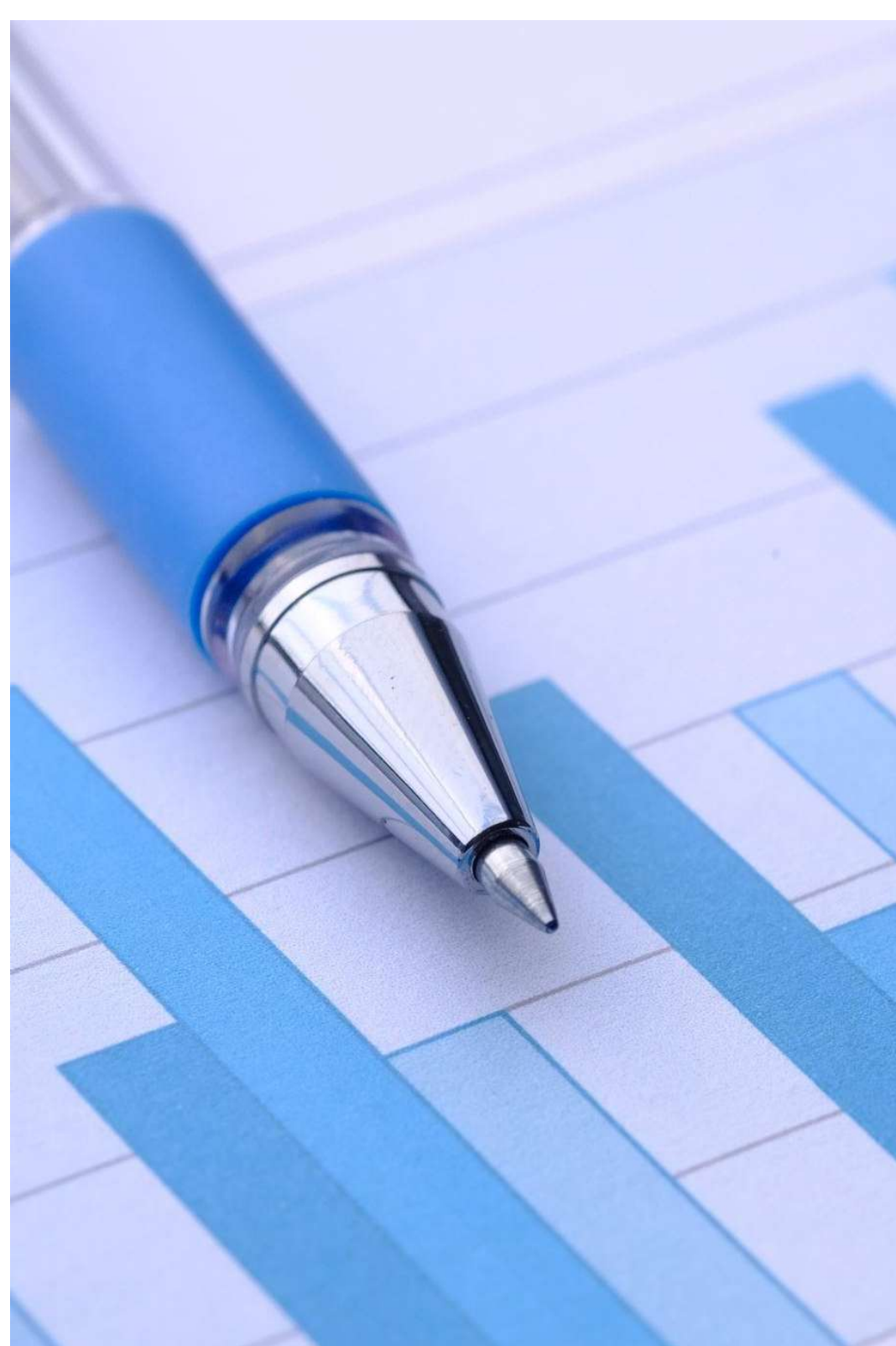
50,000

68,700

123,000

# Audit Requirement & Compliance

- Prepared in accordance with Generally Accepted Accounting Principles (GAAP)
- Audited by independent licensed Certified Public Accounting (CPA) firm
- Meets all state & federal requirements



# Audit Opinion

- Unmodified (Clean) Opinion
- Financial statements fairly presented
- Auditor: Chavan and Associates, LLP
- 2<sup>nd</sup> year of 5-year contract

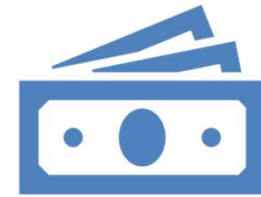
# Awards & Recognition

- Submitted to Government Finance Officers of America (GFOA)
  - Excellence in Financial Reporting since 2012
  - Anticipate award for FY 2024-25
- California Society of Municipal Finance Officers (CSMFO) Award recipient FY 2000 – 2011
  - Only eligible to receive one award annually



# FY 2024–25 Financial Snapshot

- Clean (Unmodified) Audit Opinion
- Total Revenues: \$25.2M | Total Expenses: \$25.6M
- Change in Net Position: (\$400,000)
- Ending Net Position: \$43.9M
- General Fund Balance: \$6.0M
- Capital Assets (Net): \$52.8M
- Long-Term Liabilities: \$35.2M
- No audit findings or management concerns



# Net Position Highlights

**Total Assets: \$72.6 million**

- Deferred outflows of resources: \$9.8 million



**Total Liabilities: \$36.8 million**

- Deferred inflows of resources: \$1.6 million



**Ending Net Position: \$43.9 million**

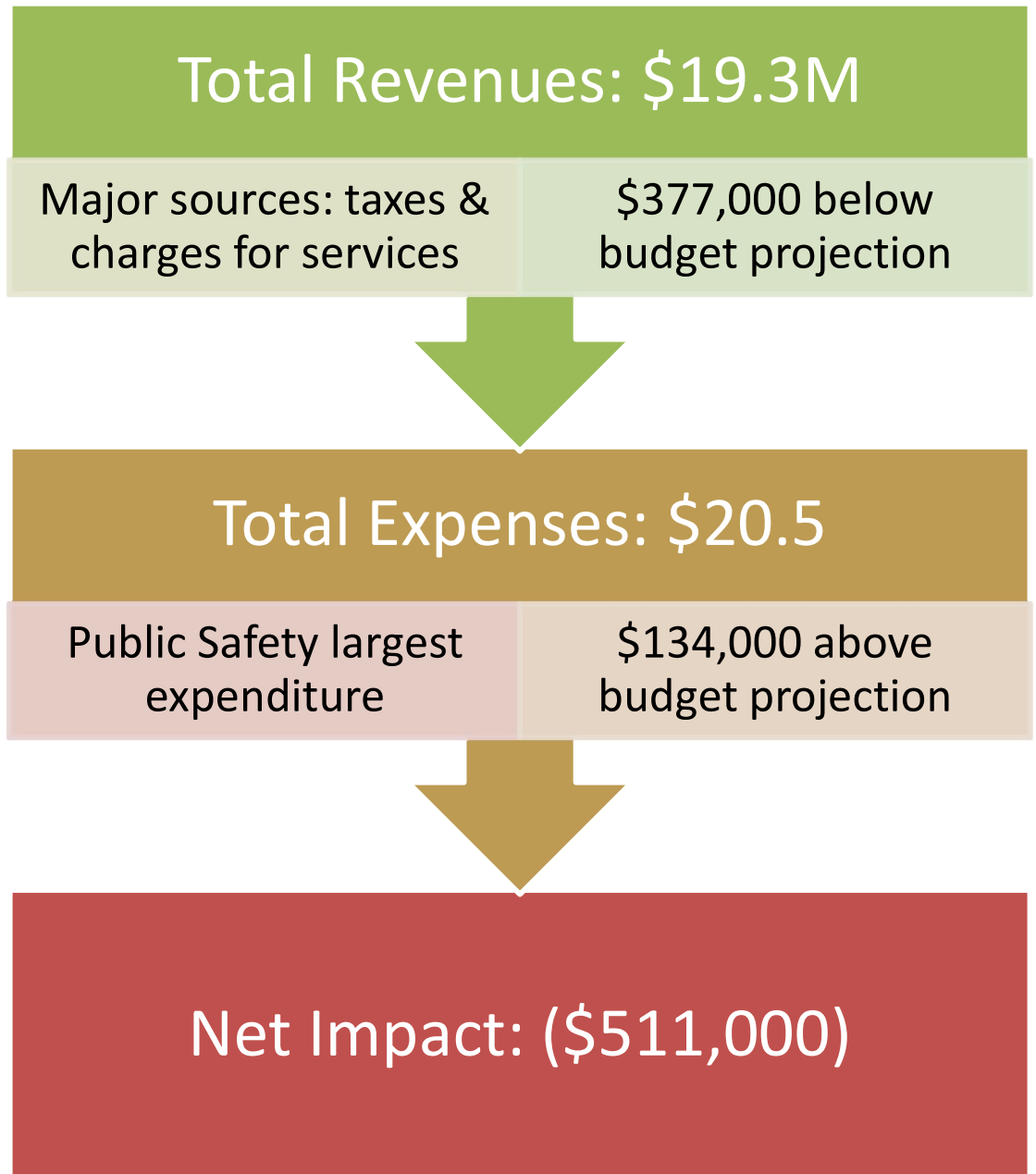


# General Fund Balance

- Total Fund Balance: \$6.0M
  - Emergency Reserve: \$1.6 million
  - Contingency Reserve: \$2.4 million
  - CalPERS Retirement Trust: \$1.7 million
  - Unassigned: \$300,000



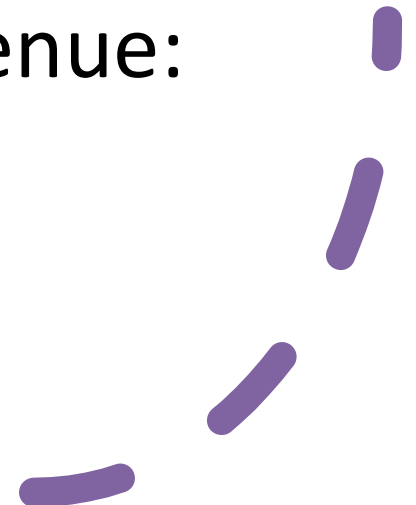
# FY 2024–25 General Fund Operations





# Main Drivers of \$377,000 Revenue Shortfall

- Total sales tax: (\$150,000)
- TOT: (\$100,000)
- Parking citations: (\$168,000)
- Parking revenue: (\$80,000)
- Cannabis Tax: (\$45,000)
- Net of all other revenue:  
\$166,000



Main Drivers  
of  
\$134,000  
Expenditure  
Overage

City Attorney (\$55k)

- Complex projects and Public Records

Community Services and  
Recreation (\$52k)

- Offset by higher revenue

General Government (\$27k)

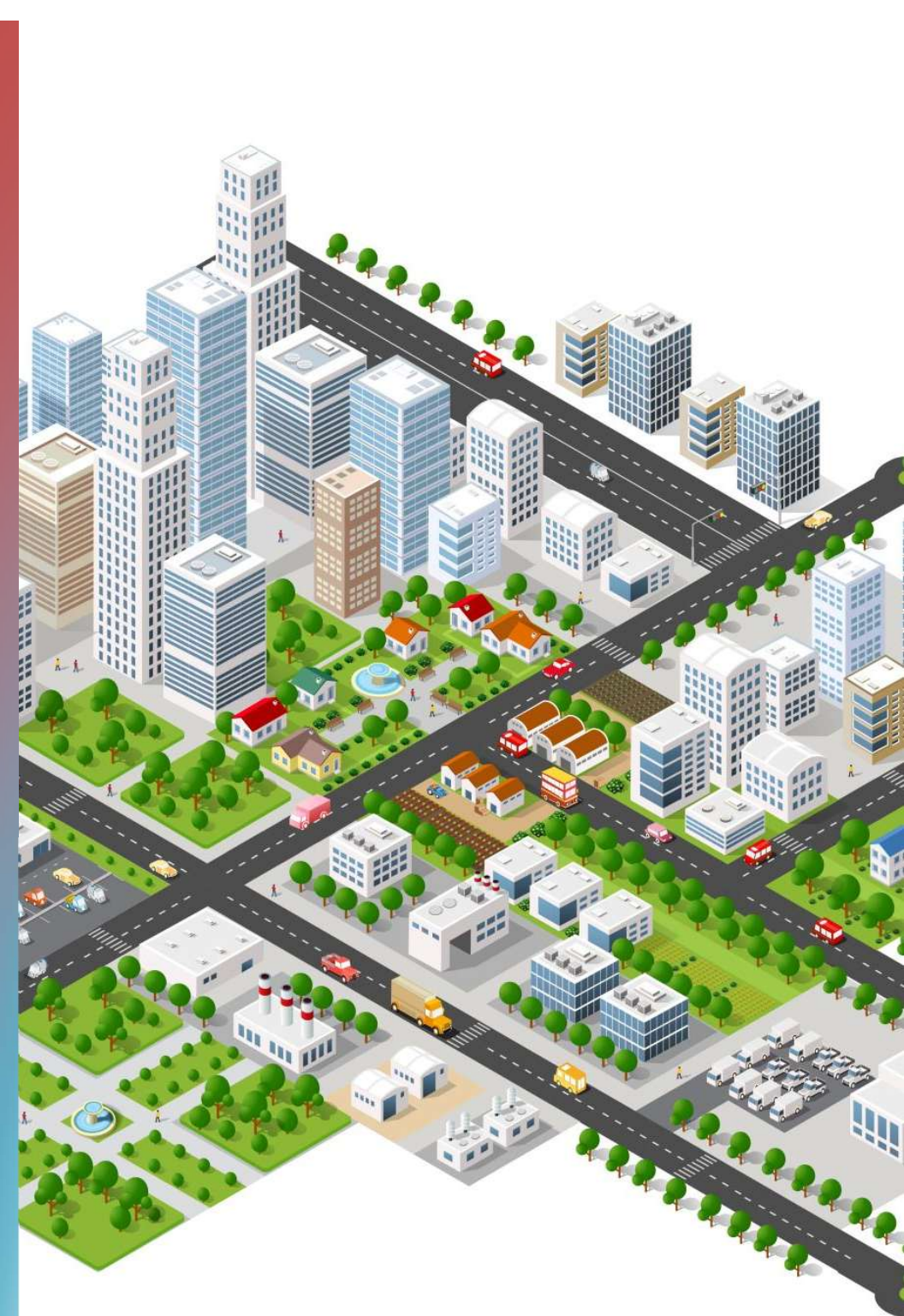
- City-wide

# FY 2024–25 General Fund Tax Revenues by Source

- Total Tax Revenue: \$15.6 million
  - Sales Tax: \$8.6 million
    - 9.9% increase over last 10 years
  - Property Tax: \$3.3 million
    - 52.3% increase over last 10 years
  - Transient Occupancy Tax (TOT): \$2.3 million
    - 55.5% increase over last 10 years
  - Franchise Tax: \$742,000
  - Business License: \$334,000
  - Cannabis Tax: \$255,000

# FY 2024–25 General Fund Expenses by Function

- General Government: \$4.6 million
  - City Council, City Manager Dept., City Attorney's Office, Administrative Services Dept. & Community Grants
- Public Safety: \$7.9 million
- Community Development: \$844,000
- Culture and Recreation: \$2.9 million
- Public Works: \$3.9 million
- Capital Outlay: \$315,000



## Capital Assets

- Net Capital Assets: \$52.8M
  - Land: \$4.9 million
  - Buildings & Improvements: \$15.0 million
  - Infrastructure: \$24.1 million
  - Equipment: \$1.8 million
  - Construction in Progress: \$7.0 million

# Long-Term Liabilities

- Total Long-Term Liabilities: \$35.2M
  - CalPERS Pension Liability: \$31.8 million
  - Other Post Employment Benefits (OPEB): \$1.6 million
  - Compensated Absences: \$1.1 million
  - Beach & Village Parking Lease: \$694,000

# Next Steps

Financial  
updates

FY 2025-26 mid-year budget review  
FY 2026–27 budget hearings



Recommended  
Action

Receive report