



## STAFF REPORT

**MEETING DATE:** April 22, 2026

**PRESENTER:** Josefina Alvarez, Finance Director

**SUBJECT:** Presentation of the City of Kerman 2024/2025 Auditor's Report and Financial Statements (JA)

**RECOMMENDATION:** Council accept the City of Kerman 2024/2025 Auditor's Report and Financial Statements as presented.

### EXECUTIVE SUMMARY:

The City's independent auditor, Bryant L. Jolley, CPA has completed and submitted the audited financial statements for the year ended June 30, 2025. The purpose of the audit is to determine that the financial statements are free of material misstatement and are fairly presented in accordance with the Generally Accepted Accounting Principles (GAAP) in the United States. A copy of the audited financial statements was enclosed with your agenda. Ryan P. Jolley will present the audited financial statements to the City Council.

Staff is pleased to report that the audited financial statements did not contain any negative notes or audit findings raised by the auditors. Below are some highlights, additional information can be found on page 4 through 12 of the audited financial statements.

Government-wide the City's net position increased by \$8,980,838 over Fiscal Year ending June 30, 2025.

### Government Wide (Government and Proprietary Funds) Statement of Revenues, Expenses and Changes in Net Position

	2024	2025
Operating Revenues	\$ 27,581,200	\$ 31,146,467
Operating Expenses	\$19,553,427	\$22,165,629
Increase in Net Position	\$ 8,027,773	\$8,980,838
Net Position, Beginning of Year	\$75,122,056	\$83,149,829
Net Position, End of Year	\$ 83,149,829	\$ 92,130,667

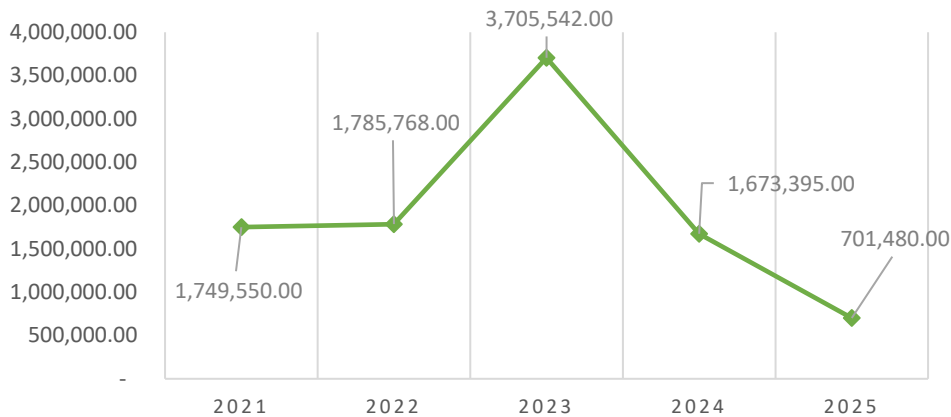
Government-wide operating revenues for 2025 increased by \$3,565,267 and operating expenses increased by \$2,612,202 for a change in Net Position of \$8,980,838 for Fiscal Year ending 2025 (page 5).

Government-wide cash and investments is \$32,602,325, which is a decrease of \$1,383,676 compared to June 30, 2024 (page 22).

The General Fund has a Reserve Balance of \$16,276,654 as of June 30, 2025. This is an increase of \$701,480 or 4.50%.

The chart below illustrates the General Fund Growth Reserves for five fiscal years.

### GENERAL FUND GROWTH/DECREASE FOR 5 FISCAL YEARS



The City Council adopted a reserve policy by resolution on September 17, 2014, for the purpose of establishing a target and minimum level of unreserved fund balance in the General Fund to protect against unanticipated circumstances and events resulting in revenue shortfalls or unexpected expenditures.

Reserve Category	Purpose	Minimum Reserve
<b>Emergency Reserve</b>	Cover an emergency, unanticipated expense or cash flow needs	22% of operating expenditures or \$3,088,960
<b>Revenue Stability Reserve</b>	Cover any unanticipated drop in sales or property tax revenues	13% of operating expenditures or \$1,853,376
<b>Major Asset Repair and Replacement Reserve</b>	Cover any repairs and replacement of major facilities and equipment	13% for repairs and 9% for replacement of operating expenditures or \$1,853,376
<b>Undesignated Reserve</b>	Cover any discretionary expenditures approved by the Council	Any amount remaining after meeting minimum reserves or \$9,480,943

The Change in Fund Net Position for the Proprietary Funds increased a net of \$2,163,988 (before transfers) with water at \$1,129,423, sewer at \$645,430, disposal at \$313,438 and storm drain at \$75,697 and \$1,918,204 (with transfers) with water at \$1,053,325, sewer at \$561,834, disposal at \$231,128 and storm drain at \$71,917 (page 11).

**FISCAL IMPACT:**

The presentation of the City of Kerman 2024/2025 Audited Financial Statements does not have a financial impact on the City, but it does report the results from operations in the Fiscal Year 2024/2025, with an increase of \$701,480 or 4.50% of General Fund Reserves.

**ATTACHMENTS:**

- A. Auditor's Report and Financial Statements
- B. Management Report