



TO: Financial Commission
FROM: Jon Maginot, Staff Liaison
SUBJECT: Preliminary audit results

RECOMMENDATION:

Receive the draft FY 2023/24 Annual Comprehensive Financial Report

BACKGROUND

On January 27, 2025, the Financial Commission received a preliminary report on the Fiscal Year 2023/24 audit. The City's contract audit firm Badawi & Associates has completed the audit. The draft Annual Comprehensive Financial Report (ACFR) has been compiled in accordance with generally accepted accounting principles (GAAP) as required by the Government Accounting Standards Board (GASB) and shows the City's financial positions across various funds.

The City has received an unmodified or clean opinion.

Annual Comprehensive Financial Report

The ACFR is divided into three main sections as follows:

1. Introductory Section – provides a narrative summary of changes in fund balances and includes a letter of transmittal from management
2. Financial Section – presents the auditor's report, management's discussion and analysis of the City's financial reports, all financial statements and notes on the financial statements.
3. Statistical Section – includes various historical data for comparison over a period of years.

Discussion/Analysis

1. *Financial Stability and Reserves* – The City continues to sustain fiscal stability. Total governmental fund revenues increased \$2.0 million to \$63.4 million while total governmental expenditures decreased \$0.7 million to \$52.3 million. The General Fund realized an operating surplus of \$11.5 million.

The City continues to maintain healthy reserves including a 20% operating reserve in accordance with City policy.

2. *General Fund Revenue and Expenditures* – As noted the City saw an increase in General Fund revenue of \$2.0 million over the prior year. This is due to an increase in Property Tax revenue and higher yields on investments. The City saw a decrease in General Fund expenditures by \$0.7 million.
3. *Outlook* – While the City continues to demonstrate strong fiscal health, it remains vigilant in monitoring economic trends and conditions within the City, the region and the State which may impact the city’s financial health. There are a number of areas the City is continuing to plan for, including addressing pension obligations, aging infrastructure and rising costs for services.

For a more detailed review of the City’s financial positions, please refer to the January 27, 2025 Financial Commission report.

ATTACHMENT

1. Draft Annual Comprehensive Financial Report
2. January 27, 2025 Financial Commission Report