



City Council Agenda Report

Meeting Date: March 11, 2025

Prepared By: Jon Maginot

Approved By: Gabe Engeland

Subject: Annual Comprehensive Financial Report

COUNCIL PRIORITY AREA

- Business Communities
- Circulation Safety and Efficiency
- Environmental Sustainability
- Housing
- Neighborhood Safety Infrastructure
- General Government

RECOMMENDATION

Accept the Annual Comprehensive Financial Report and compliance reports for the fiscal year ended June 30, 2024

FISCAL IMPACT

None

ENVIRONMENTAL REVIEW

Not Applicable

PREVIOUS COUNCIL CONSIDERATION

None

BACKGROUND

The City has contracted with Badawi & Associates to conduct the City's audit for FY 2023/24. This is the first year Badawi has conducted the City's 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. On February 10, 2025, the Financial Commission received a presentation on the results of the audit and the ACFR.

The City has received an unmodified or clean opinion.

DISCUSSION

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.

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.

ATTACHMENTS

1. Annual Comprehensive Financial Report dated June 30, 2024