



Staff Report

TO: City Council

FROM: Jennifer Ustation, CPFO, Finance Director
Lisa Leach, CPA, Assistant Finance Director

DATE: December 17, 2024

SUBJECT: Fiscal Year 2024 Annual Comprehensive Financial Report and Report of Internal Control Over Financial Reporting

Description Fiscal Year 2024 Financial Audit and Results

Background and Analysis:

On an annual basis the City is required to have an independent audit of its financial statements. The audit for Fiscal Year 2024 has been completed and is included as **Attachment A**.

The audit provides for an unmodified (“clean”) opinion, which means that the financial statements present fairly in all material respects, the financial condition of the City. The audit process includes an interim period of review of internal controls and testing of transactions and year-end balances. Both processes are completed by the independent auditors.

The ACFR is divided into the following sections:

- **Introductory Section** – Includes a Letter of Transmittal to introduce the ACFR and provide a profile of the government, and information that is useful in assessing a government’s economic condition and organizational information. **GFOA Award of Excellence for Financial Reporting for Fiscal Year 2023.**
- **Independent Auditor’s Report on Financial Statements** – provides an opinion on the reasonable assurance about whether the financial statements as a whole are free from material misstatement.
- **Management Discussion and Analysis** – provides management’s discussion of the financial condition of the City and the results of operations for the year ended Fiscal Year 2024.
- **Financial Statements** – this provides for detailed financial results of both government activities and business type activities along with the change in

financial position for the City during the fiscal year July 1, 2023, through June 30, 2024.

- **Notes to the Financial Statements** – this provides additional information regarding a summary of significant accounting policies, including valuation of assets and liabilities.
- **Supplementary Information** – this provides for comparative data with information from prior years.
- **Statistical Section** – provides financial trends, revenue capacity, debt capacity, demographic, economic and operating information which provides a context for assessing a government's economic condition.

Internal Control Over Financial Reporting

The auditors consider the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing their opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Within this report the auditors will identify any deficiencies they encountered in their testing of internal control over financial reporting.

A deficiency in internal controls exists when the design or operation of control does not allow management or employees to prevent or detect and correct misstatements on a timely basis. There are two types of deficiencies, a material weakness and a significant deficiency. A Material Weakness is a deficiency that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency in internal control that is less severe than a material weakness.

During the audit this year, RAMS identified no significant deficiencies or material weaknesses.

Finance and Audit Committee Review

The Finance and Audit Committee met on November 18, 2024, to review and discuss the drafts of these reports. The committee recommended to move forward to the City Council once they were in final form.

Financial Highlights

	(In Thousands)	
	2024	2023
City Assets (What We Own)		
Current Assets consisting mainly of cash and amounts owed to the City	\$ 216,223	\$ 201,938
Net Capital Assets consisting mainly of buildings, equipment, and vehicles	\$ 507,122	\$ 487,366
Non-Current Assets consisting mainly of restricted cash and investments, loan receivable	\$ 70,794	\$ 81,053
TOTAL CITY ASSETS	\$ 794,139	\$ 770,357
Deferred Outflows of Resources, which have a positive effect on Net Position	\$ 13,612	\$ 13,410
TOTAL CITY ASSETS AND DEFERRED OUTFLOWS	\$ 807,751	\$ 783,767
City Liabilities (What We Owe)		
Current Liabilities consisting mainly of all amounts the City owes, except for debt	\$ 44,568	\$ 58,564
Non-Current Liabilities consisting of long-term obligations, including pension	\$ 173,726	\$ 187,169
TOTAL CITY LIABILITIES	\$ 218,294	\$ 245,733
Deferred Inflows of Resources, which have a negative effect on Net Position	\$ 959	\$ 1,641
Deferred Inflows related to debt/leases	\$ 1,243	\$ 610
TOTAL CITY LIABILITIES AND DEFERRED INFLOWS	\$ 220,496	\$ 247,984
CITY NET FINANCIAL POSITION	\$ 587,255	\$ 535,783

General Fund Revenues	2024	2023
Taxes	\$ 39,902,359	\$ 38,675,544
Franchise Fees	\$ 3,347,040	\$ 3,253,677
Intergovernmental	\$ 7,768,111	\$ 7,013,572
License & Permits	\$ 4,724,060	\$ 5,250,590
Fines & Forfeitures	\$ 391,623	\$ 302,859
Assessments Levies	\$ 753,376	\$ 972,981
Use of Money and Property	\$ 3,180,775	\$ 859,242
Charges for Services	\$ 1,488,996	\$ 1,957,027
Other Revenues	\$ 2,511,406	\$ 5,696,014
TOTAL GENERAL FUND REVENUES	\$ 64,067,746	\$ 63,981,506
General Fund Expenditures	2024	2023
General Government	\$ 10,077,070	\$ 9,206,231
Public Safety	\$ 23,534,491	\$ 21,494,045
Public Works	\$ 5,121,943	\$ 4,099,461
Community Development	\$ 3,347,519	\$ 2,591,878
Community Services	\$ 7,564,225	\$ 5,854,860
Capital Outlay	\$ 1,060,491	\$ 670,446
Debt Service	\$ 624,614	\$ 697,420
Interest and Fiscal Charges	\$ 13,156	\$ 14,512
TOTAL GENERAL FUND EXPENDITURES	\$ 51,343,509	\$ 44,628,853
Other Revenues, including Transfers In	\$ 8,143,418	\$ 10,296,252
Other Expenditures, including Transfers Out	\$ (14,604,940)	\$ (33,536,835)
INCREASE/(DECREASE) IN FUND BALANCE	\$ 6,262,715	\$ (3,887,930)

Budget Results				
General Fund	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Total Revenues	\$ 59,571,736	\$ 60,016,736	\$ 64,067,746	\$ 4,051,010
Expenditures	\$ (62,227,724)	\$ (60,857,023)	\$ (51,343,509)	\$ 9,513,514
Other Financing Uses	\$ 2,655,988	\$ (6,784,945)	\$ (6,461,522)	\$ 323,423
Net Change in Fund Balance	\$ -	\$ (7,625,232)	\$ 6,262,715	\$ 13,887,947

Fiscal Impact:

The cost to prepare this report is \$300.

Recommended Action:

Receive and file the Fiscal Year 2024 Annual Comprehensive Report and associated reports.

Attachments:

- A. FY2024 Annual Comprehensive Financial Report
- B. FY2024 SAS114 Letter
- C. FY2024 Report on Internal Control Over Financial Reporting