



ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR 2024

March 18, 2025



Agenda

1. Background
2. Government-Wide Financial Statements
3. General Fund
4. Enterprise Funds
5. Audit Requirements & Results
6. Questions, Public Comment, & Discussion





BACKGROUND

What is ACFR?



FY2024 Annual Financial Review Process

- Monthly financial statements
- Quarterly financial statements & projections
 - Q1 – Finance Committee December 2023
 - Q2 – Finance Committee March 2024
 - Q3 – Finance Committee May 2024
 - Q4 – Finance Committee September 2024
- Annual Comprehensive Financial Report – March 2025



Annual Comprehensive Financial Report

- Prepared in accordance with national accounting & financial reporting standards (“GAAP”).*

Presents the City’s financial condition & results of operations as a whole & for individual funds.

- “Comprehensive” because it includes information not required by financial reporting regulations.
 - ✓ *Qualifies the document for GFOA’s award program.***
 - ✓ *Provides additional transparency of City finances.*

* **GAAP** – Generally Accepted Accounting Principles

** **GFOA** – Government Finance Officers Association



Purposes of the ACFR



City Charter requires an annual financial report



Audited by an independent CPA Firm



Required by State law



Important when issuing debt



Communicates important financial information to the public



GFOA Award

- Certificate of Achievement for Excellence in Financial Reporting
 - ✓ “Beyond Minimum Requirements”
 - ✓ “Spirit of Transparency & Full Disclosure”
 - ✓ “Clearly Communicates Financial Story”
 - ✓ “Motivate potential users to read the ACFR”



36th Year the City has received this award!

“Highest form of recognition in the area of governmental accounting and financial reporting, a significant accomplishment by a government and its management.”



Layout and Content



Introductory Section

Transmittal Letter
*Information about the
City Organization*



Financial Section

Independent Auditors' Report
*Management's Discussion
& Analysis*
*Basic Financial Statements
& Notes*



Statistical Section

*Ten-Year Financial Trend
Information*
*Various Financial Data &
Demographic Information*



Government-Wide Financial Statements



Financial Highlights

- Government-Wide Statements
- Fund Financials
 - *Governmental (General Fund, Measure C, special revenue, others)*
 - *Proprietary Funds (Internal Service & Enterprise)*
 - *Fiduciary Funds*
- Major highlights
 - *Net position increased approx. \$68.6 Million from prior year.*
 - *Sales & Use, Property, Transient Occupancy, & Utility taxes increased by \$5.7 Million in comparison to FY2023.*



GOVERNMENTAL ACTIVITIES	EXPENSES in (000's)	REVENUES in (000's)	NET RESULT in (000's)	% SUBSIDIZED
Administration	\$23,803	\$11,106	(\$12,697)	53%
Public Safety	\$100,520	\$8,831	(\$91,689)	91%
Public Works	\$59,380	\$33,892	(\$25,488)	43%
Community Services	\$34,779	\$12,294	(\$22,485)	65%
Community Development	\$22,673	\$15,389	(\$7,284)	32%
TOTAL	\$241,155	\$81,512	(\$159,643)	66%

GENERAL REVENUES	AMOUNT in (000's)
Taxes	\$164,256
Licenses & Fees	\$6,187
Investment Income	\$8,377
Other	\$922
TOTAL	\$179,742
Net Position Beginning FY2024	\$454,399
Net Position Ending FY2024	\$474,944
CHANGE IN NET POSITION	\$20,545

Statement of Activities



AS OF JUNE 30, 2024 & 2023
in (000's)

Statement of Net Position	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	Fiscal Year	2024	2023	2024	2023	2024
ASSETS:						
Current & other Assets	\$302,701	\$283,652	\$285,215	\$255,857	\$587,916	\$539,509
Capital Assets, Net	\$557,222	\$535,743	\$590,982	\$580,887	\$1,148,204	\$1,116,630
TOTAL ASSETS	\$859,923	\$819,395	\$876,197	\$836,744	\$1,736,120	\$1,656,139
Deferred Outflows of Resources	\$121,453	\$121,112	\$21,637	\$23,450	\$143,090	\$144,562
LIABILITIES:						
Current & other Liabilities	\$60,549	\$54,969	\$44,729	\$41,732	\$105,279	\$96,701
Noncurrent Liabilities	\$414,656	\$402,905	\$207,812	\$219,813	\$622,467	\$622,718
TOTAL LIABILITIES	\$475,205	\$457,874	\$252,541	\$261,545	\$727,746	\$719,419
Deferred Inflows of Resources	\$31,227	\$28,236	\$30,043	\$31,495	\$61,271	\$59,731
NET POSITION:						
Net investment in Capital Assets	\$541,873	\$533,563	\$434,138	\$416,480	\$976,011	\$950,042
Restricted	\$120,534	\$110,749	\$9,308	\$8,433	\$129,842	\$119,182
Unrestricted	(\$187,463)	(\$189,913)	\$171,803	\$142,240	(\$15,660)	(\$47,673)
TOTAL NET POSITION	\$474,944	\$454,398	\$615,249	\$567,153	\$1,090,193	\$1,021,551

Statement of Net Position



General Fund Financial Statements



Revenue & Expenditure Summary

REVENUE & EXPENDITURE SUMMARY	ADOPTED BUDGET in (000's)	REVISED BUDGET in (000's)	ACTUAL FY2024 in (000's)	VARIANCE WITH REVISED BUDGET
Revenue (Includes Transfers)	\$203,952	\$208,145	\$211,639	\$3,494
Expenditure (Includes Transfers)	\$221,529	\$229,673	\$220,262	(\$9,411)
Excess (Deficiency)	(\$17,577)	(\$21,528)	(\$8,623)	\$12,905
Fund Balance Beginning			\$55,763	
Fund Balance Ending			\$47,140	
Change in Fund Balance			(\$8,623)	



Statement of Net Position

ASSETS	AMOUNT in (000's)
Cash & Investments	\$27,746
Receivables	\$5,490
Leases	\$3,969
Due from other Govts.	\$14,868
Prepays & Deposits	\$111
Interfund Receivables	\$8,229
Adv. To Other Funds	\$2,132
Total Assets	\$62,545

LIABILITIES	AMOUNT in (000's)
Accounts Payable	\$3,393
Payroll & Benefits Payable	\$4,118
Unearned Revenue	\$3,477
Deposits	\$350
Total Liabilities	\$11,338
Deferred Inflow of Resources	\$4,068

FUND BALANCES	AMOUNT in (000's)
Non-Spendable	\$2,249
Restricted	\$4,211
Committed	\$45,431
Unassigned	(\$4,752)
Total Fund Balances	\$47,139
Total Liabilities & Fund Balances	\$62,545



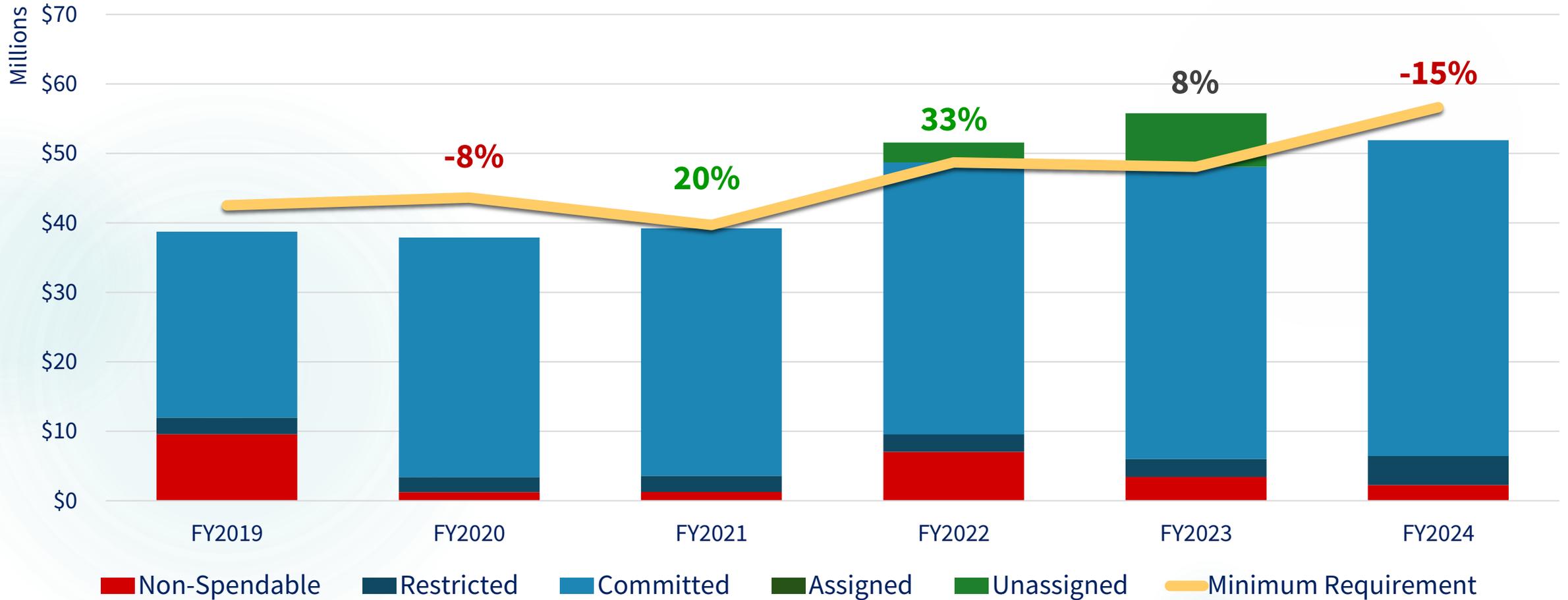
General Fund – Fund Balance Categories

Non-Spendable	Restricted	Committed	Assigned	Unassigned
<ul style="list-style-type: none">• Assets in non-spendable form• Legally Required• Ex: Prepaid items, loans, & advances	<ul style="list-style-type: none">• Constrained Resources• Ex: Appropriation carryforward from prior fiscal year, Section 115 Fund trust balance	<ul style="list-style-type: none">• Can only be used for a specific purpose, per City Council Reserve Policy & Resolution• Ex: Disaster & contingency reserves	<ul style="list-style-type: none">• Constrained by intent to be used for specific purpose• Currently not applicable• Ex: Planned program	<ul style="list-style-type: none">• Residual amount available for other purposes & addressing under-reserve position

Categories required by Generally Accepted Accounting Principles (GAAP) and reported in Footnote 11 of the City's Annual Comprehensive Financial Report (ACFR), best practices by the Government Finance Officer's Association (GFOA).



General Fund – Fund Balance Trends





Enterprise Funds Financial Statements



Income Statement

ENTERPRISE FUND VALUES in (000's)	REVENUES	EXPENDITURES	NET INCOME (LOSS)
Water	\$76,337	\$59,573	\$16,764
Wastewater	\$30,242	\$27,738	\$2,504
Airport	\$40,392	\$36,635	\$3,757
Waterfront	\$20,822	\$18,560	\$2,262
Solid Waste	\$38,686	\$38,208	\$478
Clean Energy	\$54,442	\$33,481	\$20,961
Downtown Parking	\$10,630	\$12,481	(\$1,851)
Golf Course	\$4,784	\$3,588	\$1,197



Statement of Net Position

ENTERPRISE FUND VALUES in (000's)	ASSETS	LIABILITIES	DEFERRED INFLOWS & OUTFLOWS	NET POSITION	CHANGE FROM FY2023
Water	\$386,571	\$109,178	\$6,708	\$284,101	↑
Wastewater	\$136,566	\$50,994	\$4,218	\$89,790	↑
Airport	\$212,700	\$49,183	(\$12,144)	\$151,373	↑
Waterfront	\$55,331	\$22,472	(\$9,029)	\$23,830	↑
Solid Waste	\$14,326	\$6,819	\$842	\$8,349	↑
Clean Energy	\$31,830	\$6,818	\$234	\$25,246	↑
Golf Course	\$7,910	\$2,472	(\$214)	\$5,224	↑
Downtown Parking	\$38,601	\$6,738	\$978	\$32,841	↓



Cash Flow

ENTERPRISE FUND VALUES in (000's)	CASH & EQUIVALENTS BEGINNING FY2024	CASH & EQUIVALENTS ENDING FY2024	CASH & EQUIVALENTS CHANGES FY2024
Water	\$102,398	\$107,095	\$4,697
Wastewater	\$20,804	\$22,150	\$1,346
Airport	\$31,687	\$30,864	(\$823)
Waterfront	\$15,237	\$15,980	\$743
Solid Waste	\$6,865	\$6,712	(\$153)
Clean Energy	\$1,920	\$22,604	\$20,684
Golf Course	\$3,479	\$4,824	\$1,345
Downtown Parking	\$5,237	\$4,469	(\$768)



Cash Flow – Activities

DESCRIPTION	WATER	WASTEWATER	SOLID WASTE	CLEAN ENERGY	AIRPORT	WATERFRONT	DOWNTOWN PARKING	GOLF
From Operating Activities	\$22,841	\$7,447	(\$330)	\$20,349	(\$15,504)	(\$2,703)	(\$1,920)	\$943
From Non-Capital Financing Activities	\$1,760	\$434	(\$83)	\$29	\$5,386	(\$130)	\$869	(\$1)
From Capital & Financing Activities	(\$25,008)	(\$7,534)	(\$37)	\$0	\$7,098	\$2,347	\$44	\$197
From Investing Activities	\$5,105	\$998	\$297	\$305	\$2,197	\$1,228	\$239	\$207



Reserves – Enterprise Fund

VALUES IN (000'S)

DEPARTMENTS Value in (000's)	WATER	WASTEWATER	SOLID WASTE	CLEAN ENERGY	AIRPORT	WATERFRONT	DOWNTOWN PARKING	GOLF
CATEGORIES:								
Reserves as 6.30.24	\$284,101	\$89,790	\$8,349	\$25,247	\$151,374	\$23,831	\$32,841	\$5,224
GAAP & GASB's Adjustments	\$17,492	\$9,919	\$1,684	\$138	\$9,060	\$6,080	\$4,620	\$1,675
Non-Spendable	\$188,640	\$78,709	\$0	\$0	\$159,569	\$15,472	\$33,353	\$2,424
Restricted	\$40,507	\$4,192	\$298	\$2,944	\$15,944	\$2,132	\$1,845	\$313
Committed	\$42,182	\$13,066	\$9,847	\$13,314	\$8,937	\$4,495	\$4,071	\$1,292
Disaster & Contingency Policies	\$12,695	\$5,801	\$9,847	\$13,314	\$6,942	\$4,161	\$3,029	\$938
Capital & Other Policies	\$29,487	\$7,265	\$0	\$0	\$1,995	\$334	\$1,042	\$354
Assigned	\$30,264	\$3,742	\$0	\$9,127	\$0	\$7,812	\$0	\$2,870
Unassigned	\$0	\$0	(\$112)	\$0	(\$24,016)	\$0	(\$1,808)	\$0



Audit Requirements and Results

CLA has been engaged by the City to perform a financial audit & to assist in preparing your annual Audited Financial Statements (ACFR).



Audit Procedures Performed



Planned & performed the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement.

Examined, on a test basis, evidence supporting the amounts & disclosures in the financial statements.

Obtained an understanding of the City & its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements.



Reports Issued



Independent Auditors' Report.

Page 13 of the ACFR.



GAS Letter (Internal Control Letter).

No findings!



Agreed-Upon-Procedures related to the City's calculation of the GANN limit.



Communication with those charged with governance.



Airport Passenger Facility Charge Fund Compliance Report.



California Law Enforcement Telecommunications System/Message Switching System (CLETS).



Audit Finding Levels: Severity & Impacts



Material weakness

- A deficiency or combination of deficiencies in internal controls that creates a reasonable possibility of a material misstatement in the financial statements.

Significant deficiency

- A deficiency or combination of deficiencies in internal controls that is less severe than a material weakness but still important enough to merit attention.

Control deficiency

- A weakness in internal controls that does not necessarily result in a misstatement but may increase the risk of errors or fraud.

Audit Opinion

- Opinions.
- Basis for opinions.
- Change in accounting principle.
- Responsibilities of management for the financial statements.
- Auditors' responsibilities for the audit of the financial statements.
- Required supplementary information.
- Supplementary information.
- Other information.
- Other reporting required by Government Auditing Standards.





Concluding Remarks

Strong
net position &
internal controls

General fund
revenues
growing steadily

Pension & OBEP
liabilities
are growing –
Section 115 Trust

Self-Insurance Fund
is still
underfunded

Significant
capital
investment

Focus on
reserves
management

Planning for
FY2025
Quarter 3 Review

Preparing for
FY2026 & FY2027
Budget Cycle



That Finance Committee recommend that the City Council accept the Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024.

Recommendation



Questions, Public Comment, & Discussion