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DATE: 03/16/98 AGENDA ITEM # 19
() APPROVED () DENIED
() CONTINUED TO _____

To: James L. App, City Manager
From: Mike Compton, Director of Administrative Services
Subject: Comprehensive Annual Financial Report
DATE: March 16, 1999

Need:
Present the Comprehensive Annual Financial Report for the fiscal year ending June 30, 1998 for City Council consideration.

- Facts:
1. The Comprehensive Annual Financial Report (CAFR) is prepared in accordance with generally accepted accounting procedures, including compliance with pronouncements issued by the Governmental Accounting Standards Board (GASB).
 2. The CAFR and all supporting accounting and financial records are audited by the outside certified public accounting firm, Moss, Levy & Hartzheim in accordance with generally accepted auditing standards and the *Government Auditing Standards* as issued by the Comptroller General of the United States.
 3. The opinion letter issued by Moss, Levy & Hartzheim is unqualified (clean) and indicates that the financial statements and other information reported in the CAFR fairly represent, in all material respects, the financial position of the City as of June 30, 1998.
 4. A CAFR is designed and prepared in order to provide the interested reader with much detailed information and data regarding the financial results of operations. It represents a much higher degree of financial reporting than a simple audit report.

Analysis and
Conclusions:

The results of operations for fiscal year 1998, as compared to the prior fiscal year, indicate a significant improvement. For all fund types, total liabilities declined by about \$2.3 million while total fund balance/retained earnings (similar to owner's equity in the private sector) increased by approximately \$6 million.

More specifically, all governmental fund types, General Fund, Special Revenue, Debt Service and Capital Project funds, experienced an increase in fund balance of over \$4 million as compared to the prior year. The General Fund fund balance rose from \$1.3 million to \$3.2 million; total fund balance for Special Revenue Funds rose from \$0.9 million to \$1.8 million; total fund balance for Debt Service Funds rose by about \$1 million; and in the case of total fund balance for Capital Project Funds, it only rose about \$100,000 as compared to the prior year.

In the case of enterprise funds, sewer, water, airport, transit and solid waste operations, retained earnings experienced a decline of about \$700,000.

Total cash resources of the City, excluding funds held by third party trustees for debt service obligations and deferred compensation, increased by \$1.9 million; \$18.3 million to \$20.2 million.

Fiscal
Impact:

None.

Options:

- a. That the City Council receive and file the Comprehensive Annual Financial Report for the fiscal year ending June 30, 1998; or
- b. Amend, modify or reject any of the options above.