

CITY OF YUBA CITY
STAFF REPORT

Date: February 19, 2008
To: Honorable Mayor & Members of the City Council
From: Finance
Presentation By: Robin Bertagna, C.P.A., Chief Financial Officer and
Marilee Smith, C.P.A., Partner Smith & Newell, C.P.A.s

Summary

Subject: Comprehensive Annual Financial Report (CAFR) and Related Audit Reports for Fiscal Year Ended June 30, 2007
Recommendation: Accept the Comprehensive Annual Financial Report (CAFR) and Related Audit Reports for Fiscal Year Ended June 30, 2007
Fiscal Impact: Informational item only

Background:

In accordance with State statute and City ordinance, the City has an independent audit conducted on an annual basis. It is customary that the resulting Comprehensive Annual Financial Report (CAFR) and related audit reports be submitted to the City Council.

Copies of the CAFR and related reports were distributed to the City Council on February 12th.

Analysis:

Financial Position

The Management's Discussion and Analysis, which begins on page 2 of the CAFR, provides an overview of financial activities for the fiscal year. As in previous years, the Transmittal Letter that precedes it contains an economic condition and outlook summary, and a listing of financial information.

In summary, the City ended the year in a positive financial position. For the General Fund, revenues were \$304,000 less than the amended budget; however total revenues exceeded total expenditures by \$789,000 (2.3% of expenditures). The excess funds were used primarily to fund capital projects, provide for additional replacement reserves, and contribute toward the General Fund reserve of 10% (which increases annually as appropriations increase).

City departments should be commended for excellent fiscal oversight of their operations. The state of the City's financial situation is attributable to their commitment to ensuring that funds are spent wisely and do not exceed appropriations.

Audit

Once again, the City received an unqualified opinion from the independent auditor. Paragraph 3 of their audit opinion letter (on page 1 of the CAFR) states as follows:

"In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2007, and the respective changes in financial positions and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America."

The City's financial statements include the finances of the Redevelopment Agency. Notably, a separate audit report, which includes more detailed information, will be presented separately this evening to the Agency Board for consideration and acceptance.

With regard to the Management Report, four areas were identified for improvement. As noted in the report, these areas have been addressed and resolved.

Fiscal Impact:

Informational item only

Alternatives:

Not applicable

Recommendation:

Staff recommends that the City Council accept the Fiscal Year 2007 Comprehensive Annual Financial Report (CAFR) and related audit reports for filing.

Attachments: (1) *Fiscal Year 2006-07 Financial Summary (memo dated 2/12/08).*

Prepared By:



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Chief Financial Officer

Submitted By:



Steven R. Jepsen
City Manager

Reviewed By:

Assistant City Manager
