



## **CITY COUNCIL STAFF REPORT**

**MEETING DATE:** November 28, 2022

**ITEM TITLE:** Adopt a Resolution Accepting the City of San Carlos' Annual Comprehensive Financial Report for the Fiscal Year Ending June 30, 2022.

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### RECOMMENDATION:

Staff recommends that the City Council adopt a Resolution accepting the City of San Carlos' Comprehensive Annual Financial Report ("ACFR") for the fiscal year ending June 30, 2022.

### FISCAL IMPLICATIONS:

There is no financial impact associated with accepting the Fiscal Year 2021-2022 ACFR.

### BACKGROUND:

The financial statements of the City of San Carlos for the fiscal year ending June 30, 2022 were prepared by Administrative Services Department staff and examined by independent auditing firm Maze & Associates in accordance with Governmental Accounting Standards Board ("GASB") Statement 34. It is the opinion of the auditors that the financial statements fairly present the financial position of the City as of June 30, 2022, and that the financial statements were prepared in conformity with generally accepted accounting principles.

The Administrative Services Department incorporates the financial statements into the Annual Comprehensive Financial Report, the purpose of which is to present an easily readable and organized report of the financial transactions of the City. The ACFR provides members of the public with a wide variety of information needed to evaluate the financial condition of the City. The final step in the formal process of preparing these financial statements is to transmit them to the City Council for acceptance.

### ANALYSIS:

During its audit, Maze & Associates also assessed the City's internal controls over financial reporting in order to determine whether the City's audit procedures are appropriate for the purpose of expressing opinions on the financial statements. Maze & Associates did not find any internal control deficiencies and issued a clean opinion. The Transmittal Letter and the Management, Discussion and Analysis ("MD&A") sections of the Annual Report summarize the financial results for the fiscal year ending on June 30, 2022.

The change in net position was an increase of \$31.5 million. As of June 30, 2022, the Citywide net position was \$348.9 million.

The City's General Fund revenues increased by \$4.5 million, or 10%, to \$49.6 million compared to the prior fiscal year amount of \$45.1 million. General Fund revenues, including property taxes, sales taxes, charges for services, transient occupancy taxes, and vehicle in-lieu, increased compared to the prior year. These revenue gains were offset by decreases in uses of money and property as a result of unfavorable unrealized gains from investment losses during the year.

The City's General Fund expenditures totaled \$42.6 million, an increase of \$4.4 million, or 11.5%, from prior year expenditures of \$38.2 million. The increase in expenditures was primarily caused by increases in our public safety agreements, higher professional services expenses to assist with the increase in the City's development projects, increases in salaries and benefits per the negotiated employee agreements, and increases resulting from the restoration of programs, classes, and special events in Parks & Recreation.

The net increase in fund balance for the year ending June 30, 2022 in the General Fund was \$6.4 million and the ending fund balance was \$44.1 million.

Additional detail and information regarding the other operating and capital funds can be found in the attached financial statements, MD&A, and notes to the financial statements.

ALTERNATIVES:

The alternatives available to the City Council include:

1. Adopt a Resolution accepting the City of San Carlos' Annual Comprehensive Financial Report for the fiscal year ending June 30, 2022; or
2. Do not adopt the Resolution; or
3. Provide staff with alternative direction

Respectfully submitted by:

Rebecca Mendenhall, Administrative Services Director

Approved for submission by:



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Jeff Maltbie, City Manager

ATTACHMENT(S):

1. Resolution
2. FY21-22 Annual Comprehensive Financial Report