

# Comprehensive Annual Financial Report (CAFR) for the Year Ended June 30, 2018

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City of Goleta  
Council Meeting  
February 5, 2019



# Presentation Outline

- ▶ **CAFR Background**
- ▶ **CAFR Reporting Model**
- ▶ **CAFR Financial Highlights**
- ▶ **Certificates of Achievement**
- ▶ **Auditors Communication and Summary of Results**

# CAFR - Background

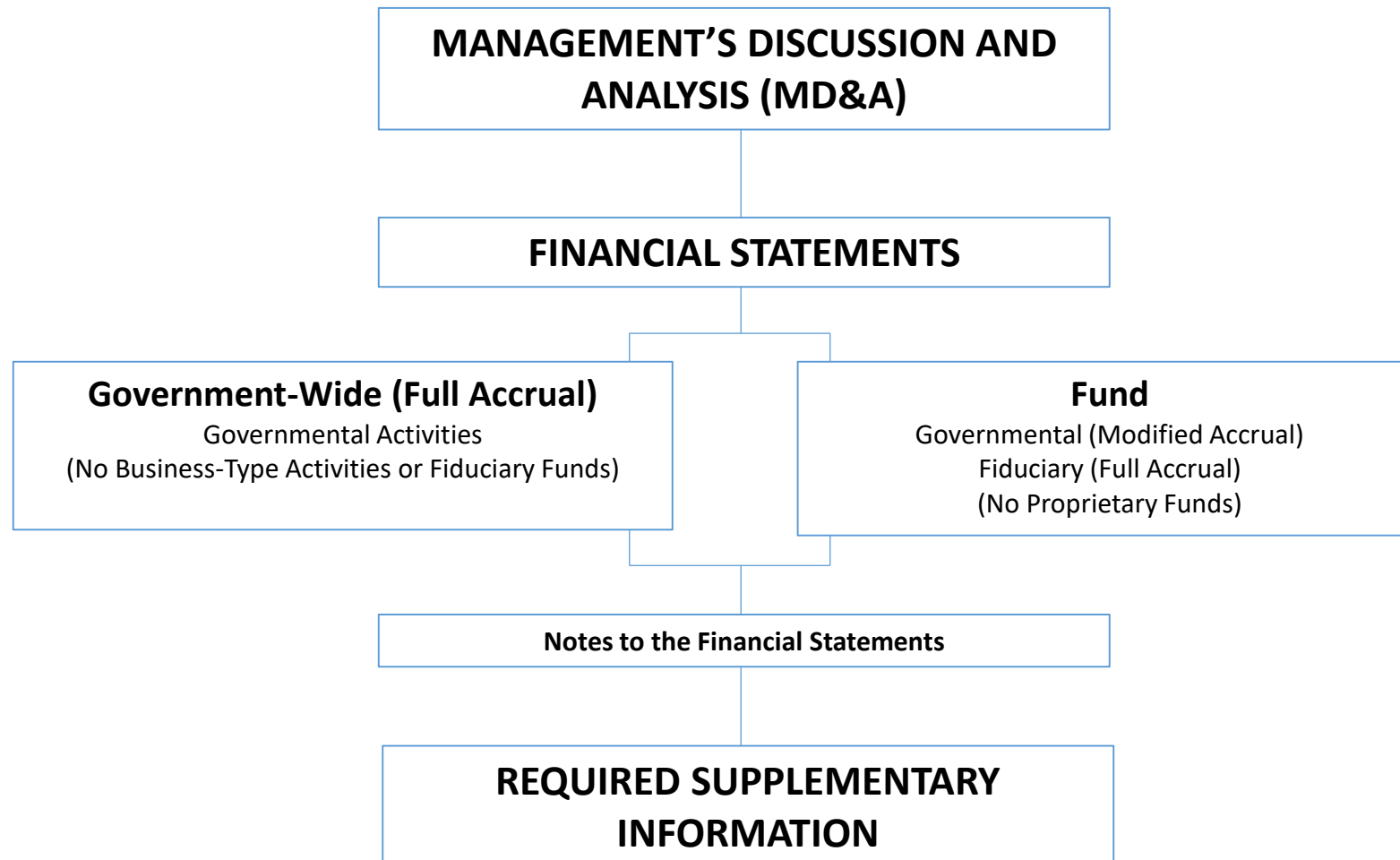
- ▶ What is a CAFR?
  - ▶ Annual financial report prepared in accordance with nationally recognized accounting principles and financial reporting standards
    - ▶ Governmental Accounting Standards Board (“GASB”), authoritative body establishing U.S. generally accepted accounting principles (“GAAP”) for local governments
  - ▶ Presents the financial condition and results of operations of the City as a whole and for individual funds
  - ▶ “Comprehensive” because it includes information not required by financial reporting regulations
    - ▶ Qualifies the document for Government Finance Officers Association award program
    - ▶ Provides reader more information about the City’s finances and operations

# CAFR - Background

## ▶ **Why is a CAFR Prepared?**

- ▶ Annual audit required
- ▶ Communicates important financial information to the public about the City's finances and operations
- ▶ Contract with independence CPA firm
- ▶ Received an unmodified ("clean") opinion for FY 2017/18

# CAFR Reporting Model



# Financial Highlights

- ▶ At the end of FY 2017/18, City's net position totaled approximately \$231.3 million, a decrease of approximately 2.5% from the previous year
  - ▶ Primarily related to increases in reported liability, which includes recent settlement agreement related to the Successor Agency of the Redevelopment Agency and implementation of GASB 75 for other postemployment benefits
- ▶ Total revenues equaled \$39.5 million, a decrease of approximately 10.5%
  - ▶ Primarily due to less grant program related revenues actually received this fiscal year for capital improvement projects

# Financial Highlights - Summary of Net Position

	Governmental Activities	
	2018	2017
<b>Assets</b>		
Current and other assets	\$ 55,646,474	\$ 62,009,688
Capital Assets	189,886,349	180,871,756
<b>Total Assets</b>	<b>245,532,823</b>	<b>242,881,444</b>
<b>Deferred outflow - pension contributions</b>	<b>1,965,175</b>	<b>1,866,959</b>
<b>Liabilities</b>		
Current liabilities	4,930,987	3,773,546
Long Term Liabilities:		
Net pension liability	2,749,352	2,219,286
Due in one year	1,352,373	146,313
Due in more than one year	6,837,755	1,236,805
<b>Total Liabilities</b>	<b>15,870,467</b>	<b>7,375,950</b>
<b>Deferred inflows of resources</b>		
Deferred pension	140,036	169,207
Deferred OPEB	211,777	
<b>Deferred inflow of resources</b>	<b>351,813</b>	<b>169,207</b>
<b>Net Position:</b>		
Net investment in capital assets		
Depreciation and related debt	189,886,349	180,871,756
Restricted	34,623,415	36,891,364
Unrestricted	6,765,954	19,440,126
<b>Total Net Position</b>	<b>\$ 231,275,718</b>	<b>\$ 237,203,246</b>

# Financial Highlights - Summary of Net Position

	Governmental Activities	
	2018	2017
<b>Net Position:</b>		
Invested in Capital Assets, net of accumulated Depreciation and related debt	189,886,349	180,871,756
Restricted	34,623,415	36,891,364
Unrestricted	6,765,954	19,440,126
<b>Total Net Position</b>	<b>\$ 231,275,718</b>	<b>\$ 237,203,246</b>

- ▶ Net position decreased to \$231.3 million (2.5% decrease)
- ▶ \$189.9 million was net invested in capital assets such as equipment, buildings and infrastructure
- ▶ \$34.6 million is restricted to specifically stipulated spending agreements originated by law, contract or other agreements with external parties
- ▶ \$6.8 million is unrestricted but subject to designation for specific purposes as approved by City Council



# Financial Highlights – Total Revenues

	Governmental Activities	
	2018	2017
<b>Revenues</b>		
Program Revenues:		
Charges for services	\$ 2,131,958	\$ 3,739,507
Operating contributions and grants	1,128,371	3,713,955
Capital contributions and grants	7,498,809	13,182,430
General Revenues		
Taxes:		
Sales taxes	7,976,472	6,491,121
Property taxes levied for general purposes	6,504,431	6,051,805
Transient occupancy tax	10,117,460	8,615,207
Franchise taxes	1,325,238	1,202,162
Other taxes	1,253,424	246,876
Investment Income	747,399	148,899
Other	851,175	781,108
Total Revenues	39,534,737	44,173,070

# Financial Highlights - Total Expenses

	Governmental Activities	
	2018	2017
<b>Expenses</b>		
General Government	12,562,598	6,755,208
Public Safety	8,582,868	7,741,361
Public Works	18,234,912	10,965,391
Community Development	425,086	49,858
Community Services	5,273,153	6,359,917
Total Expenses	45,078,617	31,871,735
Prior Period Adjustment	(383,648)	
Change in Net Position	<u>\$ (5,543,880)</u>	<u>\$ 12,301,335</u>
Ending Net Position	<u>\$ 231,275,718</u>	<u>\$ 237,203,246</u>

# Financial Highlights - General Fund

- ▶ **General Fund reported total revenue of \$27.5 million and total expenditures of \$29.4 million**
  - ▶ Excess expenditures over revenues at approximately \$1.9 million
  - ▶ Result of use of fund balance for carryover projects from previous fiscal year and use of one-time facility reserve account for purchase of 27 S. La Patera parcel
- ▶ **Ending Fund Balance reported at approximately \$19.5 million**
  - ▶ A decrease of \$1.9 million or 9% from the \$21.4 million ending fund balance last fiscal year

# Financial Highlights

## General Fund – Fund Balance

**GASB 54 Fund Balance Reporting:**

Fund Balance:		
Non-spendable		
Prepaid Items	\$	50,197
Committed		10,717,463
Assigned		4,448,640
Unassigned		4,286,175
Total Fund Balance	\$	<u>19,502,475</u>

**City Fund Balance Categories:**

GASB 54	Classification	FY 2017/18 CAFR
Committed	Contingency	\$ 8,083,918
Committed	Public Facilities	\$ 1,453,828
Committed	Capital Equipment	\$ 472,722
Committed	Compensated Leave	\$ 206,995
Committed	Risk Management	\$ 200,000
Assigned	OPEB UAL	\$ 333,500
Assigned	CalPERS UAL	\$ 170,000
Assigned	CIP Project Funding	\$ 1,927,751
Assigned	Encumbrances	\$ 2,017,389
Committed	Litigation Defense Fund	\$ 300,000
Non-spendable	Prepays and Deposit	\$ 50,197
Unassigned	Unassigned Fund Balance	\$ 4,286,175
Total		\$ 19,502,475

- ▶ Includes \$10.7 million committed as set by City Council reserve policies with \$8.1 million reserved for contingencies
- ▶ Unassigned Fund Balance at \$4.3 million at fiscal year ended June 30, 2018

# Certificates of Achievements

- ▶ CAFR will be submitted to the Governmental Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting award program
- ▶ City has received the GFOA award of excellence for 15 consecutive years

# Auditors Communication and Summary of Results

- ▶ Adam Guise, CPA – Audit Partner of Moss, Levy & Hartzheim, LLP

Questions?