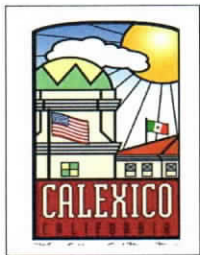


AGENDA
ITEM

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AGENDA STAFF REPORT

DATE: September 4, 2019

TO: Mayor and City Council

PREPARED BY: David B. Dale, City Manager *D.D. Kp*

SUBJECT: June 30, 2018 Audited Financial Statements

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Recommendation:

It is recommended that the City Council receive and file the City's June 30, 2018 audited financial statements.

Background:

The City has completed the independent audit of its June 30, 2018 financial statements. This agenda item transmits the final reports to the City Council and to the public. This report is for information only; no City Council action is proposed at this time.

Discussion & Analysis:

The City's bond agreements, and federal grant programs require an annual independent financial audit of the City's financial statements. Federal grant programs also require an annual audit of compliance with grant provisions. The City has contracted with an independent certified public accountant to complete the required audits. The Pun Group has conducted the audit for 2018. Ken Pun, Partner, will be available during the City Council meeting to present the audit report and to address any inquiries by the City Council.

Fiscal Impact:

On June 30, 2018, the General Fund working capital balance of current assets net of current liabilities is a surplus of \$ 364,844. The improvement since the last fiscal year is due to strict internal control, hiring freezes and reduction of general fund salary costs; the current City Manager team strategy is reductions in non-essential needs; strict expenditure control and maintain hiring freezes; additional reimbursements from the City's insurance programs and other grants that were identified during the year-end process.

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The General Fund's total Fund Balance remains a deficit at approximately (\$1.7) million. To finance this deficit, on June 30, 2017, the City Council authorized a long-term financing lease from the Wastewater Fund. The purpose of the loan was to provide the City with a work-out period to rebalance its operating budget; build a long-term financial strategy; and rebuild contingency reserves to provide future stability for the City. The City completed the second of five scheduled annual payments to the Wastewater Fund during 2017-18 and has budgeted to complete the third payment during 2018-19. The City continues on its scheduled path to clear its General Fund deficit.

The City's Single Audit was not required for FY 2017-18.

Coordinated with:

The Punn Group.

Attachments:

- 1) Basic Financial Statements and Independent Auditor's Report for the Year Ended June 30, 2018.
- 2) Required Communications from Independent Auditor.