



AGENDA REPORT

Meeting Date: January 25, 2011
Item Number: E-1
To: Honorable Mayor & City Council
From: Scott Miller, Chief Financial Officer,
Noel Marquis, Assistant Director of Administrative Services - Finance
Sharon Rahban, CPA, Accounting Manager
Subject: PRESENTATION OF THE FISCAL YEAR ENDING JUNE 30, 2010
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Attachments: 1. The FY 2009-2010 Comprehensive Annual Financial Report
2. Management Letter

INTRODUCTION

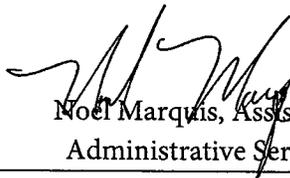
The Administrative Services department has worked diligently in conjunction with the auditors to complete the yearly audit and to put this report together. This is the fourth year of the City's use of the audit firm Mayer Hoffman McCann P.C.

Overall, the auditors found the City's financial statements comply with required governmental and financial accounting standards as imposed by the Governmental and Financial Accounting Standards Boards (GASB and FASB). In addition, the auditors found that the City's financial statements appropriately portray the City's financial position and results of operations as of and for the year ended June 30, 2010.

Further, the auditors found no material weakness or significant deficiency and found that all operational aspects meet governmental standards. A new requirement of the Auditing Standards Board requires auditors to comment on operational recommendations. The auditors made two suggestions for greater operational efficiency which were implemented months ago. The suggestions were discussed at a public hearing with the Audit Committee.

A few of the financial highlights regarding FY 2009-2010 are:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$614,725,670 (*net assets*). Of this amount, \$206,064,099 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$39,576,895.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$151,617,621, an increase of \$5,937,737 from the prior year. Of this amount, \$54,906,771 or approximately 36.6% of total fund balances are reported as Committed (\$19,912,937), Assigned (\$7,304,313), or Unassigned (\$27,689,521) fund balances making them available for spending at the City's discretion (*in compliance with Governmental Accounting Standards Board's (GASB) Statement No. 54, Fund Balance Reporting and Government Fund Type Definitions see Note 15*).
- The increase in the City's governmental funds reported combined fund balances was the result of an overall decrease in revenues of \$4,393,301, an decrease in expenditures of \$8,804,823 and a decrease in other financing sources of \$410,622 resulting in a net change in fund balances of \$5,937,737 or an increase of \$4,000,900 from the prior year.
- At the end of the current fiscal year, the Committed, Assigned and Unassigned (GASB Statement No. 54) fund balance for the General Fund was \$41,811,363, or 28.2% of total General Fund expenditures.
- The City's net capital assets increased by \$43,968,186 from the prior year as a result of the current capital replacement programs activities including replacement of a major reservoir, construction of a new vehicle maintenance facility, 2 new parking structures and a new four story 72,460 sq. ft. office building.
- The City's net long-term liabilities decreased by \$1,895,298 or 0.65% as the result of reductions in the City's OPEB obligation, Compensated Absences, Outstanding claims and the City of Beverly Hills Public Financing Authority 2009 Lease Revenue Bonds (Capital Improvement and Refunding Project).


Noel Marquis, Assistant Director of
Administrative Services - Finance

Finance Approval


Scott Miller, CFO

Approved By

Attachments will be handed out
at the meeting.