



AGENDA REPORT

Meeting Date: January 22, 2009
Item Number: E-2
To: Honorable Mayor & City Council
From: Scott Miller, Director of Administrative Services/Chief Financial Officer,
Noel Marquis, Assistant Director of Administrative Services - Finance, &
Sharon Rahban, CPA, Accounting Manager
Subject: Presentation of the FY 2007-2008 Comprehensive Annual Financial Report
Attachments: 1. The FY 2007-2008 Comprehensive Annual Financial Report

INTRODUCTION

We would like to present the FY2007-2008 CAFR for the Council's review, acceptance, and filing. 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 third 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, 2008.

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. The first of the two suggestions related to payroll technicians being able to make changes to the master payroll files. The second related to the Customer Services Supervisor performing a review of all adjustments made to customer accounts

on a monthly basis. Both of these suggestions were implemented in September, prior to the date of the Audit Letter.

A few of the financial highlights regarding FY 2007-2008 are:

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$540,479,330 (net assets). Of this amount, \$234,878,314 (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 \$44,105,024.
- As of the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$143,743,047, an increase of \$23,789,935 from the prior year. Of this amount, \$97,224,697 or approximately 67.6% of total fund balances are available for spending at the City's discretion (unreserved fund balance).
- The increase in the City's governmental funds reported combined fund balances was the result of an overall increase in revenues of \$7,089,831, expenditures of \$4,153,344 and other financing sources of \$10,197,709 resulting in a net change in fund balances of \$13,134,196 from the prior year.
- At the end of the current fiscal year, the unreserved fund balance for the General Fund was \$74,634,257, or 51.9% of total General Fund expenditures.
- The City's net capital assets increased by \$65,800,753 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 and 2 new parking structures.
- The City's net long-term liabilities decreased by \$7,576,357 or 2.55% as the result of the buy-out of a capital lease related to the City's water treatment plant. The funds for the buy-out were provided by the Public Financing Authorities 2008 Refunding Water Revenue Bonds in the amount of \$30,735,000. In addition to providing funding for the buy-out of the water treatment plant this issue also refunded on a current basis the City of Beverly Hills Public Financing Authority Water Revenue Refunding Bonds, Series 1998A. The Public Financing Authorities 2008 Refunding Wastewater Revenue Bonds in the amount of \$17,035,000 were also issued to refund on a current basis the City of Beverly Hills Public Financing Authority Wastewater Revenue Refunding Bonds, Series 1998A.

Sharon Rahban, Accounting Manager
Finance Approval


Scott Miller, CFO
Approved By