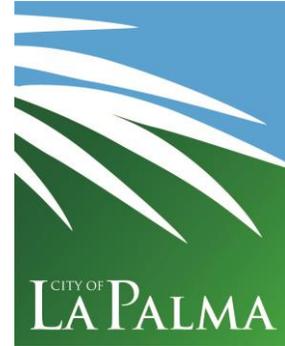


# City of La Palma

## Agenda Item No. 5



MEETING DATE: January 20, 2015

TO: CITY COUNCIL

FROM: CITY MANAGER

SUBMITTED BY: Laurie A. Murray, Administrative Services Director

AGENDA TITLE: Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ending June 30, 2014

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### **RECOMMENDED ACTION:**

It is recommended that the City Council accept and receive and file the Comprehensive Annual Financial Report (CAFR) of the City of La Palma for the Fiscal Year ended June 30, 2014.

### **SUMMARY:**

The attached CAFR describes in detail the financial position of the City of La Palma for the fiscal year ended June 30, 2014. The city's financial statements were audited and found to be in conformance with generally Accepted Accounting Principles (GAP). City staff has every reason to expect that this year's CAFR will be the sixteenth consecutive report to receive the Government Finance Officers Association of the United States and Canada's *Certificate of Achievement for Excellence in Financial Reporting*. The City Manager's letter of Transmittal and the Management Discussion and Analysis contained in the CAFR provide highlights of the report's contents including the following:

- As of June 30, 2014, the unassigned fund balance for the General Fund was \$1,559,000 or 17.7% of total General Fund expenditures.
- As of June 30, 2014, the "spendable" portion of the General Fund's fund balance (i.e., Committed, Assigned, and Unassigned fund balance) was \$12.1 million, while the total fund balance was \$13.1 million or 137% of total General Fund expenditures, which includes \$1 million in the Revenue Volatility Reserve, \$9 million in reserves for Economic Uncertainty and Emergency Capital Projects, \$250,000 for Economic Development, and \$250,000 for Cash Float Reserves. Pursuant to the City's Sustainable Financial Plan and Fund Balance Policy, \$1.5 million will be transferred for other purposes (e.g. Capital Outlay, One-Time Projects, Internal Service Fund balances, and/or Unfunded Liabilities)
- For the year ending June 30, 2014, actual General Fund Revenue was \$187,442 less than amended budgeted revenues and General fund Expenditures were \$33,111 less than called for in the amended budget.

- Revenues decreased by \$2.2 million when compared to the previous fiscal year. The decrease is mainly due to three factors: decreased property taxes of \$1.0 million resulting from reduced amounts received from the dissolution of redevelopment agencies, decreased sales taxes of \$2.1 million mainly resulting from a repayment of prior years' over-receipt of sales tax, and increased grant receipts of \$0.7 million.
- Expenses increased by \$1.0 million when compared to the previous fiscal year. Public safety increased by \$0.7 million, Recreation increased by \$0.2 million, and Community Development increased by \$0.1 million. The major reason for the net increase to costs is due to a one-time, city-wide cost of \$1.5 million to fund a trust for the City's retiree medical benefit program offset by a retrospective adjustment to prior year insurance costs of \$0.6 million. These net cost adjustments were allocated among all departments.
- The total unrestricted balance for all governmental funds was \$22,723,876.
- The City's Internal Service funds ended the year with a combined unrestricted fund Balance of \$5,093,310. It should be noted that internal service fund balances include a long term loan receivable due from the Successor Agency Housing Fund which totaled \$2,500,000. Internal Service funds are:
  - Insurance Fund
  - Employee Benefits Fund
  - Facilities Maintenance Fund
  - Vehicle Replacement Fund
  - Technology Maintenance and Replacement Fund
- The City's Enterprise Funds ended the year with an unrestricted balance of \$9,915,143. This Balance included long term loans receivable from the Successor Agency Housing fund in the amount of \$1,000,000. Enterprise funds are:
  - Water Fund
  - Sewer Fund
- The City's Capital Outlay Reserve Fund (COR) ended the year with an unrestricted balance of \$5,971,495, which includes \$819,500 for the 800 MHz CCCS Next Generation Project. Again the COR Fund Balance includes a long term loan payable from the Successor Housing Agency Fund in the amount of \$500,000.
- The City's Successor Housing Fund ended the fiscal year with a restricted fund balance of \$282,045. The Successor Housing Agency has outstanding loans payable to the City's internal services funds, the COR fund, and enterprise funds (sewer and Water) in the total amount of \$4,028,804. This will eventually be repaid from rental proceeds derived from the Seasons senior apartment complex and proceeds from future Redevelopment Property Tax Trust Fund payments.

An important component of the CAFR is the section entitled Notes to the Financial Statements. It is recommended that particular attention be paid to the notes, as they contain a great deal of useful information about the City's financial policies and position.

**APPROVED:**

  
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Administrative Services  
Director

  
\_\_\_\_\_  
City Manager

Attachment:            1.        FY2013-14 Comprehensive Annual Financial Report



**Because the Comprehensive Annual Financial Report (CAFR) is so large, a separate link has been created. Please click on the link below to be redirected to that item. Again, this file is large so it may take a while to download.**

**[CAFR for the Fiscal Year Ending  
June 30, 2014](#)**