



Agenda Item: 11.A
Date of Meeting: December 11, 2023
Department: Finance

STAFF REPORT

To: City Council
From: Ethan Aukee
Subject: **2022 - 2023 Audited Financial Statements**
Prepared On: November 29, 2023
Attachments: 2022 - 2023 Audited Financial Statements

Background/History:

As required by government code, each year the City of Bishop undergoes an independent audit of the City's basic financial statements to ensure that the financial statements are in conformity with generally accepted accounting principles (GAAP), including the standards set forth by the Governmental Accounting Standards Board (GASB).

Larry Bain, CPA, performed the independent audit and provided his opinion that the City's financial statements fairly represent the City's financial position as of June 30, 2023, and the financial statements conform with generally accepted accounting principles.

Analysis/Discussion:

General Fund Revenues

With regard to tax revenue within the General Fund, the City initially budgeted for \$8,618,881, adjusted its budget to \$8,809,381 and actually earned \$9,937,940. 85% of the tax revenue in excess of budget is from Transient Occupancy Tax.

With regard to license and permit revenue within the General Fund, the City initially budgeted for \$193,546, did not adjust its budget and actually earned \$288,889. 73% of the license and permit revenue in excess of budget is from building permits.

With regard to intergovernmental revenue within the General Fund, the City initially budgeted for \$780,447, adjusted its budget to \$757,588 and actually earned \$601,965. 85% of the revenue shortfall is from grant revenue budgeted but not earned within the period.

With regard to charges for services provided revenue within the General Fund, the City initially budgeted \$246,850, adjusted its budget to \$279,818 and actually earned \$329,845. 100% of the charge for services revenue in excess of budget is from Parks and Recreation.

With regard use of money and property revenue within the General Fund, the City initially budgeted for \$114,810, adjusted its budget to \$118,000 and actually earned \$412,082. 100% of use of money and property revenue in excess of budget is from interest and investment income.

For total revenue within the General Fund, the City initially budgeted for \$10,011,530, adjusted to \$10,330,751 and actually earned \$11,799,051.

General Fund Expenditures

With regard to general government expenditures within the General Fund, the City initially budgeted for \$1,667,076, adjusted its budget to \$2,006,354 and actually spent \$1,621,396. The shortfall in spending is relatively evenly split between subcomponents/departments and is due to the budgeting of the City Cost Plan and the accounting of the Section 115 Trust contribution (see City Net Position section).

With regard to public ways, facilities and transportation expenditures within the General Fund, the City initially budgeted for \$1,728,721, adjusted its budget to \$1,725,694 and actually spent \$904,773. Nearly 99% of the shortfall in spending is from Planning and Street Maintenance.

With regard to public safety expenditures within the General Fund, the City initially budgeted \$5,030,653, adjusted its budget to \$5,876,704 and actually spent \$4,704,154. Roughly 77% of the shortfall in spending is due to the accounting of the Section 115 Trust contribution (see City Net Position section).

With regard to community development expenditures within the General Fund, the City initially budgeted \$1,492,271, adjusted its budget to \$1,535,413 and actually spent \$1,381,488. Roughly 67% of the shortfall in spending is from Parks & Recreation.

The City adopted GASB 87 reporting for leases during fiscal year 2022-2023 which adjusts the accounting method for leases. Leases and capital outlay within the General Fund totaled \$732,396.

Within the General Fund, revenues exceeded expenditures by \$2,444,781. As mentioned in the City Net Position section below, the two main factors in the budget surplus are increased revenues (mainly TOT) and the accounting of the Section 115 Trust contribution.

City Net Position

The City's total government-wide net position increased \$3.26 million for the year ending June 30, 2023. This is attributed to greater revenue than expenditures. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Two main factors in this increase in net position are Transient Occupancy Tax revenue exceeding expectations and actual expenses not exceeding budgeted expenses. City staff were operating during FY 22-23 under the assumption that the City's contribution to its Section 115 Trust was to be expensed when contributed. This assumption was incorrect and was the main reason why the actual expenses did not exceed budgeted expenses.

City-Wide Interest Earned

The City's investment income increased year over year by 656%. During FY 2021-2022, total investment income was \$85,529. During FY 2022-2023, total investment income was \$561,118. The driving factors behind this increased revenue are an increased rate of return on LAIF investments, as well as daily City analysis of cash flows and frequent allocation of cash between operating and saving accounts.

Transient Occupancy Tax

The City's Transient Occupancy Tax (TOT) revenue for FY 2022-2023 exceeded the budgeted amount by \$950,874. TOT revenue also increased year over year by \$372,017.

Net Expense of Governmental Activities

The net revenue/(expense) of governmental activities, functions and programs are listed below. These figures are determined by subtracting program expenses from program revenues.

General Government: (\$1,450,634)

Public Safety: (\$4,945,657)

Public Works: (\$1,187,627)

Community Services/Recreation: (\$1,206,004)

Interest Expense: (\$6,208)

TOTAL GOVERNMENTAL ACTIVITIES: (\$8,796,130)

Net Revenue/(Expense) of Business-Type Activities

The net revenue/(expense) of business-type activities, functions and programs are listed below. These figures are determined by subtracting program expenses from program revenues.

Water: \$132,976

Sewer: \$433,625

Sunrise Mobile Home Park: (\$20,368)

TOTAL BUSINESS-TYPE ACTIVITIES: \$546,233

Economic Impacts:

None.

Budget Impacts:

None.

Legal Review:

City Attorney Pucci has reviewed this item and finds that the recommended action complies with the law.

Recommended Action:

City Council consideration to accept the City of Bishop's audited financial statements for fiscal year 2022-2023.

Approved By: Ethan Aukee 12/5/2023

Approved By: Robin Picken 12/6/2023

Approved By: Dean Pucci 12/7/2023
Approved By: Deston Dishion 12/7/2023