



City Council Staff Report

Subject: Fiscal Year 2024/25 Annual Comprehensive Financial Report and GANN Appropriations Limit Schedule

Date: February 24, 2026

Submitted By: Angela Doyle, Senior Accountant
Diane Ahn, Accounting Officer
Daniel Choe, Administrative Services Deputy Director

Department: Administrative Services - Finance

Recommendation:

Adopt a Resolution of the City Council of the City of Rocklin Accepting the Annual Comprehensive Financial Report and GANN Appropriations Limit Schedule for the Fiscal Year Ended June 30, 2025.

Background:

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Rocklin Municipal Code, Title 2, Section 2.28.030 requires an annual audit of all City financial transactions by an independent auditor and the submission of an audit report to the City Council. Additionally, the California Constitution Article 13B Section 1.5 requires a review of the annual appropriations limit (GANN) as part of an annual financial audit.

The City of Rocklin contracts with Chavan & Associates LLP, a firm of Certified Public Accountants licensed to practice in the State of California, to perform the annual independent audit and prepare the Annual Comprehensive Financial Report (ACFR), included as Attachment 2. The following are the financial highlights for the fiscal year ended June 30, 2025, as reported in the ACFR.

Government-Wide

Government-wide revenues represent all revenues of the City as a whole, across all governmental activities, and are not limited to the General Fund.

As of the close of the fiscal year (FY) 2024/25, the City's total assets and deferred outflows were greater than its liabilities and deferred inflows by \$438.8 million. This amount, known as the City's net position, increased by \$10.9 million (2.6%) from the prior year total of \$427.9 million. The net position is a key measure of the City's overall financial condition and its ability to meet future financial obligations.

Government-Wide General Revenues increased by 6.95%, rising from \$82.2 million to \$87.9 million. These revenues include major sources such as property taxes, sales and use taxes, gas tax, transient occupancy tax, motor vehicle fees, franchise fees, impact fees, investment earnings, and other revenues. During FY 2024/25 property taxes grew by 4.9% and investment earnings increased by 19.3%. Sales and use tax revenues were relatively flat, decreasing slightly by 0.4%, while impact fee revenues significantly increasing by 108.8%.

Program Revenues, which are tied to specific services and grants, increased by \$3.0 million (15.8%) compared to the prior year. In total, combined Government-Wide revenues, both General and Program revenues, were approximately \$110.2 million for FY 2024/25.

General Fund

The General Fund reflects the City's primary operating fund and is used to account for core municipal services such as public safety, parks, recreation, and general administration. Unlike the government-wide totals, which include all governmental activities and funds, the General Fund focuses only on operating resources that are not restricted to specific purposes.

General Fund revenues totaled \$70.1 million, and expenditures totaled \$72 million for FY 2024/25. In addition, the General Fund received \$6.5 million in transfers from other funds and transferred out \$1.3 million to support other programs and capital needs. After accounting for these transfers, the General Fund's fund balance grew by \$3.3 million for the year.

The increase in fund balance during FY 2024/25 was mainly due to higher-than-anticipated revenues and lower overall spending. Revenue growth was driven primarily by stronger property tax collections and increased interest earnings. Expenditures were lower in part due to the timing of planned project and program costs, with some activities extending into the subsequent fiscal year and related spending to occur as work progresses.

Financial Audit

The auditor's letters to the City Council (Attachments 4 and 5) are required by audit standards, and they convey there were no difficulties encountered performing the audit or disagreements between the auditors and City staff, upcoming accounting pronouncements, and other information relative to the audited financial statements.

GANN APPROPRIATIONS LIMIT

Under Article XIII B of the California Constitution (the GANN Spending Limitations Initiative), California governmental agencies are restricted in the amount of annual appropriations derived from tax proceeds. Section 1.5 of Article XIII B, effective July 1, 1990, requires a limited procedures review of the appropriation limit as part of the annual audit. The audits for the fiscal year ending June 30, 2025, reviewed the City's GANN Appropriation Limit, and no exceptions were noted.

Staff recommends the City Council accept the ACFR and GANN Appropriations Limit Schedule for the fiscal year ended June 30, 2025, and the auditor's letters to the City Council for the following reasons:

- An annual audit is required by the Rocklin Municipal Code, and federal and state grant requirements.
- The public accounting firm of Chavan & Associates, LLP has audited the City's FY 2024/25 financial statements and has issued an unqualified ("clean") auditor's opinion

that the financial statements are fairly presented in accordance with generally accepted accounting principles, as well as there were no reported material weaknesses or significant deficiencies.

- The auditor's letters to the City Council reflects no significant audit issues or disagreements with management relative to the audit.
- Chavan & Associates, LLP has reviewed the GANN appropriations limit for the fiscal year ended June 30, 2025, per established procedures, and no exceptions were noted.

Fiscal Impact:

There is no direct fiscal impact to the General Fund from the staff recommendation.

ATTACHMENTS:

1. Resolution
2. Resolution Exhibit A - FY 2024/25 Annual Comprehensive Financial Report
3. Resolution Exhibit B - FY 2024/25 GANN Report
4. Governance Audit Letter
5. Management Letter