ROCKLIN
CALIFORNIA

City Council Staff Report

Subject: Annual Comprehensive Financial Report (ACFR) and GANN Appropriations Limit Schedule for the Fiscal Year June 30, 2022

Date: March 14, 2023

Submitted By: Daniel Choe, Deputy Director of Administrative Services
Angela Doyle, Senior Accountant

Department: Administrative Services - Finance

Recommendation:
Adopt a Resolution of the City Council of the City of Rocklin Accepting the Annual Comprehensive Financial Report (ACFR) and GANN Appropriations Limit Schedule for the Fiscal Year June 30, 2022, and Accepting the Auditor's Letters.

Background:
Rocklin Municipal Code Chapter 2.28 requires an annual audit of all City financial transactions by an independent auditor and the submission of an audit report to the City Council. 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 contracted by 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) (Attachment 2). The following are City financial highlights for the fiscal year ended June 30, 2021, as reported in the ACFR.

Government-Wide Highlights.
As of the close of Fiscal Year (FY) 2021/22, the City's government-wide net position rose by $35.2 million or 9.5 percent, to $406.8 million from $371.6 million.

The City's Government-Wide General Revenues increased approximately 12.1% from $66.1 million to $74.1 million. General revenues include items such as property tax, sales and use taxes, gas tax, transient occupancy tax, motor vehicle fees, franchise fees, impact fees, investment earnings, and other revenues. For FY 2021/22 most General Revenue items increased, with the largest increases in gas and other taxes. Program Revenues were up 34.9%, or $8.8 million over the prior year.

The City's Government-Wide expenses decreased approximately 9.4% from $80.6 million to $73.0 million this fiscal year.

Fund Highlights.
General Fund revenues totaled $60.1 million, and expenditures totaled $54.4 million. Transfers-in from other funds totaled $5.4 million, transfers-out totaled $416 thousand, resulting in a net increase in General Fund fund balance of $10.7 million. This fund balance increase is primarily due to increases in tax revenues.

Pursuant to the City's Key Management Practices, after calculating the minimum reserve requirements and carryforward amount, year-end net resources resulted in one-time General Fund budgetary resources are approximately $9 million.

The auditor's letters to the City Council are attached as Attachments 4 and 5. The auditor's letters 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.

Staff recommends the City Council accept the ACFR and GANN Appropriations Limit Schedule for the fiscal year ended June 30, 2022, 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 2021/22 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, 2022, per established procedures, and no exceptions were noted.

ATTACHMENTS:
1. Resolution - ACFR and GANN
2. Resolution Exhibit A - Annual Comprehensive Financial Report
3. Resolution Exhibit B - GANN Appropriations Limit Schedule
4. Resolution Exhibit C - Communications Letter
5. Resolution Exhibit D - Management Letter