Meeting Date: Dec. 13, 2011

ACTION	TYPE OF ITEM
☐ Approved Recommendation	☐ Info/Consent
☐ Ord. No(s). _____	▩ Report
☐ Res. No(s). _____	☐ Public Hearing (Info/consent)
☐ Other _____	☐ Other _____

Prepared By: James Cameron _____ Agenda Item No. O-2

Reviewed By: City Manager _____ City Attorney _____ Finance _____ Other *(Specify)*

DATE: December 6, 2011

TO: City Council

FROM: James Cameron
Chief Financial Officer

SUBJECT: **Comprehensive Annual Financial Report for Fiscal Year 2010-11 and Fiscal Year 2011-12 Financial Update**

RECOMMENDATION

That City Council:

a) receive and file the City of Oxnard Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2010-11,

b) receive an update of the Fiscal Year 2011-12 financial status.

DISCUSSION

Comprehensive Annual Financial Report (CAFR) FY 2010-11

The CAFR contains basic financial statements audited by the independent certified public accounting firm, Mayer Hoffman McCann P.C. The purpose of the audit is to ensure that the financial statements present fairly, in all material respects, the financial position and the results of operations of the City. The data is presented in a manner to ensure understanding of the City's financial activities and operations.

The City ended fiscal year 2010-11 with a total fund balance of $1.85 billion, an increase of $47 million. The fund balance for the general fund was $33.1 million including $17.5 million assigned to Measure O and the remaining $15.6 million unassigned. The terms "assigned" and "unassigned" are the current requirement under GASB 54 for categorizing fund balance along with "spendable" and "non-spendable" (not used at this time for the general fund). The term "unassigned" is similar to "unreserved, undesignated" used prior to GASB 54. $15.6 million represents a decrease of $3 million due to a one-time $1.5 million adjustment for Public Safety Retirement funds offset by the general fund and a general fund expenditure deficit of $1.5 million. General fund revenues were in line with expectations overall.

Fiscal Year 2011-12 Financial Status

While the economy is experiencing a slow recovery, both the national and California economies continue to face significant challenges. Although unemployment remains high and the housing market has failed to show any consistent improvement, there have been bright spots, including increasing retail sales. As a result, general fund revenues continue to be under pressure, but more significantly expenditures must be tightly controlled in order to end the fiscal year in balance. Staff is working in various areas to identify savings as well as revenue opportunities. Because of limited data available for key revenues, it is difficult to project with certainty those revenues through the end of the fiscal year. A conservative set of assumptions point to a revenue shortfall of $1.1 million in the general fund. These are driven in part by recent trends in European financial markets and economies and the potential impact on the US economy.

FINANCIAL IMPACT

The recommended actions to receive and file the FY 2010-11 CAFR and receive the FY 2011-12 financial update have no financial impact.

JC:tr

Attachment 1 - FY 2010-11 Comprehensive Annual Financial Report
Attachment 2 - FY 2011-12 General fund Revenue Projection

Note: The CAFR has been provided to City Council under separate cover. Copies for review are available at the Help Desk in the Library after 6:00 p.m. on Thursday prior to the Council meeting and in the City Clerk's Office after 8:00 a.m. on Monday prior to the Council meeting.

FY 2011-12 General Fund Revenue Projection
based on Revenues through October 2011
($ Thousands)

	Budget	July Estimate	Current Estimate	Change in Estimate
Property Tax - Base Secured & Unsecured	25,138	24,054	23,957	(97)
Property Tax In-Lieu of VLF	14,902	14,192	14,099	(93)
Sales Tax	22,208	22,377	23,567	1,190
Other Taxes and Fees				
TOT	3,459	3,501	3,585	84
Business License	4,775	4,723	4,657	(66)
Franchise	3,363	3,598	3,339	(259)
Charges for Services	10,807	11,079	11,245	166
Miscellaneous				
Intergovernmental	2,209	1,527	1,677	150
Interfund Transfers	9,180	9,980	10,080	100
Other	11,025	11,956	9,795	(2,161)
Total General Fund Revenues	**107,066**	**106,987**	**106,001**	**(986)**
Change from Original Budget				**(1,065)**