



Town of Yountville

6550 Yount Street
Yountville, CA 94599

Staff Report

Agenda Item #: {{section.number}}A

Yountville Town Council Staff Report

DATE: December 7, 2021

TO: Mayor and Town Council

FROM: Celia King, Finance Director

PREPARED BY: Celia King, Finance Director

SUBJECT:

Presentation of the Annual Comprehensive Financial Report (ACFR) (Formerly CAFR – Comprehensive Annual Financial Report) for Fiscal Year Ended June 30, 2021 by Sheldon Chavan, CPA Town Auditor.

DISCUSSION/BACKGROUND

The Town has undergone the fiscal year audit and issued its Annual Comprehensive Financial Report (ACFR) for fiscal year ended June 30, 2021. The Town publishes an annual ACFR to fully disclose its financial information and to comply with state and federal requirements and bond covenants.

The financial audit and the preparation of the financial statements takes place over several months, beginning just after the end of the fiscal year and continuing through the time the books are closed and the ACFR is published. Staff coordinates with the auditor to ensure that the work is completed accurately and timely.

The Town has contracted with Chavan & Associates to perform the annual independent audit of its financial statements. This firm's expertise, efficiency, and communication with finance staff have allowed us to complete the audit and ACFR document by mid-November. The ACFR will be submitted to the Government Finance Officers Association (GFOA) for consideration of the annual Certificate of Achievement for Excellence in Financial Reporting by the end of December 2021.

ACFR OVERVIEW

The ACFR is comprised of four sections:

Introductory Section: provides general information on the government's structure and the letter of transmittal.

Financial Section: contains the independent auditor's report, management discussion and analysis, the basic financial statements, the fund financial statements and the notes to the financial statements.

The independent auditor's report describes the scope of the audit and is where the auditor gives his opinion on the financial statements.

Management's discussion and analysis provides a comprehensive overview and analysis of the financial statements, the Town's financial position and the major activities that took place during the year.

The Governmental Accounting Standards Board (GASB) requires governmental entities to prepare financial

statements using two different perspectives:

Government-Wide Financial Statements – The government-wide statements are prepared using a full accrual basis (similar to private sector) and are presented with totals for government type activities and business type activities. The Town's business type activities are the water and wastewater utility enterprises; all other activities are reported as governmental activities, with the exception of fiduciary funds. The government-wide statements present the overall financial picture of the Town's net position and activities.

Fund Financial Statements – The fund financial statements are presented using the basis on which the Town keeps its accounting records and prepares its annual operating budget. Modified accrual accounting is used for all governmental funds and full accrual accounting is used for the proprietary funds. The fund financial statements presented for the Town's governmental funds are the balance sheet and the statement of revenues, expenditures, and changes in fund balances. The Town's proprietary fund statements (water and wastewater enterprise funds) include the statement of net position, statement of revenues, expenses and changes in net position, and the statement of cash flows.

The notes to the financial statements provide detailed information to support the balances reported and disclose other relevant information regarding the Town's financial position.

Supplemental Information Sections: include budgetary comparison schedules, schedule of funding progress for OPEB, combining statements and schedules, comparative enterprise funds statements and capital asset schedule.

Statistical Section: consists of four subsections providing financial trends information, revenue capacity information, debt capacity information, and demographic and economic history/trends and variables.

ENVIRONMENTAL REVIEW

Exempt per California Environmental Act (CEQA) Guideline, Section 15061(b)(3)

FISCAL IMPACT

Is there a Fiscal Impact? No

Is it Currently Budgeted? Yes

Where is it Budgeted? Finance Accounting and Auditing Budget 01-1102-4220

Is it Mandatory or Discretionary? Mandatory

Is there a Staff Resource Impact? Yes

STRATEGIC PLAN GOAL

Is item Identified in Strategic Plan? Yes

If yes, Identify Strategic Goal and Objective. **Responsible Fiscal Policy:** The Town maintains its fiscal health through policies designed to maximize economic opportunities, manage expenses, and ensure prudent reserves.

Briefly Explain Relationship to Strategic Plan Goal and Objective. The results of the audit and ACFR provide the Town with a report of fiscal operations and conditions as well as outline any material findings that could compromise the Town's fiscal position. The best result to receive from an audit firm is an unmodified opinion.

RECOMMENDATION

Receive and file the presentation of the Annual Comprehensive Financial Report (ACFR) for Fiscal Year Ended June 30, 2021.