



TOWN OF FAIRFAX

STAFF REPORT

August 7, 2019

TO: Mayor and Town Council

FROM: Michael Vivrette, Finance Director *GV*

SUBJECT: Accept Fiscal Year 2017-18 Audited Financial Statements

RECOMMENDATION

Accept Financial Statements and Independent Auditor's Report for Fiscal Year 2017-18.

DISCUSSION

The Town auditors, Maze and Associates, have issued the Audited Financial Statements for the Town consisting of the Basic Financial Statements and Independent Auditor's Report for June 30, 2018. The Town Finance Committee, which consists of the Mayor, Vice Mayor, Treasurer, Finance Director, and Town Manager, met and reviewed the Statements and Report in June. A representative from Maze and Associates may be available at the Council meeting for questions regarding the Financial Statements, the audit, or other concerns.

FISCAL IMPACT

The audit serves to give an independent professional opinion to fairness of the Town's financial statements at June 30, 2018. They have issued a "clean" opinion that the financial statements are free from material misstatement.

In Fiscal 2017-17, the General Fund balance increased \$1,157,636. All other fund balances decreased by a total of \$363,237 primarily due to Capital Improvement expenses. General Fund revenues exceeded budget by \$720,408 (7.9%). General Fund expenses were under budget by \$589,494 (6.6%). Financial activity for FY17-18 has been factored into the fund balance carry forward in the current year's budget.

This audit is the first year for the new Government Accounting Standards Board ruling (GASB 75) which revised the rules for reporting other post-employment benefits (OPEB). This accounting standard restated the Town's prior year OPEB liability to \$1,905,187 based on a required actuarial analysis. The liability further increased by \$396,476 during the fiscal year. The measurement date was prior to measures the Town took in negotiating employment MOU's to drastically reduce or eliminate OPEB benefits for employees hired after July 1, 2013. These measures should reduce this liability in future years.

With regard to the Net Pension Liability, the Town's obligations decreased by approximately \$3.2M from \$8.5M in FY16-17 to \$5.3 M in FY17-18. This reflects the refinancing of the CalPERS side fund and pre-2013 UAL.

ATTACHMENT

Audit report