

An annual audit of the City of Cloverdale's Financial Statements is conducted by an Independent Auditor with the appropriate qualifications and background in public accounting. Each major fund maintained by the City is audited according to Generally Accepted Accounting Principles (GAAP), which are uniform minimum standards of and guidelines to financial accounting and reporting. The auditing firm conducting the Annual Audit is Cropper Accountancy Corporation, an accounting firm formed in 1986, primarily to provide audit, accounting and tax services to non-profit organizations and local governmental agencies. This is the second year of a three-year contract with this firm.

All governmental financial transactions and balances are not all accounted for in a single accounting entity. A governmental unit is accounted for through multiple separate funds, each of which is a fiscal and accounting entity with a self-balancing set of accounts. Common Funds maintained by the City include the following:

- General Fund – basic activities and services provided by the City. The Cloverdale Police Department is largely funded by the City's General Fund. The largest source of general fund revenue is local property tax revenue and sales tax revenues.
- Special Revenue Funds – Funds like Measure M (road Tax) funds utilized for street maintenance services and activities.
- Enterprise funds – The City's Water, Wastewater and Airport are all managed as separate business enterprises and are accounted for in separate funds.
- Non-Major Funds include Gas Tax Revenue and certain grants like Community Development Block Grants and programs including Asset Forfeiture.

The auditor examines the financial statements presented by the City to ensure that the revenues are received and spent in accordance with the laws and regulations, make best practices recommendations to management and present this information to the City Council. Included with the audit is Management's Discussion & Analysis (MD&A), which presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. Some key highlights in the FY 2020-21 Audit include:

- The City's total net position June 30, 2021 was \$99,699,659, a decrease of \$914,901 over the prior year.
- General fund balance is \$6,203,600, an increase of \$1,121,185 from the prior year's fund balance of \$5,082,415. The fund balance is approximately 82% of total General Fund expenditures.
- Total City revenues, including program and general revenues, were \$17,445,239, an increase of \$125,561 from the prior year
- Total expenses were \$18,360,140, an increase of \$2,225,447 or 13.8% over the prior year.

The Fiscal Year Audit will be presented to City Council on March 9th. Once finalized, the fy 2020-21 Annual Audit is a public document, included in the Council Agenda Packet. A copy of the Audit will be placed on the City's website along with past years audits. The auditing process is overseen by the City's Finance Dept. led by the City's Finance Director Susie Holmes (sholmes@ci.cloverdale.ca.us).

This year, City Staff and the Council are going to consider developing a biennial budget based on two fiscal years, FY 2022-23 and FY 2023-24 rather than a single year budget. Biennial budgeting is expected to enable the City Council to focus on long-term and strategic aspects of budgeting, rather than concentrating on a single year. A biennial budget is a better complement to the city's long-term strategic planning efforts, the five-year Capital Improvement Program and other planning tools, leading to more consistent citywide priorities from year to year.

The first step in the budget process is to review existing budget goals and update them and or develop new budget objectives based on the current goals and

priorities set by the City Council. This is established early in the process and is intended to set the spending priorities for the upcoming fiscal year.

The top Budget Themes and Goals Statement for the current fy 2021-22 budget include:

- Economic Recovery (Respond to current COVID-19 emergency) - Pursue federal and state funding for response costs; Continue collaboration on economic development partnerships to assist business community to find creative ways to promote and support local businesses; Work with the County on Regional Economic Recovery Planning.
- Revenue Enhancement - Explore and Implement Progressive Strategies to enhance fiscal responsibility and raise municipal revenue (renewal of Utility User Tax) to fund vital public services and projects that enhance Cloverdale's quality of life.
- Public Safety and Emergency Preparedness – Strengthen public safety and Community Policing and Invest in resiliency strategy and emergency preparedness measures that protect the health, safety and well-being of the citizens and businesses in Cloverdale.
- Housing and Homelessness – Address the City's housing needs with a primary focus on measures that increase affordable housing and implement strategies in the homeless strategic plan that address the fundamental causes of homelessness, provide permanent housing options and support services.
- Infrastructure & Technology – Invest in the completion of key infrastructure (streets, parks, technology and facilities) and Technology projects to protect and improve property values and maintain Cloverdale's quality of life.
- Planning & Sustainability – Fund planning initiatives that attract and expand housing and businesses needed to create jobs and ensure a vibrant local economy while meeting sustainability targets and environmental goals.

As part of the annual budget process, the Council will review the above listed budget goals. Parks & Recreation projects and programs have garnered significant interest by the community and that interest will likely be reflected in the budget goal statements for the next biennial budget. Residents, businesses and stakeholders are encouraged to participate in the budget process to ensure their interests are considered during the budget process.

The City no longer publishes a static copy of the budget and instead utilizes the OpenGov platform, an online budgeting tool to provide transparency, effectively communicate our budget and strategic planning goals to the public and build trust with our citizens. Councilmembers, staff and the public are able to access the City's budget at any time of day in a user-friendly format online on the City's website. Data is updated daily for the most current and accurate information. OpenGov, Inc. user interface offers a cloud-based, simple, and intuitive process to allow for an electronic process of budgeting, submitting applications, permits, or to file code violation concerns.

The city will use every communication medium including the Weekly Cloverdale Newsletter, City Website and social media sites to inform residents about the budget process. Residents are encouraged to present requests for funding for both years of the biennial budget to City Council during the budget preparation season, which takes place in March – June of this year. The current budget schedule is:

- **Wednesday, May 4, 2022, 9:00 am**  
COUNCIL BUDGET WORKSHOP
- **Wednesday, June 8, 2022, 6:00 pm**  
Council review of draft budget
- **Wednesday, June 22, 2022, 6:00 pm**  
Council adopt final budget for FY 22-23

For more information, please contact David Kelley, City Manager at [dkelley@ci.cloverdale.ca.us](mailto:dkelley@ci.cloverdale.ca.us).