




Independent Auditor Presentation

Comprehensive Annual Financial Report
For fiscal year ended June 30, 2011

City of San Leandro
Finance Committee


January 20, 2012

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- Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011.

- Maze and Associates – we are an independent CPA firm. We are independent auditors; independent from City of San Leandro.
- Audit timing: In July, 2 weeks of interim fieldwork and 2 weeks of final fieldwork.
- Audit was conducted according to generally accepted auditing standards and *Government Auditing standards* issued by the Comptroller General of the United States of America.

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- Result of audit / Independent Auditor's Report (page 1):
 - Unqualified/clean opinion ...fairly stated, in all material respects...conformity with accounting principles generally accepted (GAAP) in the USA.
 - We also included an emphasis paragraph which referred the reader to Note 18C (page 87) that discussed the possible impacts from ABx1 26 and Abx1 27.
 - In fiscal 2011, City of San Leandro implemented the provision of Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. (See table detail on page 77)



■ GASB 54:

GOVERNMENTAL FUND BALANCE CONSTRAINT HIERARCHY		
New GASB 54 Classification	Strength of Constraint	Determining Factors
Nonspendable	Strongest	Nature of Asset + Permanent Fund Balance
Restricted		External Limitation
Committed		Council/Board Action to create or change
Assigned		Other Internal Action, including residual fund balances from gov't. funds other than the General Fund.
Unassigned		General Fund residual + residual deficits from gov't. funds other than the General Fund.
	Weakest	



Management Discussion and Analysis (page 3)

- Prepared by City's Management to provide an overview of the City's activities and financial performance for the fiscal year ended June 30, 2011.
 - Includes management's analysis of significant changes compared to prior year financial activities.
- Should be read in conjunction with the basic financial statements and footnotes.



Statement of Net Assets – page 23

- Total assets = \$452.5M
 - Cash and investments (Note 2 – page 49) \$92.2M

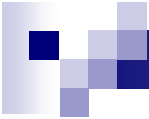
- Total liabilities = \$120.3M
 - Long-term debt (Note 7 – page 62)
 - No new debt
 - Governmental type debt:
 - Retired \$3.1M
 - Outstanding balance of \$88M

- Net Assets = \$332.3M



Statement of Activities – page 24 and 25

- Net change in net asset is negative \$13.3M for governmental activities ; and positive \$4.8M for business type activities; for a total net government-wide of negative \$8.6M change in net assets. Therefore, ending net assets as of 6/30/11 was decreased by the \$8.6M to \$332.3M.
- In comparison, for prior fiscal year 2010, the total government-wide change in net assets was a negative \$13M (vs negative \$8.6M for FY11 as shown above).
- Restatement of beginning net assets (note 17, page 86)
 - To capitalize \$6M of land purchased in fiscal 2009. The \$6M restatement is 2% of beginning net assets prior to restatement.



Governmental Funds - Balance Sheet (page 30) and Statement of Revenues, Expenditures and Changes in Fund Balances (page 32)

- General Fund
 - Cash \$13.8M (pg 30)
 - Net change in fund balance negative \$723K (decrease) as a result of the following:
 - Revenue: \$72.5M
 - Expenditures: \$69.7M
 - Net of transfers out from General Fund: \$3.6M




Proprietary Funds (Enterprise Funds and Internal Service Funds) - pg 36 – 38

□ Enterprise funds:

- In total for Enterprise Funds, change in net assets for the year is \$4.8M; of which \$4.8M is from the Water Pollution Control Plant enterprise funds.
- Ending net assets for all enterprise fund is \$42M

□ Internal Service funds

- Ending net assets of \$8.2M
- Change in net assets of negative \$2.4M

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- Statement of Fiduciary Nets Assets (pg 40)
 - City acts as fiscal agent for these accounts
 - Considered separate statement – not part of the Governmental Funds, Proprietary Funds, Government-wide Statement of Net assets and Statement of Activities.



Notes to Basic Financial Statements (pg 43 to 89)

- Should be read in conjunction with the basic financial statements.
- Redevelopment dissolution – subsequent event – Note 18C (page 87 - 88)
 - Of the 3 possible consequence, we now (January 2012) know that #2 is now in effect – ABx1 26 is valid; ABx1 27 not valid.
- OPEB (Other post employment benefits) – retiree healthcare benefits – pg 84
 - Increase of \$467K
 - Ending OPEB liabilities \$1.4M
- Cash and investments – note 2 – page 49
- Long-term debt – note 7 – page 62
- Implementation of new GASB 54 – table on page 77