



Independent Auditor Presentation

For fiscal year ended June 30, 2021

City of San Leandro

Katherine Yuen, CPA
Partner

Background Information

Maze & Associates

In business
since 1979

Municipal
auditor
since
1987

> 150
municipal
entities

Independent

Annual Audit

Audit of City's financial statements

Agreed-upon procedures on the City's Appropriation Limit calculation

Single Audit

Audits of Alameda CTC Measures B, BB and VRF Funds

Annual Timing

Interim

- June 2021
- Internal control environment

Final

- October 2021
- Verification of financial data

Grant Audits

- November 2021

Standards

Auditing standards
generally
accepted in the
USA

Government
Auditing
Standards

Applicable grant
requirements

New Accounting Pronouncement

□ GASB 84 *Fiduciary Activities*

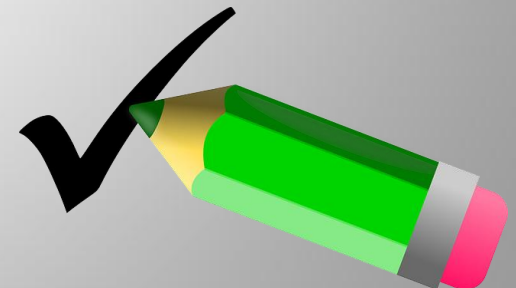
- Cherrywood Agency Fund
 - ➡ Cherrywood Custodial Fund
- Deposit Agency Fund
 - ➡ part of the General Fund
- PARS OPEB Trust Fund
 - ➡ no longer included in the City's financial statements

Audit Result



Results

- City's Financial Audit
 - **Unmodified** (i.e. Clean) Opinions
- Appropriation Limit calculation AUP
 - **No exception noted**
- Single Audit
 - **Unmodified** (i.e. Clean) Opinions
- Alameda CTC Measures
 - **Unmodified** (i.e. Clean) Opinions



Overview of ACFR



Components of Report

Comprehensive Annual
Financial Report (ACFR)

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graph TD; A[Comprehensive Annual Financial Report (ACFR)] --- B[Basic Financial Statements (BFS)]; A --- C[Other components];
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Basic Financial Statements
(BFS)

Other components



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of San Leandro
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

High Level Summary

- Management's Discussion and Analysis
- Note 9 Net Position and Fund Balances
- Statistical Section

Financial Results



Entity-wide vs. Fund Financial Statements

	Entity-wide Level	Fund Level
Current Assets	✓	✓
Long-Term Assets	✓	
Current Liabilities	✓	✓
Long-Term Liabilities	✓	
Equity	Net Position	Fund Balance

Entity-wide



Assets \$506.6m (8.8% ↑)

Deferred outflows \$35.6m (7.9% ↑)

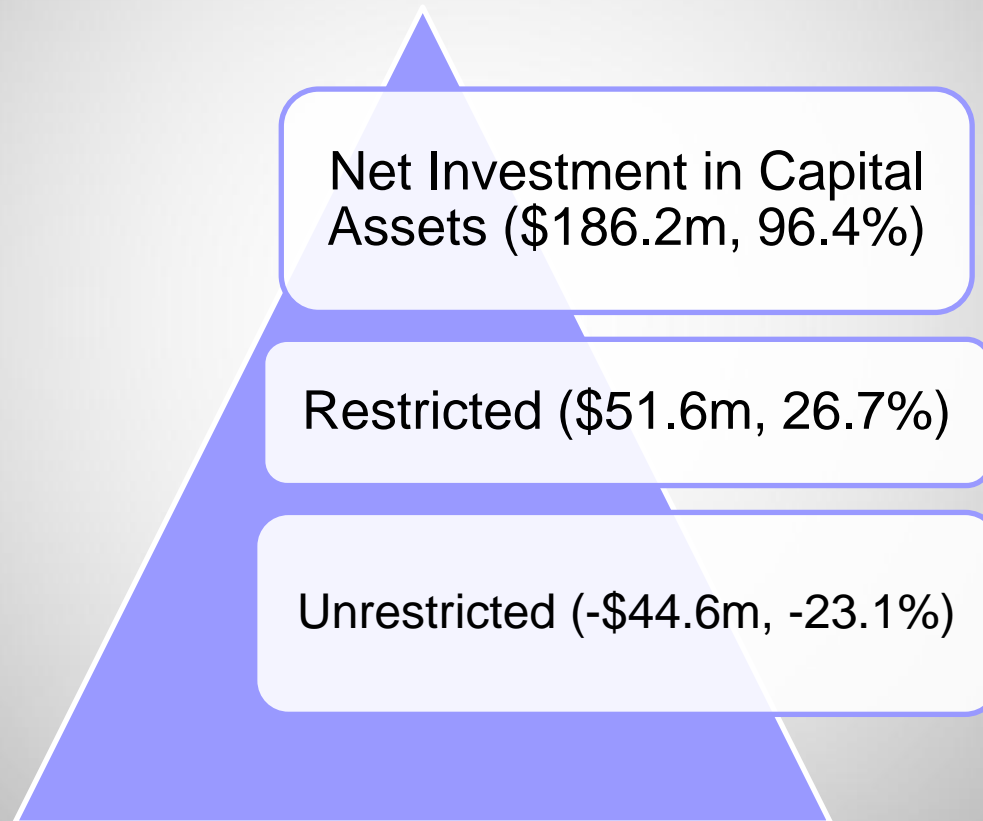


Liabilities \$343.4m (10.6% ↑)

Deferred inflows \$5.6m (-27.0% ↓)

Net position \$193m (7.2% ↑)

Net Position

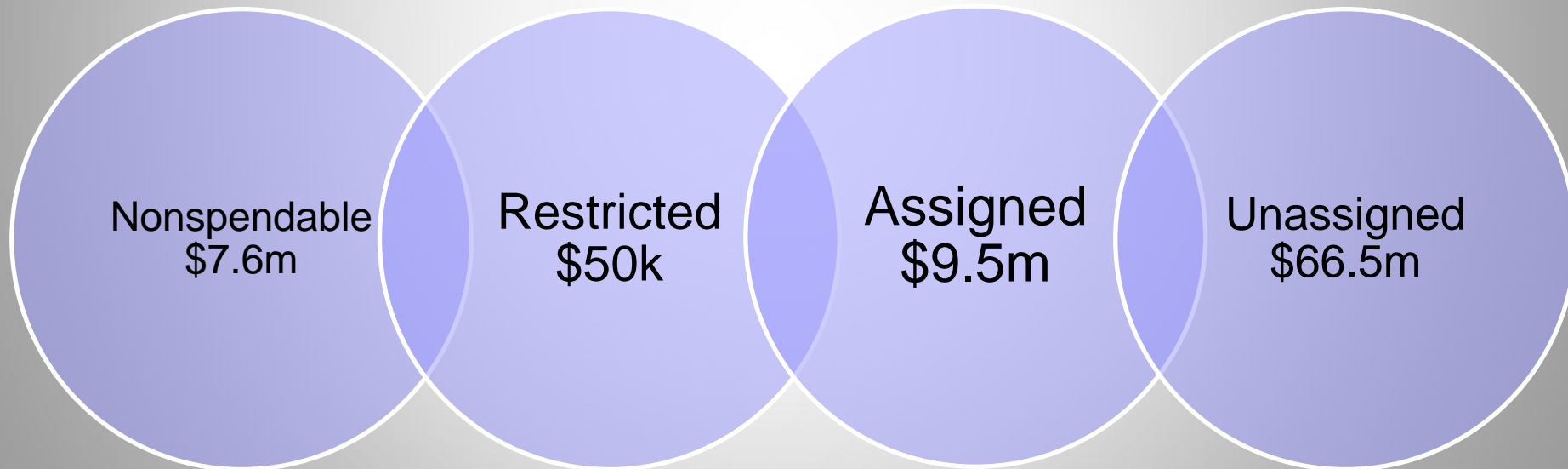


FY21 vs. FY20 (in millions)

Net Position at 6/30	FY21	FY20	Change
Net Investment in capital assets	\$186.1	\$188.9	(\$2.8)
Restricted	\$51.6	\$64.5	(\$12.9)
Unrestricted	(\$44.6)	(\$73.3)	\$28.7
Total	\$193.1	\$180.1	\$13.0

Financial Highlights – General Fund

■ Fund Balance \$83.7m



Financial Highlights – General Fund

■ Current year increase 19.2m

- \$4.9m interfund transfer from the Capital Projects Fund
- \$1.2m one-time revenue sale of property
- Revenues \$8.6m above final budget; expenditures \$7.4m below final budget:
 - Improved sales tax and real property transfer tax revenues
 - Open purchase orders at year end
 - Deferred purchases
 - \$1.7m set aside for police budget reallocation

Note 3 – Loans Receivable

Governmental Funds:

General Fund	\$ 1,349,968
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Non Major Special Revenue Funds:

Affordable Housing Asset Special Revenue Fund	18,273,614
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Community Development Block Grant (CDBG)	239,161
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HOME Fund	4,536,036
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Housing In-Lieu	737,000
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Less allowance for uncollectible loans	<u>(23,138,826)</u>
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Total net loans receivable	<u><u>\$ 1,996,953</u></u>
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Note 13 – Pension Plan

Miscellaneous

	Net Pension Liability/(Asset)
Balance at June 30, 2020	\$ 96,598,987
Changes in the year:	
Service cost	3,874,755
Interest on the total pension liability	21,804,805
Changes of benefit terms	
Changes of assumptions	
Differences between expected and actual experience	2,724,076
Plan to plan resource movement	
Contributions - employer	(8,774,417)
Contributions - employees	(1,750,192)
Net investment income	(10,595,404)
Benefit payments, including refunds of employee contributions	-
Administrative expense	300,030
Other Miscellaneous Income/(Expense)	-
Net changes	7,583,653
Balance at June 30, 2021	\$ 104,182,640

Safety

- 6/30/21 \$99.9m
- 6/30/20 \$92.2m
- Increase mostly due to interest on liability plus service cost exceeding projected earnings on investments

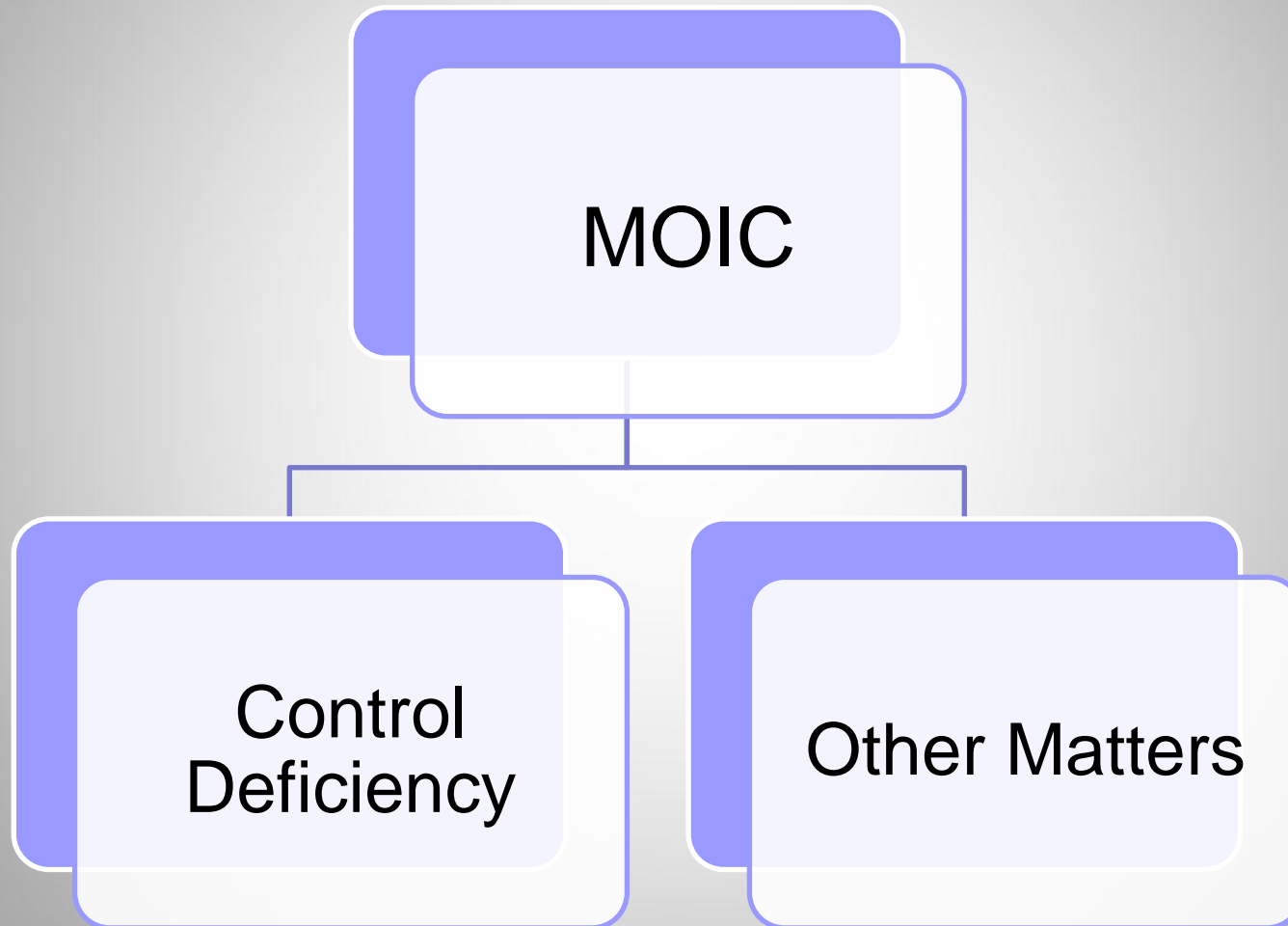
Note 14 – OPEB

	<u>Net OPEB Liability/(Asset)</u>
Balance at June 30, 2020 Measurement Date	\$ 4,603,448
Changes Recognized for the Measurement Period:	
Service Cost	868,358
Interest on the total OPEB liability	1,257,969
Changes in benefit terms	
Differences between expected and actual experience	
Changes of assumptions	
Employer contributions - City	(1,319,716)
Employer contributions - Implicit subsidy	
Net investment income	(2,700,965)
Benefit payments	-
Implicit rate subsidy fulfilled	
Administrative expenses	43,249
Net changes	(1,851,105)
Balance at June 20, 2021 Measurement Date	\$ 2,752,343
Plan fiduciary net position as percentage of the total OPEB liability	88.79%



Memorandum on Internal Control and Required Communications

Memorandum on Internal Control (MOIC) and Required Communications



Control Deficiency

What?

- The design or operation of a control

Who?

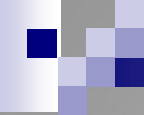
- Management or employees

When?

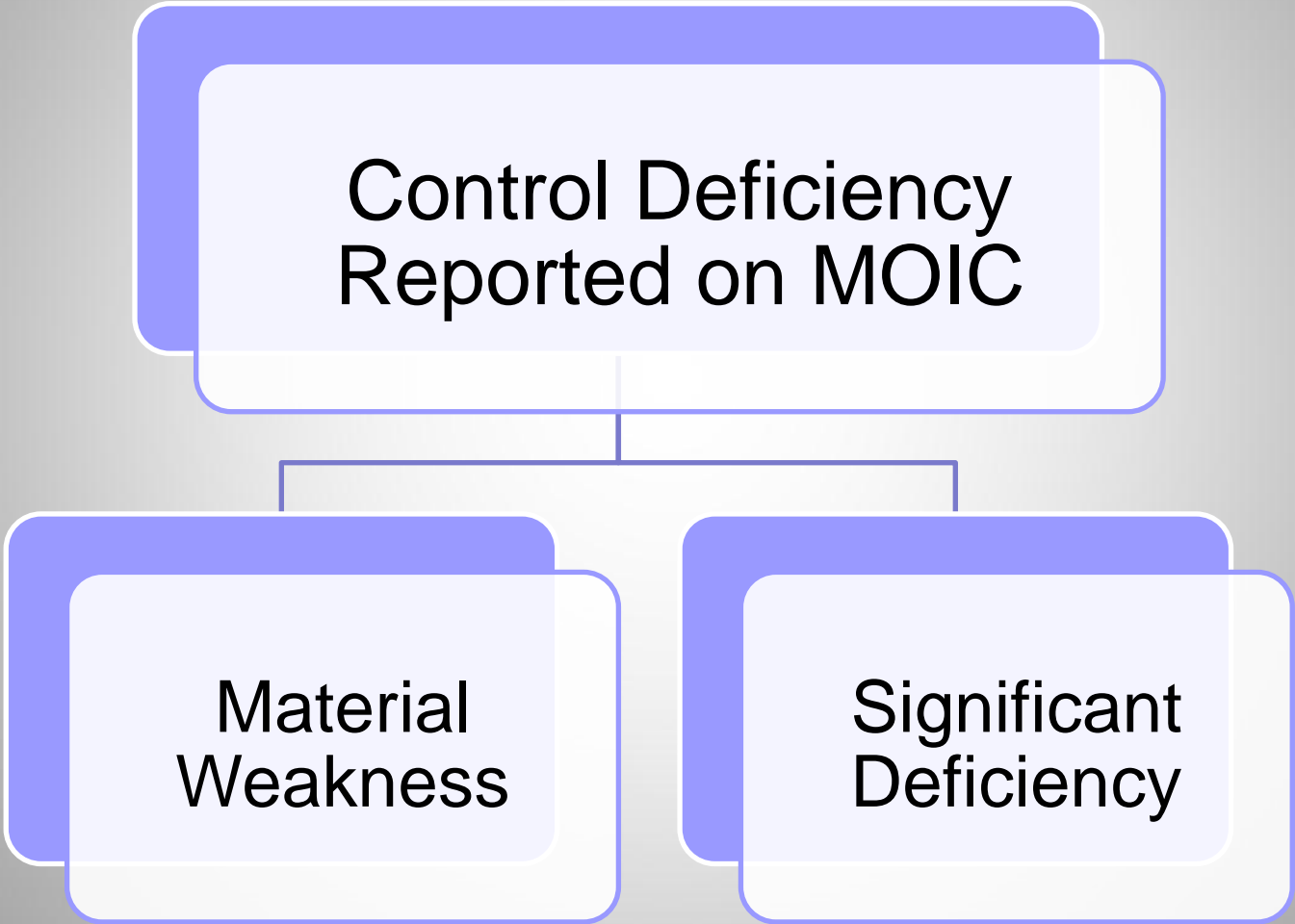
- In the normal course of performing their assigned functions

Does not allow

- The prevention, detection or correction of misstatements on a timely basis



Control Deficiency Reported on MOIC

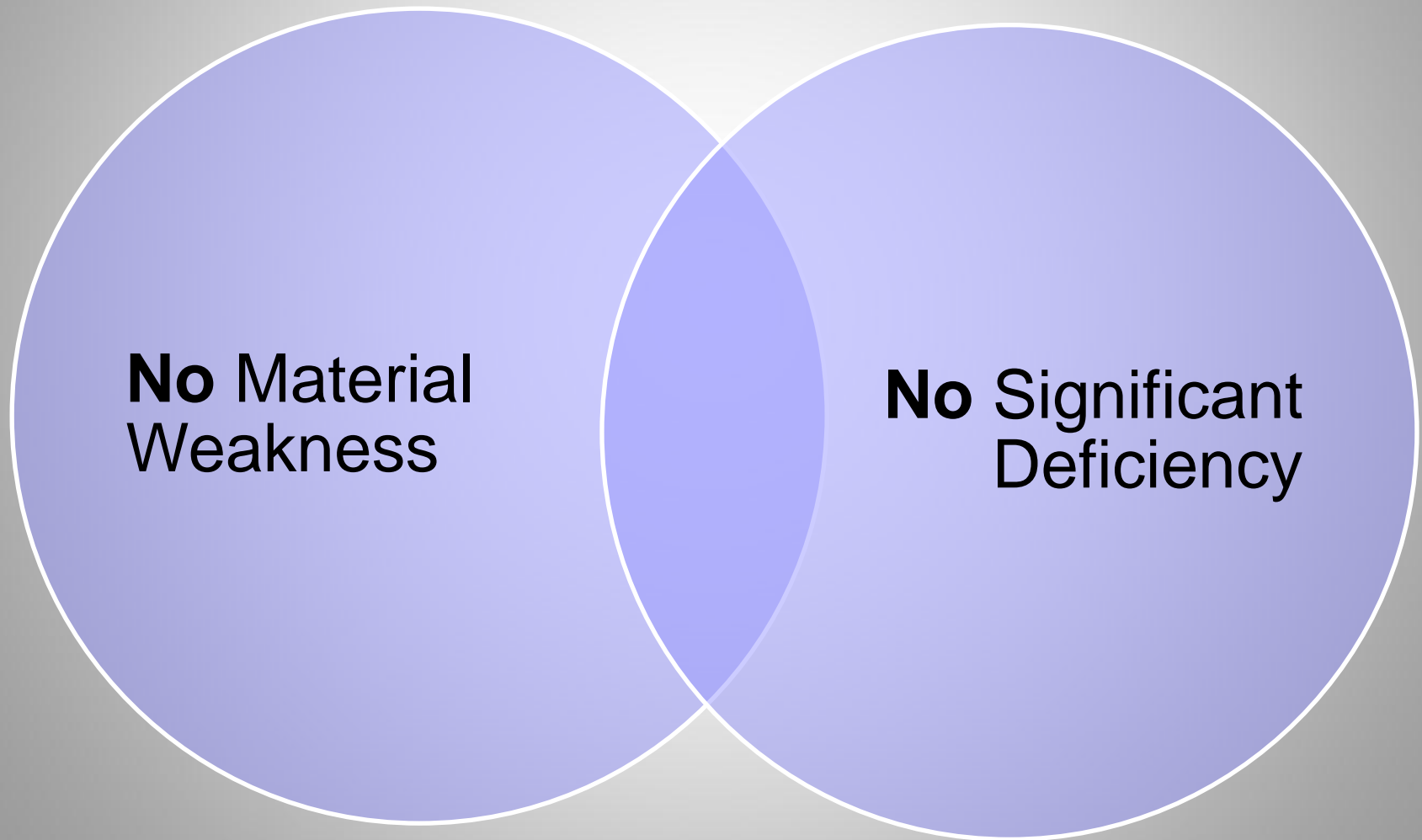


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graph TD; A[Control Deficiency Reported on MOIC] --> B[Material Weakness]; A --> C[Significant Deficiency];
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Material
Weakness

Significant
Deficiency

FY 21 Audit





QUESTIONS?