



Legislation Details (With Text)

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Title: Staff Report for a City of San Leandro City Council Resolution to Accept the Comprehensive Annual Financial Report (CAFR) for the Year Ended June 30, 2019

Sponsors: Liz Warmerdam

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Staff Report for a City of San Leandro City Council Resolution to Accept the Comprehensive Annual Financial Report (CAFR) for the Year Ended June 30, 2019

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council accept the CAFR and related reports for the fiscal year that ended on June 30, 2019.

BACKGROUND

The City's independent auditor, Maze & Associates, completed the audit of the City's financial statements and provided their auditor's reports for the fiscal year that ended June 30, 2019. The Finance Department prepares the City's financial statements in the form required for the Comprehensive Annual Financial Report (CAFR). The Government Accounting Standards Board (GASB) recommends the elements for the CAFR format. The CAFR and the related financial statements fully disclose the financial condition of the City, Successor Agency to the Redevelopment Agency, and other reporting units of the City.

The following statements for the year ended June 30, 2019 are presented for the City Council's review:

- Comprehensive Annual Financial Report
- Measure B Program Financial Statements
- Measure BB Program Financial Statements
- Measure F Funds-Alameda County Vehicle Registration Fee

- Transportation Development Act Article III Fund

The CAFR shows the total of all financial accounting for the fiscal year. The financial reporting provided in the CAFR is in greater detail than the basic financial statements and is made up of three primary sections:

- **Introductory Section:** provides general information about the City including the letter of transmittal, list of principal officers, and an organizational chart.
- **Financial Section:** provides the overall financial information for the City including the report of the independent auditor, management's discussion and analysis (MD&A), the basic financial statements, notes to the basic financial statements, required supplementary information, and other supplementary statements and schedules.
- **Statistical Section:** provides a broad range of operational, economic, and historical data providing context for assessing the City's fiscal condition. This section provides information about general financial trends, revenue and debt capacities, economic and demographic trends, and operating information.

The format of the CAFR is designed to serve the needs of three primary users: the City Council and other governmental oversight bodies, the public, and agencies assessing the City's creditworthiness.

DISCUSSION

Maze & Associates completed audits of the City's financial statements and Measures B and BB special sales tax revenues. Maze found the general purpose financial statements present fairly, in all material ways, the City's financial position as of June 30, 2019 (*Independent Auditor's Report, Opinions*). The audited financial statements include the statement of net position, statement of activities and changes in net position, balance sheets, statements of revenues, expenditures, and changes in fund balance, and statements of cash flows.

Key financial highlights for the years ended June 30, 2019 are as follows:

- The City's assets exceeded its liabilities by \$186.0 million (net position) at fiscal year end June 30, 2019, a decrease of \$4.2 million from the prior year. Of the net position, \$191.2 million was invested in capital assets, \$63.1 million is restricted for other purposes, and (\$68.3) million is unrestricted. Restricted fund balance saw an increase of \$22.0 million while Net Investment in Capital Assets and Unrestricted fund balance decrease of \$24.9 million and \$1.3 million, respectively. Assets and Deferred Outflow of Resources increased by \$13.2 million from the prior fiscal year, offset by an increase in Liabilities and Deferred Inflow of Resources of \$17.4 million.
- The City's governmental fund balance increased by \$28.8 million for a fiscal year ending balance of \$123.1 million. Of the balance, \$10.9 million is not spendable because the funds are not available due to advances and loans to other funds. A total of \$63.1 million is Restricted due to the constraints placed on the use of resources, such as capital projects and debt service payments. \$6.3 million is Assigned, which are General Fund encumbrances from the prior year and a reserve to fund anticipated Other Post-Employment Benefit costs resulting from the City's contract for fire protection services with Alameda County. Lastly, \$42.7 million is Unassigned and available for spending in the future.

- The City's business-type/enterprise activities include the Water Pollution Control Plant, Shoreline, Storm Water Utility, and Environmental Services. The total net position for all four of these funds was \$58.8 million at fiscal year end June 30, 2019, an increase of \$5.9 million over the prior fiscal year.

Again, Maze found the general purpose financial statements present fairly the City's financial position as of June 30, 2019. This is the highest level opinion that can be rendered by the auditors. This opinion assures that the City's financial statements are in conformity with accounting principles generally accepted in the United States and was rendered on all of the City's funds, including the Successor Agency to the Redevelopment Agency of the City of San Leandro.

The City Council should note that the City was awarded the Certificate of Achievement for Excellence in Financial Reporting for the Fiscal Year ended June 30, 2018 by the Government Finance Officers Association of the United States and Canada (GFOA). The 2018-19's CAFR will be submitted to the GFOA for the award and staff believes it continues to meet the stringent standards of the GFOA Awards program.

Staff recommends that the City Council accept the Comprehensive Annual Financial Report (CAFR) for Fiscal Year end June 30, 2019.

ATTACHMENTS

None

PREPARED BY

Elizabeth D. Warmerdam, Interim Finance Director