



Legislation Text

File #: 19-293, **Version:** 1

Staff Report for a City of San Leandro City Council Resolution that Approves the Comprehensive Annual Financial Report (CAFR) for the Year Ending June 30, 2018

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council accept the CAFR for fiscal year ended June 30, 2018.

BACKGROUND

The City's independent auditor, Maze & Associates, has completed the audit of the City's financial statements and provided their auditor's reports for the year ended June 30, 2018. The Finance Department prepared the City's financial statements as part of its CAFR for the year ended June 30, 2018. 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.

Other financial statements for the year ended June 30, 2018 are reviewed and prepared by the City's external auditor:

1. Alameda County Transportation Commission (ACTC) - Measure B Funds
2. Alameda County Transportation Commission (ACTC) - Measure BB Funds
3. Alameda County Vehicle Registration Fee - Measure F Funds
4. Transportation Development Act Article III Fund
5. Appropriations Limit Schedule and Independent Accountant's Report

The primary report, the CAFR, contains three sections. The first is the introductory section, which provides general information on the City's structure, personnel, economic condition, and finances. The financial section includes the independent auditor's report, the general-purpose financial statements and related notes, and supplementary information. Finally, the statistical section includes pertinent financial and non-financial demographic data.

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

The City's independent auditor completed audits of the City's financial statements and the other reports stated earlier. The audits found no exception to conformance with generally accepted accounting standards and the Government Auditing Standards issued by the Comptroller of the United States.

Maze found the general-purpose financial statements present fairly, in all material ways, the City's financial position as of June 30, 2018. The audited financial statements include the statement of net assets; statements of activities and changes in net assets; balance sheets; statements of revenues, expenditures, and changes in fund balances; and statements of cash flows.

The CAFR was prepared in accordance with generally accepted accounting principles (GAAP). The GASB established this framework for the financial reports of state and local governments. Important financial statement changes highlighted in the CAFR Management Discussion and Analysis include:

- The City's assets exceeded its liabilities by \$190.2 million (net position) at fiscal year ending June 30, 2018, a decrease of \$16.1 million from the prior year. Of the net position, \$216.1 million was invested in capital assets, \$41.1 million is restricted for other purposes, and (\$67.0) million is unrestricted. Restricted fund balance saw an increase of \$9.5 million while Net Investment in Capital Assets and Unrestricted fund balance decreased by \$5.5 million and \$20.1 million, respectively. Assets and Deferred Outflow of Resources increased by \$15.2 million from the prior fiscal year, offset by an increase in Liabilities and Deferred Inflow of Resources of \$17.7 million.
- The City's governmental fund balance increased by \$11.7 million for a fiscal year ending balance of \$94.3 million. Of the balance, \$11.3 million is not spendable because the funds are not available due to advances and loans to other funds. \$41.2 million is Restricted due to the constraints placed on the use of resources. This includes capital projects and debt service payments. \$5.3 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 Services with Alameda County. Lastly, \$36.5 million is Unassigned and available for spending in the future.
- The City's business-type activities include the Water Pollution Control Plant, Shoreline, Storm Water Utility, and Environmental Services. The total net position for all four funds was \$52.8 million at fiscal year ending June 30, 2018, an increase of \$1.1 million over the prior fiscal year.

The City once again received an unmodified "clean" opinion, which is the highest level of assurance 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, 2017 by the Government Finance Officers Association of the United States and Canada (GFOA). Fiscal Year 2017-18's CAFR was 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 ended June 30, 2018.

ATTACHMENT(S)

None

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