



Legislation Text

File #: 16-071, **Version:** 1

Staff Report for Resolution Approving the Comprehensive Annual Financial Report (CAFR) for the Year Ending June 30, 2015

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council accept the CAFR for fiscal year ended June 30, 2015.

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, 2015. The Finance Department prepared the City's financial statements as part of its CAFR for the year ended June 30, 2015. 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, 2014 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
6. Single Audit of Federal Grant Expenditures in accordance with U.S. Office of Management and Budget Circular A-133

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, the Government Auditing Standards issued by the Comptroller of the United

States, or the U.S. Office of Management and Budget Circular A-133 for state and local governments.

Maze found the general-purpose financial statements present fairly, in all material ways, the City's financial position as of June 30, 2015. 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 has been 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 net position of the City exceeded its liabilities at fiscal year ending June 30, 2015 by \$180 million. Of this amount, \$245 million was invested in capital assets. \$21.2 million is restricted for other purposes; leaving (\$86.3) million unrestricted. Unrestricted fund balance changed from \$49.3 million at the end of FY 2013-14 to (\$86.3) million at the end of FY 2014-15 mainly due to the requirement of Governmental Accounting Standard Board (GASB) Statement Number 68 to record Net Pension Liability in the amount of \$116.2 million.
- The City's total net position increased by \$7.8 million; representing a \$2.6 million increase in governmental activities and a \$5.3 million increase in Business Type activities. The net position increase was largely due to the rise of \$5.8 million in Property and Other Taxes and \$ 2.8 million in Intergovernmental Revenues.

The City's business-type activities include the Water Pollution Control Plant, Shoreline, Storm Water Utility and Environmental Services. The net position increased by \$5.3 million from prior fiscal year due to the continuation of the Water Pollution Control Plant expansion project funded by a loan from the State Water Resource Control Board.

The City has once again received an unqualified "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 has been 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, 2014 by the Government Finance Officers Association of the United States and Canada (GFOA). Staff has submitted this year's CAFR for the award and believes that the 2014-15 CAFR 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, 2015.

ATTACHMENT

Attachment to Resolution

- CAFR

PREPARED BY: David Baum, Finance Director, Finance Department