

Legislation Text

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DATE OF MEETING: 02/04/19

SUBJECT:

RECEIVE AND FILE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FISCAL YEAR ENDING JUNE 30, 2018

RECOMMENDATION

For Informational Purposes Only

COUNCIL PRIORITY WORKPLAN COMPLIANCE STATEMENT:

General Fund Reserves Protection, Budget Spending Controls, and Increase Financial Transparency are adopted policy items under the FY 2018-21 Council Priority Workplan, effective November 1, 2017.

CEQA Compliance Statement

This is not a project as defined by CEQA.

BACKGROUND

State law requires all general-purpose local governments to publish a complete set of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) within six months of the close of each fiscal year. In compliance with this requirement, the City underwent an independent audit of its financial statements by the City's external auditor, Maze & Associates, for the fiscal year ending June 30, 2018.

The audit and the statements were conducted in conformity with GAAP as well as standards set forth by the Governmental Accounting Standards Board (GASB). A copy of the City's Comprehensive Annual Financial Report (CAFR) for fiscal year 2018 is attached and is also available for public review on the City's website: www.sanpabloca.gov. A review copy is also available at the San Pablo Branch Library and the City Manager's Office at City Hall.

Review of the Comprehensive Annual Financial Report

The CAFR is comprised of three parts. Part 1 is the Introductory Section to the report and contains the Transmittal Letter. This letter introduces the reader to programs and activities of each department of the City as well as major initiatives of the City Council, including capital construction projects during the fiscal year.

The Financial Section comprises Part 2 of the report, and includes the Auditor's Opinion (see below) and the Management's Discussion and Analysis (MD&A). The MD&A offers highlights and a narrative from a staff perspective of the City's financial condition based on the financial statements. The many numeric tables and schedules show the financial condition of each of the City's funds during Fiscal Year 2017/18, and importantly show how the City's financial picture has changed over

the last year. The Notes to the Financial Statements are also included in this section. These notes provide detail and history of the reason for the financial condition articulated in the Financial Statements and help the reader understand what the numbers represent.

Part 3 is the Statistical Section. This section provides context to help the reader understand the current financial condition by comparing it to the last ten years of historical information through the use of charts and graphs. For instance, financial trends, revenue capacity, debt capacity and demographic information on the City will help the reader see where San Pablo has been financially for the last ten years to provide important insight into the financial direction the City is headed in the future.

Auditor's Opinion

The Auditor's Opinion is, perhaps, the most important aspect of the audit. The audit opinion accompanies financial statements to certify that the procedures and records used to produce the statements are in good working order and that in the auditor's independent opinion, the financial statements present an accurate picture of the City's financial condition. However, responsibility for both the accuracy of the data and the completeness and fairness of all information-including all disclosures-is the responsibility of the City.

The Auditor has given an "unmodified" opinion as follows: "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, the aggregate remaining fund information and the discretely presented component unit of the City as of June 30, 2018, and the respective changes in financial position and the respective budgetary comparisons listed in the Table of Contents as part of the basic financial statements for the year then ended in accordance with accounting principles generally accepted in the United States of America."

Staff Recommended Action

Staff recommends that the City Council "receive and file" the 2018 CAFR. Bound copies will be distributed to City Council as soon as they are available.

FISCAL IMPACT

While this report describes the financial condition of the City for FY 2017/18, this item is for informational purposes only and has no direct fiscal impact.