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REPORT TO THE CITY COUNCIL

DATE: March 26, 2015
FROM: MICHAEL LIMA, Finance Director/Controller
Finance Department

SUBJECT

Submission and Acceptance of City of Fresno Comprehensive Annual Financial Report ("CAFR") for Fiscal Year 2014

RECOMMENDATION

Staff recommends that the City Council receive and accept the CAFR for the fiscal year ended June 30, 2014.

EXECUTIVE SUMMARY

The CAFR of the City of Fresno ("City"), for the fiscal year ended June 30, 2014, is hereby formally submitted. This report is the official publication of the City's financial position at June 30, 2014, showing the results of operations for the fiscal year for all City activities and funds. The CAFR is prepared in conformity with accounting principles generally accepted in the United States of America.

The Auditor's Opinion on the CAFR is, as has been the case in previous fiscal years, unmodified. However, unlike the opinions in Fiscal Years 2012 and 2013, the Auditor's Opinion in the Fiscal Year

2014 CAFR does not contain a Going-Concern paragraph. The City's financial position has improved to the point that there is no longer substantial doubt about its ability to continue as a going concern for at least 12 months beyond the financial date.

BACKGROUND

All governmental or public entities are required under law to have the financial statements for the entity's fiscal year end be audited. Once those statements are audited, many agencies, including the City, release those statements in the form of a CAFR. Information from this document is used not only by City policy makers, but also by citizens, investors, and external agencies to assess and determine the organization's financial viability. As required by the City Charter, the amounts reflected in the 2014 CAFR have been audited by an independent certified public accounting firm. The unqualified opinion of Macias Gini & O'Connell, LLP is included in the CAFR report.

In the CAFRs for Fiscal Years 2012 and 2013, the auditor's opinion included a Going Concern paragraph. As defined under Government Accounting Standards Board ("GASB") Statement # 56, the Going Concern paragraph is necessary if, after analysis of the financial statements, entity determines that there is substantial doubt as to the government's ability to continue as a Going Concern for at least 12 months beyond the financial date. After such an analysis was performed on Fiscal Year 2014's results, the conclusion was that while financial challenges still remain, a Going Concern paragraph was no longer warranted.

The City will meet all reporting deadlines associated with the CAFR, as well as those related to the City's various Bond covenants. The City will also meet the reporting and disclosure requirements for the Electronic Municipal Market Access system ("EMMA®"), which is the official repository for financial and other information on virtually all municipal bonds.

Additionally, the filing deadline for the Government Finance Officers Association ("GFOA") will be met in order to participate in their Certificate of Achievement in Excellence in Financial Reporting Program. The City has been awarded the Certificate of Achievement for Excellence in Financial Reporting for 21 straight years. Staff believes the Fiscal Year 2014 CAFR has a strong chance of maintaining that streak.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act Guidelines Section 15378, this item does not qualify as a "project" and is therefore exempt from the California Environmental Quality Act requirements.

LOCAL PREFERENCE

Local preference was not a factor due to the fact that there is no bid involved, nor is State or federal money involved with this item.

FISCAL IMPACT

This report relates only to the submission of informational financial accounting data and calls for no approval for spending or acceptance of receipts.

A complete copy of the CAFR for the fiscal year ended June 30, 2014 may be viewed upon request at the City Clerk's Office. The CAFR will be published on the City of Fresno Website under the Financial Reports section on the Finance Department page upon acceptance by Council. The Letters to Management will be posted upon issuance.

Attachment: City of Fresno Comprehensive Annual Financial Report