

February 5, 2013
Finance

TITLE: ACCEPT THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) AND OTHER RELATED AUDITS FOR THE YEAR ENDING JUNE 30, 2012

SUMMARY

Each year the City of Pleasanton is required to prepare audited financial statements in addition to a number of related reports. This action requests that City Council formally accept these reports. Copies of these reports have been distributed to all Council members. A copy of the Comprehensive Annual Financial Report (CAFR) has also been made available for public inspection at the Pleasanton Public Library. In addition, the CAFR is available for public viewing on the City's website.

For the 2011/12FY, as in all other years, the City has received an unqualified, or clean, opinion on the financial statements from its auditors, Vavrinek, Trine, Day & Company. In addition, all requirements have been met to achieve the highest standard in government accounting and financial reporting; the *Certificate of Achievement for Excellence in Financial Reporting* issued by the Government Finance Officers Association of the United States and Canada. The City of Pleasanton has received this certificate annually for the last fifteen consecutive years.

AUDIT COMMITTEE RECOMMENDATION

The Audit Committee reviewed these reports on January 22, 2013 and recommends that the reports be formally accepted by City Council.

RECOMMENDATION

Staff recommends that the City Council accept the 2011/12FY audit reports.

FINANCIAL STATEMENT

There is no direct fiscal impact in accepting the 2011/12FY audited reports.

BACKGROUND

The City's independent auditors, Vavrinek, Trine, Day & Company, Certified Public Accountants, have completed the audit of the City's financial transactions for the 2011/12FY. The following reports, prepared by the City of Pleasanton and audited by the City's independent auditors are as follows:

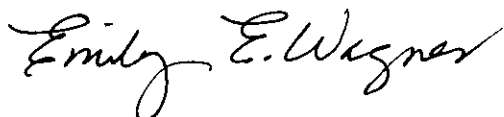
- The **City of Pleasanton Comprehensive Annual Financial Report (CAFR)** is the overall financial report for the entire city organization and provides information about the financial results of operations and numerous required disclosures. This is the financial report prepared by the City and audited by independent auditors to provide reasonable assurance that the financial statements are fairly presented in accordance with generally accepted accounting principles (GAAP) in the United States. This report contains the Independent Auditors' Report, which is prepared by the auditors based on their examination of the City's financial transactions for the fiscal year ending June 30, 2012.
- The **City of Pleasanton Community Transit Services, Senior Citizen, and Handicapped Transportation Program Financial Statements and Independent Auditors' Reports** is the audit report required by the Transportation Development Act (TDA) for Article 4.5 funds received in fiscal years 2011 and 2012. TDA funds are used to support the transportation program for senior and handicapped citizens of Pleasanton. This program is provided through the Dial-A-Ride program in the Community Services Department. Copies of the report are submitted to the Metropolitan Transportation Commission for their review.
- The **City of Pleasanton Measure B Funds Financial Statements and Independent Auditors' Reports** is required by the Alameda County Transportation Commission (ACTC). Measure B funds, the one-half cent sales tax approved by Alameda County voters in 1986 and in 2000, provides funding for City transportation related projects. Copies of the report are submitted to ACTC to show that the City is in compliance with the requirements governing expenditures of Measure B funds for the year ending June 30, 2012.
- The **City of Pleasanton Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Schedule** is required by the State of California in Section 1.5 of Article XIII B of the California Constitution. Article XIII B of the California Constitution limits the amount that governmental agencies can annually appropriate from proceeds of taxes. An annual calculation, factoring in population and inflation changes, is performed each year to determine the new appropriation limit.
- The **City of Pleasanton Report on Federal Awards in Accordance with OMB Circular A-133** is the audit report required by the Single Audit Act of 1984. This report contains a schedule of Federal Financial Assistance that summarizes Federal grant activity in the City of Pleasanton for the fiscal year ending June 30, 2012.

- The **City of Pleasanton Measure F Funds Financial Statements and Independent Auditors' Reports** is required by the Alameda County Transportation Commission (ACTC). Under Measure F, approved by the voters of Alameda County in November 2010, the City receives a portion of the proceeds of the \$10 per year vehicle registration fee for funding transportation related projects. Copies of the report are submitted to ACTC to show that the City is in compliance with the requirements governing expenditures of Measure F funds for the year ending June 30, 2012.
- The **Housing Authority of the City of Pleasanton Basic Financial Statements and Independent Auditor's Reports** is the financial report prepared by the City and audited by independent auditors to provide reasonable assurance the financial statements are fairly presented in accordance with generally accepted accounting principles in the United States. The Housing Authority is a blended component unit of the City; accordingly, its financial statements are also included in the basic financial statements of the City. The Housing Authority was established in 1943 for the purpose of providing and maintaining affordable housing within the City.
- The **City of Pleasanton Auditors' Communication with Those Charged with Governance** report includes the auditors' letter, addressed to the Audit Committee, communicating their responsibilities in performing the audit and if any, significant findings and issues detected during the course of the audit. The report also includes the City of Pleasanton Management Representation Letter, addressed to the auditors, communicating management's opinion of the City's financial condition, internal controls, and adherence with laws and regulations.

DISCUSSION

The Audit Committee (Committee) met on January 22, 2013 to review the 2011/12FY CAFR and related audit reports. Council members Cheryl Cook-Kallio and Karla Brown serve on the Audit Committee along with the City Manager and the Director of Finance. The Committee discussed the audit reports. Findings by the auditors concerning internal control procedures or operations are also normally presented during these meetings. This year the auditors did not have any concerns or comments that were of significance that warranted a separate report to the Committee. Staff values the auditors' recommendations and will continue to improve the Finance Departments' internal controls, policies and procedures.

Submitted by:



Emily E. Wagner
Director of Finance

Approved by:



Nelson Fialho
City Manager

Attachments:

1. Comprehensive Annual Financial Report (CAFR)
2. Community Transit Services, Senior Citizen, and Handicapped Transportation Program Financial Statements
3. Measure B Funds Financial Statements
4. Independent Accountants' Report on Agreed-Upon Procedures Applied to Appropriations Limit Schedule
5. Federal Awards in Accordance with OMB Circular A-133
6. Measure F Funds Financial Statements
7. Housing Authority Basic Financial Statements
8. Auditors' Communication