



Legislation Text

File #: 07-0943, **Version:** 1

Recommendation to refer the Comprehensive Annual Financial Report (CAFR), separately issued financial statements and the Federal Single Audit for the fiscal year ended September 30, 2006 to the Budget Oversight Committee. (Citywide)

Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report (CAFR), prepared by the Financial Management Department, contains audited financial information on all City funds for the fiscal year ended September 30, 2006 (FY 06) in accordance with generally accepted accounting principles. In accordance with Section 302(e) of the City Charter, the CAFR is submitted annually to the City Council. The FY 06 CAFR uses reporting methods reflected in the Governmental Accounting Standards Board Statement No. 34 (GASB 34), the reporting model for all state and local governments. It is important to note that the CAFR is designed to report historical financial information only and is not designed to report financial projections or budgetary priorities.

We are pleased to report that the Independent Auditor's Report, found on page 1, concluded that the City's financial statements present fairly, in all material respects, the financial position of the City, and its related cash flow and budgetary information. The audit was conducted by KPMG LLP, a certified public accounting firm, under contract with the City Auditor.

The CAFR provides Basic Financial Statements that combine all of the City's assets and liabilities in one consolidated statement. Total City net assets, on an all funds basis, as shown on page 23, were \$3.4 billion as of September 30, 2006, which included \$2.8 billion for enterprise operations such as the Harbor Fund, Water Fund and Tidelands Fund. Net assets increased by \$316.3 million from FY 05 and are in the form of buildings, real property, bond proceeds, funds reserved for capital projects, debt service and grants-funded programs. Most of these funds are restricted by federal or state law and are not available for discretionary use.

As of September 30, 2006, the unreserved fund balance for the General Fund reflects the Emergency Reserve of \$36.9 million, comprised of \$34.4 million designated by the City Council, plus \$2.5 million required by the City Charter, which reflects 10.0 percent of total General Fund expenditures, consistent with the City Council's Financial Policy.

A separately issued Management Letter accompanying the CAFR also provides certain recommendations from KPMG LLP, on how the City can improve its financial reporting and internal controls. City management has reviewed KPMG's recommendations and has responded to each issue in the attached letter.

Separately Issued Financial Reports and Statements

In addition to the CAFR, certain City departments, funds, joint powers authorities, and other subsidiary entities are also required to submit audited annual financial statements including the Harbor Department, Water Department, Redevelopment Agency (submitted under separate cover), Long Beach Housing Development Company, Southeast Resource Recovery Facility (SERRF) Joint Powers Authority, Aquarium of the Pacific and the Gas Enterprise Fund. These separate reports are enclosed and are issued annually to meet distinct legal and financial requirements. The financial statement for Long Beach Transit, a discretely presented component unit of the City, for which the City is the sole shareholder, is also included.

Federal Single Audit

Lastly, the Federal Single Audit required by the Federal Office of Management and Budget for municipalities receiving over \$500,000 annually in federal funds is also enclosed.

Action on this item is not time critical.

There is no fiscal impact associated with this action.

Approve recommendation.

Lori Ann Farrell
City Controller

Michael a. Kollebrew
Director of Financial Management

ATTACHMENTS:

- Comprehensive Annual Financial Report (CAFR) for the City of Long Beach, California
- The Harbor Department Financial Statement
- Comprehensive Annual Financial Report of the Long Beach Water Department
- Redevelopment Agency of the City of Long Beach Annual Financial Report
- The Long Beach Housing Development Company Annual Financial Report
- Southeast Resource Recovery Facility (SERRF) Joint Powers Authority Report
- Aquarium of the Pacific Consolidating Financial Statements
- City of Long Beach Gas Enterprise Fund Annual Financial Report
- Long Beach Transit Comprehensive Annual Financial Report
- Federal Single Audit Report

NAME
TITLE

APPROVED:

ANTHONY W. BATTS
CITY MANAGER

