

CITY OF OAKLAND

AGENDA REPORT

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Finance and Management Agency
DATE: January 22, 2008

RE: **Informational Report presenting the Fiscal Year 2006/2007 Comprehensive Annual Financial Report (CAFR), the Single Audit Report, the Oakland Redevelopment Agency (ORA) Audit Report, and the Management Letter**

SUMMARY

The Finance and Management Agency is pleased to present to the City Council the attached Comprehensive Annual Financial Report (CAFR), the Single Audit Report, the Oakland Redevelopment Agency (ORA) Audit Report and the Management Letter.

The CAFR incorporates the audited basic financial statements of the Oakland Municipal Employees' Retirement System (OMERS), the Police and Fire Retirement System (PFRS), the ORA, and the Port of Oakland.

The Single Audit Report, mandated by the Federal Single Audit Act as amended, is the primary mechanism used by Federal agencies to ensure accountability for Federal Awards. The Single Audit Report includes the City of Oakland's basic financial statements, the Schedule of Expenditures of Federal Awards (SEFA), and the supplemental schedules for the State of California Department of Community Service and Development (CSD); Community Service Block Grant (CSBG), and the Alameda County Awards.

The ORA Audit Report provides an overview of the Redevelopment Agency financial activities and includes the acquisition of the Oakland Army Base Reuse Authority properties during the fiscal year ended June 30, 2007.

The Management Letter outlines the Auditor's responsibility, provides advice on accounting policies, and makes recommendations designed to improve operational efficiencies and further strengthen internal controls.

The Auditor's unqualified opinion letters for the various audit reports mentioned above declared that the basic financial statements contained therein accurately represent the financial condition of the City as of June 30, 2007.

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FISCAL IMPACT

This is an informational report only; there is no fiscal impact.

BACKGROUND

■ The Comprehensive Annual Financial Report

The CAFR is presented in three sections:

- ▶ **Introductory Section:** This section includes information about the organizational structure of the City, including an overview of the City and its economy, and general government operations. This section also summarizes the Mayor's priorities, the data reflecting the City's financial long term plans and the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the previous fiscal year.
- ▶ **Financial Section:** This section includes Independent Auditor's Report and the Management's Discussion and Analysis (MD&A), as required by GASB 34. The MD&A provides financial highlights and an analytical overview of the City's financial activities. The Basic Financial Statements include the government-wide financial statements that present an overview of the City's entire financial operations. The fund financial statements present financial information for each of the City's major funds as well as non-major governmental funds. Capital Assets, including infrastructure, and the liability for the City's long-term debt are included in the Statement of Net Assets. Also incorporated in the City's basic financial statements are the audited financial statements for the OMERS, PFRS, ORA and the Port of Oakland.
- ▶ **Statistical Section:** This section provides ten years of summary financial data, as well as demographic, economic, and statistical information related to the City and its operations.

■ The Single Audit Report

The Single Audit Report is a requirement for entities that expend \$500,000 or more a year in Federal awards and is the primary mechanism used by Federal agencies to ensure accountability for Federal Awards. The Single Audit includes the City of Oakland's Basic Financial Statements, the Schedule of Expenditures of Federal Awards (SEFA), and the supplemental schedules for the State of California Department of Community Service and Development (CSD), Community Service Block Grant (CSBG) and the Alameda County Awards

The Single Audit must be conducted in accordance with the Government Auditing Standards and the provisions of the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement.

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■ **The Management Letter**

The Management Letter is required by professional auditing standards. The letter outlines the Auditor's responsibility, provides advice on accounting policies, evaluates accounting estimates, proposes audit adjustments, and outlines difficulties in performing the audit.

The Management Letter is intended solely for the information and use of the City Council, the Finance Committee, the Federal grantor agencies, and the management of the City and is not intended to be and should not be used by anyone other than these specified parties.

Macias, Gini & O'Connell LLP, an accounting firm engaged by the City performed the audits of Comprehensive Annual Financial Report (CAFR), the Single Audit Report, the Oakland Redevelopment Agency (ORA) Audit Report and they also performed audits on the Measure Y – Violence Prevention and Public Safety Act of 2004 Audit Report and the Oakland Wildlife Prevention Assessment District Audit Report. Macias, Gini & O'Connell LLP conducted a separate audit of the Port of Oakland utilizing a different team of auditors.

Yano Accountancy performed the audits of the Oakland Municipal Employees' Retirement System (OMERS), and the Police and Fire Retirement System (PFRS).

SUSTAINABLE OPPORTUNITIES

None

DISABILITY AND SENIOR CITIZEN ACCESS

There are no ADA or senior access issues contained in this report.

RECOMMENDATION(S) AND RATIONALE

Staff recommends that the City Council accept the June 30, 2007 City of Oakland Comprehensive Annual Financial Report (CAFR), the Single Audit Report, the Oakland Redevelopment Agency (ORA) Audit Report, and the Management Letter.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council accept the June 30, 2007 City of Oakland Comprehensive Annual Financial Report (CAFR), the Single Audit Report, the Oakland Redevelopment Agency (ORA) Audit Report, and the Management Letter.

Respectfully submitted,

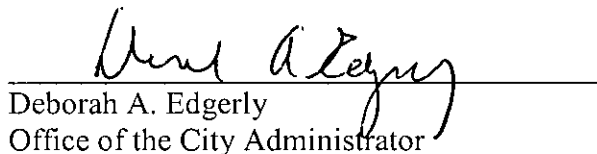

William E. Noland

Director, Finance and Management Agency

Prepared by:
Ace A. Tago, Controller
Finance and Management Agency

Attachments:
Comprehensive Annual Financial Report (CAFR)
Single Audit Report
Oakland Redevelopment Agency (ORA) Audit Report
Management Letter

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE:


Deborah A. Edgerly
Office of the City Administrator

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Finance and Management Committee
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