

Agenda Report

ATTN: FINANCE COMMITTEE

TO: CITY COUNCIL

DATE: January 3, 2000

FROM: CITY MANAGER

SUBJECT: FY 1999 ANNUAL FINANCIAL REPORTS

RECOMMENDATION:

It is recommended that the following reports for the year ending June 30, 1999 be received by the City Council:

- Comprehensive Annual Financial Report
- Single Audit Reports
- Pasadena Community Development Commission Annual Financial Report
- Agreed-Upon Procedures Applied to Appropriation Limit Worksheets
- Independent Auditors' Report on the Internal Control over AB2766 and the Report on Compliance with Laws and Regulations Required by AB2766
- Management Letter
- Finance Committee Letter from KPMG regarding the conduct of their audit.

BACKGROUND:

Comprehensive Annual Financial Report

Section 907.5 of the City Charter requires that within four months after the close of each fiscal year, the Director of Finance shall compile and deliver a financial report to the Council, which shall be available to the public. This report was delivered to the Council prior to October 31, 1999.

In addition, Section 912 of the City Charter requires that an independent audit of the City's records, books, and inventories be conducted and a report issued thereon. Attached please find the audited Comprehensive Annual Financial Report for the year ending June 30, 1999.

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Single Audit Reports

The Single Audit Act of 1984 and Single Audit Act Amendments of 1996 establish uniform audit requirements for local governments expending federal awards greater \$300,000 in a year. The audit is on an "entity-wide" basis and imposes additional requirements in relation to testing of, and reporting on, internal control and compliance with laws and regulations. Attached, please find the Single Audit Reports for the year ended June 30, 1999.

Pasadena Community Development Commission Financial Statements

In accordance with the California Health and Safety Code Section 33080.1, a redevelopment agency shall present to its legislative body an annual independent financial audit report for the previous fiscal year. The report should present the results of the operations and financial FY 1999 Annual Financial Reports position of the agency, including all financial activities with moneys required to be held in a separate Low and Moderate Income Housing Fund pursuant to Section 33334.3. Attached, please find the Pasadena Community Development Commission Annual Financial Report for the year ended June 30, 1999. The bound report also includes the *Report of Independent Auditors On State Compliance* and the *Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of Financial Statements Performed in Accordance With Government Auditing Standards*.

Agreed-Upon Procedures Applied to Appropriations Limit Worksheets

KPMG have performed procedures, which were agreed to by the League of California Cities, to verify the compliance with the requirements of Section 1.5 of Article XIII B of the California Constitution. This article requires the City to calculate and adopt annually the limit to which the City can earn tax revenue and ensure the limit is not exceeded. Attached, please find the bound report for the year ending June 30, 1999.

Independent Auditors' Report on the Internal Control over AB2766 and the Report on Compliance with Laws and Regulations Required by AB2766

Health and Safety Code Section 44244.1, enacted by Assembly Bill 27766 (AB 2766), requires an audit at least once every two years of each program or project funded by any agency receiving over \$100,000 in motor vehicle registration fee revenue. The bill requires an audited financial statement for motor vehicle registration fee (AB2766) revenues with a report on internal controls over AB2766 funds and a report on compliance with laws and regulations required by AB2766. Please find this report attached for the year ending June 30, 1999.

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Management Letter

The management letter identifies certain matters involving the internal control structure and other operational matters and includes comments and recommendations for improvement. These comments and recommendations have been discussed with the appropriate members of management.

Finance Committee Letter

Under generally accepted auditing standards, the City's auditors', KPMG, have prepared a letter to assist management in discharging its responsibility for overseeing financial reporting. The letter is required to address such topics as the auditor responsibility, accounting policies, estimates, disagreements, opinion shopping and difficulties.

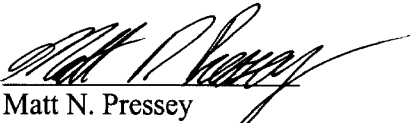
FISCAL IMPACT:

There is no fiscal impact as result of this report. Particular attention should be paid to the transmittal letter and the Notes to the Financial Statements.

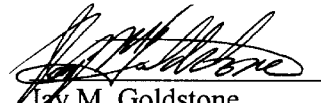
Respectfully submitted,


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