CITY OF EMERYVILLE

MEMORANDUM

DATE: February 27, 2012

TO: Finance Committee

FROM: Karan Reid, Chief Financial Officer

SUBJECT: Follow-up from November 21, 2012 Meeting:
- ECDC Report on Progress on June 30, 2011 Audit Findings
- Letter to GASB
- ENEWS Solicitation of Interest for CAFR Presentation

Discussion:

At its November 21, 2011 meeting, the Finance Committee requested staff to follow-up on several items. The status is summarized below.

ECDC Report on Progress on Audit Findings

After presentation of the June 30, 2011 audit report, the Finance Committee requested Emeryville Child Development Center (ECDC) staff prepare a mid-year report on progress on audit findings discussed in the June 30, 2011 compliance audit report. A separate report, along with a copy of the audit, is attached.

Letter to GASB

The Finance Committee requested staff prepare a letter to the Governmental Accounting Standards Board (GASB) regarding its financial reporting requirements. On December 20, 2011, the City Council of the City of Emeryville authorized the Mayor to sign a letter voicing the City's disapproval with GASB's reporting requirements for municipal governments and communicating that GASB was not successful in its attempt to make the financial statements easier to read and more transparent. A copy of the approved letter is attached. No response has been received from GASB.

Solicitation of Interest in a Public CAFR Presentation

The Finance Committee requested staff include an article for the City's ENEWS soliciting interest in a public presentation on the City's Comprehensive Annual Financial Report (CAFR). On December 13, 2011, staff included an article in the City's ENEWS soliciting interest in a brief presentation on the City's CAFR. ENEWS is the City's electronic newsletter published twice a month and sent to 950 individuals who have subscribed to the service. To date, the City Clerk's office has received 4 responses, 2 expressing interest in attending a CAFR overview and 2 expressing no interest in attending such a session. A copy of the article is attached.

Attachments:

ECDC Report on Progress on 6/30/11 Audit Finding
June 30, 2011 ECDC Audit
GASB Letter approved by City Council
ENEWS Article soliciting interest in CAFR presentation

CITY OF EMERYVILLE

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December 20, 2011

Governmental Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, Connecticut 06856-5116

Madam and Sirs:

On behalf of the City Council of the City of Emeryville I am writing this letter to express our extreme displeasure with the GASB 34 reporting requirements.

In June 1999, the GASB board unanimously approved Statement No. 34 "Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments." The primary objective of GASB 34 as defined in the Introduction to the Statement is "to enhance the understandability and usefulness of the general purpose external financial reports of state and local governments to the citizenry, legislative and oversight bodies, and investors and creditors."

This reporting model enhances neither understandability nor usefulness to the reader; in fact, the statements are now more difficult to read.

The flow of the statements is disrupted by the presentation of Major versus Non- Major funds and makes it difficult to locate specific fund information. The restrictions placed on what information can be included in Management's Discussion and Analysis, as well as how that information is described, make it difficult to relate the City's financial picture in a simple and transparent manner.

We are in full support of transparency, accountability, understandability and usefulness in financial reporting but the current reporting model has only succeeded in obscuring, not enhancing, the financial picture of local and state governments.

Sincerely,

Mayor Jennifer West

ENEWS
December 13, 2011

Tagline: New Mayor and Vice Mayor!

Feature Article

Interested in Knowing More About the City's Finances?

At its December, 20, 2011 meeting, the City Council will review the City's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011. The draft CAFR can be viewed as part of the December 20th City Council agenda packet [http://www.emeryville.org/media]the Friday before the City Council meeting. After the CAFR is adopted by the City Council, a copy will be placed on the City's website. [http://www.ci.emeryville.ca.us/index.aspx?nid=378]. Overall, the City ended the year ahead of last year.

The CAFR is a complex document that provides detailed audited information on the City's finances. For more than a decade, the City of Emeryville has received a state award from the statewide financial officers association for the excellence of the City's CAFR document. Now, as part of continuing efforts to make all of the City's workings as open and transparent as possible, the City Council is considering whether to hold a special City Council workshop on a Saturday or non-City Council weekday as an opportunity for the public to receive a more comprehensive presentation and have a greater discussion on the CAFR than is possible during a regular City Council meeting.

Please take about one minute to complete a survey [https://www.surveymonkey.com/s/PDMJ7VX]that asks just two questions: 1) would you be interested in attending a workshop on the City's financial statement? and 2) if you are interested in attending, would you prefer a Saturday morning or non-City Council weekday evening workshop?

If you have any questions, please contact Karan Reid, Chief Financial Officer by email kreid@emeryville.org or by phone: 510) 596-4352 or Karen Hemphill, City Clerk [khemphill@emeryville.org] or phone (510) 596-4372.