



Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

FROM: Julia Cooper

SUBJECT: SEE BELOW

DATE: October 10, 2018

Approved

D. D. Syl

Date

10/12/18

**SUBJECT: UPDATE TO THE AUGUST – DECEMBER 2018 PUBLIC SAFETY,
FINANCE AND STRATEGIC SUPPORT COMMITTEE WORK PLAN**

RECOMMENDATION

Amend the August – December 2018 Public Safety, Finance and Strategic Support Committee work plan to drop the following items from the November 15, 2018 agenda and report directly to the City Council on December 11, 2018:

2018 Comprehensive Annual Financial Report. (Finance)

Purpose: To provide the Comprehensive Annual Financial Report (CAFR) for the City of San José for Fiscal Year ended June 30, 2018.

2018 External Auditor's Reports. (Finance)

Purpose: To provide the Single Audit Report for the Basic Financial Statements with Federal and Airport Compliance Sections for the Fiscal Year Ended June 30, 2018, and the External Auditor's Report to Management addressed to the Public Safety, Finance, and Strategic Support Committee for Fiscal Year Ended June 2018.

2018 Comprehensive Annual Debt Report. (Finance)

Purpose: To provide the Comprehensive Annual Debt Report (CADR) for the City of San José for Fiscal Year ended June 30, 2018.

BACKGROUND

2018 Comprehensive Annual Financial Report and 2018 External Auditor's Report

The schedule for the preparation and production of the FY 2018 Comprehensive Annual Financial Report ("CAFR") and the External Auditor's Reports was prepared last spring in consultation with our outside auditors, Macias, Gini & O'Connell ("MGO"). For the last several

years, it has not been possible to bring the CAFR and the External Auditor's Reports to the PSFSS Committee given the CAFR production timing, the timing of the November PSFSS Committee meeting and the need to have the reports presented to the City Council prior the end of December to meet our ongoing municipal market disclosure obligations. The Finance Department's preference is to have CAFR and External Auditor's Reports presented to the PSFSS Committee to allow for a more detailed presentation.

Last spring, the Finance Department had full staffing in the key accounting management positions. Since that time, key seasoned management positions have resigned from City service (Deputy Director, Accounting and a Principal Accountant) and another key management position is on medical leave. The Finance Department has worked to fill the vacancies with temporary staff, but loss of institutional knowledge has slowed the CAFR production process. This coupled with many adjustments post year-end has elongated the CAFR production process. As a result of this delay, the Finance Department will present the CAFR and External Auditor's Reports to the full City Council on December 11, 2018.

2018 Comprehensive Annual Debt Report

The Comprehensive Annual Debt Report ("CADR") is prepared each year as a summary of the City's outstanding debt portfolio. The information presented in the CADR is contained in the CAFR at a summary level. To ensure both documents are consistent, they are prepared and finalized in tandem. Given the delay in the production of the CAFR, the CADR presentation to the PSFSS Committee is recommended to be dropped and added to the December 11, 2018 presentation to the full City Council.

/s/

JULIA H. COOPER
Director of Finance

For questions please contact Julia Cooper, Director of Finance, at 408-535-7011.