



Information Item

Date: January 27, 2009

To: Mayor and City Council
From: Carol Swindell, Director of Finance/City Treasurer
Subject: Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ending June 30, 2008

Introduction

This report transmits and provides information concerning the City's Comprehensive Annual Financial Report (CAFR), the annual report of the financial status of all City funds, for the year ended June 30, 2008.

Discussion

Each year the Finance Department prepares a CAFR which includes basic financial statements and sufficient disclosures to enable a reader to gain an understanding of the City's financial condition as of the end of each fiscal year. As required by the City Charter, Mayer Hoffman McCann, P.C., independent auditors, audited these financial statements and issued an unqualified (clean) audit opinion. Because no matters came to the attention of the auditors during the audit that require additional attention by the City, no management letter was issued for the fiscal year ended June 30, 2008.

Financial Highlights

With \$1.9 billion in reportable assets and \$.4 billion in liabilities, the City's net assets remained essentially unchanged at June 30, 2008, compared to the prior year. During the fiscal year, the General Fund, the City's major operating fund, realized revenues in excess of budgeted revenues and expended less than appropriations, leaving the General Fund with an ending unreserved and undesignated fund balance of \$5.2 million.

A summary overview and analysis of the City's financial activities for the fiscal year ended June 30, 2008, can be found immediately following the independent auditors' report in the form of Management's Discussion and Analysis (MD&A). The Letter of Transmittal complements the MD&A and should be read in conjunction with it.

Other Post Employment Benefits (OPEB)

During the fiscal year ended June 30, 2008, the City, as required by GASB 45, "Accounting and Financial Reporting for Employers for Postemployment Benefits Other than Pensions," changed its method of accounting for postemployment benefits other than pensions. A net OPEB obligation of \$1.2 million has been established on the government-wide financial statements as an estimation of the level of funding that would be required on an on-going basis to fully fund other post employment benefits, with the majority (95%) of this liability associated with the cost of allowing all retirees to continue to participate in one of the City's health plans at the same rate as active employees.

Summary

The City's CAFR is attached to this information item and can be accessed online at http://www.smgov.net/finance/financial_operations/index.htm.

Attachment: Comprehensive Annual Financial Report