

*City of San José*

*Comprehensive Annual Financial Report*

*Fiscal Year 2011-2012*

*Item 3.6*

*December 4, 2012*

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**Auditor's  
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## **Scope**

Government-Wide and Fund Financial Statements

## **Results**

Unqualified or "clean" opinion

## **Other Matters**

- Dissolution of the Redevelopment Agency
- Agency Housing Set-Aside Tax Allocation Bonds Special Termination Event
- Uncertainties related to certain assets and obligations of the former Agency
- Funded Status of the City's Defined Benefit Pension Plans and Postemployment Health Care Plans

# Statement of Net Assets

As of June 30, 2012

(dollars in thousands)

	<u>2011</u>	<u>2012</u>
<b>ASSETS</b>	\$ 11,689,201	11,158,847
<b>LIABILITIES</b>	6,040,737	3,749,170
<b>NET ASSETS</b>	<u>\$ 5,648,464</u>	<u>7,409,677</u>
<b><u>NET ASSETS:</u></b>		
<b>INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT</b>	\$ 4,700,475	6,210,058
<b>UNRESTRICTED</b>	203,214	131,749
<b>RESTRICTED</b>	744,775	1,067,870
<b>TOTAL NET ASSETS</b>	<u>\$ 5,648,464</u>	<u>7,409,677</u>

# Summary of the City's Extraordinary "Gain"

(\$ in thousands)

Transfers out of the former Agency's assets and liabilities	
Non capital assets	\$ (224,967)
Capital assets	(180,407)
Other liabilities	196,045
Long-term liabilities (including demand bonds)	2,313,331
Transfers of liabilities in excess of assets	<u>2,104,002</u>
Transfers out of Housing Activities Fund's cash to pay SARA's enforceable obligations	(6,863)
Invalidation of loans and interest between the former Agency and the City	
Loans funded and/or assumed by the General Fund	(18,820)
Loans funded from the Parking System Fund	(13,528)
Accrued interest on SERAF Loans in excess of the LAIF rate	(2,940)
City's loss from invalidation of loans and interest	<u>(35,288)</u>
Extraordinary gain from dissolution of the Redevelopment Agency	<u>\$ 2,061,851</u>

# General Fund Comparison With Prior Year

(dollars in thousands)

	<u>2011</u>	<u>2012</u>	<u>% Change</u>
<b>Total revenues</b>	680,809	721,874	6.03%
<b>Total expenditures</b>	685,075	686,647	0.23%
<b>Extraordinary loss</b>	-	(18,820)	
<b>Net change in fund balance</b>	(4,266)	16,407	484.60%
<b>GAAP Fund balance - beginning</b>	170,887	166,621	-2.50%
<b>GAAP Fund balance - ending</b>	166,621	183,028	9.85%
<b>Budgetary Fund Balance</b>	136,530	171,680	25.75%
<b>Budgetary to GAAP Difference*</b>	<u>(30,091)</u>	<u>(11,348)</u>	

\* *Budgetary to GAAP differences primarily attributable to encumbrances and the \$18.8 million extraordinary loss*

# General Fund Balance

(dollars in thousands)

Nonspendable	\$	13
Restricted		392
Committed		63,014
Assigned		70,236
Unassigned		49,373
Total fund balance	\$	<u>183,028</u>

# Future Pronouncement Effecting the City's Financial Reporting (GASB 68)

- Current:

Annual required contribution

Less: Actual contributions

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Net pension obligation

New:

Total pension liability

Less: Fiduciary net position

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Net pension liability

# Events Subsequent to June 30, 2012

- Tax and revenue anticipation notes for \$100 million
- Airport debt refunding of \$49.1 million

# Recommendation

City Council acceptance of:

- Comprehensive Annual Financial Report for FY 2011-2012 (Item 3.6)
- Basic Financial Statements for the Redevelopment Agency of the City of San José and the Successor Agency to the Redevelopment Agency (Item 9.1)