



Agenda Item 5

December 10, 2012

ITEM NAME: Comprehensive Annual Financial Report Financial Section

PROGRAM: Administration

ITEM TYPE: Action

RECOMMENDATION

Approve the draft Comprehensive Annual Financial Report (CAFR) 2011/12 Financial Section, as prepared by management, for the fiscal year ended June 30, 2012.

EXECUTIVE SUMMARY

Staff have completed the Draft CAFR Financial Section 2011/12 (statements) and will be providing a brief presentation.

STRATEGIC PLAN

This agenda item is not a specific product of the Strategic Plan but is part of the ongoing work in Fiscal Services Division.

BACKGROUND

Pursuant to Section 7504 of the Government Code, all State and local public retirement systems shall submit audited financial statements to the State Controller at the earliest practicable opportunity within six months of the close of each fiscal year. Management is responsible for accurate preparation of the statements in accordance with generally accepted accounting principles. A draft copy of the basic financial statements is attached to this agenda item as Attachment A.

Pursuant to the Governance Policy shared with the Board Governance Committee in late 2011, new roles and powers were established for the Board of Administration (Board) and its committees. Pursuant to the Board Resolution Delegation: "the Risk and Audit Committee is authorized to.....approve the Comprehensive Annual Financial Report (CAFR)."

ANALYSIS

As part of the transition and implementation to the new Risk and Audit Committee, the Financial Office will be providing a brief presentation of the basic financial statements for fiscal year (FY) 2011-12. At the November 12, 2012 Finance and Administration Committee, the draft financial statements were presents as an informational item. For subsequent years, approval of the draft financial statements will be requested at the Finance and Administration

Committee and the approval of the financial statement audit will be requested at the Risk and Audit Committee.

BENEFITS/RISKS

This annual item presents the financial position of the fiduciary and proprietary funds of the enterprise as of June 30, 2012, and the changes in financial position of the Fiduciary funds and changes in financial position and cash flows of the proprietary funds for the year then ended. In addition to providing historical information, it provides forward looking statements, actual results, performance, and achievements. As a result, this item helps provide transparency.

ATTACHMENT

Attachment A- Draft copy of the Basic Financial Statements

DAVE G. CORNEJO, Assistant Division Chief
Fiscal Services Division

RUSSELL G. FONG, Division Chief
Fiscal Services Division

CHERYL EASON
Chief Financial Officer