THE CITY OF SAN DIEGO

REPORT TO THE CITY COUNCIL

DATE ISSUED: October 11, 2006 REPORT NO: 06-141
ATTENTION: Council President Peters and the City Council
ORIGINATING DEPARTMENT: Mayor's Office
SUBJECT: Council Approval of use of the Draft 2003 Comprehensive Annual Financial Report (CAFR) by KPMG
COUNCIL DISTRICT(S): All
CONTACT/PHONE NUMBER: Jay Goldstone / 236-5941

REQUESTED ACTION: Approve submittal of the Fiscal Year 2003 Draft Comprehensive Annual Financial Report to the City's outside Auditor, KPMG, based on the Chief Financial Officer's representations as to its accuracy and reliability.

STAFF RECOMMENDATION: Approve the Resolution

EXECUTIVE SUMMARY: Currently, the Municipal Code does not require the City Council to approve the Comprehensive Annual Financial Report. In the past, the City Council did not provide input to the CAFR preparation process, and the City Council was provided with the document once it had been certified as "complete" by the City's outside auditor through issuance of their final opinion letter.

Since the CAFR is an integral part of the financial information provided as part of any bond offering, the Kroll Report recommends "the City Council should review and approve its use". The Mayor agrees that it is prudent to expand the City Council's role in reviewing and approving use of the CAFR document, and that this review and opportunity for input should occur prior to "completion", as reflected by issuance of the outside auditor final opinion letter. Today's action requests Council approves the Fiscal Year 2003 Draft Comprehensive Annual Financial Report for use by KPMG in completing its outside audit function.

FISCAL CONSIDERATIONS: Finalization of the City's Comprehensive Annual Financial Reports is necessary for the City to reenter the public financial market.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: N/A

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: Once the final opinion letter is received from KPMG, which is anticipated by approximately October 27th, 2006, the City Auditor and Comptroller will request the Audited CAFR be placed on the agenda for a public hearing in an open session of the City Council.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:
Residents of the City of San Diego

Chief Financial Officer
Jay M. Goldstone

Note: the complete unaudited draft of the City's Fiscal Year 2003 Comprehensive Annual Financial Report is available for review in the City Clerk's Office or can be viewed electronically via the following link: www.sandiego.gov/budget/reports/pdf/fy03cafr.pdf