

EXECUTIVE SUMMARY

Process for Filing Audited FY 2010 CAFR on Electronic Municipal Market Access (EMMA) System

OFFICE OF THE INDEPENDENT BUDGET ANALYST REPORT

Date Issued: April 29, 2011

IBA Report Number: 11-26

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Item Number: 2b

In response to a request from Councilmember DeMaio at the Audit Committee meeting on April 11, 2011, the IBA and the Office of the City Auditor have reviewed issues related to transmitting the FY 2010 CAFR to EMMA before additional internal review by the Audit Committee and City Council. We considered trade-offs between additional internal review (beyond the draft CAFR review options for the Audit Committee discussed in this report) and further delays in transmitting the audited CAFR to the financial markets.

Our offices recommend following the approach provided by the City's Disclosure Counsel and Independent Consultant in 2009 in order to immediately convey, rather than further delay, important City information to the financial markets. The language recommended by the City's Disclosure Counsel to accompany the EMMA filing informs and assures investors that any material changes to the CAFR attributable to additional Audit Committee or City Council review will be highlighted in a subsequent filing.

Given the challenges associated with public review/discussion of unaudited draft CAFRs by the Audit Committee or City Council, the IBA and City Auditor further recommend the Audit Committee consider existing Municipal Code provisions, management practices and the prior CAFR review suggestion presented in this report. In particular, we suggest 1) assigning a Committee member to attend DPWG meetings where the draft CAFR is reviewed and 2) taking time to review the substantially final draft CAFR before the audit opinion is issued. These opportunities will help the Audit Committee to better understand the City's CAFR development and review processes before an audit opinion is issued.