



City of Costa Mesa

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 21-538

Meeting Date: 1/18/2022

TITLE:

COSTA MESA FINANCING AUTHORITY FISCAL YEAR 2020-2021 AUDITED FINANCIAL STATEMENTS

DEPARTMENT: FINANCE DEPARTMENT

PRESENTED BY: CAROL MOLINA, FINANCE DIRECTOR

CONTACT INFORMATION: CAROL MOLINA, FINANCE DIRECTOR, (714) 754-5243

RECOMMENDATION:

Staff recommends that the City Council and Costa Mesa Financing Authority receive and file the Costa Mesa Financing Authority's audited financial statements for the fiscal year ended June 30, 2021.

BACKGROUND:

The Costa Mesa Financing Authority was created by a joint powers agreement between the City of Costa Mesa and the Costa Mesa Housing Authority, dated August 1, 2017. It was created pursuant to Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California to provide financing for capital improvements, acquisition of capital improvements, and the purchase of local obligations.

Following the close of each fiscal year, the City retains an independent public accounting firm of licensed certified public accountants to complete an audit of the City's financial records, including the Costa Mesa Financing Authority. The goal of the audit is to provide a reasonable assurance from an independent source that the information presented in the financial statements is reliable and free of material misstatement. The City retained Davis Farr, LLP to complete the audit for the fiscal year ended June 30, 2021.

ANALYSIS:

The Financing Authority received an unmodified opinion from Davis Farr LLP. This is the highest and cleanest attestation report given by independent auditors.

In Fiscal Year 2020-21, the Financing Authority continued to support debt service payments for the 2017 Lease Revenue Bonds, which were originally issued in October 2017 to fund the Donald Dungan Library, Neighborhood Community Center and Lions Park projects; and to advance refund the 2007 Certificates of Participation. At June 30, 2021, the 2017 bonds outstanding principal was \$24.9 million.

ALTERNATIVES:

The audited financial statements are required in order to comply with Governmental Accounting Standards Board (GASB) and Generally Accepted Accounting Principles (GAAP) requirements. Hence, the reports are presented to the City Council for receive and file purposes.

FISCAL REVIEW:

There is no fiscal impact associated with receiving and filing the report.

LEGAL REVIEW:

The City Attorney's Office has reviewed the report, and approves the report as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This staff report achieves the following City Council Goal(s):

- Achieve Fiscal Sustainability

CONCLUSION:

Staff recommends that the City Council and Costa Mesa Financing Authority receive and file the Costa Mesa Financing Authority's audited financial statements for the fiscal year ended June 30, 2021.