

City of Costa Mesa Earns Highest Award in Government Accounting and Financial Reporting

The City of Costa Mesa celebrated another financial accolade this week from the Government Finance Officers Association (GFOA) of the United States and Canada for its Excellence in Financial Reporting award, the highest form of recognition in the area of governmental accounting and financial reporting a City can receive.

The Certificate of Achievement award, which the City of Costa Mesa has received for 24 consecutive years, is for the City's Annual Comprehensive Financial Report for the fiscal year ending June 30, 2021.

"I thank the GFOA for this prestigious recognition," Mayor John Stephens said. "This further demonstrates that we fulfilled our stated City Council goal to achieve long-term fiscal sustainability. I'm proud of my City Council colleagues as well as our City staff for making tough decisions at the right time to ensure Costa Mesa has a bright financial future."

The Government Finance Officers Association of the United States and Canada praised the City for achieving this excellence award.



“This represents a significant accomplishment by Costa Mesa and its management,” said Michele Mark Levine, Director of Technical Services for the GFOA. “The report has been judged by an impartial panel to meet the high standards of the program, which includes demonstrating a constructive “spirit of full disclosure” to clearly communicate the City’s financial story.”

The Achievement of Excellence Award is one of many financial wins by the City of Costa Mesa, which was one of only two cities in the county to balance its budget without the use of reserves during the COVID-19 pandemic. In fact, not only did the City not use its General Fund reserves, it increased its reserves due to strong internal controls and ongoing financial prudence. With a General Fund reserve balance of \$53.5 million, Costa Mesa has emergency reserves equaling 36 percent of its General Fund expenditures, almost three times the industry baseline of 10 percent.

And the news continues to be bright as the preliminary fiscal year end numbers for the fiscal year ending June 30, 2022 shows the City will post a surplus of approximately \$3.6 million. Additionally, \$1.5 million was deposited into a Section 115 Trust Fund to help prepay the City’s pension liabilities earlier this year.

Standard & Poor’s Global Ratings reaffirmed the City’s AA+ long-term rating on the Costa Mesa Financing Authority lease revenue bonds in December of 2020. Standard & Poor’s cited the City’s very strong economy, management, financial policies and practices, budgetary flexibility, liquidity with total governmental available cash at 60.9% of total governmental fund expenditures, and strong institutional framework as contributing factors to its outstanding credit rating.

S&P is considered the largest of the country’s Big Three credit-rating agencies, which also include Moody’s Investors Service and Fitch Ratings.