



**DATE:** April 15, 2025

**TO:** Mayor and City Council

**FROM:** Director of Finance

**SUBJECT**

Adopt a Resolution Accepting and Filing the Annual Comprehensive Financial Report for the Year Ended June 30, 2024 and Required Communications

**RECOMMENDATION**

That the Council adopts the attached Resolution (Attachment II) to receive and file the City's Annual Comprehensive Financial Report (ACFR) (Attachment III) for the fiscal year ended June 30, 2024.

**SUMMARY**

Each year, the City conducts an independent financial audit, which is performed by an external contractor. Auditing standards require auditors to formally communicate the results directly to the agency's governing body; to establish direct and effective two-way communication with Council and staff, convey audit matters, the scope of work, difficulties encountered, adjustments to financial statements, or any possible disagreements with management. As in previous years, the auditor's opinion on the City's financial statements for fiscal year 2024 is without exception and is unmodified.

**BACKGROUND**

The City's independent external auditor, Maze and Associates, has completed its audit of the City's financial statements for the fiscal year ended June 30, 2024. The Annual Comprehensive Financial Report (ACFR) is the overall financial report for the entire city organization including the General Fund, Water, Sewer, Airport, all other enterprise, special revenue and capital funds and provides information about the financial results of operations and numerous required disclosures.

This is the financial report prepared by the City and audited by the independent auditors to provide reasonable assurance that the financial statements are fairly presented in accordance with generally accepted accounting principles (GAAP) in the United States. This report

contains the Independent Auditors' Report, which is prepared by the auditors based on their examination of the City's financial transactions for the fiscal year ending June 30, 2024.

The ACFR shows the total of all financial accounting for the fiscal year. The financial reporting provided in the ACFR is made up of three primary sections:

- **Introductory Section:** provides general information about the City, including the letter of transmittal, list of principal officers, and an organization chart.
- **Financial Section:** provides the overall financial information for the City, including the report of the independent auditor, management's discussion and analysis (MD&A), the basic financial statements, notes to the basic financial statements, required supplementary information, and other supplementary statements and schedules.
- **Statistical Section:** provides a broad range of operational, economic, and historical data providing context for assessing the City's fiscal condition. This section provides information about general financial trends, revenue and debt capacities, economic and demographic trends, and operating information.

## DISCUSSION

**Annual Comprehensive Financial Report** – Staff is pleased to report that, as in previous years, the auditor's opinion on the financial statements for fiscal year 2023 is without exception and is unmodified. That is, the auditor's report is not restricted (modified) in any manner, nor does it take exception with any of the information contained in the City's financial statements. While a modification or exception is not necessarily detrimental, the ability to report that the City's financial statements continue to earn a "clean opinion" is a positive statement about the City's financial management and oversight.

Staff has submitted the fiscal year 2024 ACFR to the Government Finance Officers Association (GFOA) award program, a national award recognizing conformance with the highest standards for preparation of local government financial reports. The City of Hayward has received this award for the last thirty-seven consecutive years.

**Communication Letters from Auditors** – The *Required Communications* letter is intended to identify any communication issues and present new accounting standards pronouncements that may affect the audit. The auditors did communicate areas where improvements could be made as a result of turnover in multiple key accounting positions within the department of finance. Staff has already addressed these issues and put policies into place to avoid a repeated occurrence for Fiscal Year 2024-25.

## Financial Highlights

- At the close of Fiscal Year 2024-25 the City's total net position was \$578.2 million. Excluding net pension liability, \$420.6 million is unrestricted and available to meet the City's ongoing obligations to residents and creditors.
- The City's total net position decreased by \$6.6 million over fiscal year 2024. Governmental activities, including the General Fund, decreased by \$14.6 million and Business-type activities increased by \$8 million.
- Total fund balance for General Fund, inclusive of Measure C is \$59.8 million, an increase of \$0.8 million over the fiscal year 2023. Of the total, the General Fund ending fund balance is \$42.6 million and Measure C ending fund balance is \$17.2. The total fund balance is comprised of \$10.6 million in non-spendable, \$17.5 million in assigned and \$31.6 million in spendable fund balance designated for contingencies, economic uncertainty, emergencies and liquidity by City Council.
- The City's enterprise funds, including Sewer, Water, Stormwater, and Airport reported a combined ending net position of \$399.8 million; an increase of \$8 million from the previous year.

## STRATEGIC INITIATIVES

This agenda item is a routine operational item that does not relate to any of the Strategic Initiatives.

## FISCAL IMPACT

There is no direct fiscal impact resulting from the approval of the annual audit.

## PUBLIC CONTACT

On November 20, 2024, Maze & Associates presented to the Council Budget and Finance Committee an overview of the fiscal year 2024 audit process and the role of the external auditor.

*Prepared by:* Christina Crosby, Deputy Director of Finance  
*Recommended by:* Sharif Etman, Interim Director of Finance

Approved by:



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Dr. Ana M. Alvarez, City Manager