



DATE: March 26, 2024

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, 2023; and of the Memorandum on Internal Control and Required Communications

RECOMMENDATION

That the Council adopts a Resolution (Attachment II) to receive and file the City's Annual Comprehensive Financial Report (ACFR) (Attachment III) for the fiscal year ended June 30, 2023.

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 2023 is without exception and is unmodified. There were no significant findings with respect to either the City's FY 2022 financial statements or FY 2023 statements.

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, 2023. The City's Annual Comprehensive Financial Report (ACFR) represents all funds of the City, including the General Fund, Water, Sewer, Airport, all other enterprise, special revenue and capital funds.

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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 2023 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-eight 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 auditor did not report any difficulties in performing the audit or any disagreements with management.

FY 2023 Finding

There were no significant audit findings.

FY 2022 Finding

There were no significant audit findings.

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 1, 2023, Maze & Associates presented to the Council Budget and Finance Committee an overview of the fiscal year 2023 audit process and the role of the external auditor.

Prepared by and Recommended by: Nicole Gonzales, Director of Finance

Approved by:

A handwritten signature in black ink, appearing to read 'Kelly McAdoo', with a long horizontal stroke extending to the right.

Kelly McAdoo, City Manager