

Finance and Administrative Services Department

**DATE:** March 20, 2024

**TO:** Council Finance Committee

**FROM:** Helen He, Accounting Manager  
Derek Rampone, Finance and Administrative Services Director

**SUBJECT:** Review of Fiscal Year 2022-23 Single Audit Report

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**RECOMMENDATION**

Review and discuss the City's Single Audit Report for the fiscal year ended June 30, 2023.

**BACKGROUND**

The City's independent audit firm, Macias Gini & O'Connell, LLC (MGO), have completed their audit of the City's financial records for Fiscal Year (FY) 2022-23. On December 6, 2023, Mr. Scott Diem, Director, presented the results of the annual financial audit to the Council Finance Committee. At that time, the Single Audit Report had not been completed yet.

On December 12, 2023, the City Council accepted and filed the following reports:

1. Annual Comprehensive Financial Report (ACFR) with Independent Auditor's Report.
2. Article XIII-B Appropriations Limit Agreed-Upon Procedures Report.
3. Report to the City Council-Required Communications.

As a recipient of Federal funds, the City is required to complete a Single Audit Report, which is due within nine months of the fiscal year-end (March 31, 2024 for FY 2022-23). The Single Audit Act requires an annual audit of non-Federal entities that expend \$750,000 or more of Federal Financial Assistance in a fiscal year. The City expended approximately \$10.8 million in Federal Financial Assistance in FY 2022-23, with COVID-19 Coronavirus State and Local Fiscal Recover Funds comprising approximately \$9.7 million of the total.

The following reports are collectively referred to as the Single Audit.

1. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with *Government Auditing Standards*.

2. Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.

The City is responsible for ensuring an adequate internal control structure is in place to maintain compliance with applicable laws, regulations, policies, and procedures and to help maintain reliable, accurate and timely financial information.

As part of the City's single audit, tests were performed to determine the City's compliance with the types of requirements that could have a direct and material effect on the City's major Federal program in accordance with *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Staff is pleased to communicate that MGO reported the following within the Single Audit Report:

- Unmodified opinions (clean audit opinions) as it pertains to both the Financial Statements and to Federal Awards
- No material weaknesses or significant deficiencies in internal controls over financial reporting or over the major program
- No findings or questioned costs

Mr. Diem will be presenting the results of the Single Audit (Attachment 1) to the Council Finance Committee.

~~HH-DR/4/FIN~~  
~~525-03-20-24M~~

Attachment: 1. Single Audit Report for the fiscal year ended June 30, 2023