



# City of Hayward Results of Annual Audit Fiscal Year Ended June 30, 2008

*Presented By  
Jennifer Farr, Shareholder  
March 17, 2009*



Mayer  
Hoffman  
McCann P.C.  
An Independent CPA Firm

our **roots** run deep



## Purpose of the Annual Audit

- Required by:
  - City Charter
  - Debt requirements
  - Federal requirements (for cities that annually receive over \$500,000 of federal grants)
- Addresses reliability of the data presented in the financial statements
- Important so that decision makers have good financial data with which to make appropriate public policy decisions



## Scope of the Annual Audit

- Determined by auditing standards
- Auditing standards set forth tests that are designed to provide reasonable opportunity to detect **errors** or **misstatements** in the accounting records that are **significant** in dollar amount
- Our audit of the City of Hayward included:
  - Comprehensive Annual Financial Report
  - Redevelopment Agency
  - Public Financing Authority
  - Single Audit on Federal Awards
  - Transportation Development Act Audit
  - Measure B Audit
  - Test of Appropriations Limit
  - State Controller's Report



## New SAS 114 Auditor Communications

- Increased the level of communication required between the auditor and “those in governance”
- Requires City Council involvement in the audit process

### SAS 114 Letter

- Significant estimates
- Changes in accounting policies
- Corrected and uncorrected misstatements
- Disagreements with management
- Other audit findings



## Internal Control Recommendations

- We reviewed internal controls over the following accounting cycles:
  - Investments
  - Cash receipting
  - Cash disbursements
  - Payroll
  - Information systems



## Internal Control Recommendations – SAS 112 letter

- No material weaknesses
- No significant deficiencies
- Internal control recommendations:
  1. Enhancement of Purchasing Controls
  2. Controls over Vendor Creation
  3. Decentralized Timesheet Entry
  4. Developer Fees
  5. Monitoring City Expenditures



# Highlights of Financial Statements – City Wide

**Table 2 - City of Hayward Statement of Changes in Net Assets**

(Amounts expressed in millions)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	\$13.6	\$13.9	\$46.1	\$44.7	\$59.7	\$58.6
Operating contributions and grants	15.3	18.4	4.8	4.3	20.1	22.7
Capital contributions and grants	2.9	2.6	1.7	0.4	4.5	3.0
General revenues:						
Property taxes	38.5	34.6			38.5	34.6
Incremental property taxes	10.7	11.5			10.7	11.5
Sales taxes	28.5	28.9			28.5	28.9
Real property transfer tax	5.1	7.1			5.1	7.1
Franchise tax	6.2	4.8			6.2	4.8
Other taxes	9.3	10.3			9.3	10.3
Motor vehicle in lieu	0.7	0.9			0.7	0.9
Investment earnings	3.6	3.1	5.2	6.1	8.8	9.2
Miscellaneous	2.9	6.9	0.7	0.1	3.6	7.0
<b>Total Revenues</b>	<b>137.3</b>	<b>143.0</b>	<b>58.5</b>	<b>55.6</b>	<b>195.8</b>	<b>198.6</b>



# Highlights of Financial Statements – City Wide

**Table 2 - City of Hayward Statement of Changes in Net Assets**

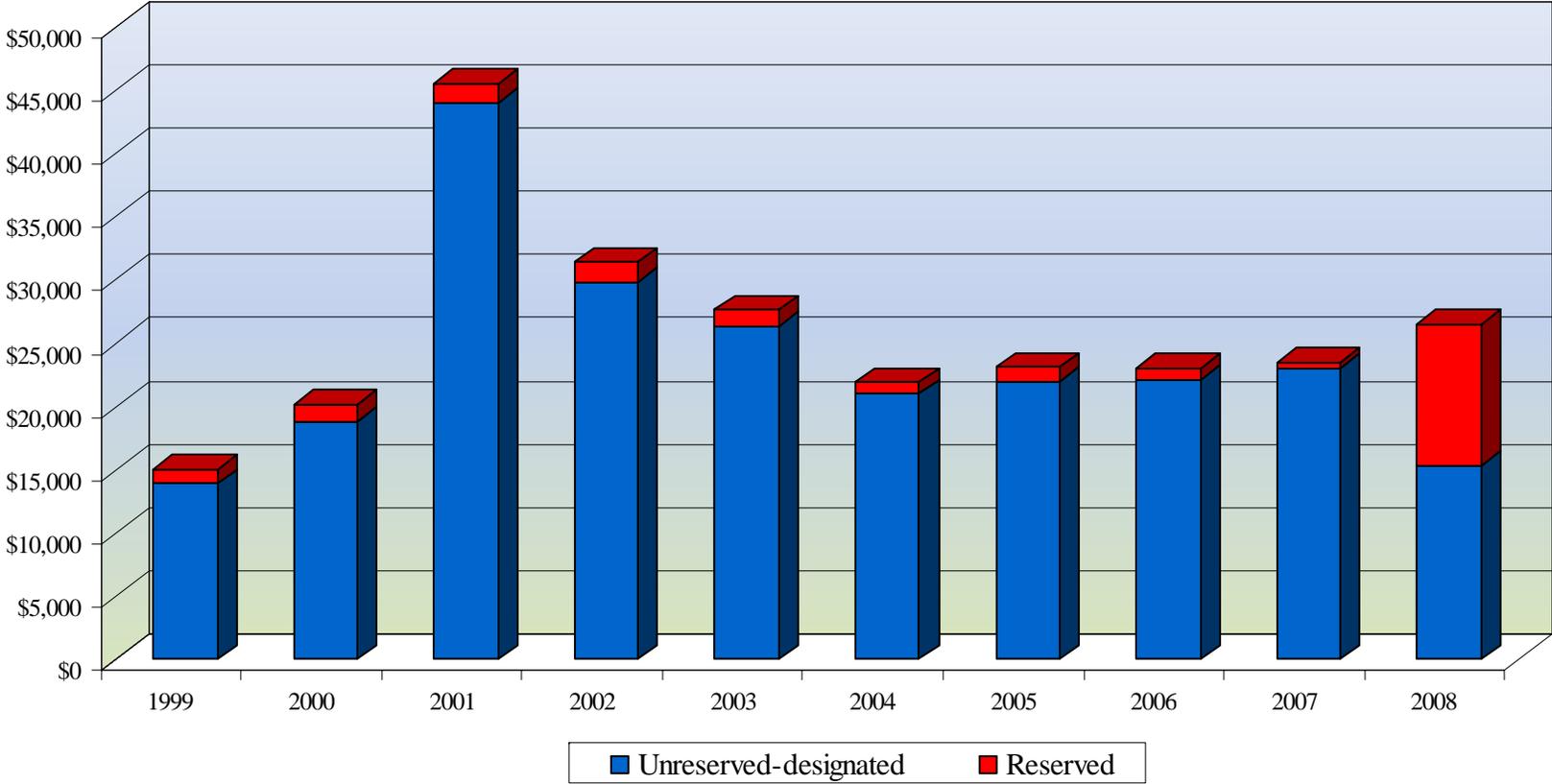
(Amounts expressed in millions)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Expenses:						
General Government	15.4	16.3			15.4	16.3
Public safety	83.6	73.9			83.6	73.9
Public works and transportation	16.4	19.8			16.4	19.8
Community development	11.9	8.1			11.9	8.1
Culture and leisure	5.6	3.8			5.6	3.8
Interest on long term debt	6.1	5.0			6.1	5.0
Sewer			15.2	13.3	15.2	13.3
Water			25.6	24.6	25.6	24.6
Airport			2.6	2.5	2.6	2.5
Stormwater			2.1	1.9	2.1	1.9
Centennial Hall			0.7	0.7	0.7	0.7
<b>Total expenses</b>	<u>139.0</u>	<u>126.9</u>	<u>46.2</u>	<u>43.0</u>	<u>185.2</u>	<u>169.9</u>



# General Fund Equity

Thousands





## General Fund Reserves and Designations

### Reserved for:

Encumbrances	\$ 775,737
Advances to other funds	10,386,217
Inventory	21,802
Prepaid expenses	<u>30,171</u>

Total reserved fund balances 11,213,927

### Designated for:

Economic uncertainty	7,000,000
Liquidity	3,500,000
Hotel/ Conference center	1,000,000
Retirement reserve	1,122,000
Public safety	1,000,000
Contingencies	<u>1,695,927</u>

Total designated fund balances 15,317,927

Total reserved and designated fund balance \$26,531,854



## Looking Forward to Fiscal Year 08/09

- City will be adopting GASB 45 next year:
  - Actuarial valuation for Post Employment Benefits
  - Funding decisions
  - Accounting/Disclosing the liability
- Communication to you at beginning of audit:
  - Planning procedures will begin in May 2009
  - Final audit procedures will begin in September 2009
  - After initial planning, you will receive a letter communicating our audit plan
  - Request for City Council input on the audit plan



# Questions on Audit Results or Financial Statements