CITY OF HAYWARD
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED
JUNE 30, 2014

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CITY OF HAYWARD
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

For the Year Ended June 30, 2014

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MEMORANDUM ON INTERNAL CONTROL

MAZE & ASSOCIATES

To the City Council of
the City of Hayward, California

In planning and performing our audit of the basic financial statements of the City of Hayward for the year ended June 30, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist and that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control included on the Schedule of Material Weaknesses to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control included on the Schedule of Significant Deficiencies to be significant deficiencies.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe to be of potential benefit to the City.

Management responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, City Council, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
March 19, 2015

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CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF MATERIAL WEAKNESSES

2014-01: Timeliness and Accuracy of Year-End Close

Criteria: The City should strive to limit the amounts and numbers of adjusting journal entries (AJEs) after year end closing. It is crucial that control procedures be maintained in order to produce accurate and timely financial data.

Condition: The City began a conversion of its financial system in June 2013 and completed the implementation in fiscal year 2014. With vacancies in key accounting positions, the resources of the Finance Department in fiscal year 2014 were consumed by the system conversion and the closing of fiscal year 2013. As a result, this had a significant impact on the fiscal year 2014 year-end audit in spite of staff's diligence and providing full cooperation to our audit.

During the audit, City staff had difficulty providing closing balances for capital assets, long-term liabilities, claims liabilities, various revenue and expenditure accruals and transactions in the Successor Agency to the Redevelopment Agency Private Purpose Trust Fund. These areas affected the year-end close and most of the City's funds. In addition, the City did not post all prior year audit adjustments to its books, causing adjustments to the beginning fund balances or net positions of thirteen funds. As a result, sixty-two post-closing entries (forty-five prepared by City staff and seventeen proposed by us) were posted to the City's financial statements.

Furthermore, due to staff shortages, we found that two Finance staff members had system permission to initiate and post journal entries during part of the fiscal year. Also, nineteen journal entries out of the forty that we tested were posted to the general ledger more than thirty days after they were prepared.

Effect: The above condition delayed the completion of the close which increases the risk that errors may go undetected by staff and corrections may not be made in a timely manner. Audit effort was substantially increased in response to these increased risks.

Cause: As mentioned above, the condition was caused by the financial system conversion, and staffing shortages and changes.

Recommendation: With the conclusion of the system implementation and recent issues in filling the key accounting positions, the City should review and redesign its accounting procedures in order to achieve a more timely and accurate close of its books in fiscal year 2015.

In addition, as part of year-end closing, the City should compare beginning fund balances and net positions of all funds to the ending balances stated on the prior year audited financial statements to ensure that all audit adjustments have been booked.

Management Response: The City agrees with this finding. The two-year financial system conversion/implementation and staffing changes certainly impacted some of the City's accounting operations. The implementation is now substantially complete and the City has hired experienced and skilled staff. The Finance Department has developed new procedures to ensure that the conditions above do not recur. Upon learning of the control weaknesses, the City immediately updated a number of internal control procedures, including: establishing the appropriate creation/approval process for journal entries; establishing procedures to ensure beginning fund balances match audited balances after the posting of audit entries; and implementing procedures to ensure a timely and accurate fiscal year close in future years.

CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF MATERIAL WEAKNESSES

2014 – 02: Accurately and Timely Reconciliations of Bank, Investment, and Escrow Accounts

Criteria: Bank account reconciliations are an important element of the City's internal control structure. Bank reconciliations should be completed after each month-end and usually within 30-45 days of receipt of the bank statements, and subsequently reviewed in a timely manner for accuracy. The investments and trustee accounts should also be reconciled to statements and the general ledger on a monthly basis in order to maintain effective controls.

In addition, for monitoring purposes, both the preparer and the reviewer of the reconciliation should sign the date the document to leave a proper audit trail.

Condition: During the year, many of the City's bank, investment, and trustee accounts were not reconciled to the monthly statements in a timely manner. In addition, reviews of the reconciliations were not timely. In testing of the reconciliation items, the City could not provide supporting documents to some of the items. Also, there were reconciliation items that have been outstanding since 2013 that should have been booked by the City into its general ledger. In addition, we found that the City's Investment Report for the quarter ending March 31, 2014 did not agree to the City's general ledger.

Effect: The City's book balances of the above accounts did not reflect the correct balances during the year. Errors, mistakes and unauthorized transactions in these accounts would not be detected and remedied in a timely fashion.

Cause: The City encountered a combination of difficulties in the past few years, including the financial system conversion, staff changes, and shortages. The City is currently in the process of training new staff to take over the reconciliation duties.

Recommendation: The following changes are recommended:

- Implement procedures to ensure all cash, investment, trustee and escrow account reconciliations are prepared and reviewed in timely manner with proper sign off.
- Cross-train employees to perform and review the reconciliations.
- Ensure proper maintenance of supporting documents for all financial transactions and establish standard procedures to investigate reconciliation discrepancies in a timely manner.

Management Response: The City agrees with this finding. The City reconciled its June 30, 2014 bank statements and future periods. The City now has multiple members on staff with knowledge and skill to complete bank reconciliations and has established an internal protocol (including procedures to more easily catalog and reference cash receipts to automate the process) to ensure timely completion. Additionally, the Finance Department requires oversight staff to review and sign off on the reconciliations prepared other Finance staff.

CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF MATERIAL WEAKNESSES

2014 – 03: Accounts Receivable and Payable Detail Reports and Reconciliation

Criteria: The City should have the capability to generate accounts receivable (A/R) and payable (A/P) detail reports from the accounting system. Additionally, A/R and A/P balances from the sub-ledgers should be reconciled to the general ledger on a monthly basis.

Condition: City staff was unable to generate either A/R or A/P detailed reports from the new financial system. In addition, no reconciliation of sub-ledgers to general ledger of A/R or A/P was performed in fiscal year 2014. Specifically, we noted the following issues:

- At June 30, 2014, the City could not allocate $1,093,642 of revenue deposited to the City's general checking account to the appropriate revenue accounts due to the inability of the City's system to generate supporting records and lack of reconciliation between the revenue and accounts receivable module to the City's general ledger.

- A journal entry in the amount of $2,234,276, which was intended to reverse A/P for the fiscal year 2015, was posted to the fiscal year 2014 period erroneously, causing negative A/P balances in fiscal year 2014 prior to audit adjustments.

Effect: Without regular reconciliation, the A/R and A/P balances in the general ledger may not be accurate. Fraud or errors cannot be detected with lack of reconciliation in these areas.

Cause: According to the City staff, the new accounting system does not allow the City to generate A/R or A/P detail reports. With the shortfall of staffing level, the duty of reconciliations between sub-ledgers and general ledger was not fulfilled.

Recommendation: We recommend the City work with the programmers of the accounting system to determine a method of generating the A/R and A/P detail reports. The City should adopt a standard procedure to perform the reconciliations as well as designate a senior staff to review the reconciliation on monthly basis to ensure the accuracy of the A/R and A/P balances.

Management Response: The City agrees with this finding. The City is working with its financial software provider to establish the appropriate A/R and A/P detail reports. The City is also updating its reconciliation and review procedures to ensure reconciliation is timelier and reviewed by senior staff to quickly identify and investigate any possible discrepancies.

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CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

2014 – 04: Proper Recording of Capital Assets

Criteria: Capital assets should be capitalized in the fiscal year they are acquired. In addition, construction in process (CIP) balance should only be transferred to the appropriate capital asset categories once the projects are complete.

Condition: During current year, the City capitalized certain capital assets amounted to $2,038,052 that were acquired in fiscal year 2013. In addition, the City capitalized capital assets amounted to $1,503,695 which were acquired in fiscal year 2015. Furthermore, the City transferred capital projects amounted $113,386 from CIP to their associated capital asset categories despite the fact the projects were not completed in fiscal year 2014.

Effect: While the balances of the above transactions are immaterial to the financial statements, the capital assets balances were understated in fiscal year 2013 and overstated in fiscal year 2014.

Cause: The above condition was due to staff oversight.

Recommendation: During the year-end close, the City should review all capital outlay expenditures to determine whether items represent assets that should be capitalized. In addition the City should review the capital asset details to ensure the proper classification.

Management Response: The City agrees with the recommendation and has subsequently reassigned the task of reviewing capital assets and implemented procedures to ensure accurate recording of assets to the appropriate fiscal year.

CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in fiscal year 2015. We have cited them here to keep you abreast of developments:

EFFECTIVE FISCAL YEAR 2015:

GASB 68 - Accounting and Financial Reporting for Pensions (an amendment of GASB 27)

This Statement will have material impact on the City's financial statements. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

In financial statements prepared using the economic resources measurement focus and accrual basis of accounting, a single or agent employer that does not have a special funding situation is required to recognize a liability equal to the net pension liability. The net pension liability is required to be measured as of a date no earlier than the end of the employer's prior fiscal year (the measurement date), consistently applied from period to period.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared.

The following are the major impacts:

- This Statement requires the liability of employers and non-employer contributing entities to employees for defined benefit pensions (**net pension liability**) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (**total pension liability**), **less** the amount of the pension plan's **fiduciary net position**.

GASB 68 - Accounting and Financial Reporting for Pensions (an amendment of GASB 27) (Continued)

- Actuarial valuations of the total pension liability are required to be performed at least every two years, with more frequent valuations encouraged. If a valuation is not performed as of the measurement date, the total pension liability is required to be based on update procedures to roll forward amounts from an earlier actuarial valuation (performed as of a date no more than 30 months and 1 day prior to the employer's most recent year-end).

- The actuarial present value of projected benefit payments is required to be attributed to periods of employee service using the entry age actuarial cost method with each period's service cost determined as a level percentage of pay. The actuarial present value is required to be attributed for each employee individually, from the period when the employee first accrues pensions through the period when the employee retires.

Management's Response:

Management is reviewing the implementation of this statement and will comply with the requirements for fiscal year 2015 as applicable.

GASB 69 – *Government Combinations and Disposals of Government Operations*

This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

Management's Response:

Management is reviewing the implementation of this statement and will comply with the requirements for fiscal year 2015 as applicable.

GASB 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Management's Response:

Management is reviewing the implementation of this statement and will comply with the requirements for fiscal year 2015 as applicable.

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CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

STATUS OF PRIOR YEAR SIGNIFICANT DEFICIENCIES AND OTHER MATTERS

2013 – 01: Timeliness of Year-End Close

Criteria: When implementing a new financial system, it is crucial that control procedures be maintained in order to produce accurate and timely financial data.

Condition: The City converted to a new financial system in 2013. The system implementation was given top priority during the months of July to September 2013, which are usually the months that the City focuses on closing its books of the prior fiscal year. The condition was exacerbated by the departure of the Accounting Manager and other vacancies in the department. The year-end audit was adversely affected as a result of the system conversion and staffing shortages. Staff has worked diligently during the implementation and has provided full cooperation to our audit. However, while the new financial system is expected to contribute to efficiency improvements and ease the year end closing pressures in future years, the first year close under the new system proved challenging. During the audit, staff proposed thirty-seven post-closing entries, an increase over prior year. Staff had difficulty completing bank reconciliations, and the closing balances for capital assets, grant revenues, claims liabilities, transactions in the Successor Agency to the Redevelopment Agency Private Purpose Trust Fund, and various revenue and expenditure accruals. These areas affected the year-end close and most of the City's funds.

Effect: The above condition delayed the completion of the close which increases the risk that errors may go undetected by staff and corrections may not be made in a timely manner. Audit effort was substantially increased in response to these increased risks.

Cause: As mentioned above, the condition was caused by system conversion, and staffing shortages and changes.

Recommendation: The City has made substantial progress in the system implementation and the effects felt this year is not expected to staff to be a major problem in future years. However, the City should address its staffing needs as soon as possible to ensure resources are available as needed for operations and to provide continuity. In addition, continued refinement of the system should be ongoing to ensure that the timeliness of critical closing procedures improves so that required reporting can be completed in a timely fashion.

Current Status: See Current Year Material Weakness item 2014-01.

CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

STATUS OF PRIOR YEAR SIGNIFICANT DEFICIENCIES AND OTHER MATTERS

2013 – 02: Funding Retiree Healthcare Liabilities (OPEB)

Criteria: To maintain long-term financial sustainability, the City should develop a plan to fund its other-post-employment benefits (OPEB).

Condition: As disclosed in the Note 14 to the financial statements, the City had unfunded retiree healthcare liabilities as discussed below:

- The actuarial valuation while the unfunded actuarial accrued liability (UAAL) amounted to $68 million, with a funded ratio of only 1%.

- The City's net OPEB liability for retiree healthcare, representing total unfunded annual required contributions to date, amounted to $19 million as of June 30, 2013.

The unfunded liabilities are long-term liabilities that are expected to come due over an extended period. While budgets for fiscal 2013 included provisions for contributions at existing rates, the above trends indicate that contribution rates in future years will increase, creating a greater drain of resources and decreasing resources available for operation.

Effect: There is an increased risk that retiree medical and pension liabilities will grow to unsustainable levels unless sound funding strategies are adopted.

Cause: Due to continued General Fund deficits and competing priorities for funding, the City has not been able to adequately fund its future retiree medical benefit liability (OPEB). The City does fully fund payments to current retirees ("pay go"), but has been fiscally unable to contribute to its OPEB liabilities. While the City Council has recognized the need for increased funding toward this benefit liability, budget shortfalls have precluded the Council from even funding the retiree medical annual required contribution (ARC) minimum annual funding.

Recommendation: Sound fiscal policy should be established to fund long-term liabilities and that funding should be incorporated into the City's annual budgets and operations as well as financial projections and forecasts.

Current Status: The City Council has been actively reviewing its long-term benefit liabilities and has built the funding of the retiree medical ARC into the General Fund Ten-Year Plan. City Council has requested and will consider a funding policy and funding plan for its benefit liabilities as part of the fiscal year 2015 budget process.

CITY OF HAYWARD

MEMORANDUM ON INTERNAL CONTROL

STATUS OF PRIOR YEAR SIGNIFICANT DEFICIENCIES AND OTHER MATTERS

2013 – 03: Compliance with Government Code 53646

Criteria: California Government Code 53646 states that Investment Reports shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

Condition: The City's investment advisor prepares a monthly Account Statement for the City. This Statement is submitted to the City Council as the City's Investment Report. Per review of the Account Statement for the month ended June 30, 2013, it was noted that the report did not include the clause mentioned above as required by the California Government Code 53646.

Effect: The City is not in compliance with California Government Code 53646.

Cause: The City – while striving to be in full compliance with all California Government Code provisions – was unaware of the specific provision in section 53646 regarding a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months.

Recommendation: We recommend that the City prepare a written statement which includes the required clauses stated in Code 53646 as discussed above in the Investment Report package submitted to Council.

Current Status: The City has since implemented the appropriate language in its investment reports – and is now in compliance with the provisions of Government Code 53646.

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REQUIRED COMMUNICATIONS

To the City Council of
the City of Hayward, California

We have audited the basic financial statements of the City of Hayward for the year ended June 30, 2014. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards and, *Government Auditing Standards* and OMB Circular A-133.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Hayward are described in Note 1 to the financial statements. The following pronouncements became effective, but did not have a material effect on the financial statements:

GASB 65 – *Items Previously Reported as Assets and Liabilities*

GASB 67 – *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*

GASB 70 – *Accounting and Financial Reporting for Non-exchange Financial Guarantees*

Unusual Transactions, Controversial, or Emerging Areas

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the City's financial statements were:

Estimated Fair Value of Investments: The City's cash and investments are measured by fair value as disclosed in Note 2 to the Financial Statements. Fair value is essentially market pricing in effect as of June 30, 2014. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2014.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 5 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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Estimate of Compensated Absences: Accrued compensated absences which are comprised of accrued vacation, holiday, compensating time and sick leave is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 1 to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Estimated Net OPEB Obligation: Management's estimate of the net OPEB obligation is disclosed in Note 14 to the financial statements and is based on an actuarial study determined by a consultant, which is based on the health care benefits experience of the City. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of Redevelopment Agency dissolution and Successor Agency activities in Note 19 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Except for the misstatements discussed in Material Weaknesses 2014-01, 2014-02 and 2014-03, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

The attached 3400.03-PAJE Report summarizes uncorrected misstatements we found during our audit. Management has concluded that these misstatements do not have a material effect individually or in total to the financial statements as a whole. We concur with management's conclusion, but are required by professional standards to report these unposted entries to you.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the City Council.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated March 19, 2015.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information Accompanying the Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

With respect to the required supplementary information accompanying the financial statements, we applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not express an opinion nor provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Introductory and Statistical Sections included as part of the Comprehensive Annual Financial Report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we did not express an opinion nor provide any assurance on them.

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This information is intended solely for the use of City Council/the Board and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, CA
March 19, 2015

Client: ***Hayward - City of Hayward***
Engagement: ***14 AUD - 6/30/14 Audit Hayward***
Period Ending: ***6/30/2014***
Trial Balance: ***GASB TB***
Workpaper: ***3400.03 - PJE Report***

Account	Description	W/P Ref	Debit	Credit
Proposed JE # 83		**4110.20**		
Maze AJE: To record cash and revenue in General Fund, Water Fund, and Sewer Fund for revenue collected during Fiscal Year 2014.				
100-00-0000-00000-10100-	GEN FUND-CASH IN BANK		134,384.00	
603-00-0000-00000-10110-	WATER-CASH		311,526.00	
610-00-0000-00000-10110-	SEWER-CASH		164,925.00	
100-00-0000-00000-46110-	GEN FUND-OTH REV			134,384.00
603-55-0000-00000-46110-07034	OTHER REVENUE			311,526.00
610-00-0000-00000-46110-	SEWER-OTH REV			164,925.00
Total			**610,835.00**	**610,835.00**
Proposed JE # 88		**5710.10**		
Maze AJE: To record the increase in the claims liability based on loss run.				
710-03-0320-13120-62275-	RISK MANAGEMENT-LITIGATE		75,755.00	
710-00-0000-00000-25110-	GEN LIAB-ACC CLAIM			75,755.00
Total			**75,755.00**	**75,755.00**
Proposed JE # 93		**5100.00**		
Maze AJE: To reverse accounts payable in General Fund carried forward from Fiscal Year 2013.				
100-00-0000-00000-21210-	GEN FUND-ACCURED AP		37,047.00	
100-00-0000-00000-21351-	DUE TO OTHER GOVT AGENCIES		14,279.00	
100-00-0000-00000-62265-	MISCELLANEOUS EXPENSE			51,326.00
Total			**51,326.00**	**51,326.00**
Proposed JE # 94		**4310.20**		
Maze AJE: To increase property tax revenue in Fiscal Year 2014.				
100-00-0000-00000-12240-	GEN FUND-AR MISC		27,741.00	
100-15-0001-10001-41110-	ADMIN-PROP T SEC			14,696.00
100-15-0001-10001-41120-	ADMIN-PROP T UNS			13,045.00
Total			**27,741.00**	**27,741.00**
Proposed JE # 96		**4100.05**		
Maze AJE: To increase cash by amount in reconciliation.				
100-00-0000-00000-10110-	GEN FUND-CASH		180,949.00	
100-00-0000-00000-46110-	GEN FUND-OTH REV			180,949.00
Total			**180,949.00**	**180,949.00**

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