



Finance Committee Staff Report

From: City Manager

Report Type: ACTION ITEMS

Lead Department: City Auditor

Meeting Date: December 3, 2024

Report #:2405-3095

TITLE

Discussion and Recommendation to the City Council to Accept the Macias Gini & O'Connell's Audit of the City of Palo Alto's Financial Statements as of June 30, 2024

RECOMMENDATION

The City Auditor recommends that the Finance Committee review and forward to the City Council for approval the City of Palo Alto's audited financial statement for the fiscal year ended June 30, 2024, and accompanying reports provided by Macias Gini & O'Connell LLP.

EXECUTIVE SUMMARY

The City Charter requires that the City Council, through the City Auditor, engage an independent public accounting firm to conduct the annual financial audit. The selected firm reports the results of the audit, in writing, to the City Council. Macias Gini & O'Connell LLP (MGO), a certified public accounting firm, conducted the City's financial statement audits for the fiscal year ending June 30, 2024.

The City Auditor is providing copies of the following financial statements and reports as prepared by MGO:

- Auditor's Report to the City Council (the "Management Letter") – Attachment A
- Cable TV Franchise, Independent Auditor's Report and Statements of Franchise Revenues and Expenses for the years ended December 31, 2023 and 2022 – Attachment B
- Palo Alto Public Improvement Corporation Annual Financial Report for the Year Ended June 30, 2024 – Attachment C
- Regional Water Quality Control Plant Independent Auditor's Report and Financial Statements for the Year Ended June 30, 2024 – Attachment D
- Independent Accountant's Report on Applying Agreed-Upon Procedures Related to the Article XIII-B Appropriations Limit (GANN Limit) for the Year Ended June 30, 2024 – Attachment E

- Pedestrian/Bicycle Facilities Grant Metropolitan Transportation Commission Transportation Development Act Funds, Article III, Independent Auditor's Reports, Financial Statements and Supplementary Information for the Year Ended June 30, 2024 – Attachment F

Note that the Annual Comprehensive Financial Report (ACFR) and the reports collectively known as the Single Audit, are presented as a separate item on this agenda and include the following Independent Auditor's reports:

- Independent Auditor's Reports on Financial Statements (ACFR)
- 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 (Single Audit)
- Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Federal Awards Required by Uniform Guidance (Single Audit)

The MGO issued a clean opinion on each audit report and reported no findings within the Agreed-Upon Procedures report.

The City Auditor would like to express appreciation to MGO and the Administrative Services Department staff for their hard work and cooperation during the audit.

FISCAL/RESOURCE IMPACT

There is not fiscal impact resulting from the attached audit reports.

STAKEHOLDER ENGAGEMENT

MGO conducted audits in coordination with the Administrative Services Department and the City Auditor.

ENVIRONMENTAL REVIEW

Council action on this item is not a project as defined by CEQA because the audit activities do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. CEQ Guidelines section 15378(b)(4).

ATTACHMENTS

Attachment A: Auditor's Report to the City Council

Attachment B: Cable TV Franchise Auditor's Report

Attachment C: Public Improvement Corporation Annual Financial Report

Attachment D: Regional Water Quality Control Plant Auditor's Report

Attachment E: GANN Report

Attachment F: Transportation Development Act Funds, Article III, Auditor's Report

APPROVED BY:

Kate Murdock, City Auditor