

STAFF REPORT

Date: December 13, 2023

To: Mayor and City Council

Thru: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action): Acceptance of the Opinion and Findings of the Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2023, containing the Single Audit Report, Auditor's Opinion, Auditor's Required Communications Letter, and approval of the Plan of Corrective Action.

From: Matthew Taylor, Assistant Finance Director

Department: Finance

Summary:

The Annual Comprehensive Financial Report (ACFR), which contains the Single Audit Report and Auditor's Opinion for the Fiscal Year (FY) ending June 30, 2023, has been completed and the findings and opinion therein contained are being presented to Council.

Alignment with Strategic Plan:

Fiscal Sustainability

Previous Council Action:

There is no recent Council action relevant to this item.

Background:

An annual audit of a Nevada local government's financial statements is required by law, and the results of such audit must be submitted to Council within five months of the close of the fiscal year. Nevada Revised Statute (NRS) 354.624(6) requires that the audit opinion and findings be presented to Council at a meeting within 30 days after the audit report is completed. The ACFR must be submitted to the Nevada Department of Taxation no later than December 31, 2023.

Discussion:

The City's FY 2022-23 ACFR has been completed and has received an unqualified (clean) opinion from the City's external auditors, Moss Adams LLP. An unqualified opinion by Moss Adams concluded that the ACFR presents fairly, in all material respects, the respective financial position

of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison information for the general fund for the year. No material weaknesses or significant deficiencies in reporting the financial data were noted.

The FY 2022-23 ACFR is scheduled to be presented to the Financial Advisory Board at the December 7, 2023, meeting. It is anticipated that the board will pass a motion to accept the report as in previous years. Representatives of Moss Adams will be in attendance remotely to answer questions.

The auditor's conclusions regarding the City's compliance with NRS and Nevada Administrative Code (NAC) are listed and described in Note 2 of the ACFR. There were five funds where expenses exceeded budget, however, these overages are considered exceptions under NRS 354.626 because they were related to debt and Incurred But Not Reported (IBNR) liability expenditures. The Department of Taxation (NAC 354.721) requires that the City develop a Plan of Corrective Action for each violation noted. The Department of Taxation requires that Plans of Corrective Action be accompanied by minutes from a Council meeting as evidence that the plan was approved by Council. Information regarding the apparent violations of NRS that were identified in the annual audit for the year ending June 30, 2023, and a Plan of Corrective Action are presented in the attached letter to the Department of Taxation.

Financial Implications:

There is no fiscal impact from accepting the ACFR.

Legal Implications:

Legal review completed for compliance with City procedures and Nevada law.

Recommendation:

Staff recommends Council accept the Annual Comprehensive Financial Report for the Fiscal Year Ending June 30, 2023, and approve the Plan of Corrective Action.

Proposed Motion:

I move to approve staff recommendation.

Attachments:

Annual Comprehensive Financial Report for the Fiscal Year ending June 30, 2023
City of Reno Action Plan