

## Information Item

**Date:** January 17, 2024

**To:** Mayor, Mayor Pro Tempore, and Members of the City Council

**From:** Ben Rowe, Assistant City Manager  
Kelly Latham, Chief Financial Officer

**Subject:**

Information on the Financial Statement Audit, Single Audit, and the Annual Comprehensive Financial Report (ACFR)

**Strategic Focus Area:** Service Excellence

**Strategic Objective:** Maintain City's Financial Strength

**Strategic Plan Action Item:** No

**Key Work Item:** No



The annual financial statement audit and single audit for the City of Winston-Salem was completed on December 21, 2023.

The Annual Comprehensive Financial Report (ACFR) is prepared by the City's Accounting and Reporting Division and is provided electronically. Hard copies can be provided upon request. The electronic copy will be posted on the City's website.

The City received the Government Finance Officers' Association (GFOA) award for excellence in financial reporting for the fiscal year 2022 ACFR, and staff believe the fiscal year 2023 report meets the standards for the award as well.

The City's auditors, Cherry Bekaert LLP, issued an unmodified or "clean" opinion for the fiscal year ended June 30, 2023. Although the City received an unmodified opinion, the auditors noted an error in the calculation of the City's landfill closure and post-closure liability. Staff corrected the error as of June 30, 2023; however, due to the amount of the error, this item will be reported as a material weakness in internal control. The City was calculating the liability based upon the passage of time, instead of the landfill's capacity (as required by the Governmental Accounting Standards Board). The method of accounting has not changed for this recurring item; this error has been previously undetected by staff and external auditors. The Finance Committee must submit a letter to the State within 60 days that explains that this issue has been corrected (attached as Exhibit A).

The required presentation from the City's auditors will be provided by Dan Gougherty, Audit Director for Cherry Bekaert, and is attached as Exhibit B.