



PRESENTATION TO THE COUNCIL OF THE CITY OF SIMI VALLEY

MAY 17, 2021



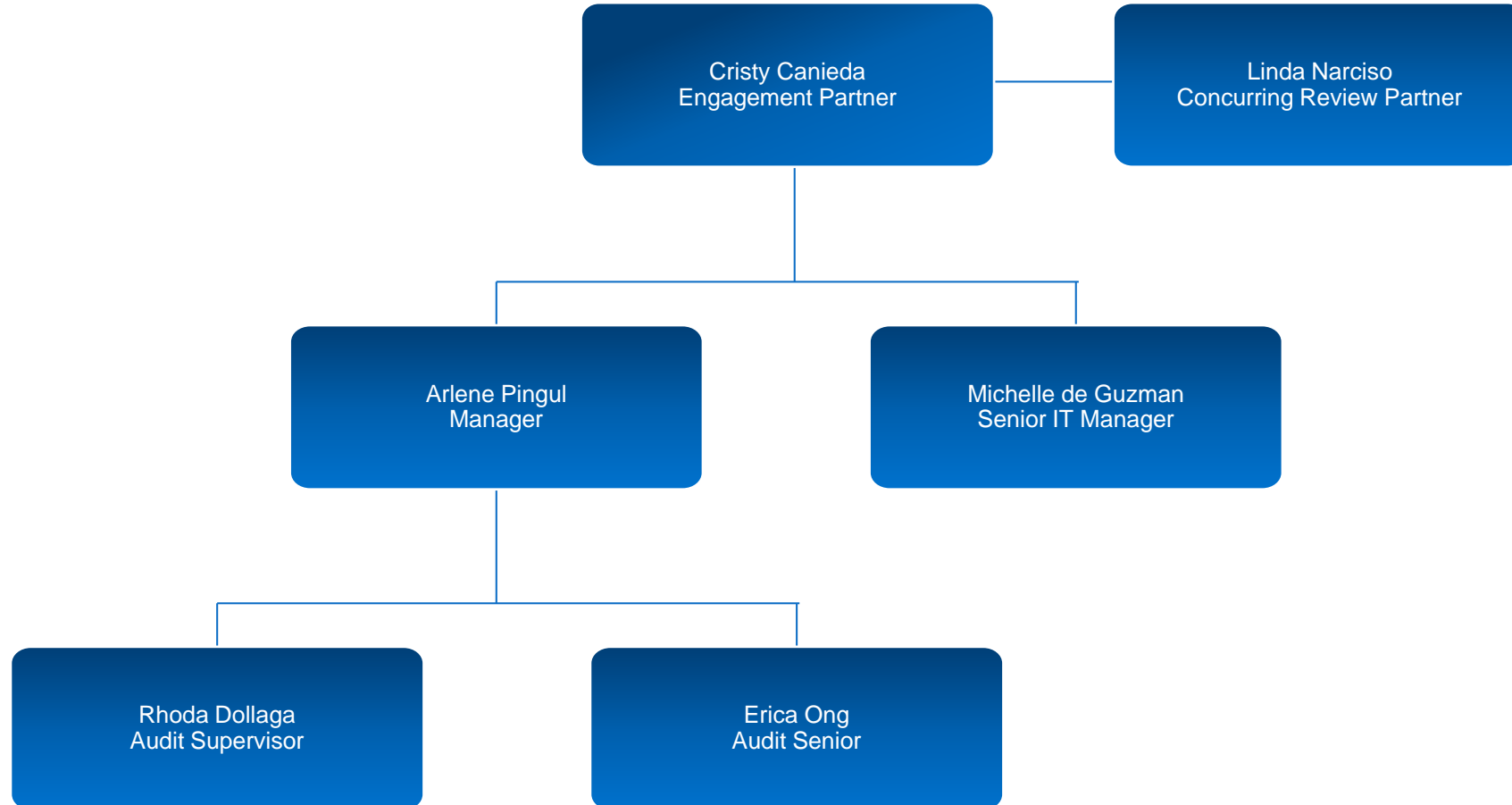
CITY OF SIMI VALLEY

AGENDA

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THE AUDIT TEAM



SCOPE OF SERVICES



SCOPE OF SERVICES

1 The Financial Statement Audit
⑩ City's basic financial statements

2 City's Annual Comprehensive Financial Report (ACFR)

3 The Single Audit
⑩ Audit of Major Federal Grant Programs in accordance with the Uniform Guidance

4 Year-Round **Consultation** on Financial and Accounting Matters

Vasquez & Company LLP meets the independence requirements of the *Government Auditing Standards* as it relates to the City

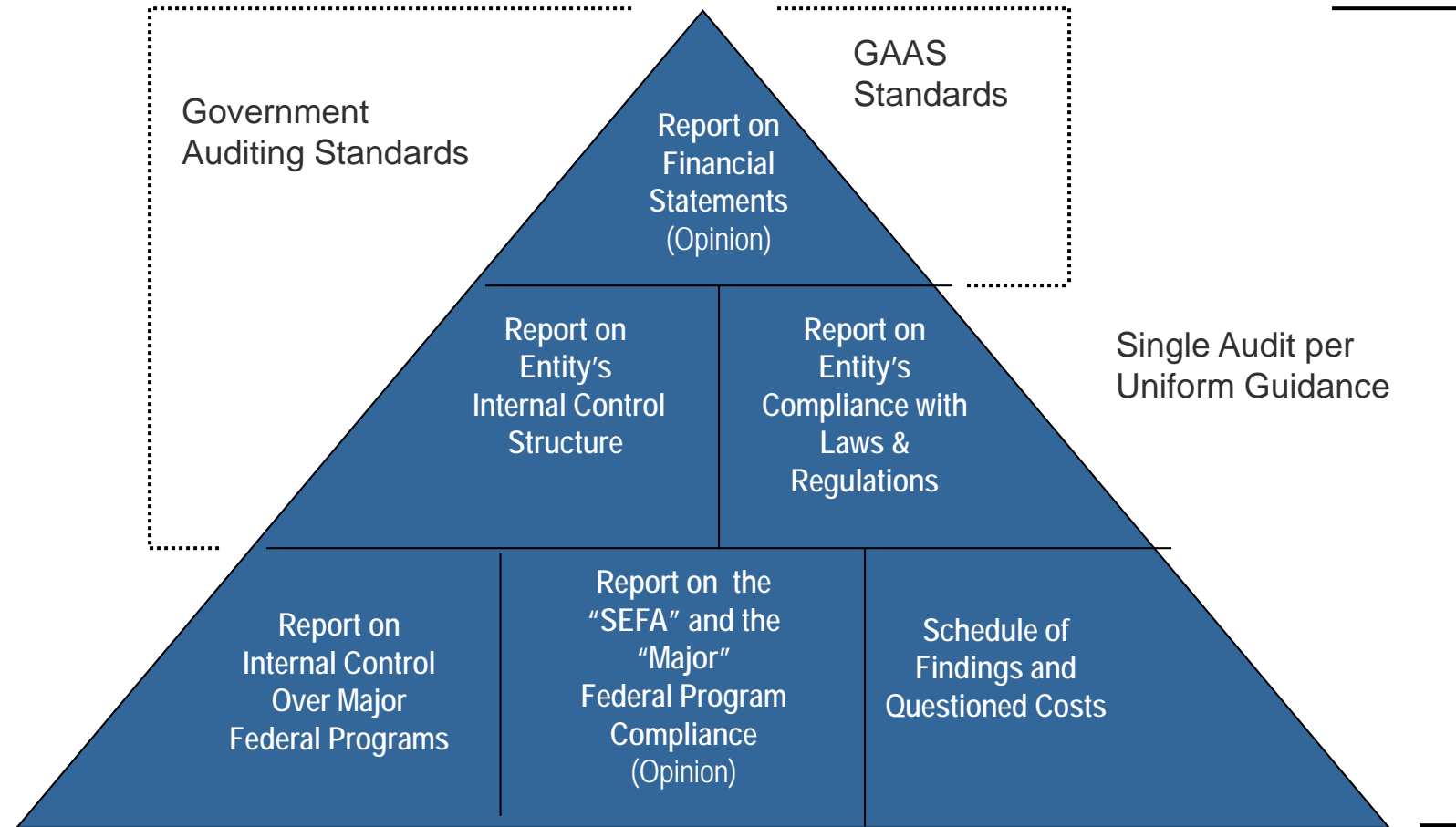
INDEPENDENCE

Vasquez & Company LLP meets the independence requirements of the *Government Auditing Standards* as it relates to the City.

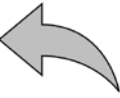
- There are no relationships between any of our representatives and the City that in our professional judgment may reasonably be thought to bear on independence.
- Vasquez & Company LLP meets the independence requirements of the *Government Auditing Standards* as it relates to City.



LEVELS OF ASSURANCE



SUMMARY OF AUDIT RESULTS



FINANCIAL STATEMENTS AUDIT

Unmodified Opinion on Financial Statements

▪The financial statements fairly present, in all material respects, the City's financial position and changes in net position

✓The supplemental combining financial statements and supplemental schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Internal Control over Financial Reporting

▪No material weaknesses and significant deficiencies were noted on internal control over financial reporting.



SINGLE AUDIT

1 Major Programs

- CFDA No. 14.218
- CFDA No. 16.922
- CFDA No. 21.019

2 Coverage

- CDBG Grants (\$1.2 million)
- Federal Asset Forfeiture Program (\$1.8 million)
- Coronavirus Relief Fund (\$1.5 million)
- 29% of total federal expenditures of \$16.2 million

3 Classification

- The City continues to be classified as a “Low Risk Auditee” based on the Federally-prescribed criteria.

4 Results

- No financial statement findings
- With federal award findings on Equipment Management for CFDA 16.922 – Federal Asset Forfeiture Program

FINANCIAL REPORTING HIGHLIGHTS – GOVERNMENT-WIDE

Overall Net Position

- The City's overall net position increased by \$10.3 million, from \$ 349.7 million at 6/30/2019 to \$360.0 million as of June 30, 2020. (ACFR p. 10 and 24)

Unrestricted Deficit in Net Position

- The City's unrestricted deficit in net position decreased by \$7.5 million to a deficit of \$58.1 million vs. a deficit of \$ 65.6 million at prior year-end. (ACFR p. 10)

City-wide Expenses

- City-wide expenses increased to \$160.8M in FY 2020, from \$156.2M in FY 2019, an increase of \$4.6 million. (ACFR p. 11)

Pension and OPEB liability

- The City reported the following Pension and OPEB liability at June 30, 2020:
 - ⑩ Pension liability - \$151.2 million (2019 - \$146.2 million)
 - ⑩ OPEB Liability - \$48.8 million (2019 - \$38.2 million)

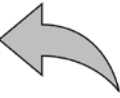
FINANCIAL REPORTING HIGHLIGHTS – FUND LEVEL

Governmental Fund Expenditures

- Governmental Fund expenditures increased in 2019-20.
 - ⑩ Governmental Fund expenditures 2019-20 \$91.1M
 - ⑩ Governmental Fund expenditures 2018-19 \$88.3M

General Fund Total Fund Balance

- The City's General Fund total fund balance increased by \$6.3 million during the year (from \$46.1 million in 2019 to \$52.4 million at the end of 2020).
- This was \$7.3 million higher than the projected budget deficit in general fund of \$1.0 million in 2020. (ACFR p. 34)



FINANCIAL REPORTING HIGHLIGHTS – FUND LEVEL

Enterprise Funds

- The Enterprise Funds generated net revenues before contributions and operating transfers of \$4.1 million.
 - ⑩ Sanitation generated a net income of \$5.4 million before contributions and operating transfers
 - ⑩ Water generated a net income of \$1.7 million before contributions and operating transfers
 - ⑩ Transit system operating loss was \$3.1 million during the year.

Internal Service Funds

- The Internal Service Funds reported a positive net position of \$4.4 million, which was an increase of \$2.8 million from \$1.6 million in FY 2019.

REQUIRED COMMUNICATIONS

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Management’s Responsibility

Management has primary responsibility for the accounting principles used, their consistency, application and clarity.

Consultations with Other Accountants

We are not aware of any consultations by management with other accountants about accounting or auditing matters.

Difficulties with Management

We did not encounter any difficulties with management while performing our audit procedures.

Disagreements with Management

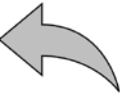
We encountered no disagreements with management on financial accounting and reporting matters.

Significant Accounting Policies

The City’s significant accounting policies are appropriate, and were consistently applied.

Controversial Issues

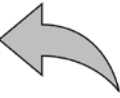
No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified.



REQUIRED COMMUNICATIONS (CONTINUED)

Audit Adjustments	Management has recorded all identified proposed adjustments noted during our audit .
Conditions of Retention	No significant issues were discussed, or subject to correspondence, with management prior to retention.
Irregularities, Fraud or Illegal Acts	No irregularities, fraud or illegal acts came to our attention as a result of our audit procedures.
Management Representations	The City provides us with a signed copy of the management representation letters prior to issuance of our auditors' opinions.
Management Letter Comments	Management letter comments will be issued to management.

NEW ACCOUNTING PRONOUNCEMENTS EFFECTIVE IN FUTURE YEARS



NEW ACCOUNTING PRONOUNCEMENTS – EFFECTIVE IN FUTURE YEARS

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2020, that have effective dates that may impact future financial presentations.

To be implemented in 2020

- GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance

To be implemented in 2021

- GASB 84 – Fiduciary Activities
- GASB 90 – Majority Equity Interest
- GASB 93 – Interbank Offered Rates (except LIBOR Removal and Lease Modifications)

To be implemented in 2022

- GASB 87 – Leases
- GASB 89 – Construction-Period Interest
- GASB 92 – Omnibus (multiple effective date)
- GASB 93 – LIBOR Removal and Lease Modifications
- GASB 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans

To be implemented in 2023

- GASB 91 – Conduit Debt
- GASB 94 – Public-Private Partnerships
- GASB 96 – Subscription-Based Information Technology Arrangements



QUESTIONS





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Vasquez & Company LLP has over 50 years of experience in performing audit, accounting & consulting services for all types of nonprofit organizations, for-profit companies, governmental entities and publicly traded companies. Vasquez is a member of the RSM US Alliance. RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms. Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit [rsmus.com/about us](http://rsmus.com/about-us) for more information regarding RSM US LLP and RSM International. The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.

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THANK YOU FOR YOUR TIME
AND ATTENTION

