



CITY OF SIMI VALLEY

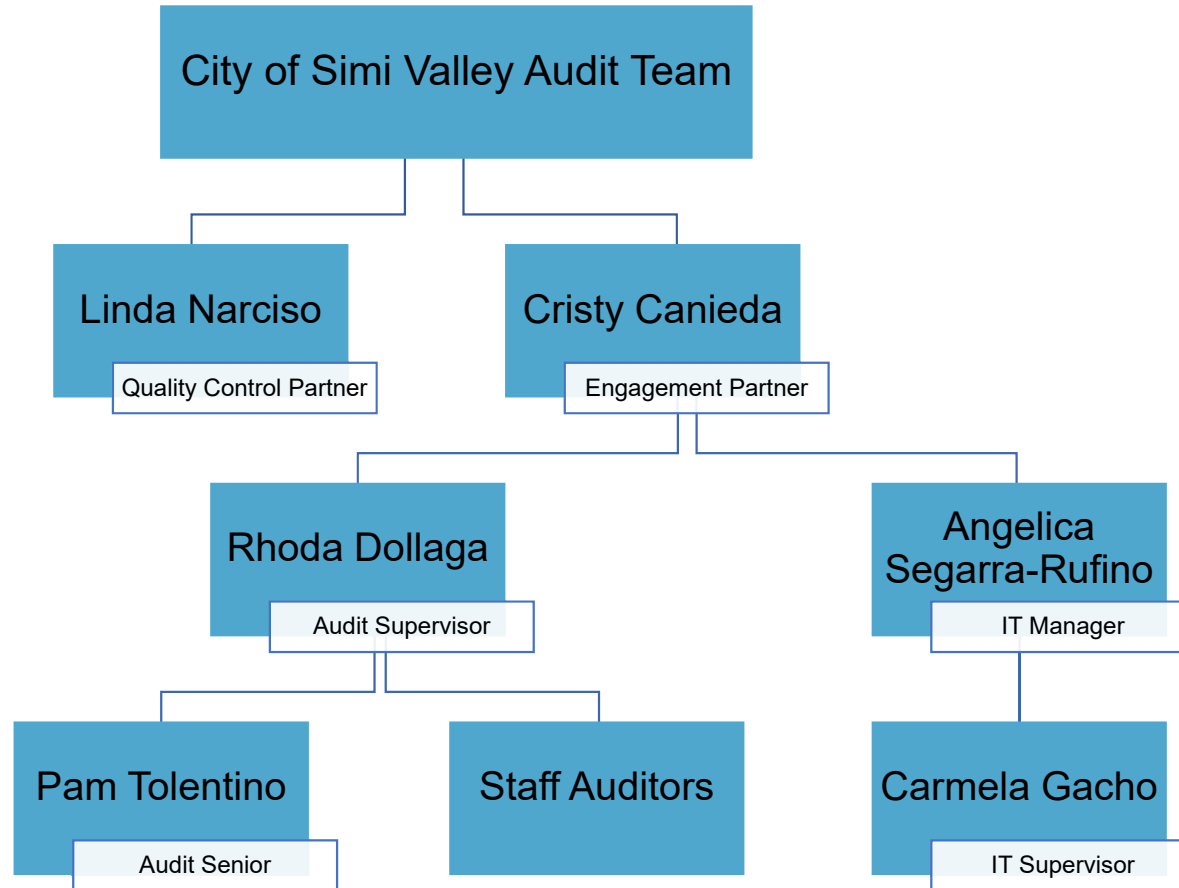
**PRESENTATION TO THE
COUNCIL OF THE CITY
OF SIMI VALLEY**

April 25, 2022

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/ THE AUDIT TEAM



SCOPE OF SERVICES

/ SCOPE OF SERVICES

1 **The Financial Statement Audit**
• City's basic financial statements

2 City's Annual Comprehensive Financial Report (ACFR)

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

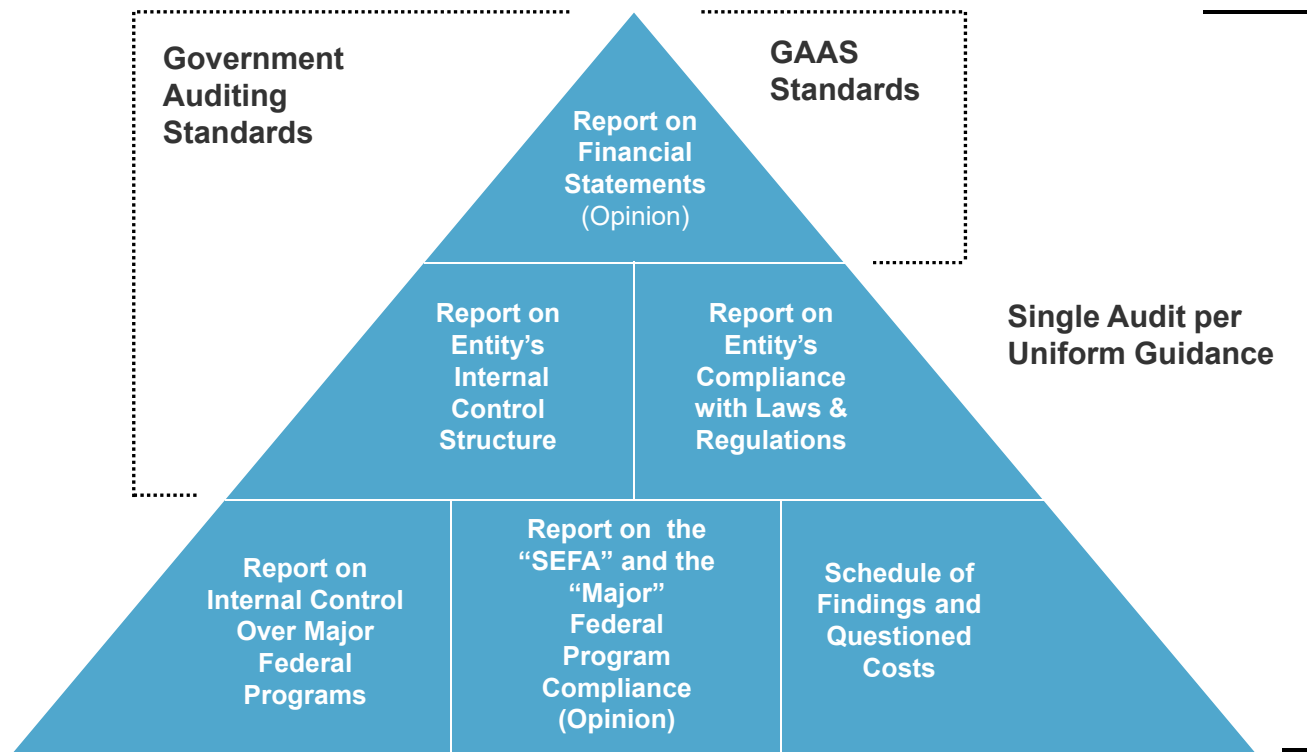
4 Year-Round **Consultation** on Financial and Accounting Matters

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

/ INDEPENDENCE

- 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

- ALN 20.507
- ALN 21.019
- ALN 93.045

2

Coverage

- Federal Transit-Formula Grants (\$7.3 million)
- Coronavirus Relief Fund (\$0.8 million)
- Nutrition Services and CARES Act for Nutrition Services under Title III-C of the Older Americans Act (\$0.4 million)
- 86% of total federal expenditures of \$9.9 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 finding on Program Income for ALN 93.045- Nutrition Services and CARES Act for Nutrition Services under Title III-C of the Older Americans Act
- With federal award finding on Cash Management for ALN 20.507- Federal Transit- Formula Grants

/ FINANCIAL REPORTING HIGHLIGHTS – GOVERNMENT-WIDE

Overall Net Position

- The City's overall net position increased by \$25.5 million, from \$ 360.0 million at June 30, 2020 to \$385.5 million as of June 30, 2021. (ACFR p. 10 and 23)

Unrestricted Deficit in Net Position

- The City's unrestricted deficit in net position decreased by \$18.0 million to a deficit of \$40.1 million vs. a deficit of \$58.1 million at prior year-end. (ACFR p. 10)

City-wide Expenses

- City-wide expenses increased to \$164.4 million in FY 2021, from \$160.8 million in FY 2020, an increase of \$3.6 million. (ACFR p. 11)

Pension and OPEB liability

- The City reported the following Pension and OPEB liability at June 30, 2021:
 - Pension liability - \$156.8 million (2020 - \$151.2 million)
 - OPEB Liability - \$48.8 million (2020 - \$48.8 million)

/ FINANCIAL REPORTING HIGHLIGHTS – FUND LEVEL



Governmental Fund Expenditures

- Governmental Fund expenditures decreased in 2020-21.
 - Governmental Fund expenditures 2020-21 \$79.8 million
 - Governmental Fund expenditures 2019-20 \$91.2 million

General Fund Total Fund Balance

- The City's General Fund total fund balance increased by \$17.9 million during the year (from \$52.4 million in 2020 to \$70.3 million at the end of 2021).
- This was \$22.1 million higher than the projected budget deficit in general fund of \$4.2 million in 2021. (ACFR p. 30)

/ FINANCIAL REPORTING HIGHLIGHTS – FUND LEVEL



Enterprise Funds

- The Enterprise Funds generated net revenues before contributions and operating transfers of \$5.9 million.
 - Sanitation generated a net income of \$4.0 million before contributions and operating transfers
 - Water generated a net income of \$3.3 million before contributions and operating transfers
 - Transit system generated a net loss of \$1.4 million before contributions and operating transfers

Internal Service Funds

- The Internal Service Funds reported a positive net position of \$6.2 million, which was an increase of \$1.8 million from \$4.4 million in FY 2020.

REQUIRED COMMUNICATIONS

/ REQUIRED COMMUNICATIONS



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)

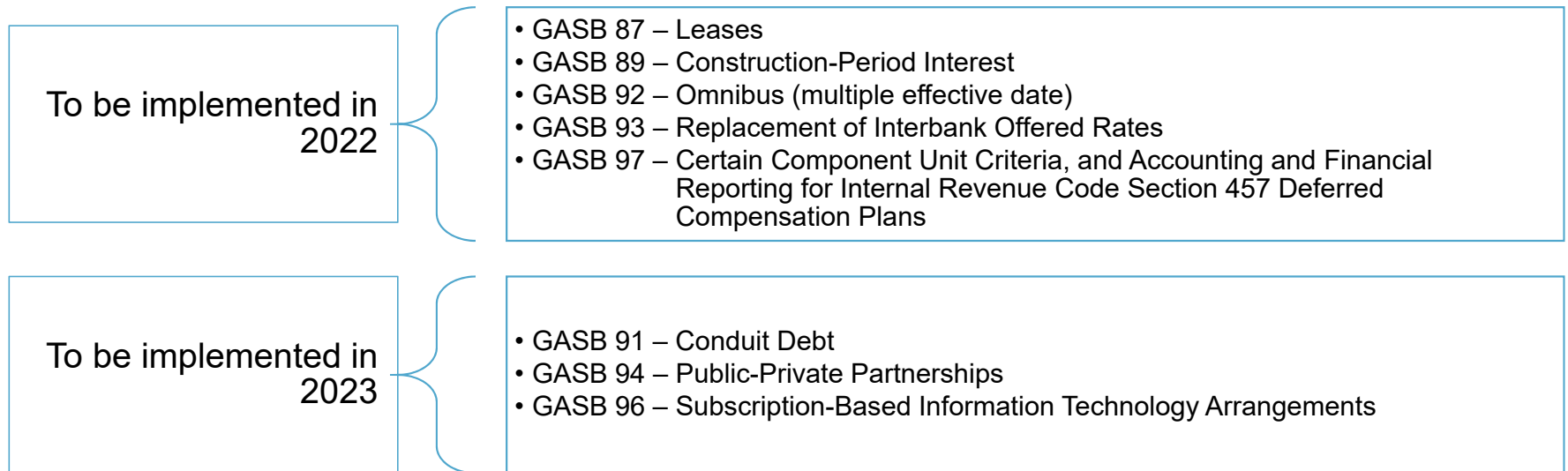
Audit Adjustments	There were no audit adjustments made to the original trial balance presented to us to begin our audit.
Conditions of Retention	No significant issues were discussed, or subject to correspondence, with management prior to retention.
Irregularities, Fraud or Illegal Acts	No irregularities, 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 was 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, 2021, that have effective dates that may impact future financial presentations.



QUESTIONS

/ Contact Information

Vasquez + Company LLP has over 50 years of experience in performing audit, accounting, and consulting services for all types of private companies, nonprofit organizations, governmental entities, and publicly traded companies. Vasquez is a member of the RSM US Alliance.

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**Thank you for your time
and attention.**