



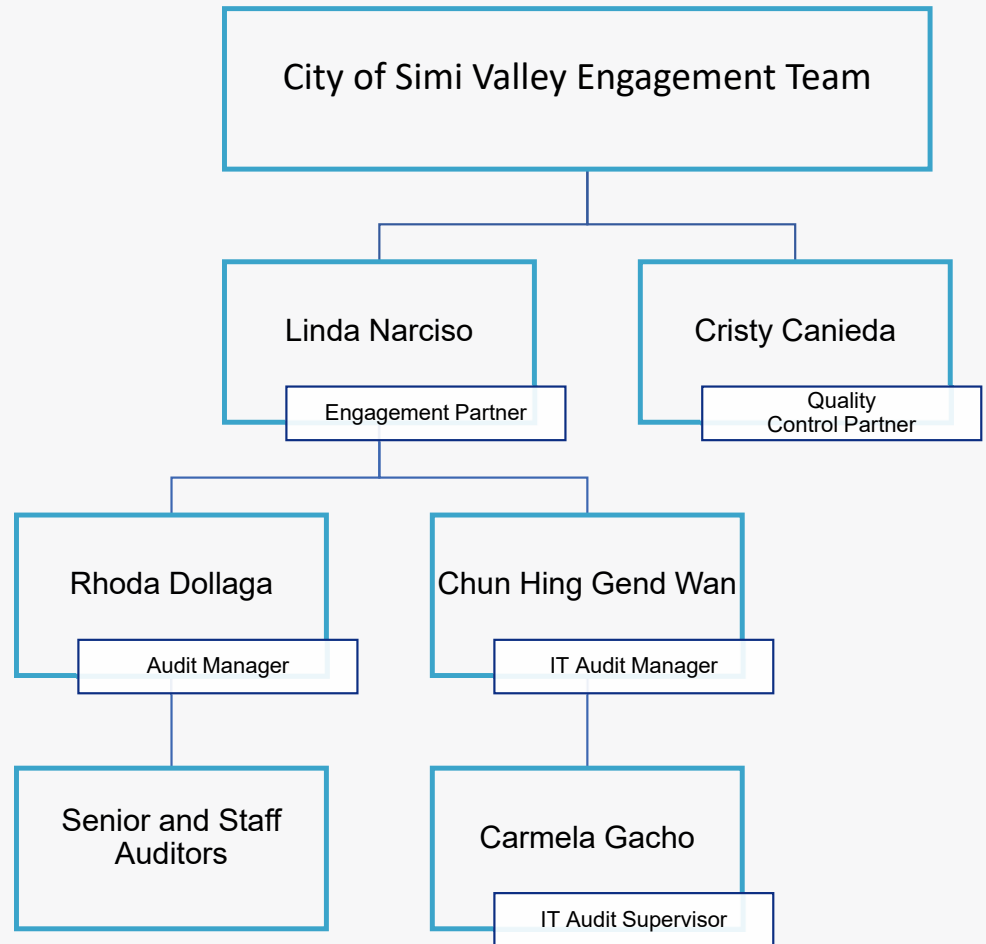
PRESENTATION TO THE CITY COUNCIL OF THE CITY OF SIMI VALLEY, CALIFORNIA

April 15, 2024

/ AGENDA

- The Audit Team
- Scope of Services
- Independence
- Summary of Audit Results
 - Financial Statements Audit
 - Single Audit
 - Financial Reporting Highlights
- Required Communications to the City Council
- New Accounting Pronouncements – Effective in Future Years
- Questions
- Contact Information

/ THE AUDIT TEAM



SCOPE OF SERVICES

/ SCOPE OF SERVICES

1 The Financial Statements Audit

- City's basic financial statements
- City's IT General Controls
- City's OPEB Trust Plans

2 The Single Audit

Audit of Major Federal Grant Programs in accordance with the Uniform Guidance

3

Year-round **Consultation** on Financial and Accounting Matters

/ 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 the City.

SUMMARY OF AUDIT RESULTS

/ FINANCIAL STATEMENTS AUDIT



Unmodified Opinion on Financial Statements

- The financial statements present fairly, 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 14.218 – Community Development Block Grants (CDBG)/Entitlement Grants (\$662 thousand)
- ALN 20.205 – Highway Planning and Construction (\$1.2 million)
- ALN 21.027 - Coronavirus State and Local Fiscal Recovery Funds (\$5.3 million)

The major programs covered 48.5% of total federal expenditures of \$14.9 million.

2

Classification

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

3

Results

- No financial statements findings.
- No federal awards findings.
- No prior year financial statements and federal awards findings.

/ FINANCIAL REPORTING HIGHLIGHTS – GOVERNMENT-WIDE

Overall Net Position

- The City's overall net position increased by \$29.5 million from \$422.8 million at June 30, 2022 to \$452.3 million as of June 30, 2023. (ACFR p. 11)

Unrestricted Deficit in Net Position

- The City's unrestricted net position increased by \$24.7 million from a deficit of \$11.2 million at June 30, 2022 to \$13.5 million as of June 30, 2023. (ACFR p. 10)

City-wide Expenses

- City-wide expenses increased to \$155.0 million in FY 2023 from \$148.0 million in FY 2022, an increase of \$7.0 million. (ACFR p. 11)

Pension and OPEB liability

- The City reported the following Net Pension and Net OPEB liabilities at June 30, 2023: (ACFR p.79)
 - Net Pension liability - \$165.7 million (2022 - \$98.6 million)
 - Net OPEB Liability - \$83.7 million (2022 - \$62.3 million)

/ FINANCIAL REPORTING HIGHLIGHTS – FUND LEVEL



Governmental Fund Expenditures

- Governmental Fund expenditures increased in 2022-23.
 - Governmental Fund expenditures 2022-23 \$99.4 million (ACFR p.31)
 - Governmental Fund expenditures 2021-22 \$85.1 million

General Fund Total Fund Balance

- The City's General Fund total fund balance increased by \$3.3 million during the year (from \$76.7 million in 2022 to \$80.0 million at the end of 2023). The City projected a budget fund balance of \$69.0 million for the fiscal year. (ACFR p. 33)

/ FINANCIAL REPORTING HIGHLIGHTS – FUND LEVEL (CONTINUED)



Enterprise Funds

- The Enterprise Funds generated net revenues before contributions and operating transfers of \$7.6 million. (ACFR p.36)
 - Ventura County Waterworks District No. 8 generated a net income of \$4.3 million before contributions and operating transfers.
 - Simi Valley Sanitation generated a net income of \$9.2 million before contributions and operating transfers.
 - Simi Valley Transit System generated a net loss of \$5.9 million before contributions and operating transfers.

Internal Service Funds

- The Internal Service Funds reported a net position of \$12.4 million, which was an increase of \$4.1 million from \$8.2 million in FY 2022. (ACFR p.36)

REQUIRED COMMUNICATIONS

/ REQUIRED COMMUNICATIONS



Management's Responsibility	Management has the 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	We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. During the fiscal year ended June 30, 2023, the City implemented GASB Statement No. 96 – <i>Subscription-Based Information Technology Arrangements</i> . The implementation of this statement has resulted in reporting SBITA asset and liability in the entity-wide financial statements.

/ REQUIRED COMMUNICATIONS (CONTINUED)



Significant Unusual Transactions

We did not identify any significant unusual transactions.

Shared Responsibilities for Independence

Independence is a **joint responsibility** and is managed most effectively when management, City Council, and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and Government Accountability Office (GAO) independence rules. AICPA and GAO rules require independence both in mind and in appearance when providing audit and other attestation services. Vasquez ensures that the AICPA and GAO's General Requirements for performing non-attest services are adhered to and included in all letters of engagement. Vasquez maintains a system of quality control over compliance with independence rules and firm policies.

Audit Adjustments

There were no proposed audit adjustments made to the original trial balance presented to us to begin our audit. We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

/ REQUIRED COMMUNICATIONS (CONTINUED)

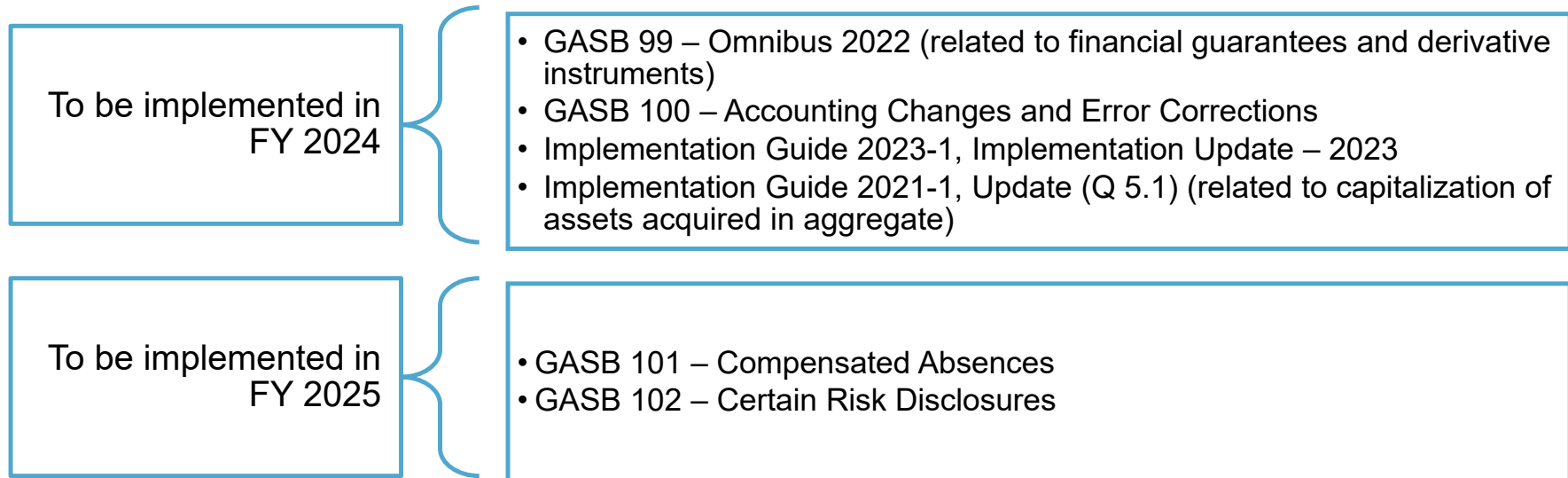


Conditions of Retention	No significant issues were discussed, or subject to correspondence, with management prior to retention.
Irregularities, Fraud or Illegal Acts	No irregularities, fraud or illegal acts came to our attention as a result of our audit procedures.
Management Representations	The City provided us with a signed copy of the management representation letters prior to issuance of our auditor's opinions.
Management Letter Comments	Management letter comments were 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, 2023, 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.**