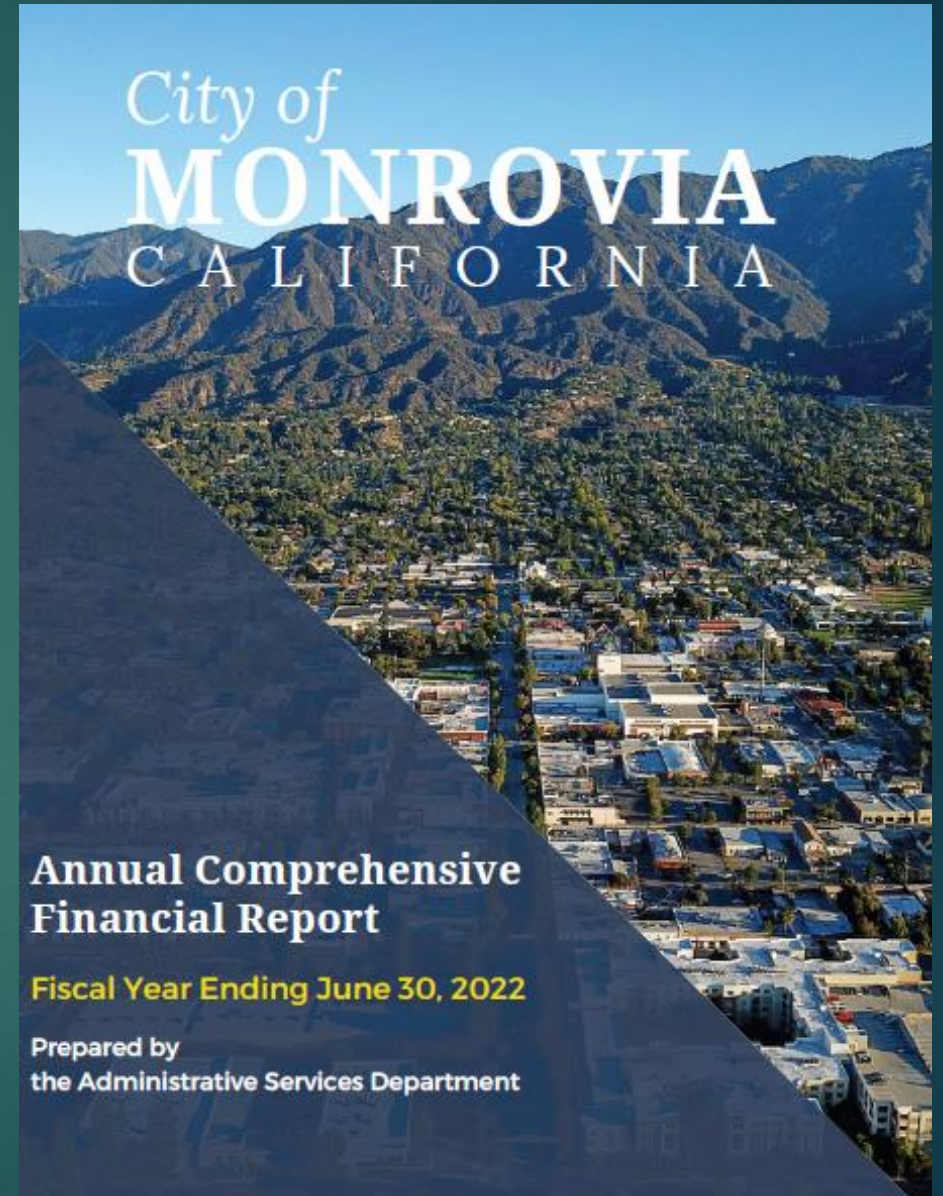


Fiscal Year 2021-22 ACFR

CITY COUNCIL MEETING

FEBRUARY 7, 2023



FY 2021-22 ACFR

Each year, the City is required to undergo an annual financial audit performed by an independent Certified Public Accounting (CPA) firm. The audit includes:

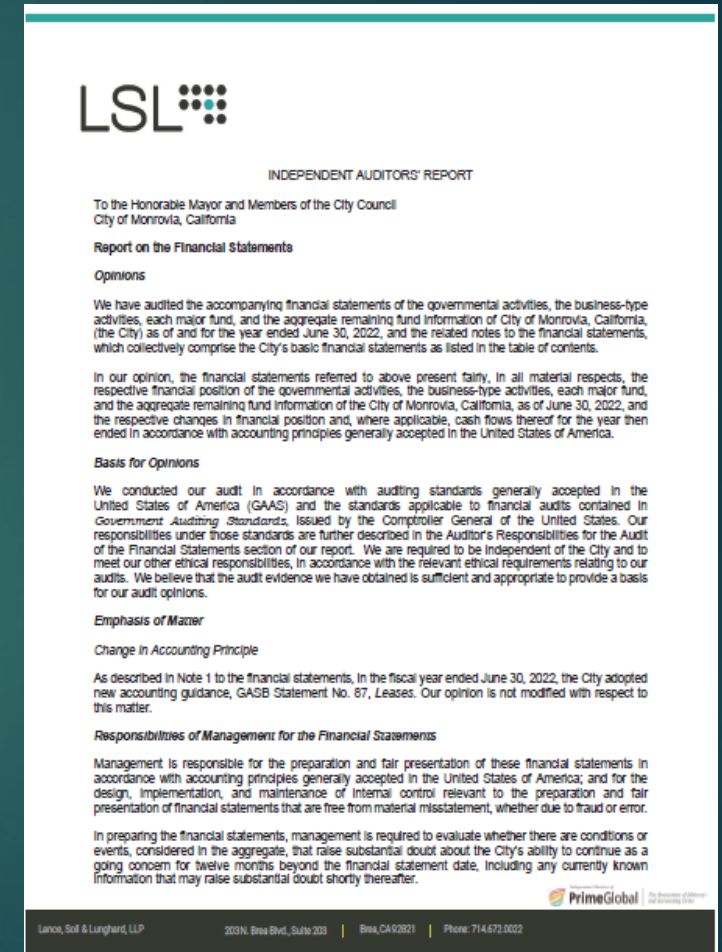
- ▶ A review of the City's procedures and adherence to policies.
- ▶ A review of the City's accounting records and financial transactions.
- ▶ A review of the City's internal controls.
- ▶ From this review, the auditors and City staff prepare the ACFR.

FY 2021-22 ACFR

Based on the Fiscal Year 2021-22 audit, the City received an unmodified opinion (“clean audit”), which is the best outcome possible. This means:

- ▶ The financial statements conform with generally accepted accounting principles (GAAP) and Governmental Accounting Standards Board (GASB) reporting requirements.
- ▶ The financial statements are fairly presented, in all material respects.

No audit findings were reported by the auditors for the Fiscal Year 2021-22 audit.



The Audit Committee

The Audit Committee is an important part of the audit.

- ▶ The auditors met with the Audit Committee before the audit started, and then again at the conclusion of the audit, to review the ACFR draft and discuss the results of the audit.
- ▶ Throughout the year, the Audit Committee members may also contact the auditors, at any time, with questions, concerns, or for clarification on any audit related items.
- ▶ Mayor Pro Tem Spicer and Councilmember Crudgington served on the Audit Committee for the Fiscal Year 2021-22 audit.

FY 2021-22 ACFR

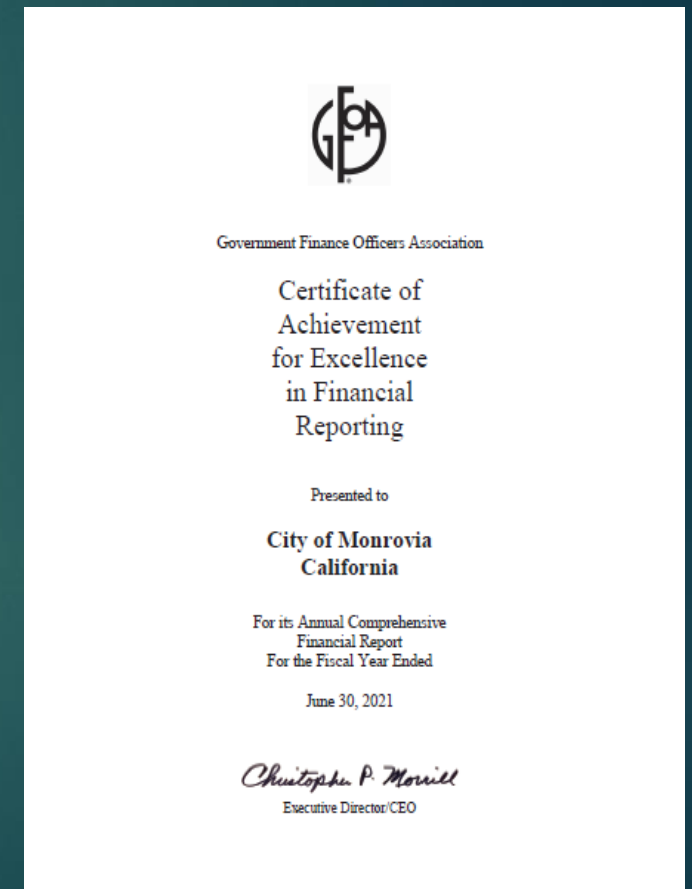
The ACFR is comprised of different parts that each serve a specific purpose in providing information to the reader:

- ▶ Introductory Section- Includes “extra” information to supplement the financial section of the ACFR. For example, the Transmittal Letter provides a discussion of financial results, strategic objectives, and major projects completed during the year.
- ▶ Financial Section – Includes the Independent Auditor’s Report, Management’s Discussion and Analysis (MD & A), the audited financial statements, and footnotes to the financial statements.
- ▶ Statistical Section – Provides supplemental data not evident in the Financial Section, such as financial trend information and demographic data.
- ▶ The Transmittal Letter (Page i) and the MD & A (Page 5) are helpful summary documents that provide a high-level financial overview of the City at June 30, 2022.

FY 2021-22 ACFR

The City's ACFR meets the highest standards of financial reporting.

- ▶ The City has received the Government Finance Officers Association's (GFOA) award for excellence in financial reporting for the past 28 years.
 - ▶ The award program checklist includes over 500 criteria items.
- ▶ The City also submitted this year's Fiscal Year 2021-22 ACFR for consideration in the GFOA's national award program.



FY 2021-22 ACFR

Financial Condition of the City at June 30, 2022:

- ▶ 2021-22 was a year of growth, progress, and stability with positive financial outcomes.
- ▶ The City received a credit rating upgrade from AA to AA+ in June 2022.
- ▶ The General Fund closed the year with a surplus and a year-end fund balance of \$23.32 million.
- ▶ Overall, the City's Cash and Investment balances increased by \$17.96 million, or 55%, over the prior year.

FY 2021-22 ACFR

Financial Condition of the City at June 30, 2022:

- ▶ The City's Net OPEB Liability decreased by \$9.89 million, or 27%.
- ▶ Most funds experienced increases in net position/fund balance, including the enterprise and internal service funds.
- ▶ The City's overall Net Position increased by \$74.50 million during the year, resulting in a year-end Net Position of \$61.43 million.

FY 2021-22 ACFR

Monrovia's continued strong financial position is not by chance, but is the result of a coordinated and strategic effort by the City Council. Over the years, City Council's prudent management of finances has put the City in a good financial position.

Examples of measures over the last several years:

- ▶ In 2017, the City Council approved the CalPERS Response Plan (CPR Plan).
- ▶ In 2018, the City Council approved the Financial Resiliency Plan.
- ▶ In 2021, the City Council approved the CalPERS Unfunded Accrued Liability and Other Post-Employment Benefit (OPEB) Liability Funding Policy.

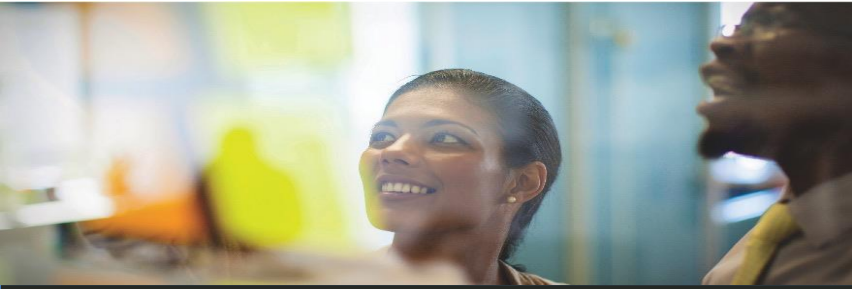
FY 2021-22 ACFR

Auditor Presentation:

Bryan Gruber, Managing Partner from Lance, Soll, and Lunghard, CPA's, will discuss the Fiscal Year 2021-22 audit and ACFR.



FISCAL YEAR ENDED JUNE 30, 2022
FINANCIAL AUDIT RESULTS



City of Monrovia

Focused
on YOU



CPAs AND ADVISORS

AUDIT PROCESS

Focused
on YOU



Audit Process

- Two phases
 - 1st phase focused on internal controls and process understandings.
 - 2nd phase focused on tests of the financial statement balances
- Responsibility
 - Management is responsible for the design and implementation of good processes and good internal controls; Auditor is responsible for evaluating the possible impact of those processes on the financial statements.
 - Management is responsible for everything you see in the financial statements, including the account balances, footnote disclosures and supplementary info; Auditor is responsible for ensuring they are materially correct.



CPAs AND ADVISORS

REPORTS ISSUED

Focused
on YOU



Opinion Letter

- Unmodified Opinion
 - Based on our audit of significant transactions, our understanding of the City's policies and procedures, and our testwork results, we have issued an Opinion that the financials statements are free of material misstatement.



Report on Internal Control over Financial Reporting and on Compliance and Other Matters

- No opinion is expressed on the internal controls.
- No material weaknesses or significant deficiencies were identified.
- Material weaknesses or significant deficiencies *may* exist that were not identified.



Audit Communication Letter (SAS 114 – conclusion)

- Accounting Practices
 - Implementation of GASB 87, *Leases*
- No difficulties encountered in performing the audit.
- No disagreements with management to disclose.
- Management Representation includes a letter to the auditors regarding their acceptance of responsibilities and disclosures of no known errors or fraudulent activities to communicate to auditors.



Audit Communication Letter (Continued)

- Upcoming Standards
 - GASB 96 – Subscription Based IT Arrangements
 - Evaluate IT software subscriptions/agreements and any hardware required to operate the software and determine the future obligations which will be reported in the financial statements.



Other Reports Issued

- Successor Housing Financial Statement
- Appropriations Limit Agreed-Upon Procedures
- Annual Street Report
- Annual State Controller's Report
- Single Audit



CPAs AND ADVISORS



Thank You!

Contact Information

Bryan Gruber, CPA

Managing Partner

Bryan.gruber@lslcpas.com

714-672-0022