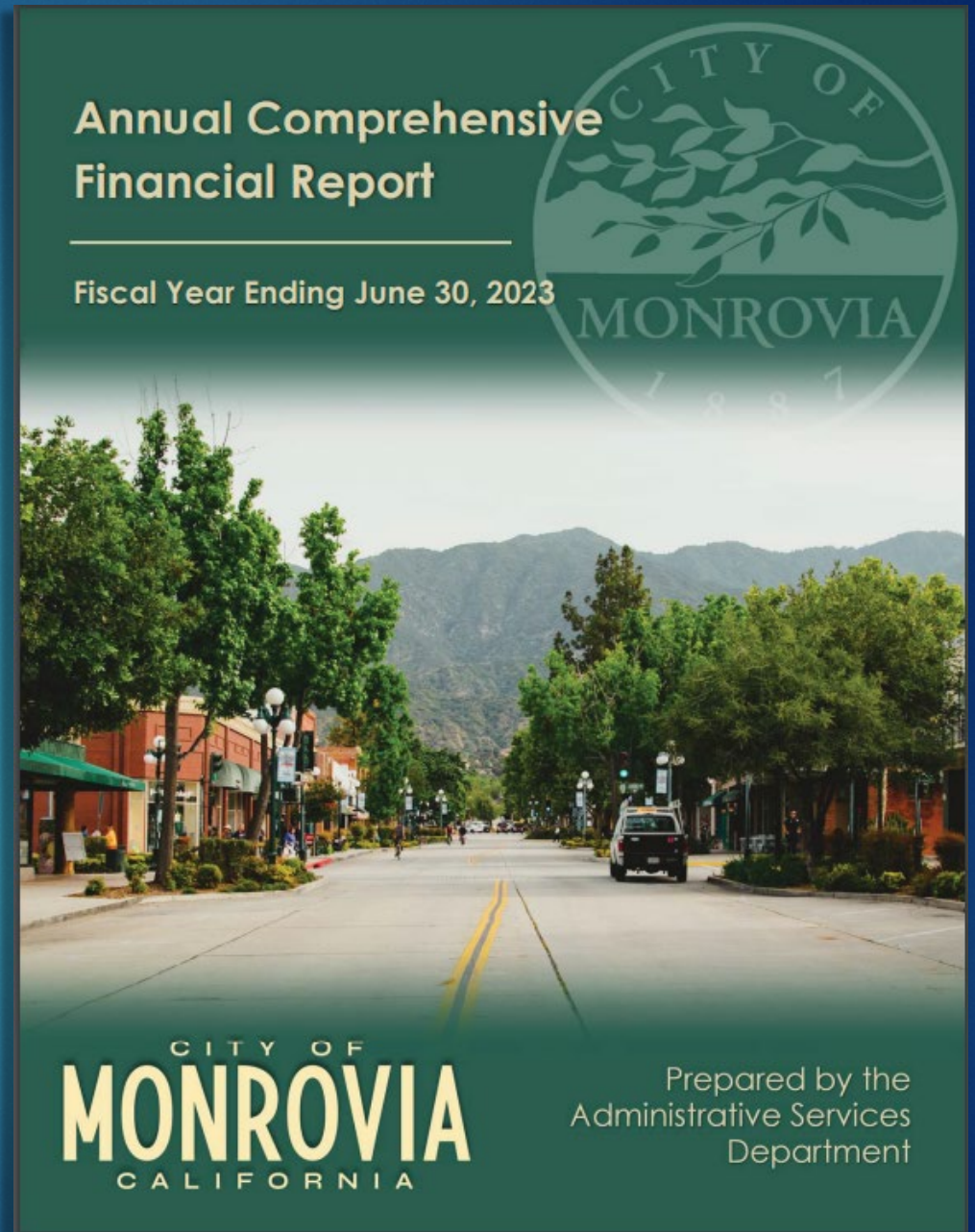


# Fiscal Year 2022-23 ACFR

CITY COUNCIL MEETING

FEBRUARY 20, 2024



# FY 2022-23 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 2022-23 ACFR

Based on the Fiscal Year 2022-23 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 2022-23 audit.



INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of Monrovia, California

**Report on the Audit of the Financial Statements**

*Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Monrovia, California (the "City"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

*Emphasis of Matter*

*Change in Accounting Principle*


As described in Note 1 to the financial statements, in 2023, the City adopted new accounting guidance, GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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# 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 2022-23 audit.
- ▶ City Treasurer Janet Wall also participated during the closing meeting with the Audit Committee, auditors, and staff.

# FY 2022-23 ACFR

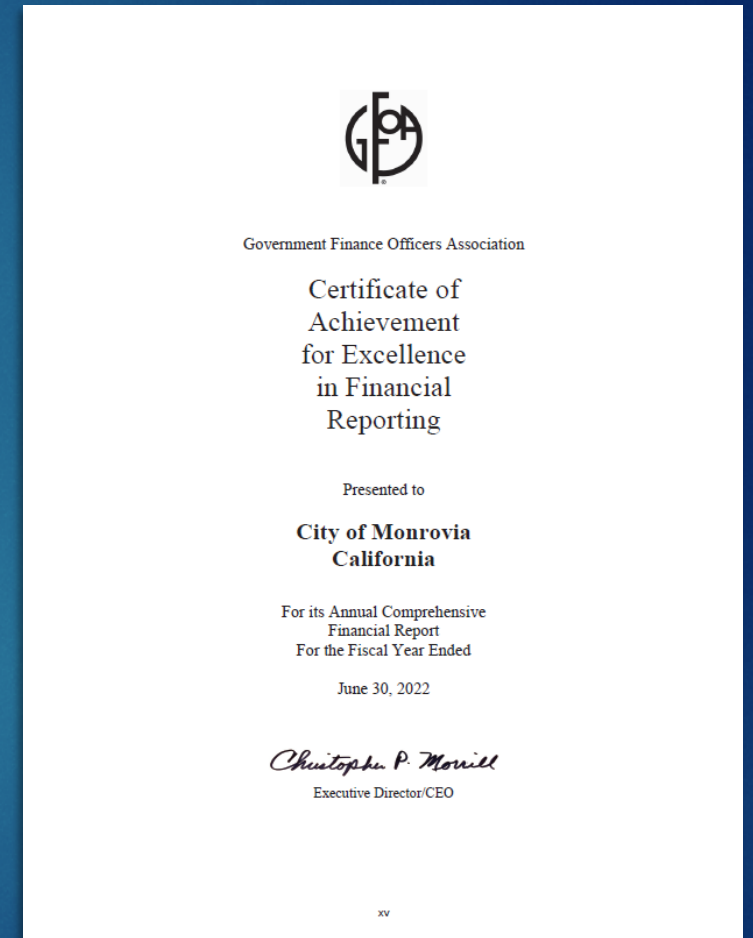
The ACFR is comprised of different parts that each serve a specific purpose in providing information to the reader:

- ▶ **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, 2023.

# FY 2022-23 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 29 years.
  - ▶ The award program checklist includes over 500 criteria items.
- ▶ The City also submitted this year's Fiscal Year 2022-23 ACFR for consideration in the GFOA's national award program.



# FY 2022-23 ACFR

## Financial Condition of the City at June 30, 2023:

- ▶ 2022-23 was a year of continued growth and resiliency.
- ▶ The City ended the year with a positive net position of \$50.77 million.
- ▶ Overall, the City's Cash and Investment balances increased by \$10.43 million, or 21%, over the prior year.
- ▶ Enterprise and internal service funds' net position increased by \$6.96 million during the year.
- ▶ The General Fund closed the year in a positive position, due to strong revenues and diligent management of the budget.

# FY 2022-23 ACFR

## Financial Condition of the City at June 30, 2023:

- ▶ The City's net position, though positive, decreased by \$10.65 million compared to the prior year. This is largely attributable to an increase in pension and OPEB liabilities.
- ▶ The City's commitment to managing CalPERS and OPEB costs remains a high priority. As such, creating a Pension Payoff Policy, establishing a Section 115 Trust, and identifying revenue sources to fund annual contributions to the Trust have been effective strategies implemented by the City Council.



# *FY 2022-23 ACFR*

Monrovia's positive financial position is the result of a coordinated, intentional, and strategic efforts by the City Council. Over the years, City Council's commitment to prudence, diligence, strong stewardship, and sound financial practices has continued to move the City in a positive fiscal direction.

Fiscal Year 2022-23 had positive financial outcomes. The City closed the fiscal year with a positive increase to the General Fund year-end fund balance, as well as positive ending fund balances in most funds.

## Auditor Presentation:

Riley Greenlee, Manager from Lance, Soll, and Lunghard, CPA's, will discuss the Fiscal Year 2022-23 audit and ACFR.



# 2023 Financial Audit

Presented by:  
Riley Greenlee, CPA, Manager

February 20, 2024

[lslcpas.com](http://lslcpas.com)





# Your LSL Team



**Ryan Domino, CPA**  
Partner



**Kelly Telford, CPA**  
Partner



**Riley Greenlee, CPA**  
Manager



# Scope of Engagement

- LSL has been engaged by the City of Monrovia to perform the following procedures:
  - Financial statement audit for the year ended June 30, 2023, in accordance with generally accepted auditing standards and *Government Auditing Standards*.
  - Single audit over the federal award programs for the year ended June 30, 2023, in accordance with the federal Uniform Guidance.
  - Housing successor audit for the year ended June 30, 2023, in accordance with generally accepted auditing standards, *Government Auditing Standards* and compliance requirements identified in the California Health and Safety Code sections.



# Scope of Engagement

- Interim Fieldwork
  - May 30 – April 2, 2023
  - Examined internal controls
  - Provided feedback to management
  - Performed our audit risk assessment
  - Planned year-end audit procedures to respond to risk
- Year-End Fieldwork
  - October 23 – November 3, 2023
  - Detailed testing of account balances and transactions
  - Compliance testing with laws, regulations, grant agreements, contracts
  - Other procedures necessary to obtain sufficient, appropriate audit evidence



# Results of Audit

- We issued an unmodified auditor's opinion on the financial statements.
  - Financial statements are accurate and reliable as of June 30, 2023.
- We issued the Report on Internal Control and Compliance
  - No significant deficiencies in internal control noted.
  - No material weaknesses in internal control noted.
  - No material noncompliance with laws, regulations, grants, etc. noted.



# Results of Audit

- We identified no going concern doubts as of June 30, 2023.
- We identified no fraud, waste, or abuse during the fiscal year ended June 30, 2023.
- We had no disagreements with management about application of accounting principles.
- We had no difficulties conducting our audit.
- We determined that all estimates used by management in preparing the financial statements were reasonable.





# Changes from Prior Year

- During the fiscal year ended June 30, 2023, the City changed accounting principles related to the accounting for subscription-based information technology arrangements (GASB 96).
- GASB 96 requires that a subscription asset and subscription liability be recognized for future obligations from IT software subscriptions/agreements.



# Questions



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