



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

May 5, 2025



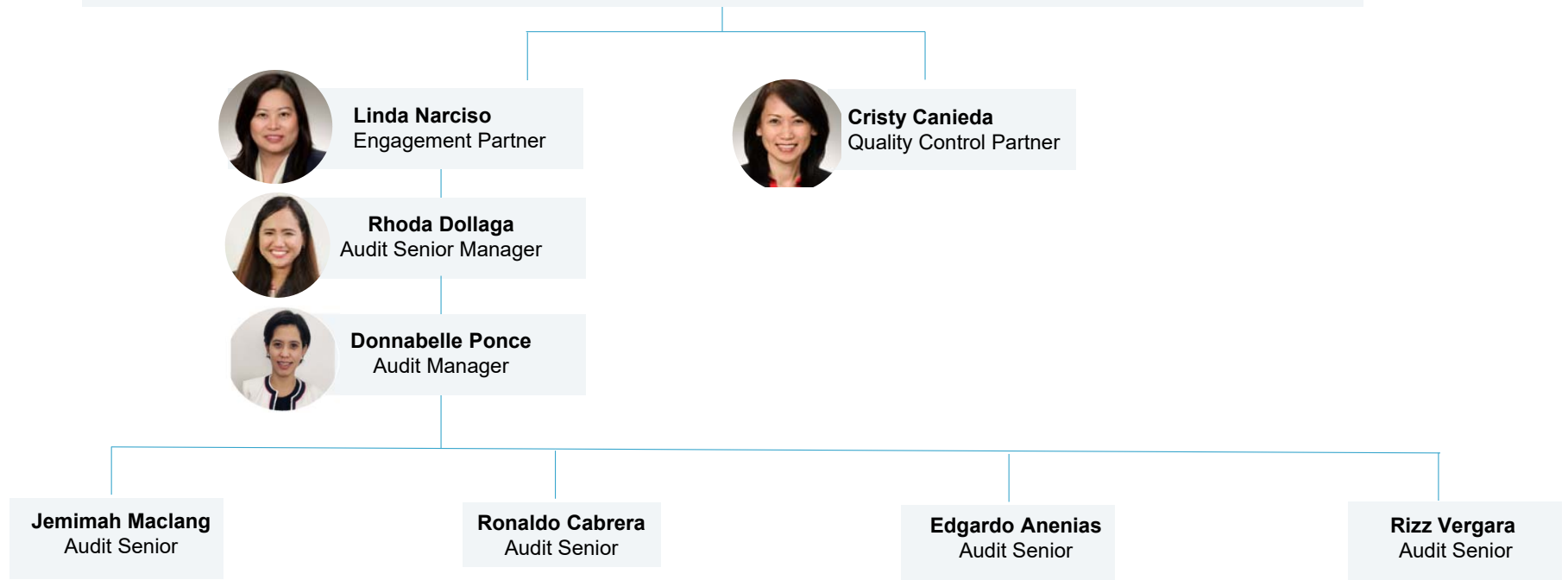


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# / Audit Team

## City of Simi Valley Financial Statement Audit Engagement Team



# / Scope of Services



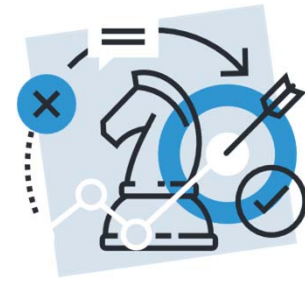
## The Financial Statements Audit

- City's basic financial statements
- City's OPEB Plan



## The Single Audit

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



## Consultation

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 AICPA and *Government Auditing Standards* as they relate to the City.

# / Summary of Audit Results



# / Financial Statement Audit



## Unmodified Opinions 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 16.753 – Byrne Discretionary Community Project Funding/Byrne Discretionary Grants Program (\$1.0 million)
- ALN 20.507– Federal Transit Formula Grants (\$3.5 million)
- ALN 293.045 – Special Programs for the Aging, Title III, Part C Nutrition Services (\$243 thousand)

The major programs covered 60.8% of total federal expenditures of \$7.8 million.

## 2 Classification

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

## 3 Results

- No financial statement finding.
- Significant deficiency finding related to ALN 16.753
- No prior year financial statement and federal award findings.

# / Financial Reporting Highlights – Government-wide

## Overall Net Position

- The City's overall net position increased by \$20.7 million from \$452.3 million as of June 30, 2023, to \$473.0 million as of June 30, 2024. (ACFR p. 10)

## Unrestricted Net Position

- The City's unrestricted net position increased by \$18.0 million from \$13.5 million as of June 30, 2023, to \$31.5 million as of June 30, 2024. (ACFR p. 10)

## City-wide Expenses

- City-wide expenses increased to \$178.6 million in FY 2024 from \$155.0 million in FY 2023, an increase of \$23.6 million. (ACFR p. 11)

## Net Pension and OPEB Liability

- The City reported the following Net Pension and Net OPEB liabilities at June 30, 2024:
  - Net Pension liability - \$169.4 million (2023 - \$165.7 million) (ACFR p. 82)
  - Net OPEB Liability - \$69.1 million (2023 - \$83.6 million) (ACFR p. 82)

# / Financial Reporting Highlights – Fund Level

## Governmental Fund Expenditures

- Governmental Fund expenditures increased in 2023-24. (ACFR p. 32)
  - Governmental Fund expenditures 2023-24      \$108.5 million
  - Governmental Fund expenditures 2022-23      \$99.4 million

## General Fund Total Fund Balance

- The City's General Fund total fund balance decreased by \$1.9 million during the year from the amount of \$80.0 million in 2023 to \$78.1 million at the end of 2024. This is \$17.3 million higher than the projected General Fund end of the fiscal year fund balance of \$60.8 million. (ACFR p. 34)

# / Financial Reporting Highlights – Fund Level, continued

## Enterprise Funds

- The Enterprise Funds generated net revenues before contributions and transfers of \$11.8 million.
  - Sanitation generated a net income of \$14.5 million before contributions and transfers.
  - Waterworks generated a net income of \$2.8 million before contributions and transfers.
  - Transit had a net loss of \$5.6 million before contributions and transfers.

## Internal Service Funds

- The Internal Service Funds reported a net position of \$14.7 million, which was an increase of \$2.4 million from \$12.4 million in FY 2023.

# / Required Communications



# / Required Communications

<b>Auditor's Responsibility</b>	Our responsibilities have been described in our engagement letter dated April 29, 2024.
<b>Planned scope and timing of the audit</b>	We have issued a separate communication regarding scope and timing of our audit.
<b>Adoption of, or change in Accounting Policies</b>	Management has the primary responsibility for the accounting principles used, their consistency, application and clarity. During the fiscal year ended June 30, 2024, the City implemented GASB Statement No. 100 – <i>Accounting Changes and Error Corrections</i> . The implementation of this Statement has resulted in the restatement of beginning fund balances and net position and additional note disclosure to the financial statements.
<b>Significant Accounting Policies</b>	We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
<b>Significant Unusual Transactions</b>	We did not identify any significant unusual transactions.

## / Required Communications, continued

<b>Audit Adjustments</b>	Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the City. We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
<b>Disagreements with Management</b>	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
<b>Consultations with Other Accountants</b>	We are not aware of any consultations by management with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed With Management</b>	No significant issues arising from the audit were discussed or the subject of correspondence with management.
<b>Significant Difficulties Encountered in Performing the Audit</b>	We did not encounter any significant difficulties in dealing with management during the audit.

## / Required Communications, continued

<b>Significant Matters That Required Consultation</b>	We did not encounter any difficult or contentious matters that required consultation outside the engagement team and that are, in our professional judgment, significant and relevant to your responsibility to oversee the financial reporting process.
<b>Shared Responsibilities for Independence</b>	Independence is a <b>joint responsibility</b> 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 <i>Government Accountability Office</i> (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.
<b>Conditions of Retention</b>	No significant issues were discussed, or subject to correspondence, with management prior to retention.
<b>Irregularities, Fraud or Illegal Acts</b>	No irregularities, fraud or illegal acts came to our attention as a result of our audit procedures.
<b>Significant Written Communication Between Management and Our Firm</b>	The most significant written communications between management and our firm were the Letter of Comments to Management and Management Representation Letters.

# / Required Communications, continued

## Summary of Significant Accounting Estimate

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. The following describes the significant accounting estimates reflected in the City's June 30, 2024 financial statements.

- The estimated useful lives of the City's capital assets were based on management's best estimate and prevailing practices in the local government sector.
- Net pension/ other postemployment benefits (OPEB) liabilities were actuarially calculated based on certain assumptions disclosed in notes to the financial statements.
- Investments' fair market values were obtained from the fiscal agents, the pension and OPEB trustees, the investment custodian and the bond trustees and based on amortized cost and observable inputs.
- The City's receivables are stated at the amounts collectible based on the results of the City's evaluations.
- Claim payables are estimated when a loss has occurred and the amount of the loss can be reasonably estimated and include an amount for claims that have been incurred, but not reported as of the end of the year.
- The net present values of the future leases and subscription payments are calculated based on the estimated incremental borrowing rates and investment rate of returns for the City.

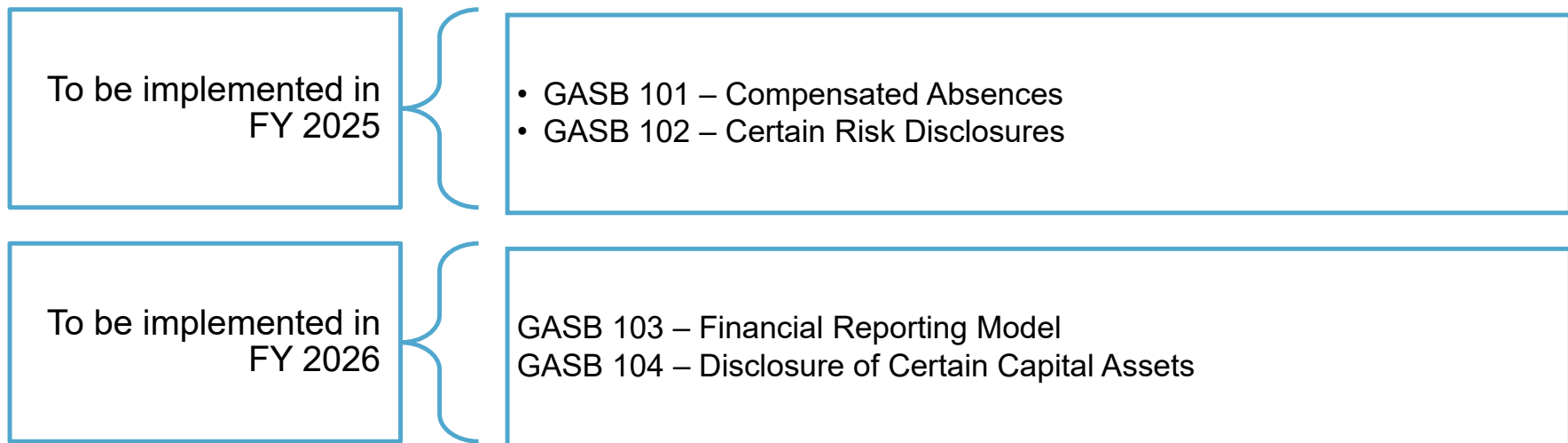


# / New Accounting Pronouncements Effective in Future Years



# / New Accounting Pronouncements – Effective in Future Years

The Governmental Accounting Standards Board (GASB) has issued several pronouncements 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, tax, accounting, and consulting services for all types of nonprofit organizations, governmental entities, and private companies. We are the largest minority-controlled accounting firm in the United States and the only one to have global operations and certified as MBE with the Supplier Clearinghouse for the Utility Supplier Diversity Program of the California Public Utilities Commission.

We are clients of the **RSM Professional Services+ Practice**. As a client, we have access to the Professional Services+ Collaborative, a globally connected community that provides access to an ecosystem of capabilities, collaboration and camaraderie to help professional services firms grow and thrive in a rapidly changing business environment. As a participant in the PS+ Collaborative, we have the opportunity to interact and share best practices with other professional services firms across the U.S. and Canada.

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

