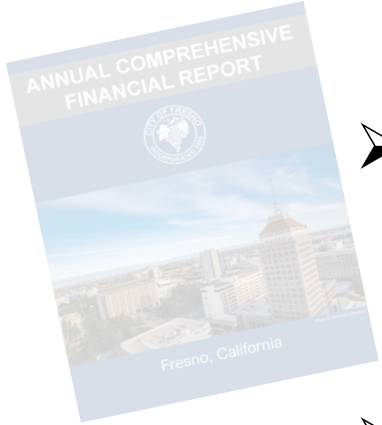




FY 2022 Annual Comprehensive Financial Report (ACFR)

MARCH 30, 2023

What is the Annual Comprehensive Financial Report (ACFR)?



- A set of financial statements which conform to the accounting requirements established by the Governmental Accounting Standards Board (GASB)
- The report must be audited by an independent auditor using generally accepted government auditing standards
- 2022 ACFR = Covers the fiscal year ended June 30, 2022



Financial Highlights *(amounts in thousands)*

	General Fund	All Funds
➤ Total Revenues	\$407,557	\$1,152,777
➤ Total Expenses	\$374,375	\$927,471
➤ Total Assets	\$171,644	\$4,869,028
➤ Total Liabilities	\$43,779	\$1,588,277
➤ Net Positions as of June 30, 2021	\$102,943	\$2,605,916
➤ Net Positions as of June 30, 2022	\$104,691	\$2,831,222



Auditor's Responsibilities

- Express an opinion on the financial statements – received the best opinion possible “unmodified”
- Identity and assess risk of material misstatement – no misstatements
- Obtain understanding of internal controls – no significant deficiencies
- Evaluate appropriateness of accounting policies and presentation of financial statements – two financial statement findings



New Accounting Standard(s)

➤ Governmental Accounting Standards Board (GASB) Standard No. 87

“This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.”



Audit Results, Findings & Recommendations

Type of Opinion	Results
Financial Statements	Unmodified
Federal Compliance	Unmodified

Financial Statement Finding 2022-001 Internal Control Over Financial Reporting

“During the audit, as discussed in Note 15 to the basic financial statements, the City restated its beginning net position/fund balance of the government-wide governmental activities, the governmental funds and the custodial funds, in order to correct the previously reported financial statements to comply with the GASB Statement No. 84, Fiduciary Activities, that was required to be implemented as of the year ended June 30, 2021. The governmental activities beginning net position was restated by \$3.9 million.”

Management Response

Prior to GASB 84, custodial funds were not required to be included with the fiduciary fund statements. Staff has since corrected and included it with reporting in FY 2022. Staff will ensure that future GASB statements are implemented in the year in which they go into effect and will be proactive to ensure sufficient time to adequately implement statement changes in the future.



Financial Statement Finding 2022-002 Internal Control Over Preparation of Schedule of Federal Awards

“During our review of the Schedule of Expenditures of Federal Awards (“Schedule”) provided by the City, we noted the City federal expenditures for the Emergency Rental Assistance Program, passed through the State of California in the amount of \$12,239,896 were excluded in the schedule. We also noted federal expenditures in the schedule for the State and Local Fiscal Recovery Fund were understated by \$14,391,754.”

Management Response

Emergency Rental Assistance Program funds are Federal resources passed through the State. Staff designated spending as State resources and therefore incorrectly omitted them from the Schedule. However, amounts were spent in accordance with program requirements. State and Local Fiscal Recovery Funds, though spent in accordance with program requirements, were similarly omitted from the Schedule by mistake. The City has created a Grants Management Unit in Finance to ensure proper expenditure tracking and accounting procedures, in addition to monitoring compliance with Uniform Guidance.



Questions

