



Board Committee Report

MEETING DATE: DECEMBER 16, 2021 ITEM NUMBER: 8G(ii)

SUBJECT: **Financial Monitoring and Audit Committee**

DATE: December 14, 2021

FROM: Directors Kovacevich and Bagneris

PRESENTATION BY: Directors Kovacevich and Bagneris

Purpose:

This committee monitors the organization's financial position and ensures financial controls are in place.

Focus:

- *Monthly financial oversight*
- *Annual budget review*
- *Annual audit process*
- *Participate in the scoring process for key RFPs, including for Carnival Services*

Special Projects:

- *2020 Financial Audit*

SUMMARY OF COMMITTEE MEETING

- The committee met on December 10th to review November financials.
 - YTD November 2021 revenue is favorable to budget by \$26.7M
 - Operating expenses for YTD November 2021 are unfavorable to budget by \$219K due to stronger than budgeted fair and year-round event activity.
 - For the YTD period ending November 30, 2021, net proceeds are favorable to budget by \$26.6M
 - As of November 30, 2021, cash and investments are \$60.2M, an increase of \$17.3M over November 2020.
 - As of November 30, 2021, utilizing eleven months of actuals and one month of budgeted revenue and expenses, staff is now reforecasting

year-end net proceeds of \$14.7M, compared to the \$11.8M loss projected in the original 2021 budget.

- The Finance Committee also met with the representative from Lance, Soll & Lunghard and reviewed the draft 2020 audit report. The committee will provide an overview of the 2020 audit during agenda *Item 8B: Presentation of 2020 Audit and Vote on Whether or Not to Approve and File with CA Department of Food & Agriculture*. Notes from the review include:
 - The financial statements present fairly in all material aspects.
 - The report indicates there are no deficiencies in internal controls.
 - This is the first time that the audit report records the GASB 75 liability for OPEB (Other Post Employment Benefits).
 - The report lists a \$22.7M loss in the organization's net position in 2020, but that the organization has a strong financial position and healthy cash reserves.
 - The report indicates a \$13.5M decrease in cash in 2020.
 - The report includes a note regarding the Shuttered Venue Operators Grant received in 2020. This report will require a separate audit next year.

FOLLOW-UP

The next Financial Monitoring and Audit Committee meeting is 01/21/2022.