



## **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

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### ***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 10<sup>th</sup> 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.