

CONVENE STUDY SESSION

At 6:11 p.m., Mayor Nguyen convened the meeting.

ROLL CALL PRESENT: (4) Mayor Nguyen, Council Members Beard, Bui,
Phan
ABSENT: (1) Council Member Jones absent at Roll Call;
joined the meeting at 6:19 p.m.

ORAL COMMUNICATIONS FOR STUDY SESSION

Speakers: None.

Annual Audit. (F: 22.1)

ADJOURNMENT OF STUDY SESSION

At 6:34 p.m., Mayor Nguyen adjourned the Study Session.

City of Garden Grove, California

Financial & Compliance Audits Year Ended June 30, 2015

January 12, 2016

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Agenda

- Introduction
- Our Audit Responsibilities
- Deliverables
- Communications to the Finance Committee



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Auditor Responsibilities

- Perform an audit of the City's basic financial statements as of and for the year ended June 30, 2015.
- The objective of an audit of financial statements is to express an opinion that the basic financial statements are presented fairly in conformity with generally accepted accounting principles (GAAP).
- The audit was performed in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*.
- Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.



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Deliverables

- (1) Comprehensive Annual Financial Report
- (2) Air Quality Management District
- (3) Single Audit
- (4) Agreed-upon procedures report
 - City's GANN Limit calculation
 - Sanitary District's GANN Limit calculation
 - One More Production
 - Willowick Golf Course
 - Solid Waste Hauling Services
- (5) Required Auditor communications to the City Council
- (6) State Controller's Office Report
- (7) Sanitary District - Tax Return
- (8) HUD REAC



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Communications to the Finance Committee

- Auditor's responsibility under professional standards
- Accounting policies and estimates
- Financial statement disclosures
- Adjustments/reclassifications
- Disagreements with managements
- Management representations
- Management consultations with other accountants
- Issues and difficulties encountered during the audit

Net Pension Liability

The City's Net Pension Liability at June 30, 2015:

Statement of Net Position

- o Governmental Activities: \$177,685,621
- o Business-type Activities: \$15,870,105

Statement of Net Position – Proprietary Funds

- o Water Utility Fund: \$10,009,793
- o Sewage Collection Fund \$4,880,361
- o Solid Waste Disposal Fund: \$979,951
- o Internal Service Funds \$2,807,073

Single Audit Findings

<u>Finding #</u>	<u>CFDA#</u>	<u>Program Name</u>	<u>Compliance Requirement</u>
2015-001	14.218	Community Development Block Grant	Subrecipient Monitoring



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Management Letter Comment

<u>Finding #</u>	<u>Area</u>	<u>Finding</u>
FS-2015-01	Capital Assets: Completion of Capital Projects	Assets were placed into service in a prior year; however, these were not transferred in the accounting records to a depreciable asset category in the year placed into service. Depreciation for these assets was also under recorded.



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Emerging Issues

- GASB Statement No. 72, *Fair Value Measurement and Application*, is effective for the City's fiscal year ending June 30, 2016.
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is effective for the City's fiscal year ending June 30, 2018.
- Uniform Guidance



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Comments/Questions?

Thank you.

