



**Monterey Bay Air Resources District
BUDGET/PERSONNEL/NOMINATING
COMMITTEE MEETING
STEVE MC SHANE, CHAIR
WEDNESDAY, DECEMBER 15, 2021 – 12:30 P.M.**

REMOTE MEETING ONLY

Link to meeting: <https://us02web.zoom.us/j/84132174187>

Webinar ID: 841 3217 4187

By Phone (audio only; Webinar ID required): 1-669-900-6833

On September 16, 2021, Governor Newsom signed AB 361. This legislation amends the Brown Act to allow meeting bodies subject to the Brown Act to meet via teleconference during a proclaimed state of emergency in accordance with teleconference procedures established by AB 361 rather than under the Brown Act's more narrow standard rules for participation in a meeting by teleconference. The Monterey County Health Officer has issued a recommendation for social distancing in legislative body meetings, so the first meeting after September 30, 2021, may be held without making findings. If the Committee desires to continue to meet remotely via teleconference after that first meeting, the Committee is required to make certain findings under AB 361 no later than 30 days after the first teleconference meeting held pursuant to AB 361, and every 30 days thereafter. Members of the public that wish to participate in a meeting may do so by joining the Zoom Webinar ID. Should you have any questions, please contact Sirie Thongchua, Executive Assistant, at 831-718-8028 or by email at sirie@mbard.org.

To Provide Public Comment via Zoom teleconference/video conference: During the meeting live verbal public comments may be made by members of the public joining the meeting via Zoom. Zoom access information is provided above. Use the "raise hand" feature (for those joining by phone, press *9 to "raise hand") during the public comment period for the agenda item you wish to address. Members of the public participating via Zoom will be muted during the proceedings and may be unmuted to speak during public comment after requesting and receiving recognition by the Chair. Please clearly state your full name for the record at the start of your public comment.

Before the Meeting: Persons who wish to address the Committee for public comment of an item not on the agenda are encouraged to submit comments in writing to Sirie Thongchua, Executive Assistant, at sirie@mbard.org by 5:00 p.m. on Monday, December 13, 2021. Comments received will be distributed to the Committee prior to the meeting.

Summary of Actions

1. Call to Order – **The meeting was called to order by Chair McShane at 12:31 p.m.**
2. Roll Call - **Present:** Chris Lopez, Mary Ann Carbone, Ryan Coonerty, Steve McShane.
Absent: Sam Storey.
3. Public Comment – **None.**
4. **Received** Report on the status of AB 361 and **Approved** the Requirements for Continued Remote Meetings and **Approved** Continued Remote Meetings for the Next 30-days, ending on January 14, 2022
Motion: Approve the requirements. **Action:** Approve.
Moved by Chris Lopez, **Seconded by** Mary Ann Carbone.
Vote: Motion carried by unanimous roll call vote (**summary:** Yes = 4).
Yes: Chris Lopez, Mary Ann Carbone, Ryan Coonerty, Steve McShane.
5. **Accepted** and **Filed** Summary of Actions of the November 17, 2021 Meeting
Motion: Approve the Summary of Actions. **Action:** Approve.
Moved by Mary Ann Carbone, **Seconded by** Ryan Coonerty.
Vote: Motion carried by unanimous roll call vote (**summary:** Yes = 4).
Yes: Chris Lopez, Mary Ann Carbone, Ryan Coonerty, Steve McShane.
6. **Received** Draft Financial Statements and Independent Audit Report for the Year Ended June 30, 2021 Prepared by Badawi & Associates and Recommend Acceptance by the Board of Directors
Motion: Recommend acceptance by the Board of Directors. **Action:** Approve.
Moved by Ryan Coonerty, **Seconded by** Mary Ann Carbone.
Vote: Motion carried by unanimous roll call vote (**summary:** Yes = 4).
Yes: Chris Lopez, Mary Ann Carbone, Ryan Coonerty, Steve McShane.
7. Order for Adjournment – **The meeting adjourned at 1:17 p.m.**

Sirie Thongchua
Executive Assistant

Monterey Bay Unified Air Pollution Control District 2021 Audit Presentation

December 15, 2021

Presented by: Mitesh Desai, CPA,
Principal



Badawi & Associates

Audit of the Monterey Bay Unified Air Pollution Control District

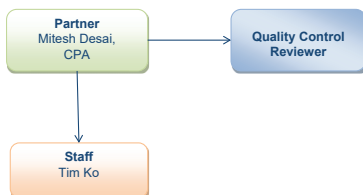
Agenda

- Engagement Team
- Deliverables and Scope of the Audit
- Areas of Primary Emphasis
- Auditors Report and Financial Statements
- Required Communications
- New Accounting Standards
- Conclusion & Discussion/Questions

Engagement Team



Engagement Team



Deliverables and Scope of the Audit

- Report of Independent Auditors on Monterey Bay Unified Air Pollution Control District Basic Financial Statements.
- Communications With Those Charged With Governance.
 - Letter used to summarize communication of various significant matters to those charged with governance.

Areas of Primary Audit Emphasis

- Revenues & Receivables : Improper revenue recognition
 - Testing of licenses, permits, DMV surcharges and fees
 - Review allowance for uncollectible accounts
 - Review of unearned grant revenues
- Pension & OPEB
 - Reviewed actuarial reports received from CalPERS & District's Actuary
 - Reviewed audit opinions issued by CalPERS auditors
 - Tested the District's payroll transmission to CalPERS
 - Tested census data used by District's Actuary
 - Reviewed District's journal entries for pension and OPEB



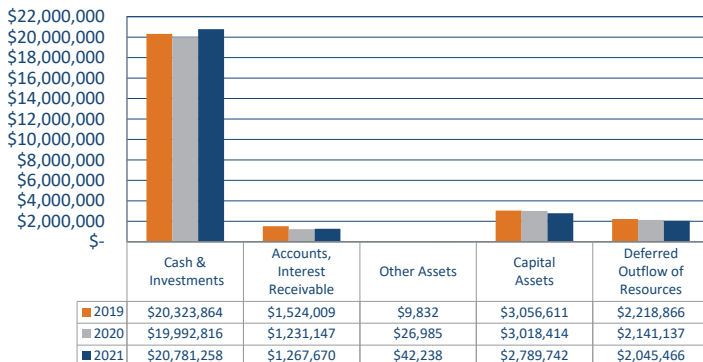
Auditors Report

- Unmodified opinion
- Financial statements are fairly presented in all material respects
- Significant accounting policies have been consistently applied
- Estimates are reasonable
- Disclosures are properly reflected in the financial statements



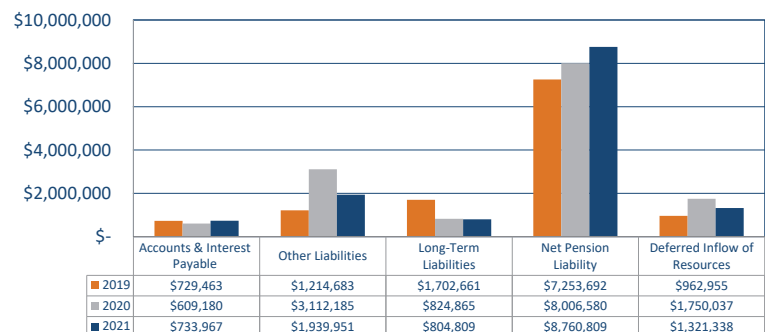
Government-Wide Financial Statements

Assets and Deferred Outflows of Resources



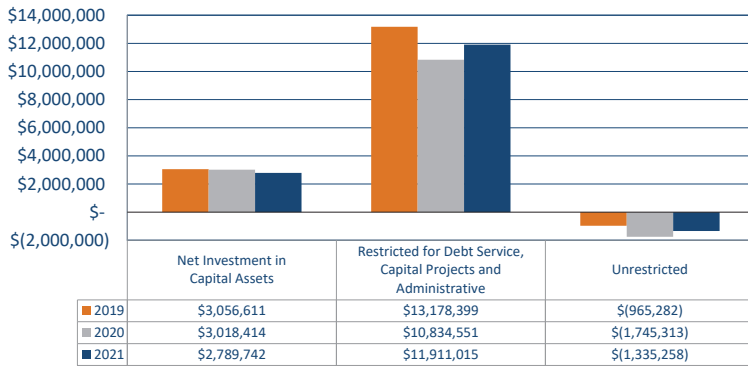
Government-Wide Financial Statements

Liabilities and Deferred Inflows of Resources



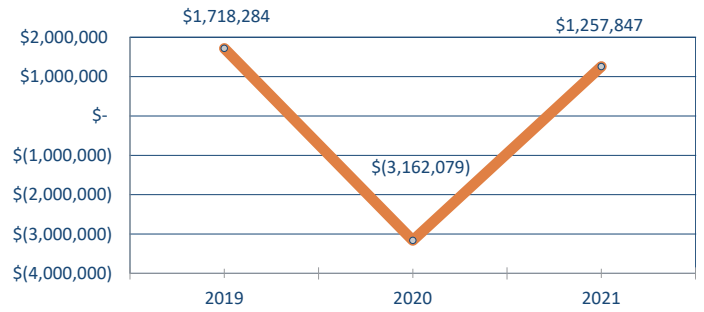
Government-Wide Financial Statements

Net Position



Government-Wide Financial Statements

Changes in Net Position



General Fund

Expense Coverage

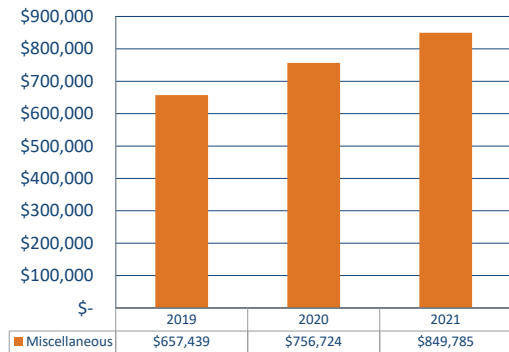
	2019	2020	2021
Unrestricted Fund Balance	\$ 6,706,294	\$ 6,668,047	\$ 7,463,995
Total Expenditures	\$ 10,998,578	\$ 15,220,993	\$ 11,713,048
Unrestricted Net Position as a % of Total Expenses	60.97%	43.81%	63.72%
Number of months	7	5	8

GFOA recommendation 2 - 4

Measure of District's ability to operate with no revenues using available fund balance.

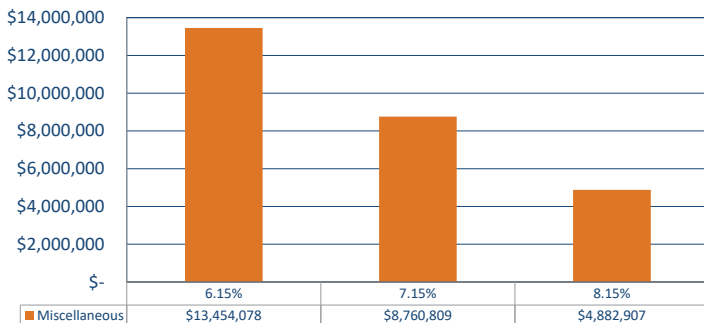
Other Financial Information

District's Annual Pension Contributions



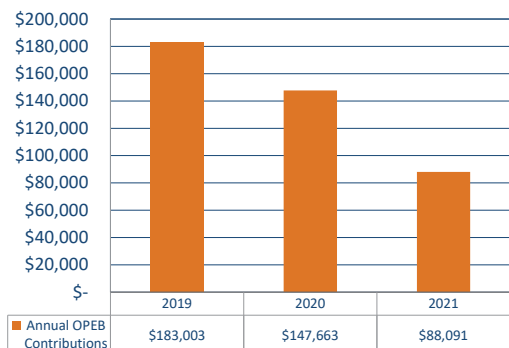
Pension Plan

District's Pension Plan Sensitivity to Discount Rate (2020 Measurement Date)



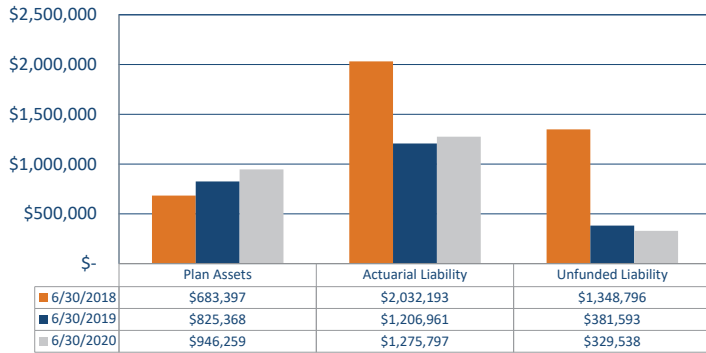
Other Postemployment Benefits

District's Annual OPEB Contributions



Other Financial Information

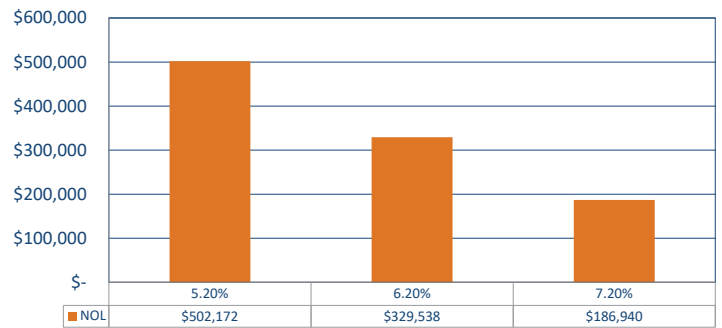
District's OPEB Funded Status



18

Other Postemployment Benefits

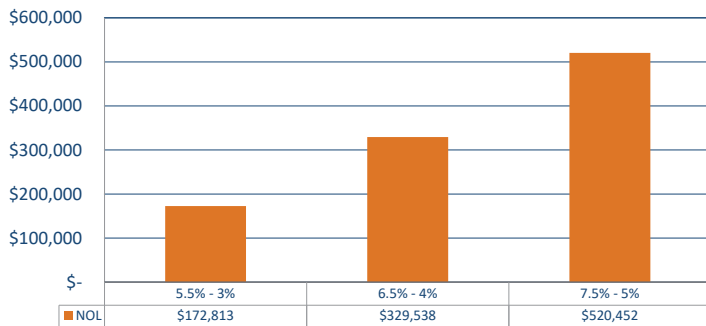
District's OPEB Plan Sensitivity to Discount Rate (2020 Measurement Date)



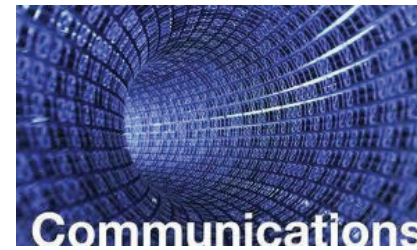
21

Other Postemployment Benefits

District's OPEB Plan Sensitivity to Healthcare Trend Rate (2020 Measurement Date)



22



19

Required Communications

- Our Responsibility Under U.S GAAS
 - Expression of an opinion on whether financial statements are fairly stated in accordance with U.S GAAP
 - Evaluate internal control over financial reporting
 - Evaluate compliance with laws, contract and grants
 - Evaluate the tone at the top
 - Ensure financial statements are clear and transparent
 - Communicate with the governing body

20

Required Communications

- Management Responsibility
 - Management is responsible for the financial statements
 - Establish and maintain internal control over financial reporting
 - Making all financial records available to us
 - Adjust the financial statements to correct material misstatements
 - Establish internal control to prevent and detect fraud
 - Inform us of all known and suspected fraud
 - Comply with laws and regulations
 - Take corrective action on audit findings

21

Required Communications

- Independence →
 - It is our responsibility to maintain independence
 - We will maintain our independence by strict adherence to the AICPA and the Board of Accountancy rules and regulations
 - No other services performed that could affect our independence
- Timing of the Audit → Audit was performed in the time frame communicated to the District in our engagement letters

22

Required Communications

- Significant Accounting Policies and Unusual Transactions → The District adopted the following accounting pronouncements during the current year.
 - GASB Statement 84
 - GASB Statement 90
 - GASB Statement 93
 - GASB Statement 97
- Management Judgment and Accounting Estimates → Significant management estimates impacting the financial statements include the following:
 - Allowance for uncollectable accounts
 - Useful lives of Capital Assets
 - Pension Plans
 - OPEB Plans

23

Required Communications

- Sensitive Disclosures → The most sensitive disclosures affecting the District's financial statements are as follow:
 - Summary of Significant Accounting Policies
 - Cash and Investments
 - Capital Assets
 - Retirement Plans
 - Other Post Employment Benefits
- Difficulties Encountered in Performing the Audit → No difficulties were encountered during our audits

24

Required Communications

- Significant Audit Adjustments and Unadjusted Differences Considered by Management to be Immaterial. → We did not have any significant audit adjustments during the course of the audit.
- Potential Effect on the Financial Statements of Any Significant Risks and Exposures. → No significant risks or exposures were identified. Legal matters and potential liabilities are disclosed in the financial statements

25

Required Communications

- Disagreement with Management → We are pleased to report that there were no disagreements with management
- Deficiencies in Internal Control over Financial Reporting → No material weaknesses were identified during our audit.

26

Required Communications

- Representations Requested of Management → We will be requesting certain representations from management that will be included in the management representation letter.
- Management Consultation with Other Accountants → We are not aware of any significant accounting or auditing matters for which management consulted with other accountants.

27

Required Communications

- Other Material Written Communications → Other than the engagement letters and management representation letters, there have been no other significant communications
- Material Uncertainties Related to Events and Conditions → There were no material uncertainties relating to events and conditions
- Fraud and Illegal Acts → We have not become aware of any instances of fraud or illegal acts, which was not disclosed by the District

28

New Accounting Standards

2022

- Statement 87 – Leases
- Statement 89 – Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement 92 – Omnibus
- Statement 93 – LIBOR removal and lease modifications
- Statement 98 – Annual Comprehensive Financial Report

2023

- Statement 91 – Conduit Debt Obligations
- Statement 94 – Public-private partnerships
- Statement 96 – Subscription-Based Information Technology Arrangements

29

Thank You
For Allowing Us to Provide Audit Services to
the Monterey Bay Unified Air Pollution
Control District



30