



Board Committee Report

MEETING DATE: DECEMBER 17, 2020 ITEM NO: 10A(ii)

SUBJECT: Financial Monitoring and Audit Committee

DATE: December 11, 2020

FROM: Directors Pham and Bagneris

PRESENTATION BY: Directors Pham 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*

Special Projects:

- *2019 Audit*

SUMMARY OF COMMITTEE MEETING

The Committee and staff met on December 11th and reviewed the draft 2019 Audit with audit firm Lance, Soll & Lunghard, LLP.

- The results of the 2019 audit were very positive. Lance, Soll & Lunghard have a few corrections to make to the draft report before it is finalized and released.
- LSL also recommended the District submit a Management Discussion & Analysis (MD&A) report with the audit which typically supplements the financial statements for governmental agencies. The Committee agreed with this recommendation. This is not a report that has been completed by the District in the past, however LSL will provide the District with a template for the report which will be completed as soon as possible.
- Once the MD&A is completed and LSL has made the corrections to the audit report, the District expects to release the audit and request the Board's approval at the January, 2021 Board meeting.

The Committee also reviewed the November, 2020 financials with staff. The committee was briefed on YTD revenue being unfavorable to budget by \$47.4M. With just one paid event in November; recurring rent from the Equestrian Center, billboard and OC Wine Society; and interest earnings, total revenue for the month was \$61,110.

Staff also indicated that total YTD operating expenses were favorable to budget by \$29.3M. Cost control is more important now than ever until the return of mass gatherings and staff has done a great job of lowering expenses.

As a result, the YTD period ending November 30, 2020 resulted in net proceeds being unfavorable to budget by \$17.6M.

The budget reforecast for 2020 is now indicating a net deficit against budget of \$16.7M, an improvement of \$1.8M from our first reforecast in May.

The 2020 year-end Statement of Cash Flows report is projecting cash and cash equivalents at the end of the year to be \$40.8.

FOLLOW-UP

The next Financial Monitoring Committee meeting is scheduled for January 22, 2021.