



**Monterey Bay Air Resources District
BUDGET/PERSONNEL/NOMINATING
COMMITTEE MEETING
STEVE MC SHANE, CHAIR**

WEDNESDAY, DECEMBER 21, 2022 – 12:30 P.M.

(Following the Special Budget/Personnel/Nominating Committee Meeting)

REMOTE MEETING ONLY

Link to meeting: <https://us02web.zoom.us/j/83777370615>

Webinar ID: 837 7737 0615

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 19, 2022. 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 12:34 p.m.**
2. Roll Call – **Present:** Mary Ann Carbone, Chris Lopez, Steve McShane.
Absent: Ryan Coonerty. Sam Storey is no longer a member of the committee. He stepped down from the Capitola City Council on December 8, 2022.
3. Public Comment – **None.**
4. **Accepted and Filed** Summary of Actions of the October 19, 2022 Meeting
Motion: Accept and file Summary of Actions. **Action:** Approve. **Moved by** Mary Ann Carbone, **Seconded by** Steve McShane. **Vote:** Motioned carried by unanimous roll call vote (**summary:** Yes = 3). **Yes:** Mary Ann Carbone, Chris Lopez, Steve McShane. **Absent:** Ryan Coonerty.
5. **Received** Report of Other Post Employment Benefits (OPEB) Trust and Pension Trust Accounts for the Quarter Ended September 30, 2022
Received the report; no action required or taken.
6. **Received** Monterey County Treasurer’s Report of Investments for the Quarter Ended September 30, 2022
Received the report; no action required or taken.
7. **Received** Draft Financial Statements and Independent Audit Report for the Year Ended June 30, 2022 Prepared by Badawi & Associates and **Recommended** Acceptance by the Board of Directors
Motion: Recommend Board of Directors accept Draft Financial Statements and Independent Audit Report for the Year Ended June 30, 2022 Prepared by Badawi & Associates
Action: Approve. **Moved by** Chris Lopez, **Seconded by** Steve McShane. **Vote:** Motioned carried by unanimous roll call vote (**summary:** Yes = 3). **Yes:** Mary Ann Carbone, Chris Lopez, Steve McShane. **Absent:** Ryan Coonerty.
8. Order for Adjournment – **The meeting adjourned at 1:05 p.m.**

Sirie Thongchua
Executive Assistant

Monterey Bay Unified Air Pollution Control District
2022 Audit Presentation

December 21, 2022

Presented by: Mitesh Desai, CPA,
Principal



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Badawi & Associates
Audit of the
Monterey Bay Unified Air Pollution Control District

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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


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Engagement Team



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Engagement Team



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graph TD; Partner["Partner  
Mitesh Desai,  
CPA"]; QCR["Quality Control  
Reviewer"]; Staff1["Staff  
Sabhyata Subedi"]; Staff2["Staff  
Mehar Davood"]; Partner --- QCR; Partner --- Staff1; Partner --- Staff2;
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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.

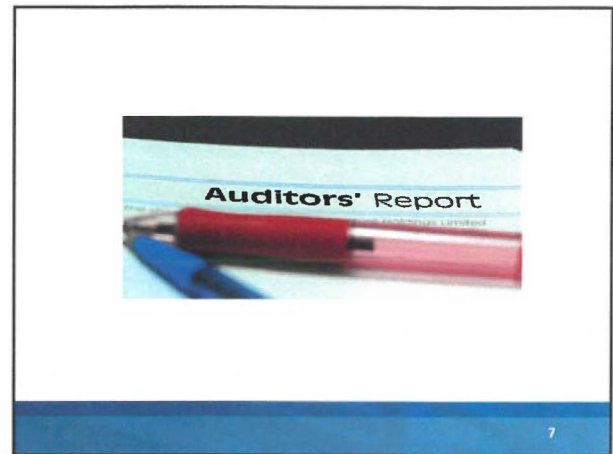
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Agenda Item No. 6

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

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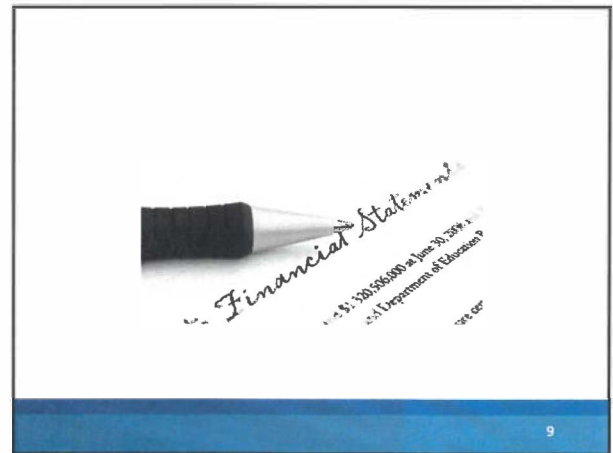


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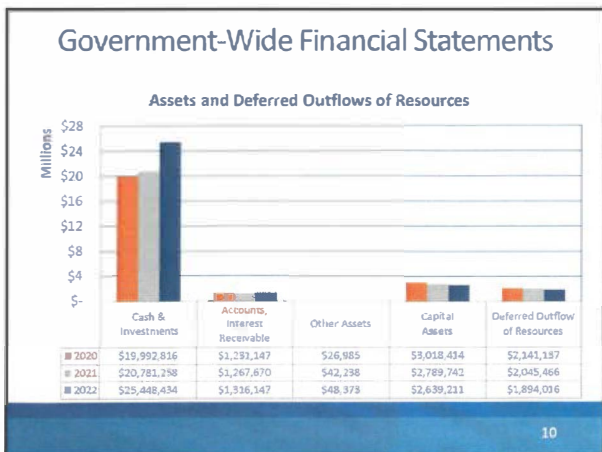
Auditors Report

- 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

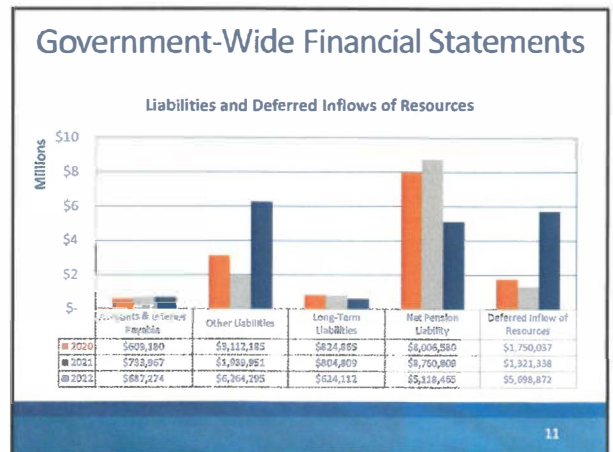
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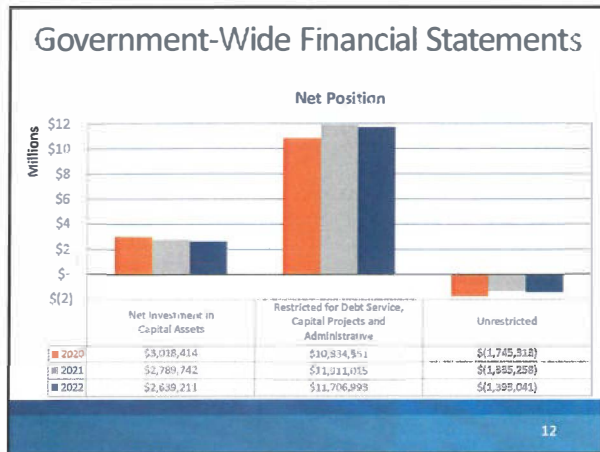
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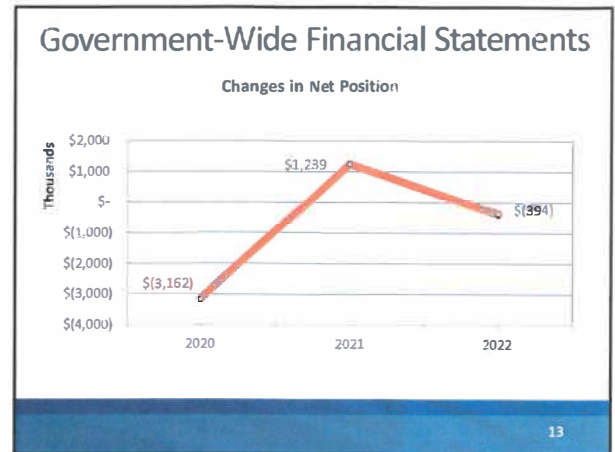
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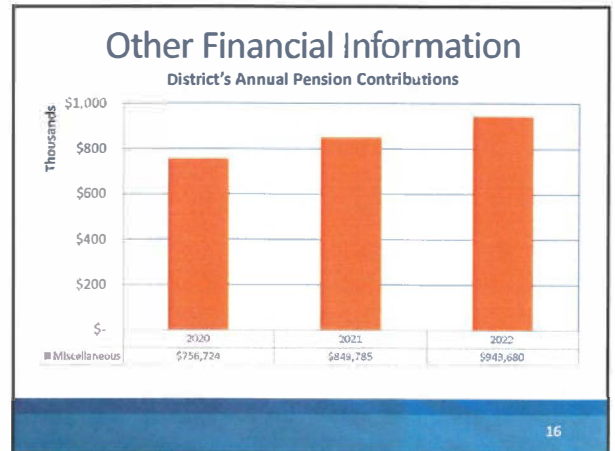
General Fund

Expense Coverage

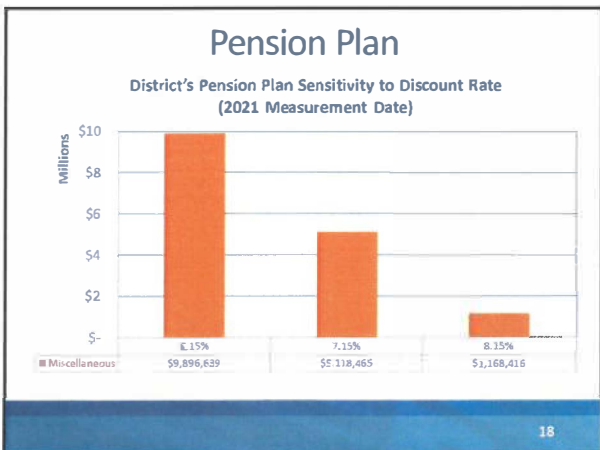
	2020	2021	2022
Unrestricted Fund Balance	\$ 6,666,047	\$ 7,463,995	\$ 8,106,018
Total Expenditures	\$ 15,220,993	\$ 11,713,048	\$ 10,216,558
Unrestricted Net Position as a % of Total Expenses	43.81%	63.72%	79.34%
Number of months	5	8	11
CEQA recommendation	2 - 4		

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

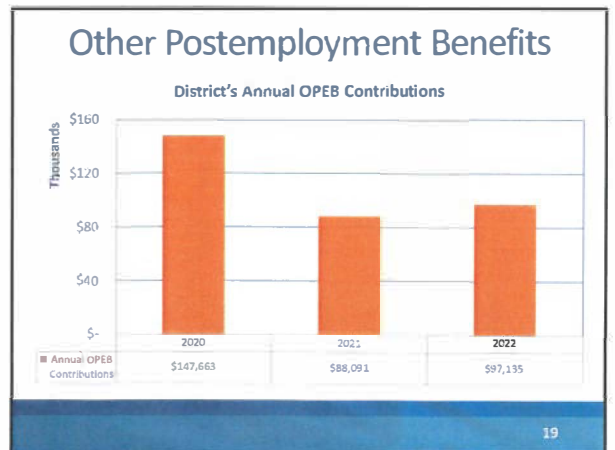
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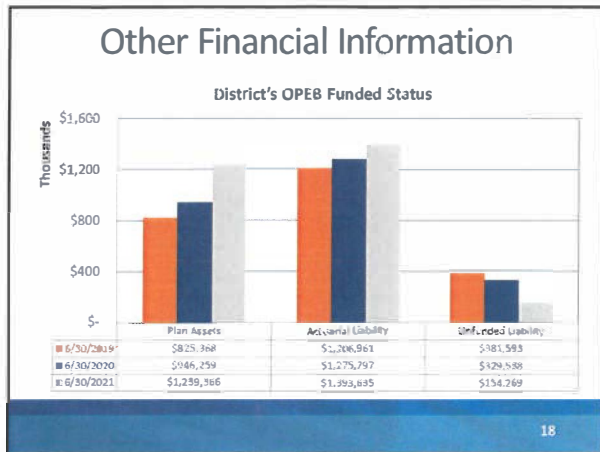


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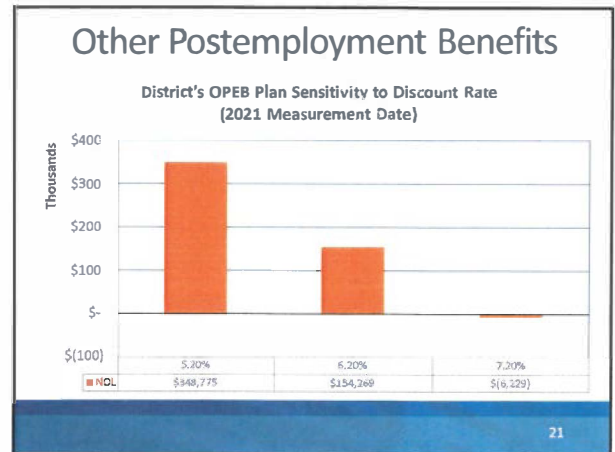


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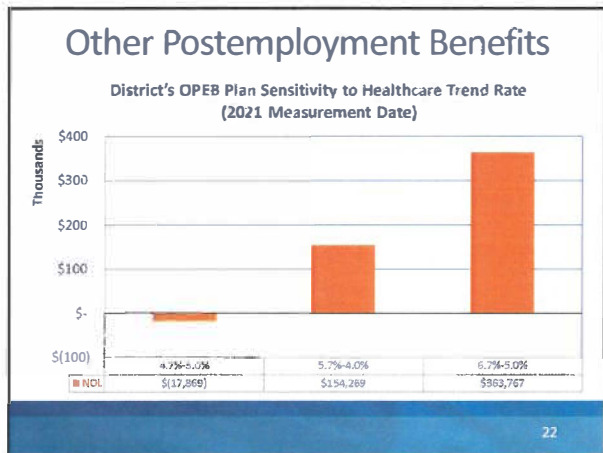
Agenda Item No. 6



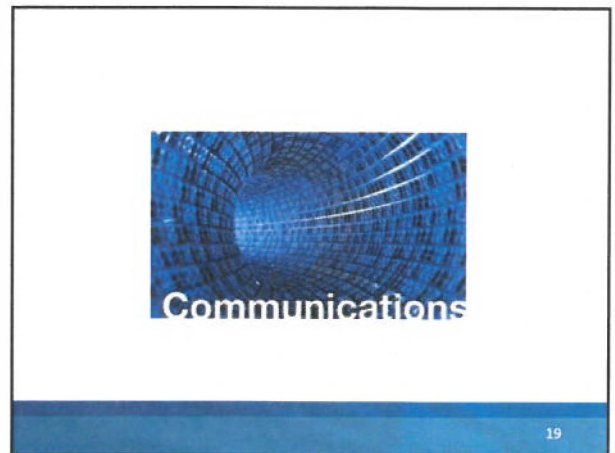
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- ### Required Communications
- Our Responsibility Under U.S GAAS
 - Expression of an opinion on whether financial statements are fairly stated in accordance with U.S GAAP
 - Evaluate internal control over financial reporting
 - Evaluate compliance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

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- ### 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

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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

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Required Communications

- Significant Accounting Policies and Unusual Transactions → The District adopted the following accounting pronouncements during the current year.
 - GASB Statement 87
 - GASB Statement 89
 - GASB Statement 92
 - GASB Statement 98

- 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

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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

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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

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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.

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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.

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Agenda Item No. 6

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.

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New Accounting Standards

- 2023
 - GASB Statement No. 91 – Conduit debt
 - GASB Statement No. 94 – Public-private partnerships
 - GASB Statement No. 96 – Subscription-Based Information Technology Arrangements
- 2024
 - GASB Statement No. 100 – Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62
- 2025
 - GASB Statement No. 101 – Compensated Absences

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



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