



Andrea Pham
Assistant Finance Director

Garrett Smith
City Treasurer

Pamela Coleman
City Clerk

AGENDA

Audit Advisory Committee June 03, 2025

Notice and Call of a Special Meeting

5:30 PM Regular Session

Weimer Room
300 E. Chapman Avenue
Orange, CA 92866

CAROLYN CAVECCHIE
Chair

BRIAN WILTERINK
Vice Chair

CALEB BROWN
Committee Member

CHRIS HORTON
Committee Member

JEFF GRAMPP
Committee Member

ANDREW LI
Committee Member

JACK SCHROEDER
Committee Member

The City of Orange welcomes you to this Special Meeting. Special Meetings are held for a specific purpose and when action is needed prior to the next Regular Meeting. The Chair or a majority of the Committee may call a special meeting with a minimum 24 hours notice.

Regular meetings of the City of Orange Audit Advisory Committee are held on the first Thursday of February and October at 5:30 p.m.

Agenda Information

The agenda contains a brief general description of each item to be considered. The agenda and supporting documentation for a special meeting is available no later than 24 hours prior to the Committee meeting on the City's website at www.cityoforange.org, at the Finance Department and City Clerk's office located at 300 E. Chapman Avenue, and at the Main Public Library located at 407 E. Chapman Avenue.

Public Participation

Public Comment shall be limited to only those items described on this Special Meeting Notice/Agenda (Government Code Section 54954.3(a)).

Public Comments are limited to three (3) minutes per speaker unless a different time limit is announced. It is requested that you state your name for the record, then proceed to address the Audit Advisory Committee. All speakers shall observe civility, decorum, and good behavior.

Please contact the City Clerk's Office at (714)744-5500 with any questions.

ADA Requirements: In compliance with the Americans with Disabilities Act, if you need accommodations to participate in this meeting, contact the Finance Department at (714) 744-2230. When possible, notification in advance of meeting will enable the City to make arrangements to assure accessibility to this meeting.

1. OPENING/CALL TO ORDER**1.1 PLEDGE OF ALLEGIANCE**

Committee Member Brown

1.2 ROLL CALL**2. PUBLIC COMMENTS**

At this time, members of the public may address the Committee on matters not listed on the agenda which are within the subject matter jurisdiction of the Committee, provided that NO action may be taken on off-agenda items unless authorized by law. Public Comments are limited to three (3) minutes per speaker.

3. COMMITTEE BUSINESS**3.1. Review of the City's Annual Comprehensive Financial Report (Continued from May 8, 2025)****Recommended Action:**

Discuss the draft presentation for the review of the City's Annual Comprehensive Financial Report (ACFR) and provide input to finalize the deliverable for the City Council.

Attachments: [Staff Report](#)
 [Draft Audit Committee Financial Review Presentation](#)

4. REPORTS FROM CITY MANAGER**5. REPORTS FROM FINANCE DIRECTOR****6. ADJOURNMENT**

The next Regular Audit Advisory Committee meeting will be held on Thursday, October 2, 2025, at 5:30 p.m. in the Weimer Room.

I, Jennifer Connally, Deputy City Clerk for the City of Orange, hereby declare, under penalty of perjury, that a full and correct copy of this agenda was posted pursuant to Government Code Section 54950 et. seq., at the following locations: Orange Civic Center kiosk and Orange City Clerk's Office at 300 E. Chapman Avenue, Orange Main Public Library at 407 E. Chapman Avenue, and uploaded to the City's website www.cityoforange.org.

Date posted: May 29, 2025



Agenda Item

Audit Advisory Committee

Item #: 3.1.

6/3/2025

File #: 25-0320

TO: Chair and Members of the Audit Advisory Committee

THRU: Trang Nguyen, Finance Director

FROM: Andrea Pham, Assistant Finance Director

1. SUBJECT

Review of the City's Annual Comprehensive Financial Report (Continued from May 8, 2025)

2. RECOMMENDED ACTION

Discuss the draft presentation for the review of the City's Annual Comprehensive Financial Report (ACFR) and provide input to finalize the deliverable for the City Council.

4. DISCUSSION AND BACKGROUND

At the May 8, 2025, Audit Advisory Committee meeting, the Committee established a framework and outline for presenting findings from the review of the City's Annual Comprehensive Financial Report (ACFR) to the City Council. Over the past few weeks, select committee members have prepared a draft presentation reflecting the Committee's analysis. To ensure comprehensive input from all committee members, staff recommends discussing the draft presentation and allowing the remaining committee members to provide their insights.

5. ATTACHMENTS

- Draft Audit Committee Financial Review Presentation



Agenda Item

Audit Advisory Committee

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5. ATTACHMENTS

- Draft Audit Committee Financial Review Presentation

AUDIT COMMITTEE FINANCIAL REVIEW

Audit Advisory Committee
June 3, 2025

INTRODUCTION

2008-2013

Recession

- Brian Wilterink
- Caleb Brown
- Jeff Grampp

2014-2019

Post Recession

- Andrew Li
- Chris Horton
- Jack Schroeder
- Jeff Grampp

2020-2023

COVID

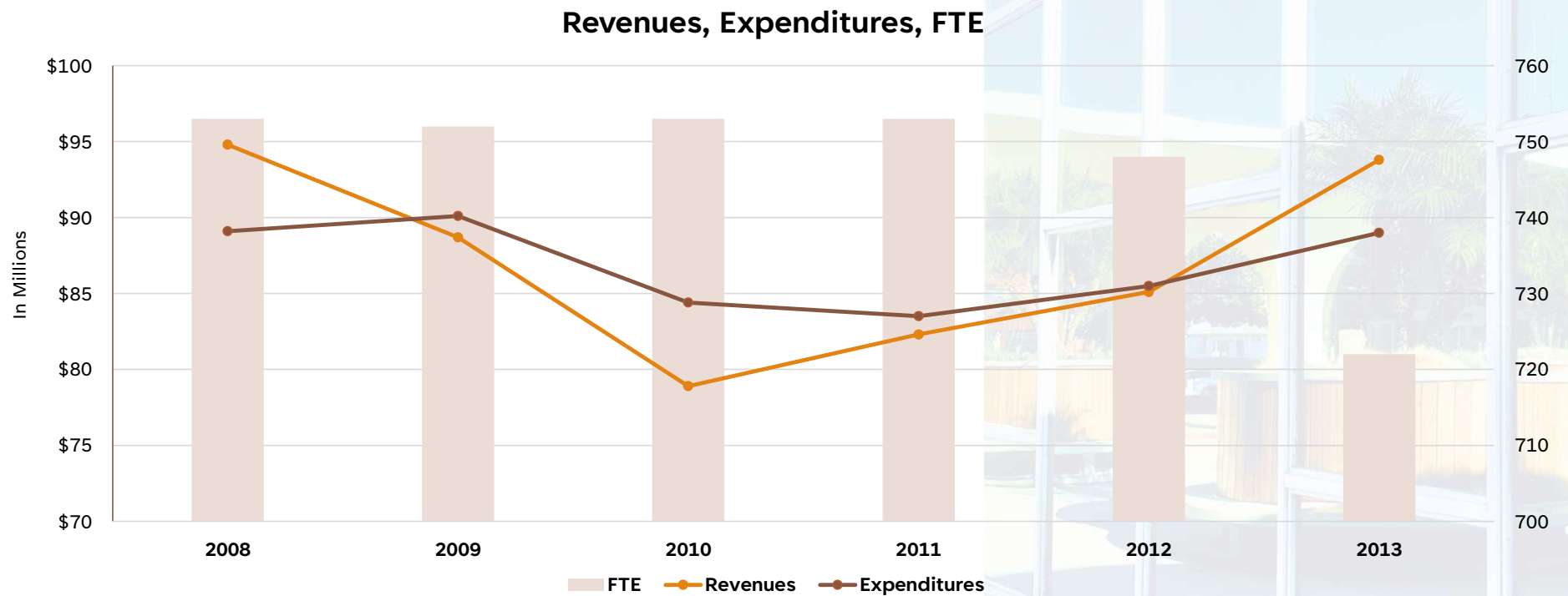
- Carolyn Cavecche
- Chris Horton
- Garrett Smith

2024

Present

- Carolyn Cavecche
- Chris Horton
- Garrett Smith

Recession Years (2008-2013)



Recession Years (2008-2013)

Fund Balance

Balance as of	General Fund	Capital Projects	Equipment Maintenance	Equipment Replacement	Major Building Improvement	Workers' Comp
June 30, 2008	\$38,285,796	\$12,859,238	\$389,097	\$19,439,157	\$2,387,255	\$6,636,941
June 30, 2013	\$29,255,854	\$10,561,355	\$2,277,784	\$17,154,447	\$225,351	(\$1,231,493)

Balance as of	Self Insurance Liability	Self Insurance Dental	Employee Accrued Liability	Information Systems	Computer Replacement	Total Fund Balance
June 30, 2008	\$1,927,685	\$224,671	\$2,416,795	\$323,293	\$5,161,121	\$90,051,049
June 30, 2013	\$2,109,698	\$85,219	\$3,998,388	\$779,159	\$2,029,983	\$67,245,745

Recession Years (2008-2013)

Long Term Liabilities

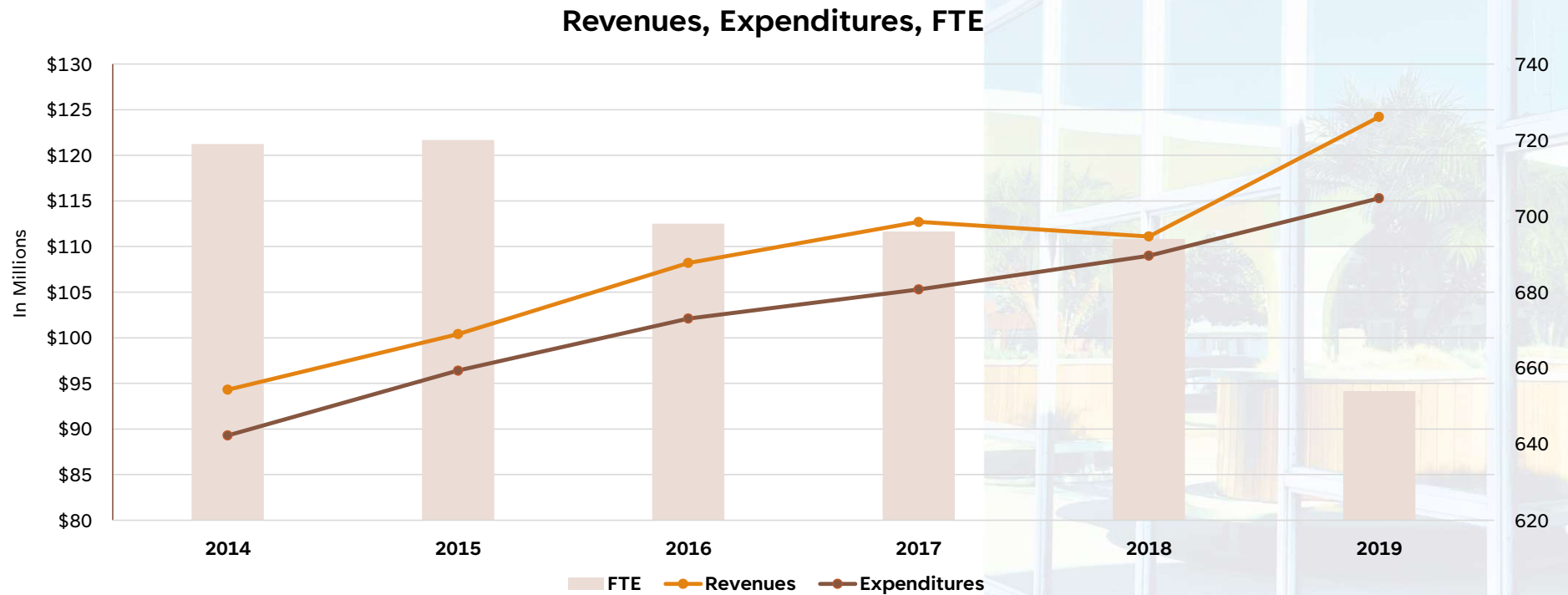
Balance as of	Pension Liability	OPEB Liability	OPEB Obligation	Cert of Participation	Compensated Absences	Claims Payable	Total
June 30, 2008	\$64,587,794	\$10,472,225	\$758,832	\$6,120,000	\$6,520,368	\$4,882,178	\$93,341,397
June 30, 2013	\$123,462,370	\$11,873,809	\$4,290,042	\$0	\$7,981,486	\$8,688,468	\$156,296,175

Recession Years (2008-2013)

Expenditures, Payroll, Pension Contribution, FTE

	<u>2008</u>		<u>2013</u>		
	Amount	% of Total Expenses	Amount	% Increase	% of Total Expenses
Expenses	\$89,171,284	100%	\$89,018,039	-0.2%	100%
Covered Payroll	\$55,686,962	62.4%	\$55,939,736	0.5%	62.8%
Pension Contributions & POB	\$9,555,230	10.7%	\$13,331,741	39.5%	15.0%
Full Time Employee Equivalents	731		701	-4.1%	

Post Recession Years (2014-2019)



Post Recession Years (2014-2019)

Fund Balance

Balance as of	General Fund	Capital Projects	Equipment Maintenance	Equipment Replacement	Major Building Improvement	Workers' Comp
June 30, 2013	\$29,255,854	\$10,561,355	\$2,277,784	\$17,154,447	\$225,351	(\$1,231,493)
June 30, 2019	\$38,771,518	\$29,603,940	(\$4,183,758)	\$17,400,891	\$288,880	(\$9,378,545)

Balance as of	Self Insurance Liability	Self Insurance Dental	Employee Accrued Liability	Information Systems	Computer Replacement	Total Fund Balance
June 30, 2013	\$2,109,698	\$85,219	\$3,998,388	\$779,159	\$2,029,983	\$67,245,745
June 30, 2019	(\$1,222,261)	\$341,991	\$6,935,245	\$60,425	\$2,538,427	\$81,156,753

Post Recession Years (2014-2019)

Long Term Liabilities

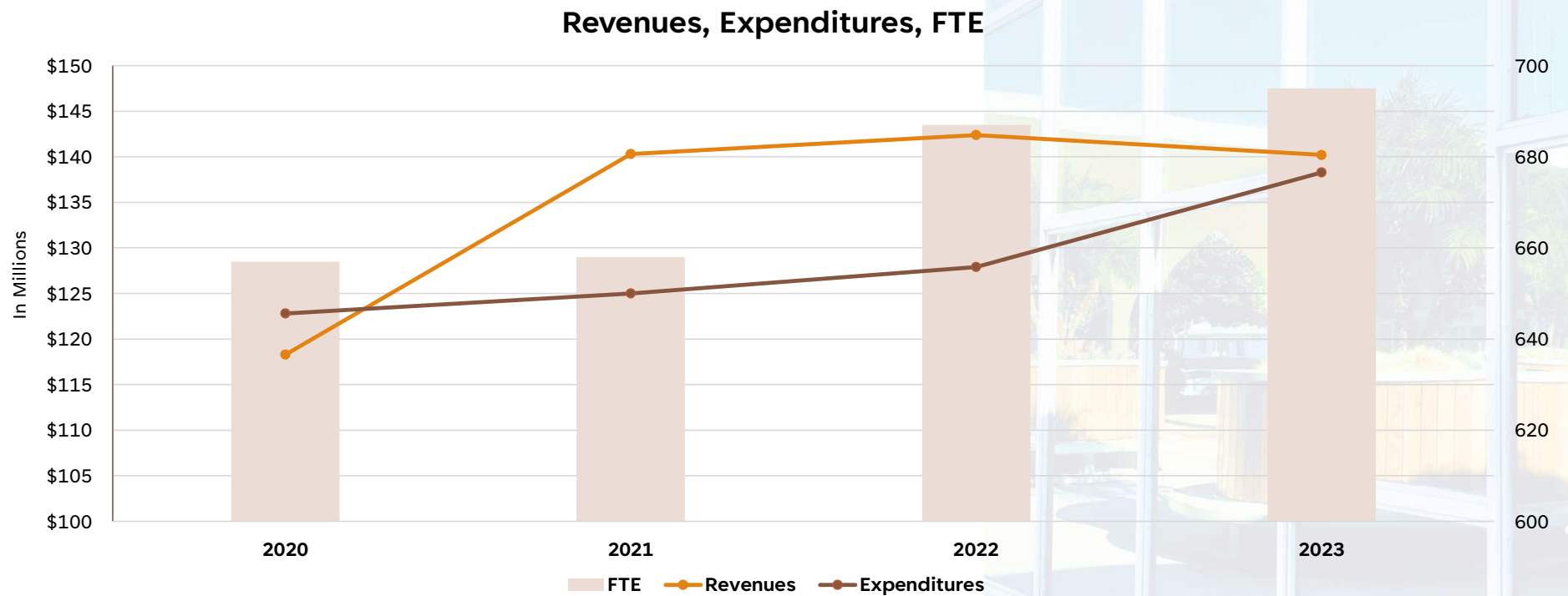
Balance as of	Pension Liability	OPEB Liability	OPEB Obligation	Compensated Absences	Claims Payable	Total
June 30, 2013	\$123,462,370	\$11,873,809	\$4,290,042	\$7,981,486	\$8,688,468	\$156,296,175
June 30, 2019	\$208,370,338	\$24,891,855	\$0	\$7,910,834	\$17,928,670	\$259,101,797

Post Recession Years (2014-2019)

Expenditures, Payroll, Pension Contribution, FTE

	<u>2013</u>		<u>2019</u>		
	Amount	% of Total Expenses	Amount	% Increase	% of Total Expenses
Expenses	\$89,018,039	100%	\$115,378,298	29.6%	100%
Covered Payroll	\$55,939,736	62.8%	\$62,167,047	11.1%	54.0%
Pension Contributions & POB	\$13,331,741	15.0%	\$23,520,033	76.4%	20.0%
Full Time Employee Equivalents	701		654	-6.7%	

COVID Years (2020-2023)



COVID Years (2020-2023)

Fund Balance

Balance as of	General Fund	Capital Projects	Equipment Maintenance	Equipment Replacement	Major Building Improvement	Workers' Comp
June 30, 2019	\$38,771,518	\$29,603,940	(\$4,183,758)	\$17,400,891	\$288,880	(\$9,378,545)
June 30, 2023	\$25,728,204	\$38,359,032	(\$4,499,029)	\$25,004,239	\$202,129	(\$9,624,987)

Balance as of	Self Insurance Liability	Self Insurance Dental	Employee Accrued Liability	Information Systems	Computer Replacement	Total Fund Balance
June 30, 2019	(\$1,222,261)	\$341,991	\$6,935,245	\$60,425	\$2,538,427	\$81,156,753
June 30, 2023	(\$832,553)	\$536,653	\$6,761,574	\$1,047,901	\$10,457,915	\$93,141,078

COVID Years (2020-2023)

Long Term Liabilities

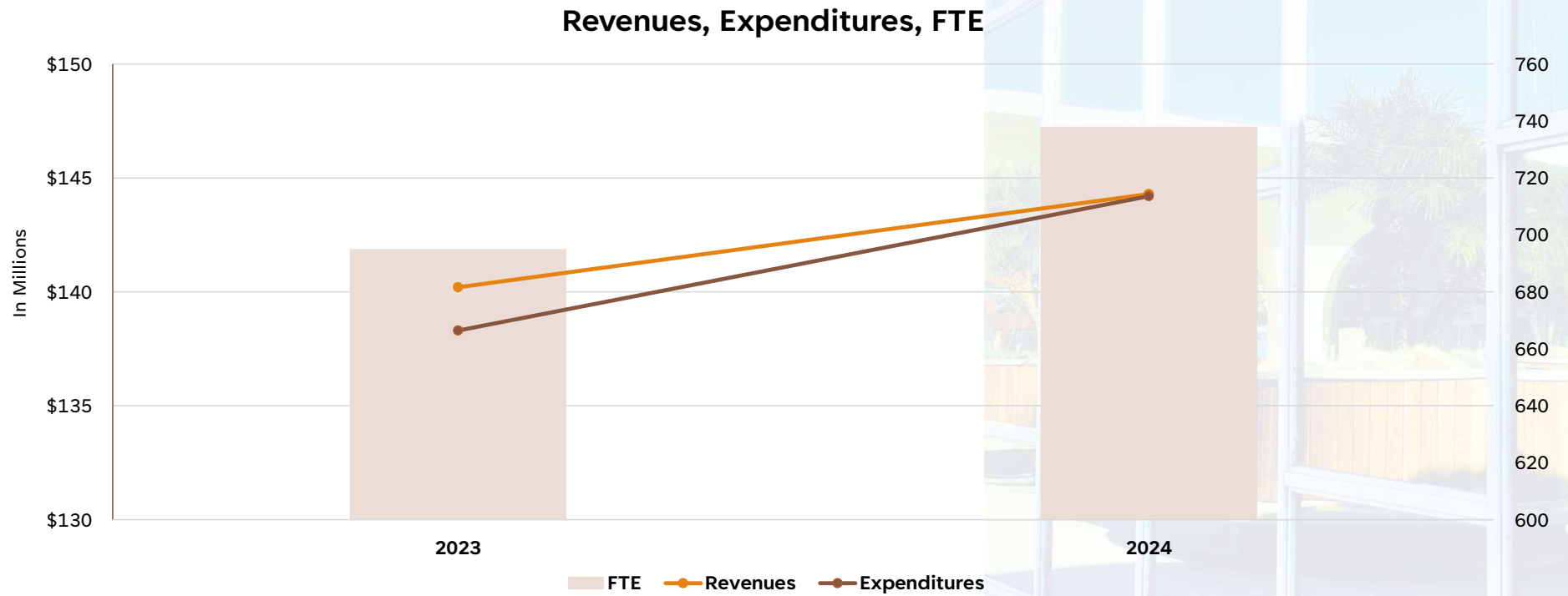
Balance as of	Pension Liability	OPEB Liability	Compensated Absences	Claims Payable	Pension Obligation Bond	Lease Revenue Bond	Total
June 30, 2019	\$208,370,338	\$24,891,855	\$7,910,834	\$17,928,670	\$0	\$0	\$259,101,797
June 30, 2023	\$29,695,653	\$31,950,811	\$9,595,557	\$15,780,002	\$248,970,043	\$32,797,907	\$309,398,667

COVID Years (2020-2023)

Expenditures, Payroll, Pension Contribution, FTE

	<u>2019</u>		<u>2023</u>		
	Amount	% of Total Expenses	Amount	% Increase	% of Total Expenses
Expenses	\$115,378,298	100%	\$138,337,618	19.9%	100%
Covered Payroll	\$62,167,047	54.0%	\$65,479,775	5.3%	47.3%
Pension Contributions & POB	\$23,520,033	20.0%	\$27,389,222	16.5%	19.8%
Full Time Employee Equivalents	654		695	6.3%	

Present (2024)



Present (2024)

Fund Balance

Balance as of	General Fund	Capital Projects	Equipment Maintenance	Equipment Replacement	Major Building Improvement	Workers' Comp
June 30, 2023	\$25,728,204	\$38,359,032	(\$4,499,029)	\$25,004,239	\$202,129	(\$9,624,987)
June 30, 2024	\$28,457,558	\$34,802,557	(\$4,618,612)	\$23,678,522	\$176,328	(\$7,903,557)

Balance as of	Self Insurance Liability	Self Insurance Dental	Employee Accrued Liability	Information Systems	Computer Replacement	Total Fund Balance
June 30, 2023	(\$832,553)	\$536,653	\$6,761,574	\$1,047,901	\$10,457,915	\$93,141,078
June 30, 2024	(\$691,138)	\$576,014	\$7,383,486	\$1,320,963	\$8,364,107	\$91,546,228

Present (2024)

Long Term Liabilities

Balance as of	Pension Liability	OPEB Liability	Compensated Absences	Claims Payable	Pension Obligation Bond	Lease Revenue Bond	Total
June 30, 2023	\$29,695,653	\$31,950,811	\$9,595,557	\$15,780,002	\$248,970,043	\$32,797,907	\$309,398,667
June 30, 2024	\$2,698,431	\$32,444,297	\$11,389,987	\$14,394,262	\$238,632,971	\$32,082,059	\$326,245,145

Present (2024)

Expenditures, Payroll, Pension Contribution, FTE

	<u>2023</u>		<u>2024</u>		
	Amount	% of Total Expenses	Amount	% Increase	% of Total Expenses
Expenses	\$138,337,618	100%	\$144,257,908	4.3%	100%
Covered Payroll	\$65,479,775	47.3%	\$69,624,157	6.3%	48.3%
Pension Contributions & POB	\$27,389,222	19.8%	\$29,611,523	8.1%	20.5%
Full Time Employee Equivalents	695		738	6.2%	

Present (2008-2024)

	2008		2024		
	Amount	% of Total Expenses	Amount	% Increase	% of Total Expenses
Revenue	\$94,872,591		\$144,358,213	52.2%	
Expenses	89,171,284	100%	144,257,908	61.8%	100%
Operating Surplus	\$5,701,307		\$100,305		
Covered Payroll	\$55,939,736	62.7%	\$69,624,157	24.5%	48.3%
Pension Contribution & POB	\$9,555,230	10.7%	\$29,611,523	209.9%	20.5%

Pension Cost if Increased at Same Rate of Covered Payroll: $\$9,555,230 \times 24.5\% = \$11,896,261$

Increase in Pension Cost from Changes in Assumptions: $\$29,611,523 - \$11,896,261 = \$17,715,262$

Key Takeaways and Recommendations

Slide 17 - Key Take Aways and Recommendations
(Carolyn will provide)

