

REGIONAL WATER AUTHORITY
COMMENTS AND OBSERVATIONS
JUNE 30, 2011

December 8, 2011

To the Board of Directors
Regional Water Authority

In planning and performing our audit of the financial statements of Regional Water Authority (RWA) as of and for the year ended June 30, 2011, in accordance with auditing standards generally accepted in the United States of America, we considered Regional Water Authority 's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of RWA's internal control. Accordingly, we do not express an opinion on the effectiveness of RWA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

While no new internal control deficiencies were noted in the current year, we have updated the status of the prior year finding. Refer to the Prior Year section below for an update of the prior year finding.

Board Reporting

We noted that RWA has increased grant activity. We recommend management present to the Board grant reports such as the program income statement and/or schedule showing grant amount awarded, amount received, amount outstanding and grant award remaining. This expanded reporting could occur during January, May and September and should provide more data to the Board and help management monitor grants with more efficiency.

Management Response

RWA has implemented a new report that shows the grant activity and presented the report three times during 2011. The report shows the awarding agency, effective date, completion date, grant award amount, reimbursement requests currently being reviewed, reimbursements received during the previous quarter, reimbursements paid to date and the grant award that is outstanding.

Status

Implemented.

This communication is intended solely for the information and use of the RWA's management, the board of directors and others within the organization and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,

Evelyn Cook, CPA
President
Cook CPA Group