Regional Water Authority

Executive Committee Meeting

March 25, 2020
The Audit

I. OVERVIEW OF THE AUDIT

- Fieldwork at offices of RWA: Interim – July, Year-End – October, and wrapped up audit procedures in November/December.
- Management and staff were well-prepared and cooperative; however, experienced delays in receiving report timely.

II. REQUIRED COMMUNICATIONS TO THE BOARD

- Responsibilities and Opinion - Our responsibilities as auditors, scope and timing, unmodified opinion. Supplementary info required by GASB.
- Interactions with Management – no disagreements, full representations from mgmt. will be obtained, no consultations with other auditors or accountants, no difficulties encountered, however experienced delays in obtaining the financial statements timely.
- Qualitative Aspects of Accounting Practices – No new accounting policies; estimates/judgments deemed reasonable.
- Results of the Audit – Timing and scope as expected. No Audit Adjustments. No Significant Deficiencies or Material Weaknesses reported.

III. THE AUDIT REPORT

Pages 1-3 The Independent Auditor’s Report on Financial Statements

- Issued an unmodified (clean) opinion – (first paragraph of pg. 2) the best opinion that we can give as auditors

Pages 4-16 Management’s Discussion and Analysis

- Introduction & overview of RWA’s financial statements
- Condensed comparative financial statement data
- Analysis of financial position and results of operations
- Future economic factors and assumptions
The Financial Statements

Page 17  Statements of Net Position

- Financial Position at June 30,

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$2,377,261</td>
<td>$2,484,775</td>
</tr>
<tr>
<td>Deferred Outflows of Resources</td>
<td>338,121</td>
<td>369,915</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>(757,433)</td>
<td>(1,193,968)</td>
</tr>
<tr>
<td>Deferred Inflows of Resources</td>
<td>(159,304)</td>
<td>(190,231)</td>
</tr>
<tr>
<td>Net Position</td>
<td>$1,798,645</td>
<td>$1,470,491</td>
</tr>
</tbody>
</table>

- Total assets decreased by ~$108 thousand. This decrease is primarily related to grants receivables of ~$190 thousand as well as an offsetting increase in cash and investments of ~$106 thousand.

- Total liabilities decreased by ~$437 thousand. This decrease is primarily related to a reduction in grants payable of ~$165 thousand, in addition to a decrease in Subscription Program Advances of ~$265 thousand, plus a reduction in Pension Liability of ~$65 thousand. These decreases are offset by an increase in Unearned Revenue of ~$45 thousand due to additional Powerhouse Science center collections.

Page 18  Statements of Revenues, Expenses, and Changes in Net Position

- Results of Operations for the Years Ended June 30,

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Revenues</td>
<td>$5,704,289</td>
<td>$6,566,351</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>(5,432,527)</td>
<td>(6,340,004)</td>
</tr>
<tr>
<td>Operating Income</td>
<td>271,762</td>
<td>226,347</td>
</tr>
<tr>
<td>Non-Operating Revenues</td>
<td>56,392</td>
<td>32,439</td>
</tr>
<tr>
<td>Increase in Net Position</td>
<td>$328,154</td>
<td>$258,786</td>
</tr>
</tbody>
</table>

- Most of the decreases in operating revenues and expenses were due to an overall reduction in grant and subscription program activities.
Page 19  
**Statements of Cash Flows**

- **Cash Transactions**
  - Illustrates cash inflows and outflows of RWA
  - Majority of the activity is based on the nature of RWA’s operations with members and programs

Pages 20-44  
**Notes to the Financial Statements**

- The notes to the financial statements explain the assumptions underlying the financial statements and provide additional information that is not available in the financial statements
  - Significant Accounting Policies – No new accounting standards – Page 20, Note 1
  - Employee Pension Plan (CalPERS) – Pension Liability decreased to $89,817 from $154,391 – Page 28, Note 5
  - Other Post-Employment Benefits (OPEB) – OPEB Liability decreased to $84,722 from $92,493 – Page 34, Note 6
  - Board Designations – per Board Policy – Page 41, Note 7

IV. **REQUIRED SUPPLEMENTARY INFORMATION**

Page 45  Schedule of the Proportionate Share of the Net Pension Liability
Page 46  Schedule of Contributions to the Pension Plan
Page 47  Schedule of Changes in Net OPEB Liability and Related Ratio
Page 48  Schedule of OPEB Contributions

V. **SUPPLEMENTARY INFORMATION**

Page 49  Program Schedules of Revenues, Expenses and Changes in Net Position
Page 51  Schedule of Allocated Administrative Expenses

VI. **OTHER INDEPENDENT AUDITOR’S REPORT**

Pages 53-54  “GAGAS” Audit Report