

Relax

We got this. SM

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

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Statements of Net Position

- Financial Position at June 30,

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

- 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.

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Statements of Revenues, Expenses, and Changes in Net Position

- Results of Operations for the Years Ended June 30,

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

- 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**