RAMONA MUNICIPAL WATER DISTRICT

FY2020/21 ANNUAL FINANCIAL AUDIT

INFORMATIONAL ITEM

WHAT IS AN AUDIT?

- **Requirement:** Generally an annual process that cities, counties and special districts must undertake per state and federal requirements.
- **Objective:** Express an opinion on management's financial statements.
  - After gathering and evaluating sufficient, appropriate audit evidence, provide:
    - Reasonable assurance the financial statements are free of material misstatement
    - An opinion as to whether the financial statements are fairly presented, in all material respects, in accordance with generally accepted accounting principles
- **Purpose:** Provides annual financial check to ensure accountability and transparency of programs are in place.

WHAT IS AN AUDIT NOT INTENDED TO DO?

- Be a comprehensive review of all transactions for a year
- Ensure the lowest possible price was obtained for each item/service purchased
- Review and make recommendations on an organization's structure or rates and fees
- Provide assurance that certain projects were completed within a determined timeline

AUDIT STANDARDS

Generally Accepted Accounting Principles (GAAP)

Minimum audit requirements and reporting guidelines for California Special Districts

Generally Accepted Government Auditing Standards (GAGAS)

RESPONSIBILITIES

Management:	Governing body:	Auditor:
• Financial statements • Complete and accurate financial records • Comprehensive framework of internal controls, including controls to prevent and detect fraud	• Fiduciary (maintaining trust with customers) • Ensure management fulfills obligations for internal control and financial reporting	• Accumulate sufficient, appropriate audit evidence to support an opinion on the fair presentation of the financial statements

FORMAT

Management Discussion and Analysis

- Narrative overview and analysis of the District's financial activities

Financial Statements

- Information about financial performance for the District's funds, including revenues, expenditures, assets and liabilities

Required Supplementary Information

- Useful disclosures regarding financial activities, and relationships, of the District

INDEPENDENT AUDITORS FORM AN OPINION

- **UNMODIFIED** –STATEMENTS ARE FAIRLY STATED IN ALL MATERIAL RESPECTS
- **MODIFIED**:
  - QUALIFIED – EXCEPT FOR THE EFFECTS OF THE MATTERS QUALIFIED, THE FINANCIAL STATEMENTS ARE FAIRLY STATED
  - ADVERSE – SUFFICIENT EVIDENCE OBTAINED, BUT MISSTATEMENTS ARE MATERIAL AND PERVASIVE, FINANCIAL STATEMENTS NOT FAIRLY STATED
  - DISCLAIMER – NO OPINION EXPRESSED (MANAGEMENT IMPOSED LIMITATIONS DURING AUDIT, ETC)

RESULT

RMWD FY20/21: UNMODIFIED OPINION (“CLEAN”)

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- SEVERAL RECOMMENDATIONS TO MEET BEST PRACTICES
- VERY HELPFUL AND MOSTLY IMPLEMENTED

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RAMONA MUNICIPAL WATER DISTRICT

AUDIT RESULT

FISCAL YEAR ENDED JUNE 30, 2021

November 9, 2021

Audit Reports

- Basic Financial Statements
  - Unmodified opinion dated October 29, 2021
  - The financial statements and footnotes are presented fairly, in all material respects, in accordance with generally accepted accounting principles
- Government Auditing Standards Opinion
- Letter to Those in Governance

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Audit Results

- Finance staff was prepared for the audit
- Two material audit adjustments detected as a result of the audit procedures
- Noted no instances of noncompliance with laws and regulations that are direct and material to the financial statements
- Significant deficiency in internal controls related to material audit adjustment

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Areas of Audit Focus

- Information Systems Assessment
- Capital Asset Testing
- Pension and OPEB Testing

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Upcoming Accounting Standards

- GASB 87 – Lease Accounting – Effective for FY ending June 30, 2022

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Questions?

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