

November 10, 2020

# Administration Committee

Orange County  
Sanitation District



PRESENTED BY  
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Certified  
Public  
Accountants



# Agenda

- Introductions
- Our Audit Responsibilities
- Audit Focus Areas
- Deliverables
- Required Communications to the Administration  
Committee
- Questions?

# Our Responsibilities



- Perform an audit of OCSD's financial statements as of and for the year ended June 30, 2020.
- The objective of an audit of financial statements is to express an opinion that the financial statements are in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP).
- The audit is performed in accordance with auditing standards generally accepted in the United States of America.
- Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether OCSD's financial statements are free of material misstatement whether caused by fraud or error.

# Audit Focus Areas

- Cash and cash equivalents
- Investments
- Accounts and other receivables
- Capital assets
- Net pension asset - OCERS
- Accounts payable and accrued liabilities
- Debt and related accounts
- Pension and OPEB liabilities and related accounts
- Net position classifications
- Proper revenue recognition and expense cutoff testing
- Adequacy and completeness of footnote disclosures

# Deliverables



- Unmodified opinion on OCSD's basic financial statements included in the Comprehensive Annual Financial Report – GFOA submission
- U.S. Bank debt covenant compliance opinion
- Union Bank debt covenant compliance opinion
- Southern California Edison tangible net worth calculation agreed-upon procedures report
- GANN Limit Calculation agreed-upon procedures report
- Communications to the Administration Committee including summary of audit results for OCSD

# Auditor's Communication with the Administration Committee

- Auditor's responsibility under professional standards.
- We affirm our compliance with all ethical requirements regarding independence.
- Accounting practices – adoption of or changes in accounting policies, alternative treatments – GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* and GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 90 *Majority Equity Interests – an amendment of GASB Statements No. 14 & No. 61*.
- There were no auditor or management proposed adjustments or reclassifications made to the financial statements.
- There were no uncorrected misstatements related to current year.
- There were no difficulties encountered in performing our audit.
- There were no disagreements with management.
- Management representations were provided to us.
- There were no consultations with other accountants.
- There were no major issues encountered during the fiscal year that were a condition to our retention as auditors.
- There were no material weaknesses or significant deficiencies noted for FY 19/20.

# Questions?



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