



# *Big Bear Area Regional Wastewater Agency*

## **Annual audit**

Fiscal year ended June 30, 2023



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

**OCTOBER 25, 2023**

# Responsibilities of Auditor

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- Audit Agency's financial statements in accordance with US Generally Accepted Auditing Standards, *Government Auditing Standards* and the State Controllers *Minimum Audit Requirements for Special Districts*
- Plan the audit to express opinions as to whether *managements* financial statements are fairly presented, in all material respects, in accordance with generally accepted accounting principles (GAAP)
  - Provide reasonable assurance, not absolute
  - Unmodified opinion expressed

# Audit process

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- Interim audit performed through hybrid approach (June 2023):
  - Reviewed internal controls over financial reporting for the following areas (inquiries, inspect documents, etc):
    - Billing and cash receipts
    - Cash and investments
    - Information technology
    - Financial closing and reporting
    - Capital assets and long-term debt
  - Performed internal control testing over the following areas:
    - Cash disbursements
    - Purchasing and contracts
    - Payroll
    - Common controls over multiple areas (reconciliations, journal entries, etc.)

# Audit process (continued)

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- Year-end audit performed remotely (Aug-Oct 2023):
  - Conducted detailed audit of financial records (audit of the numbers)
  - Inspected relevant documentation
  - Inquired and examined evidence about transactions and events
  - Confirmed cash and investment balances
  - Performed analytical procedures (review and evaluate significant variances and/or unusual transactions)
  - Read minutes of board meetings
  - Assist in the preparation of the ACFR (review and evaluate for compliance with GAAP)
  - Performed deep data analytics over disbursements

# Audit process (continued)

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- New accounting pronouncements:
  - Adoption of GASB Statement No. 96 – Subscription Based IT Arrangements (SBITA). However, the Agency had no items that qualified for GASB 96 treatment this year.

# Completing the process

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- Independent Auditor's Report
  - Unmodified report
  - “In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2023...”

# Completing the process (continued)

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- Required communications
  - SAS 114 letter to those charged with governance
    - No uncorrected misstatements reported
    - No difficulties working with the Agency
    - No disagreements with management
  - Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*
    - No deficiencies reported
    - No matters of noncompliance reported

# Conclusion

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- Questions