

Copper Valley Community Services District Special

Meeting of March 16, 2021

AGENDA SUPPORTING DATA

7. DISCUSSION AND ACTION ITEMS

- a) Presentation, Review and Acceptance of the 2019/20 Fiscal Year Audited Financial Statements, Auditor's Required Communications Report and Waiving the Need for the Management Discussion and Analysis.

Recommended Motion

I move to accept and file the 2019/20 Fiscal Year Audited Financial Statements, Auditor's Required Communications Report and Waive the Need for the Management Discussion and Analysis.

Background

California law requires that the District hire a qualified independent auditing firm to perform an annual audit to review our financial statements to ensure that they are prepared in accordance with Generally Accepted Accounting Principles and various government auditing standards. As the Board cannot possibly be heavily involved in, and fully understanding of the daily financial affairs of the District, the Board hires a Manager and authorizes other staff or consultant positions to handle the routine financial matters. The Board adopts policies to guide how budgets are developed, and how money is spent, accounted for and the results reported to the Board. The auditor, working with management and on behalf of the Board will also test portions of the financial transactions to determine compliance with current Board policy.

Larry Bain, CPA was engaged to conduct the audit for the 2019/20 fiscal year. The final draft audit was sent out and is attached for your review and acceptance. Mr. Bain will be in attendance to discuss the audit and answer questions from the Board and public during this meeting.

One of the primary duties of the Board is their fiduciary responsibility with regard to District finances. The Board must establish policies and ensure that the procedures and practices of District management provide the highest level of protection of public funds, and that these funds are invested in appropriate activities and means to achieve the level of service desired by the community, through this Board. The only way for the Board to confirm that this is occurring is to receive accurate and timely financial reporting.

As stated in the audit report, the auditor is not engaged to find every potential flaw in our financial system, but is required to report publicly to the Board if there are material weaknesses or breaches in our financial systems where policy was not followed, or methods were discovered where a substantial risk of fraud, embezzlement or other financial crimes could occur without immediate notice by management and/or the Board. The auditor will also make findings and recommendations for changes to our financial systems if they feel that material weaknesses could occur, or if there are actions that put the District at financial risk.