

Las Virgenes Municipal Water District

AU-C 260 Communication with Those Charged with Governance

For the Year Ended June 30, 2020

January 5, 2021



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SCOPE OF WORK

SCOPE OF WORK

- Audit of the Comprehensive Annual Financial Report (CAFR)
- Report on internal control over financial reporting and on compliance in accordance with *Government Auditing Standards*
- Communication with Those Charged with Governance

OUR RESPONSIBILITY IN ACCORDANCE WITH PROFESSIONAL STANDARDS

- Form and express an opinion about whether the financial statements that have been prepared by management with Board oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America
- Plan and perform the audit to obtain “reasonable” assurance (not “absolute” assurance) about whether the financial statements are free of material misstatements.
- Consider internal control over financial reporting. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Required Communications (AU-C 260) (Report to the Board)

Required Communications (AU-C 260)

- **Independence**

- We complied with ALL relevant requirements regarding independence

- **Significant Accounting Policies**

- The District disclosed all significant accounting policies in Note 2 to the financial statements.
- The District implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*

- **Significant Estimates**

- Fair value on investments
- Allowance for doubtful accounts
- Net other postemployment benefit liability
- Net pension liability

Required Communications (AU-C 260)

- **Sensitive Disclosures**

- Note 2 – Summary of Significant Accounting Policies
- Note 3 – Cash and Investments
- Note 6 – Investment in Joint Powers Authority
- Note 10 – Pension Plan
- Note 11 – Other Postemployment Benefits
- Note 12 – Net Position
- Note 14 – Construction and Other Significant Commitments

- **Misstatements**

- There were no corrected or uncorrected misstatements reported.

- **Consultation with Other Accountants**

- Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and other matters.

Required Communications (AU-C 260)

- **Significant Difficulties**
 - We encountered no significant difficulties in dealing with management.
- **Disagreements with Management**
 - We did not have any disagreements with management in terms of accounting treatments or audit procedures performed.

OVERVIEW OF THE FINANCIAL STATEMENTS

Net Position @ June 30

	<u>2020</u>	<u>2019</u>
Assets	\$ 310,402,580	\$ 292,965,763
Deferred Outflows of Resources	7,845,859	8,717,841
Liabilities	63,894,297	64,026,390
Deferred Inflows of Resources	2,142,818	3,636,107
Net Position:		
Net investment in capital assets	111,696,866	111,228,938
Restricted	19,414	2,734,029
Unrestricted	140,495,044	120,058,140
Total net position	<u><u>\$ 252,211,324</u></u>	<u><u>\$ 234,021,107</u></u>

Changes in Net Position

	<u>2020</u>	<u>2019</u>
Operating revenues	\$ 67,418,048	\$ 64,973,151
Less: operating expenses	(45,204,012)	(43,886,259)
Nonoperating revenues (expenses)	(5,442,708)	(9,309,103)
Capital contributions	<u>1,418,889</u>	<u>3,899,980</u>
Changes in Net Position	<u><u>\$ 18,190,217</u></u>	<u><u>\$ 15,677,769</u></u>

Statements of Cash Flows

	<u>2020</u>	<u>2019</u>
Operating activities	\$ 21,665,271	\$ 19,891,016
Noncapital financing activities	3,880,825	2,015,242
Capital and related financing activities	(2,525,046)	(3,019,580)
Investing activities	<u>(9,918,682)</u>	<u>(21,987,692)</u>
Net change in cash and equivalents	<u><u>\$ 13,102,368</u></u>	<u><u>\$ (3,101,014)</u></u>

Net Pension Liability

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

	2020	2019
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 31,051,615	\$ 28,268,898
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 18,224,826	\$ 16,055,823
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 7,515,795	\$ 5,867,115

Net OPEB Liability

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

	2020	2019
1% Decrease	5.00%	5.00%
Net Pension Liability	\$ 20,925,835	\$ 22,174,034
Current Discount Rate	6.00%	6.00%
Net Pension Liability	\$ 18,003,904	\$ 19,301,046
1% Increase	7.00%	7.00%
Net Pension Liability	\$ 15,517,318	\$ 16,859,801

AUDIT RESULTS

Audit Results

- **Financial Statements**
 - Unmodified opinion
 - Financial statements are fairly presented in all material respects
 - Significant accounting policies have been consistently applied
 - Estimates are reasonable
 - Disclosures are properly reflected in the financial statements
- **AU-C 265, *Communicating Internal Control Related Matters Identified in an Audit***
 - None reported



THE
PUN GROUP
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Thank You



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