

AGENDA

**INVESTMENT AND FINANCE COMMITTEE MEETING
LEUCADIA WASTEWATER DISTRICT**

June 15, 2021 – 1:30 PM
Via Teleconference

Pursuant to the State of California Executive Order N-29-20, and in the interest of public health, the District is temporarily taking actions to mitigate the COVID-19 pandemic by holding meetings by teleconference. The general public may not attend this meeting at the District's office due to social distancing requirements.

Members of the public attending via teleconference will be provided with an opportunity to comment on each agenda item prior to Committee discussion.

**To join this meeting via Teleconference please dial: (669) 900-6833
Meeting ID: 823 6647 6267 Password: 647690**

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- 1. Call to Order**
 - 2. Roll Call**
 - 3. Public Comment**
 - 4. New Business**
 - A. Audit Entrance Meeting with Davis Farr, LLP. (Pages 2-4)
 - 5. Information Items**

None.
 - 6. Directors' Comments**
 - 7. General Manager's Comments**
 - 8. Adjournment**

MEMORANDUM

Ref: 21-7657

DATE: June 11, 2021
TO: Investment & Finance Committee (IFC)
FROM: Paul J. Bushee, General Manager
SUBJECT: **Audit Entrance Meeting**



RECOMMENDATION:

1. This item is for information purposes.

DISCUSSION:

As a practice and as a part of the auditing process, the IFC typically meets with the District's auditors to discuss the auditing process. Shannon Ayala, CPA of Davis Farr, will be at the IFC meeting to present information about the FY 21 audit and discuss items that may be of interest to the IFC. Attached is a copy of their letter (Communication with Those Charged with Governance) which will also be sent to the full Board of Directors.

rad:PJB

May 13, 2021

Board of Directors
Leucadia Wastewater District

We are in the process of planning the audit of the Leucadia Wastewater District (the "District") for the year ending June 30, 2021.

Professional auditing standards require that, as a part of our audit, we inquire of those in governance to ascertain whether or not the Board of Directors (the "Board") has knowledge of matters that might have a bearing on the auditor's risk assessment for the annual audit of the District's financial statements.

Examples of these matters are:

- Known or suspected instances of employee fraud
- Areas in which the internal controls of the District are thought by the Board to be weak
- Known or suspected misstatements in the accounting records of the District
- Known or suspected use of improper accounting practices by the District
- Any awareness of pressure upon the District or District management with respect to achieving certain financial results
- Matters that warrant particular attention during the audit
- Information about unusual transactions or other matters relevant to the audit

Generally, the scope of the audit is limited to *matters involving amounts that would be significant to the financial statements of the District taken as a whole*. If additional time is required to respond to the concerns of the Board, we will estimate for the District the costs involved.

Auditing Standards require the auditors to communicate the planned scope and timing of the audit. Additionally, at the conclusion of the audit, we plan to meet with the Board to communicate the auditor's responsibilities under generally accepted auditing standards and significant findings from the audit.

Timing of Audit

We began the interim audit procedures in April 2021 and our final audit examination will be in September 2021. We plan to finalize the Comprehensive Annual Financial Report in November 2021. We plan to present the audit reports and results of the audit to the Board of Directors at the completion of the audit.

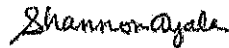
Planned Scope of Audit

In addition to our standard audit approach, our engagement team plans to expand our testing in the following areas:

- We will discuss with Management the implementation of Governmental Accounting Standard No. 84 and evaluate the impact on the District's financial statements.
- Each year, we are required to include an element of unpredictability in our audit. This year we are planning to obtain a detail of fixed assets and make a selection of assets to verify existence.

If any member of the Board has information relevant to our audit (matters involving amounts that would be significant to the financial statements of the District taken as a whole), please contact the undersigned at (760) 298-5872 or sayala@davisfarr.com.

Very truly yours,


Shannon Ayala
Davis Farr LLP