



**AUDIT COMMITTEE**  
**Meeting Minutes**

**April 19, 2018**

**CALL TO ORDER / ROLL CALL**

Vice Chair Barnum called the Audit Committee meeting to order at 1:35 p.m. Committee members present were Vice Chair Barnum, Directors Weston, Heinrichs, and Smith. Chair Cherashore was not present for the roll call. At that time, there was a quorum of the Committee. Staff present was General Counsel Hattam, Director of Finance/Treasurer Harris, Controller Woidzik, and Accounting Supervisor Geena Balistrieri. Also present was Shannon Ayala, Sr. Manager, of Davis Farr, LLP, Certified Public Accountants.

\*Chair Cherashore arrived at 1:45pm.

**ADDITIONS TO AGENDA**

The addition to Approve the Audit Committee Minutes from the November 14, 2017 was added to the agenda.

Vice Chair Barnum moved and Director Smith seconded the motion to approve the minutes. Director Weston abstained. The motion passed.

**PUBLIC COMMENT**

There were no members of the public who wished to speak.

**CHAIR'S REPORT**

There was no Chair's Report.

**I. CONSENT CALENDAR**

There were no items on the Consent Calendar.

**II. ACTION/DISCUSSION**

1. 2018 Work Plan Calendar (Discussion)

Mr. Woidzik provided an overview of the 2018 Work Plan Calendar highlighting the dates for interim audit field work beginning May 14 and ending May 17, 2018. Mr. Woidzik also highlighted that the Year-end Fieldwork would occur August 20, 2018 through September 6, 2018. Presentation on the audit results for the Fiscal Year ended June 30, 2018 and the draft CAFR is expected to be provided to the Audit Committee November 1, 2018.



Mr. Woidzik shared that there are three Audit Committee meetings this year to fulfill the obligations of the committee and that the committee needed to confirm the dates for the next two audit meetings. The Audit Committee agreed that the upcoming Audit Committee meetings would be the following:

<u>Date</u>	<u>Time</u>
October 10, 2018	3-4:30pm
November 8, 2018	9:30-11am (Lunch will be served)

As the dates were now determined, Mr. Woidzik stated that the November 8, 2018 meeting will be the final Audit Committee meeting for the year, and upon review and approval of the CAFR by the Audit Committee, the committee will present their recommendation regarding the CAFR to the Board at the December 6, 2018 Water Authority Board meeting.

## 2. Required Auditor Communications (Discussion)

Ms. Ayala provided an overview of the Audit Engagement Letter that explains the auditor's responsibilities during the audit engagement. She gave an overview of the scope of the audit and results which is to express an opinion that the financial statements, footnotes and disclosures to the financial statements are free of material misstatement. The auditors will follow the standard practices of materiality and will calculate at either 1% of revenues or 1% of the assets for the baseline materiality.

Ms. Ayala stated further that the SAS 114 Planning Letter communicates the scope and timing of the audit.

## 3. Overview of the Audit Process, Davis Farr, LLP (Presentation)

Ms. Ayala explained that they have limited responsibilities for supplementary information and supplemental information presented in the CAFR. She stated they have no responsibility for the Introductory, Statistical and Continuing Disclosures sections. She informed the committee that the audit approach will include a Review of the Treasury function, Capital Asset testing, Long-Term Debt testing and data mining of Cash Disbursements.

Ms. Ayala elaborated on the 2018 Data Mining procedures that include the application of Benford's Law which states, "In any large set of natural numbers, around 30% will begin with the digit 1, 18% with the digit 2, and so on." The application of this method will assist with the identification of any potential anomalies to include in the testing plan.

Directors asked for further detail regarding the Data Mining procedures and Ms. Ayala answered their questions.



FY2018 Audit Interim Work (Discussion)

Mr. Woidzik explained that Davis Farr, LLP will be reviewing the billing and cash receipts process, invoicing, investments and other significant areas, and testing that we are compliant with our internal controls processes, and that our reporting meets the standards of GASB and GFOA.

**III. ADJOURNMENT**

There being no further business to come before the Audit Committee, Chair Cherashore adjourned the meeting at 2:30 p.m.