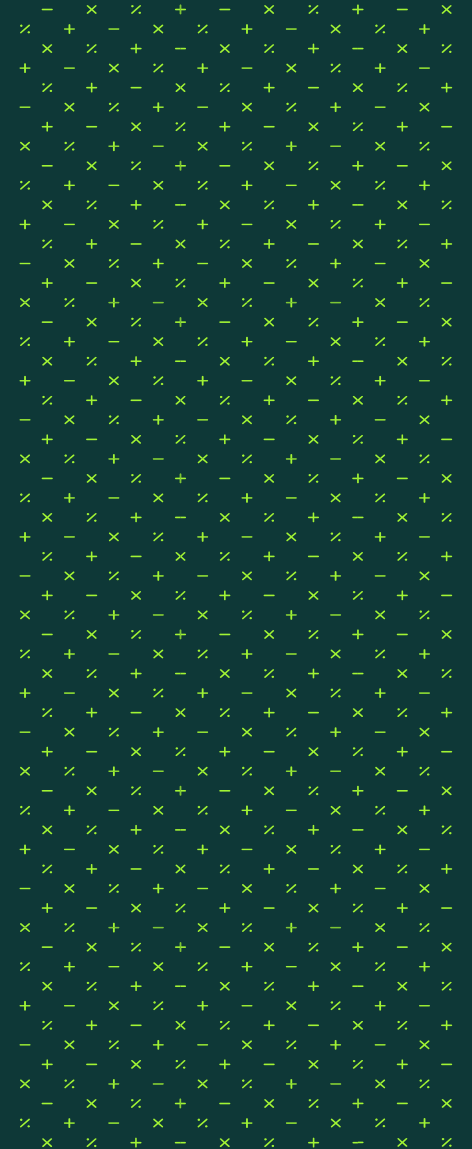




MOSSADAMS

Oak Lodge Water Services District

2021 AUDIT RESULTS





Agenda

01 AUDITOR REPORTS ISSUED

02 AREAS OF AUDIT EMPHASIS

03 MATTERS REQUIRED TO BE COMMUNICATED TO THOSE CHARGED WITH GOVERNANCE

04 OTHER COMMUNICATIONS



YOUR DEDICATED TEAM



KEITH SIMOVIC

Engagement Reviewer
And Partner



OLGA DARLINGTON

Concurring Reviewer
and Partner



LAUREL BRASCHAYKO

Senior Manager



BETHANY PHILLIPS

In-Charge Audit Senior



Scope of Services & Auditor Reports

We have performed the following services:

Annual Audit



- Annual financial statement audit for the year ended June 30, 2021.

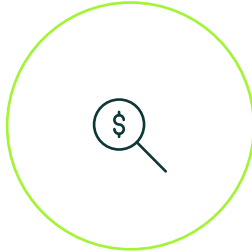
Reports Issued



Unmodified Opinion
on the District's consolidated financial
statements



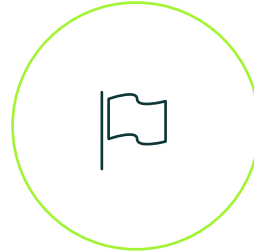
Areas of Audit Emphasis



**REVIEW OF
MANAGEMENT'S
CORRECTIVE
ACTION PLAN AND
AUDIT CHANGES
IN INTERNAL
CONTROL**



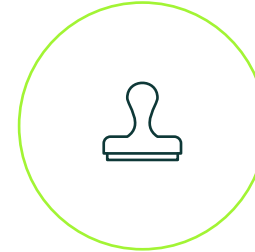
**REVENUES –
COMPLETENESS AND
ACCURACY OF CUSTOMER
BILLINGS**



**IT USER ACCESS
CONTROLS**



**CONSISTENT
APPLICATION OF
INTERNAL
CONTROLS
DURING COVID-19**



**CAPITAL ASSETS
– TIMELY CLOSING
OF PROJECTS**



Required Communications



Significant accounting policies are summarized in Note 1 to the financial statements



Financial statement disclosures were consistent, clear, and understandable



Representations were requested and received from management



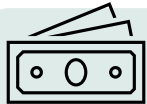
Required Communications (continued)



There were significant difficulties due to significant delays by management in providing required documentation. There were no disagreements with management.



Illegal acts (none noted)



Ability to continue as a going concern (no disclosure necessary)



Consideration of fraud in a financial statement audit

Procedures performed included journal entry testing, third-party confirmations, and interviews of personnel



Audit Adjustments – Corrected and Uncorrected



Corrected Misstatements :

1. *To correct cash balances as a result of the bond refunding - \$96,559*

Uncorrected Misstatements:

1. *To adjust interest accrual related to 2021 bond refunding - \$32,328*
2. *To adjust over accrual of compensated absences - \$45,854*
3. *Adjustment from loss on disposal of assets placed in service - \$316,511*
4. *Prior period entry to dispose of Boardman capital assets - \$320,180*



Management Letter Recommendations

Finding	Recommendation	Category
<p>Financial Close and Reporting – District was significantly delayed in its close process and preparing year-end financial statements, including ineffective controls. The District failed to timely file its audited financial report with the Secretary of State and was out of compliance with the requirement to file within 6 months of the District’s fiscal year end.</p>	<p>We recommend the District establish more efficient and effective internal controls to provide timely and accurate completion of financial reporting.</p>	<p>Material Weakness</p>



Management Letter Recommendations

Finding	Recommendation	Category
<p>Capital Assets:</p> <ol style="list-style-type: none"> <i>Capital Asset Reconciliation to the General Ledger</i> – The District does not have a control in place to reconcile certain key, full-accrual accounts on a monthly basis, specifically capital assets. <i>Work Orders</i> – The District does not utilize work orders. Capital projects are approved in the annual capital budget and invoices are coded to applicable projects by field supervisors. <i>Capital Asset Disposals</i> – We identified a lack of documented oversight regarding the Boardman Wetlands Project, which presents potential risks related to continued capitalization of a discontinued project and improper recognition of loss on disposals of capital assets. 	<p>Capital Assets:</p> <ol style="list-style-type: none"> We recommend that the activity per the asset tracking system is routinely reconciled to capital outlay accounts on a monthly basis. We recommend that the District implement a formalized work order system to ensure projects initiated outside of the capital budget are approved and costs are coded correctly. We recommend establishing a formal process for Board oversight of significant capital asset disposals. 	<p>Significant Deficiency</p>

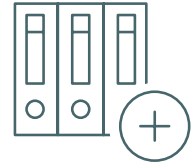


Management Letter Recommendations

Finding	Recommendation	Category
<p>IT User Access – The District does not regularly perform and document its review of user access.</p>	<p>We recommend that the District perform routine reviews of user access, at least annually.</p>	<p>Other Matter</p>
<p>Accela IT Security and Access - The system does not mandate regular password changes and users share login credentials.</p>	<p>We recommend implementing policies and procedures to change passwords regularly and ensure each user has a unique login.</p>	<p>Other Matter</p>
<p>Purchase Orders – Purchase orders are utilized for any inventory items over \$500. However, non-inventory items do not have a similar requirement.</p>	<p>We recommend the District update its policy to require purchase orders on non-inventory items.</p>	<p>Other Matter</p>
<p>Review of Reconciliations – We noted no evidence to support that reconciliations are reviewed and approved timely by someone other than the person preparing the reconciliation.</p>	<p>We recommend that each reconciliation be reviewed monthly and that review be documented.</p>	<p>Other Matter</p>
<p>Minimum Standards for Audits of Municipal Corporations – The notice of publication for the budget hearing was not publicized between five and thirty days before the scheduled budget hearing.</p>	<p>We recommend that the District publishes the notice of publication five to thirty days before the scheduled budget hearing.</p>	<p>Other Matter</p>



Upcoming New Standards



New Standards

GASB 87 – Leases

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

GASB 96 – Subscription-Based Information Technology Arrangements

Effective Date

Periods beginning after June 15, 2021

Periods beginning after June 15, 2022

Periods beginning after June 15, 2022





**THANK
YOU**

