

Western Regional Water Commission

STAFF REPORT

DATE: October 14, 2022
TO: Chair and Members, Western Regional Water Commission (WRWC)
FROM: Dave Solaro, Assistant County Manager on behalf of the Finance and Customer Service Division of the Community Services Department
SUBJECT: Discussion and possible approval of the fiscal year 2022 WRWC financial statements and audit opinion, and possible direction to staff.

SUMMARY

The attached report presents the WRWC's financial statements for the year ended June 30, 2022, and the auditor's opinion thereof. It is the auditor's expressed opinion that the financial statements present fairly, in all material respects, the financial position of the WRWC as of June 30, 2022, and the changes in its financial position and budgetary comparison for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The report is being presented for consideration, discussion, and approval.

PREVIOUS ACTION

On October 20, 2021, the WRWC voted to designate Schettler Macy & Associates, LLC as the WRWC's external auditors for fiscal year 2022.

BACKGROUND

Pursuant to NRS 354.624, each local government shall provide for an annual audit of its financial statements. In compliance with this statute, the WRWC engaged Schettler Macy & Associates, LLC to provide the audit services of its financial statements for the year ending June 30, 2022.

The audit results, and opinion and findings of the auditor, must be presented at a meeting of the governing body and immediately thereafter filed as a public record with the secretary of the governing body, the county clerk, and the Nevada Department of Taxation.

FISCAL IMPACT

There is no fiscal impact.

RECOMMENDATION

Staff recommends that the WRWC approve the financial statements and audit opinion from Schettler Macy & Associates, LLC for fiscal year 2022.

POSSIBLE MOTION

“Move to approve the WRWC financial statements and audit opinion from Schettler Macy & Associates, LLC for fiscal year 2022, and direct staff to file the same as a public record, as required by law.”

Attachments: Financial Statements

KR:BW:jp

September 28, 2022

To the Board of Trustees and Management
Western Regional Water Commission
Reno, Nevada

We have audited the financial statements of the governmental activities, and the General Fund of the Western Regional Water Commission (Commission) for the year ended June 30, 2022. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated October 15, 2021, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to management's discussion and analysis and budgetary comparison information, which supplements the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

Planned Scope, and Other

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested.

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. We will generally communicate our significant findings at the conclusion of the audit.

However, some matters could be communicated sooner, particularly if significant difficulties are encountered during the audit where assistance is needed to overcome the difficulties or if the difficulties may lead to a modified opinion. We will also communicate any internal control related matters that are required to be communicated under professional standards.

This information is intended solely for the use of the Board of Trustees and the management of the Western Regional Water Commission and is not intended to be and should not be used by anyone other than these specified parties.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Commission are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2022. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures may also be particularly sensitive because of their significance to the financial statement users. As included in our letters dated November 16, 2011 and September 4, 2012, management has determined in accordance with the *Cooperative Agreement for Contractual Professional and Administrative Staff Services* dated November 8, 2008, the Commission is responsible for reimbursement of sick pay, accrued vacation, and all other benefits the County currently provides or may provide in the future, as discussed in Note 1 to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No misstatements were identified during the audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested and received certain representations from management that are included in the management representation letter dated September 28, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors and/or during the audit fieldwork and completion phases. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Closing Comments

We appreciate the cooperation and courtesies extended to us during the course of the audit and we look forward to our continued association.



SCHETTLER MACY & ASSOCIATES, LLC