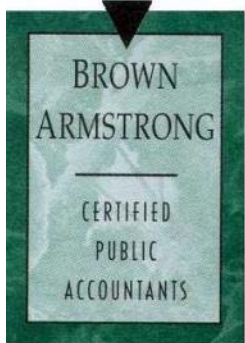


Agenda

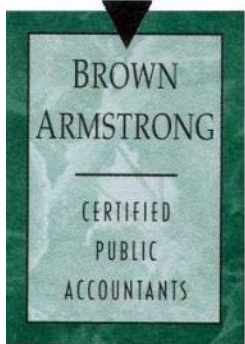
Purpose of the Audit

1. Obtain reasonable, but not absolute assurance, that FS are presented fairly
2. Obtain reasonable assurance about the effectiveness of controls over financial reporting (GAS)
3. Obtain reasonable assurance over compliance of federal program



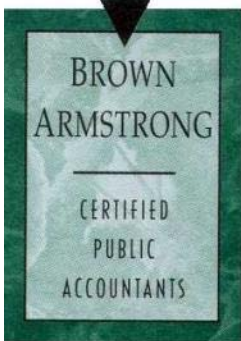
The Audit Process

- a. Timeline coordination with NapaSan's staffs
- b. Understanding and evaluation of the NapaSan's internal controls through inquiry and observation
- c. Confirmation of account balances and legal
- d. Final fieldwork
- e. Report presentation



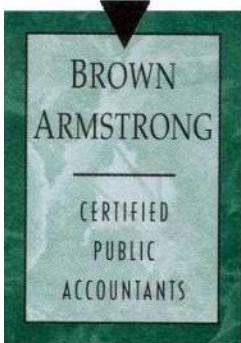
Significant audit areas

- a. Risk Based Approach
- b. Cash/Investment
- c. Accounts Receivable/Accounts Payable
- d. Capital Assets
- e. Net Pension Liability (GASB 68)
- f. Net OPEB Liability (GASB 75)* New in 2018
- g. Long-Term Debt
- h. Revenues/Expenses



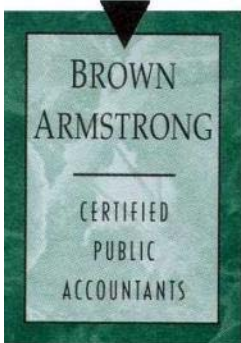
FS Highlights

1. Total assets increased by \$7.8 million
 - mainly due to capital projects
2. Total liabilities increased by \$1.5 million
 - due to new OPEB liability offset by the paying down of debt



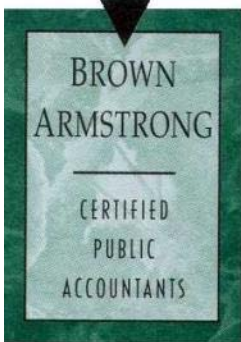
FS Highlights

3. Operating revenues increased by \$4.6 million
 - increased in both sewer charges and capacity charges
4. Operating expenses decreased by \$2.0 million
5. Capital contributions increased by \$421.2 thousand



Audit reports

- a. Independent Auditor's Report (opinion) on financial statements – **unmodified (“clean”) opinion**
- b. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters based on an audit of the basic financial statements performed in accordance with Government Auditing Standards
- c. Report on Compliance for each Major Federal Program; Report on Internal Controls over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
- d. Required Communication to the Board in Accordance with Professional Standards – SAS 114
 - a. Encountered no difficulties in performing the audit
 - b. No disagreements with management
 - c. No findings or other issues



Questions and/or Comments?



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