

WEST BASIN MUNICIPAL WATER DISTRICT

AUGUST 14, 2003 - Finance

Smith, Little

AUGUST 25, 2003 - Board Meeting

Prepared by: Margaret Moggia

Submitted by: Margaret Moggia

Approved by: Darryl G. Miller

INFORMATION CALENDAR

ANNUAL ACCOUNTING AND AUDIT SERVICES

SUMMARY:

An annual audit of the District's financial activities is a requirement of the Administrative code. Currently, the auditor for West Basin is Leaf & Cole, LLP whose services with the District will be completed upon issuance of audited financial statement for the Fiscal Year ended June 30, 2003. The final audit report is anticipated to be presented to the Board in November 2003.

Each year the accounting firm is responsible for auditing the District's financial records through quarterly compilations, testing for compliance on internal controls, recommending improvements and completing the annual audited financial statements. A single audit may be required should the District incur Federal Grant expenditures that exceed \$500,000. For West Basin, the District has a Federal Grant agreement with the U.S. Army Corps and the U. S. Bureau of Reclamation. Although an audit is performed annually, District staff is recommending a three-year agreement with the selected accounting firm. The three-year agreement aides the District and the accounting firm in fostering a partnership to dialogue on issues impacting the industry and the District. As the accounting firm audits each year's financial records, the firm gains institutional knowledge about the District's operations, its debt requirements, Federal Grant requirements, and industry specific issues. The firm will identify accounting issues that would impact the District and provide guidance as they evolve. This allows the firm to properly disclose items in the annual financial statements and to the Board of Directors. The accounting firm also will develop an understanding of the District's business enabling them to provide suggestions on improvements for efficiency or effectiveness.

District staff anticipates that the Annual Accounting and Audit Services contract will be brought to the Board for approval at the November 24, 2003 Board meeting. The timeline below outlines the process District staff will use as a guide for seeking auditors for the next term:

- | | |
|--|--------------------|
| ▪ Send out "Request for Proposals" (RFP) | September 15, 2003 |
| ▪ RFP Due to District Offices | October 3, 2003 |
| ▪ Interview with Potential Accounting Firms | Mid-October 2003 |
| ▪ RFP Results Discussed with Finance Committee | November 13, 2003 |
| ▪ Contract Approved by Board | November 24, 2003 |

FISCAL IMPACTS:

Sufficient funds have been included in the current year operating budget for the fiscal year 2003-04.

ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on August 14, 2003 and agendaized to the August 25, 2003 Board meeting as information for discussion.

RECOMMENDED MOTION:

This item is for information only.

G:\directors\wbmwd\03aug015