

Fiscal Year 2023 Audit Results and Annual Financial Review

Presented by:
Lance, Soll & Lunghard, LLP

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Your LSL Team



Bryan Gruber, CPA
Managing Partner



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Partner



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Manager





Scope of Engagement

- LSL has been engaged by Mesa Water District to perform the following procedures:
 - Financial statement audit for the year ended June 30, 2023, in accordance with generally accepted auditing standards and Government Auditing Standards.
 - Agreed-upon procedures over the District's ratios for financial analysis for the period of June 30, 2019, through June 30, 2023.
 - Agreed-upon procedures over the internal controls risk environment. This engagement is still in progress.



Scope of Engagement

- Interim Fieldwork
 - May 8 – May 11, 2023
 - Examined internal controls
 - Provided feedback to management
 - Performed our audit risk assessment
 - Planned year-end audit procedures to respond to risk
- Year-End Fieldwork
 - September 18 – September 22, 2023
 - Detailed testing of account balances and transactions
 - Compliance testing with laws, regulations, grant agreements, contracts
 - Other procedures necessary to obtain sufficient, appropriate audit evidence



Results of Audit

- We issued an unmodified auditor’s opinion on the financial statements.
 - Financial statements are accurate and reliable as of June 30, 2023.
- We issued the Report on Internal Control and Compliance
 - One significant deficiency in internal control noted.
 - Failure to accrue liabilities.
 - Two material weaknesses in internal control noted.
 - Failure to accrue grant revenues through the Proposition 84 program.
 - Removing items from construction in progress that should have been expensed.
 - No material noncompliance with laws, regulations, grants, etc. noted.



Results of Audit

- We had no disagreements with management about application of accounting principles.
- We had no difficulties conducting our audits.
- We determined that all estimates used by management in preparing the financial statements were reasonable.
- We identified no going concern doubts as of June 30, 2023.
- We identified no fraud, waste, or abuse during the fiscal year ended June 30, 2023.



Changes from Prior Year

- During the fiscal year ended June 30, 2023, Mesa Water District changed accounting principles related to the accounting for subscription-based information technology arrangements (GASB 96).
- GASB 96 requires that a subscription asset and subscription liability be recognized. This resulted in:
 - A subscription asset in the amount of \$1,563,196, at June 30, 2023.
 - A subscription liability in the amount of \$521,600, at June 30, 2023.
 - No restatement of beginning fund equity due to this implementation.



Financial Highlights

- Net position increased \$9.2 million during the year to \$161.4 million.
- Capital assets increased \$14.9 million or 9.5% from the prior year.
- Long-term debts decreased \$4.4 million or 5.0% from the prior year.
- Pension liability increased \$7.6 million or 102% from the prior year.
- OPEB asset decreased \$0.3 million or 65% from the prior year.



Questions?



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