

Great Lakes Water Authority Audit Committee Report on Fiscal Year 2019 Financial and Single Audit

Presented by:

Jodi Dobson, CPA, Partner
Baker Tilly Virchow Krause, LLP

December 6, 2019



The information provided here is of a general nature and is not intended to address the specific circumstances of any individual or entity. In specific circumstances, the services of a professional should be sought. Tax information, if any, contained in this communication was not intended or written to be used by any person for the purpose of avoiding penalties, nor should such information be construed as an opinion upon which any person may rely. The intended recipients of this communication and any attachments are not subject to any limitation on the disclosure of the tax treatment or tax structure of any transaction or matter that is the subject of this communication and any attachments. Baker Tilly Virchow Krause, LLP trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. © 2018 Baker Tilly Virchow Krause, LLP





Audit presentation topics

- > Audit overview
- > Auditor Communication with Those Charged with Governance
- > Internal control communication
- > Questions

Audit overview

- > Audit was conducted smoothly with no major snags or difficulties.
- > Management and staff were cooperative and readily available.
- > Audit schedule was maintained and communication between management and auditors was good.
- > Fieldwork began in September and concluded October 25th.
- > CAFR preparation and review throughout November
- > No audit adjusting journal entries were noted.
- > No single audit findings noted.

Audit overview

- > **Audit performed in accordance with Generally Accepted Auditing Standards and Government Auditing Standards.**
- > **Audit is based on assessment of control risk in key business process areas. Below are several key areas of review:**
 - Cash and investments
 - Revenues and receivables
 - General disbursements
 - Payroll
 - Pension liabilities
 - Long-term debt
 - Intangible asset and related lease obligation
 - Assets under construction and plant in service
 - Net position calculations
 - Analytical review of statement of net position and statement of revenues, expenses and changes in net position

A solid green horizontal bar.

Audit overview

- > Audit objective – obtain reasonable assurance that financial statements are free from material misstatement.
- > Financial statements receive an *Unmodified Opinion*(clean opinion).
- > Single audit results in *Unmodified Opinion* on compliance and controls over major program.

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit

Area to Be Communicated	Auditor's Response
<p>Auditor's View on Qualitative Aspects of Significant Accounting Policies</p>	<ul style="list-style-type: none"> > The significant accounting policies used in the preparation of your financial statements are discussed in Note 1 to the financial statements. > Accounting estimates are an integral part of the financial statements prepared by management's knowledge and experience about past and current events and assumptions about future events. We feel that all estimates made by management are in accordance with generally accepted accounting principles.

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit

Area to be Communicated	Auditor's Response
Significant Difficulties Encountered in Performing the Audit	> We encountered no difficulties in performing our audit.
Uncorrected Misstatements	> By Professional Auditing Standards, uncorrected misstatements refer to immaterial passed audit adjustments – there were no passed audit adjustments.

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit

Area to be Communicated	Auditor's Response
Disagreements with Management	> Professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements were encountered during the course of the audit.
Other Findings or Issues	> There are no other issues to disclose as part of the audit in connection with these Professional Auditing Standards.

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit

Area to be Communicated	Auditor's Response
Material Corrected Misstatements	<ul style="list-style-type: none"> > Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. > There were no adjustments as part of this year's audit.

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit

Area to be Communicated	Auditor's Response
Management Representations	> We have requested certain representations from management that are included in the management representation letter. A copy of this letter is included with our final communication document.

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit (cont.)

Area to Be Communicated	Auditor's Response
Management's Consultations with Other Accountants	<p>> Professional standards require the consulting accountant to discuss any such contacts with the current auditor to determine that the consultant has all the relevant facts. We have been involved in any such consultations with other accountants.</p>

Auditor Communication with Those Charged with Governance

Significant Findings from the Audit

Area to be Communicated	Auditor's Response
Auditor Independence	<p>> We are not aware of any relationships between Baker Tilly Virchow Krause, and Great Lakes Water Authority that, in our professional judgment, may reasonably be thought to bear on our independence.</p>

Internal control communication

AU-C Section 265

Communicating Internal Control Related Matters Identified in an Audit

Material weaknesses noted in GLWA's internal control:

> None noted

Significant deficiencies noted in GLWA's internal control:

> None noted

A solid green horizontal bar.

Audit summary

Thank You!

We appreciate the work performed by GLWA's accounting staff and management in preparing for and assisting in the audit!

We would be happy to answer any questions regarding the audit.