



# Madison Water Utility 2020 Financial Audit

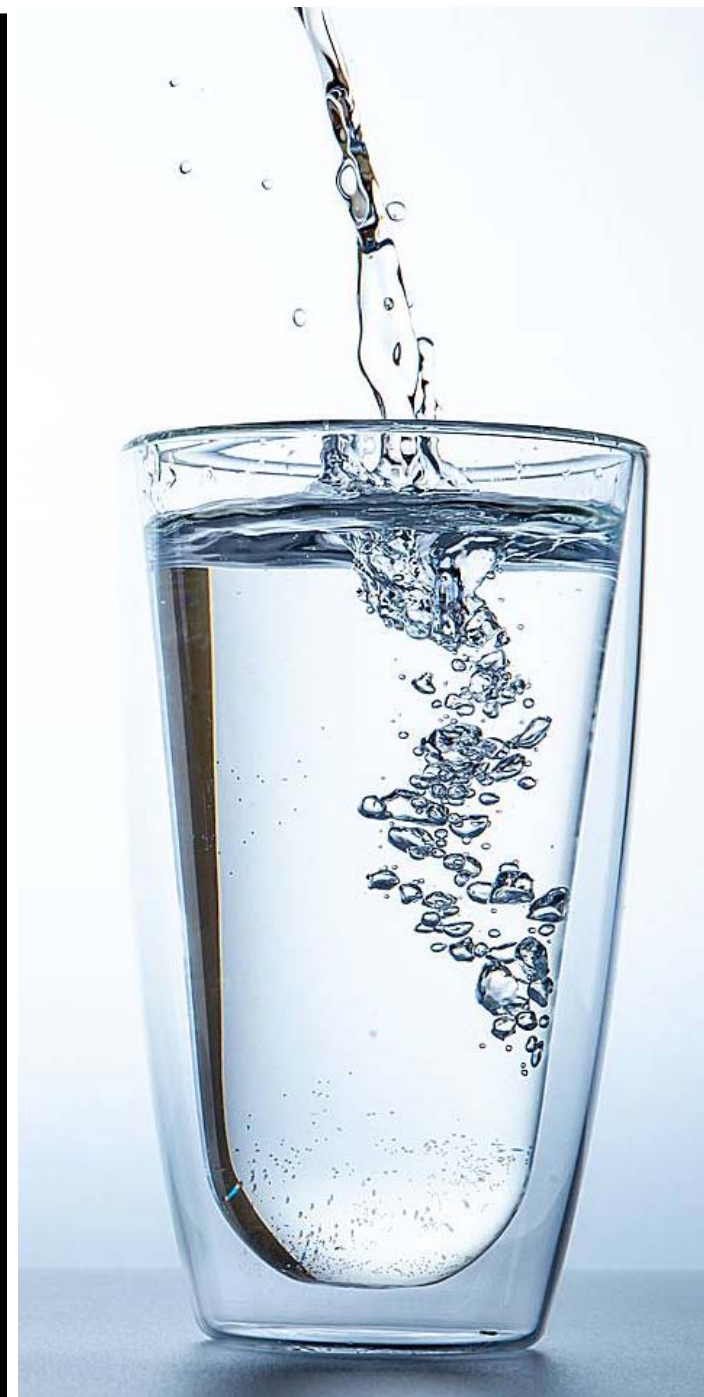
Presented by:

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## Audit presentation topics

- > Audit overview
- > Internal control communication
- > Auditor's communication with those charged with governance
- > Questions



## Audit Team Introduction

- > Partner – Jodi Dobson
- > Concurring Review Director – Bethany Ryers
- > Manager – Jalissa Bishop
- > Senior Associate – Ryan Theiler



## Audit scope

- > Utility financial statement audit
  - > Coordinate with city audit
  - > Performed separate for the enterprise fund

## 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
  - Accounts payable
  - Analysis of user charges and other revenues and receivables
  - Pension, OPEB, and payroll related liabilities
  - Inventories
  - Analytical review of revenues and expenditures/expenses
  - Capital assets, including infrastructure
  - Evaluation of internal control processes, including the IT control environment



## Audit overview

- > Audit objective – obtain reasonable assurance that financial statements are free from material misstatement.
- > Financial statements received an *Unmodified Opinion* (clean opinion)



## Financial Statement Highlights

- > New rates effective July 2020 resulted in a 2.2% increase in revenue and a 14.2% increase in income before contributions and transfers, despite a 2.5% decrease in pumpage
- > The utility continues to invest in capital infrastructure and improvements
- > At the end of 2020 the utility had just under 3 months of operations in cash reserves
- > The utility met its debt coverage requirements



## Internal control communication

### AU-C Section 265

### *Communicating Internal Control Related Matters Identified in an Audit*

Material weaknesses noted in Water Utility's internal control:

- > None noted

Significant deficiencies noted in Water Utility's internal control:

- > None noted



## Auditor communication with Those Charged with Governance

<b>Area to be Communicated</b>	<b>Area to be Communicated</b>
Our responsibility under Auditing Standards Generally Accepted in the United States	Planned Scope and Timing of the Audit
Accounting Policies	Accounting Estimates
Compliance with Laws and Regulations	Financial Statement Disclosures

## Auditor communication with Those Charged with Governance

Area to be Communicated	Area to be Communicated
Difficulties Encountered in Performing the Audit	Corrected and Uncorrected Misstatements
Consultations with Other Independent Accountants	Disagreements with Management
Going Concern	Management Representations
Other Audit Findings or Issues	Auditor Independence



## Audit summary

# Thank You!

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

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