Presentation by Richardson & Company, LLP of the financial statements:

Auditor's responsibility under generally accepted auditing standards

Management is responsible for the financial statements and the auditor is responsible for providing an opinion based on the audit.

Opinion is clean

Significant deficiency in controls over financial reporting is disclosed in management letter due to the adjustments found during the audit

Delays in receiving information needed for audit shows Authority is short staffed.

Discussion of financial statements:

MD&A is not reported, which does not affect our opinion.

Statement of net position on page 3 shows $264K of cash and $109K of due from other governments for fees not collected from members at year-end compared to $149K and $156K in the prior year. Due to other governments is due to SRCD and SSCAWA.

Net position was $317K or 87% of expenses. $261K reserve approved for 5-Year Plan disclosed in subsequent event footnote on page 10.

Statement of changes in net position on page 4 shows a reduction of member contributions from $425K to $418K. Expenses increased to $367K from $160K. Partial year in prior year plus several new contracts approved.

Note A describes the entity and accounting policies.

Cash is just bank deposits per Note B on page 8

Note C on page 9 discloses transactions with entities with common board members. SRCD and SSCAWA.

Note D on page 9 shows contracts in place at year-end with unspent amounts.

Note E on page 10 shows contracts approved after year-end, reserve approved for 5-Year Update and rate study approved.

Management letter

Recommend more attention to accrual entries during closing. SRCD bills for July 2022 and 2023 and SSCAWA July 2023 bill not paid and were not accrued.

Accounting procedures should be documented to protect against employee turnover.

Consider hiring a contract accountant to help review and prepare for audit.

Consider providing a list of checks paid to board in addition to list of bills to be paid.

We noted several members paid fees lower than billed after appeals to County. Should obtain support for fee reductions to show not inappropriately diverted.

Form 700s were not able to be obtained for all directors, which is Authority’s responsibility.

Audit adjustments – we had five adjustments during the audit to accrue expenses incurred but not paid at year-end and to reclassify items as reported.

Scope of audit was consistent with the engagement letter, no disagreements with management, no major issues discussed with management prior to retention or management consultation with other auditors that we are aware of.