

City of Rialto

2020 Audit Results

May 11, 2021

Teaman, Ramirez & Smith, Inc.

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Overview

- Scope of Services
- Auditors' Opinion and Reports
- Audit Findings

Scope of Services

- Audit of the annual financial statements for the year ended June 30, 2020 in accordance with Generally Accepted Governmental Auditing Standards
- Audit (compliance) of federal grant expenditures under the Uniform Guidance
- Agreed-Upon-Procedures related to the City's calculation of the GANN limit

Scope of Services – cont.

- Audit conducted in accordance with auditing standards generally accepted in the US, Government Auditing Standards (issued by the Comptroller General of the US), and provisions of the Uniform Guidance.
 - Audit procedures (nature and extent) are developed based the standards from a risk assessment process of the City in order to detect any material misstatements of the financial statements.
 - Methods and procedures can vary year to year depending on facts and circumstances.

Auditor's Opinion

Independent Auditors' Report

- Audit of financial statements for the year ended June 30, 2020
- Management is responsible for preparation and fair presentation of the financial statements
- Auditor's responsibility is to express opinions on the financial statements to obtain reasonable assurance that financial statements are free from material misstatement.
 - Issuing a Unmodified opinion for the financial statements for the June 30, 2020.
- Emphasis of Matter paragraph on adoption of new accounting standard from GASB.
 - GASB Statement No. 95: Postponement of the Effective Dates of Certain Authoritative Guidance

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Our opinion is not modified with respect to this matter.

Auditor's Reports

Single Audit Report

- Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards
 - Material Weaknesses (1)
 - Significant Deficiencies (1)
- Report on Compliance from Each Major Program and on Internal Control Over Compliance Reported by the Uniform Guidance and on the Schedule of Expenditures of Federal Awards
 - Noncompliance (2)

Ongoing and Prior Findings

Finding #	Finding	Status
2020-001	Bank Reconciliations (Material Weakness)	Ongoing
2020-002	Accounting Procedures and Policies Manual	Ongoing
2019-003	Conflict of Interest in Grant Administration (Prop 47)	Awaiting determination from State
2019-004	Conflict of Interest in Grant Administration (CDBG)	Corrected in subsequent year
2019-005	Timeliness of Reporting of Data Collection Form	Corrected
2019-006	Procurement Policies	Corrected

Other Matters

Other Matters

- Matters that are not significant deficiencies (ie. auditing findings), but merit the attention of those charged with governance (discussed in SAS 114 conclusion (governance communication) letter:
 - (1) Investment Policy Annual Update
 - Investment policy is to be reviewed annually and approved by Council

INVESTMENT POLICY ADOPTION

The City of Rialto's investment policy shall be adopted by resolution of the City of Rialto's City Council. The policy shall be reviewed annually by the City Council and any modifications made thereto must be approved by the City of Rialto's City Council.

Prepared by: Edward J Carrillo, City Treasurer – Amended May 21, 2020

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- Not adopted by Council until July 14, 2020
 - Previous year was January 8, 2019

Other Matters – cont.

- (2) Investment Reporting
 - Investment reports are to be provided to City Council on a monthly basis.
 - Investment reports for the fiscal year were not submitted to Council timely:
 - Sept 2019 through March 2020 not received until June 9, 2020

Other Matters – cont.

- (3) Investment Rating Matter
 - One investment (Medium-term Corporate Note) was rated BBB- as of June 30th where policy as written requires at least an A rating (was purchased at rating within City's policy)
 - Recommended modification of City's policy to accommodate investments of this nature
 - Matter described in City's note disclosures.

Other Reports

Communication with those Charged with Governance (SAS 114 Letter)

- Discusses the planned scope and timing of the June 30, 2020 audit.
- Management is responsible for the selection and use of appropriate accounting policies, which are described in Note 1 to the financial statements.
- Management has selected and applied other significant accounting policies appropriately and consistently

Other Reports – cont.

Communication with those Charged with Governance (SAS 114 Letter) – cont.

- Significant estimates reported in the financial statements and related disclosures with reference to the applicable note disclosure in the financial statements
- Difficulties Encountered in Performing the Audit
 - None. However, completion of the audit was delayed due to availability from information from OMB for Single Audit.
- Corrected and Uncorrected Misstatements
 - No uncorrected material misstatements.

Other Reports – cont.

- Agreed-Upon-Procedures related to the City's calculation of the GANN limit
 - Report is required under the State Constitution
 - Reporting on tests of the calculations made
 - No exceptions were noted



Questions and Comments