



MOUNTAINS RECREATION & CONSERVATION AUTHORITY

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MEMORANDUM

TO: The Governing Board

FROM: Joseph T. Edmiston, FAICP, Hon. ASLA, Executive Officer

DATE: November 5, 2014

SUBJECT: **Agenda Item VII: Presentation of Annual Audit Report**

Staff Recommendation: That the Governing Board accept and file the financial statements and related audit report prepared by the accounting firm of Pun & McGeady, CPAs.

Background: Attached are the financial statements and related audit report prepared by Pun & McGeady, for the year ending June 30, 2013. The financial statements represent management's assertions concerning the government's financial position, results of operation, and cash flows. The auditor's role is strictly limited to providing users of the financial statements with an independent basis for relying on management's assertions.

Consistent with prior years, the auditor's have issued an unqualified, or 'clean' opinion, which means they can state, without reservation, that the financial statements are fairly presented in conformity with general accepted accounting principles.

Under the section entitled 'other matters' on the audit report, the auditors discussed the following items and offered suggestions on how to continue the ongoing process improvements made by MRCA management over the past few years. Management agrees with the improvement opportunities suggested by the auditors and will adapt processes and procedures to enhance those opportunities.

Outstanding Checks

The Authority does not have a formal policy to address outstanding stale dated checks. As of June 30, 2013, the outstanding checks over one year old amounted to \$107,435. We recommend that the Authority adopt a policy to investigate and resolve old outstanding checks.

Cash Receipts Process

The Authority's cash handling protocols are not applied consistently throughout all departments. At times, Finance is not made aware of activities at the other departments and locations and is unable to identify the purpose and sources for its cash receipts. In addition, there is no tracking mechanism for Finance to determine if all receipts have been collected from customers for events and facility rentals. We recommend that the Authority adopt a formal policy for a centralized invoicing system and tracking of revenues to be received to ensure the completeness and accuracy of cash receipts.

Capital Assets for the Benefit Assessment Districts

The Authority purchases vacant land within the Benefit Assessment Districts' geographical areas using the proceeds of a bond issue. Property owners are assessed to pay for the debt service on the bonds and to provide for some maintenance of the properties. During our audit, we noted that there is not a formal policy that provides for the recording of the Benefit Assessment District purchased properties in the Authority's financial statements. We recommend that the Authority develop and implement such a policy.