




City of Riverside Financial Audit

June 30, 2019

Focused on YOU



## Audit Responsibilities and Process

- LSL has been engaged by the City to perform a **financial audit**.
- Testing of account balances
- Consideration of your current internal controls
- Internal controls are those policies and procedures in place to safeguard the assets of the City and to detect and correct any material errors arising in the accounting system of the City.

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## Audit Process and Report

- Interim Audit (June)
  - Planning
  - Inquiry and documentation
  - Internal controls
- Year-End Audit (September)
  - Account analysis
  - Confirmations and Cut-off procedures
- Comprehensive Annual Financial Report
  - Introductory Section (Transmittal Letter)
  - Financial Section (Audit Report, MD&A, Statements and Footnotes)
  - Statistical Section

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## The Financial Audit and Reasonable Assurance

- The goal of the financial audit was to obtain reasonable – not absolute – assurance that the financial statements are fairly presented.
- The concept of **reasonable assurance** means that auditors do not attempt to ensure that all data contained in financial statements are 100 percent accurate; rather, they seek to affirm (on a test basis) that the financial statements are free from **material misstatement**.

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## Audit Opinion

- The audit work was performed in order to render an “opinion” on the financial statements.
  - Management is responsible for the information in the statements
  - LSL’s opinion indicates the information is fairly stated in accordance with GAAP and is materially correct
- We have issued an “unmodified opinion” on your June 30, 2019 financial statements.

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## SAS 115 and Audit Communication Letter

- Statement on Auditing Standards (SAS) No.115:
  - Communicating internal control related matters identified in an audit
    - Material Weaknesses
    - Significant Deficiencies
- No Material Weaknesses
- One significant deficiency related to the allocation of the net pension liability (CalPERS) and related items
- Audit Communication Letter (SAS No. 114)

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## Summary

- LSL has been engaged to perform a financial audit
- An Unmodified Opinion was rendered on the Comprehensive Annual Financial Report
- The SAS 115 and Audit Communication Letters were issued along with the audited financial statements