



Rancho Murieta Community Services District

**Board of Directors Meeting
July 17, 2019**

Rancho Murieta
Community Services District 
Serving the community for over 30 years.

**Report to Management
For the period July 1, 2018 - February 28, 2019**

ORANGE COUNTY ■ SAN DIEGO ■ BAY AREA ■ LAS VEGAS ■ PHOENIX

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Agenda

I

Scope of Services

II

Report to Management

III

Observations and Recommendations

IV

Questions

I. Scope of Services

- Financial Accounting Services for the period from July 1, 2018 through current (February 28, 2019) as follows:
- Reconciliation of District records to the general ledger and budget
- Accrual and other adjusting entries and recommended process
- Develop recommendations for a new process / migration to new process
- Recommend improved / best practice accounting processes to include reporting out of Great Plains
- Assist staff to complete the 2019-2020 budget report generated out of the Great Plains tool by May 1, 2019

II. Report to Management

- Identified opportunities for strengthening internal controls and operating efficiency over financial reporting (“internal control”)
- Did not test for operating effectiveness nor do we express an opinion on effectiveness; did not conduct an audit
- Obtained an understanding of the internal controls as part of our financial accounting services
- Ranked as critical, important and good practice
 - A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing assigned functions, to prevent, detect, or correct misstatements on a timely basis

II. Report to Management (Continued)

- Ranked in order of significance as follows:

Significance	Human Resources & Payroll	Financial Processes & Policies	Financial System Integration	Financial & Other Reporting
Critical	3	5	-	-
Important	2	1	1	1
Good Practice	5	-	-	1
Total	10	6	1	2

III. Observation and Recommendations

Ranked: Critical

Human Resources and Payroll

- 2019-2 Recording of CalPERS Contributions through Bank Reconciliation Module
- 2019-3 Lack of Monthly Reconciliations between Sage and Payroll System
- 2019-4 Payroll not Reconciled to the General Ledger

III. Observation and Recommendations (Continued)

Ranked: Critical

Financial Processes and Policies

- 2019-9 Standardize the District's Collection Process for Utility and Security Billings
- 2019-10 Errors in Posting Tax Payments Received from the County of Sacramento
- 2019-13 Prepare a Formal Bid to Conduct a Cost Plan Study
- 2019-14 Segregation of Duties over Journal Entry Preparation, Approval and Recording
- 2019-16 Process for Receiving Cash Payments at Front Counter

III. Observation and Recommendations (Continued)

Ranked: Important

Human Resources and Payroll

- 2019-1 Computation of Base Rate of Pay for Overtime
- 2019-5 Prohibition on Gifts of Public Funds

Financial Processes and Policies

- 2019-6 District Lacks Formal, Written Accounting Policies and Standard Operating Procedures

III. Observation and Recommendations (Continued)

Ranked: Important

Financial System Integration

- 2019-18 Lack of Reconciliation of Non-Integrated Utility Billing System to General Ledger

Financial and Other Reporting

- 2019-10 Lack of Proper Accounting over Community Facilities District

III. Observation and Recommendations (Continued)

Ranked: Good Practice

Financial Processes and Policies

- 2019-7 Accrued Interest is being Recorded through Monthly Market Value Adjustments
- 2019-8 Stale Dated Entries and Unposted Batches in Great Plains
- 2019-11 Lack of formal Policies and Procedures Governing the Budget Preparation, Adoption and Monitoring
- 2019-12 Balance Information Needs in the Budget Document
- 2019-17 Address Paper and Electronic Document Storage Requirements for Critical Financial Records

III. Observation and Recommendations (Continued)

Ranked: Good Practice

Financial and Other Reporting

- 2019-19 Chart of Accounts Deviates from the State Controller's Special District Uniform Accounting and Reporting Procedures

QUESTIONS?

