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City of San Diego

Public Utilities Department

NR&C
Committee Meeting
July 10, 2013

Review of Funds – Fiscal Years Ended June 30, 2008- 2011

Overview

- Engagement Scope
- Accountant's Responsibilities
- Summary of the Procedures Performed

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Engagement Scope

- Perform agreed-upon procedures (AUP) as determined by the Public Utilities Department related to rate increases of the Water and Wastewater Utility Funds

- AUP are performed in accordance with attestation standards
  - Attestation standards provide a measure of quality and objectives to be achieved specific to the particular engagement

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Engagement Scope (continued)

- Agreed-upon procedures engagement is when a practitioner issues a report of findings based on specific procedures performed on a subject matter.
- AUP engagement is NOT an audit and there is no expression of an opinion regarding the fairness or accuracy of financial information presented based on management's assertion.
- MGO served as the City's auditors over the time frame covered by the AUP and issued unqualified opinions on the CAFR

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Engagement Scope (continued)

- Accountant has no responsibility concerning the sufficiency of the procedures, only to report on the results of the procedures performed
  - When conducting an audit, the auditor does have a responsibility regarding the nature and sufficiency of the procedures performed, in order to render an opinion

- Agreed-upon procedures covered the periods FY2008 through FY2011
  - During FY2012/13 complete AUP for FY2008 & FY2009
  - During FY2013/14 complete AUP for FY2010 & FY2011

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Accountant's Responsibilities (continued)

- Role of the Accountant
  - Plan and perform the agreed-upon procedures as determined by management and to report on the results of the procedures.
  - Ensure that the subject matter and procedures being performed is capable of evaluation against criteria that is suitable and available.
  - Suitable criteria must have the following attributes:
    - Objectivity
    - Measurability
    - Completeness
    - Relevance

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Procedures Performed

- Analysis of Use of Rate Increase
  - Water and Wastewater Utility funds
- Analysis of Sources and Uses of Debt Proceeds
  - Water and Wastewater Utility funds
- Analysis of Dedicated Reserve from Efficiencies and Savings
- Comparison of Actual Results with Expected in the Cost of Service Study

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Procedures Performed (continued)

- Analysis of Use Rate Increases for Water and Wastewater
  - 7 procedures performed (page 2 – 8)
  - refer to procedures A1 – A7 and B1 – B7)
- Analysis of Sources and Uses of Debt Proceeds for Water and Wastewater
  - 7 procedures performed (page 9 – 13)
  - Refer to procedures C1 – C7 and D1 – D7)

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Procedures Performed (continued)

- Analysis of Dedicated Reserves from Efficiencies and Savings
  - 4 procedures performed (page 13 – 14)
  - refer to procedures E1 – E4
- Comparison of Actual Results with Expected in the Cost of Service Study
  - 4 procedures performed (page 14)
  - refer to procedures F1 – F4

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Hopefully it wasn't so boring after all.

Thanks for listening.

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