



# FY20/21 Financial Audit Results

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Board of Directors Meeting  
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# Background

- Annual external audit of basic financial statements is required to comply with legal and regulatory requirements
- District has exceeded basic requirements and prepared an Annual Comprehensive Financial Report (ACFR)
  - Includes Transmittal Letter and Statistical Section for improved reader context and transparency
- Cropper Accountancy Corporation is the CPA firm serving as the District's external auditor (first year)

# FY20/21 Financial Audit

## Key Findings



- ACFR presents the District's financial position
  - “Unmodified” or “clean” opinion issued by auditor represents the highest quality outcome
- District continues to maintain a strong financial position

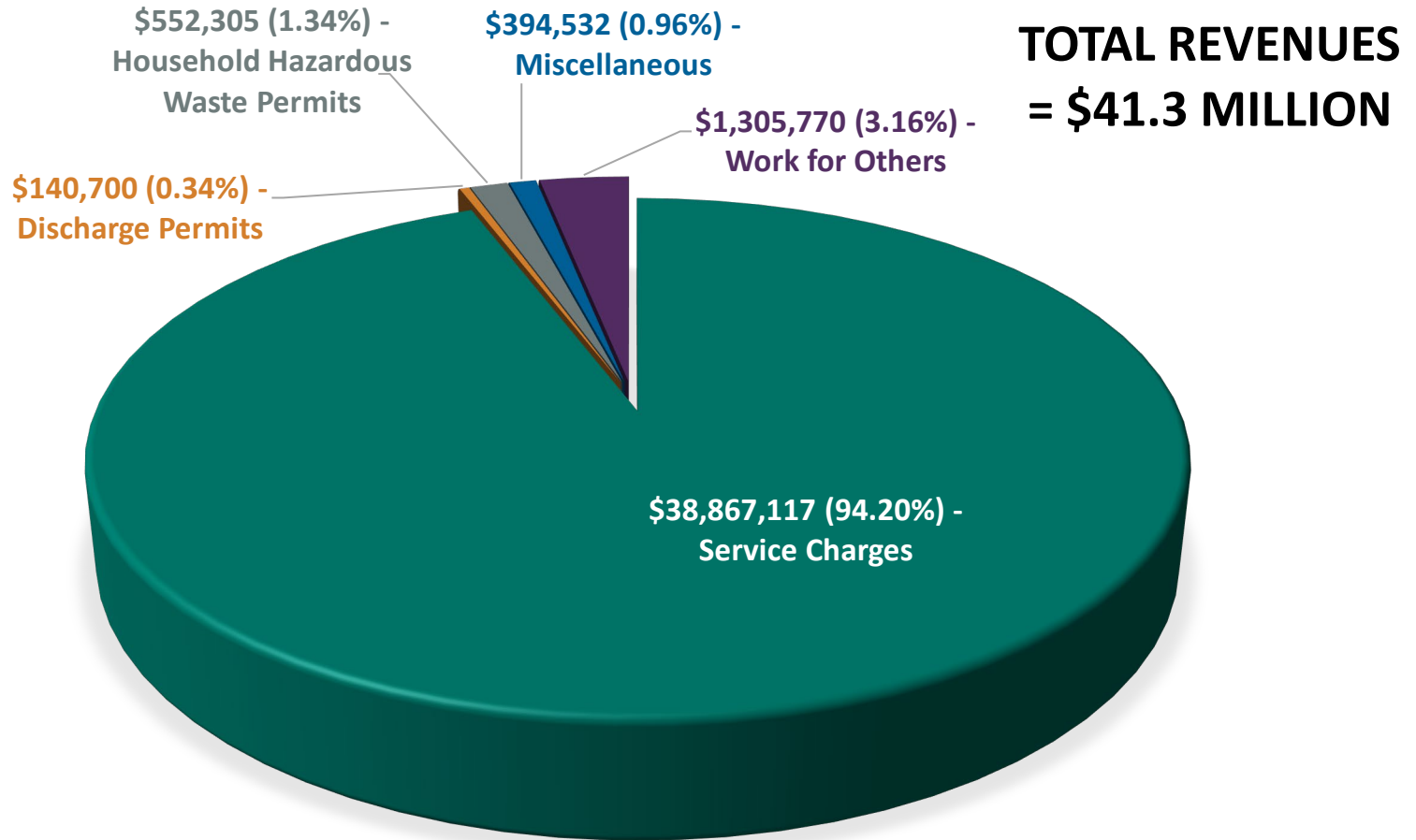
# FY20/21 Financial Audit

## Key Findings/Highlights



- District net position was \$196.2 million on June 30, 2021
  - Net investment in capital assets (land, treatment and collection facilities, machinery, equipment) = \$130.3 million
  - Unrestricted net position = \$64.8 million (\$52.2 million in “committed investments”)
  - Restricted for debt service = \$1.1 million
- District net position increased by \$19.8 million in FY20/21
  - Operating Revenues = \$41.3 million and Operating Expenses = \$31.7 million yielded \$9.6 million in net income before non-operating
  - Key Factors Driving Increased Net Position (\$10.2M of \$19.8M)
    - \$5.2 million in Capital Facilities Capacity Charges due to growth in service area
    - \$2.5 million in Salaries/Benefits (GASB 68, GASB 75 adjustments, savings)
    - \$1.4 million in Outside Services and Maintenance, Other Operating Expenses
    - \$1.1 million in Other Operating Revenues (Corteva Brine Project Reimbursement)

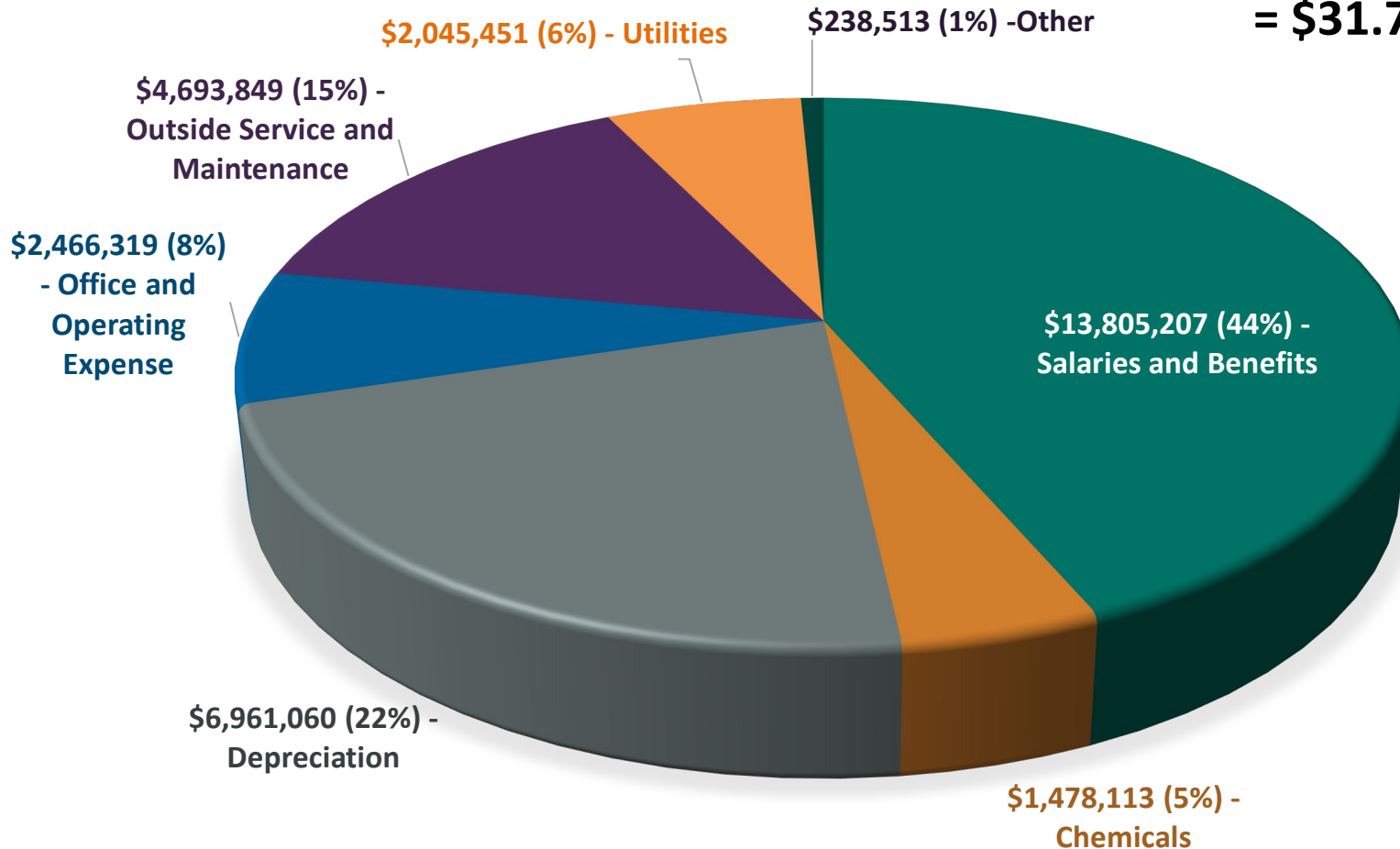
# FY20/21 Operating Revenues



# FY20/21 Operating Expenses



**TOTAL EXPENSES  
= \$31.7 MILLION**



# FY20/21 Operating Expenses



	<u>2021</u>	<u>2020</u>	YTY Change	%
Salaries and Benefits	\$ 13,805,207	\$ 16,279,300	\$ 2,474,093	(15)%
Chemicals	1,478,113	1,299,877	-178,236	14%
Depreciation	6,961,060	7,202,996	241,936	(3)%
Office and Operating	2,466,319	1,944,002	-522,317	27%
Outside Service and Maintenance	4,693,849	5,410,194	716,345	(13)%
Utilities	2,045,451	1,774,024	-271,427	15%
Other	238,513	1,427,727	1,189,214	(83)%
<b>Total Operating Expenses</b>	<b>\$ 31,688,512</b>	<b>\$ 35,338,120</b>	<b>\$ 3,649,608</b>	<b>(10)%</b>

# Additional Notes

- Pension and OPEB represent 36% of Total Liabilities (and Deferred Inflows)
- Pension under GASB 68 (7<sup>th</sup> year)
  - Net Pension Liability = \$18,127,698
  - Deferred Outflows = \$4,371,169
  - Deferred Inflows = \$653,234
- OPEB under GASB 75 (4<sup>th</sup> year)
  - Net OPEB Liability = \$(1,442,504)
  - Deferred Outflows = \$184,385
  - Deferred Inflows = \$4,375,450



# FY20/21 Financial Audit Memorandum on Internal Control



- No material weaknesses identified in District's internal controls
- Opportunities to Strengthen Internal Controls and Operating Efficiency
  - None identified

# Any Questions?

