



FY19/20 Financial Audit Results

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Maze & Associates (District's External Auditor)

Board of Directors Meeting
December 17, 2020



Background

- Annual external audit of basic financial statements is required to comply with legal and regulatory requirements
- District has again exceeded basic requirements and prepared a Comprehensive Annual Financial Report (CAFR):
 - Includes Transmittal Letter and Statistical Section for improved reader context and transparency
- Maze & Associates is District's external auditor

FY19/20 Financial Audit

Key Findings



- CAFR fairly presents District's financial position
 - "Unmodified" or "clean" opinion issued by auditor represents highest quality outcome
- District continues to maintain a strong financial position

FY19/20 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

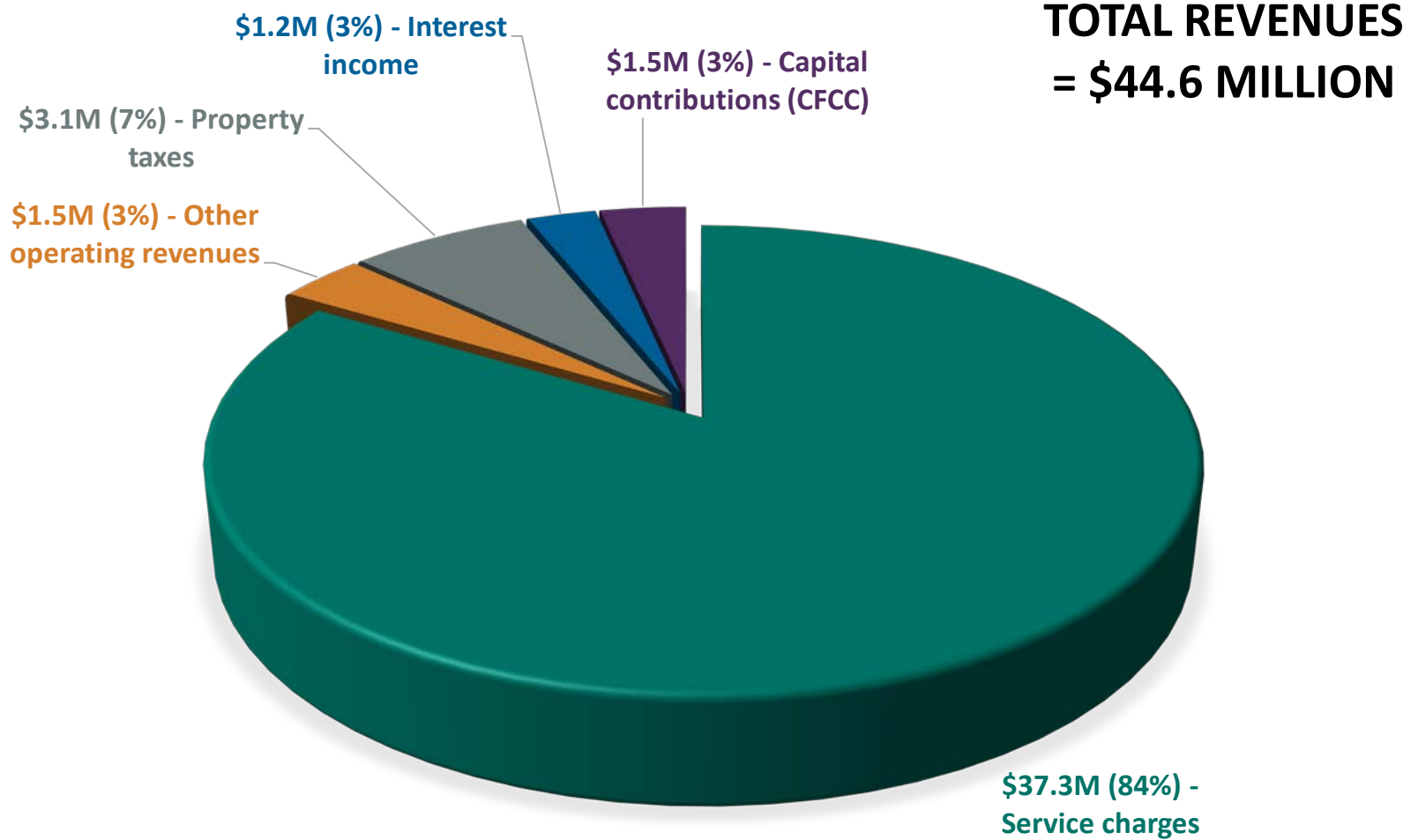
FY19/20 Financial Audit

Financial Highlights



- Total Net Position = \$176.4 million
 - Net investment of capital assets (land, treatment and collection facilities, machinery, equipment) = \$124.9 million (70.8%)
 - Unrestricted Net Position = \$50.5 million (28.6%)
 - Restricted for Debt service = \$1.0 million (0.6%)
- Total Net Position increased by \$8.8 million (5.3%)
 - \$3.3 million increase from positive operating results
 - \$5.5 million increase from positive non-operating results
 - Ad Valorem Property Taxes = \$3.1 million
 - Capital Facilities Capacity Charges = \$1.5 million
 - Interest Income = \$1.2 million
 - Other Non-operating Revenue = \$0.1 million
 - Interest Expense = \$0.4 million

FY19/20 Revenue Sources



FY19/20 Expenses

- Total Expenses (w/interest expense) = \$35.8M
 - Unchanged from prior year
- Salaries and Benefits = \$16.3 million
 - Decrease of \$1.3 million (7.4%) from prior year
 - GASB 68 and 75 Adjustments (~\$800K)
 - Pension Contribution Decrease (~\$400K)
- All other expenses totaled \$19.5 million
- Depreciation (non-cash) expense = \$7.2 million
 - Increase of \$0.3 million (4%) from prior year
- Outside Services and Maintenance = \$5.4 million
 - Decrease of \$0.2 million (4%) from prior year

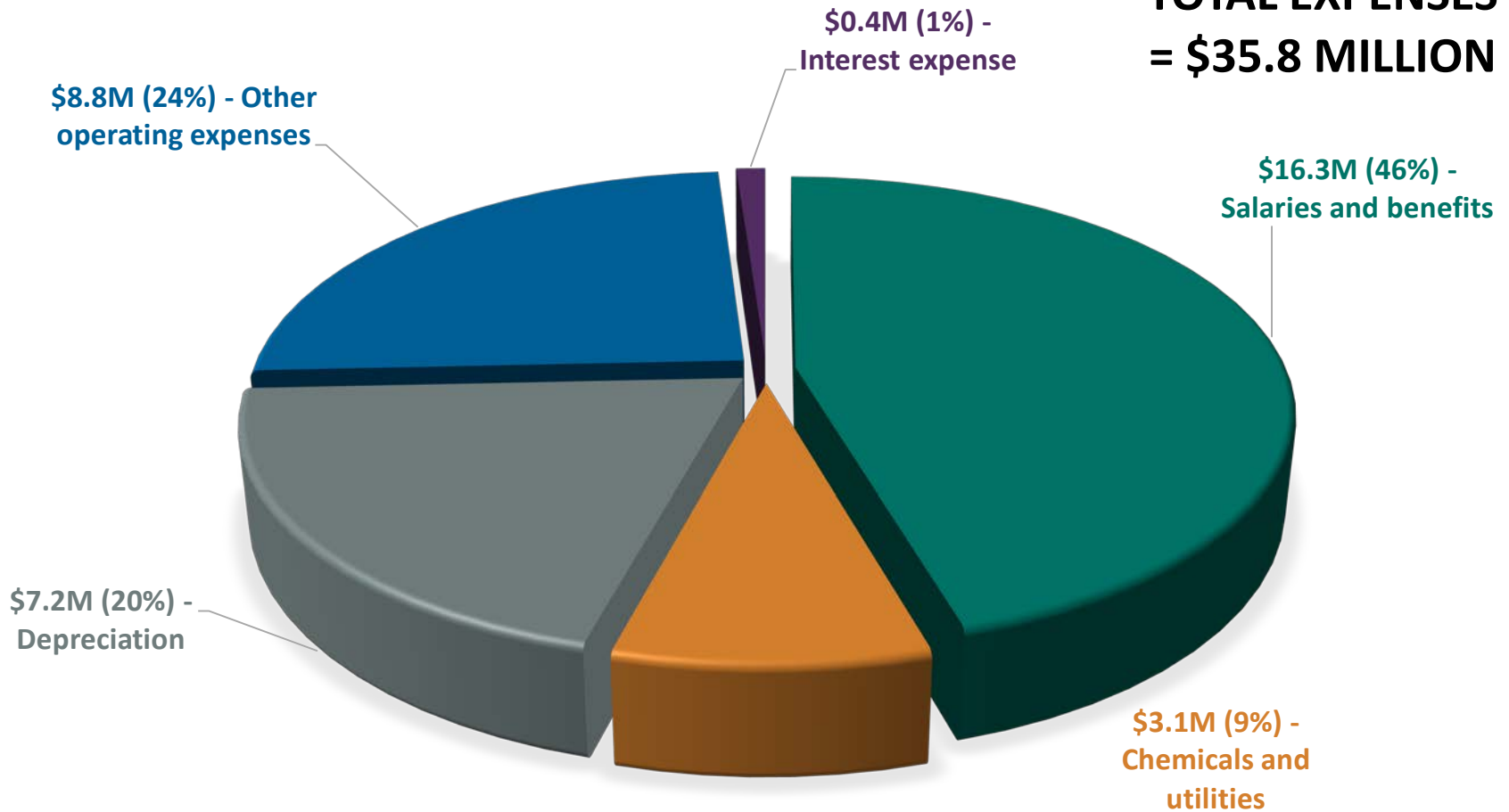
FY19/20 Expenses (cont'd)

- Chemicals and Utilities = \$3.1 million
 - Decrease of \$0.1 million (4%) from prior year
- All Other Operating Expenses = \$3.8 million
 - Increase of \$1.1 million (43%) from prior year

FY19/20 Expenses by Major Category



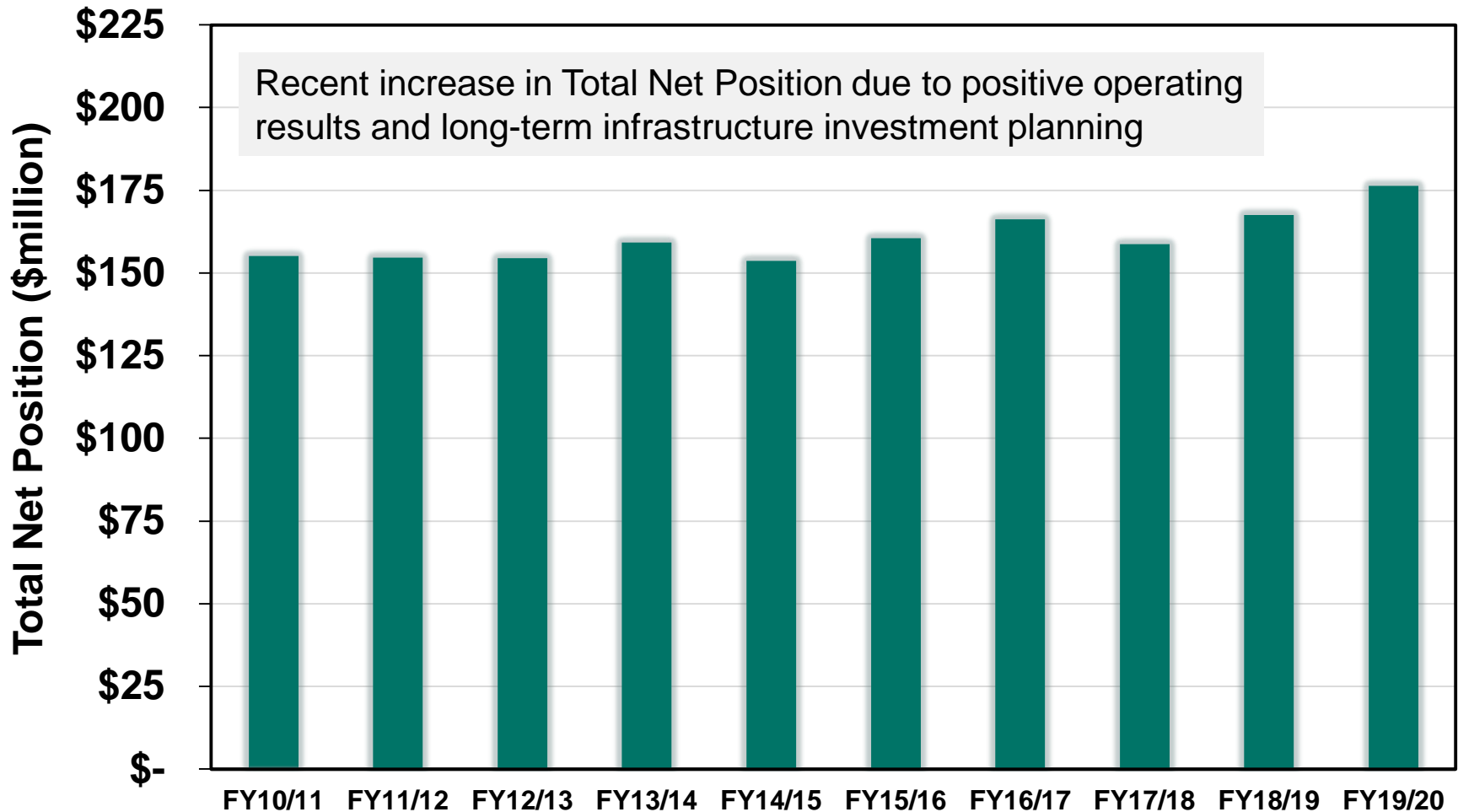
**TOTAL EXPENSES
= \$35.8 MILLION**



Additional Notes

- Net Pension Liability = \$18.3 million under GASB 68 (6th year)
- Net OPEB Liability = \$4.2 million under GASB 75
 - OPEB trust fund balance of \$15.8 million
- \$1.2 million in State Revolving Fund (SRF) loan proceeds for the Pump Station Facilities Repair Phase 2 Project

Historical Total Net Position



FY19/20 Total Net Position = \$176.4 million

\$124.9M (70.8%) in net investment of capital assets (land, treatment/collection facility, machinery, equipment) + **\$1.0M** (0.6%) restricted for debt service + **\$50.5M** (28.6%) in unrestricted net position.

Questions?



“We are in the business to help our clients succeed”