



FY21/22 Financial Audit Results

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Board of Directors Meeting
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TRANSFORMING WASTEWATER TO RESOURCES

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 the District's external auditor (second year)

FY21/22 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

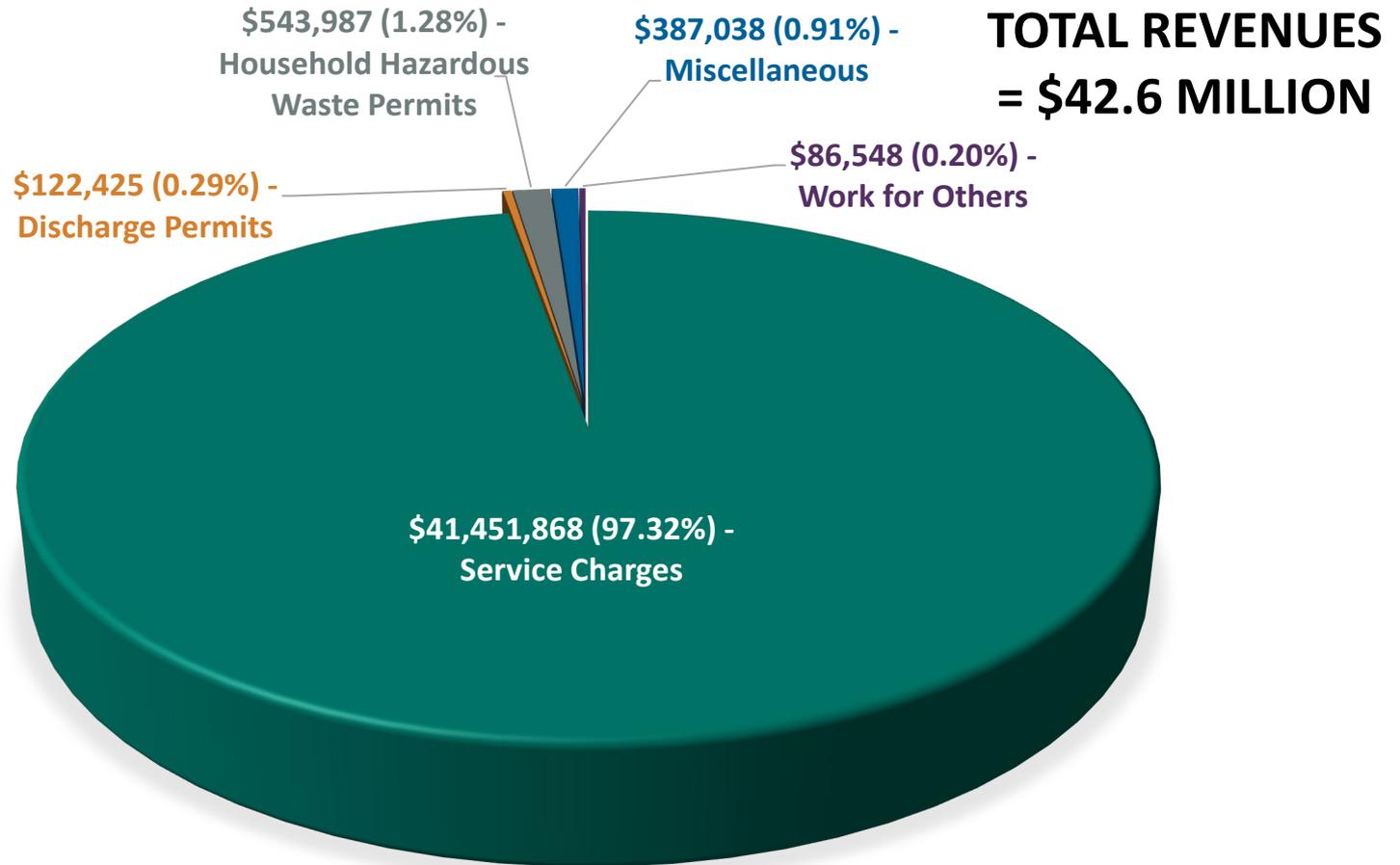
FY21/22 Financial Audit

Key Findings/Highlights



- District net position was \$207.5 million on June 30, 2022
 - Net investment in capital assets (land, treatment and collection facilities, machinery, equipment) = \$130.9 million
 - Unrestricted net position = \$75.4 million (\$55.7 million in “committed investments”)
 - Restricted for debt service = \$1.2 million
- District net position increased by \$11.3 million in FY21/22
 - Operating Revenues = \$42.6 million and Operating Expenses = \$35.6 million yielded \$6.9 million in net income before non-operating
 - Other key factors driving increased net position
 - Net non-operating revenue of \$5.7 million (Capital Facilities Capacity Charges of \$2.8 million + ad valorem property taxes of \$3.7 million – interest expense of \$1.2 million)
 - Prior period adjustment of -\$1.2 million related to CCCERA pension plan

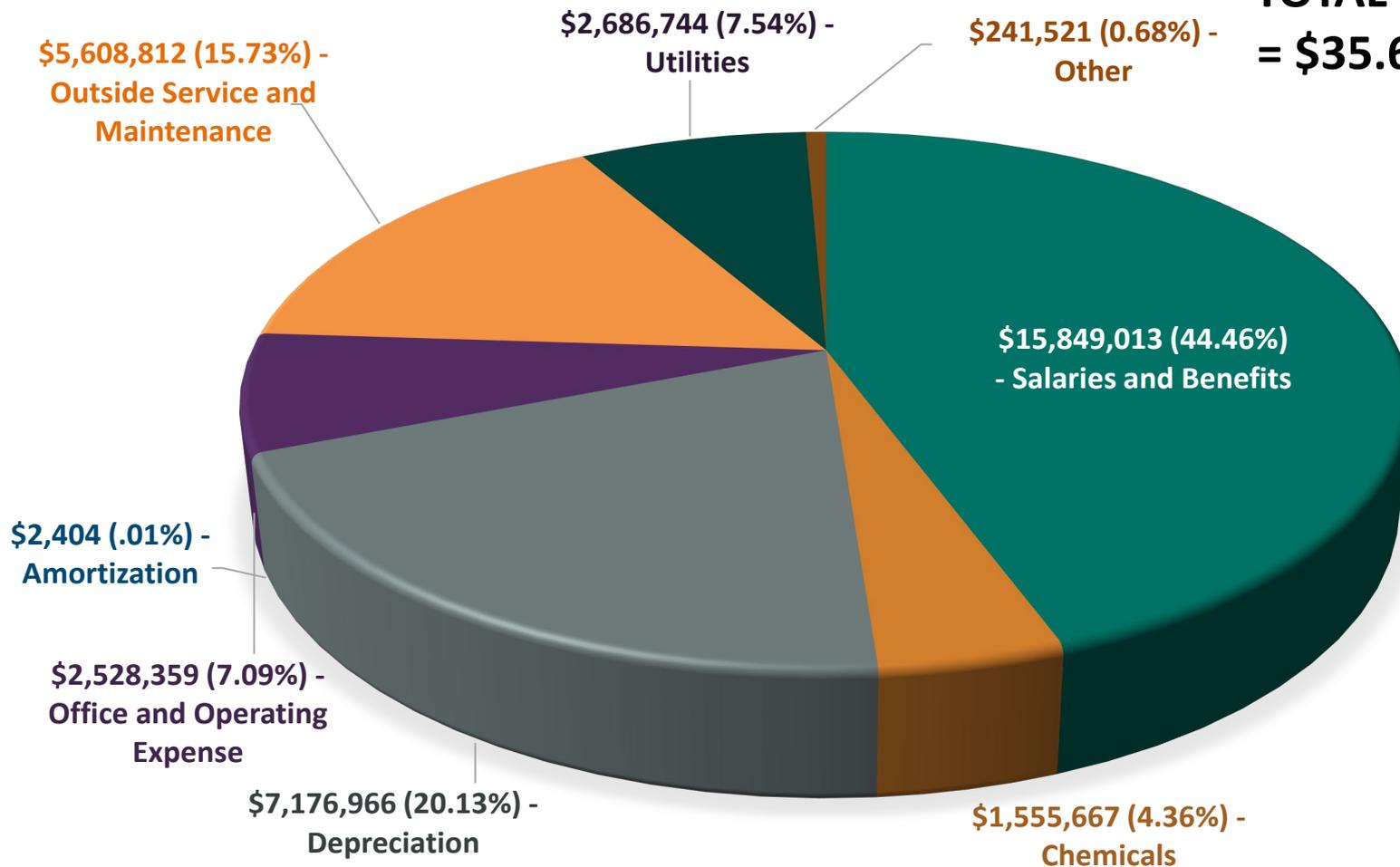
FY21/22 Operating Revenues



FY21/22 Operating Expenses



**TOTAL EXPENSES
= \$35.6 MILLION**



FY21/22 Operating Expenses



	<u>FY21/22</u>	<u>FY20/21</u>	YTY Change	%
Salaries and Benefits	\$15,849,013	\$13,805,207	\$2,474,093	15%
Chemicals	1,555,667	1,478,113	77,554	5%
Depreciation	7,176,966	6,961,060	215,906	3%
Amortization	2,404	0	2,404	0%
Office and Operating	2,528,359	2,466,319	62,040	3%
Outside Service and Maintenance	5,608,812	4,693,849	914,963	19%
Utilities	2,686,744	2,045,451	641,293	31%
Other	241,521	238,513	3,008	1%
Total Operating Expenses	\$35,649,486	\$31,688,512	\$3,690,974	12%

Note: Total Operating Expenses in FY19/20 = \$35,338,120; pandemic impacts resulted in lower operating expenses in FY20/21 with a near return to pre-pandemic expenses in FY21/22

Additional Notes

- Pension under GASB 68 (8th year)
 - Net Pension Liability = \$9,736,670
 - Deferred Outflows = \$4,412,030
 - Deferred Inflows = \$11,090,224

- OPEB under GASB 75 (5th year)
 - Net OPEB Liability = \$2,964,976
 - Deferred Outflows = \$2,056,416
 - Deferred Inflows = \$1,558,853

Pension, OPEB represent 37% of Total Liabilities (and Deferred Inflows)

FY21/22 Financial Audit

Internal Control Related Matters



- Material weakness identified in District's internal controls
 - Prior period adjustment of \$1.2 million due to CCCERA pension plan deferred inflows and outflows omission; missed on initial implementation of GASB 68 in FY14/15
 - No recommendation from auditor going forward
- Opportunities to Strengthen Internal Controls and Operating Efficiency
 - Timely posting of closing and reclassing journal entries
 - Update purchasing policy to include specific controls over CAL-card purchases
 - Review segregation of duties of the financial system administrative rights

Any Questions?

