



Wastewater
Treatment



TRANSFORMING
WASTEWATER
TO RESOURCES



Recycled
Water



Energy
Production



Biosolids
Reuse

Financial Audit Results for FY23/24 Annual Comprehensive Financial Report

Finance Committee Meeting
December 4, 2024

Background



- Annual external audit of basic financial statements by independent CPA is required to comply with legal and regulatory requirements
 - Maze & Associates Accountancy Corporation is the CPA firm serving as the District's external auditor (first year)
- 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

FY23/24 Financial Audit

Key Findings



- ACFR presents the District's financial position
 - “Unmodified” or “clean” opinion issued by auditor represents the highest quality outcome
- Auditor Review of Internal Control and Other Risks
 - No audit findings noted in Memorandum on Internal Control
- No issues noted in Required Auditor Communication Letter
- District continues to maintain a strong financial position

FY23/24 Financial Audit

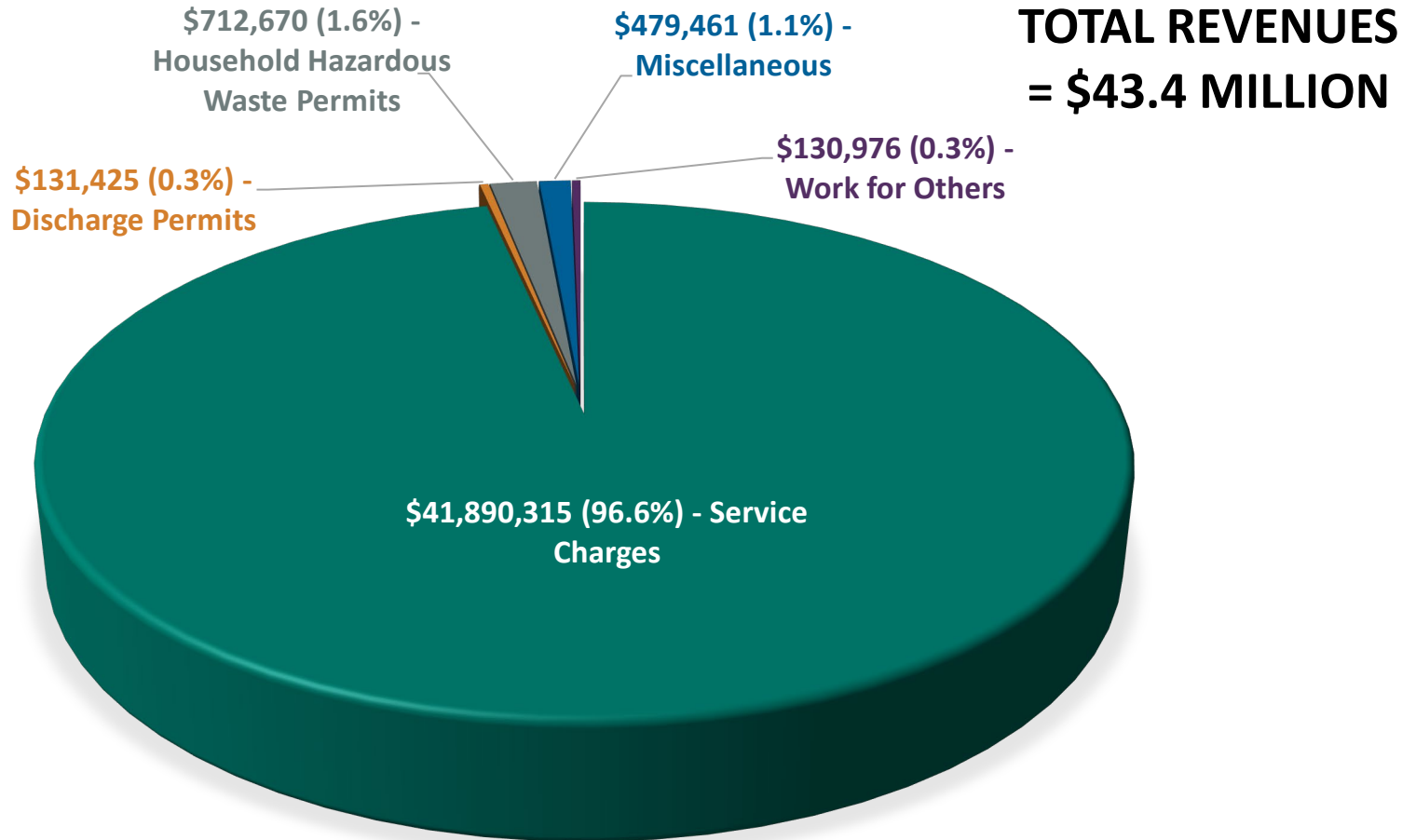
Key Findings/Highlights



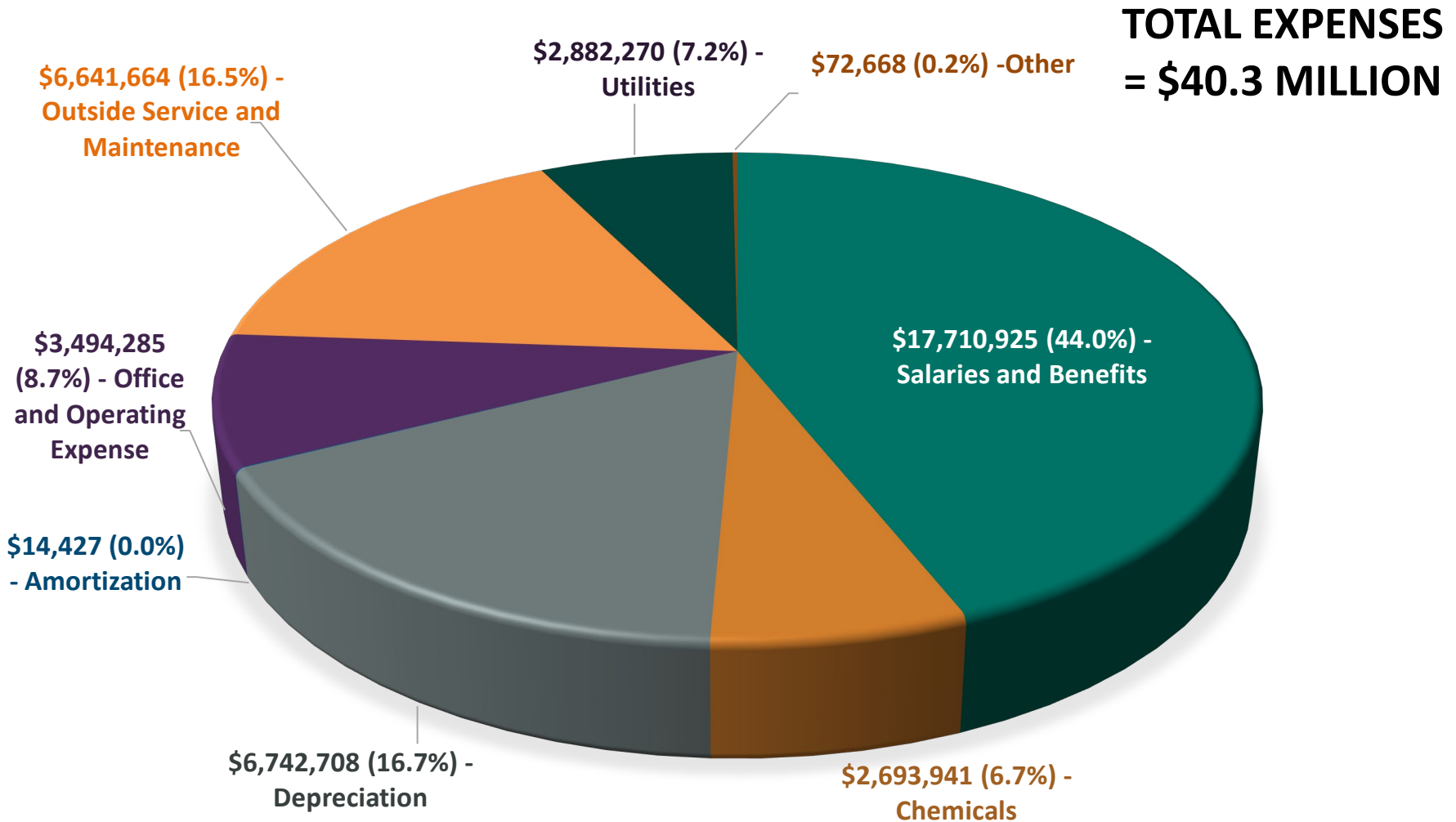
- District net position was **\$242.2M** on June 30, 2024
 - Net investment in capital assets (land, treatment and collection facilities, machinery, equipment) = \$137.0M
 - Unrestricted net position = **\$103.4M**, primarily designated for cash funding of upcoming capital improvement plan
 - Restricted for debt service = \$1.7M

- District net position increased by **\$14.4M** in FY23/24
 - Operating Revenues = \$43.4M and Operating Expenses = \$40.3 million yielded **\$3.1M** in net income before non-operating
 - Other key factors driving increased net position by **\$11.3M**
 - Net non-operating revenue of \$11.3M (Capital Facilities Capacity Charges of \$2.2M + ad valorem property taxes of \$4.5M + interest income of **\$5.4M** + lease revenue \$0.1M – interest expense of \$0.9M)

FY23/24 Operating Revenues



FY23/24 Operating Expenses



FY23/24 Operating Expenses



	<u>FY23/24</u>	<u>FY22/23</u>	YTY Change	%
Salaries and Benefits	\$17,710,925	\$13,633,499	4,077,426	30%
Chemicals	2,693,941	1,971,983	721,958	37%
Depreciation	6,742,708	6,779,529	-36,821	-1%
Amortization	14,427	14,427	0	0%
Office and Operating	3,494,285	3,015,811	478,474	16%
Outside Service and Maintenance	6,641,664	5,771,211	870,453	15%
Utilities	2,882,270	2,965,114	-82,844	-3%
Other	72,668	375,936	-303,268	-81%
Total Operating Expenses	\$40,252,888	\$34,527,510	5,725,378	17%

Additional Notes

- No entries required for implementation of GASB No. 100, “Accounting for Changes and Error Corrections,” which provides standardized requirements for financial reporting
- Pension under GASB No. 68 (10th year)
 - Net Pension Liability = \$25,329,326
- OPEB under GASB No. 75 (7th year)
 - Net OPEB Liability = \$671,258
- Other Debt Service Payments
 - State Revolving Fund Loan Outstanding Principal: \$31.4 million

Next Steps



- Provide comments on financial audit findings for FY23/24 ACFR
- Recommend presentation at December 11, 2024 Board Meeting