

## **FINANCE REPORT TO THE BOARD OF DIRECTORS DECEMBER 20, 2023**

---

### AUDIT UPDATE

Staff are working with external auditors to complete the FY 20/21 financial statement audit. Out of 79 initial audit tasks, 76 have been completed, 1 was removed as it was a duplicate item, and 2 items are in progress. In progress items include unresolved audit adjustments, and Management Discussion and Analysis (“MD&A”) on the FY 20/21 financial statements. MD&A will be completed once the unresolved audit adjustments are resolved and a final set of financial statements are completed.

### FINANCIAL REPORTS

Staff presented financial reports to the Finance Committee for the first five months of FY23-24 and will begin presenting financial results monthly.

- FY23-24: YTD results from operations show revenues in excess of expenditures of \$595k. When considering any excess revenues over expenditures, it is important to note that significant portions of the District’s revenues are designated for reserves and debt service (\$1.1 million in the FY23-24 budget) or restricted for water augmentation and capital improvements (\$555k in the FY23-24 budget). Cost management has been a priority of the district in FY23-24 and this is evidenced by YTD operating expenditures which are approximately 2.7% below budget through the first five months of the year. Savings like this are important to the success of the District and will help offset the current year’s budgeted deficit of \$283k which includes expected capital improvement projects of \$1.9 million.
- FY22-23: Staff is working to ensure all transactions are posted to FY22-23 before presenting a financial report for this fiscal year. Once all transactions are posted and reviewed, a financial report will be presented in the new preferred format.
- Capital Improvement Projects: Staff is reviewing all capital improvement projects (“CIP”) and amounts spent on each project. Once spending on each active project has been reviewed and all transactions are properly recorded, a budget to actual report depicting progress on each project will be presented.

### FINANCIAL MANAGEMENT POLICIES AND OBJECTIVES

Staff are conducting a comprehensive review of the District’s financial accounts to ensure that these accounts are structured to maximize investment earnings and streamline internal processes. There is a request to consider allowing the District to place funds in CA CLASS which is an investment pool authorized under CA Code Section 53601.

### FINANCIAL ACCOUNTING SYSTEM ANALYSIS

Staff believes the Great Plains (“GP”) accounting system is adequate to meet the current needs of the District. Staff’s evaluation of the system and all peripheral systems is ongoing, and Staff is continuously looking for opportunities to maximize quality and efficiency in the most cost-effective way possible.

### DISTRICT FY24-25 BUDGET

Staff are projecting a draft budget will be completed by mid-March 2024.