

DATE: June 9th, 2021  
TO: Board of Trustees  
FROM: Lara Florea  
SUBJECT: FY 2020 Audit

The audit report in the board packet is the first audit I have completed for BCRSD. The Audit Communications Letter states many of the same facts as 2019. The auditors did not encounter any significant difficulties. There were no disagreements between the auditors and staff. The letter and the audit again address the recurring deficiency in internal control. This deficiency will likely be included in any audit of the District given the size of its staff.

There was a misstatement in Note 9 located on page 22 that did not get corrected prior to the final audit. At December 31, 2020, the bonds issued total should read \$25,423,499. The auditors are aware of this difference and they asked that it be noted.

This year's audit includes the comparative figures from the prior year.

The Management's Discussion and Analysis (MD&A) on pages 4-7 hits the main points of the audit and includes some explanation of the changes in the District's financial position over the last year. Page 4 has bullet points of the financial highlights. Page 5 is a comparison of the financial position of the District and is similar to the year-end balance sheet (more detail is in the report on page 8). Page 6 of the MD&A deals with revenue and expenses and is similar to the year-end income statement (more detail is in the report on page 9).

In the financial highlights on page 4 you will note that cash increased by approximately \$204,000 in 2020. A more detailed chart of overall cash flows is included in the report on page 10.

In 2020 the District's net position increased by \$565,304. (Total net position is itemized in the table on page 5 of the audit report and Capital Assets are charted in Note 4 on page 16.) The following table is a list of developer funded assets donated last year.

**Donated Capital**

|                     |               |
|---------------------|---------------|
| Perche Ridge        | \$ 304,481.00 |
| Clear Creek Estates | \$ 214,444.00 |
| TOTAL               | \$ 518,925.00 |

In regard to revenues and expenses, revenues were sufficient in 2020 to cover operating expenses, pay long term debt and cover some capital expense. The debt service coverage of 110% was met.

As noted in the MD&A, operating revenues increased by 2.8% in 2020 due to an increase in customers. Operating expenses increased by 4.5%. The increased costs were spread over personnel additions, system repairs and maintenance, contractual services, wholesale treatment, bad debt, and expenses related to the COVID 19 pandemic.

In fiscal year 2020, the District paid \$1,250,949 towards its long-term debt. As of December 31, 2020, the District's outstanding long-term debt was \$16,327,251.

I believe these are the highlights of the Audit. Please let me know if you have questions.