

TUOLUMNE CITY SANITARY DISTRICT

TCS
18050 BOX FACTORY ROAD
TUOLUMNE, CA 95379

REGULAR MEETING STAFF REPORT November 3, 2021

PHONE: 209.928.3517
FAX: 209.928.4550
EMAIL: brendatsd@frontier.com

Agenda Item No. V

To: Board of Director

From: Dave Andres, General Manager

Subject: 2020-21 *Independent Auditor's Report and Financial Statements*

Date: November 3, 2021

Background: Bryant L. Jolley, Certified Public Accountants prepared the attached Fiscal Year (FY) 2020-21 *Independent Auditor's Report and Financial Statements*. A summary of the financial highlights is found on page 4 of the report. I would like to provide an overview of the report and respond to any questions you may have on the information provided.

In general, our net financial position improved by \$163,293 over FY 2020-21 (see page 4). District financial assets include both cash received and capital purchases. These assets are then adjusted for cash expenditures and equipment and facility depreciation. The overall basis for the net increase is a result of a \$142,633 increase in net assets and a \$(20,660) decrease in net liabilities. Our operating revenues and non-operating revenues decreased over last fiscal year. Operating revenues and expenses are associated with providing services to our customers (i.e. service charges, salaries, maintenance & repairs, etc.) and non-operating revenues and expenses (property taxes, interest on debt, grants, etc.) are all other revenues and expenses (see page 13, Note 1-*Revenues and Expenses*). The District's largest outstanding liabilities include the USDA loan of \$4,176,427 (see page 18, Note 4) and \$699,552 in pre-paid connection fees purchased by the Tuolumne Band of the Me-Wuk Indian Tribe (see page 18, Note 4). A detailed breakdown of the FY 2020-21 Revenue and Expenses is provided on page 9. This page presents the actual costs paid by the District for both FY 2020-21 and 2019-20. Operating expenses totaled \$1,302,188 for FY 2020-21 and that resulted in Operating Income loss of \$(171,652). The District currently has \$10,882,973 in net capital assets (see page 17, Note 3). Overall the audit shows that the District is managing its resources well. The only concern lies with the fact that the District is heavily dependent on one customer for almost 26% of our total operating revenues (see page 20, Note 7). When the Summerville Elementary and High School District are included this number approaches 30%. A more widely diversified customer base is preferable for a long-term, sustainable revenue stream. In order to offset this situation the District needs to maintain sufficient reserves in the event these revenue sources are interrupted.

Fiscal Impact: A \$8,500 fee was charged to prepare the Audit Report.

Attachment(s): Resolution 2021-07; FY 2020-21 *Independent Auditor's Report and Financial Statements*

Recommendation: Adopt Resolution 2021-07

Recommended Motion: I move to adopt Resolution 2021-07 accepting the Fiscal Year 2020-2021 *Independent Auditor's Report and Financial Statements*.

BOARD ACTION:

<input type="checkbox"/> Resolution No _____	Moved by: _____	Second by: _____
_____ AYES	_____ NOES	_____ ABSTAINED
_____ ABSENT	<input type="checkbox"/> No Action Taken	