

# San Benito County Water District

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**AUDITOR PRESENTATION**

**PRESENTED BY PATRICIA KAUFMAN,  
PARTNER**

**MCGILLOWAY, RAY, BROWN &  
KAUFMAN, ACCOUNTANTS &  
CONSULTANTS**

# Reports Issued

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- Audited Financial Statements for the year ended June 30, 2020
- Communication with those Charged with Governance
- Management Letter Communications – no material weaknesses
- New GASB Pronouncements

# Audited Financial Statements

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## Audit Opinions

- Independent Auditor's Report on Financial Statements (unmodified opinion) (Page 1)
- District received GFOA – award for excellence in financial reporting

# Condensed Statement of Net Position

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	2020	2019	Change	
<b>ASSETS</b>				
Current assets:				
Cash (unrestricted and restricted)	\$ 55,169,312	\$ 44,810,105	\$ 10,359,207	Increase due to CY operations - increased property tax revenue, interest, grants, and collection of current portion of contract receivables from SSCWD & COH
Other current assets	3,810,977	4,358,834	(547,857)	
Total current assets	58,980,289	49,168,939	9,811,350	Decrease due to timing of receivable collection from SSCWD - only 1 month of billing was outstanding in CY versus 2 months in PY
Noncurrent assets:				
Work in progress and capital assets, net	79,742,123	79,675,635	66,488	Decrease due to CY payments received from SSCWD and COH
Contract receivable	22,902,636	23,961,859	(1,059,223)	
Total noncurrent assets	102,644,759	103,637,494	(992,735)	
Total assets	161,625,048	152,806,433	8,818,615	
Deferred outflows of resources:				
Deferred pensions	716,045	710,004	6,041	
Deferred OPEB	70,399	31,603	38,796	
Total deferred outflows of resources	786,444	741,607	44,837	

# Condensed Statement of Net Position, cont.

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	2020	2019	Change	
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Other current liabilities	5,044,838	4,067,714	977,124	Increase due to annual expenses for the Capital Improvements for Reach 1 and purchase of additional transfer water for San Luis and District portion of Pacheco Expansion Project payable at FYE
Total current liabilities	5,044,838	4,067,714	977,124	
<b>Noncurrent liabilities:</b>				
OPEB Liability	1,227,302	1,118,561	108,741	
Pension liability	2,690,997	2,464,949	226,048	
Deposits	40,921	59,652	(18,731)	Decrease due to principal payments made during the fiscal year
City National Bank loan payable	3,780,858	4,116,253	(335,395)	Decrease due to CY contract payments received from SSCWD and COH
Unearned contract revenue	22,902,636	23,961,858	(1,059,222)	
Total noncurrent liabilities	30,642,714	31,721,273	(1,078,559)	
Total liabilities	35,687,552	35,788,987	(101,435)	
<b>Deferred inflows of resources:</b>				
Deferred pensions	155,527	155,773	(246)	
Deferred OPEB	85,646	104,581	(18,935)	
Total deferred inflows of resources	241,173	260,354	(19,181)	
<b>NET POSITION</b>	<b>\$ 126,482,767</b>	<b>\$ 117,498,699</b>	<b>\$ 8,984,068</b>	Increase due to CY income

## Communication with those Charged with Governance

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- Management is responsible for the selection and use of appropriate accounting policies.
- We noted no transactions entered into by the District during the year for which there is lack of authoritative guidance or consensus.
- All significant transactions have been recognized in the financial statements in the proper period.
- Accounting estimates – allowance for uncollectible accounts, capitalization and depreciation of fixed assets, pension liability, liability for other postemployment benefits, and deferred outflows and inflows of resources.
  - Evaluated the underlying assumptions in estimates and found them to be appropriate.
- Sensitive Financial Statement Disclosures:
  - Note 10, Employee Retirement Plans
  - Note 12, Other Postemployment Benefits
  - Note 14, Contingencies and Commitments

## Communication with those Charged with Governance (cont.)

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- Difficulties Encountered in Performing the Audit – None
- Disagreements with Management – None
- Management Consultations with Other Independent Accountants – None
- Timing of the audit – Audit was completed 100% remote environment (COVID-19). We had no disagreements with management.

# Management Letter Communications and Observations

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- **No Material Weaknesses**



# New GASB Pronouncements

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- No upcoming GASB pronouncements that will have a material impact to the District.