Presentation by Richardson & Company, LLP of the Audit, including the following communications required by Generally Accepted Auditing Standards:

Reports issued

Audited Financial Statements with auditors opinion

Internal Control and Compliance Reports

Required communications letter

Management letter with recommendations

Independent Auditor’s Report

Unmodified (clean) opinion

Discussion of financial statements

Statement of Net Position (page 3)

Grants receivable related to intake of $4.9 million

$39.7 million of CIP--RD’s share of intake

$4.6 million owed to WDCWA for advances made

Unrestricted reserves of $142,535

Statement of Revenues and Expenses (page 4)

$5 million of intake costs assigned to WDCWA

$10 million of grant funds earned on intake project

$13 million restatement to prior audit

Net income of $5 million – loss of $30,000 without intake project

Capital asset activity (page 13)

Grant Anticipation Note (page 14)

Designations of net position for reserves (page 14)

Intake facility and related funding (page 15)

Restatement of net position (page 17)

Reports on Internal Control and Compliance (page 18)

No internal control weaknesses

District complied with applicable laws, regulations

Required Communications letter

Audit adjustments

17 adjustments identified and corrected (listed in letter)

No unadjusted differences noted

No difficulties in performing the audit and no unusual accounting practices

Management letter

No material weaknesses in internal control

Good controls in place

Other items noted

Use of billing module in accounting system

Annual review of investment policy by Trustees

Documentation related to water sale transactions

Recording of grant revenues and expenses in separate accounts

Outstanding payables to Conaway to be resolved

Proper recording of payables and prepaid expenses

Power reimbursements to be recorded in separate revenue account, on accrual basis

Update capital asset list to reflect disposals and approval by trustees

Equipment leases to be reflected as liabilities