

Wynola Water District
October 2, 2021 - 9:00 a.m.
Held at Santa Ysabel Nature Center
22135 CA – 79 Santa Ysabel, CA 92070
Board of Directors Meeting Agenda

- 1. Call to Order**
- 2. Roll Call of Board of Directors**
- 3. Additions to Agenda**
- 4. Approval of meeting minutes of August 14, 2021, and the Emergency Board of Directors meeting minutes of August 26, 2021**
- 5. Public Comment – Opportunity for members of the public to address the Board on matters within the Board’s jurisdiction. Person’s addressing the Board are requested to state their name and address for the record**
- 6. Treasurer’s/Office Manager’s Report:
Wells Fargo \$224,605.16 / Chase Checking \$25,000. Chase Savings \$75,000.**
- 7. Old Business:
Report by the Board President (this will include the actions taken to date since the special Board meeting on August 26)**
- 8. New Business:**
 - a) Resolution regarding outstanding amounts due to Tim Taschler – report from Karen Kincaid**
 - b) Resolution on banking: removing Steve Kincaid from banking accounts and adding another signer**
 - c) Adoption of FY 2021-2022 Annual Budget: report from Bonni Cogan**
 - d) Approval of Audited Financial Statements for FY 2020-2021 and Management Representation Letter: report from Bonni Cogan**
 - e) Resolution regarding Office Manager: appointing Karen Kincaid as Office Manager**
 - f) Resolution appointing Christina Catalina as outside Bookkeeper/CPA for the Wynola Water District: report from Karen Kincaid**
 - g) Resolution adopting meter reading policy for the Wynola Water District: report from Karen Kincaid**
 - h) Resolution to replace community bulletin board at Springview and remove lock from bulletin board at Riverwood.**
 - i) Resolution to issue an RFP (request for proposal) for a WWD License Water Operator**
- 9. Future agenda items:**
 - Board Workshop October 23 at Santa Ysabel Nature Center**
 - Presentation from various water operators in the Julian area**
 - Review Internal Controls Matters as recommended by Independent Auditor**
 - Review RFP for license water operator**
 - Review water system flushing project**
 - November Board Meeting – regular dates and location to be established**
- 10. Motion to adjourn meeting**

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Wynola Water District
Board of Directors Minutes of the Meeting
Held at Wynola Pizza 4355 CA.-78
9:00 a.m. August 14, 2021

Meeting start: 9:00 a.m.

Board Members Present:

- **Steve Kincaid**
- **Ron Placa**
- **Sandie McCann**
- **Bonni Cogan**

The minutes of July 23, 2021 were approved as corrected. Steve Kincaid made a motion to accept. Bonni Cogan seconded the motion. Ayes Kincaid, Placa, McCann and Cogan.

Operations Report:

Status of Water:

- **Albert Simonson reported that the water levels were normal on all operating wells.**
- **Well #10 is off.**
- **Lots of rodents at the pumphouse, but Albert has put up many traps and is slowly winning.**
- **Water quality testing was done this last July 2021. Results show no bacteria in any of the wells. There is still a high iron and manganese content in the wells. This causes discoloration of water.**

Status of Repairs:

- **Ron Placa reported that Vincente cut down two trees near the pumphouse per the insurance company's request. The third tree will be cut down by SDG&E because the limbs are overlapping onto the electrical wires. This should be done by next week.**
- **Fire hydrants are being cleaned up and shut off valves are being evaluated at each hydrant. This is in preparation for the eventual flushing of the lines.**
- **Ron put moth balls inside the generator at the pumphouse to keep the rodents from eating the wires. This should also be done in each individual generator on resident's properties.**

Treasurer's Report:

- **As of 8/13/21, the bank account had \$329,341.37.**

Old Business:

By-Laws:

- Sandie McCann has been doing research on other water board by-laws in California. She has asked anyone that is interested in helping her rewrite our by-laws to contact her.

HOA:

- Kathy Geckeler talked about the Homeowners Association and their need for board members. Contact Kathy if you are interested.

Prospective Board Members:

- John Lofgreen, Jim Madaffer and Cuong Tran are interested in filling the fifth empty board seat.

Elections:

- The Wynola Water District Board voted on secret ballots and selected Jim Madaffer to fill seat two expiring 12/6/2024.
- Sandie McCann is looking into what grants are available to help with the repairs to the pumphouse and other needed repairs around the WWD.

Pumphouse:

- Vincente is cleaning up debris and weeds on the pumphouse property per insurance requests.

Sprinkler System:

- Sandie McCann talked to her son, Neal McCann, who is a Battalion Chief for Orange County Fire Department about the pros and cons of having a sprinkler system on the pumphouse.
- They diminish the water pressure when water is being used by firefighters to fight a fire.
- Depending on the wind factor, sprinklers are not always efficient.
- Best way to minimize fire problems is to clear the property and put a tin roof over the pumphouse. This suggestion was an interesting idea, so Sandie will investigate costs of a tin roof.

Hydrants:

- Ron is directing Vincente to clean about five feet around the fire hydrants so that they are readily accessible by the fire department and for flushing the system.

Audit:

- Bonni is currently in discussion with Irene, the auditor from Sonnenberg CPA to finish up the audit of the 2020-2021 fiscal year. The completed audit will be discussed at the next board meeting.

New Business:

Election of Officers:

- **Jim Madaffer-President**
- **Ron Placa-Vice President**
- **Treasurer-Bonni Cogan**
- **Secretary-non board member Karen Kincaid**

Water Operator:

- **Bonni Cogan suggested we go out for bids to other water operators who might be less expensive. We currently pay WQSater Quality Specialist (WQS) \$1000 a month for their services.**
- **CalWARN: It was suggested that we join CalWARN. This organization allows us to collaborate with other water boards about problems we are encountering. Membership is free unless we use their services. Bonni Cogan moved that we join this organization. It was seconded by Ron Placa. The motion was approved.**

Budget:

- **Bonni Cogan will be working on finishing the budget for 2021-2022 fiscal year. She will be including in the budget the cost of closing nonproducing wells.**

Next Meeting:

- **The next meeting is scheduled for October 2, 2021, at 9:00 a.m. Location TBD.**

Public Commentary:

- **Water costs and quality of the water are a big concern to the homeowners.**
- **Homeowners are asking for the next rate increase to be delayed and possibly stretched to a longer length of time.**
- **Homeowners want the lines to be flushed.**

Workshop:

- **Jim Madaffer suggested we have a board workshop and bring in other water boards to see how they handle the quality of their water and what types of filtration systems they use. This meeting will be on October 16, 2021, 9:00 a.m. Location TBD.**

A motion was made to adjourn the meeting at 10:24. It was moved by Bonni Cogan and seconded by Ron Placa. All board members approved the motion.

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EMERGENCY MEETING OF THE WYNOLA WATER DISTRICT BOARD
Minutes of the Meeting
August 26, 2021
ZOOM MEETING 3:00 p.m.

1. Meeting called to order at 3:03 p.m.

Board members present on zoom:

- **Jim Madaffer, President**
- **Steve Kincaid**
- **Ron Placa, Vice President**
- **Sandie McCann**
- **Bonni Cogan, Treasurer**

2. Action per Brown Act to hold an emergency meeting pursuant Gov't Code 54956.5 due to the public health and safety concerns of brown water in our system, apparently exacerbated by road repair crews working within the confines of the Water District. Motion to move and hold this emergency meeting was made by Jim Madaffer and seconded by Ron Placa. Unanimous approval by all five board members.

3. Public Comment:

- **Karyn Boulais who owns a house on Lakedale wanted to know the factual background on origins of the brown water and what streets it was occurring on.**
- **Mark Wicker owns property but has not been able to start building yet. Interested on what the problem is with the water quality.**

4. Board member discussions regarding road crew work and strategies to address the brown water in some areas of the district

- **Ron Placa went over to the pump house and found the water level at 95% and working well. He and board member, Steve Kincaid, checked the hydrants they could access in the estates and found all hydrants had not been used.**
- **Bonni reported that one of residents, Elizabeth Wisenor, who lives on Lakedale, called reporting that Elizabeth's husband talked to one of the road crews. They said they had gotten water from one of the hydrants on Lakedale, and it had clogged up their equipment due to the dirt in the hydrant. Not sure what hydrant on Lakedale it was.**
- **It was determined that the opening of the fire hydrant from the road crews probably stirred up the dirt and mud in the lines, which caused the neighborhood to have brown water.**
- **Jim asked Mrs. Wisenor to have her husband send an email to Karen Kincaid, the board secretary, with a statement on his conversation with the road crew person.**

- Jim stated it was apparent that because the system has not been flushed in years, that the pipes are full of mud and dirt. The water workshop that has been scheduled for October 23rd, will address flushing the system and the precautions needed to make sure WWD is prepared for any possible problems that may occur as each hydrant is flushed. We need to have extra back up valves for hydrants and meters and any other parts needed to minimize any adverse impact that shutting down the water would have on the residents of the community.
 - Steve Kincaid and Jim have been meeting as a committee of two working on contingency plans on how to handle any possible adverse occurrences when the system is flushed out. One issue is when should the flushing occur. We are in a drought and fire season.
 - Jim has also discussed cleaning and/or changing out meters. Jim and Ron pulled his meter out and flushed it recently and his water improved greatly.
 - One idea is to offer the people who have called about how dirty their water is to have their local meter flushed out first by a professional that the WWD will hire.
 - Steve Kincaid reported that we do not have any meters or on/off valves in inventory. He will be going to Escondido tomorrow to check on what parts we will need to purchase in case of a problem while the meters are being flushed. Steve has asked for a budget of \$25,000 to start, and secure inventory of 2 different hydrants in the community and on/off valves for the meters.
 - Steve Kincaid made a motion to initially appropriate up to \$25,000, to purchase the necessary backup equipment needed to repair/replace any parts failure that might occur while flushing the hydrants. Also included in the motion is to start with the people who are having the most problems with brown water and pull their meters and flush the lateral pipe. We will hire professionals and get estimates to make sure we have everything needed ahead of the flushing. The estimates will include us buying the parts independently or the professional company supplying us with the parts, whichever is least expensive to save the rate payers money. Sandie McCann seconded the motion. The motion carried unanimously.
 - In closing, Steve will call Jeff Stoeffel from the PRD County Road department and talk to him about the adverse effects that were caused by his crews using our hydrants without our permission. Karen Kincaid will reach out to Mr. Wisenor to write a short summary of what he saw and discussed with the road crew regarding the use of water from our hydrant.
5. There were no objections, so the meeting was adjourned at 3:27 p.m.

Wynola Water District					
Budget					
Fiscal Year July 1, 2021 through June 30, 2022					
	Jul-Sep 21	Oct-Dec 21	Jan-Mar 22	Apr-Jun 22	Total
Revenues:					
Water System Maintenance Fees	\$ 12,740	\$ 12,740	\$ 12,740	\$ 12,740	\$ 50,960
Water Sales	\$33,000	\$22,800	\$15,000	\$22,000	\$ 92,800
Property Taxes & Assessments	\$ 500	\$ 8,300	\$ 8,200	\$ 11,000	\$ 28,000
Total Revenues	\$ 46,240	\$ 43,840	\$ 35,940	\$ 45,740	\$ 171,760
Expenses:					
Administrative & General:					
Meter Readers	\$ 200	\$ 200	\$ 200	\$ 200	\$ 800
Office Expenses	\$ 430	\$ 860	\$ 325	\$ 765	\$ 2,380
Office Manager	\$ 250	\$ 900	\$ 900	\$ 900	\$ 2,950
Storage Locker Rent	\$ 225	\$ 225	\$ 225	\$ 225	\$ 900
Total Administrative & General	\$ 1,105	\$ 2,185	\$ 1,650	\$ 2,090	\$ 7,030
Depreciation	\$ 3,636	\$ 3,635	\$ 3,636	\$ 3,635	\$ 14,542
Insurance	\$ 2,645	\$ 2,180	\$ -	\$ -	\$ 4,825
Professional Services	\$ 4,900	\$ -	\$ 2,500	\$ -	\$ 7,400
Repairs & Maintenance	\$ 1,000	\$ 16,000	\$ 8,350	\$ 7,000	\$ 32,350
Utilities	\$ 2,900	\$ 2,700	\$ 1,800	\$ 2,050	\$ 9,450
Water Operating & Testing	\$ 3,900	\$ 3,800	\$ 6,050	\$ 5,250	\$ 19,000
Total Expenses	\$ 20,086	\$ 30,500	\$ 23,986	\$ 20,025	\$ 94,597
Change in Net Position	\$ 26,155	\$ 13,340	\$ 11,954	\$ 25,715	\$ 77,164

Office Expenses:						
Supplies	50	50	50	50	200	200
Dues	200	480		220	900	900
Meeting Room	70	220	165	165	620	620
Telephone	110	110	110	110	440	440
Website				150	150	150
USPS	<u>0</u>	<u>0</u>	<u>0</u>	<u>70</u>	<u>70</u>	<u>70</u>
Total	430	860	325	765	2380	2380
Repairs & Maintenance:						
Standard	1000	1000	1000	1000	4000	4000
Generator	0	0	1350	0	1350	1350
Flushing Hydrants & Water Mains	0	15000	0	0	15000	15000
Closing Wells 1 & 6	<u>0</u>	<u>0</u>	<u>6000</u>	<u>6000</u>	<u>12000</u>	<u>12000</u>
	1000	16000	8350	7000	32350	32350
Utilities:						
Electric	2200	2000	1100	1350	6650	6650
Telephone	<u>700</u>	<u>700</u>	<u>700</u>	<u>700</u>	<u>2800</u>	<u>2800</u>
	2900	2700	1800	2050	9450	9450
Water Operating & Testing:						
Water Operator	3000	2600	2400	2400	10400	10400
Helper	300	300	350	350	1300	1300
Tests	600	450	450	2500	4000	4000
Permits	<u>0</u>	<u>450</u>	<u>2850</u>	<u>0</u>	<u>3300</u>	<u>3300</u>
	3900	3800	6050	5250	19000	19000



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Leonard C. Sonnenberg, CPA

Wynola Water District Audited Financial Statements June 30, 2021

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Leonard C. Sonnenberg, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Wynola Water District

We have audited the accompanying financial statements of Wynola Water District, (the "District"), which comprise the statement of net position as of June 30, 2021, and the related statement of revenues, expenses, changes in net position as of and for the year then ended, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Wynola Water District

Independent Auditor's Report

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wynola Water District as of June 30, 2021, and the respective changes in financial position, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing Special Districts.

Report on Summarized Comparative Information

We have previously audited the Wynola Water District's June 30, 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements our report dated September 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages i through iv and Budget to Actual Comparison Schedule on page 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

August 20, 2021

Sonnenberg & Company, CPAs

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Wynola Water District

MANAGEMENT'S DISCUSSION AND ANALYSIS

Wynola Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2021

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Wynola Water District (District) provides an introduction to the financial statements of the District for the year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position increased 21% or \$109,263 from \$521,498 to \$630,761 respectively in FY2020 and FY2021. The increase in net position is how the District annually generates sufficient net income to then spend on capital improvement projects on a pay-go basis. The increase in cash will be utilized in future fiscal year(s) for capital improvement spending.
- The District's total revenue increased 34% or \$41,110 from \$122,157 to \$163,267, respectively in FY2020 and FY2021. The increase is due mainly to an increase in the water rate and quarterly maintenance fee, which is \$37,799.
- The District's total expense decreased 15% or \$9,799 from \$63,803 to \$54,004, respectively in FY2020 and FY2021 due to overall less spending on professional fee, repairs and maintenance, water operating, testing, transporting, and other administrative costs.

Financial Analysis of the District

One of the most important questions asked about the District's finances "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and change in net position. You can think of the District's net position - the difference between assets and liabilities - as one way to measure the District's financial health, or *financial position*. Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation, such as changes in Federal and State water quality standards.

Wynola Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2021

See Financial Analysis of the Statements on page iv for more detailed information.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the District's investments in resources (assets), the obligations to creditors (liabilities), and net position. It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 6 through 11.

Budgetary Highlights

See Required Supplementary Information - Budget to Actual Report on page 12 for more detailed information. Major differences between the actual figures and the original budgeted figures can be briefly summarized as follows:

- Total revenue was \$64,742 more than anticipated due to the increase of service charges.
- Total expense was \$5,704 more than anticipated mainly due to non-budgeted depreciation expense.

Wynola Water District
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Capital Asset Administration

The District's capital assets include Central System Equipment, Source of Supply - Wells, Access Roads & Well Site Preparation, and Storage Tanks & Distribution System. At June 30, 2021, the District had invested \$293,307 in capital assets as shown below.

	Beginning Balance	Additions	Deletions	Ending Balance
Pumps, Valves, and Equipment	\$ 223,900	\$ -	\$ -	\$ 223,900
Source of Supply - Wells	101,283	-	-	101,283
Access Roads & Well Site Preparation	27,145	-	-	27,145
Storage Tanks & Distribution System	366,714	-	-	366,714
Total Capital Assets	719,042	-	-	719,042
Accumulative Depreciation	(411,193)	(14,542)	-	(425,735)
Net Capital Assets	\$ 307,849	\$ (14,542)	-	\$ 293,307

Debt Administration

As of June 30, 2021 the District had no long-term debt. No new debt was issued during the year and the District has no immediate needs to issue additional debt.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages. If you have questions about this report or need additional financial information, contact the District's Treasurer at cogan_cpa@hotmail.com or P.O. Box 193, Santa Ysabel, CA 92070.

Wynola Water District Financial Analysis of the Statements

	<u>2021</u>	<u>2020</u>	<u>Incr (Decr)</u>	<u>% Change</u>
<u>Condensed Statement of Net Position:</u>				
Operating Assets:				
Cash	\$ 301,501	\$190,401	\$ 111,100	58%
Receivables	35,060	24,580	10,480	100%
Capital Assets (Net of Depreciation)	293,307	307,849	(14,542)	-5%
Total Assets	<u>634,994</u>	<u>522,830</u>	<u>112,164</u>	<u>21%</u>
Liabilities:				
Accounts Payable	4,007	1,332	2,675	201%
Other Accrued Liabilities	226	-	226	100%
Total Liabilities	<u>4,233</u>	<u>1,332</u>	<u>2,901</u>	<u>218%</u>
Net Position:	<u>630,761</u>	<u>521,498</u>	<u>109,263</u>	<u>21%</u>
Total Liabilities & Net Position	<u>\$ 634,994</u>	<u>\$522,830</u>	<u>\$ 112,164</u>	<u>21%</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position:

Revenues:				
Charges for Services	\$ 133,471	\$ 95,672	\$ 37,799	40%
Property Taxes and Assessments	27,371	25,531	1,840	7%
Interest Income	25	42	(17)	-40%
Other Revenues	2,400	912	1,488	100%
Total Revenues	<u>163,267</u>	<u>122,157</u>	<u>41,110</u>	<u>34%</u>
Expenses:				
Administrative and General	12,377	7,904	4,473	57%
Depreciation	14,542	14,542	-	0%
Insurance	3,625	3,704	(79)	-2%
Professional Services	5,590	8,376	(2,786)	-33%
Repairs and Maintenance	5,040	10,697	(5,657)	-53%
Utilities	9,479	10,584	(1,105)	-10%
Water Operating, Testing, and Transport	3,351	7,996	(4,645)	-58%
Total Expenses	<u>54,004</u>	<u>63,803</u>	<u>(9,799)</u>	<u>-15%</u>
Change In Net Position	109,263	58,354	50,909	87%
Beginning Net Position	<u>521,498</u>	<u>463,144</u>	<u>58,354</u>	<u>13%</u>
Ending Net Position	<u>\$ 630,761</u>	<u>\$ 521,498</u>	<u>\$ 109,263</u>	<u>21%</u>

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Wynola Water District

FINANCIAL STATEMENTS

Wynola Water District
Statement of Net Position
June 30, 2021
(With Summarized Comparative Totals for June 30, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 301,501	\$ 190,401
Accounts Receivable	35,060	24,580
Other Assets	5,126	-
Capital Assets	719,042	719,042
Less Accumulated Depreciation	<u>(425,735)</u>	<u>(411,193)</u>
Capital Assets, Net	<u>293,307</u>	<u>307,849</u>
TOTAL ASSETS	<u><u>\$ 634,994</u></u>	<u><u>\$ 522,830</u></u>
LIABILITIES		
Accounts Payable	\$ 4,007	\$ 1,332
Other Accrued Liabilities	<u>226</u>	<u>-</u>
TOTAL LIABILITIES	<u>4,233</u>	<u>1,332</u>
NET POSITION		
Net Invested in Capital Assets	293,307	307,849
Unrestricted	<u>337,454</u>	<u>213,649</u>
TOTAL NET POSITION	<u>630,761</u>	<u>521,498</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 634,994</u></u>	<u><u>\$ 522,830</u></u>

The accompanying notes are an integral part of this financial statement

Wynola Water District
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2021
(With Summarized Comparative Totals for the Year Ended June 30, 2020)

	<u>2021</u>	<u>2020</u>
REVENUES		
Charges for Services	\$ 133,471	\$ 95,672
Property Taxes and Assessments	27,371	25,531
Interest Income	25	42
Other Revenues	2,400	912
TOTAL REVENUES	<u>163,267</u>	<u>122,157</u>
EXPENSES		
Administrative and General	12,377	7,904
Depreciation	14,542	14,542
Insurance	3,625	3,704
Professional Services	5,590	8,376
Repairs and Maintenance	5,040	10,697
Utilities	9,479	10,584
Water Operating, Testing, and Transport	3,351	7,996
TOTAL EXPENSES	<u>54,004</u>	<u>63,803</u>
Change in Net Position	\$ 109,263	\$ 58,354
Net Position, Beginning of Year	<u>521,498</u>	<u>463,144</u>
Net Position, End of Year	<u>\$ 630,761</u>	<u>\$ 521,498</u>

The accompanying notes are an integral part of this financial statement

Wynola Water District
Statement of Cash Flows
For the Year Ended June 30, 2021
 (With Summarized Comparative Totals for the Year Ended June 30, 2020)

	2021	2020
Cash Flows from Operating Activities		
Receipts from customers	\$ 152,988	\$ 106,492
Payments to suppliers	(41,913)	(48,819)
Net Cash Provided by Operating Activities	111,075	57,673
Cash Flows from Capital Financing Activities		
Acquisition and Construction of Capital Assets	-	(16,407)
Net Cash Used in by Capital Financing Activities	-	(16,407)
Cash Flows from Investing Activities		
Interest Income	25	42
Net Cash Provided by Investing Activities	25	42
Net Increase in Cash	111,100	41,308
Cash - Beginning of the Year	190,401	149,093
Cash - End of the Year	\$ 301,501	\$ 190,401
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Change in Net Position	\$ 109,263	\$ 58,354
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	14,542	14,542
Change in Operating Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	(10,480)	(15,623)
Decrease (Increase) in Other Assets	(5,126)	-
Increase (Decrease) in Accounts Payable	2,675	442
Increase (Decrease) in Other Accrued Liabilities	226	-
Net Cash Provided By Operating Activities	\$ 111,075	\$ 57,673

The accompanying notes are an integral part of this financial statement

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Wynola Water District

NOTES TO FINANCIAL STATEMENTS

Wynola Water District
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1. Reporting Entity

Wynola Water District (the District) was established in 1969 to support a community water system within the approximate 0.4 square mile Wynola Estates development. The District is located in an unincorporated area adjacent to the Cleveland National Forest, west of the community of Julian. The District pumps and distributes local groundwater to 86 units in Wynola Estates Homeowners' Association (the Association). The District owns eleven wells and two reservoir storage tanks with a combined capacity of approximately 111,000 gallons. The District is governed by an elected 5-member Board of Directors.

The District accounts for its financial transactions in accordance with the policies and procedures for the Irrigation District Law, now Division 11 of the California State Water Code. The accounting policies of the District conform to accounting principles generally accepted in the United State of American ("GAAP") as applicable to governments and to general practice within California Special Districts. The District accounts for its financial transactions in accordance with the policies and procedures of the State Controller's Office Division of Local Government Fiscal Affairs Minimum Audit Requirements and Reporting Guidelines for California Special Districts.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Cod. Sec. 2100 "Defining the Financial Reporting Entity". The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statement

Note 2. Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water to its customers on a continuing basis be financed or recovered primarily through user charges (water sales and services) or similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flow took place. Operating revenues and expenses are generated

Wynola Water District
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 2. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

and incurred through the water sales activities to the District's customers. Administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

The District's basic financial statements are presented in conformance with the provisions of BASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, and subsequently amended by GASB Statement No. 61. This statement established revised financial reporting requirements for state and local governments throughout the United State for the purpose of enhancing the understandability and usefulness of financial reporting.

The District's basic financial statements are also presented in conformance with the provisions of GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. The objective of this Statement is to provide guidance to include two classifications separate from assets and liabilities. Amounts reported as deferred outflows of resources are required to be reported in a Statement of Net Position in separate section following assets. Similarly, amounts reported as deferred inflows of resources are required to be reported in a Statement of Net Position in a separate section following liabilities. In addition, the totals of these two new classifications should be added to the total or assets and liabilities, respectively.

The District did not have any deferred inflows or outflows of resources as of June 30, 2021.

Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents consist of short-term highly liquid investments with original maturities of ninety days or less from the date of purchase. These include cash on hand, and deposits in banks. The District did not have any investment for the year ended June 30, 2021.

Water Sales:

Water sales revenue is recorded when water is delivered and service is rendered.

Wynola Water District
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 2. Summary of Significant Accounting Policies (continued)

Accounts Receivable and Allowance for Doubtful Accounts:

Management believes that all accounts receivable are fully collectible; therefore no allowance for doubtful accounts was recorded as of June 30, 2021.

Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets Class</u>	<u>Estimated Useful Lives</u>
Central System Equipment	20
Source of Supply - Wells	50
Storage Tanks & Distribution System	20
Access Roads & Well Site Preparation	20

Net Position:

The financial statements utilize a net position presentation. Net position is categorized as follows:

- Net Investment in Capital Assets Component of Net Position- This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position
- Restricted Component of Net Position - This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The District had no restricted net position at June 30, 2021.
- Unrestricted Component of Net Position - This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

Wynola Water District
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 2. Summary of Significant Accounting Policies (continued)

Property Taxes

Secured property taxes attach as an enforceable lien on property annually on January 1. Taxes are payable in two installments on November 1 and February 1 and are delinquent after December 10 and April 10 respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of San Diego bills and collects taxes for the District.

The District receives property taxes under the Teeter Plan, whereby the County of San Diego determines the amounts due and pays the District ratably throughout the year with the County of San Diego bearing the risk of delinquent property taxes and retaining any interest and penalties earned thereon.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgetary Accounting:

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period.

Prior Year Summarized Totals

The summarized totals reported for the year ended June 30, 2020 are included to provide a basis for comparison and present reclassified summarized totals only. Accordingly, the amounts are not intended to present all information necessary to be in conformity with accounting principles generally accepted in the United States of America. Accordingly, it should be read in conjunction with the District's financial statements for the year ended June 30, 2020 from the summarized information was derived.

Note 3. Cash

Cash in Banks

Deposits at FDIC-insured institutions are insured up to at least \$250,000 per depositor. The uninsured funds for the year ended June 30, 2021 was \$52,401. As of June 30, 2021, the District's cash balance was \$301,501. Management of the District believes that it is not exposed to any significant credit risk with respect to its cash balances.

Wynola Water District
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 4. Accounts Receivable

Accounts receivable as of June 2021 consist of the following:

Water Usage Billing \$ 35,060

Management believes all amounts are fully collectible. There was no bad debt expense for the year ended June 30, 2021.

Note 5. Capital Assets

Summary of changes in capital assets for the year ended June 30, 2021, were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Pumps, Valves, and Equipment	\$ 223,900	\$ -	\$ -	\$ 223,900
Source of Supply - Wells	101,283	-	-	101,283
Access Roads & Well Site Preparation	27,145	-	-	27,145
Storage Tanks & Distribution System	366,714	-	-	366,714
Total Capital Assets	<u>719,042</u>	<u>-</u>	<u>-</u>	<u>719,042</u>
Accumulative Depreciation	<u>(411,193)</u>	<u>(14,542)</u>	<u>-</u>	<u>(425,735)</u>
Net Capital Assets	<u>\$ 307,849</u>	<u>\$ (14,542)</u>	<u>-</u>	<u>\$ 293,307</u>

Depreciation expense was \$14,542 for the year ended June 30, 2021.

Note 6. Risk Management

The District is insured under a plan for commercial general liability. No claims have been asserted during the fiscal year under examination, and there are no unpaid claims.

Note 7. Economic Dependency

The District produces water from its own wells. Interruption of this source would impact the District negatively.

Wynola Water District
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 8. Board of Directors

The District is governed by five elected Board of Directors. Two seats were vacant. The Board of Directors for fiscal year ended June 30, 2021 was composed of the following members.

<u>Name</u>	<u>Officer Title</u>	<u>Term Expires</u>
Tim Taschler	President	December 2020
Steven Kincaid	Vice President	December 2022
Bill Geckeler	Secretary	December 2022

With the Board of Director’s approval, a board member provides administrative services to the District. The total payment made to the board member was \$3,600 for the year ended June 30, 2021.

Note 9. Implementation of New GASB Pronouncements

GASB Statement No. 95 - In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. Application of this statement did not have a material effect on the District’s financial statements for the fiscal year ending June 30, 2021.

Note 10. Risks and Uncertainties:

The spread of Coronavirus (COVID-19) during 2020 and 2021 has caused a substantial impact on the U.S. economy. There is significant uncertainty around the effects and duration of business interruption related to COVID-19. The extent of the impact on the District’s operations, management, employees, vendors, and clients/consumers/owners, will depend on certain developments, which cannot be determined at this time.

Note 11. Management’s Review:

The District’s Management has evaluated subsequent events through August 20, 2021, the date the financial statements were available to be issued.

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Wynola Water District

REQUIRED SUPPLEMENTARY INFORMATION

Wynola Water District
Budget to Actual Comparison Schedule
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:			
Charges for Services	\$ 74,600	\$ 133,471	\$ 58,871
Property Taxes and Assessments	23,900	27,371	3,471
Other Revenues	<u>-</u>	<u>2,400</u>	<u>2,400</u>
TOTAL REVENUES	\$ 98,500	\$ 163,242	\$ 64,742
EXPENSES:			
Administrative and General	10,400	12,377	(1,977)
Depreciation	- #	14,542	(14,542)
Insurance	4,100	3,625	475
Professional Services	5,000	5,590	(590)
Repairs and Maintenance	14,000	5,040	8,960
Utilities	10,800	9,479	1,321
Water Operating, Testing, and Transpo	<u>4,000</u>	<u>3,351</u>	<u>649</u>
TOTAL EXPENSES	\$ 48,300	\$ 54,004	\$ (5,704)

Depreciation expense was recorded using accrual of accounting.

Wynola Water District
 Adjusting Journal Entries
 June 30, 2021

Description	DR	CR
Net Position	14,542	
Accumulated Depreciation		14,542
1 To adjust beginning of accum depre		
Depreciation Expense	14,542	
Accumulated Depreciation		14,542
2 To record current year depreciation expense		
Office Expenses		900
Water Operation and Testing		4,000
Prepaid Expenses	4,900	
3 Record prepaids - water testing \$4k and storage \$900		
Prepaid water sales - Bild, Fischerman, Scharn		226
Accounts Receivable	226	
4 To record prepayment for water sales		
Accounts Receivable	504	
Miscellaneous Expenses		504
5 To record Lutes' bounce ck 8866, \$504.27		
Accounts Payable		1,290
Legal Fees	1,290	
6 To record June legal fee paid in July 21		
Accounts Payable		456
Office Manager Fee	651	
Accounts Payable		351
Office Expenses	351	
Office Expenses	285	
Net Position		480
7 To adjsut AP and related accounts		
	37,291	37,291



Sonnenberg & Company, CPAs

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August 20, 2021 ^{Leonard C. Sonnenberg, CPA}

To The Board of Directors of
Wynola Water District

RE: Communication of Internal Control Matters Identified in an Audit

In planning and performing our audit of the financial statements of Wynola Water District as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered Wynola Water District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies in Wynola Water District's internal control listed on page 2 to be significant deficiencies.

This communication is intended solely for the information and use of the Board of Directors and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Sonnenberg & Company, CPAs

Significant Deficiencies

Capital Assets: Depreciation schedules should be maintained in conjunction with capital asset inventories.

Improve Check Signing Process: Disbursement checks are usually signed by a board member that prepares the checks for the District. We recommend that checks should be signed by different authorized signer other the check preparer.

Classification of Employees and Contractors: Some organizations classify workers as independent contractors so as to avoid payroll taxes, health benefits, and workers' compensation insurance expenses. Organizations can be held liable for employment taxes, plus interest and penalties if a worker is incorrectly classified as an independent contractor. In determining whether the person providing the service is an employee or an independent contractor, all information that provides evidence of the degree of control and independence must be considered. See www.irs.gov and look up Independent Contractor or Employee for more information.

California Assembly Bill 5 was signed into law and became effective January 1, 2020. AB 5 applies a strict "ABC test" to determine workers' employment status and puts the burden of proof on employers. While it's possible that the law will be revised, the District should be aware of the requirements of AB 5 and its effect on the District's workers.

Investment Policy: The Board should consider adopting a formal investment policy aimed at guiding management in issues related to investment risk, authorization, limits, and related issues.

Minutes: Board of Directors meetings should be held regularly and proper minutes should be kept of all meetings. The minutes should indicate that the Board practices oversight over significant financial and operational matters, such as approval of the budget, special assessments, financial statements, replacement fund transactions, monitoring delinquent receivables, contract approvals, related party transactions, insurance settlements, and litigation matters. All meeting minutes (including Executive Sessions) should be provided to the auditor during the audit.

Copies of 1096 and 1099s: We recommend the District retain copy of 1096 and 1099s



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Leonard C. Sonnenberg, CPA

August 20, 2021

To the Board of Directors
Wynola Water District

RE: Required Communication with Those Charged with Governance

We have audited the financial statements of Wynola Water District for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated July 21, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Wynola Water District are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2021. We noted no transactions entered into by Wynola Water District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. No particularly sensitive estimates affecting the financial statements were made by management.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There was no sensitive disclosure affecting the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 20, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Wynola Water District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention your auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors of Wynola Water District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Sonnenberg & Company, CPAs



Sonnenberg & Company, CPAs

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Leonard C. Sonnenberg, CPA

Wynola Water District
c/o Steve Kincaid, President
P.O. Box 193
Santa Ysabel, CA 92070

Invoice For Professional Services:

For fiscal year ending: June 30, 2021

Final Bill

Audited Financial Statements
Required Communication with Those Charged with Governance
Communication of Internal Control Matters Identified in an Audit
Preparation of State of California Annual Report of Financial Transactions

Per Proposal	\$	4,600
Less: Retainer/Progress Bill #1, dated 7/31/21		(1,500)
Less: Progress Bill #2, dated 8/15/21		<u>(2,000)</u>
Current billing	\$	<u>1,100</u>

Invoices due within 30 days. We appreciate your business!



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Leonard C. Sonnenberg, CPA

September 8, 2021

Wynola Water District
Steve Kincaid, President
P.O. Box 193
Santa Ysabel, CA 92070

Transmittal Letter

Dear Mr. Kincaid:

Enclosed is a draft copy of the District's Audit Report, Communication with Those Charged with Governance, and Communication of Internal Control Matters Identified in an Audit, for the year ended June 30, 2021. Please review them and give us a call if you have any questions or possible modifications.

Also enclosed is the required Management Representation Letter, dated as of August 20, 2021, which should be signed by the President and the Treasurer and returned to us so we can issue the Audit Report.

We thank you for your courteous cooperation and we look forward to providing continued services in future years.

Very truly yours,

Sonnenberg & Company, CPAs

Enclosures

Wynola Water District

August 20, 2021

Sonnenberg & Company, CPAs
5190 Governor Drive, Suite #201
San Diego, CA 92122

Re: Management Representation Letter

To Sonnenberg & Company, CPAs:

This representation letter is provided in connection with your audit of the financial statements of Wynola Water District, which comprise the respective financial position of the business-type activities as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of August 20, 2021, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 17, 2021, including our responsibility for the preparation and fair presentation of the financial statements and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions used in making accounting estimates are reasonable.

- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which Wynola Water District is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Wynola Water District or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.

- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

Government-specific

- 1) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 2) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 3) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 4) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 5) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 6) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 7) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

- 8) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 9) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 10) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 11) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 12) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 13) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34 .
- 14) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 15) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 16) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 17) Provisions for uncollectible receivables have been properly identified and recorded.
- 18) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 19) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

- 20) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 21) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 22) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
- 23) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 24) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 25) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

Signature: _____

Signature: _____

Title: Board President

Title: Treasurer