



# Sonnenberg & Company, CPAs

A Professional Corporation

5190 Governor Drive, Suite 201, San Diego, California 92122

Phone: (858) 457-5252 • (800) 464-4HOA • Fax: (858) 457-2211 • (800) 303-4FAX



Leonard C. Sonnenberg, CPA

## Wynola Water District Audited Financial Statements June 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Wynola Water District

We have audited the accompanying financial statements of Wynola Water District, as of and for the year ended June 30, 2018, and the related notes to the 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.

### Unmodified 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, 2018, and the respective changes in financial position 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, 2017 financial statements, and our report dated December 31, 2017 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, 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 14 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 accounting principles 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.

November 28, 2018

  
Sonnenberg & Company, CPAs

**Wynola Water District**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Wynola Water District**  
***Management's Discussion and Analysis***  
**For the Year Ended June 30, 2018**

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, 2018. 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 4% or \$17,453 from \$437,658 to \$455,111 respectively in FY2017 and FY2018.
- The District's total revenue increased 4% or \$3,455 from \$76,944 to \$80,399, respectively in FY2017 and FY2018.
- The District's total expense increased 8% or \$4,747 from \$58,199 to \$62,946, respectively in FY2017 and FY2018.

**Financial Analysis of the District**

One of the most important questions asked about the District's finances is, "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 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 changes in them. You can think of the District's net position - the difference between assets less 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.

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

**Wynola Water District**  
***Management's Discussion and Analysis***  
**For the Year Ended June 30, 2018**

**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 non-capital financing 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 13.

**Budgetary Highlights**

See Required Supplementary Information - Budget to Actual Report on page 14 for more detailed information. Capital Improvements in the amount of \$17,500 was budgeted in the year ended June 30, 2018. Major differences between the actual figures and the original budgeted figures can be briefly summarized as follows:

- Total revenue was \$6,799 more than anticipated mainly due to the increase water rate.
- Total expense was \$6,654 less than anticipated mainly due to capital improvements budgeted as expense item.

**Wynola Water District**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2018**

**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, 2018, the District had invested \$311,074 in capital assets as shown below.

	Beginning Balance	Additions	Deletions	Ending Balance
Central System Equipment	\$ 207,493	\$ -	\$ -	\$ 207,493
Source of Supply - Wells	101,282	17,174	-	118,456
Access Roads & Well Site Preparation	21,062		-	21,062
Storage Tanks & Distribution System	349,543		-	349,543
<b>Total Capital Assets</b>	<b>679,380</b>	<b>17,174</b>	<b>-</b>	<b>696,554</b>
Accumulative Depreciation	(374,613)	(10,867)	-	(385,480)
<b>Net Capital Assets</b>	<b>\$ 304,767</b>	<b>\$ 6,307</b>	<b>-</b>	<b>\$ 311,074</b>

**Debt Administration**

At June 30, 2018 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 volunteer Secretary and Office Manager Tim Taschler at [wynolawater@gmail.com](mailto:wynolawater@gmail.com), 760-765-4872 or P.O. Box 193, Santa Ysabel, CA 92070.

**Wynola Water District**  
**Financial Analysis of the Statements**

	<u>2018</u>	<u>2017</u>	<u>Incr (Decr)</u>	<u>% Change</u>
<b><u>Condensed Statement of Net Position:</u></b>				
<b>Operating Assets:</b>				
Cash and Investments	\$ 124,612	\$ 122,569	\$ 2,043	2%
Receivables	21,928	10,558	11,370	100%
Other Assets	400	237	163	100%
Capital Assets (Net of Depreciation)	311,074	304,767	6,307	2%
Total Assets	<u>458,014</u>	<u>438,131</u>	<u>19,883</u>	<u>5%</u>
<b>Liabilities:</b>				
Accounts Payable	2,903	473	2,430	514%
Total Liabilities	<u>2,903</u>	<u>473</u>	<u>2,430</u>	<u>514%</u>
<b>Net Position:</b>	<u>455,111</u>	<u>437,658</u>	<u>17,453</u>	<u>4%</u>
Total Liabilities & Net Position	<u>\$ 458,014</u>	<u>\$ 438,131</u>	<u>\$ 19,883</u>	<u>5%</u>

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

<b>Revenues:</b>				
Charges for Services	\$ 55,026	\$ 26,876	\$ 28,150	105%
Property Taxes and Assessments	24,173	24,227	(54)	0%
Capital Contributions - Grants	0	24,341	(24,341)	-100%
Other Revenues	1,200	1,500	(300)	100%
Total Revenues	<u>80,399</u>	<u>76,944</u>	<u>3,455</u>	<u>4%</u>
<b>Expenses:</b>				
Insurance	3,709	2,640	1,069	40%
Administrative and General	6,108	4,259	1,849	43%
Professional Services	11,227	10,276	951	9%
Water Testing and Transport	9,355	8,620	735	9%
Repairs and Maintenance	7,600	8,775	(1,175)	-13%
Utilities	14,080	13,105	975	7%
Depreciation	10,867	10,524	343	3%
Total Expenses	<u>62,946</u>	<u>58,199</u>	<u>4,747</u>	<u>8%</u>
Change In Net Position	17,453	18,745	(1,292)	-7%
Beginning Net Position	<u>437,658</u>	<u>418,913</u>	<u>18,745</u>	<u>4%</u>
Ending Net Position	<u>\$ 455,111</u>	<u>\$ 437,658</u>	<u>\$ 17,453</u>	<u>4%</u>



**Wynola Water District**

**FINANCIAL STATEMENTS**

**Wynola Water District**  
**Statement of Net Position**  
**June 30, 2018**  
(With Comparative Totals for June 30, 2017)

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and Investments	\$ 124,612	\$ 122,569
Accounts Receivable	21,928	10,558
Other Assets	400	237
Capital Assets	696,554	679,380
Less Accumulated Depreciation	<u>(385,480)</u>	<u>(374,613)</u>
Capital Assets, Net	<u>311,074</u>	<u>304,767</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 458,014</u></b>	<b><u>\$ 438,131</u></b>
<b>LIABILITIES</b>		
Accounts Payable	\$ <u>2,903</u>	\$ <u>473</u>
<b>TOTAL LIABILITIES</b>	<u>2,903</u>	<u>473</u>
<b>NET POSITION</b>		
Invested in Capital Assets	311,074	304,767
Unrestricted	<u>144,037</u>	<u>132,891</u>
<b>TOTAL NET POSITION</b>	<u>455,111</u>	<u>437,658</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 458,014</u></b>	<b><u>\$ 438,131</u></b>

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 Fiscal Year Ended June 30, 2018**  
(With Comparative Totals for Fiscal Year Ended June 30, 2017)

	2018	2017
<b>REVENUES</b>		
Charges for Services	\$ 55,026	\$ 26,876
Property Taxes and Assessments	24,173	24,227
Capital Contributions - Grants	-	24,341
Other Revenues	1,200	1,500
<b>TOTAL REVENUES</b>	<b>80,399</b>	<b>76,944</b>
<b>EXPENSES</b>		
Insurance	3,709	2,640
Administrative and General	6,108	4,259
Professional Services	11,227	10,276
Water Testing and Transport	9,355	8,620
Repairs and Maintenance	7,600	8,775
Utilities	14,080	13,105
Depreciation	10,867	10,524
<b>TOTAL EXPENSES</b>	<b>62,946</b>	<b>58,199</b>
<b>Change in Net Position</b>	<b>\$ 17,453</b>	<b>\$ 18,745</b>
Net Position, Beginning of Year	437,658	418,913
Net Position, End of Year	<b>\$ 455,111</b>	<b>\$ 437,658</b>

The accompanying notes are an integral part of this financial statement

**Wynola Water District**  
**Statement of Cash Flows**  
For the Fiscal Year Ended June 30, 2018  
(With Comparative Totals for June 30, 2017)

	2018	2017
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 69,029	\$ 77,448
Payments to suppliers	(49,812)	(50,835)
Net Cash Provided (Used) by Operating Activities	19,217	26,613
<b>Cash Flows from Noncapital Financing Activities</b>		
Acquisition and Construction of Capital Assets	(17,174)	(57,114)
Net Cash Provided (Used) by Noncapital Financing Activities	(17,174)	(57,114)
Net Change in Cash Provided (Used)	2,043	(30,501)
Cash and Investments - Beginning of the Year	122,569	153,070
Cash and Investments - End of the Year	\$ 124,612	\$ 122,569
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating Income	\$ 17,453	\$ 18,745
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	10,867	10,524
Change in Assets and Liabilities:		
Decrease (Increase) in Accounts Receivable	(11,370)	22,407
Decrease (Increase) in Other Assets	(163)	(237)
Increase (Decrease) in Accounts Payable	2,430	(485)
Increase (Decrease) in Other Accrued Liabilities	-	(24,341)
Net Cash Provided (Used) By Operating Activities	\$ 19,217	\$ 26,613

The accompanying notes are an integral part of this financial statement

**Wynola Water District**

NOTES TO FINANCIAL STATEMENTS

**Wynola Water District**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2018

**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 was governed by 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 District's financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in Governmental Accounting Standards Board ("GASB") Statement No. 14, the Financial Reporting Entity, subsequently amended by GASB Statement N. 39, Determining Whether Certain Organizations are Component Units, and BASB Statement No. 61, The Financial Reporting Entity: Omnibus - an amendment of GASB Statement No. 14 and No. 34, include whether:

- The organization is legally separate (can sue and be sued in its name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency the by the organization on the District
- It would be misleading or cause the financial statement to be incomplete to exclude another organization

Based on these criteria, 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

**Wynola Water District**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2018

**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 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 at June 30, 2018.

**Wynola Water District**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2018

**Note 2. Summary of Significant Accounting Policies (continued)**

Cash and Investments

For purposes of the statement of cash flows, cash and cash equivalents consist of short-term highly liquid investments with 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, 2018.

Allowance for Doubtful Accounts:

Management believes that all accounts receivable were fully collectible; therefore no allowance for doubtful accounts was recorded as of June 30, 2018.

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 being 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

Capital Contributions

Capital contributions represent cash and capital asset additions to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitments.



**Wynola Water District**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2018

**Note 2. Summary of Significant Accounting Policies (continued)**

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, 2018.
- 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.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of 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.

**Wynola Water District**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2018

**Note 2. Summary of Significant Accounting Policies (continued)**

Prior Year Summarized Totals

The summarized totals shown for the prior year ended June 30, 2017 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 for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

**Note 3. Cash and Investments**

Cash in Banks

Deposits at FDIC-insured institutions are insured up to at least \$250,000 per depositor. The District did not have any uninsured funds for the year ended June 30, 2018. As of June 30, 2018, the District's cash balance was \$124,612.

**Note 4. Fair Value Measurement**

The District defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is established that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

**Level 1:** Inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

**Level 2:** Inputs other than quoted prices within Level 1 that are observable, either directly or indirectly such as quoted prices for similar assets or liabilities in active markets or inactive markets, or inputs other than quoted prices that are observable for the asset or liability.

**Level 3:** Inputs are unobservable. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

**Wynola Water District**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2018

**Note 4. Fair Value Measurement (continued)**

The District uses appropriate valuation techniques based on the available inputs to measure the fair value of their investments. When available, the District measures fair value using Level 1 inputs because it generally provides the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. The valuation levels are not necessarily an indication of the risk or liquidity associated with the underlying investments.

**Note 5. Accounts Receivable**

Accounts receivable as of June 2018 consist of the following:

Water Usage Billing	\$	21,928
Total Accounts Receivable	\$	<u>21,928</u>

**Note 6. Capital Assets**

Capital assets consist of land, building, well, and equipment recorded at original cost or value as follows:

	<u>Beginning</u> <u>Balance</u>		<u>Additions</u>		<u>Deletions</u>	<u>Ending</u> <u>Balance</u>
Central System Equipment	\$ 207,493	\$ -	\$ -	\$ -	\$ 207,493	
Source of Supply - Wells	101,282		17,174		118,456	
Access Roads & Well Site Preparation	21,062		-		21,062	
Storage Tanks & Distribution System	<u>349,543</u>		-		<u>349,543</u>	
Total Capital Assets	<u>679,380</u>		<u>17,174</u>		<u>696,554</u>	
Accumulative Depreciation	<u>(374,613)</u>		<u>(10,867)</u>		<u>(385,480)</u>	
Net Capital Assets	<u>\$ 304,767</u>	\$	<u>6,307</u>		<u>\$ 311,074</u>	

**Wynola Water District**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2018

**Note 7. 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 8. Economic Dependency**

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

**Note 9. Compliance and Accountability**

Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, Certain Financial Statement Note disclosures, violations of finance-related legal and contractual provisions, if any, are reported below along with actions taken to address such violations:

Violation	Action Taken
None Reported	Not Applicable

Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

Fund Name	Deficit Amount	Remarks
None Reported	Not Applicable	Not Applicable

**Wynola Water District**  
Notes to Financial Statements  
For the Fiscal Year Ended June 30, 2018

**Note 10. Board of Directors**

The Board of Directors for fiscal year ended June 30, 2018 was composed of the following members.

<u>Name</u>	<u>Officer Title</u>	<u>Term Expires</u>
Brian Lightbody	President	December 2020
Steven Kincaid	Vice President	December 2018
Maura Maloof	Treasurer	December 2018
Tim Taschler	Secretary	December 2020
Bill Geckeler	Director	December 2018

**Note 11. Subsequent Event/Legal Matter**

On September 14, 2018, the District and Wynola Estates Homeowners' Association, Inc. filed a lawsuit against a homeowner for breach of the District and the Association's property right in the easement. The easement right for the District and the Association include the installing and maintaining all facilities necessary for the operation of the water supply system for the District's water users. As of November 28, the status of the lawsuit is pending.

**Wynola Water District**

**REQUIRED SUPPLEMENTARY INFORMATION**

**Wynola Water District**  
**Budget to Actual Comparison Schedule**  
**For the Year Ended June 30, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Charges for Services	\$ 50,600	\$ 55,026	\$ 4,426
Property Taxes and Assessments	23,000	24,173	1,173
Other Revenues	<u>-</u>	<u>1,200</u>	<u>1,200</u>
<b>TOTAL REVENUES</b>	<b>\$ <u>73,600</u></b>	<b>\$ <u>80,399</u></b>	<b>\$ <u>6,799</u></b>
<b>EXPENSES:</b>			
Insurance	2,700	3,709	(1,009)
Administrative and General	6,750	6,108	642
Professional Services	4,000	11,227	(7,227)
Water Testing and Transport	13,200	9,355	3,845
Repairs and Maintenance	10,000	7,600	2,400
Utilities	15,450	14,080	1,370
Capital Improvements *	17,500	-	17,500
Depreciation	<u>-</u>	<u># 10,867</u>	<u>(10,867)</u>
<b>TOTAL EXPENSES</b>	<b>\$ <u>69,600</u></b>	<b>\$ <u>62,946</u></b>	<b>\$ <u>6,654</u></b>

\*Capital improvements in the amount of \$17,500 was budgeted using modified accrual accounting basis.

# Depreciation expense was recorded using accrual accounting basis.