

CALPELLA COUNTY WATER DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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JUNE 30, 2023 AND 2022

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Board of Directors
Calpella County Water District
Ukiah, CA 95482

Independent Auditor's Report

Opinions

I have audited the accompanying financial statements of the business-type activities Calpella County Water District as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Calpella County Water District's basic financial statements as listed in the table of contents. In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Calpella County Water District as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Calpella County Water District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Calpella County Water District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Calpella County Water District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Calpella County Water district's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United State has determined is necessary to supplement, although not required to be part of the basic financial statements.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Calpella County Water District's basic financial statements. The combining fund financial statement is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining fund financial statement is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In my opinion, the combining fund financial statement is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink, appearing to read 'M. Celentano', with a stylized flourish at the end.

Michael A Celentano
Certified Public Accountant

October 3, 2023

CALPELLA COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
<u>Current Assets</u>		
Cash in bank - Note 2	\$ 198,224	\$ 190,312
Accounts receivable	35,664	57,450
Taxes receivable	1,878	1,605
Prepaid expenses	1,709	1,792
Meters not installed	<u>-</u>	<u>-</u>
 Total Current Assets	 237,475	 251,159
 <u>Capital Assets - Note 3</u>	 <u>784,055</u>	 <u>825,132</u>
 Total Assets	 <u>\$ 1,021,530</u>	 <u>\$ 1,076,291</u>
 <u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 27,991	\$ 26,879
Refundable customer deposits	<u>4,846</u>	<u>4,840</u>
 Total Current Liabilities	 <u>32,837</u>	 <u>31,719</u>
 Total Liabilities	 <u>\$ 32,837</u>	 <u>\$ 31,719</u>
 <u>Net Position</u>		
Investment in capital assets	\$ 784,055	\$ 825,132
Unrestricted	<u>204,638</u>	<u>219,440</u>
 Net Position	 <u>\$ 988,693</u>	 <u>\$ 1,044,572</u>

The accompanying notes are an integral part of these statements

CALPELLA COUNTY WATER DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>Operating Revenues</u>		
Sales	\$ 274,479	\$ 270,946
Total Operating Revenue	274,479	270,946
<u>Operating Expenses</u>		
Contract/Personnel services	138,534	135,136
Purchased water	31,480	35,546
Supplies	10,614	8,186
Repairs and maintenance	18,965	39,081
Utilities	36,607	37,449
Directors fees	1,440	1,440
Permits and fees	34,166	32,064
Insurance	3,895	3,632
Office expense	865	1,916
Professional fees	10,162	10,286
Licenses and fees	4,521	4,524
Testing	17,315	15,855
Postage	1,068	953
Merchant fees	1,501	1,408
Elections	332	
Depreciation	41,077	41,077
Total Operating Expenses	<u>352,542</u>	<u>368,553</u>
Operating Income (Loss)	(78,063)	(97,607)
<u>Non-Operating Revenues (Expenses)</u>		
Interest income	211	224
Tax revenue	21,973	21,922
Miscellaneous income (expense)	-	(200)
Total Non-Operating Revenues (Expenses)	<u>22,184</u>	<u>21,946</u>
Net Income (Loss)	(55,879)	(75,661)
Net Position, Beginning of Year	<u>1,044,572</u>	<u>1,120,233</u>
Net Position, Ending of Year	<u>\$ 988,693</u>	<u>\$ 1,044,572</u>

The accompanying notes are an integral part of these statements

CALPELLA COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
<u>Cash Flows From Operating Activities</u>		
Cash received from customers	\$ 296,265	\$ 245,152
Payments to suppliers for goods and services	(171,337)	(191,957)
Payments to employees and related items	(138,927)	(134,362)
Net Cash Provided (Used) by Operating Activities	(13,999)	(81,167)
<u>Cash Flows From Non-Capital Financing Activities</u>		
Tax revenues received	21,700	21,812
Other non operating revenue (expense)	-	(200)
Net Cash Provided From Non-Capital Financing Activities	21,700	21,612
<u>Cash Flows From Capital Financing Activities</u>		
Payments for capital assets	-	-
Net Cash Provided (Used) by Capital Financing Activities	-	-
<u>Cash Flows From Investing Activities</u>		
Interest received	211	224
Net Cash Provided From Investing Activities	211	224
Net Increase (Decrease) in Cash and Cash Equivalents	7,912	(59,331)
<u>Cash - Beginning of Year</u>	190,312	249,643
<u>Cash - Ending of Year</u>	\$ 198,224	\$ 190,312

The accompanying notes are an integral part of these statements

CALPELLA COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

<u>Reconciliation of Operating Income</u> <u>to Net Cash Provided by Operating Activities</u>	<u>2023</u>	<u>2022</u>
Operating income (loss)	\$ (78,063)	\$ (97,607)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	41,077	41,077
(Increase) decrease in current assets:		
Accounts receivable	21,786	(25,794)
Prepaid expenses	83	(142)
Increase (decrease) in current liabilities		
Accounts payable	1,112	1,379
Customer deposits	<u>6</u>	<u>(80)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (13,999)</u>	<u>\$ (81,167)</u>

The accompanying notes are an integral part of these statements

CALPELLA COUNTY WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Calpella County Water District (District) is an independent political subdivision of the State of California that provides water and sewer services to the community of Calpella, California. The reporting entity is comprised of the District as the oversight and only component unit. The criteria used to determine the scope of the reporting entity includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Accounting Policies

The District's accounting and reporting policies conform to the generally accepted accounting principles applicable to state and local governments.

The following is a summary of the more significant policies:

Basis of Presentation

The statement of Net Position and Statement of Activities display information about the reporting District as a whole.

The District is comprised of only one fund, the Enterprise Fund. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flows. All assets and liabilities are included on the Statement of Net Position.

Basis of Accounting

The District Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, asset and liabilities resulting from an exchange are recognized when the exchange takes place.

When an expense is incurred for the purpose for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

Budget

The annual budget is prepared in accordance with the basis of accounting utilized by the District. The budget is amended from time-to-time as the need arises and is approved by the Board of Directors. The budget is not legally required and therefore budget to actual information has not been presented.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers both operating and restricted cash balances purchased with maturities of less than ninety days to be cash and cash equivalents.

Deposits and Investments

It is the District's policy for deposits and investments to either be insured by the FDIC or collateralized. The District's deposits and investments are categorized to give an indication of the level of risk assumed by the District as of June 30, 2023 and 2022. The categories are described as follows:

- Category 1 Insured, registered or collateralized, with securities held by the entity or its agent in the entity's name.
- Category 2 Uninsured and unregistered or collateralized, with securities held by the counter party's trust department or agent in the entity's name.
- Category 3 Uninsured and unregistered, or uncollateralized, with securities held by the counter party, or its trust department or agent but not held in the entity's name.

Deposits and investments as of June 30, 2023 and 2022 consisted of Category 1 type only.

Accounts Receivables

Accounts receivable represent amounts owed the District by its customers. The District has adopted stringent collection and water shut-off policies which minimize uncollectible accounts. No allowance for doubtful accounts is made because management believes almost all accounts are collectible and any allowance would be immaterial for financial statement presentation. Accounts deemed uncollectible are expensed when recognized and assigned to a collection agency for potential recovery. As of June 30, 2023 and 2022, two Board members represented 20% and 40% of the total accounts receivables, respectively