

GRAVELLY FORD WATER DISTRICT

FINANCIAL STATEMENTS

YEARS ENDED

DECEMBER 31, 2022 AND 2021

GRAVELLY FORD WATER DISTRICT
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
AND
INDEPENDENT AUDITOR'S REPORT

GRAVELLY FORD WATER DISTRICT

FINANCIAL STATEMENTS

For the Years Ended December 31, 2022 and 2021

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Independent Auditor's Report

Board of Directors
Gravelly Ford Water District

I have audited the accompanying financial statements of the Gravelly Ford Water District, as of and for the years ended December 31, 2022, and 2021, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Gravelly Ford Water District, as of December 31, 2022, and 2021, and the results of its operations and changes in net assets for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America and the respective budgetary comparison for the General Fund.

The District has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be present to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. My opinion on the financial statements is not affected by the missing information.

Ralph E. McKinnis

Ralph E. McKinnis
Certified Public Accountant

July 29, 2025

STATEMENT OF NET ASSETS
PROPRIETARY FUND

For The Years Ended December 31, 2022 and 2021

ASSETS

	Year Ended <u>December 31, 2022</u>	Year Ended <u>December 31, 2021</u>
Current Assets:		
Cash and cash equivalents	\$ 1,194,810	\$ 886,745
Standby charges receivable	20,211	24,548
Property tax receivable	237,619	234,718
Other receivables	9,748	8,508
Interest receivable	5,100	324
Prepaid expense	13,411	12,414
	<u>1,480,899</u>	<u>1,167,257</u>
Total Current Assets		
Capital Assets:		
Distribution System and Equipment	2,448,728	2,448,728
Less: Accumulated Depreciation	<u>(1,875,796)</u>	<u>(1,824,612)</u>
	<u>572,932</u>	<u>624,116</u>
Net Capital Assets		
	<u>572,932</u>	<u>624,116</u>
Total Assets	<u>\$ 2,053,831</u>	<u>\$ 1,791,373</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	<u>\$ 36,778</u>	<u>\$ 11,008</u>
	<u>36,778</u>	<u>11,008</u>
Total Current Liabilities		
	<u>36,778</u>	<u>11,008</u>
Net Assets:		
Invested in Capital Assets	572,932	624,116
Unrestricted New Assets	<u>1,444,121</u>	<u>1,156,249</u>
	<u>2,017,053</u>	<u>1,780,365</u>
Total Net Assets	<u>\$ 2,017,053</u>	<u>\$ 1,780,365</u>

The accompanying notes are an integral part of these financial statements.

GRAVELLY FORD WATER DISTRICT

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STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

For The Years Ended December 31, 2022 and 2021

	Year Ended <u>December 31, 2022</u>	Year Ended <u>December 31, 2021</u>
Operating Revenues		
Taxes-Madera County apportionment	\$ 369,932	\$ 272,113
Taxes-Standby charges	41,356	41,356
Water Sales	<u>0</u>	<u>0</u>
Total operating revenues	<u>411,288</u>	<u>313,469</u>
Operating Expenses:		
Accounting	7,725	4,750
Administration-Management	65,825	45,600
Annexation	8,508	6,444
Depreciation	51,184	51,345
Ditch Tending Costs	0	0
Grant Application	0	0
Ground Water Management	14,964	24,551
Insurance	6,322	6,136
Legal	7,755	21,857
Maintenance	783	0
Memberships and Dues	6,640	6,010
Office	200	80
Rents	0	0
Utilities	1,148	1,725
Water Purchases	59,405	55,429
Water Right Fees	18,682	16,777
Engineering	<u>11,412</u>	<u>3,094</u>
Total operating expenses	<u>260,553</u>	<u>243,798</u>
Operating Income (loss)	<u>150,735</u>	<u>69,671</u>
Non-operating Revenues and (Expenses)		
Interest	11,159	1,749
Other Income:		
Annexation - Reimbursements	0	0
Refunds (various)	<u>74,794</u>	<u>1,980</u>
Total non-operating revenues and (expenses)	<u>85,953</u>	<u>3,729</u>
Changes in Net Assets	236,688	73,400
Net assets, beginning of year	<u>1,780,365</u>	<u>1,463,143</u>
Prior period adjustment		243,822
Net assets, end of year	<u>\$ 2,017,053</u>	<u>\$ 1,780,365</u>

The accompanying notes are an integral part of these financial statements.

GRAVELLY FORD WATER DISTRICT

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STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For The Years Ended December 31, 2022 and 2021

	Year Ended <u>December 31, 2022</u>	Year Ended <u>December 31, 2021</u>
Cash flows from operating activities		
Cash received from:		
Property tax	\$ 412,724	\$ 398,505
Water Sales	0	0
Cash paid to:		
Suppliers	(185,836)	(195,529)
Employees	0	0
Net cash provided (used) by operating activities	<u>226,888</u>	<u>202,976</u>
Cash flows from investing activities:		
Purchase of Equipment	<u>0</u>	<u>0</u>
Net cash used for investing activities	<u>0</u>	<u>0</u>
Cash flows from financial activities:		
Interest received	6,383	2,249
Other Income (expense) net	74,794	1,980
Net cash provided by investing activities	<u>81,177</u>	<u>4,229</u>
Net increase (decrease) in cash	308,065	207,205
Cash and cash equivalents - Beginning of year	<u>886,745</u>	<u>679,540</u>
Cash and cash equivalents - End of year	<u>\$ 1,194,810</u>	<u>\$ 886,745</u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities:		
Operating income (loss)	\$ 150,735	69,671
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation expense	51,184	51,345
(Increase) decrease in standby charges receivable	4,337	(2,792)
(Increase) decrease in property taxes receivable	(2,901)	82,675
(Increase) decrease in other receivables	(1,240)	6,444
(Increase) in prepaid expense	(997)	(1,291)
(Decrease) in accounts payable	25,770	(3,076)
Net cash provided (used) by operating activities	<u>\$ 226,888</u>	<u>\$ 202,976</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Years Ended December 31, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of the Gravelly Ford Water District (the "District") have been prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The accompanying financial statements present the financial position, results of operation, and the cash flows of the District. The financial statements are presented as of December 31, 2022 and 2021, and for the years then ended.

A - Reporting Entity

Gravelly Ford Water District was organized under State Water Code and By-Laws were adopted on June 15, 1962 and updated on September 12, 2007. A Class II water contract with the United States Bureau of Reclamation was signed in 1981 giving the District an allotment of 14,000 ac. ft. Water is also purchased from the Madera Irrigation District. Bonds were issued for construction of a distribution system and the first water deliveries were made in 1982. Land was purchased and a percolation pond was constructed in 2004. The District is comprised of 8,317.58 acres.

The District has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America which provide guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The Basic Financial Statements present information on the activities of the reporting entity, including all of the fund types and account groups of the District.

The financial statements of the District consist only of the funds of the District. The District has no oversight responsibility for any other governmental entity, since no other entities are considered to be controlled or dependent on the District. Control or dependency is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

B - Basis of Presentation**Fund Financial Statements**

The accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures / expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary.

The District has only one fund for the years ended December 31, 2022 and 2021 which is a proprietary fund type, specifically, an enterprise fund.

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are also used when the governing body has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Enterprise Fund includes the accounts and transactions of providing water to landowners in the District.

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NOTES TO THE FINANCIAL STATEMENTS

For The Years Ended December 31, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies, (continued)**C- Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The proprietary fund utilizes an "economic resources" measurement focus. Proprietary fund equity is classified as net assets.

Basis of Accounting

The accrual basis of accounting is followed by the proprietary fund. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use unrestricted resources first, and then restricted resources as they are needed.

D - Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items**Cash and Investments**

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the District.

Investments are stated at cost or amortized cost. Statutes authorize the District to invest in U.S. Treasury and registered state warrants, notes, bonds, bills or certificates, commercial paper, repurchase agreements and other similar instruments.

Cash and cash equivalents include money market instruments and other highly liquid investments that are stated at cost which approximates market value. Such investments, which have an ordinary maturity of three months or less, are considered to be cash equivalents for purposes of the statement of cash flows.

Receivables

Trade and property tax receivables are not shown net of an allowance for uncollectible amounts because the amounts estimated by management to be uncollectible are immaterial. The funds include a year-end accrual for services through the end of the fiscal year which have not yet been billed. Property taxes are levied as of January 1 on property values assessed as of the same date. State statutes provide that the property tax rate is limited generally to one percent of assessed value, and can be levied by only the county, and shared by applicable jurisdictions within the county. The County of

(Continued)

NOTES TO THE FINANCIAL STATEMENTS

For The Years Ended December 31, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies, (continued)**D - Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items (continued)****Receivables (continued)**

Madera collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter approved debt. Property taxes are due to the county on November 1 and February 1, and become delinquent after December 10 and April 10. The District recognizes property tax revenues in the year for which they are levied. Intergovernmental receivables include receivables due from other governments for State pass-through grants and other reimbursements.

Standby charges receivable represents amounts due from property owners as a result of the special assessments district formed June 15, 1962 to provide funding for the construction of a distribution system. The Madera County Treasurer forwards capital contributions from the special assessment district to Gravelly Ford Water District as the proceeds are received.

Capital Assets and Depreciation

Capital assets, which include the utility plant, are reported in the business-type activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$1,000 and an estimated life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, Plant and Equipment

Equipment and water distribution system are depreciated using straight-line method over the following estimated useful lives:

Equipment	15 - 40 years
Water Distribution System	40 years

Compensated Absences

There were no unpaid compensated absences at December 31, 2022 and 2021.

Net Assets

The business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

Invested In Capital Assets - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvements of these assets reduce the balance in this category.

Unrestricted Net Assets - This category represents net assets of the District, not restricted for any project or other purpose.

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NOTES TO THE FINANCIAL STATEMENTS

For The Years Ended December 31, 2022 and 2021

Note 1 - Summary of Significant Accounting Policies, (continued)**D - Assets, Liabilities, Net Assets or Equity, and Other Financial Statement Items (continued)****Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures / expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

No income tax provision has been included in the financial statements as the District has qualified as tax-exempt with the Internal Revenue Service and the Franchise Tax Board. It is the opinion of management that all income earned has been related to the organization's tax exempt status and there has been no unrelated business income.

Collection Losses

The direct write-off method has been adopted for providing for uncollectible accounts.

Postemployment Healthcare Benefits

Gravelly Ford Water District does not provide postemployment healthcare benefits.

Note 2 - Cash

Cash consists of the following:

	<u>2022</u>	<u>2021</u>
Checking Account/Money Market	\$ 126,727	\$ 324,519
Raymond James	502,117	
L.A.I.F.	<u>565,966</u>	<u>562,226</u>
Total	<u>\$ 1,194,810</u>	<u>\$ 886,745</u>

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. At December 31, 2022, the District deposits (bank balances) were insured by the Federal Deposit Insurance Corporation up to \$250,000 or collateralized as required under California Law.

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GRAVELLY FORD WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

For The Years Ended December 31, 2022 and 2021

Note 2 - Cash (continued)

Gravelly Ford Water District has moneys on deposit with the Local Agency Investment Fund (L.A.I.F.), a special fund of the California State Treasury. The funds may be withdrawn upon one day notice.

The Gravelly Ford Water District's investments in L.A.I.F., are stated at cost which approximates market. GASB 31 requires reporting of certain investments of governmental entities at fair value. Based on information provided by L.A.I.F. and Raymond James, the fair value of the District's investments at December 31, 2022 is \$1,068,083.

Note 3 - Capital Assets

Distribution System and Equipment activity for the years ended December 31, 2022 and 2021 are as follows:

	December 31, 2022			Balance December 31
	Balance January 1	Additions	Retirements	
Water Distribution System	\$ 1,307,061			\$ 1,307,061
Equipment and Improvements	1,141,667			1,141,667
	<u>\$ 2,448,728</u>			<u>\$ 2,448,728</u>
	December 31, 2021			
	Balance January 1	Additions	Retirements	Balance December 31
Water Distribution System	\$ 1,307,061			\$ 1,307,061
Equipment and Improvements	1,141,667			1,141,667
	<u>\$ 2,448,728</u>			<u>\$ 2,448,728</u>

Depreciation charges to business-type activities on the Statement of Activities during the year is \$51,184 in 2022 and \$51,345 in 2021, respectively.

Note 4 - Commitments and Contingencies**Availability of Water**

The availability of water for crop irrigation could be adversely affected by any of several cases in litigation which concern releases from Friant Dam into the San Joaquin River. The financial impact of an unfavorable decision in any of these cases cannot be estimated.

Note 5 - Public Entity Risk Pools

This District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To protect against these risks, the District participates in one joint venture under a joint powers agreement (JPA) with the Association of California Water Agencies, Joint Powers Insurance Authorities (ACWA/JPIA). The relationship between the District and ACWA/JPIA is such that ACWA/JPIA is not a component unit of the District for financial reporting purposes.

Note 6 - Prior Period Adjustment

In January of 2021 tax receipts from the County were remitted to the District which were for 2020. The effect of the receipt of these funds was an increase in cash and a corresponding increase in fund balance.