



***Pajaro Valley***  
***Water Management Agency***

**Board of Directors Meeting**  
**Review of FY 2022 Audit Results**

**C.J. Brown and Company CPAs**  
**(formerly Fedak & Brown LLP)**



# The Reports

## Independent Auditor's Report

### ► Unmodified “CLEAN” Opinion

- In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pajaro Valley Water Management Agency as of June 30, 2022....

# Financial Highlights

## Condensed Statements of Net Position

	<u>2022</u>	<u>2021</u>	<u>Change</u>
<b>Assets:</b>			
Current assets	\$ 20,153,930	22,197,975	(2,044,045)
Non-current assets	349,007	-	349,007
Capital assets, net	<u>85,218,352</u>	<u>81,887,888</u>	<u>3,330,464</u>
<b>Total assets</b>	<u>105,721,289</u>	<u>104,085,863</u>	<u>1,635,426</u>
<b>Deferred outflows of resources</b>	<u>314,353</u>	<u>353,818</u>	<u>(39,465)</u>
<b>Liabilities:</b>			
Current liabilities	4,270,699	4,861,401	(590,702)
Non-current liabilities	<u>20,378,428</u>	<u>23,947,672</u>	<u>(3,569,244)</u>
<b>Total liabilities</b>	<u>24,649,127</u>	<u>28,809,073</u>	<u>(4,159,946)</u>
<b>Deferred inflows of resources</b>	<u>904,436</u>	<u>10,091</u>	<u>894,345</u>
<b>Net position:</b>			
Net investment in capital assets	62,948,967	57,065,540	5,883,427
Restricted	329,364	254,139	75,225
Unrestricted	<u>17,203,748</u>	<u>18,300,838</u>	<u>(1,097,090)</u>
<b>Total net position</b>	<u>\$ 80,482,079</u>	<u>75,620,517</u>	<u>4,861,562</u>

# Financial Highlights

## Condensed Statements of Activities

	<u>2022</u>	<u>2021</u>	<u>Change</u>
<b>Revenues:</b>			
<b>Program revenues:</b>			
Charge for services	\$ 14,739,341	14,212,182	527,159
Capital grants and contributions	165,588	4,551,434	(4,385,846)
<b>Total program revenues</b>	<u>14,904,929</u>	<u>18,763,616</u>	<u>(3,858,687)</u>
<b>General revenues:</b>			
Management fees	353,849	387,333	(33,484)
Investment earnings	(89,710)	7,750	(97,460)
Other revenues	30,985	19,870	11,115
<b>Total general revenues</b>	<u>295,124</u>	<u>414,953</u>	<u>(119,829)</u>
<b>Total revenues</b>	<u>15,200,053</u>	<u>19,178,569</u>	<u>(3,978,516)</u>
<b>Expenses:</b>			
Water basin management	9,740,096	9,738,959	1,137
Interest on long-term debt	598,395	708,325	(109,930)
<b>Total expenses</b>	<u>10,338,491</u>	<u>10,447,284</u>	<u>(108,793)</u>
<b>Changes in net position</b>	4,861,562	8,731,285	(3,869,723)
<b>Net position, beginning of year</b>	<u>75,620,517</u>	<u>66,889,232</u>	<u>8,731,285</u>
<b>Net position, end of year</b>	<u>\$ 80,482,079</u>	<u>75,620,517</u>	<u>4,861,562</u>

# Management Report

- Auditor's communication with those charged with governance (SAS 114)
- Communication of control deficiencies (SAS 115)

# Management Report

- **Our communication with those charged with governance —**
  - **Qualitative Aspects of Accounting Practices**
    - Significant estimates
    - Note disclosures
  - **Difficulties Encountered in Performing the Audit**
  - **Disagreements with Management**
  - **Management Consultations with Other Independent Accountants**

# Management Report

- ▶ **Our communication of control deficiencies:**
  - ▶ **No material weaknesses or significant deficiencies.**

# New accounting pronouncement

## **GASB 87:** recognition of:

- 1. Lease receivable (future rental payments to be received) and deferred rent revenue (future rental income to be earned) for all operating leases over 12 months.**
- 2. Lease assets (right-to-use asset) and liabilities (lease liability) for all operating leases over 12 months.**

## **Current operating leases:**

- 1. Lease of Agency's real property (e.g. Gem-Pack Berries, S. Martinelli & Company, and J.E. Farms, Inc.); and**
- 2. Lease of communication equipment with Avatel and lease of well with Arnold LLC.**



## Summary and Conclusion

### **In 2022:**

- **The Agency received an unmodified “CLEAN” opinion**
- **Net position decreased by \$4.8M as a result of ongoing operations.**
- **Total revenues decreased by \$3.98M primarily due to a decrease in capital grants and contribution.**
- **Total expenses decreased by \$109K due to a decrease in interest payment on long-term debt.**

# Questions

