

BELMONT TERRACE MUTUAL WATER COMPANY

**FINANCIAL STATEMENTS and
ACCOUNTANT'S REVIEW REPORT**

**YEARS ENDED
SEPTEMBER 30, 2015 AND 2014**



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Certified
Public
Accountants

ACCOUNTANT'S REVIEW REPORT

PARTNERS:

Kelley
Bollinger,
CPA

To the Board of Directors

Judith
Glenn,
CPA

Belmont Terrace Mutual Water Company

Jo Ann
Guattery,
CPA

We have reviewed the accompanying statement of financial position of Belmont Terrace Mutual Water Company (a nonprofit organization) as of September 30, 2015, and the related statements of activities and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Alice
Gunn,
CPA

Nancy
McAravy,
CPA

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modification that should be made to the accompanying financial statements in order for them to be in conformity with accepted accounting principles generally accepted in the United States of America.

The 2014 financial statements of Belmont Terrace Mutual Water Company were compiled by other accountants, whose report dated January 9, 2015, stated that they have not audited or reviewed the financial statements and, accordingly, they do not express an opinion, a conclusion, nor provide any form of assurance on those financial statements.

Bollinger, Glenn, Guattery, Gunn & McAravy, LLP

Bollinger, Glenn, Guattery, Gunn & McAravy, LLP

December 4, 2015

BELMONT TERRACE MUTUAL WATER COMPANY
STATEMENTS OF FINANCIAL POSITION

September 30, 2015 and 2014

ASSETS	2015	2014
Current assets		
Cash and equivalents	\$ 136,166	\$ 112,888
Certificates of deposit	92,572	90,164
Accounts receivable	5,986	4,328
Assessments receivable	5,706	5,458
Deposit	777	
State tax refund receivable	2,132	
	<u>243,338</u>	<u>212,838</u>
Fixed assets		
Land	9,148	9,148
Improvements	1,250	1,250
Wells and equipment	26,903	25,749
Well upgrade	154,945	154,945
	<u>192,246</u>	<u>191,092</u>
Accumulated depreciation	<u>(48,992)</u>	<u>(41,916)</u>
	<u>143,254</u>	<u>149,176</u>
	<u>\$ 386,592</u>	<u>\$ 362,014</u>
LIABILITIES AND NET ASSETSS		
Current liabilities		
Accounts payable	\$	\$ 2,761
Credit card payable	564	
Payroll taxes payable		552
Accrued expenses	446	1,073
Deferred income	4,640	6,960
State tax payable		1,102
	<u>5,650</u>	<u>12,448</u>
Net assets	<u>380,942</u>	<u>349,566</u>
	<u>\$ 386,592</u>	<u>\$ 362,014</u>

See accompanying notes and independent accountant's review report.

BELMONT TERRACE MUTUAL WATER COMPANY
STATEMENTS OF ACTIVITIES

Years Ended September 30, 2015 and 2014

	2015	2014
Revenues		
Water revenues	\$ 87,858	\$ 84,883
Interest income	175	289
	<u>88,033</u>	<u>85,172</u>
Expenses		
Wages	8,394	9,581
Payroll taxes	1,616	1,246
Workers compensation insurance	274	560
Mileage reimbursement	276	424
Payroll service	444	
Bookkeeping	8,219	
Computer expense	348	
Depreciation	7,076	6,793
Dues & fees	597	842
Equipment repairs and rentals	451	1,084
Insurance	4,173	4,190
Internet	522	489
Legal and accounting	11,142	16,253
Office expense	2,190	1,041
Operating supplies	2,049	1,408
Outside services		900
Property taxes	769	770
Small tools and equipment	828	
State income tax		1,902
Utilities	5,122	6,121
Water testing	2,166	2,379
	<u>56,657</u>	<u>55,983</u>
Change in net assets	31,376	29,189
Net assets, beginning of year	<u>349,566</u>	<u>320,377</u>
Net assets, end of year	<u>\$ 380,942</u>	<u>\$ 349,566</u>

See accompanying notes and independent accountant's review report.

BELMONT TERRACE MUTUAL WATER COMPANY
STATEMENTS OF CASH FLOW

Years Ended September 30, 2015 and 2014

Cash flows from operating activities:

Change in net assets	\$	31,376	\$	28,685
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:				
Depreciation expense		7,076		6,793

Changes in assets and liabilities:

(Increase) decrease in receivable	(1,905)	1,373
(Increase) in other current assets	(777)	
Increase (decrease) in accounts payable and accrued expenses	(3,375)	2,976
Increase (decrease) in deferred income	(2,320)	80
Increase (decrease) in income tax payable	(3,234)	1,102
Net cash provided by operating activities:	<u>26,840</u>	<u>41,009</u>

Cash flows from investing activities

Certificates of deposit	(2,408)	(20,148)
Purchase of fixed assets	(1,154)	
Net cash used by investing activity	<u>(3,562)</u>	<u>(20,148)</u>

Net increase (decrease) in cash and equivalents

23,278 20,861

Cash and equivalents, beginning of year

112,888 92,027

Cash and equivalents, end of year

\$ 136,166 \$ 112,888

See accompanying notes and independent accountant's review report.

BELMONT TERRACE MUTUAL WATER COMPANY
NOTES TO FINANCIAL STATEMENTS

September 30, 2015 and 2014

1. Organization

Belmont Terrace Mutual Water Company was created in 1962 to provide water to the lots and parcels of land that comprise Belmont Terrace, a tract of land outside the city limits of Sebastopol, California. It currently serves approximately 87 member families, providing water for domestic use and maintaining the water system.

2. Summary of significant accounting policies

Basis of presentation

The financial statements of Belmont Terrace Mutual Water Company have been prepared on the accrual basis in conformity with generally accepted accounting principles.

Fixed assets

Fixed assets are stated at cost. Items exceeding \$500 are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from seven to twenty-five years.

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.

Cash and cash equivalents

For financial statement purposes the Water Company considers all short-term highly liquid investments with original maturities of three months or less to be cash equivalents.

3. Subsequent events

Belmont Terrace Mutual Water Company has evaluated subsequent events through December 4, 2015, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to September 30, 2015 that would have a material impact the Water Company's results of operations or financial position.