



California Public Utilities Commission
Utility Audit, Finance and Compliance Branch

**Financial Audit of
Weimar Water Company
Financial Statements**

For the Years Ended December 31, 2016 and 2015

September 26, 2017



Acknowledgement

**The following Commission Staff contributed to the completion of this audit report:
Kayode Kajopaiye, Raymond Yin, Sharmin Wellington and Bridget Sieren-Smith**

**Audit of Financial Statements of
Weimar Water Company
For the Years Ended December 31, 2016 and 2015**

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PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



Report of Independent Auditors

Gerry LaBudde, President
Board of Directors
Weimar Water Company (WWC)
P.O. Box 598
Weimar, CA 95736

Report on the Financial Statements

The Utility Audit, Finance and Compliance Branch (UAFCB) of the California Public Utilities Commission (Commission) has audited the accompanying financial statements of Weimar Water Company (WWC), which are comprised of the balance sheets as of December 31, 2016 and 2015, and the related statements of income, retained earnings and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

WWC's management is responsible for the preparation and fair presentation of the financial statements presented in the 2016 and 2015 annual reports filed with the Commission. The Commission requires that the statements be in accordance with the accounting requirements of the Commission as set forth in the Uniform System of Accounts (USOA) for Water Utilities, as described in Note 1 to the Notes to the Financial Statements attached herein. Management is also responsible for the design, implementation, and maintenance of internal controls 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

The responsibility of the UAFCB is to express an opinion on WWC's financial statements based on our audit. The audit was conducted in accordance with auditing standards generally accepted in the United States of America. 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 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.

Opinion

In our opinion, except for the balances of Retained Earnings as described in the following paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Weimar Water Company as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting requirements of the Commission as set forth in the USOA for Water Utilities, described in Note 1.

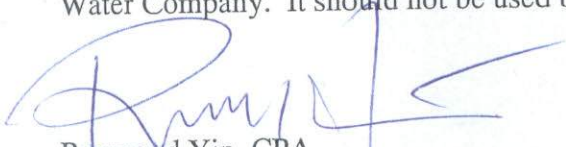
Due to the lack of historical information on Retained Earnings, UAFCB could not attest to the balances of the Retained Earnings account as of December 31, 2016 and 2015. Therefore, UAFCB does not express any opinion on this balance.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared by WWC on the basis of the accounting requirements of the California Public Utilities Commission as set forth in the Uniform System of Accounts for Water Utilities, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Use of Report

The report is intended solely for the information and use by the Commission and Weimar Water Company. It should not be used by anyone other than the specified parties.



Raymond Yin, CPA
Program and Project Supervisor
Utility Audit, Finance and Compliance Branch

Balance Sheets

	As of December 31, for the Year	
	2016	2015
ASSETS		
UTILITY PLANT		
Water Plant in Service (Note 1)	\$3,130,785	\$3,131,172
Water Plant Construction Work in Progress	1,800	0
Accumulated Depreciation of Water Plant (Note 1)	(1,000,486)	(911,685)
Net Utility Plant	<u>2,132,099</u>	<u>2,219,487</u>
INVESTMENTS		
Non-utility Property and Other Assets	13,492	19,974
CURRENT AND ACCRUED ASSETS		
Cash	194,066	108,438
Accounts Receivable	11,732	16,848
Receivables from Associated Companies	3,660	0
Other Current Assets	3,366	840
Total Current and Accrued Assets	<u>212,824</u>	<u>126,126</u>
Total Assets	<u>\$2,358,415</u>	<u>\$2,365,587</u>
CAPITALIZATION AND LIABILITIES		
CORPORATE CAPITAL AND SURPLUS		
Common Stock	\$100,000	\$100,000
Other Paid-in Capital	10,000	10,000
Retained Earnings	1,206,352	1,133,559
Total Corporate Capital and Surplus	<u>1,316,352</u>	<u>1,243,559</u>
LONG-TERM DEBT		
Long-term Debt (Notes 1)	221,514	259,836
CURRENT AND ACCRUED LIABILITIES		
Accounts Payable	11,895	9,933
Short-term Notes Payable (Note 1)	10,649	16,634
Customer Deposits	1,669	1,669
Payables to Associated Companies	0	2,448
Other Current Liabilities	7,173	15,340
Total Current and Accrued Liabilities	<u>31,386</u>	<u>46,024</u>
DEFERRED CREDITS		
Advances for Construction (Note 1)	251,172	251,172
CONTRIBUTIONS IN AID OF CONSTRUCTION		
Contributions in Aid of Construction (Note 1)	745,604	741,604
Accumulated Amortization of Contributions (Note 1)	(207,613)	(176,608)
Net Contributions in Aid of Construction	<u>537,991</u>	<u>564,996</u>
Total Equity and Liabilities	<u>\$2,358,415</u>	<u>\$2,365,587</u>

(The accompanying notes and the appendices are an integral part of these Financial Statements)

Income Statements

	For the Year of	
	2016	2015
OPERATING REVENUES		
Irrigation Revenue	\$8,216	\$8,076
Metered Water Revenue (Note 1)	589,523	566,459
Other Water Revenue	3,185	2,570
Total Operating Revenue	600,924	577,105
OPERATING EXPENSES		
Plant Operation and Maintenance Expenses		
Purchased Water	47,465	47,749
Power	47,302	40,128
Other Volume Related Expenses	20,430	19,983
Employee Labor	110,877	118,876
Materials	15,715	16,960
Contract Work	11,690	6,940
Transportation Expenses	9,378	14,211
Other Plant Maintenance Expenses	8,793	9,076
Total Plant Operation and Maintenance Expenses	271,650	273,923
Administrative and General Expenses		
Office Salaries	24,588	29,494
Management Salaries	8,858	6,302
Employee Pensions and Benefits	0	145
Uncollectible Accounts Expense	498	2,552
Office Services and Rentals	7,864	6,183
Office Supplies and Expenses	10,632	15,485
Professional Services	4,130	4,823
Insurance	10,341	10,708
Regulatory Commission Expense	12,673	12,802
General Expenses	3,331	1,847
Total Administrative and General Expenses	82,915	90,341
Total Operating Expenses	354,565	364,264
Depreciation Expense (Note 1)	49,095	46,456
Taxes Other Than Income Taxes	14,150	11,752
State Corporate Income Tax Expense	800	800
Total Operating Revenue Deductions	418,610	423,272
Total Utility Operating Income	182,314	153,833
OTHER INCOME AND DEDUCTIONS		
Non-utility Income	2,865	48,386
Miscellaneous Non-utility Expense	(14,006)	(27,769)
Interest Expense	(13,109)	(18,715)
Total Other Income and Deductions	(24,250)	1,902
Net Income	\$158,064	\$155,735

(The accompanying notes and the appendices are an integral part of these Financial Statements)

Statements of Retained Earnings

	For the Year of	
	2016	2015
Retained Earnings, Beginning of Year	\$1,133,559	\$1,131,983
CREDITS:		
Net Income	158,064	155,735
UAFCB Cumulative Adjustment to Beginning Balance ¹	90,972	0
UAFCB Adjustment to Water Plant in Service	76,929	69,847
UAFCB Adjustment to Common Stock	5,752	5,752
UAFCB Adjustment to Other Paid-in Capital	374,372	366,594
UAFCB Adjustment to Accounts Payable	0	5,230
UAFCB Adjustment to Accrued Taxes	22,796	41,891
UAFCB Adjustment to Contributions in Aid of Construction	14,050	14,050
UAFCB Adjustment to Non-utility Property and Other Assets	0	19,974
UAFCB Adjustment to Regulatory Commission Expense	1,481	0
Total Credits	744,416	679,073
DEBITS:		
UAFCB Adjustment to Accounts Receivable - Customers	(1,925)	0
UAFCB Adjustment to Materials and Supplies	(2,000)	(2,000)
UAFCB Adjustment to Advances for Construction	(251,172)	(251,172)
UAFCB Adjustment to Accumulated Amortization of Contributions	(342,262)	(342,262)
UAFCB Adjustment to Other Water Revenue	(3,185)	(2,570)
UAFCB Adjustment to Employee Labor	(15,340)	(16,366)
UAFCB Adjustment to Depreciation Expense	(13,285)	(16,880)
UAFCB Adjustment to Taxes Other Than Income Taxes	0	(1,096)
UAFCB Adjustment to State Corporate Income Tax	(10,704)	(11,219)
UAFCB Adjustment to Federal Corporate Income Tax	(28,091)	(29,872)
UAFCB Adjustment to Non-utility Income	0	(4,060)
UAFCB Adjustment to Miscellaneous Non-utility Expense	(2,448)	0
UAFCB Adjustment to Interest Expense	(1,211)	0
Total Debits	(671,623)	(677,497)
Retained Earnings, End of Year	\$1,206,352	\$1,133,559

¹ This amount represents the cumulative adjustments to the reported beginning balance of Retained Earnings as of January 1, 2016. Detailed computation is shown below:

Retained Earnings as of 12/31/2015 - As Audited	\$1,133,559
Retained Earnings as of 12/31/2015 - As Reported	(1,224,531)
Variance - UAFCB Cumulative Adjustment	(\$90,972)

(The accompanying notes and appendices are an integral part of these Financial Statements)

Statements of Cash Flows

	For the Year of	
	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES:		
Net Income	\$158,064	\$155,735
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities		
Depreciation	88,801	(236,794)
Decrease (Increase) in Accounts Receivable	5,116	1,626
Decrease (Increase) in Receivables from Associated Companies	(3,660)	0
Decrease (Increase) in Materials and Supplies	0	2,000
Decrease (Increase) in Other Current Assets	(2,526)	(840)
Increase (Decrease) in Accounts Payable	1,962	(2,731)
Increase (Decrease) in Short-term Notes Payable	(5,985)	16,634
Increase (Decrease) in Customer Deposits	0	0
Increase (Decrease) in Payables to Associated Companies	(2,448)	2,448
Increase (Decrease) in Accrued Taxes	0	(22,266)
Increase (Decrease) in Other Current Liabilities	(8,167)	15,340
Net Cash Provided (Used) by Operating Activities	231,157	(68,848)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Plant Additions	387	557,477
Decrease (Increase) in Water Plant Construction in Progress	(1,800)	0
Decrease (Increase) in Non-utility Property and Other Assets	6,482	(19,974)
Increase (Decrease) in Advances for Construction	0	251,172
Increase (Decrease) in Contributions in Aid of Construction	4,000	(434,660)
Decrease (Increase) in Accumulated Amortization of Contributions	(31,005)	391,227
Increase (Decrease) in Common Stock	0	(5,752)
Increase (Decrease) in Other Paid-in Capital	0	(418,970)
UAFCB Adjustment to Retained Earnings ¹	(85,271)	(154,159)
Net Cash Provided (Used) for Investing Activities	(107,207)	166,361
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase (Decrease) in Long-term Debt	(38,322)	(54,919)
Net Cash Provided (Used) for Financing Activities	(38,322)	(54,919)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	85,628	42,594
CASH AT BEGINNING OF YEAR	108,438	65,844
CASH AT END OF YEAR	\$194,066	\$108,438

¹ UAFCB's adjustments to retained earnings of (\$85,271) and (\$154,159) for 2016 and 2015, respectively, do not include net income of \$158,064 and \$155,735 for 2016 and 2015, respectively.

(The accompanying notes and appendices are an integral part of these Financial Statements)

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

Weimar Water Company (WWC) is a privately-owned Class C water company serving approximately 550 active metered customers in the Weimar area, Placer County, California. Treated water is also wholesaled to Midway Heights County Water District. All water is sourced from the Placer County Water Agency in a raw state, and subsequently treated and distributed.

Weimar Water Company is the fictitious business name of Sleepy Hollow Acres, Inc., which was incorporated in the State of California in November 1959. The California Public Utilities Commission (Commission) granted WWC a Certificate of Public Convenience and Necessity in December 1961. The Commission approved a stock sale from Fred Fahlen to Gerry LaBudde in D. 05-01-015 dated January 13, 2005, in which all issued and outstanding stocks of the company were transferred.

The Company has prepared the accompanying financial statements on the basis of accounting set forth in the Commission's Uniform System of Accounts (USOA) for Water Utilities, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis of accounting, certain transactions, such as adjustments of certain estimated operating expenses related to prior years and gains on the sale of property rights, have been recorded directly in the statements of retained earnings. Accounting principles generally accepted in the United States of America would require such transactions to be recorded in the Statements of Income.

(a) Appendices

The accompanying Appendices are an integral part of the financial statements. Appendix A and Appendix B present the net financial impact resulting from audit adjustments by Utility Audit, Finance and Compliance Branch (UAFCB) for years 2016 and 2015, respectively. Appendix C and Appendix D summarize the detail UAFCB audit adjustments for Years 2016 and 2015, respectively.

(b) Water Plant in Service

Utility plant is recorded at original cost when first constructed or purchased. Retired utility plant assets are removed from utility plant accounts based on estimated cost and charged against accumulated depreciation.

(c) Accumulated Depreciation and Depreciation Expense of Water Plant

Depreciation is computed on a straight-line composite rate basis of 2.69% (equivalent to a 37.2 year depreciation period) in order to depreciate all plant assets for ratemaking purposes and for reporting the depreciation expense in WWC's Annual Reports filed with the Commission.

(d) Contributions in Aid of Construction (CIAC) and Accumulated Amortization of Contributions

CIAC represents nonrefundable contributions of cash or property received from various parties for purposes of constructing additions to utility plant. Depreciation applicable to such contributed plant is charged against the CIAC account rather than to depreciation expense until the amount applicable to such plant has been completely amortized.

(e) Long-Term Debt and Short-Term Notes Payable

Loan proceeds from Tri-County Bank were received to finance the construction of a new one million gallon storage tank ("tank loan") to bring the water plant in service system into compliance with General Order (GO) 103. The corresponding Advice Letter to the Commission for authorization of the tank loan was filed November 9, 2006. The Commission authorized WWC to secure the loan by Resolution W-4632 on January 25, 2007. The loan principal payment amounts that are due to Tri-Counties Bank beyond the immediate 12-month period are classified as long-term obligations. Loan principal payment amounts that are due to Tri-Counties Bank within the immediate 12 month period are classified as short-term obligations.

(f) Advances for Construction

The Live Oak Project is a Special Facilities project that was installed and contributed under the condition that as each of the 24 potential service customers took service, the connection fee would pass-through WWC to the developer. The funds are reimbursable to the developer until 2021.

(g) Metered Water Revenue

All treated water WWC customers are metered and are billed on a monthly or bi-monthly basis. WWC computed its irrigation and metered water revenues based on tariffs approved by the Commission.

(h) Retained Earnings

UAFCB could not attest to the accuracy of the Retained Earnings balances due to lack of historical information on them. Expressing an opinion on the Retained Earnings Balances as of December 31, 2016 and 2015 would require auditing the Retained Earnings balances from the inception of the company. Due to limitation of our audit scope, we cannot and do not express an opinion on those balances.

(2) Annual Reports

Per California Public Utilities Code, Sections 581, 582, and 584, WWC is required to file an annual report with the Commission every year. For the years being audited, WWC has complied with these requirements.

Appendix A

Summary of Net Financial Impact Resulting from UAFCB's Audit Adjustments for Year 2016

The following is a summary of net financial impact resulting from UAFCB's audit adjustments for Year 2016:

Audit Adj. No.	Annual Report				Description	For the Year 2016	
	Sch.	Line	Col.	Acct No.		Debit	Credit
<u>Net Financial Impact on Balance Sheets Items:</u>							
1,10	A	2	C	101	Water Plant in Service		\$555,644
5-6, 11-12	A	11	C	108	Accumulated Depreciation of Water Plant	\$283,859	
14	A	19	C	121	Non-utility Property and Other Assets	13,492	
13	A	30	C	141	Accounts Receivable - Customers		1,925
14	A	31	C	142	Receivables from Associated Companies		13,492
15	A	33	C	151	Materials and Supplies		2,000
34	A	34	C	174	Other Current Assets	3,366	
16	A	41	C	201	Common Stock	5,752	
17	A	43	C	211	Other Paid-in Capital	374,372	
1-4, 7-8, 10-11, 13, 15- 17, 19- 23, 25, 30, 32, 34-37	A	44	C	215	Retained Earnings	176,242	
18	A	53	C	224	Long-term Debt	10,649	
18	A	58	C	232	Short-term Notes Payable		10,649
19	A	61	C	236	Accrued Taxes	22,796	
26	A	63	C	241	Other Current Liabilities		7,173
21	A	67	C	252	Advances for Construction		251,172
9, 20	A	78	C	271	Contributions in Aid of Construction	443,660	
12, 22	A	79	C	272	Accumulated Amortization of Contributions		423,158

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Audit Adj. No.	Annual Report				Description	For the Year 2016	
	Sch.	Line	Col.	Acct No.		Debit	Credit

Net Financial Impact on Income Statements Items:

23, 29	B-1	21	B	480	Other Water Revenue		\$ 10,143
24	B-2	1	B	610	Purchased Water	\$3,980	
24	B-2		B		Purchased Water (for Irrigation Service)		3,980
25-26	B-2	5	B	630	Employee Labor		8,167
27	B-2	12	B	670	Office Salaries		4,925
28	B-2	13	B	671	Management Salaries		5,250
29-31	B-2	20	B	688	Regulatory Commission Expense	9,577	
31	B-2	21	B	689	General Expense		1,138
32	B	3	C	403	Depreciation Expense		13,285
33	B	5	C	408	Taxes Other Than Income Taxes		3,366
34	B	6	C	409	State Corporate Income Tax Expense		10,704
35	B	7	C	410	Federal Corporate Income Tax Expense		28,091
27-28, 36	B	11	C	426	Miscellaneous Non-utility Expense	7,727	
37	B	12	C	427	Interest Expense		1,211

Appendix B

Summary of Net Financial Impact Resulting from UAFCB's Audit Adjustments for Year 2015

The following is a summary of net financial impact resulting from UAFCB's audit adjustments for Year 2015:

Audit Adj. No.	Annual Report				Description	For the Year 2015	
	Sch.	Line	Col.	Acct No.		Debit	Credit
<u>Net Financial Impact on Balance Sheets Items:</u>							
1-8, 39	A	2	C	101	Water Plant in Service		\$559,644
4-5, 9-10	A	11	C	108	Accumulated Depreciation of Water Plant	\$280,775	
27-28	A	19	C	121	Non-utility Property and Other Assets	19,974	
11	A	30	C	141	Accounts Receivable - Customers		1,925
12	A	33	C	151	Materials and Supplies		2,000
30	A	34	C	174	Other Current Assets	840	
13	A	41	C	201	Common Stock	5,752	
14	A	43	C	211	Other Paid-in Capital	366,594	
1-3, 6-7, 9, 12-14, 16-22, 24, 26-29, 32-36, 39	A	44	C	215	Retained Earnings	154,160	
15	A	53	C	224	Long-term Debt	16,634	
16-17	A	57	C	231	Accounts Payable	5,230	
15	A	58	C	232	Short-term Notes Payable		16,634
37	A	60	C	235	Payables to Associated Companies		2,448
18	A	61	C	236	Accrued Taxes	41,891	
25	A	63	C	241	Other Current Liabilities		15,340
20	A	67	C	252	Advances for Construction		251,172
8, 19	A	78	C	271	Contributions in Aid of Construction	443,660	
10, 21	A	79	C	272	Accumulated Amortization of Contributions		423,158

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Audit Adj. No.	Annual Report				Description	For the Year 2015	
	Sch.	Line	Col.	Acct No.		Debit	Credit

Net Financial Impact on Income Statements Items:

22, 31	B-1	21	B	480	Other Water Revenue		\$11,009
23	B-2	1	B	610	Purchased Water	\$3,188	
23	B-2		B		Purchased Water (for Irrigation Service)		3,188
24, 25	B-2	5	B	630	Employee Labor		1,026
11	B-2	15	B	676	Uncollectible Accounts Expense	1,925	
30	B-2	16	B	678	Office Services and Rentals		840
31	B-2	20	B	688	Regulatory Commission Expense	8,439	
32	B	3	C	403	Depreciation Expense		16,880
33	B	5	C	408	Taxes Other Than Income Taxes		1,096
34	B	6	C	409	State Corporate Income Tax Expense		11,219
35	B	7	C	410	Federal Corporate Income Tax Expense		29,872
28-29, 36-38	B	10	C	421	Non-utility Income		6,862
38	B	11	C	426	Miscellaneous Non-utility Expense	5,250	

Appendix C

Summary of Audit Adjustments for Year 2016

Audit Adj. No.	Annual Report				Description	For the Year 2016	
	Sch.	Line	Col.	Acct. No.		Debit	Credit
1	A	44	C	215	Retained Earnings	\$1,547	
	A	2	C	101	Water Plant in Service <i>To write-down Intangible Plant.</i>		\$1,547
2	A	44	C	215	Retained Earnings	\$3,071	
	A	2	C	101	Water Plant in Service <i>To adjust Water Treatment Plant balanced to the audited amount.</i>		\$3,071
3	A	44	C	215	Retained Earnings	\$6,000	
	A	2	C	101	Water Plant in Service <i>To remove duplicate easement purchase from Land balance.</i>		\$6,000
4	A	44	C	215	Retained Earnings	\$46,212	
	A	2	C	101	Water Plant in Service <i>To adjust Land balance to the audited amount.</i>		\$46,212
5	A	11	C	108	Accumulated Depreciation of Water Plant	\$73,417	
	A	2	C	101	Water Plant in Service <i>To write-off fully depreciated Transportation Equipment.</i>		\$73,417
6	A	11	C	108	Accumulated Depreciation of Water Plant	\$77,111	
	A	2	C	101	Water Plant in Service <i>To write-down Water Treatment Plant.</i>		\$77,111
7	A	44	C	215	Retained Earnings	\$1,676	
	A	2	C	101	Water Plant in Service <i>To reverse unsupported capitalized employee labor expense.</i>		\$1,676
8	A	2	C	101	Water Plant in Service	\$79,000	
	A	44	C	215	Retained Earnings <i>To adjust accounts for Facilities Fees received through 2015.</i>		\$79,000

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Audit Adj. No.	Annual Report				Description	For the Year 2016	
	Sch.	Line	Col.	Acct. No.		Debit	Credit
9	A	78	C	271	Contributions in Aid of Construction	\$429,610	
	A	2	C	101	Water Plant in Service		\$429,610
					<i>To adjust Timber Hills Contributions in Aid of Construction to agree with the net book value.</i>		
10	A	2	C	101	Water Plant in Service	\$4,000	
	A	44	C	215	Retained Earnings		\$4,000
					<i>To adjust accounts for Facilities Fees received in 2016.</i>		
11	A	11	C	108	Accumulated Depreciation of Water Plant	\$52,435	
	A	44	C	215	Retained Earnings		\$52,435
					<i>To write-down excess Accumulated Depreciation associated with Water Treatment Plant.</i>		
12	A	11	C	108	Accumulated Depreciation of Water Plant	\$80,896	
	A	79	C	272	Accumulated Amortization of Contributions		\$80,896
					<i>To adjust balances for the Timber Hills write-down.</i>		
13	A	44	C	215	Retained Earnings	\$1,925	
	A	30	C	141	Accounts Receivable - Customers		\$1,925
					<i>To adjust Accounts Receivable – Customers balance for uncollectible accounts receivable expensed in 2015.</i>		
14	A	19	C	121	Non-utility Property and Other Assets	\$13,492	
	A	30	C	141	Receivables from Associated Companies		\$13,492
					<i>To reclassify to Non-utility Property and Other Assets vehicle loans to related-party entities.</i>		
15	A	44	C	215	Retained Earnings	\$2,000	
	A	33	C	151	Materials and Supplies		\$2,000
					<i>To adjust Materials and Supplies to the audited amount.</i>		
16	A	41	C	201	Common Stock	\$5,752	
	A	44	C	215	Retained Earnings		\$5,752
					<i>To adjust Common Stock to the audited amount.</i>		
17	A	43	C	211	Other Paid-in Capital	\$374,372	
	A	44	C	215	Retained Earnings		\$374,372
					<i>To adjust Other Paid-in Capital to the audited amount.</i>		

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Audit Adj. No.	Annual Report				Description	For the Year 2016	
	Sch.	Line	Col.	Acct. No.		Debit	Credit
18	A	53	C	224	Long-term Debt	\$10,649	
	A	58	C	232	Short-term Notes Payable <i>To report the current portion of long-term debt.</i>		\$10,649
19	A	61	C	236	Accrued Taxes	\$22,796	
	A	44	C	215	Retained Earnings <i>To adjust Accrued Taxes balance to audited amount.</i>		\$22,796
20	A	78	C	271	Contributions in Aid of Construction	\$14,050	
	A	44	C	215	Retained Earnings <i>To adjust Contributions in Aid of Construction balance to agree with the Company's books.</i>		\$14,050
21	A	44	C	215	Retained Earnings	\$251,172	
	A	67	C	252	Advances for Construction <i>To adjust Advances for Construction balance for the Live Oak Road project.</i>		\$251,172
22	A	44	C	215	Retained Earnings	\$342,262	
	A	79	C	272	Accumulated Amortization of Contributions <i>To adjust Accumulated Amortization of Contributions balance for the Timber Hills write-down.</i>		\$342,262
23	A	44	C	215	Retained Earnings	\$3,185	
	B-1	21	B	480	Other Water Revenue <i>To adjust Other Water Revenue for late fees not recorded into revenue.</i>		\$3,185
24	B-2	1	B	610	Purchased Water	\$3,980	
	B-2		B		Purchased Water (for Irrigation Service) <i>To reclassify Purchased Water expense to agree with the audited amount.</i>		\$3,980
25	A	44	C	215	Retained Earnings	\$15,340	
	B-2	5	B	630	Employee Labor <i>To adjust Employee Labor accounts for expense incurred in 2015.</i>		\$15,340
26	B-2	5	B	630	Employee Labor	\$7,173	
	A	63	C	241	Other Current Liabilities <i>To adjust Employee Labor expense for expense incurred in 2016.</i>		\$7,173

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Audit Adj. No.	Annual Report				Description	For the Year 2016	
	Sch.	Line	Col.	Acct. No.		Debit	Credit
27	B	11	C	426	Miscellaneous Non-utility Expense	\$4,925	
	B-2	12	B	670	Office Salaries <i>To adjust Office Salaries expense for undocumented hours.</i>		\$4,925
28	B	11	C	426	Miscellaneous Non-utility Expense	\$5,250	
	B-2	13	B	671	Management Salaries <i>To adjust Management Salaries expense for undocumented hours.</i>		\$ 5,250
29	B-2	20	B	688	Regulatory Commission Expense	\$6,958	
	B-1	21	B	480	Other Water Revenue <i>To reclassify Regulatory Commission Expense improperly recorded in Other Water Revenue.</i>		\$6,958
30	B-2	20	B	688	Regulatory Commission Expense	\$1,481	
	A	44	C	215	Retained Earnings <i>To adjust Regulatory Commission Expense to audited amount.</i>		\$1,481
31	B-2	20	B	688	Regulatory Commission Expense	\$1,138	
	B-2	21	B	689	General Expense <i>To reclassify Regulatory Commission Expense improperly recorded in General Expenses.</i>		\$1,138
32	A	44	C	215	Retained Earnings	\$13,285	
	B	3	C	403	Depreciation Expense <i>To adjust Depreciation Expense for Water Plant in Service asset write-downs.</i>		\$13,285
33	A	34	C	174	Other Current Assets	\$3,366	
	B	5	C	408	Taxes Other Than Income Taxes <i>To adjust Taxes Other Than Income Tax expense for prepaid unsecured property tax.</i>		\$3,366
34	A	44	C	215	Retained Earnings	\$10,704	
	B	6	C	409	State Corporate Income Tax Expense <i>To adjust State Corporate Income Tax Expense to the audited amount.</i>		\$10,704

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Audit Adj. No.	Annual Report				Description	For the Year 2016	
	Sch.	Line	Col.	Acct. No.		Debit	Credit
35	A	44	C	215	Retained Earnings	\$28,091	
	B	7	C	410	Federal Corporate Income Tax Expense <i>To adjust Federal Corporate Income Tax Expense to the audited amount.</i>		\$28,091
36	A	44	C	215	Retained Earnings	\$2,448	
	B	11	C	426	Miscellaneous Non-utility Expense <i>To adjust Miscellaneous Non-utility Expense for liability created in 2015.</i>		\$2,448
37	A	44	C	215	Retained Earnings	\$1,211	
	B	12	C	427	Interest Expense <i>To adjust Interest Expense to the audited amount.</i>		\$1,211

Appendix D

Summary of Audit Adjustments for Year 2015

Audit Adj. No.	Annual Report				Description	For the Year 2015	
	Sch.	Line	Col.	Acct. No.		Debit	Credit
1	A	44	C	215	Retained Earnings	\$3,071	
	A	2	C	101	Water Plant in Service <i>To adjust Water Treatment Plant balance to the audited amount.</i>		\$3,071
2	A	44	C	215	Retained Earnings	\$6,000	
	A	2	C	101	Water Plant in Service <i>To remove duplicate easement purchase from Land balance.</i>		\$6,000
3	A	44	C	215	Retained Earnings	\$46,212	
	A	2	C	101	Water Plant in Service <i>To adjust Land balance to the audited amount.</i>		\$46,212
4	A	11	C	108	Accumulated Depreciation of Water Plant	\$73,417	
	A	2	C	101	Water Plant in Service <i>To write-off fully depreciated Transportation Equipment.</i>		\$73,417
5	A	11	C	108	Accumulated Depreciation of Water Plant	\$77,111	
	A	2	C	101	Water Plant in Service <i>To write-down Water Treatment Plant.</i>		\$77,111
6	A	44	C	215	Retained Earnings	\$1,676	
	A	2	C	101	Water Plant in Service <i>To reverse unsupported capitalized employee labor expense.</i>		\$1,676
7	A	2	C	101	Water Plant in Service	\$79,000	
	A	44	C	215	Retained Earnings <i>To adjust accounts for Facilities Fees received.</i>		\$79,000
8	A	78	C	271	Contributions in Aid of Construction	\$429,610	
	A	2	C	101	Water Plant in Service <i>To adjust Timber Hills Contributions in Aid of Construction and Water Plant in Service balances to agree with net book value.</i>		\$429,610

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For the Years Ended December 31, 2016 and 2015

Audit Adj. No.	Annual Report				Description	For the Year 2015	
	Sch.	Line	Col.	Acct. No.		Debit	Credit
9	A	11	C	108	Accumulated Depreciation of Water Plant	\$49,351	
	A	44	C	215	Retained Earnings <i>To write-down excess Accumulated Depreciation associated with Water Treatment Plant.</i>		\$49,351
10	A	11	C	108	Accumulated Depreciation of Water Plant	\$80,896	
	A	79	C	272	Accumulated Amortization of Contributions <i>To adjust balances for the Timber Hills write-down.</i>		\$80,896
11	B-2	15	B	676	Uncollectible Accounts Expense	\$1,925	
	A	30	C	141	Accounts Receivable - Customers <i>To adjust Accounts Receivable – Customers for uncollectible accounts receivable.</i>		\$1,925
12	A	44	C	215	Retained Earnings	\$2,000	
	A	33	C	151	Materials and Supplies <i>To adjust Materials and Supplies to the audited amount.</i>		\$2,000
13	A	41	C	201	Common Stock	\$5,752	
	A	44	C	215	Retained Earnings <i>To adjust Common Stock to the audited amount.</i>		\$5,752
14	A	43	C	211	Other Paid-in Capital	\$366,594	
	A	44	C	215	Retained Earnings <i>To adjust Other Paid-in Capital to the audited amount.</i>		\$366,594
15	A	53	C	224	Long-term Debt	\$16,634	
	A	58	C	232	Short-term Notes Payable <i>To report the current portion of long- term debt.</i>		\$16,634
16	A	57	C	231	Accounts Payable	\$3,209	
	A	44	C	215	Retained Earnings <i>To remove Accounts Payable amount incorrectly input with 2006 date.</i>		\$3,209

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Audit Adj. No.	Annual Report				Description	For the Year 2015	
	Sch.	Line	Col.	Acct. No.		Debit	Credit
17	A	57	C	231	Accounts Payable	\$2,021	
	A	44	C	215	Retained Earnings <i>To adjust Accounts Payable to the audited amount.</i>		\$2,021
18	A	61	C	236	Accrued Taxes	\$41,891	
	A	44	C	215	Retained Earnings <i>To adjust Accrued Taxes balance to audited amount.</i>		\$41,891
19	A	78	C	265.7	Contributions in Aid of Construction	\$14,050	
	A	44	C	215	Retained Earnings <i>To adjust Contributions in Aid of Construction balance to agree with the Company's books.</i>		\$14,050
20	A	44	C	215	Retained Earnings	\$251,172	
	A	67	C	252	Advances for Construction <i>To adjust Advances for Construction balance for the Live Oak Road project.</i>		\$251,172
21	A	44	C	215	Retained Earnings	\$342,262	
	A	79	C	272	Accumulated Amortization of Contributions <i>To adjust Accumulated Amortization of Contributions balance for the Timber Hills 2005-2015 reported amounts.</i>		\$342,262
22	A	44	C	215	Retained Earnings	\$2,570	
	B-1	21	B	480	Other Water Revenue <i>To adjust Other Water Revenue for late fees not recorded into revenue.</i>		\$2,570
23	B-2	1	B	610	Purchased Water	\$3,188	
	B-2		B		Purchased Water (for Irrigation Service) <i>To reclassify Purchased Water expense to agree with the audited amount.</i>		\$3,188
24	A	44	C	215	Retained Earnings	\$16,366	
	B-2	5	B	630	Employee Labor <i>To adjust Employee Labor account for labor expense incurred in 2014.</i>		\$16,366

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Audit Adj. No.	Annual Report				Description	For the Year 2015	
	Sch.	Line	Col.	Acct. No.		Debit	Credit
25	B-2	5	B	630	Employee Labor	\$15,340	
	A	63	C	241	Other Current Liabilities <i>To adjust Employee Labor account for labor expense incurred in 2015.</i>		\$15,340
26	A	19	C	121	Non-utility Property and Other Assets	\$10,446	
	A	44	C	215	Retained Earnings <i>To record the note receivable corresponding to vehicle sold.</i>		\$10,446
27	A	19	C	121	Non-utility Property and Other Assets	\$9,528	
	A	44	C	215	Retained Earnings <i>To record the note receivable corresponding to vehicle sold.</i>		\$9,528
28	A	44	C	215	Retained Earnings	\$10,446	
	B	10	C	421	Non-utility Income <i>To record the gain on sale corresponding to vehicle sold.</i>		\$10,446
29	A	44	C	215	Retained Earnings	\$9,528	
	B	10	C	421	Non-utility Income <i>To record the gain on sale corresponding to vehicle sold.</i>		\$9,528
30	A	34	C	174	Other Current Assets	\$840	
	B-2	16	B	678	Office Services and Rentals <i>To adjust Office Services and Rentals account to agree with the audited amount.</i>		\$840
31	B-2	20	B	688	Regulatory Commission Expense	\$8,439	
	B-1	21	B	480	Other Water Revenue <i>To reclassify Regulatory Commission Expense improperly recorded in Other Water Revenue.</i>		\$8,439
32	A	44	C	215	Retained Earnings	\$16,880	
	B	3	C	403	Depreciation Expense <i>To adjust Depreciation Expense for Water Plant in Service asset write- downs.</i>		\$16,880

Audit of Financial Statements of Weimar Water Company
For the Years Ended December 31, 2016 and 2015

Audit Adj. No.	Annual Report				Description	For the Year 2015	
	Sch.	Line	Col.	Acct. No.		Debit	Credit
33	A	44	C	215	Retained Earnings	\$1,096	
	B	5	C	408	Taxes Other Than Income Taxes <i>To adjust Taxes Other Than Income Tax expense for 2014 payroll tax.</i>		\$1,096
34	A	44	C	215	Retained Earnings	\$11,219	
	B	6	C	409	State Corporate Income Tax Expense <i>To adjust State Corporate Income Tax Expense to the audited amount.</i>		\$11,219
35	A	44	C	215	Retained Earnings	\$29,872	
	B	6	C	410	Federal Corporate Income Tax Expense <i>To adjust Federal Corporate Income Tax Expense to the audited amount.</i>		\$29,872
36	B	10	C	421	Non-utility Income	\$15,914	
	B	44	C	215	Retained Earnings <i>To remove income from Non-utility Income that corresponds to services rendered in 2014.</i>		\$15,914
37	B	10	C	421	Non-utility Income	\$2,448	
	A	60	C	235	Payables to Associated Companies <i>To reclassify from Non-utility Income account funds owed to an affiliated company.</i>		\$2,448
38	B	11	C	426	Miscellaneous Non-utility Expense	\$5,250	
	B	10	C	421	Non-utility Income <i>To reclassify non-utility rental income from Miscellaneous Non- utility Expense account.</i>		\$5,250
39	A	44	C	215	Retained Earnings	\$1,547	
	A	2	C	101	Water Plant in Service <i>To write-down Intangible Plant in the Water Plant in Service account.</i>		\$1,547