



REPORT TO THE BOARD OF PUBLIC UTILITIES

April 1, 2025

/ Introduction

To the Honorable Members of the Board of Public Utilities Needles Public Utility Authority

We are pleased to present this report related to our audit of the financial statements of Needles Public Utility Authority (the Authority) as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Authority's financial reporting process, as well as other matters that we believe may be of interest to you. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

This report is intended solely for the information and use of the Board of Public Utilities and Management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to be of service to the Authority.

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/ Engagement Team

Needles Public Utility Authority Engagement Team



Roger Martinez
Engagement Partner



Cristy Canieda
Quality Control Partner



Cid Conde
Engagement Director



Sam Tolentino
Audit Manager

Rachel Anne A. Francisco - Estoque
Audit Associate Manager

Jeny Felipe
Ela Lavilla
Senior Auditors

/ Independence



There are no relationships between any of our representatives and the Authority that in our professional judgment may reasonably be thought to bear on independence.

Vasquez & Company LLP meets the independence requirements of the *Government Auditing Standards* as it relates to the Authority.

/ Scope of Engagement



FINANCIAL STATEMENTS AUDIT

- In accordance with Generally Accepted Government Auditing Standards
- As of and for the year ended June 30, 2023

/ Summary of Audit Results



/ Independent Auditor's Report

Financial Statements Audit – UNMODIFIED OPINION – “Clean” Opinion

Unmodified “Clean” Opinion

Audit performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*

The financial statements present fairly, in all material respects,
Needles Public Utility Authority:



Financial position



Results of operations



Changes in net position



Cash flows

/ Independent Auditor's Report, Continued

Report on Internal Control Over Financial Reporting and on Compliance

Material weakness(es)	None noted
Significant deficiency	Significant Deficiency on Internal Controls over Inventories
Noncompliance material to the financial statements	None noted

/ Auditor's Required Communication to Those Charged with Governance (AU-C 260)



/ Required Communication to Those Charged with Governance

Management's Responsibility	Management has primary responsibility for the accounting principles used, including their consistency, application, clarity and completeness.
Significant Accounting Policies	The Authority's significant accounting policies are appropriate, and management has applied its policies consistently with prior periods in all material respects. The Authority implemented GASB Statement No. 96 – <i>Subscription-Based Information Technology Arrangements (SBITAs)</i> and GASB Statement No. 94, - <i>Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)</i> , during the fiscal year ended June 30, 2023.
Controversial issues	No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified.
Basis of Accounting	The financial statements were prepared on the assumption that the Authority will continue as a going concern.

/ Required Communication to Those Charged with Governance, Continued

Audit Adjustments	Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the Authority are shown on the Summary of Recorded Audit Adjustments. The Authority's financial statements as of and for the year ended June 30, 2022 have been restated due to the change in the recognition of prepayments made in fiscal years 2020, 2012 and 2013 totaling \$1,000,000 to the purchase obligation.
Disagreements with Management	We encountered no disagreements with management on financial accounting and reporting matters as it relates to the current year financial statements.
Consultations with Other Accountants	We are not aware of any consultations management had with other accountants about accounting and auditing matters.
Conditions of Retention	No significant issues were discussed, or subject to correspondence, with management prior to retention.

/ Required Communication to Those Charged with Governance, Continued

Difficulties with Management	We did not encounter any difficulties with management while performing our audit procedures that require the attention of the Board.
Material Weakness and Significant Deficiency	A significant deficiency on internal controls over inventories was identified related to the controls in place in relation to withdrawal and purchases of inventories, and update of inventory unit cost. No material weaknesses in internal controls were identified. Details of the significant deficiency noted is included in the SAS114 Conclusion letter.
Irregularities, Fraud or Illegal Acts	No irregularities, fraud or illegal acts or that would cause a material misstatement of the financial statements, came to our attention as a result of our audit procedures.
Management Representations	The Authority provided us with a signed copy of the management representation letter at the end of the audit and prior to our issuance of the report on financial statements.

New Accounting Pronouncements – GASB Implementation

Effective FY2024 –Applicable to the Authority's financial statements

- GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No. 62* (effective for fiscal year 2024).

Effective FY2024 – Applicable but no impact to the Authority's financial statements

- GASB Statement No. 99, *Omnibus 2022* (some components were effective in fiscal year 2022 and 2023, others were effective for fiscal years 2024); and
- GASB Statement No. 101, *Compensated Absences*

To be implemented in FY2025 and FY2026

- GASB Statement No. 102, *Certain Risk Disclosures* (effective for fiscal year 2025)
- GASB Statement No. 103, *Financial Reporting Model Improvements* (effective for fiscal year 2026).
- GASB Statement No. 104, *Disclosure of Certain Capital Assets* (effective for fiscal year 2026)

QUESTIONS

/ Contact Information

Vasquez + Company LLP has over 50 years of experience in performing audit, tax, accounting, and consulting services for all types of nonprofit organizations, governmental entities, and private companies. We are the largest minority-controlled accounting firm in the United States and the only one to have global operations and certified as MBE with the Supplier Clearinghouse for the Utility Supplier Diversity Program of the California Public Utilities Commission.

We are clients of the **RSM Professional Services+ Practice**. As a client, we have access to the Professional Services+ Collaborative, a globally connected community that provides access to an ecosystem of capabilities, collaboration and camaraderie to help professional services firms grow and thrive in a rapidly changing business environment. As a participant in the PS+ Collaborative, we have the opportunity to interact and share best practices with other professional services firms across the U.S. and Canada.

Roger Martinez, CPA

O: +1.213.873.1703
ram@vasquezcpa.com

Cid Conde, CPA

O: +1.213.873.1730
cconde@vasquezcpa.com

Cristy Canieda, CPA, CGMA

O: +1.213.873.1720
ccanieda@vasquezcpa.com

Sam Tolentino, CPA

O: +1.213.873.1714
stolentino@vasquezcpa.com

www.vasquez.cpa



**Thank you for your
time and attention!**

