

SEELEY COUNTY WATER DISTRICT
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
AS OF AND
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020



George J. Woo
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Seeley County Water District
Seeley, California

I have audited the Statement of Net Position, Statement of Revenues and Expenses, Statement of Changes in Net Position and Statement of Cash Flows of the Seeley County Water District (the "District") as of June 30, 2020 and the related notes to the financial statements, which collectively comprise the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's minimum audit requirements for California Special District. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Seeley County Water District as of June 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

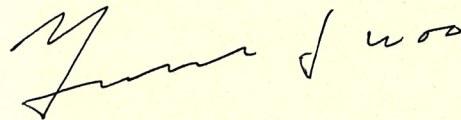
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the financial statements as a whole. The supplementary schedules on pages 21 through 24 are presented for purposes of additional analysis and is not a required part of the financial statements. The information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

November 10, 2020



SEELEY COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

The following section of the annual financial report of the Seeley County Water District (the District) includes an overview and analysis of the District's financial position and activities for the years ended June 30, 2020 and 2019. This discussion and analysis, as well as the basic financial statements which it accompanies, is the responsibility of the management of the District.

Introduction to the Basic Financial Statements

This annual report consists of a series of financial statements, prepared in accordance with generally accepted accounting principles; such report has been designed to improve the usefulness of the report to the primary users of these basic financial statements.

The District presents its basic financial statements using the economic resources measurement to focus and accrual basis of accounting. As a Business-Type Activity, the District's basic financial statements include a Statement of Net Assets; a Statement of Revenues, Expenses, and Changes in Net Assets; and a Statement of Cash Flows. Notes to the basic financial statements and this section support these statements. All sections must be considered together to obtain a complete understanding of the financial position and results of operations of the District.

Statements of Net Assets – The Statements of Net Assets include all assets and liabilities of the District, with the difference between the two reported as net assets. Assets and liabilities are reported at their book value, on an accrual basis, as of June 30, 2020, and 2019. These statements also identify major categories of restrictions on the District's net assets.

Statements of Revenues, Expenses, and Changes in Net Assets – The Statements of Revenues, Expenses, and Changes in Net Assets present the revenues earned and expenses incurred by the District during the years ended June 30, 2020, and 2019, on the accrual basis of accounting.

Statement of Cash Flows – The Statements of Cash Flows present the changes in the District's cash and investments for the years ended June 30, 2020 and 2019. Such statements are summarized by operating, capital, and noncapital financing and investing activities. The statements of cash flows have been prepared using the direct method of reporting cash flows and, therefore, present gross, rather than net amounts, for each respective year's activities.

SEELEY COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

Condensed Financial Position Information:

The following condensed financial information provided an overview of the District's financial position for the fiscal years ended June 30, 2020 and June 30, 2019.

	<u>2020</u>	<u>2019</u>
Assets:		
Utility plant, net	\$ 7,028,338	\$ 7,279,647
Other assets	<u>697,037</u>	<u>640,505</u>
Total assets	<u>\$ 7,725,375</u>	<u>\$ 7,920,152</u>
Liabilities:		
Long-term liabilities	\$ 145,177	\$ 149,480
Other liabilities	<u>105,153</u>	<u>79,133</u>
Total liabilities	<u>250,330</u>	<u>228,613</u>
Net position:		
Net Investment in Capital Assets	\$ 6,878,858	\$7,125,969
Restricted	-0-	53,800
Unrestricted	<u>596,187</u>	<u>511,770</u>
Total net position	<u>\$ 7,475,045</u>	<u>\$ 7,691,539</u>

(a) Net Position

Net position, the difference between assets and liabilities, decreased \$ 216,494 during the fiscal year ended June 30, 2020 and decreased \$ 124,527 for the fiscal year ended June 30, 2019.

(b) Utility Plant

Net utility plant, which is comprised of property, plant and equipment increased \$ 39,583, the amount of equipment and capital outlay for the year, and decreased \$ 290,892, the current year depreciation expense. The net decrease in net utility plant was \$ 251,309. See Note 2 of Notes to Financial Statements for more detailed information regarding the District's property, plant and equipment.

SEELEY COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

(c) Other Assets

Other assets consists of cash, investments, and accounts receivable.

(d) Long-Term Liabilities

Long-term debt decreased \$ 4,198 due to scheduled annual repayment of the U.S.D.A. loan payable.

(e) Other Liabilities

Other liabilities consists of accounts payable, payroll taxes payable, accrued compensated absences payable, and customer deposits.

SEELEY COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION ANALYSIS
June 30, 2020

Summary of Operations and Changes in Net Position

The District's net position during the fiscal year ended June 30, 2020 decreased \$ 216,494 and decreased \$ 124,527 during the fiscal year ended June 30, 2019. The tables below summarize the District's fiscal year 2020 and 2019 activity:

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Charges for services	\$ <u>941,747</u>	\$ <u>926,158</u>
Total operating revenues	<u>941,747</u>	<u>923,158</u>
Operating expenses:		
Operation and maintenance	867,346	792,348
Depreciation	<u>290,892</u>	<u>295,144</u>
Total operating expenses	<u>1,158,238</u>	<u>1,087,492</u>
Operating income (loss)	<u>(216,491)</u>	<u>(161,334)</u>
Non-operating revenues (expenses):		
Grant Income	-0-	37,033
Interest and dividend income	558	1,227
Property taxes	3,284	2,493
Interest expense	<u>(3,845)</u>	<u>(3,945)</u>
Total non-operating revenues (expenses)	<u>(3)</u>	<u>36,807</u>
Increase (decrease) in net position	(216,494)	(124,527)
Total net position, beginning of year	<u>7,691,539</u>	<u>7,816,066</u>
Total net position, end of year	<u>\$7,475,045</u>	<u>\$ 7,691,539</u>

SEELEY COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

(a) Operating Revenues

In fiscal year 2020 operating revenues increased 2%.

(b) *Operating Expenses*

Operating expenses consists of salaries, administrative expenses and operations and maintenance costs. During the year, operating expenses (including depreciation) increased \$ 70,746. There was an increase in wages paid during the current fiscal year.

(c) *Non-operating Revenues and Expenses*

Non-operating revenues and expenses consist of interest income, property taxes, and interest expense.

Utility Plant and Debt Administration

(a) Utility Plant: Net utility plant is comprised of the water treatment plant, the wastewater treatment plant, land and buildings. Equipment consists of vehicles, tools and equipment, office furniture, and computer equipment.

(b) Long-Term Debt: See Note 4 of notes to financial statements for more detailed information regarding the District's long-term debt.

Request for information

This financial report is designed to provide a general overview of the Seeley County Water District's finances for all those with an interest in district's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative General Manager and Secretary to the Board, Seeley County Water District, 1898 W. Main St., Seeley, California 92273.

SEELEY COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
As of June 30, 2020

ASSETS

Current Assets:	
Cash	\$ 589,263
Accounts receivable, net of allowance for uncollectible	92,544
Stock - Principal Financial Group	15,219
Other current asset	11
	697,037
Capital Assets	
Capital Assets, Not being depreciated	125,347
Capital assets, Net of Depreciation	6,902,991
	7,028,338
Total Assets	\$ 7,725,375

LIABILITIES AND NET POSITION

Current Liabilities:	
Accounts payable	\$ 27,290
Customer deposits	36,898
Compensated absences	36,662
Current portion of long-term debt	4,303
	105,153
Long-term debt:	
Loan payable- USDA	149,480
Less: current portion	(4,303)
	145,177
Total Liabilities	250,330
Net position:	
Net Investment in Capital Assets, net of related debt	6,878,858
Unrestricted	596,187
	7,475,045
Total Net Position	\$ 7,475,045

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

SEELEY COUNTY WATER DISTRICT
STATEMENT OF REVENUES AND EXPENSES
For The Year Ended June 30, 2020

Operating Revenues:

Charges for services	\$ 941,747
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Operating Expenses:

Advertising	576
Alert Services Expense	36
Bank Charges	1,535
Bates Park Project	23,829
Business Insurance	12,069
Capital Improvements	25,617
Depreciation	290,892
Director Fees	15,150
Dues and subscriptions	9,360
Employee Insurance	45,710
Fees - Permits/Certifications	7,540
Fuel	6,264
Furniture Expense	527
General Fund Expenses	3,004
Lab Testing	52,087
Legal and Professional Fees	41,738
Office Expense	12,653
Payroll Taxes	27,155
Permit Fees	584
Postage and Freight	3,797
Professional & special services	23,080
Repair & Maintenance	28,646
Salaries & Wages	363,711
Source-Purchased Water	13,633
State Compliance ACL	15,354
Supplies	49,342
Telephone	10,796
Uniforms	4,396
Utilities	69,157

Total operating expenses	1,158,238
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Operating income (loss)	(216,491)
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Non-operating revenues (expenses):

Interest & Dividend Income	558
Property Taxes	3,284
Interest expense	(3,845)

Total non-operating revenues (expenses)	(3)
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Decrease in net position	\$ (216,494)
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The accompanying notes are an integral part of these statements.

SEELEY COUNTY WATER DISTRICT
STATEMENT OF CHANGES IN NET POSITION
For The Year Ended June 30, 2020

Balance, beginning of year	\$ 7,691,539
Increase (decrease) in net position	<u>(216,494)</u>
Balance, end of year	<u><u>\$ 7,475,045</u></u>

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

SEELEY COUNTY WATER DISTRICT
Statement of Cash Flows
For The Fiscal Year Ended June 30, 2020

Cash flows from operating activities:

Cash received from customers and users	\$ 945,578
Cash received from customer deposits	6,000
Cash paid to employees for services	(354,964)
Cash paid to suppliers of goods and services	<u>(492,478)</u>
Net cash provided (used) by operating activities	<u>104,136</u>

Cash flows from non capital financing activities:

Cash received from property taxes	<u>3,284</u>
Net cash provided by non-capital financing activities	<u>3,284</u>

Cash flows from capital and related financing activities:

Acquisition of capital assets	(39,583)
Principal paid on debt	(4,198)
Interest paid on debt	<u>(3,845)</u>
Net cash provided (used) by capital and related financing activities	<u>(47,626)</u>

Cash flows from investing activities:

Interest and dividend income	<u>731</u>
Net increase in cash and cash equivalents	60,525
Cash at beginning of year	<u>528,738</u>
Cash at end of year	<u><u>\$ 589,263</u></u>

Reconciliation of operating income to
Net cash from operating activities

Operating income (loss)	<u>\$ (216,491)</u>
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	290,892
Increase(decrease) in accounts receivable	3,831
Increase/(decrease) in accounts payable	11,168
Increase/(decrease) in customer deposits	6,000
Increase in compenstated absences payable	8,747
Increase in other current asset	<u>(11)</u>
Total adjustments	<u>320,627</u>
Net cash provided by operating activities	<u><u>\$ 104,136</u></u>

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

SEELEY COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The Seeley County Water District (the “District”) was formed on July 28, 1960 under the State of California Water Code.

The District is governed by a Board of Directors consisting of five members who are elected or appointed for four year terms. The District is responsible for providing water and sewer services within its geographic boundaries.

The financial statements 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.

Measurement Focus, Basis of Accounting and Financial Statements Presentation:

“Measurement focus” is a term used to describe which transactions are recorded within the various financial statements. “Basis of accounting” refers to when transaction are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the “economic resources measurement focus,” and the “accrual basis of accounting.” Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statements of Net Position. The Statements of Revenues, Expenses, and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating revenues, such as water and wastewater service charges, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as grant funding and investment income, result from non-exchange transactions, in which, the District gives (receives) value without directly receiving (giving) value in exchange.

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs of providing water services to its customers on a continuing basis be financed or recovered

SEELEY COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

primarily through user charges (water and wastewater service charges), capital grants and similar funding.

The basic financial statements of the Seeley County Water District have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting financial reporting purposes.

Net Position of the District is classified into three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. These classifications are defined as follows:

Net Investment in Capital Assets

This component of Net Position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or borrowing that are attributable to the acquisition of the asset, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

Restricted Net Position

This component of Net Position consists of Net Position with constrained use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component of Net Position consists of Net Position that does not meet the definition of "net investment in capital assets" or "restricted Net Position".

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

SEELEY COUNTY WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)
 June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows / Inflows of Resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of Net Position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any type of these items as of June 30, 2020.

In addition to liabilities, the Statements of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District does not have any type of these items as of June 30, 2020.

Accounts Receivable:

The District has made a provision for uncollectible receivables of \$ 15,200.

Accounts Receivable	\$	107,744
Less: Allowance for doubtful accounts		<u>(15,200)</u>
Accounts receivable, Net of allowance for doubtful accounts	\$	<u>92,544</u>

Restricted Assets:

Certain assets of the District are restricted in use by debt covenant and, accordingly are shown as restricted assets on the accompanying Statements of Net Position. The District used restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

Capital Assets:

Capital assets acquired and /or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at \$ 500 if they have an expected useful life of more than one year. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	30 years
Tools and Equipment	5 to 7 years

SEELEY COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes:

Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent of county-wide assessed valuations. This one percent is allocated pursuant to state law to the appropriate units of local government. The District's property tax calendar for the fiscal year ended June 30, 2020, was as follows:

Lien date	January 1
Levy date	July 1
Due date:	
First installment	November 1
Second installment	February 1
Delinquent date:	
First installment	December 10
Second installment	April 10

Budgetary Policies:

The District adopts an annual budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period.

Budget – The District prepares and adopts a budget each year.

Cash and Cash Equivalents:

For the purposes of the statement of cash flows, cash and cash equivalents have been defined as demand deposits.

Income Taxes:

The District is a political subdivision of the State of California and, as such, is exempt from federal and state income taxes.

Use of Estimates:

In preparing financial statements in conformity with U.S. generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates include useful lives of property, plant and equipment for depreciation purposes.

SEELEY COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2020

NOTE 2: PROPERTY PLANT AND EQUIPMENT

The following are the components of property, plant and equipment:

	Balance as of July 1, 2019	Additions	Reclassification	Balance as of June 30, 2020
WATER FUND:				
Non-depreciable Assets:				
Construction in Progress	\$ 404,133	\$ -0-	\$ (404,133)	\$ -0-
Land	125,347	-0-	-0-	125,347
Total Non-depreciable assets	\$ 529,480	\$ -0-	\$ (404,133)	\$ 125,347
Depreciable Assets:				
Equipment	\$ 370,046	\$ 2,304	\$ -0-	\$ 372,350
Improvements	49,677	-0-	-0-	49,677
Office Equipment	9,920	-0-	-0-	9,260
Water Plant	2,974,178	-0-	-0-	2,974,178
Vehicles	80,075	-0-	-0-	70,144
Water System improvements	3,708,748	20,084	404,133	4,132,965
Other	4,519	-0-	-0-	4,519
Total Water Fund	\$ 7,197,163	\$ 22,388	\$ 404,133	\$ 7,623,684
Less accumulated depreciation	(2,595,432)	(200,046)	-0-	(2,795,478)
Total Depreciable Assets, Net	4,601,731	(177,658)	-0-	4,828,206
Total Capital Assets, Net	\$ 5,131,211	\$ (177,658)	\$ -0-	\$ 4,953,553
SEWER FUND:				
Non-depreciable Assets:				
Construction in progress	\$ 61,123	\$ 0	\$ (61,123)	\$ -0-
Depreciable Assets:				
Structures and Improvements	8,643	-0-	-0-	8,643
Other	25,221	-0-	-0-	25,221
Office Equipment	9,081	-0-	-0-	8,092
Sewer Plant	1,449,336	-0-	61,123	1,510,459
Equipment	192,277	15,755	-0-	208,032
Vehicles	51,575	-0-	-0-	36,678
Lift Station	1,239,289	-0-	-0-	1,239,289
Pond Liner Project	681,421	-0-	-0-	681,421
Total Sewer Fund	\$ 3,656,843	\$ 15,755	\$ 61,123	\$ 3,733,721
Less accumulated depreciation	(1,584,880)	(86,828)	-0-	(1,671,708)
Total Depreciable Assets, Net	2,071,963	(71,073)	-0-	2,062,013
Total Capital Assets, Net	\$ 2,133,086	\$ (71,073)	\$ -0-	\$ 2,062,013
DUMPER FUND:				
Depreciable Assets:				
Office Equipment	\$ 3,272	\$ -0-	\$ -0-	\$ 3,272
Vehicles	6,207	-0-	-0-	6,207
Equipment	8,177	1,440	-0-	9,617
Total Dumper Fund	\$ 17,656	\$ 1,440	\$ -0-	\$ 19,096
Less accumulated depreciation	(2,306)	(4,018)	-0-	(6,324)
Total Depreciable Assets, Net	15,350	(2,578)	-0-	12,772

SEELEY COUNTY WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS (Continued)
 June 30, 2020

NOTE 2: PROPERTY PLANT AND EQUIPMENT (CONTINUED)

The following are the components of property, plant and equipment:

	Balance as of July 1, 2019	<u>Additions</u>	<u>Reclassification</u>	Balance as of June 30, 2020
<u>GENERAL FUND:</u>				
Other	48,077	-0-	-0-	48,077
Less accumulated depreciation	<u>(48,077)</u>	<u>-0-</u>	<u>-0-</u>	<u>(48,077)</u>
Total Depreciable Assets, Net	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Depreciable Assets	<u>10,919,739</u>	<u>39,583</u>	<u>465,256</u>	<u>11,424,578</u>
Less accumulated depreciation	<u>(4,230,695)</u>	<u>(290,892)</u>	<u>-0-</u>	<u>(4,521,587)</u>
Total Depreciable Assets, Net	<u>6,689,044</u>	<u>(251,309)</u>	<u>-0-</u>	<u>6,902,991</u>
Total Capital Assets, Net	<u>\$ 7,279,647</u>	<u>\$ (251,309)</u>	<u>\$ -0-</u>	<u>\$ 7,028,338</u>

NOTE 3: CASH

The District's cash deposits as of June 30, 2020 were either entirely insured by appropriate federal depository insurance or collateralized with collateral held by the pledging financial institution's trust department or agent in the District's name in accordance with provisions of the California Government Code. The carrying amount, and bank balance of the District's deposits at June 30, 2020 is as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 500,000	\$ 500,000
Collateralized	<u>89,263</u>	<u>104,033</u>
Total cash deposits	<u>\$ 589,263</u>	<u>\$ 604,033</u>

Investments are categorized by the level of custodial risk assumed by the District. The risk categories are defined as follows:

Category 1: Includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. As of June 30, 2020 the balance of funds in this category was \$ 500,000.

Category 2: Includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. As of June 30, 2020 the balance of funds in this category was \$ 104,033.

Category 3: Includes uninsured or unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the District's name.

SEELEY COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3: CASH (CONTINUED)

A summary of cash balances as of June 30, 2020 is as follows:

Cash in bank	\$ 588,763
Petty Cash	<u>500</u>
 Total Cash	 <u>\$ 589,263</u>

NOTE 4: NOTES PAYABLE

	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
<p>Loan payable to the United States Department of Agriculture, secured by the district's levy and collection of assessments or use charges as may be necessary to operate and maintain the plant and meet the payments, payable in annual payments of \$ 8,040 including interest of 2.5% per annum on the unpaid balance. The original amount of the loan was \$ 200,000. The loan matures on June 16, 2046.</p>	<u>\$ 4,303</u>	<u>\$ 145,177</u>	<u>\$ 149,480</u>

Principal payments due on loan payable for fiscal years ending June 30 are as follows:

<u>Year ending June 30,</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
2021	\$ 4,198	\$ 3,842	\$ 8,040
2022	4,411	3,629	8,040
2023	4,521	3,519	8,040
2024	4,750	3,290	8,040
2025	4,634	3,406	8,040
2026-2030	25,590	14,610	40,200
2031-2035	28,953	11,247	40,200
2036-2040	32,758	7,442	40,200
2041-2045	37,062	3,138	40,200
2046	2,498	319	2,560
Total	<u>\$ 149,480</u>	<u>\$ 54,080</u>	<u>\$ 203,560</u>

SEELEY COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4: NOTES PAYABLE (continued)

A summary of the District's Long-Term debt is as follows:

	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020
Loan Payable - USDA	\$ 153,678	\$ -0-	\$ (4,198)	\$ 149,480
	\$ 153,678	\$ -0-	\$ (4,198)	\$ 149,480

NOTE 5: COMPENSATED ABSENCES

Upon completion of twelve calendar months of continuous service, all salaried employees who work on a full time basis are granted vacation time of ten days per year. The District records and includes vacation & sick time expense in the period it is accumulated. As of June 30, 2020, the amount of vacation & sick time expense which has been accumulated but not used was \$ 36,662.

NOTE 6: CONTINGENCY

On December 11, 2017, the Colorado River Basin Water Board's Assistant Executive Officer issued Administrative Civil Liability Complaint R7-2017-0040 to the District for alleged effluent limit and reporting violations. The violations carry with it mandatory minimum penalties. A settlement agreement between the District and the California Regional Water Quality Control Board, Colorado River Basin Region ("CRWQCB") has been tentatively reached by the CRWQCB on January 10, 2020. The settlement, as approved, calls for a mandatory minimum penalty of \$ 297,000. Payment of said amount would be suspended pending completion of a compliance project. Costs associated with the compliance project would be applied to the penalty. The proposed compliance project consists of the District, at its expense, conducting an investigation to identify the source(s) of copper and cyanide violations, eliminating or controlling those sources and constructing improvements to the District dump station. The deadline for completion of the investigation is February 1, 2020. The deadline for design of improvements to the dump station is February 1, 2022. The deadline for completion of improvements is January 9, 2024. Current estimates are that the costs associated with completion of the milestones will equal the mandatory minimum penalty. It is further expected that costs of compliance will be incurred between the current fiscal year and fiscal year 2023-24.

SEELEY COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 7: SUBSEQUENT EVENTS:

The management of the District has reviewed the results of operations for the period of time from its year end June 30, 2020 through November 10, 2020, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying combined financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

SUPPLEMENTARY INFORMATION

SEELEY COUNTY WATER DISTRICT
STATEMENT OF NET POSITION BY FUND
As of June 30, 2020

ASSETS

	General Fund	Water Fund	Wastewater Fund		Combined
			Sewer Fund	Dumper Fund	
Current Assets:					
Cash in bank	\$ (5,832)	\$ (52,705)	\$ 447,533	\$ 200,267	\$ 589,263
Accounts receivable, net of allowance for uncollectible	-0-	29,614	44,421	18,509	92,544
Stock Investment	-0-	7,609	7,610	-0-	15,219
Other current asset	-0-	-0-	11	-0-	11
Total current assets	<u>(5,832)</u>	<u>(15,482)</u>	<u>499,575</u>	<u>218,776</u>	<u>697,037</u>
Capital assets, not being depreciated	-0-	125,347	-0-	-0-	125,347
Capital Assets, net of accumulated depreciation	<u>-0-</u>	<u>4,828,206</u>	<u>2,062,013</u>	<u>12,772</u>	<u>6,902,991</u>
Total Capital Assets	<u>-0-</u>	<u>4,953,553</u>	<u>2,062,013</u>	<u>12,772</u>	<u>7,028,338</u>
Total Assets	<u>\$ (5,832)</u>	<u>\$ 4,938,071</u>	<u>\$ 2,561,588</u>	<u>\$ 231,548</u>	<u>\$ 7,725,375</u>
<u>LIABILITIES AND NET POSITION</u>					
Current Liabilities:					
Accounts payable	\$ -0-	\$ 8,733	\$ 13,099	\$ 5,458	\$ 27,290
Customer deposits	-0-	36,898	-0-	-0-	36,898
Compensated absences	-0-	11,732	17,598	7,332	36,662
Current portion of long-term debt	-0-	4,303	-0-	-0-	4,303
Total current liabilities	-0-	61,666	30,697	12,790	105,153
Long-term debt:					
Loan payable, net of current portion	-0-	145,177	-0-	-0-	145,177
Total long-term debt	<u>-0-</u>	<u>145,177</u>	<u>-0-</u>	<u>-0-</u>	<u>145,177</u>
Total Liabilities	<u>-0-</u>	<u>206,843</u>	<u>30,697</u>	<u>12,790</u>	<u>250,330</u>
Net position:					
Net investment in capital assets	-0-	4,804,073	2,062,013	12,772	6,878,858
Unrestricted (deficit)	<u>(5,832)</u>	<u>(72,845)</u>	<u>468,878</u>	<u>205,986</u>	<u>596,187</u>
Total Net Position	<u>\$ (5,832)</u>	<u>\$ 4,731,228</u>	<u>\$ 2,530,891</u>	<u>\$ 218,758</u>	<u>\$ 7,475,045</u>

See accompanying independent auditor's report regarding this supplementary schedule.

SEELEY COUNTY WATER DISTRICT
STATEMENT OF REVENUES AND EXPENDITURES BY FUND
For The Year Ended June 30, 2020

	General Fund	Water Fund	Wastewater Fund		Combined
			Sewer Fund	Dumper Fund	
Operating Revenues:					
Charges for services	\$ 1,015	\$ 371,314	\$ 387,860	\$ 181,558	\$ 941,747
Operating Expenses:					
Advertising	0	576	0	0	576
Alert Services Expense	0	36	0	0	36
Bank Charges	0	20	0	1,515	1,535
Bates Park Project	23,829	0	0	0	23,829
Business Insurance	0	3,862	5,793	2,414	12,069
Capital Improvements	0	272	0	25,345	25,617
Depreciation	0	200,046	86,828	4,018	290,892
Director Fees	0	5,013	7,407	2,730	15,150
Dues and subscriptions	0	3,471	4,157	1,732	9,360
Employee Insurance	0	14,627	21,941	9,142	45,710
Fees - Permits/Certifications	0	3,065	4,475	0	7,540
Fuel	0	2,123	2,954	1,187	6,264
Furniture Expense	0	168	252	107	527
General Fund Expenses	3,004	0	0	0	3,004
Lab Testing	0	9,051	43,036	0	52,087
Legal and Professional Fees	0	13,250	20,207	8,281	41,738
Office Expense	0	4,139	6,149	2,365	12,653
Payroll Taxes	0	8,690	13,034	5,431	27,155
Permit Fees	0	187	280	117	584
Postage and Freight	0	1,140	1,931	726	3,797
Professional & special services	0	12,798	7,492	2,790	23,080
Repair & Maintenance	0	6,223	8,343	14,080	28,646
Salaries & Wages	0	116,388	174,581	72,742	363,711
Source-Purchased Water	0	13,633	0	0	13,633
State Compliance ACL	0	0	15,354	0	15,354
Supplies	0	42,696	6,279	367	49,342
Telephone	0	4,059	4,898	1,839	10,796
Uniforms	0	1,407	2,110	879	4,396
Utilities	0	49,427	19,710	20	69,157
Total operating expenses	26,833	516,367	457,211	157,827	1,158,238
Operating income (loss)	(25,818)	(145,053)	(69,351)	23,731	(216,491)
Non-operating revenues (expenses):					
Interest & Dividend Income	0	0	279	279	558
Property Taxes	3,284	0	0	0	3,284
Interest expense	0	(3,845)	0	0	(3,845)
Other Income (Expense) - Net	3,284	(3,845)	279	279	(3)
Increase (decrease) in net position	\$ (22,534)	\$ (148,898)	\$ (69,072)	\$ 24,010	\$ (216,494)

The accompanying independent auditor's report regarding this supplementary schedule.

SEELEY COUNTY WATER DISTRICT
STATEMENT OF CHANGES IN NET POSITION BY FUND
For The Year Ended June 30, 2020

	General Fund	Water Fund	Wastewater Fund		Combined
			Sewer Fund	Dumper Fund	
Net Position, beginning of year	\$ 16,702	\$ 4,880,126	\$ 2,599,963	\$ 194,748	\$ 7,691,539
Change in net position - increase (decrease)	<u>(22,534)</u>	<u>(148,898)</u>	<u>(69,072)</u>	<u>24,010</u>	<u>(216,494)</u>
Net Position, End of Year	<u>\$ (5,832)</u>	<u>\$ 4,731,228</u>	<u>\$ 2,530,891</u>	<u>\$ 218,758</u>	<u>\$ 7,475,045</u>

See accompanying independent auditor's report regarding this supplementary schedule.

SEELEY COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS - BY FUND
For The Year Ended June 30, 2020

	General Fund	Water Fund	Wastewater Fund		Combined
			Sewer Fund	Dumper Fund	
Cash flows from operating activities:					
Cash received from customers and users	\$ 1,015	\$ 372,540	\$ 389,699	\$ 182,324	\$ 945,578
Cash received from customer deposits	-0-	6,000	-0-	-0-	6,000
Cash paid to employees for services	-0-	(113,589)	(170,382)	(70,993)	(354,964)
Cash paid to suppliers of goods and services	<u>(26,833)</u>	<u>(196,359)</u>	<u>(190,453)</u>	<u>(78,833)</u>	<u>(492,478)</u>
Net cash provided (used) by operating activities	(25,818)	68,592	28,864	32,498	104,136
Cash flows from non capital financing activities:					
Cash received from property taxes	<u>3,284</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,284</u>
Net cash provided (used) by non-capital financing activities	<u>3,284</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>3,284</u>
Cash flows from capital and related financing activities:					
Acquisition of capital assets	-0-	(22,388)	(15,755)	(1,440)	(39,583)
Principal paid on debt	-0-	(4,198)	-0-	-0-	(4,198)
Interest paid on debt	<u>-0-</u>	<u>(3,845)</u>	<u>-0-</u>	<u>-0-</u>	<u>(3,845)</u>
Net cash provided (used) by capital and related financing activities	<u>-0-</u>	<u>(30,431)</u>	<u>(15,755)</u>	<u>(1,440)</u>	<u>(47,626)</u>
Cash flows from investing activities:					
Interest and dividend income	<u>-0-</u>	<u>87</u>	<u>365</u>	<u>279</u>	<u>731</u>
Net increase (decrease) in cash and cash equivalents	(22,534)	38,248	13,474	31,337	60,525
Cash at beginning of year	<u>16,702</u>	<u>(90,953)</u>	<u>434,059</u>	<u>168,930</u>	<u>528,738</u>
Cash at end of year	<u>\$ (5,832)</u>	<u>\$ (52,705)</u>	<u>\$ 447,533</u>	<u>\$ 200,267</u>	<u>\$ 589,263</u>

See accompanying independent auditor's report regarding this supplementary schedule.