



George J. Woo
Certified Public Accountant

December 8, 2022

Ms. Miriam Rosales
Seeley County Water District
1898 West Main
Seeley, CA 92273

Dear Miriam:

Enclosed please find fifteen (15) copies of the financial statements with independent auditor's report for the fiscal year ended June 30, 2022.

Please mail a copy of the audit report to the Auditor/Controller for the County of Imperial to the following address:

County of Imperial
Office of Auditor-Controller
940 Main Street, Suite 108
El Centro, CA 92243

Please feel free to contact me with any questions at (760) 337-5555.

Sincerely,

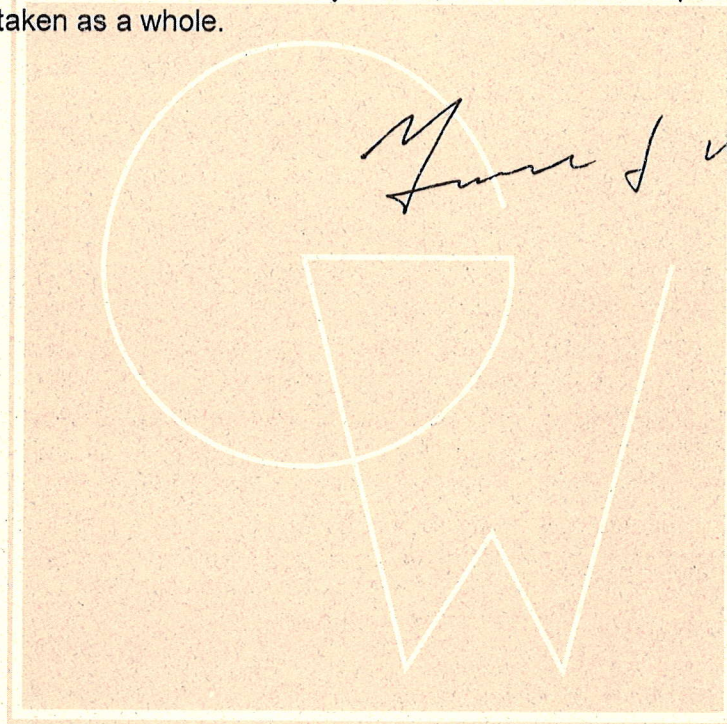
George J. Woo,
Certified Public Accountant

Enclosures

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 22 through 25 are presented for purposes of additional analysis and is not 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 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 30, 2022



SEELEY COUNTY WATER DISTRICT
FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT AUDITOR

AS OF AND
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022



George J. Woo
Certified Public Accountant

REPORT OF INDEPENDENT AUDITOR

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

Opinion

I have audited the accompanying 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 and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the financial statements.

In my opinion accompanying the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Seeley County Water District as of June 30, 2022, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the California Code of Regulations, Title 2, Section 1131.2, State Controller's Minimum Audit Requirements for California Special Districts. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the basic financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the basic financial statements.

In performing an audit in accordance with GAAS and the California Code of Regulations, Title 2, Section 1131.2, State Controller's Minimum Audit Requirements for California Special District, I:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

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 8 be presented to supplement the 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 financial statements, and other knowledge I obtained during my audit of the 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.

SEELEY COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022

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, 2022 and 2021. 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, 2022, and 2021. 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, 2022, and 2021, 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, 2022 and 2021. 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, 2022

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, 2022 and June 30, 2021.

	<u>2022</u>	<u>2021</u>
Assets:		
Utility plant, net	\$ 6,906,904	\$ 6,882,700
Other assets	<u>829,717</u>	<u>574,732</u>
Total assets	<u>\$ 7,736,621</u>	<u>\$ 7,457,432</u>
Liabilities:		
Long-term liabilities	\$ 136,245	\$ 140,766
Other liabilities	<u>121,788</u>	<u>100,862</u>
Total liabilities	<u>258,033</u>	<u>241,628</u>
Net position:		
Net Investment in Capital Assets	\$ 6,766,138	\$ 6,737,523
Unrestricted	<u>712,450</u>	<u>478,281</u>
Total net position	<u>\$ 7,478,588</u>	<u>\$ 7,215,804</u>

(a) Net Position

Net position, the difference between assets and liabilities, increased \$ 262,784 during the fiscal year ended June 30, 2022 and decreased \$ 259,241 for the fiscal year ended June 30, 2021.

(b) Utility Plant

Net utility plant, which is comprised of property, plant and equipment increased \$ 289,169, the amount of capital outlay for the year, and decreased \$ 264,965, the current year depreciation expense. The net increase in net utility plant was \$ 24,204. 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, 2022

(c) Other Assets

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

(d) Long-Term Liabilities

Long-term debt decreased \$ 4,412 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, 2022

Summary of Operations and Changes in Net Position

The District's net position during the fiscal year ended June 30, 2022 increased \$ 262,784 and decreased \$ 259,241 during the fiscal year ended June 30, 2021. The tables below summarize the District's fiscal year 2022 and 2021 activity:

	<u>2022</u>	<u>2021</u>
Operating revenues:		
Charges for services	\$ <u>943,307</u>	\$ <u>884,135</u>
Total operating revenues	<u>943,307</u>	<u>884,135</u>
Operating expenses:		
Operation and maintenance	891,855	839,496
Depreciation	<u>264,965</u>	<u>277,223</u>
Total operating expenses	<u>1,155,820</u>	<u>1,116,719</u>
Operating income (loss)	<u>(212,513)</u>	<u>(232,584)</u>
Non-operating revenues (expenses):		
Other Income	-0-	10,958
Covid Relief	69,543	-0-
Grant Income	405,360	75,000
Interest and dividend income	1,142	575
Property taxes	2,893	2,778
Interest expense	<u>(3,641)</u>	<u>(3,737)</u>
Total non-operating revenues (expenses)	<u>475,297</u>	<u>(26,657)</u>
Increase (decrease) in net position	262,784	(259,241)
Total net position, beginning of year	<u>7,215,804</u>	<u>7,475,045</u>
Total net position, end of year	<u>\$7,478,588</u>	<u>\$ 7,215,804</u>

SEELEY COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

(a) Operating Revenues

In fiscal year 2022 operating revenues decreased 6%.

(b) *Operating Expenses*

Operating expenses consists of salaries, administrative expenses and operations and maintenance costs. During the year, operating expenses (including depreciation) increased \$ 38,101. 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, 2022

ASSETS

Current Assets:

Cash	\$ 718,371
Accounts receivable, net of allowance for uncollectible	96,127
Stock - Principal Financial Group	<u>15,219</u>

Total current assets	829,717
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Capital Assets

Capital Assets, Not being depreciated	491,758
Capital assets, Net of Depreciation	<u>6,415,146</u>

Total	<u>6,906,904</u>
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Total Assets	<u><u>\$ 7,736,621</u></u>
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LIABILITIES AND NET POSITION

Current Liabilities:

Accounts payable	\$ 30,932
Customer deposits	51,608
Compensated absences	34,727
Current portion of long-term debt	<u>4,521</u>

Total current liabilities	121,788
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Long-term debt:

Loan payable- USDA	140,766
Less: current portion	<u>(4,521)</u>

Total long-term debt	<u>136,245</u>
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Total Liabilities	<u><u>258,033</u></u>
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Net position:

Net Investment in Capital Assets, net of related debt	6,766,138
Unrestricted	<u>712,450</u>

Total Net Position	<u><u>\$ 7,478,588</u></u>
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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, 2022

Operating Revenues:	
Charges for services	\$ 943,307
Operating Expenses:	
Admin.- Office	135
Auto Expense	4,154
Bank Charges	952
Business Insurance	14,497
Depreciation	264,965
Director Fees	10,475
Dues and subscriptions	13,371
Employee Insurance	47,483
Equipment Expenses	691
Fees - Permits/Certifications	11,429
Fuel	5,881
Lab Testing	50,606
Legal and Professional Fees	69,950
Mileage reimbursement	639
Office Supplies	3,617
Other Expenses	2,717
Park Lights	426
Payroll Taxes	27,278
Permit Fees	615
Postage and Freight	4,606
Professional & special services	53,987
Repair & Maintenance	29,603
Salaries & Wages	333,676
Source-Purchased Water	14,240
State Compliance ACL	13,659
Telephone	12,483
Treatment Supplies	68,769
Tuition	5,278
Uniforms	2,909
Utilities	86,729
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Total operating expenses	1,155,820
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Operating income (loss)	(212,513)
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Non-operating revenues (expenses):	
Covid Relief	69,543
Grant Income	405,360
Interest & Dividend Income	1,142
Property Taxes	2,893
Interest expense	(3,641)
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Total non-operating revenues (expenses)	475,297
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Increase in net position	\$ 262,784
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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, 2022

Balance, beginning of year	\$ 7,215,804
Increase in net position	<u>262,784</u>
Balance, end of year	<u>\$ 7,478,588</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, 2022

<u>Cash flows from operating activities:</u>	
Cash received from customers and users	\$ 927,910
Cash received from customer deposits	3,127
Cash paid to employees for services	(334,477)
Cash paid to suppliers of goods and services	<u>(538,689)</u>
Net cash provided (used) by operating activities	<u>57,871</u>
<u>Cash flows from non capital financing activities:</u>	
Covid Relief	69,543
Grant Income	405,360
Cash received from property taxes	<u>2,893</u>
Net cash provided by non-capital financing activities	<u>477,796</u>
<u>Cash flows from capital and related financing activities:</u>	
Acquisition of capital assets	(289,169)
Principal paid on debt	(4,411)
Interest paid on debt	<u>(3,641)</u>
Net cash provided (used) by capital and related financing activities	<u>(297,221)</u>
<u>Cash flows from investing activities:</u>	
Interest and dividend income	<u>1,142</u>
Net increase (decrease) in cash and cash equivalents	239,588
Cash at beginning of year	<u>478,783</u>
Cash at end of year	<u>\$ 718,371</u>

Reconciliation of operating income to
Net cash from operating activities

Operating income (loss)	\$ (212,513)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	264,965
(Increase)/decrease in accounts receivable	(15,397)
Increase/(decrease) in accounts payable	18,490
Increase/(decrease) in customer deposits	3,127
Increases/(decrease) in compenstated absences payable	<u>(801)</u>
Total adjustments	<u>270,384</u>
Net cash provided by operating activities	<u>\$ 57,871</u>

SEELEY COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

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, 2022

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, 2022

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, 2022.

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, 2022.

Accounts Receivable:

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

Accounts Receivable	\$ 111,327
Less: Allowance for doubtful accounts	<u>(15,200)</u>
Accounts receivable, Net of allowance for doubtful accounts	<u>\$ 96,127</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, 2022

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, 2022, 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, 2022

NOTE 2: PROPERTY PLANT AND EQUIPMENT

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

	Balance as of July 1, 2021	Additions	Reclassification	Balance as of June 30, 2022
WATER FUND:				
Non-depreciable Assets:				
Construction in Progress	\$ 5,500	\$ -0-	\$ -0-	\$ 5,500
Land	125,347	-0-	-0-	125,347
Total Non-depreciable assets	\$ 130,847	\$ -0-	\$ -0-	\$ 130,847
Depreciable Assets:				
Equipment	\$ 412,685	\$ -0-	\$ -0-	\$ 412,685
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	4,132,965	-0-	-0-	4,132,965
Other	4,519	-0-	-0-	4,519
Total Water Fund	\$ 7,664,019	\$ -0-	\$ -0-	\$ 7,664,019
Less accumulated depreciation	(2,984,336)	(175,928)	-0-	(3,160,264)
Total Depreciable Assets, Net	4,679,683	(175,928)	-0-	4,503,755
Total Capital Assets, Net	\$ 4,810,530	\$ (175,928)	\$ -0-	\$ 4,634,602
SEWER FUND:				
Non-depreciable Assets:				
Construction in progress	\$ 71,742	\$ 289,169	\$ -0-	\$ 360,911
Depreciable Assets:				
Structures and Improvements	8,643	-0-	-0-	8,643
Other	25,221	-0-	-0-	25,221
Office Equipment	9,081	-0-	3,272	12,353
Sewer Plant	1,510,459	-0-	-0-	1,510,459
Equipment	222,040	-0-	9,617	231,657
Vehicles	51,575	-0-	6,207	57,782
Lift Station	1,239,289	-0-	-0-	1,239,289
Pond Liner Project	681,421	-0-	-0-	681,421
Total Sewer Fund	\$ 3,747,729	\$ -0-	\$ 19,096	\$ 3,766,825
Less accumulated depreciation	(1,755,211)	(89,037)	(11,186)	(1,855,434)
Total Depreciable Assets, Net	1,992,518	(89,037)	-0-	1,911,391
Total Capital Assets, Net	\$ 2,064,260	\$ (89,037)	\$ 7,910	\$ 2,272,302
DUMPER FUND:				
Depreciable Assets:				
Office Equipment	\$ 3,272	\$ -0-	\$ (3,272)	\$ -0-
Vehicles	6,207	-0-	(6,207)	-0-
Equipment	9,617	-0-	(9,617)	-0-
Total Dumper Fund	\$ 19,096	\$ -0-	\$ (19,096)	\$ -0-
Less accumulated depreciation	(11,186)	-0-	11,186	-0-
Total Depreciable Assets, Net	7,910	-0-	(7,910)	-0-

SEELEY COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2022

NOTE 2: PROPERTY PLANT AND EQUIPMENT (CONTINUED)

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

	Balance as of July 1, 2021	Additions	Reclassification	Balance as of June 30, 2022
GENERAL FUND:				
Other	48,077	-0-	-0-	48,077
Less accumulated depreciation	(48,077)	-0-	-0-	(48,077)
Total Depreciable Assets, Net	-0-	-0-	-0-	-0-
TOTAL DEPRECIABLE ASSETS	11,478,921	-0-	-0-	11,478,921
Less accumulated depreciation	(4,798,810)	(264,965)	-0-	(5,063,775)
Total Depreciable Assets, Net	6,680,111	(264,965)	-0-	6,415,146
Total Capital Assets, Net	<u>\$ 6,882,700</u>	<u>\$ 24,204</u>	<u>\$ -0-</u>	<u>\$ 6,906,904</u>

NOTE 3: CASH

The District's cash deposits as of June 30, 2022 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, 2022 is as follows:

	Carrying Amount	Bank Balance
Insured	\$ 718,371	\$ 500,000
Collateralized	-0-	255,307
Total cash deposits	<u>\$ 718,371</u>	<u>\$ 755,307</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, 2022 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, 2022 the balance of funds in this category was \$ 255,307.

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, 2022

NOTE 3: CASH (CONTINUED)

A summary of cash balances as of June 30, 2022 is as follows:

Cash in bank	\$ 717,871
Petty Cash	<u>500</u>
Total Cash	<u>\$ 718,371</u>

NOTE 4: NOTES PAYABLE

	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
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.	<u>\$ 4,521</u>	<u>\$ 136,244</u>	<u>\$ 140,765</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>
2023	\$ 4,521	\$ 3,519	\$ 8,040
2024	4,634	3,406	8,040
2025	4,750	3,290	8,040
2026	4,868	3,172	8,040
2027	4,990	3,050	8,040
2028-2032	26,886	13,314	40,200
2033-2037	30,419	9,781	40,200
2038-2042	34,416	5,784	40,200
2043-2046	<u>25,281</u>	<u>1,399</u>	<u>26,680</u>
Total	<u>\$ 140,765</u>	<u>\$ 46,715</u>	<u>\$ 187,480</u>

SEELEY COUNTY WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2022

NOTE 4: NOTES PAYABLE (continued)

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

	Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2022</u>
Loan Payable - USDA	\$ 145,177	\$ -0-	\$ (4,412)	\$ 140,765
	<u>\$ 145,177</u>	<u>\$ -0-</u>	<u>\$ (4,412)</u>	<u>\$ 140,765</u>

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, 2022, the amount of vacation & sick time expense which has been accumulated but not used was \$ 34,727.

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, 2022. 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, 2022. The deadline for design of improvements to the dump station was 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, 2022

NOTE 7: CONSOLIDATION OF WASTEWATER FUNDS:

During the current fiscal year the Wastewater-Dumper Fund was consolidated with the Wastewater-Sewer Fund. These funds are now reported as the Wastewater Fund.

NOTE 8: SUBSEQUENT EVENTS:

The management of the District has reviewed the results of operations for the period of time from its year end June 30, 2022 through November 30, 2022, 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, 2022

ASSETS

	General Fund	Water Fund	Wastewater Fund	Combined
Current Assets:				
Cash in bank	\$ (23,162)	\$ 14,131	\$ 727,402	\$ 718,371
Accounts receivable, net of allowance for uncollectible	-0-	33,644	62,483	96,127
Stock Investment	-0-	7,609	7,610	15,219
Total current assets	<u>(23,162)</u>	<u>55,384</u>	<u>797,495</u>	<u>829,717</u>
Capital assets, not being depreciated	-0-	130,847	360,911	491,758
Capital Assets, net of accumulated depreciation	-0-	4,503,755	1,911,391	6,415,146
Total Capital Assets	<u>-0-</u>	<u>4,634,602</u>	<u>2,272,302</u>	<u>6,906,904</u>
Total Assets	<u>\$ (23,162)</u>	<u>\$ 4,689,986</u>	<u>\$ 3,069,797</u>	<u>\$ 7,736,621</u>

LIABILITIES AND NET POSITION

Current Liabilities:				
Accounts payable	\$ -0-	\$ 10,827	\$ 20,105	\$ 30,932
Customer deposits	-0-	51,608	-0-	51,608
Compensated absences	-0-	12,154	22,573	34,727
Current portion of long-term debt	-0-	4,521	-0-	4,521
Total current liabilities	<u>-0-</u>	<u>79,110</u>	<u>42,678</u>	<u>121,788</u>
Long-term debt:				
Loan payable, net of current portion	-0-	136,245	-0-	136,245
Total long-term debt	<u>-0-</u>	<u>136,245</u>	<u>-0-</u>	<u>136,245</u>
Total Liabilities	<u>-0-</u>	<u>215,355</u>	<u>42,678</u>	<u>258,033</u>
Net position:				
Net investment in capital assets	-0-	4,493,836	2,272,302	6,766,138
Unrestricted (deficit)	(23,162)	(19,205)	754,817	712,450
Total Net Position	<u>\$ (23,162)</u>	<u>\$ 4,474,631</u>	<u>\$ 3,027,119</u>	<u>\$ 7,478,588</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, 2022

	General Fund	Water Fund	Wastewater Fund	Combined
Operating Revenues:				
Charges for services	\$ 1,267	\$ 398,482	\$ 543,558	\$ 943,307
Operating Expenses:				
Admin.- Office	-0-	51	84	135
Auto Expense	-0-	1,610	2,544	4,154
Bank Charges	-0-	333	619	952
Business Insurance	-0-	5,074	9,423	14,497
Depreciation	-0-	175,928	89,037	264,965
Director Fees	-0-	3,666	6,809	10,475
Dues and subscriptions	-0-	4,785	8,586	13,371
Employee Insurance	-0-	17,956	29,527	47,483
Equipment Expenses	-0-	242	449	691
Fees - Permits/Certifications	-0-	4,218	7,211	11,429
Fuel	-0-	2,092	3,789	5,881
Lab Testing	-0-	12,244	38,362	50,606
Legal and Professional Fees	-0-	25,805	44,145	69,950
Mileage reimbursement	-0-	225	414	639
Office Supplies	-0-	3,617	-0-	3,617
Other Expenses	-0-	1,023	1,694	2,717
Park Lights	426	-0-	-0-	426
Payroll Taxes	-0-	9,602	17,676	27,278
Permit Fees	-0-	215	400	615
Postage and Freight	-0-	1,658	2,948	4,606
Professional & special services	-0-	21,258	32,729	53,987
Repair & Maintenance	-0-	16,580	13,023	29,603
Salaries & Wages	-0-	116,787	216,889	333,676
Source-Purchased Water	-0-	14,240	-0-	14,240
State Compliance ACL	-0-	-0-	13,659	13,659
Telephone	-0-	4,474	8,009	12,483
Treatment Supplies	-0-	29,397	39,372	68,769
Tuition	-0-	1,984	3,294	5,278
Uniforms	-0-	1,088	1,821	2,909
Utilities	-0-	43,206	43,523	86,729
Total operating expenses	<u>426</u>	<u>519,358</u>	<u>636,036</u>	<u>1,155,820</u>
Operating income (loss)	<u>841</u>	<u>(120,876)</u>	<u>(92,478)</u>	<u>(212,513)</u>
Non-operating revenues (expenses):				
Covid Relief	-0-	36,415	33,128	69,543
Grant Income	10,000	-0-	395,360	405,360
Interest & Dividend Income	-0-	506	636	1,142
Property Taxes	2,893	-0-	-0-	2,893
Interest expense	-0-	(3,641)	-0-	(3,641)
Other Income (Expense) - Net	<u>12,893</u>	<u>33,280</u>	<u>429,124</u>	<u>475,297</u>
Increase (decrease) in net position	<u>\$ 13,734</u>	<u>\$ (87,596)</u>	<u>\$ 336,646</u>	<u>\$ 262,784</u>

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, 2022

	General Fund	Water Fund	Wastewater Fund		Combined
			Sewer Fund	Dumper Fund	
Net Position, beginning of year	\$ (36,896)	\$ 4,562,227	\$ 2,463,180	\$ 227,293	\$ 7,215,804
To consolidate wastewater funds (Note 7)	-0-	-0-	227,293	(227,293)	-0-
Change in net position - increase (decrease)	13,734	(87,596)	336,646	-0-	262,784
Net Position, End of Year	<u>\$ (23,162)</u>	<u>\$ 4,474,631</u>	<u>\$ 3,027,119</u>	<u>\$ -0-</u>	<u>\$ 7,478,588</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, 2022

	General Fund	Water Fund	Wastewater Fund		Combined
			Sewer Fund	Dumper Fund	
Cash flows from operating activities:					
Cash received from customers and users	\$ 1,267	\$ 393,094	\$ 533,549	\$ -0-	\$ 927,910
Cash received from customer deposits	-0-	3,127	-0-	-0-	3,127
Cash paid to employees for services	-0-	(117,068)	(217,409)	-0-	(334,477)
Cash paid to suppliers of goods and services	(426)	(220,171)	(318,092)	-0-	(538,689)
Net cash provided (used) by operating activities	841	58,982	(1,952)	-0-	57,871
Cash flows from non capital financing activities:					
Covid Relief	-0-	36,415	33,128	-0-	69,543
Grant Income	10,000	-0-	395,360	-0-	405,360
Cash received from property taxes	2,893	-0-	-0-	-0-	2,893
Net cash provided (used) by non-capital financing activities	12,893	36,415	428,488	-0-	477,796
Cash flows from capital and related financing activities:					
Acquisition of capital assets	-0-	-0-	(289,169)	-0-	(289,169)
Principal paid on debt	-0-	(4,411)	-0-	-0-	(4,411)
Interest paid on debt	-0-	(3,641)	-0-	-0-	(3,641)
Net cash provided (used) by capital and related financing activities	-0-	(8,052)	(289,169)	-0-	(297,221)
Cash flows from investing activities:					
Interest and dividend income	-0-	506	636	-0-	1,142
Net increase (decrease) in cash and cash equivalents	13,734	87,851	138,003	-0-	239,588
Cash at beginning of year, as reported	(36,896)	(73,720)	376,567	212,832	478,783
To consolidate wastewater funds (Note 7)	-0-	-0-	212,832	(212,832)	-0-
Cash at beginning of year, adjusted	(36,896)	(73,720)	589,399	-0-	478,783
Cash at end of year	\$ (23,162)	\$ 14,131	\$ 727,402	\$ -0-	\$ 718,371

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