

SEELEY COUNTY WATER DISTRICT  
FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT

AS OF AND  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021



George J. Woo  
Certified Public Accountant

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## 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, 2021 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, 2021, 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

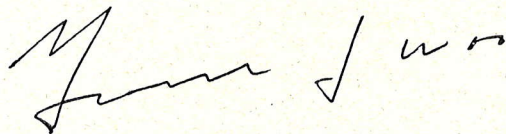
### Required Supplementary Information

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.

December 7, 2021

A handwritten signature in black ink, appearing to read "James J. [unclear]", is written over a faint circular watermark in the background.

SEELEY COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021

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, 2021 and 2020. 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, 2021, and 2020. 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, 2021, and 2020, 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, 2021 and 2020. 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, 2021

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, 2021 and June 30, 2020.

	<u>2021</u>	<u>2020</u>
Assets:		
Utility plant, net	\$ 6,882,700	\$ 7,028,338
Other assets	<u>574,732</u>	<u>697,037</u>
Total assets	<u>\$ 7,457,432</u>	<u>\$ 7,725,375</u>
Liabilities:		
Long-term liabilities	\$ 140,766	\$ 145,177
Other liabilities	<u>100,862</u>	<u>105,153</u>
Total liabilities	<u>241,628</u>	<u>250,330</u>
Net position:		
Net Investment in Capital Assets	\$ 6,737,523	\$ 6,878,858
Unrestricted	<u>478,281</u>	<u>596,187</u>
Total net position	<u>\$ 7,215,804</u>	<u>\$ 7,475,045</u>

**(a) Net Position**

Net position, the difference between assets and liabilities, decreased \$ 259,241 during the fiscal year ended June 30, 2021 and decreased \$ 216,494 for the fiscal year ended June 30, 2020.

**(b) Utility Plant**

Net utility plant, which is comprised of property, plant and equipment increased \$ 131,585, the amount of equipment and capital outlay for the year, and decreased \$ 277,223, the current year depreciation expense. The net decrease in net utility plant was \$ 145,638. 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, 2021

**(c) Other Assets**

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

**(d) Long-Term Liabilities**

Long-term debt decreased \$ 4,303 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, 2021

Summary of Operations and Changes in Net Position

The District's net position during the fiscal year ended June 30, 2021 decreased \$ 259,241 and decreased \$ 216,494 during the fiscal year ended June 30, 2020. The tables below summarize the District's fiscal year 2021 and 2020 activity:

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Charges for services	\$ 884,135	\$ 941,747
Total operating revenues	<u>884,135</u>	<u>941,747</u>
Operating expenses:		
Operation and maintenance	839,496	867,346
Depreciation	<u>277,223</u>	<u>290,892</u>
Total operating expenses	<u>1,116,719</u>	<u>1,158,238</u>
Operating income (loss)	<u>(232,584)</u>	<u>(216,491)</u>
Non-operating revenues (expenses):		
Other Income	10,958	-0-
Grant Income	75,000	-0-
Interest and dividend income	575	558
Property taxes	2,778	3,284
Interest expense	<u>(3,737)</u>	<u>(3,845)</u>
Total non-operating revenues (expenses)	<u>(26,657)</u>	<u>(3)</u>
Increase (decrease) in net position	(259,241)	(216,494)
Total net position, beginning of year	<u>7,475,045</u>	<u>7,691,539</u>
Total net position, end of year	<u>\$7,215,804</u>	<u>\$ 7,475,045</u>

SEELEY COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021

(a) Operating Revenues

In fiscal year 2021 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) decreased \$ 41,519. 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, 2021

ASSETS

Current Assets:	
Cash	\$ 478,783
Accounts receivable, net of allowance for uncollectible	80,730
Stock - Principal Financial Group	15,219
	574,732
Capital Assets	
Capital Assets, Not being depreciated	202,589
Capital assets, Net of Depreciation	6,680,111
	6,882,700
Total Assets	\$ 7,457,432

LIABILITIES AND NET POSITION

Current Liabilities:	
Accounts payable	\$ 12,442
Customer deposits	48,481
Compensated absences	35,528
Current portion of long-term debt	4,411
	100,862
Long-term debt:	
Loan payable- USDA	145,177
Less: current portion	(4,411)
	140,766
Total Liabilities	241,628
Net position:	
Net Investment in Capital Assets, net of related debt	6,737,523
Unrestricted	478,281
	7,215,804
Total Net Position	\$ 7,215,804

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, 2021

Operating Revenues:	
Charges for services	<u>\$ 884,135</u>
Operating Expenses:	
Admin.- Office	384
Advertising	576
Alert Services Expense	48
Auto Expense	2,542
Bank Charges	1,459
Business Insurance	24,643
Capital Improvements	6,716
Depreciation	277,223
Director Fees	10,075
Dues and subscriptions	12,362
Employee Insurance	40,464
Equipment Expenses	2,884
Fees - Permits/Certifications	8,716
Fuel	5,384
Furniture Expense	1,267
General Fund Expenses	8,366
Lab Testing	42,912
Legal and Professional Fees	36,310
Mileage reimbursement	109
Office Expense	8,066
Office Supplies	5,300
Other Expenses	1,329
Park Lights	1,545
Payroll Taxes	29,553
Permit Fees	7,654
Postage and Freight	3,312
Professional & special services	23,182
Repair & Maintenance	23,017
Salaries & Wages	382,931
Security System	59
Source-Purchased Water	11,514
State Compliance ACL	14,402
Telephone	12,117
Treatment Supplies	36,435
Tuition	127
Uniforms	3,393
Utilities	<u>70,343</u>
Total operating expenses	<u>1,116,719</u>
Operating income (loss)	<u>(232,584)</u>
Non-operating revenues (expenses):	
Other Income	10,958
Park Grant	75,000
Interest & Dividend Income	575
Property Taxes	2,778
Interest expense	(3,737)
Bates Park Project	<u>(112,231)</u>
Total non-operating revenues (expenses)	<u>(26,657)</u>
Decrease in net position	<u>\$ (259,241)</u>

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, 2021

Balance, beginning of year	\$ 7,475,045
Increase (decrease) in net position	<u>(259,241)</u>
Balance, end of year	<u><u>\$ 7,215,804</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, 2021

Cash flows from operating activities:

Cash received from customers and users	\$ 906,907
Cash received from customer deposits	11,583
Cash paid to employees for services	(384,065)
Cash paid to suppliers of goods and services	(471,402)
	<hr/>
Net cash provided (used) by operating activities	63,023

Cash flows from non capital financing activities:

Park Grant	75,000
Cash received from property taxes	2,778
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Net cash provided by non-capital financing activities	77,778

Cash flows from capital and related financing activities:

Acquisition of capital assets	(243,816)
Principal paid on debt	(4,303)
Interest paid on debt	(3,737)
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Net cash provided (used) by capital and related financing activities	(251,856)

Cash flows from investing activities:

Interest and dividend income	575
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Net increase (decrease) in cash and cash equivalents	(110,480)
Cash at beginning of year	589,263
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Cash at end of year	\$ 478,783

Reconciliation of operating income to  
Net cash from operating activities

Operating income (loss)	\$ (232,584)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	277,223
Increase/(decrease) in accounts receivable	11,814
Increase/(decrease) in accounts payable	(14,848)
Increase/(decrease) in customer deposits	11,583
Increase/(decrease) in compensated absences payable	(1,134)
Increase/(decrease) in other current asset	11
Non-operating income	10,958
	<hr/>
Total adjustments	295,607
	<hr/>
Net cash provided by operating activities	\$ 63,023

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

SEELEY COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021

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 form 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, 2021

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, 2021

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, 2021.

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, 2021.

Accounts Receivable:

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

Accounts Receivable	\$ 95,930
Less: Allowance for doubtful accounts	<u>(15,200)</u>
Accounts receivable, Net of allowance for doubtful accounts	<u>\$ 80,730</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, 2021

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, 2021, 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, 2021

**NOTE 2: PROPERTY PLANT AND EQUIPMENT**

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

	Balance as of <u>July 1, 2020</u>	<u>Additions</u>	<u>Reclassification</u>	Balance as of <u>June 30, 2021</u>
<b><u>WATER FUND:</u></b>				
<b><u>Non-depreciable Assets:</u></b>				
Construction in Progress	\$ -0-	\$ 5,500	\$ -0-	\$ 5,500
Land	<u>125,347</u>	<u>-0-</u>	<u>-0-</u>	<u>125,347</u>
Total Non-depreciable assets	\$ 125,347	\$ 5,500	\$ -0-	\$ 130,847
<b><u>Depreciable Assets:</u></b>				
Equipment	\$ 372,350	\$ 40,335	\$ -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	4,132,965	-0-	-0-	4,132,965
Other	<u>4,519</u>	<u>-0-</u>	<u>-0-</u>	<u>4,519</u>
Total Water Fund	\$ 7,623,684	\$ 40,335	\$ -0-	\$ 7,664,019
Less accumulated depreciation	<u>(2,795,478)</u>	<u>(188,858)</u>	<u>-0-</u>	<u>(2,984,336)</u>
Total Depreciable Assets, Net	<u>4,828,206</u>	<u>(148,523)</u>	<u>-0-</u>	<u>4,679,683</u>
Total Capital Assets, Net	<u>\$ 4,953,553</u>	<u>\$ (143,023)</u>	<u>\$ -0-</u>	<u>\$ 4,810,530</u>
<b><u>SEWER FUND:</u></b>				
<b><u>Non-depreciable Assets:</u></b>				
Construction in progress	\$ -0-	\$ 71,742	\$ -0-	\$ 71,742
<b><u>Depreciable Assets:</u></b>				
Structures and Improvements	8,643	-0-	-0-	8,643
Other	25,221	-0-	-0-	25,221
Office Equipment	9,081	-0-	-0-	9,081
Sewer Plant	1,510,459	-0-	-0-	1,510,459
Equipment	208,032	14,008	-0-	222,040
Vehicles	51,575	-0-	-0-	51,575
Lift Station	1,239,289	-0-	-0-	1,239,289
Pond Liner Project	<u>681,421</u>	<u>-0-</u>	<u>-0-</u>	<u>681,421</u>
Total Sewer Fund	\$ 3,733,721	\$ 14,008	\$ -0-	\$ 3,747,729
Less accumulated depreciation	<u>(1,671,708)</u>	<u>(83,503)</u>	<u>-0-</u>	<u>(1,755,211)</u>
Total Depreciable Assets, Net	<u>2,062,013</u>	<u>(69,495)</u>	<u>-0-</u>	<u>1,992,518</u>
Total Capital Assets, Net	<u>\$ 2,062,013</u>	<u>\$ 2,247</u>	<u>\$ -0-</u>	<u>\$ 2,064,260</u>
<b><u>DUMPER FUND:</u></b>				
<b><u>Depreciable Assets:</u></b>				
Office Equipment	\$ 3,272	\$ -0-	\$ -0-	\$ 3,272
Vehicles	6,207	-0-	-0-	6,207
Equipment	<u>9,617</u>	<u>-0-</u>	<u>-0-</u>	<u>9,617</u>
Total Dumper Fund	\$ 19,096	\$ -0-	\$ -0-	\$ 19,096
Less accumulated depreciation	<u>(6,324)</u>	<u>(4,862)</u>	<u>-0-</u>	<u>(11,186)</u>
Total Depreciable Assets, Net	<u>12,772</u>	<u>(4,862)</u>	<u>-0-</u>	<u>7,910</u>

SEELEY COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS (Continued)  
 June 30, 2021

**NOTE 2: PROPERTY PLANT AND EQUIPMENT (CONTINUED)**

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

	<u>Balance as of July 1, 2020</u>	<u>Additions</u>	<u>Reclassification</u>	<u>Balance as of June 30, 2021</u>
<b>GENERAL FUND:</b>				
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>11,424,578</u>	<u>54,343</u>	<u>-0-</u>	<u>11,478,921</u>
Less accumulated depreciation	<u>(4,521,587)</u>	<u>(277,223)</u>	<u>-0-</u>	<u>(4,798,810)</u>
Total Depreciable Assets, Net	<u>6,902,991</u>	<u>(222,880)</u>	<u>-0-</u>	<u>6,680,111</u>
Total Capital Assets, Net	<u>\$ 7,028,338</u>	<u>\$ (145,638)</u>	<u>\$ -0-</u>	<u>\$ 6,882,700</u>

**NOTE 3: CASH**

The District's cash deposits as of June 30, 2021 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, 2021 is as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 478,283	\$ 500,000
Collateralized	<u>-0-</u>	<u>3,913</u>
Total cash deposits	<u>\$ 478,283</u>	<u>\$ 503,913</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, 2021 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, 2021 the balance of funds in this category was \$ 3,913.

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, 2021

NOTE 3: CASH (CONTINUED)

A summary of cash balances as of June 30, 2021 is as follows:

Cash in bank	\$ 478,283
Petty Cash	<u>500</u>
 Total Cash	 <u>\$ 478,783</u>

NOTE 4: NOTES PAYABLE

	Current Portion	Long-Term Portion	Total
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>\$ 4,411</u>	<u>\$ 140,766</u>	<u>\$ 145,177</u>

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

Year ending June 30,	Principal Amount	Interest Amount	Total Debt Service
2022	\$ 4,411	\$ 3,629	\$ 8,040
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
2027-2031	26,230	13,970	40,200
2032-2036	29,677	10,523	40,200
2037-2041	33,577	6,623	40,200
2042-2046	<u>32,509</u>	<u>7,691</u>	<u>40,200</u>
Total	<u>\$ 145,177</u>	<u>\$ 55,823</u>	<u>\$ 201,000</u>

SEELEY COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2021

NOTE 4: NOTES PAYABLE (continued)

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

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021
Loan Payable - USDA	\$ 149,480	\$ -0-	\$ (4,303)	\$ 145,177
	<u>\$ 149,480</u>	<u>\$ -0-</u>	<u>\$ (4,303)</u>	<u>\$ 145,177</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, 2021, the amount of vacation & sick time expense which has been accumulated but not used was \$ 35,528.

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, 2021. 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, 2021. 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, 2021

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, 2021 through December 7, 2021, 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, 2021

ASSETS

	General Fund	Water Fund	Wastewater Fund		Combined
			Sewer Fund	Dumper Fund	
Current Assets:					
Cash in bank	\$ (36,896)	\$ (73,720)	\$ 376,567	\$ 212,832	\$ 478,783
Accounts receivable, net of allowance for uncollectible	-0-	28,256	36,329	16,145	80,730
Stock Investment	-0-	7,609	7,610	-0-	15,219
Total current assets	<u>(36,896)</u>	<u>(37,855)</u>	<u>420,506</u>	<u>228,977</u>	<u>574,732</u>
Capital assets, not being depreciated	-0-	130,847	71,742	-0-	202,589
Capital Assets, net of accumulated depreciation	-0-	4,679,683	1,992,518	7,910	6,680,111
Total Capital Assets	<u>-0-</u>	<u>4,810,530</u>	<u>2,064,260</u>	<u>7,910</u>	<u>6,882,700</u>
Total Assets	<u>\$ (36,896)</u>	<u>\$ 4,772,675</u>	<u>\$ 2,484,766</u>	<u>\$ 236,887</u>	<u>\$ 7,457,432</u>
<u>LIABILITIES AND NET POSITION</u>					
Current Liabilities:					
Accounts payable	\$ -0-	\$ 4,355	\$ 5,599	\$ 2,488	\$ 12,442
Customer deposits	-0-	48,481	-0-	-0-	48,481
Compensated absences	-0-	12,435	15,987	7,106	35,528
Current portion of long-term debt	-0-	4,411	-0-	-0-	4,411
Total current liabilities	<u>-0-</u>	<u>69,682</u>	<u>21,586</u>	<u>9,594</u>	<u>100,862</u>
Long-term debt:					
Loan payable, net of current portion	-0-	140,766	-0-	-0-	140,766
Total long-term debt	<u>-0-</u>	<u>140,766</u>	<u>-0-</u>	<u>-0-</u>	<u>140,766</u>
Total Liabilities	<u>-0-</u>	<u>210,448</u>	<u>21,586</u>	<u>9,594</u>	<u>241,628</u>
Net position:					
Net investment in capital assets	-0-	4,638,353	2,064,260	7,910	6,710,523
Unrestricted (deficit)	<u>(36,896)</u>	<u>(76,126)</u>	<u>398,920</u>	<u>219,383</u>	<u>505,281</u>
Total Net Position	<u>\$ (36,896)</u>	<u>\$ 4,562,227</u>	<u>\$ 2,463,180</u>	<u>\$ 227,293</u>	<u>\$ 7,215,804</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, 2021

	General Fund	Water Fund	Wastewater Fund		Combined
			Sewer Fund	Dumper Fund	
<b>Operating Revenues:</b>					
Charges for services	\$ 3,603	\$ 357,585	\$ 418,089	\$ 104,858	\$ 884,135
<b>Operating Expenses:</b>					
Admin.- Office	0	165	219	0	384
Advertising	0	275	301	0	576
Alert Services Expense	0	48	0	0	48
Auto Expense	0	999	1,543	0	2,542
Bank Charges	1,261	36	47	115	1,459
Business Insurance	0	10,596	14,047	0	24,643
Capital Improvements	0	6,716	0	0	6,716
Depreciation	0	188,858	83,503	4,862	277,223
Director Fees	0	4,332	5,743	0	10,075
Dues and subscriptions	0	6,270	6,092	0	12,362
Employee Insurance	0	17,412	23,052	0	40,464
Equipment Expenses	0	2,884	0	0	2,884
Fees - Permits/Certifications	0	4,199	4,517	0	8,716
Fuel	0	2,367	3,017	0	5,384
Furniture Expense	0	545	722	0	1,267
General Fund Expenses	8,366	0	0	0	8,366
Lab Testing	0	8,437	34,475	0	42,912
Legal and Professional Fees	0	15,613	20,697	0	36,310
Mileage reimbursement	0	47	62	0	109
Office Expense	0	3,170	4,896	0	8,066
Office Supplies	0	2,619	2,681	0	5,300
Other Expenses	0	666	663	0	1,329
Park Lights	1,545	0	0	0	1,545
Payroll Taxes	0	10,381	13,273	5,899	29,553
Permit Fees	0	3,291	4,363	0	7,654
Postage and Freight	0	1,424	1,888	0	3,312
Professional & special services	0	10,911	10,743	1,528	23,182
Repair & Maintenance	0	10,245	12,772	0	23,017
Salaries & Wages	0	124,860	174,152	83,919	382,931
Security System	0	0	59	0	59
Source-Purchased Water	0	11,514	0	0	11,514
State Compliance ACL	0	0	14,402	0	14,402
Telephone	0	5,210	6,907	0	12,117
Treatment Supplies	0	27,581	8,854	0	36,435
Tuition	0	62	65	0	127
Uniforms	0	1,481	1,912	0	3,393
Utilities	0	39,852	30,491	0	70,343
<b>Total operating expenses</b>	<b>11,172</b>	<b>523,066</b>	<b>486,158</b>	<b>96,323</b>	<b>1,116,719</b>
<b>Operating income (loss)</b>	<b>(7,569)</b>	<b>(165,481)</b>	<b>(68,069)</b>	<b>8,535</b>	<b>(232,584)</b>
<b>Non-operating revenues (expenses):</b>					
Other Income	10,958	0	0	0	10,958
Park Grant	75,000	0	0	0	75,000
Interest & Dividend Income	0	217	358	0	575
Property Taxes	2,778	0	0	0	2,778
Interest expense	0	(3,737)	0	0	(3,737)
Bates Park Project	(112,231)	0	0	0	(112,231)
<b>Other Income (Expense) - Net</b>	<b>(23,495)</b>	<b>(3,520)</b>	<b>358</b>	<b>-</b>	<b>(26,657)</b>
<b>Increase (decrease) in net position</b>	<b>\$ (31,064)</b>	<b>\$ (169,001)</b>	<b>\$ (67,711)</b>	<b>\$ 8,535</b>	<b>\$ (259,241)</b>

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, 2021

	General Fund	Water Fund	Wastewater Fund		Combined
			Sewer Fund	Dumper Fund	
Net Position, beginning of year	\$ (5,832)	\$ 4,731,228	\$ 2,530,891	\$ 218,758	\$ 7,475,045
Change in net position - increase (decrease)	<u>(31,064)</u>	<u>(169,001)</u>	<u>(67,711)</u>	<u>8,535</u>	<u>(259,241)</u>
Net Position, End of Year	<u>\$ (36,896)</u>	<u>\$ 4,562,227</u>	<u>\$ 2,463,180</u>	<u>\$ 227,293</u>	<u>\$ 7,215,804</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, 2021

	General Fund	Water Fund	Wastewater Fund		Combined
			Sewer Fund	Dumper Fund	
<b>Cash flows from operating activities:</b>					
Cash received from customers and users	\$ 14,561	\$ 358,943	\$ 426,181	\$ 107,222	\$ 906,907
Cash received from customer deposits	-0-	11,583	-0-	-0-	11,583
Cash paid to employees for services	-0-	(124,157)	(175,763)	(84,145)	(384,065)
Cash paid to suppliers of goods and services	(11,172)	(213,726)	(235,992)	(10,512)	(471,402)
Net cash provided (used) by operating activities	3,389	32,643	14,426	12,565	63,023
<b>Cash flows from non capital financing activities:</b>					
Park Grant	75,000	-0-	-0-	-0-	75,000
Cash received from property taxes	2,778	-0-	-0-	-0-	2,778
Net cash provided (used) by non-capital financing activities	77,778	-0-	-0-	-0-	77,778
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets	(112,231)	(45,835)	(85,750)	-0-	(243,816)
Principal paid on debt	-0-	(4,303)	-0-	-0-	(4,303)
Interest paid on debt	-0-	(3,737)	-0-	-0-	(3,737)
Net cash provided (used) by capital and related financing activities	(112,231)	(53,875)	(85,750)	-0-	(251,856)
<b>Cash flows from investing activities:</b>					
Interest and dividend income	-0-	217	358	-0-	575
Net increase (decrease) in cash and cash equivalents	(31,064)	(21,015)	(70,966)	12,565	(110,480)
Cash at beginning of year	(5,832)	(52,705)	447,533	200,267	589,263
Cash at end of year	<u>\$ (36,896)</u>	<u>\$ (73,720)</u>	<u>\$ 376,567</u>	<u>\$ 212,832</u>	<u>\$ 478,783</u>

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