

**WASHINGTON COUNTY
WATER DISTRICT**

FINANCIAL STATEMENTS
and Independent Auditor's Report thereon

AS OF AND FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018

**WASHINGTON COUNTY WATER DISTRICT
JUNE 30, 2019 and 2018**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and business-type activities of the Washington County Water District as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and business-type activities of the Washington County Water District as of June 30, 2019 and 2018, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 21-22 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. We 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Washington County Water District has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Fechter & Company,
Certified Public Accountants

A handwritten signature in blue ink that reads "Fechter + Company". The signature is written in a cursive, flowing style with a long horizontal flourish extending to the right.

Sacramento, California
July 7, 2022

GOVERNMENT-WIDE FINANCIAL STATEMENTS

WASHINGTON COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 57,187	\$ 57,187
Accounts receivable, net of allowance for doubtful accounts of \$3,420	-	13,845	13,845
Due to / from other fund	85,807	(85,807)	-
Prepaid expenses	-	10,396	10,396
Capital assets	1,250	176,962	178,212
Total Assets	<u>87,057</u>	<u>172,583</u>	<u>259,640</u>
<u>LIABILITIES</u>			
Accounts payable	-	799	799
Accrued expenses	-	8,310	8,310
Long-Term Liabilities:			
Due within one year	-	1,877	1,877
Due in more than one year	-	72,540	72,540
Total Liabilities	<u>-</u>	<u>83,526</u>	<u>83,526</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,250	176,962	178,212
Unrestricted net position	85,807	(87,906)	(2,099)
Total Net Position	<u>\$ 87,057</u>	<u>\$ 89,057</u>	<u>\$ 176,114</u>

WASHINGTON COUNTY WATER DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2019

	Program Revenue			Net Revenue (Expenses)		Total
	Expenses	Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:						
General Government	\$ 8,004	\$ -	\$ -	(8,004)	\$ -	\$ (8,004)
Total Governmental Activities	<u>8,004</u>	<u>-</u>	<u>-</u>	<u>(8,004)</u>	<u>-</u>	<u>(8,004)</u>
Business-Type Activities:						
Water	152,795	78,006	-	-	(74,789)	(74,789)
Interest on Long-Term Debt	3,528	-	-	-	(3,528)	(3,528)
Total Business-Type Activities	<u>156,323</u>	<u>78,006</u>	<u>-</u>	<u>-</u>	<u>(78,317)</u>	<u>(78,317)</u>
Total	<u>\$ 164,326</u>	<u>\$ 78,006</u>	<u>\$ -</u>	<u>(8,004)</u>	<u>(78,317)</u>	<u>(86,320)</u>
General Revenues:						
Taxes:						
Property taxes				-	33,249	33,249
Other taxes				6,690	-	6,690
Interest				-	1,199	1,199
Miscellaneous				-	39	39
Total General Revenues				<u>6,690</u>	<u>34,487</u>	<u>41,177</u>
Transfers In				-	-	-
Transfers Out				-	-	-
Change in Net Position				(1,314)	(43,830)	(45,143)
Net Position - Beginning				88,371	132,886	221,257
Net Position - Ending				<u>\$ 87,057</u>	<u>\$ 89,057</u>	<u>\$ 176,114</u>

WASHINGTON COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ -	\$ 87,473	\$ 87,473
Accounts receivable, net of allowance for doubtful accounts of \$3,420	-	12,375	12,375
Grant receivable	-	-	-
Due to / from other fund	84,304	(84,304)	-
Prepaid expenses	2,817	-	2,817
Capital Assets	1,250	204,533	205,783
Total Assets	<u>88,371</u>	<u>220,077</u>	<u>308,448</u>
<u>LIABILITIES</u>			
Accounts payable	-	8,147	8,147
Accrued expenses	-	2,883	2,883
Long-Term Liabilities:			
Due within one year	-	1,744	1,744
Due in more than one year	-	74,417	74,417
Total Liabilities	<u>-</u>	<u>87,191</u>	<u>87,191</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	1,250	204,533	205,783
Unrestricted net position	87,121	(71,647)	15,474
Total Net Positions	<u>\$ 88,371</u>	<u>\$ 132,886</u>	<u>\$ 221,257</u>

WASHINGTON COUNTY WATER DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2018

	<u>Program Revenue</u>			<u>Net Revenue (Expenses)</u>		<u>Total</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	
Governmental Activities:						
General Government	\$ 283	\$ -	\$ -	\$ (283)	\$ -	\$ (283)
Total Governmental Activities	<u>283</u>	<u>-</u>	<u>-</u>	<u>(283)</u>	<u>-</u>	<u>(283)</u>
Business-Type Activities:						
Water	155,186	69,954	-	-	(85,232)	(85,232)
Interest on Long-Term Debt	3,605	-	-	-	(3,605)	(3,605)
Total Business-Type Activities	<u>158,791</u>	<u>69,954</u>	<u>-</u>	<u>-</u>	<u>(88,837)</u>	<u>(88,837)</u>
Total	<u>\$ 159,074</u>	<u>\$ 69,954</u>	<u>\$ -</u>	<u>(283)</u>	<u>(88,837)</u>	<u>(89,120)</u>
General Revenues:						
Taxes:						
Property taxes				-	32,152	32,152
Other taxes				6,238	3	6,241
Interest				-	1,267	1,267
Miscellaneous				-	5,233	5,233
Total General Revenues				<u>6,238</u>	<u>38,655</u>	<u>44,893</u>
Change in Net Position				5,955	(50,182)	(44,227)
Net Position - Beginning				<u>82,416</u>	<u>167,436</u>	<u>249,852</u>
Prior-period adjustment				-	15,632	15,632
Net Position - Ending				<u>\$ 88,371</u>	<u>\$ 132,886</u>	<u>\$ 221,257</u>

FUND FINANCIAL STATEMENTS

**WASHINGTON COUNTY WATER DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUND
June 30, 2019 and 2018**

	2019	2018
<u>ASSETS</u>		
Due from other fund	\$ 85,807	\$ 84,304
Prepaid expenses	-	2,817
Total Assets	\$ 85,807	\$ 87,121
 <u>FUND BALANCES</u>		
Fund balances:		
Unreserved	\$ 87,121	\$ 81,166
Net (deficit) income	(1,314)	5,955
Total Fund Balances	\$ 85,807	\$ 87,121

WASHINGTON COUNTY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND

For the Years Ending
June 30, 2019 and 2018

	2019	2018
REVENUES		
Other taxes	\$ 6,690	\$ 6,238
Total Revenue	6,690	6,238
EXPENDITURES		
General government	8,004	283
Total Expenditures	8,004	283
Change in Fund Balances Before Other Financing Sources (Uses)	(1,314)	5,955
Net Change in Fund Balance	(1,314)	5,955
Fund Balance - Beginning of Year	87,121	81,166
Fund Balance - End of Year	\$ 85,807	\$ 87,121

**WASHINGTON COUNTY WATER DISTRICT
RECONCILIATION OF STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND TO THE STATEMENTS OF ACTIVITIES
For the Years Ending
June 30, 2019 and 2018**

	2019	2018
Net Change in Fund Balance - Governmental Fund	\$ (1,314)	\$ 5,955
<p>The change in net assets for governmental activities in the statement of activities is different because:</p> <p>Governmental fund reports capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount that capital outlay exceeds depreciation expense in the current periods.</p>		
	-	-
Change in Net Position - Governmental Activities	\$ (1,314)	\$ 5,955

**WASHINGTON COUNTY WATER DISTRICT
BALANCE SHEETS
WATER FUND
June 30, 2019 and 2018**

	2019	2018
<u>ASSETS</u>		
Cash and cash equivalents	\$ 57,187	\$ 87,473
Accounts receivable, net allowance for doubtful accounts of \$3,420	13,845	12,375
Prepaid expenses	10,396	-
Capital assets	176,962	204,533
Total Assets	\$ 258,390	\$ 304,381
<u>LIABILITIES</u>		
Accounts payable	\$ 799	\$ 8,147
Accrued expenses	8,310	2,883
Due from other fund	85,807	84,304
Long-Term Liabilities:		
Due within one year	1,877	1,744
Due in more than one year	72,540	74,417
Total Liabilities	169,333	171,495
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	176,962	204,533
Unrestricted net position	(87,906)	(71,647)
Total Net Position	\$ 89,056	\$ 132,886

WASHINGTON COUNTY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
WATER FUND

For the Years Ending
June 30, 2019 and 2018

	2019	2018
OPERATING REVENUES		
Charges for services	\$ 78,006	\$ 69,954
Total Operating Revenues	78,006	69,954
 OPERATING EXPENSES		
Salary expense	52,971	33,649
Materials and supplies	1,249	6,460
Telephone and utilities	3,221	3,508
Repairs and maintenance	22,640	26,776
Purchase of service	36,023	46,582
Insurance	7,982	9,523
Depreciation expense	27,571	27,571
Other expenses	1,138	1,117
Total Operating Expenses	152,795	155,186
Operating Loss	(74,789)	(85,232)
 NON-OPERATING REVENUES (EXPENSES)		
Property taxes	33,249	32,155
Interest income	1,199	1,267
Interest expense	(3,528)	(3,605)
Miscellaneous income (expense)	39	5,233
Total Non-Operating Revenue (Expense)	30,959	35,050
Change in Net Position	(43,830)	(50,182)
Total Net Position - Beginning	132,886	167,436
Prior-period adjustment	-	15,632
Total Net Position - Ending	\$ 89,056	\$ 132,886

WASHINGTON COUNTY WATER DISTRICT
STATEMENTS OF CASH FLOWS
WATER FUND
For the Years Ending
June 30, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Cash received from water sales and services	\$ 76,536	\$ 62,803
Cash paid to or on behalf of employees	(47,544)	(32,605)
Cash paid to vendors	(88,493)	(76,333)
	(59,501)	(46,135)
 Cash Flows From Non-Capital Financing Activities		
Cash received from tax assessments	33,249	32,155
Cash received from miscellaneous income	39	4,633
Cash received (paid) for interest	(2,329)	(2,338)
	30,959	34,450
 Cash Flows from Capital and Related Financing Activities		
Principal Paid on Debt	(1,744)	(3,921)
	(1,744)	(3,921)
Net Cash Used for Capital and Related Financing Activities	(1,744)	(3,921)
Decrease in Cash and Cash Equivalents	(30,286)	(15,606)
Cash and Cash Equivalents - Beginning	87,473	103,079
Cash and Cash Equivalents - Ending	\$ 57,187	\$ 87,473
 Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (74,789)	\$ (85,232)
Adjustments to Reconcile Operating Income to		
Cash Provided by Operating Activities:		
Prior-period adjustment	-	15,632
Depreciation expense	27,571	27,571
Bad debt expense	-	600
Changes in Assets and Liabilities:		
Decrease (increase) in accounts receivable	(1,470)	(7,151)
Decrease (increase) in due to/from other fund	1,503	(1,268)
Decrease (increase) in prepaid expenses	(10,396)	7,295
Increase (decrease) in accounts payable	(7,347)	(4,626)
Decrease in accrued liabilities	5,427	1,044
	(59,501)	(46,135)
Net Cash Provided by Operating Activities	\$ (59,501)	\$ (46,135)

WASHINGTON COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Washington County Water District (District) was incorporated November 29, 1962, under the provision of the statutes of the State of California. This District operates under a Board of Directors and provides drinking and fire protection water to the community of Washington in Nevada County.

B. Basis of Presentation

The District accounts for its financial transactions in accordance with the policies and procedures for California special districts. The accounting policies of the District conform to accounting principles generally accepted in the United States of America, and as prescribed by the Governmental Accounting Standards Board (GASB) and Audits of State and Local Governmental Units, issued by the American Institute of Certified Public Accountants.

C. Basis of Accounting and Measurement Focus

Government-wide Financial Statements: The government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the District accompanied by a total column.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements by the provider have been met.

Fund Financial Statements: Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, which is usually 60 days. For this purpose, the District generally considers revenues to be available if they are collected within ninety days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred as under-accrual accounting.

WASHINGTON COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Funds: Separate financial statements are provided for governmental funds and proprietary funds. The District reports a governmental fund and a proprietary fund. The *General Fund* is the District’s fire protection fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Water Fund is used to account for the operation and maintenance of the District’s water department.

D. Budgets

The District’s procedures for establishing an annual budget are that the Treasurer develop and present a budget to the Board of Directors for review and approval.

All budgets are adopted on a cash basis not consistent with generally accepted accounting principles (GAAP). Budgeting comparisons presented in this report are on the non-GAAP budgetary basis. However, for financial reporting purposes, revenues are recognized when measurable and available, and expenditures are recognized as incurred.

E. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., water piping and systems) are recorded at historical cost or estimated historical cost, if actual cost is not available. Contributed assets are recorded at estimated fair value on the date of contribution. The District historically has capitalized assets with a value of greater than \$500 and an estimated useful life in excess of two years. All land is recorded regardless of cost. Normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is computed using the straight-line method over the estimated useful life of the assets as follows:

	<u>Years</u>
Buildings	30-50
Infrastructure and equipment	5-50
Vehicles	5-30
Furniture and fixtures	3-5

F. Cash and Cash Equivalents

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds monthly using a formula based on the average daily balance of each fund.

WASHINGTON COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 and 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. Accounts Receivable

Accounts receivable consists of amounts due from outside parties for service charges as well as reimbursements owed under grant agreements. Accounts receivable is presented net of an allowance for doubtful accounts that reflects management's best estimate of receivables that will become uncollectible. The estimate made is based on a variety of factors including the length of time receivables are past due, economic trends and conditions affecting the customer base, and historical write-off experience. Accounts that are deemed to be uncollectible are written off against the allowance for doubtful accounts.

I. Interfund Loans

Interfund loans are reported as either receivables or payables and are referred to as "due to/from other fund."

J. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities Statement of Net Position.

K. Property Taxes

Property tax receivables are recorded in the fiscal year for which the tax is levied. Revenue is recognized when measurable and available. The County levies bills and collects property taxes for the District. Property taxes paid to the District by the end of the year are recognized as revenue in that year.

WASHINGTON COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 and 2018

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2019 and 2018, consist of the following:

	June 30, 2019		June 30, 2018	
	General Fund	Water Fund	General Fund	Water Fund
County cash	\$ -	\$ 57,111	\$ -	\$ 85,464
Petty cash	-	76	-	2,009
	\$ -	\$ 57,187	\$ -	\$ 87,473

Investment Policy: California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The District does not have an investment policy that addresses its interest rate risk, credit risk, and concentration of credit risk.

Investment in the County of Nevada’s Investment Pool: The District maintains its cash in Nevada County’s cash and investment pool which is managed by the Nevada County Treasurer. The District’s cash balances invested in the Nevada County Treasurer’s cash and investment pool are stated at amortized cost, which approximates fair value. Nevada County does not invest in any derivative financial products. The Nevada County Treasury Investment Oversight Committee (Committee) has oversight responsibility for Nevada County’s cash and investment pool. The Committee consists of ten members as designated by State law. The value of pool shares in Nevada County that may be withdrawn is determined on an amortized cost basis, which is different than the fair value of the District’s position in the pool. Investments held in the County’s investment pool are available on demand to the District and are stated at cost, which approximates fair value. This investment is not subject to categorization under GASB No. 3.

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2019 and 2018, the weighted average maturity of the investments contained in the County’s investment pool was 5 years or less.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating issued by a nationally recognized statistical rating organization. The County’s investment pool does not have a rating provided by a nationally recognized statistical rating organization.

WASHINGTON COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 and 2018

NOTE 2: CASH AND INVESTMENTS - continued

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District's deposits were covered by FDIC insurance at June 30, 2019 and 2018.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2019 and June 30, 2018 were as follows:

	2019			Ending Balance
	Beginning Balance	Additions	Disposals	
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 1,250	\$ -	\$ -	\$ 1,250
Total capital assets, not being depreciated	1,250	-	-	1,250
Capital assets, being depreciated				
Structures and improvements	80,420	-	-	80,420
Vehicles	20,100	-	-	20,100
Furniture and fixtures	-	-	-	-
Infrastructure and equipment	4,434	-	-	4,434
Total historical cost	104,954	-	-	104,954
Accumulated depreciation	(104,954)	-	-	(104,954)
Total capital assets, being depreciated	-	-	-	-
Governmental Activities Capital Assets	<u>\$ 1,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,250</u>

WASHINGTON COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 and 2018

NOTE 3: CAPITAL ASSETS – continued

Enterprise Activities:

Capital assets, being depreciated				
Furniture and fixtures	\$ 1,105	\$ -	\$ -	\$ 1,105
Infrastructure and equipment	1,172,072	-	-	1,172,072
Total historical cost	1,173,177	-	-	1,173,177
Accumulated depreciation	(913,502)	(27,571)	-	(941,073)
Total capital assets, being depreciated	259,675	(27,571)	-	232,104
Enterprise Activities Capital Assets	<u>\$ 259,675</u>	<u>\$ (27,571)</u>	<u>\$ -</u>	<u>\$ 232,104</u>

2018

	<u>Beginning</u>			<u>Ending</u>
	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
Governmental Activities:				
Capital assets, not being depreciated				
Land	\$ 1,250	\$ -	\$ -	\$ 1,250
Total capital assets, not being depreciated	\$ 1,250	-	-	1,250
Capital assets, being depreciated				
Structures and improvements	80,420	-	-	80,420
Vehicles	20,100	-	-	20,100
Furniture and fixtures	-	-	-	-
Infrastructure and equipment	4,434	-	-	4,434
Total historical cost	104,954	-	-	104,954
Accumulated depreciation	(104,954)	-	-	(104,954)
Total capital assets, being depreciated	-	-	-	-
Governmental Activities Capital Assets	<u>\$ 1,250</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,250</u>

Enterprise Activities:

Capital assets, being depreciated				
Structures and improvements	-	-	-	-
Vehicles	-	-	-	-
Furniture and fixtures	\$ 1,105	\$ -	\$ -	\$ 1,105
Infrastructure and equipment	1,172,072	-	-	1,172,072
Total historical cost	1,173,177	-	-	1,173,177
Accumulated depreciation	(941,073)	(27,571)	-	(968,644)
Total capital assets, being depreciated	232,104	(27,571)	-	204,533
Enterprise Activities Capital Assets	<u>\$ 232,104</u>	<u>\$ (27,571)</u>	<u>\$ -</u>	<u>\$ 204,533</u>

WASHINGTON COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 and 2018

NOTE 4: ACCRUED EXPENSES

Accrued expenses include advanced payments on customer accounts, deposits, and accrued salary expenses.

NOTE 5: LONG-TERM DEBT

USDA - As part of a loan and grant assistance from the USDA, the District received a loan of \$96,983 at 4.5% in June 2002. The loan requires annual payments of \$5,272 through June 2043.

The following is a summary of long-term debt balances for the district for the years ended June 30, 2019 and June 30, 2018:

Loan	Beginning Balance July 1, 2018	Principle Payments	Ending Balance June 30, 2019	Amount Due Within One Year
USDA	\$ 76,161	\$ 1,744	\$ 74,417	\$ 1,822

Loan	Beginning Balance July 1, 2017	Principle Payments	Ending Balance June 30, 2018	Amount Due Within One Year
USDA	\$ 81,878	\$ 5,717	\$ 76,161	\$ 1,744

The annual debt requirements are as follows:

2020	\$	5,272
2021		5,272
2022		5,272
2023		5,272
2024		5,272
Thereafter		100,168
Total		126,528
Less interest		(52,111)
Principle	\$	74,417

WASHINGTON COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 and 2018

NOTE 6: FUNDS NOT PROPERLY ACCOUNTED FOR

For approximately fourteen years prior to the fiscal year ended June 30, 2012, the Fire Department failed to properly account for funds raised through an annual fundraiser barbeque. The net funds not accounted cannot be reasonably estimated.

The District does not track governmental and proprietary cash balances separately and thus all cash is reflected in the proprietary fund.

NOTE 7: PRIOR-PERIOD ADJUSTMENT

A prior period adjustment was recorded in the year ended June 30, 2018, to record revenue in the appropriate period.

NOTE 8: EXPENDITURES IN EXCESS OF APPROPRIATIONS

During the 2019 and 2018 fiscal years, the District had expenditures in excess of appropriations mostly due to repair and maintenance of equipment and timing of insurance payments.

NOTE 9: SUBSEQUENT EVENTS

The District has reviewed events through July 7, 2022. As of July 7, 2022, the USDA loan was under default due to the failure to deliver audited financial statements for the fiscal years ended June 30, 2018, 2019, 2020, and 2021 within 180 days of the fiscal year ends.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. In April 2020, the California governor issued a mandate stating water cannot be shut off for non-payment which has resulted in some outstanding account balances. As a result of this, there have been unpaid account balances that have grown.

No other matters have been noted that would materially affect the carrying balances of District assets and liabilities.

REQUIRED SUPPLEMENTARY INFORMATION

**WASHINGTON COUNTY WATER DISTRICT
GENERAL AND WATER FUNDS
BUDGETARY COMPARISON SCHEDULE
June 30, 2019**

	Budget (Cash Basis)	Actual (Unaudited)	Variance with Final Budget Positive (Negative)
Revenues			
Water sales	\$ 110,943	\$ 78,006	\$ (32,937)
Property taxes	27,262	33,247	5,985
Other taxes	4,200	6,692	2,492
Interest income	900	1,199	299
Miscellaneous revenue	-	39	39
	<u>143,305</u>	<u>119,183</u>	<u>(24,122)</u>
Expenditures			
Salaries and benefits	46,640	57,720	(11,080)
Automobile expense	4,000	182	3,818
Computer and internet expenses	1,392	3,287	(1,895)
Insurance	11,956	16,366	(4,410)
Interest expense	5,272	5,272	-
Professional services	43,560	31,701	11,859
Maintenance and repair	19,000	26,042	(7,042)
Permits and licenses	3,200	3,185	15
Supplies	300	50	250
Postage and delivery	700	1,017	(317)
Training	500	470	30
Utilities	4,045	4,121	(76)
Miscellaneous	600	1,217	(617)
	<u>141,165</u>	<u>150,629</u>	<u>(9,464)</u>
Net changes in fund balances	<u>\$ 2,140</u>	<u>\$ (31,446)</u>	<u>\$ (33,586)</u>

**WASHINGTON COUNTY WATER DISTRICT
GENERAL AND WATER FUNDS
BUDGETARY COMPARISON SCHEDULE
June 30, 2018**

	Budget (Cash Basis)	Actual (Unaudited)	Variance with Final Budget Positive (Negative)
Revenues			
Water sales	\$ 72,000	\$ 69,954	\$ (2,046)
Property taxes	40,262	32,152	(8,110)
Other taxes	4,200	6,241	2,041
Interest income	848	1,267	419
Miscellaneous revenue	-	5,233	5,233
Total Revenues	117,310	114,847	(2,463)
Expenditures			
Salaries and benefits	31,454	34,306	(2,852)
Automobile expense	4,000	5,982	(1,982)
Computer and internet expenses	1,300	1,257	43
Insurance	11,932	5,984	5,948
Interest expense	4,032	5,272	(1,240)
Professional services	43,560	43,664	(104)
Maintenance and repair	8,000	26,602	(18,602)
Permits and licenses	2,500	3,208	(708)
Supplies	300	517	(217)
Postage and delivery	700	478	222
Training	500	1,014	(514)
Utilities	3,700	4,125	(425)
Miscellaneous	600	80	(520)
Total Expenditures	112,578	132,489	(20,951)
Net changes in fund balances	\$ 4,732	\$ (17,642)	\$ (23,414)