

**WASHINGTON COUNTY
WATER DISTRICT**

FINANCIAL STATEMENTS
With
Independent Auditor's Report thereon

JUNE 30, 2023 AND 2022

WASHINGTON COUNTY WATER DISTRICT

Financial Statements
June 30, 2023 and 2022

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT	1-3
FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position – June 30, 2023	4
Statement of Activities – For the Year Ended June 30, 2023	5
Statement of Net Position – June 30, 2022	6
Statement of Activities – For the Year Ended June 30, 2022	7
Fund Financial Statements:	
Balance Sheets – Governmental Fund	8
Statements of Revenues, Expenditures, and Changes in Fund Balance	9
Reconciliation of Statements of Revenues, Expenditures, and Changes in Fund Balance Governmental Fund to the Statement of Activities	10
Proprietary Fund:	
Balance Sheets	11
Statements of Revenues, Expenditures, and Changes in Net Position	12
Statements of Cash Flows	13
Notes to Financial Statements	14-21
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – 2023	22
Budgetary Comparison Schedule – 2022	23

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Washington County Water District as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Washington County Water District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Washington County Water District, as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Washington County Water District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 from 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 Washington County Water District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 our opinions. 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 generally accepted auditing standards 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 a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment 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 Washington County Water 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Washington County Water District's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

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

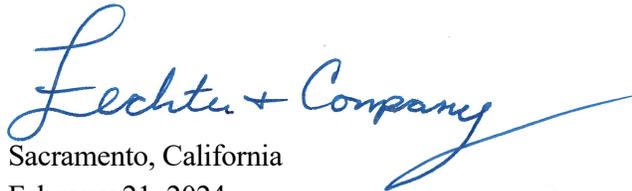
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Other Matters

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. Our opinion is not modified with respect to his matter.

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
February 21, 2024

GOVERNMENT-WIDE FINANCIAL STATEMENTS

WASHINGTON COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ -	\$ 84,545	\$ 84,545
Accounts receivable, net of allowance for doubtful accounts of \$1,420	-	10,521	10,521
Due to / from other fund	(11,414)	11,414	-
Prepaid expenses	-	15,419	15,419
Capital assets	134,440	89,985	224,425
Total Assets	<u>123,026</u>	<u>211,884</u>	<u>334,910</u>
<u>Liabilities</u>			
Accounts payable	9,818	5,998	15,816
Accrued expenses	-	13,337	13,337
Long-term liabilities:			
Due within one year	-	2,053	2,053
Due in more than one year	-	64,826	64,826
Total Liabilities	<u>9,818</u>	<u>86,214</u>	<u>96,032</u>
<u>Net Position</u>			
Invested in capital assets, net of related debt	134,440	89,985	224,425
Unrestricted net position	(21,232)	35,685	14,453
Total Net Position	<u>\$ 113,208</u>	<u>\$ 125,670</u>	<u>\$ 238,878</u>

WASHINGTON COUNTY WATER DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2023

	Program Revenue			Net Revenue (Expenses)		Total
	Expenses	Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:						
General Government	\$ 45,043	\$ -	\$ 8,000	\$ (37,043)	\$ -	\$ (37,043)
Total Governmental Activities	<u>45,043</u>	<u>-</u>	<u>8,000</u>	<u>(37,043)</u>	<u>-</u>	<u>(37,043)</u>
Business-Type Activities:						
Water	193,876	112,598	-	-	(81,278)	(81,278)
Interest on Long-Term Debt	3,282	-	-	-	(3,282)	(3,282)
Total Business-Type Activities	<u>197,158</u>	<u>112,598</u>	<u>-</u>	<u>-</u>	<u>(84,560)</u>	<u>(84,560)</u>
Total	<u>\$ 242,201</u>	<u>\$ 112,598</u>	<u>\$ 8,000</u>	<u>(37,043)</u>	<u>(84,560)</u>	<u>(121,603)</u>
General Revenues:						
Taxes:						
Property taxes				1	40,811	40,812
Other taxes				9,550	28	9,578
Interest				3	1,468	1,471
Miscellaneous				-	1,800	1,800
Total General Revenues				<u>9,554</u>	<u>44,107</u>	<u>53,661</u>
Change in Net Position				(27,489)	(40,453)	(67,942)
Net Position - Beginning of Year				<u>140,697</u>	<u>166,123</u>	<u>306,820</u>
Net Position - Ending of Year				<u>\$ 113,208</u>	<u>\$ 125,670</u>	<u>\$ 238,878</u>

WASHINGTON COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ -	\$ 95,905	\$ 95,905
Accounts receivable, net of allowance for doubtful accounts of \$1,420	-	13,588	13,588
Due to / from other fund	(10,661)	10,661	-
Prepaid expenses	-	20,202	20,202
Capital assets	151,358	110,638	261,996
Total Assets	<u>140,697</u>	<u>250,994</u>	<u>391,691</u>
<u>Liabilities</u>			
Accounts payable	-	6,988	6,988
Accrued expenses	-	9,014	9,014
Long-term liabilities:			
Due within one year	-	1,963	1,963
Due in more than one year	-	66,906	66,906
Total Liabilities	<u>-</u>	<u>84,871</u>	<u>84,871</u>
<u>Net Position</u>			
Invested in capital assets, net of related debt	151,358	110,638	261,996
Unrestricted net position	(10,661)	55,485	44,824
Total Net Position	<u>\$ 140,697</u>	<u>\$ 166,123</u>	<u>\$ 306,820</u>

WASHINGTON COUNTY WATER DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2022

	Program Revenue			Net Revenue (Expenses)		Total
	Expenses	Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities:						
General Government	\$ 55,354	\$ -	\$ 22,939	\$ (32,415)	\$ -	\$ (32,415)
Total Governmental Activities	55,354	-	22,939	(32,415)	-	(32,415)
Business-Type Activities:						
Water	185,013	121,960	113,024	-	49,971	49,971
Interest on Long-Term Debt	3,564	-	-	-	(3,564)	(3,564)
Total Business-Type Activities	188,577	121,960	113,024	-	46,407	46,407
Total	\$ 243,931	\$ 121,960	\$ 135,963	(32,415)	46,407	13,992
General Revenues:						
Taxes:						
Property taxes				-	38,477	38,477
Other taxes				9,912	4	9,916
Interest				-	1,302	1,302
Miscellaneous				70,000	10,799	80,799
Total General Revenues				<u>79,912</u>	<u>50,581</u>	<u>130,493</u>
Change in Net Position				47,497	96,988	144,485
Net Position - Beginning of Year				<u>93,200</u>	<u>69,135</u>	<u>162,335</u>
Net Position - Ending of Year				<u>\$ 140,697</u>	<u>\$ 166,123</u>	<u>\$ 306,820</u>

FUND FINANCIAL STATEMENTS

**WASHINGTON COUNTY WATER DISTRICT
BALANCE SHEETS
GOVERNMENTAL FUND
June 30, 2023 and 2022**

	2023	2022
<u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$ 9,817	\$ -
Due to other fund	11,414	10,661
Deferred revenue	-	-
Total Liabilities	21,231	10,661
Fund balances:		
Unreserved	(10,661)	91,950
Reserved	-	-
Net (deficit) income	(10,571)	(102,611)
Total Fund Deficit	\$ (21,231)	\$ (10,661)

WASHINGTON COUNTY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Years Ending
June 30, 2023 and 2022

	2023	2022
<u>Revenues</u>		
Other taxes	\$ 9,550	\$ 9,912
Interest income	3	-
Grant revenue	8,000	22,939
Miscellaneous revenue	-	70,000
	17,553	102,851
<u>Expenditures</u>		
General government	22,233	43,955
Capital outlay	5,891	161,507
	28,124	205,462
Change in Fund Balance Before Other Financing Sources (Uses)	(10,571)	(102,611)
Net Change in Fund Balance	(10,571)	(102,611)
Fund Balance - Beginning of Year	(10,661)	91,950
Fund Balance - End of Year	\$ (21,231)	\$ (10,661)

**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, 2023 and 2022**

	2023	2022
Net Change in Fund Balance - Governmental Fund	\$ (10,572)	\$ (102,611)
<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>		
	(16,917)	150,107
Change in Net Position - Governmental Activities	\$ (27,489)	\$ 47,496

PROPRIETARY FUND

WASHINGTON COUNTY WATER DISTRICT
BALANCE SHEETS
WATER FUND
June 30, 2023 and 2022

	2023	2022
<u>Assets</u>		
Cash and cash equivalents	\$ 84,545	\$ 95,905
Accounts receivable, net allowance for doubtful accounts of \$1,420	10,521	13,588
Due from other fund	11,414	10,661
Prepaid expenses	15,419	20,202
Capital assets	89,985	110,638
Total Assets	\$ 211,884	\$ 250,994
<u>Liabilities</u>		
Accounts payable	\$ 5,998	\$ 6,988
Accrued expenses	13,337	9,014
Long-term liabilities:		
Due within one year	2,053	1,963
Due in more than one year	64,826	66,906
Total Liabilities	86,214	84,871
<u>Net Position</u>		
Invested in capital assets, net of related debt	89,985	110,638
Unrestricted net position	35,685	55,485
Total Net Position	\$ 125,670	\$ 166,123

WASHINGTON COUNTY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
WATER FUND
For the Years Ending
June 30, 2023 and 2022

	2023	2022
<u>Operating Revenues</u>		
Charges for services	\$ 112,598	\$ 121,960
Total Operating Revenues	112,598	121,960
<u>Operating Expenses</u>		
Salary expense	83,239	71,112
Materials and supplies	4,897	3,741
Telephone and utilities	4,465	4,865
Repairs and maintenance	38,581	7,509
Purchase of service	21,972	51,445
Insurance	15,886	10,842
Depreciation expense	22,453	22,108
Other expenses	2,383	13,391
Total Operating Expenses	193,876	185,013
Operating Loss	(81,278)	(63,053)
<u>Non-Operating Revenues (Expenses)</u>		
Property taxes	40,839	38,481
Grant revenue	-	113,024
Interest income	1,468	1,302
Interest expense	(3,282)	(3,564)
Miscellaneous income (expense)	1,800	10,799
Total Non-Operating Revenue (Expense)	40,825	160,042
Change in Net Position	(40,453)	96,989
Total Net Position - Beginning of Year	166,123	69,135
Total Net Position - Ending of Year	\$ 125,670	\$ 166,123

WASHINGTON COUNTY WATER DISTRICT
STATEMENTS OF CASH FLOWS
WATER FUND
For the Years Ending
June 30, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Cash received from water sales and services	\$ 115,665	\$ 115,922
Cash paid to or on behalf of employees	(83,240)	(71,112)
Cash paid to vendors	(80,821)	(180,436)
Net Cash Used for Operating Activities	(48,396)	(135,626)
Cash Flows From Non-Capital Financing Activities		
Cash received from tax assessments	40,839	38,481
Cash received from miscellaneous income	1,800	10,798
Cash received (paid) for interest	(1,814)	(2,262)
Net Cash Provided by Non-Capital Activities	40,826	47,017
Cash Flows from Capital and Related Financing Activities		
Acquisition of fixed assets	(1,800)	-
Proceeds from grants	-	12,000
Principal Paid on Debt	(1,990)	(1,708)
Net Cash (Used) Provided by Capital and Related Financing Activities	(3,790)	10,292
Decrease in Cash and Cash Equivalents	(11,360)	(78,317)
Cash and Cash Equivalents - Beginning	95,905	174,222
Cash and Cash Equivalents - Ending	\$ 84,545	\$ 95,905
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	\$ (81,278)	\$ (63,053)
Adjustments to Reconcile Operating Income to Cash Provided by Operating Activities:		
Depreciation expense	22,453	22,108
Bad debt expense	-	11,882
Changes in Assets and Liabilities:		
Decrease (increase) in accounts receivable	3,067	(6,038)
Decrease (increase) in due to/from other fund	(753)	(102,611)
Decrease (increase) in prepaid expenses	4,783	(1,550)
Increase (decrease) in accounts payable	(991)	2,758
Decrease in accrued liabilities	4,323	878
Net Cash Provided (Used) by Operating Activities	\$ (48,396)	\$ (135,626)

WASHINGTON COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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 water and fire protection services 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, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

C. Basis of Accounting and Measurement Focus – 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.

Amounts reported as program revenue include 1) charges to customers for water service, 2) operating grants and contributions, and 3) capital grants and contributions. Interest and property taxes are reported as general revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund’s principal ongoing operations. The Water Fund is a proprietary fund and its principal operating revenues are charges to customers for water service. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Budgets

The District’s procedures for establishing an annual budget require 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

WASHINGTON COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

F. Cash and Cash Equivalents

The County of Nevada (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.

For purposes of the Statement of Cash Flows, the District considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

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, 2023 AND 2022

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2023 and 2022, consist of the following:

	June 30, 2023		June 30, 2022	
	General Fund	Water Fund	General Fund	Water Fund
County cash	\$ -	\$ 84,045	\$ -	\$ 95,516
Petty cash	-	500	-	389
	<u>\$ -</u>	<u>\$ 84,545</u>	<u>\$ -</u>	<u>\$ 95,905</u>

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, 2023 and 2022, 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, 2023 AND 2022

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, 2023 and 2022.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2023 and 2022 were as follows:

	2023			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	94,751	-	-	94,751
Infrastructure and equipment	91,290	5,891	-	97,181
Total historical cost	266,461	5,891	-	272,352
Accumulated depreciation	(116,353)	(22,808)	-	(139,161)
Total capital assets, being depreciated, net	150,108	(16,917)	-	133,191
Governmental Activities Capital Assets	<u>\$ 151,358</u>	<u>\$ (16,917)</u>	<u>\$ -</u>	<u>\$ 134,441</u>

WASHINGTON COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3: CAPITAL ASSETS – continued

	2023			Ending Balance
	Beginning Balance	Additions	Disposals	
Business-type Activities:				
Capital assets, being depreciated				
Furniture and fixtures	\$ 1,105	\$ -	\$ -	\$ 1,105
Vehicles	-	1,800	-	1,800
Infrastructure and equipment	1,172,072	-	-	1,172,072
Total historical cost	1,173,177	1,800	-	1,174,977
Accumulated depreciation	(1,062,539)	(22,453)	-	(1,084,992)
Total capital assets, being depreciated, net	110,638	(20,653)	-	89,985
Enterprise Activities Capital Assets	<u>\$ 110,638</u>	<u>\$ (20,653)</u>	<u>\$ -</u>	<u>\$ 89,985</u>
2022				
	Beginning Balance	Additions	Disposals	Ending Balance
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	74,651	-	94,751
Furniture and fixtures	-	-	-	-
Infrastructure and equipment	4,434	86,856	-	91,290
Total historical cost	104,954	161,507	-	266,461
Accumulated depreciation	(104,954)	(11,399)	-	(116,353)
Total capital assets, being depreciated, net	-	150,108	-	150,108
Governmental Activities Capital Assets	<u>\$ 1,250</u>	<u>\$ 150,108</u>	<u>\$ -</u>	<u>\$ 151,358</u>
Business-type 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	(1,040,431)	(22,108)	-	(1,062,539)
Total capital assets, being depreciated, net	132,746	(22,108)	-	110,638
Enterprise Activities Capital Assets	<u>\$ 132,746</u>	<u>\$ (22,108)</u>	<u>\$ -</u>	<u>\$ 110,638</u>

WASHINGTON COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 4: ACCRUED EXPENSES

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

NOTE 5: LONG-TERM DEBT

United States Department of Agriculture (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, 2023 and June 30, 2022:

	Beginning Balance <u>July 1, 2022</u>	Principle Payments <u> </u>	Ending Balance <u>June 30, 2023</u>	Amount Due Within One Year <u> </u>
Business-Type Activities:				
USDA Loan	\$ 68,869	\$ 1,990	\$ 66,879	\$ 2,147

	Beginning Balance <u>July 1, 2021</u>	Principle Payments <u> </u>	Ending Balance <u>June 30, 2022</u>	Amount Due Within One Year <u> </u>
Business-Type Activities:				
USDA Loan	\$ 70,577	\$ 1,708	\$ 68,869	\$ 1,990

The annual debt requirements are as follows:

2024	\$	5,272
2025		5,272
2026		5,272
2027		5,272
2028		5,272
Thereafter		<u>79,080</u>
Total		105,440
Less interest		<u>(38,561)</u>
Principle	\$	<u><u>66,879</u></u>

WASHINGTON COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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: EXPENDITURES IN EXCESS OF APPROPRIATIONS

During the 2023 and 2022 fiscal years, the District had expenditures in excess of appropriations mostly due to capital outlay in 2023 and salaries, maintenance and repairs in 2022.

NOTE 9: SUBSEQUENT EVENTS

As of February 21, 2024, the USDA loan was under default due to the failure to deliver audited financial statements within 180 days of the fiscal year ends.

The District has reviewed events through February 21, 2024. No other matters have been noted that would materially affect the carrying balances of District assets and liabilities except as noted above.

REQUIRED SUPPLEMENTARY INFORMATION

**WASHINGTON COUNTY WATER DISTRICT
GENERAL AND WATER FUNDS
BUDGETARY COMPARISON SCHEDULE
June 30, 2023**

	Budget (Cash Basis)	Actual (Unaudited)	Variance with Final Budget Positive (Negative)
Revenues			
Water sales	\$ 116,784	\$ 112,598	\$ (4,186)
Property taxes	35,162	40,812	5,650
Other taxes	8,677	9,578	901
Interest income	-	1,471	1,471
Grant revenue	-	8,000	8,000
Miscellaneous revenue	-	1,800	1,800
Total Revenues	160,623	174,259	13,636
Expenditures			
Salaries and benefits	72,209	87,561	(15,352)
Automobile expense	3,800	8,007	(4,207)
Computer and internet expenses	4,800	6,695	(1,895)
Insurance	15,000	11,103	3,897
Interest expense	-	3,282	(3,282)
Professional services	9,600	12,441	(2,841)
Maintenance and repair	14,000	39,559	(25,559)
Permits and licenses	2,700	2,672	28
Supplies	1,687	4,323	(2,636)
Postage and delivery	900	789	111
Training	-	710	(710)
Utilities	4,200	10,384	(6,184)
Capital outlay	-	5,891	(5,891)
Miscellaneous	6,297	(959)	7,256
Total Expenditures	135,193	192,458	(57,265)
Net Changes in Fund Balances	\$ 25,430	\$ (18,199)	\$ (43,629)

**WASHINGTON COUNTY WATER DISTRICT
GENERAL AND WATER FUNDS
BUDGETARY COMPARISON SCHEDULE
June 30, 2022**

	Budget (Cash Basis)	Actual (Unaudited)	Variance with Final Budget Positive (Negative)
Revenues			
Water sales	\$ 165,802	\$ 118,186	\$ (47,616)
Property taxes	32,972	38,477	5,505
Grant revenue	-	34,939	34,939
Other taxes	6,193	9,916	3,723
Interest income	-	1,302	1,302
Miscellaneous revenue	-	80,798	80,798
Total Revenues	204,967	283,618	78,651
Expenditures			
Salaries and benefits	88,835	64,245	24,590
Automobile expense	2,460	8,640	(6,180)
Computer and internet expenses	1,538	5,374	(3,836)
Insurance	9,386	12,392	(3,006)
Interest expense	-	3,564	(3,564)
Professional services	10,031	42,380	(32,349)
Maintenance and repair	14,029	9,300	4,729
Permits and licenses	1,774	2,627	(853)
Supplies	1,687	24,360	(22,673)
Postage and delivery	495	772	(277)
Training	-	840	(840)
Utilities	3,835	7,478	(3,643)
Capital outlay	-	161,507	(161,507)
Reserves	60,172	-	60,172
Miscellaneous	5,453	18,962	(13,509)
Total Expenditures	199,695	362,442	(162,747)
Net Changes in Fund Balances	\$ 5,272	\$ (78,824)	\$ (84,096)