

CALPELLA COUNTY WATER DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Property Taxes

Property taxes received by Calpella County Water District consist of general taxes. General property taxes represent the portion of Ad Valorem taxes received by Calpella County Water District as determined by their tax allocation factor. This tax revenue is available for general District use.

Investment Policy

It is the policy of the District to invest funds in a manner that will provide the highest return with maximum security while still meeting the daily cash flow demands of the District. All investments must conform to the requirements of California Government Code Sections 5921 and 53601. All investments are in the form of Inactive Public Deposits or Certificates of Deposit and the balances indicated on the balance sheet as investments, restricted and unrestricted, approximate market value.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The District is exposed to various risks of loss related to torts, theft to, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District carries insurance for all risks. Settled claims resulting from these risks have not exceeded insurance coverage in the past three years.

Property, Plant and Equipment

Property, plant and equipment are valued at historical cost or at an estimate of their historical cost, if actual historical cost is not available. Donated assets are valued to their estimated fair value on the date donated. Assets with a value of \$1,000 or less are expensed in the year acquired.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of all exhaustible fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Treatment facilities and distribution system	10-40 years
Office equipment	10 years

Proprietary Fund Financial Statements

The District has a sole fund which is considered a proprietary fund.

Proprietary Fund Financial Statements include a Statement of Net Position, A Statement of Activities and Changes in Net Position, and a Statement of Cash Flows for each proprietary fund.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Activities and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Note 2 - Cash

As of June 30, 2022 and 2021 cash consisted as follows:

	<u>2022</u>	<u>2021</u>
Cash		
General operations	\$ 81,298	\$ 140,792
Money market account	108,764	108,601
Petty cash	<u>250</u>	<u>300</u>
Total Cash	<u>\$ 190,312</u>	<u>\$ 249,643</u>

As of June 30, 2022 and 2021, the District's deposits with financial institutions were \$0 and \$362 in excess of federal depository insurance limits, respectively. The deposits approximate fair market value.

Note 3 - Property, Plant and Equipment

The following is a summary of the changes in property, plant, and equipment for the fiscal year:

	Balance <u>7/1/21</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6/30/21</u>
Land	\$ 11,538	\$	\$	\$ 11,538
Treatment facilities and distribution system	2,709,811			2,709,811
Office equipment	560			560
Construction in progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total cost	2,721,909	0	0	2,721,909
Less accumulated depreciation	<u>(1,855,700)</u>	<u>(41,077)</u>	<u>0</u>	<u>(1,896,777)</u>
Net Book Value	<u>\$ 866,209</u>	<u>\$ (41,077)</u>	<u>\$ 0</u>	<u>\$ 825,132</u>

Depreciation expense of \$41,077 and \$39,809 were recorded as operating expense for the years ended June 30, 2022 and 2021 respectively.

Note 4 - Joint Powers Agreements

The District participates in a joint venture under a joint powers (JPA) with the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) for insurance purposes. ACWA/JPIA is a joint powers agency formed pursuant to Section 6500 et. Seq., California Government Code, is comprised of California special districts, and agencies including such districts. The relationship between the District and JPA is such that the JPA is not a component unit of the District for financial reporting purposes. Separate financial statements of the JPA can be obtained by writing to them directly at ACWA Joint Powers Insurance Authority, 5620 Birdcage Street, Suite 200, Citrus Heights, CA 95610-7632. ACWA/JPIA's purpose is to jointly fund and develop programs to provide comprehensive and economical risk financing for water districts. These programs are provided through collective self-insurance; the purchase of insurance coverage's; or a combination thereof.

During the year the District joined and will participate in the future in a joint venture under a joint powers (JPA) with the Upper Russian River Water Agency (URRWA) in order to provide more effective and economical services to their customers and to respond in union to water issues in the Upper Russian River Watershed. URRWA is a joint powers agency formed pursuant to Section 6500 et. Seq., California Government Code, is comprised presently of four California special districts. The relationship between the District and JPA is such that the JPA is not a component unit of the District for financial reporting purposes. Additional information can be obtained by writing to them directly at URRWA, 151 Laws Avenue, Ukiah CA 95482.

Note 5 - Subsequent Events

Subsequent events are those events or transactions that occur subsequent to the effective date of the financial statements, but prior to the issuance of the final reports, which may have a material effect on the financial statement or disclosures therein.

There are no subsequent events that have occurred through September 4, 2022 that meet the above definition.

CALPELLA COUNTY WATER DISTRICT
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Sewer	Water	Totals	
			2022	2021
<u>Operating Revenues</u>				
Sales	\$ 127,733	\$ 143,213	\$ 270,946	\$ 326,882
Total Operating Revenue	127,733	143,213	270,946	326,882
<u>Operating Expenses</u>				
Contract/Personnel services	67,568	67,568	135,136	131,738
Purchased water		35,546	35,546	62,434
Supplies	8,186	-	8,186	5,875
Repairs and maintenance	12,064	27,017	39,081	16,270
Utilities	18,844	18,605	37,449	39,098
Directors fees	720	720	1,440	1,440
Permits and fees	24,383	7,681	32,064	25,657
Insurance	2,508	1,124	3,632	2,929
Office expense	280	1,636	1,916	1,342
Professional fees	5,249	5,037	10,286	17,300
Licenses and fees	2,666	1,858	4,524	4,411
Testing	13,960	1,895	15,855	13,315
Postage	449	504	953	1,422
Merchant fees	-	1,408	1,408	1,214
Depreciation	20,538	20,539	41,077	39,809
Total Operating Expenses	177,415	191,138	368,553	364,254
Operating Income (Loss)	(49,682)	(47,925)	(97,607)	(37,372)
<u>Non-Operating Revenues (Expenses)</u>				
Interest income	112	112	224	230
Tax revenue	21,922		21,922	22,678
Late payment penalties	-	-	-	-
Miscellaneous income (expense)	-	(200)	(200)	(40)
Total Non-Operating Revenues (Expenses)	22,034	(88)	21,946	22,868
Net Income (Loss)	\$ (27,648)	\$ (48,013)	\$ (75,661)	\$ (14,504)

The accompanying notes are an integral part of these statements