

SEELEY COUNTY WATER DISTRICT  
FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT  
AS OF AND  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2017



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 accompanying financial statements of the Seeley County Water District (the "District") as of June 30, 2017 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, 2017, 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 11, 2017



SEELEY COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017

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, 2017 and 2016. 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, 2017, and 2016. 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, 2017, and 2016, 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, 2017 and 2016. 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, 2017

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, 2017 and June 30, 2016.

	<u>2017</u>	<u>2016</u>
Assets:		
Utility plant, net	\$ 7,371,377	\$ 8,382,344
Other assets	<u>573,411</u>	<u>556,224</u>
Total assets	<u>\$ 7,944,788</u>	<u>\$ 8,938,568</u>
Liabilities:		
Long-term liabilities	\$ 193,791	\$ 216,014
Other liabilities	<u>112,062</u>	<u>47,881</u>
Total liabilities	<u>305,853</u>	<u>263,895</u>
Net position:		
Net Investment in Capital Assets	\$ 7,172,844	\$ 8,166,330
Restricted	3,400	3,400
Unrestricted	<u>462,691</u>	<u>504,943</u>
Total net position	<u>\$ 7,638,935</u>	<u>\$ 8,674,673</u>

**(a) Net Position**

Net position, the difference between assets and liabilities, decreased \$ 85,616 during the fiscal year ended June 30, 2017 and decreased \$ 150,238 for the fiscal year ended June 30, 2016.

**(b) Utility Plant**

Net utility plant, which is comprised of property, plant and equipment increased \$ 230,462, the amount of equipment and capital outlay for the year, and decreased \$ 291,307, the current year depreciation expense. In addition, a prior period of adjustment was recorded to remove construction in progress of \$ 950,122 that was abandoned (see Note 6). The net decrease in net utility plant was \$ 1,010,967. 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, 2017

**(c) Other Assets**

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

**(d) Long-Term Liabilities**

Long-term debt decreased \$ 22,223 due to scheduled repayment of notes payable and 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, 2017

Summary of Operations and Changes in Net Position

The District's net position during the fiscal year ended June 30, 2017 decreased \$ 85,616 and decreased \$ 150,238 during the fiscal year ended June 30, 2016. The tables below summarize the District's fiscal year 2017 and 2016 activity:

	<u>2017</u>	<u>2016</u>
Operating revenues:		
Charges for services	\$ <u>906,959</u>	\$ <u>844,366</u>
Operating expenses:		
Operation and maintenance	697,715	720,350
Depreciation	<u>291,307</u>	<u>272,130</u>
Total operating expenses	<u>989,022</u>	<u>992,480</u>
Operating income (loss)	<u>(82,063)</u>	<u>(148,114)</u>
Non-operating revenues (expenses):		
Interest income	1,475	3,449
Property taxes	2,405	2,397
Interest expense	<u>(7,433)</u>	<u>(7,970)</u>
Total non-operating revenues (expenses)	<u>(3,553)</u>	<u>(2,124)</u>
Increase (decrease) in net position	(85,616)	(150,238)
Total net position, beginning of year, as previously reported	<u>8,674,673</u>	<u>8,824,911</u>
Prior Period Adjustment (Note 6)	(950,122)	-0-
Total net position, beginning of year - restated	<u>7,724,551</u>	<u>-0-</u>
Total net position, end of year	<u>\$7,638,935</u>	<u>\$ 8,674,673</u>



SEELEY COUNTY WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2017

(a) Operating Revenues

In fiscal year 2017 operating revenues increased 7%.

(b) *Operating Expenses*

Operating expenses consists of salaries, administrative expenses and operations and maintenance costs. During the year, operating expenses (including depreciation) decreased \$ 3,458. 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 districts finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office Manager, Seeley County Water District, 1898 W. Main St., Seeley, California 92273.



SEELEY COUNTY WATER DISTRICT  
STATEMENT OF NET POSITION  
As of June 30, 2017

ASSETS

Current Assets:	
Cash	\$ 472,686
Accounts receivable, net of allowance for uncollectible	81,591
Stock - Principal Financial Group	<u>15,734</u>
Total current assets	570,011
Cash restricted for debt service, USDA	3,400
Capital Assets	
Capital Assets, Not being depreciated	186,470
Capital assets, Net of Depreciation	<u>7,184,907</u>
Total	<u>7,371,377</u>
Total Assets	<u><u>\$ 7,944,788</u></u>

LIABILITIES AND NET POSITION

Current Liabilities:	
Accounts payable	\$ 64,348
Customer deposits	26,398
Compensated absences	16,574
Current portion of long-term debt	<u>4,742</u>
Total current liabilities	112,062
Long-term debt:	
Note payable- USDA	36,764
Note payable- USDA	161,769
Less: current portion	<u>(4,742)</u>
Total long-term debt	<u>193,791</u>
Total Liabilities	<u><u>305,853</u></u>
Net position:	
Net Investment in Capital Assets	7,172,844
Restricted for debt service, USDA	3,400
Unrestricted	<u>462,691</u>
Total Net Position	<u><u>\$ 7,638,935</u></u>

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, 2017

Operating Revenues:

Charges for services	\$	907,128
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Operating Expenses:

Admin - other	38
Advertising	4,685
Alert Service Expense	39
Bad Debts	15,200
Bank Charges	1,284
Business Insurance	15,041
Contract Labor	4,484
Depreciation	291,307
Director Fees	7,900
Dues & Subscriptions	9,276
Employee Insurance	27,607
Employee Relations	276
Fees - Permits/Certifications/Fines	13,011
Fuel	6,393
General Fund Expenses	6,219
Lab Testing	41,727
Legal & Professional Fees	42,670
Miscellaneous	500
Office Expense	3,895
Other Expense	376
Payroll Expense	222,735
Permits Fees - Burn/Air Pollution	183
Postage & Freight	3,344
Professional & Special Services	60,287
Repair & Maintenance	37,140
Source - Purchased Water	1,160
Supplies	50,035
Telephone Expense	7,466
Transport & Travel	497
Tuition	1,132
Uniforms	6,128
Utilities	90,582
Vacation & Sick Pay Expense	16,574

Total operating expenses		989,191
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Operating income (loss)		(82,063)
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Non-operating revenues (expenses):

Property taxes	2,405
Interest income	1,475
Interest expense	(7,433)

Total non-operating revenues (expenses)		(3,553)
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Increase (decrease) in net position	\$	(85,616)
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The accompanying notes are an integral part of these statements.

SEELEY COUNTY WATER DISTRICT  
STATEMENT OF CHANGES IN NET POSITION  
For The Year Ended June 30, 2017

Balance, beginning of year - as previously reported	\$ 8,674,673
Prior year adjustment (Note 6)	<u>(950,122)</u>
Balance, beginning of year - restated	7,724,551
Increase (decrease) in net position	<u>(85,616)</u>
Balance, end of year	<u><u>\$ 7,638,935</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, 2017

Cash flows from operating activities:

Cash received from customers and users	\$ 938,721
Cash paid to employees for services	(222,735)
Cash paid to suppliers of goods and services	<u>(418,710)</u>
Net cash provided (used) by operating activities	<u>297,276</u>

Cash flows from non capital financing activities:

Cash received from property taxes	<u>2,405</u>
Net cash provided by non-capital financing activities	<u>2,405</u>

Cash flows from capital and related financing activities:

Acquisition of capital assets	(230,462)
Principal paid on debt	(17,481)
Interest paid on debt	<u>(7,433)</u>
Net cash provided (used) by capital and related financing activities	<u>(255,376)</u>

Cash flows from investing activities:

Interest Income	<u>1,475</u>
Net increase in cash and cash equivalents	45,780
Cash at beginning of year	<u>430,306</u>
Cash at end of year	<u><u>\$ 476,086</u></u>

Reconciliation of operating income to  
Net cash from operating activities

Operating income (loss)	<u>\$ (82,063)</u>
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	291,307
Increase in accounts receivable	28,593
Increase/(decrease) in accounts payable	39,865
Increase/(decrease) in customer deposits	3,000
Increase in compensated absences payable	<u>16,574</u>
Total adjustments	<u>379,339</u>
Net cash provided by operating activities	<u><u>\$ 297,276</u></u>

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

SEELEY COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

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.

1. 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, 2017

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, 2017

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, 2017.

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, 2017.

Accounts Receivable:

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

Accounts Receivable	\$ 96,791
Less: Allowance for doubtful accounts	<u>(15,200)</u>
Accounts receivable, Net of allowance for doubtful accounts	<u>\$ 81,591</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, 2017

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, 2017, 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, 2017

**NOTE 2: PROPERTY PLANT AND EQUIPMENT**

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

	Balance as of July 1, 2016	Additions (Retirements)	Prior Period Adjustment (Note 6)	Balance as of June 30, 2017
<b><u>WATER FUND:</u></b>				
<b><u>Non-depreciable Assets:</u></b>				
Land	\$ 125,347	\$ -0-	\$ -0-	\$ 125,347
<b><u>Depreciable Assets:</u></b>				
Equipment	\$ 202,676	\$ 151,031	\$ -0-	\$ 353,707
Improvements	49,677	-0-	-0-	49,677
Office Equipment	9,260	-0-	-0-	9,260
Water Plant	2,947,885	-0-	-0-	2,947,885
Vehicles	70,144	-0-	-0-	70,144
Water System improvements	3,707,748	-0-	0-	3,707,748
Other	4,519	-0-	-0-	4,519
<b>Total Water Fund</b>	<b>\$ 6,992,909</b>	<b>\$ 151,031</b>	<b>\$ -0-</b>	<b>\$ 7,143,940</b>
Less accumulated depreciation	(2,016,923)	(185,536)	-0-	(2,202,459)
<b>Total Depreciable Assets, Net</b>	<b>4,975,986</b>	<b>(34,505)</b>	<b>-0-</b>	<b>4,941,481</b>
<b>Total Capital Assets, Net</b>	<b>\$ 5,101,333</b>	<b>\$ (34,505)</b>	<b>\$ -0-</b>	<b>\$ 5,066,828</b>
<b><u>SEWER FUND:</u></b>				
<b><u>Non-depreciable Assets:</u></b>				
Construction in progress	\$ 950,122	\$ 61,123	\$ (950,122)	\$ 61,123
<b><u>Depreciable Assets:</u></b>				
Structures and Improvements	8,643	-0-	-0-	8,643
Other	25,221	-0-	-0-	25,221
Office Equipment	8,092	-0-	-0-	8,092
Sewer Plant	1,449,336	-0-	-0-	1,449,336
Equipment	164,695	18,308	-0-	183,003
Vehicles	36,678	-0-	-0-	36,678
Lift Station	1,239,289	-0-	-0-	1,239,289
Pond Liner Project	681,421	-0-	-0-	681,421
<b>Total Sewer Fund</b>	<b>\$ 3,613,375</b>	<b>\$ 18,308</b>	<b>\$ -0-</b>	<b>\$ 3,631,683</b>
Less accumulated depreciation	(1,282,486)	(105,771)	-0-	(1,388,257)
<b>Total Depreciable Assets, Net</b>	<b>2,330,889</b>	<b>(87,463)</b>	<b>-0-</b>	<b>2,243,426</b>
<b>Total Capital Assets, Net</b>	<b>\$ 3,281,011</b>	<b>\$ (26,340)</b>	<b>\$ (950,122)</b>	<b>\$ 2,304,549</b>
<b><u>GENERAL FUND:</u></b>				
Other	48,077	-0-	-0-	48,077
Less accumulated depreciation	(48,077)	-0-	-0-	(48,077)
<b>Total Depreciable Assets, Net</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>	<b>-0-</b>
<b>Total Depreciable Assets</b>	<b>10,654,361</b>	<b>169,339</b>	<b>-0-</b>	<b>10,823,700</b>
Less accumulated depreciation	(3,347,486)	(291,307)	-0-	(3,638,793)
<b>Total Depreciable Assets, Net</b>	<b>7,306,875</b>	<b>(121,968)</b>	<b>-0-</b>	<b>7,184,907</b>
<b>Total Capital Assets, Net</b>	<b>\$ 8,382,344</b>	<b>\$ (60,845)</b>	<b>\$ (950,122)</b>	<b>\$ 7,371,377</b>

SEELEY COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS (Continued)  
June 30, 2017

NOTE 3: CASH

The District's cash deposits as of June 30, 2017 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, 2017 is as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 475,586	\$ 486,536
Collateralized	<u>-0-</u>	<u>-0-</u>
Total cash deposits	<u>\$ 475,586</u>	<u>\$ 486,536</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, 2017 the balance of funds in this category was \$ 475,586.

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.

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.

A summary of cash balances as of June 30, 2017 is as follows:

Cash in bank	\$ 475,586
Petty Cash	<u>500</u>
Total Cash	<u>\$ 476,086</u>
Cash	\$ 472,686
Restricted cash	<u>3,400</u>
Total Cash	<u>\$ 476,086</u>



SEELEY COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

NOTE 4: NOTES PAYABLE

	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Loan payable to the United States Department of Agriculture, secured by the district's levy and collection of assessments or use charges as may be necessary to operate and maintain the plant and meet the payments, payable in annual payments of \$ 2,354 including interest at adjusted rate of 4.375% per annum on the unpaid balance. The original amount of the loan was \$ 44,100. The loan matures on May 6, 2044.	\$ 746	\$ 36,018	\$ 36,764

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

<u>Year ending June 30,</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
2018	\$ 746	\$ 1,608	\$ 2,354
2019	778	1,576	2,354
2020	812	1,542	2,354
2021	849	1,505	2,354
2022	885	1,469	2,354
2023-2027	5,040	6,730	11,770
2028-2032	6,244	5,526	11,770
2033-2037	7,735	4,035	11,770
2038-2042	9,581	2,189	11,770
2043-2044	<u>4,094</u>	<u>263</u>	<u>4,357</u>
Total	<u>\$ 36,764</u>	<u>\$ 26,443</u>	<u>\$ 63,207</u>

SEELEY COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

NOTE 4: NOTES PAYABLE (continued)

	<u>Current Portion</u>	<u>Long-Term Portion</u>	<u>Total</u>
Loan payable to the United States Department of Agriculture, secured by the district's levy and collection of assessments or use charges as may be necessary to operate and maintain the plant and meet the payments, payable in annual payments of \$ 8,040 including interest of 2.5% per annum on the unpaid balance. The original amount of the loan was \$ 200,000. The loan matures on June 16, 2046.	<u>\$ 3,996</u>	<u>\$ 157,773</u>	<u>\$ 161,769</u>

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

<u>Year ending June 30,</u>	<u>Principal Amount</u>	<u>Interest Amount</u>	<u>Total Debt Service</u>
2018	\$ 3,996	\$ 4,044	\$ 8,040
2019	4,096	3,944	8,040
2020	4,198	3,842	8,040
2021	4,303	3,737	8,040
2022	4,411	3,629	8,040
2023-2027	23,763	16,437	40,200
2028-2032	26,886	13,314	40,200
2033-2037	30,419	9,781	40,200
2038-2042	34,416	5,784	40,200
2043-2046	<u>25,281</u>	<u>6,879</u>	<u>32,160</u>
Total	<u>\$ 161,769</u>	<u>\$ 71,391</u>	<u>\$ 233,160</u>

SEELEY COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2017

NOTE 4: NOTES PAYABLE (continued)

The combined aggregate maturity of all long-term debt obligations is detailed as of June 30, 2017 by fiscal year of maturity as follows:

Year ending June 30,	Combined		
	Principal Amount	Interest Amount	Total Debt Service
2018	\$ 4,742	\$ 5,652	\$ 10,394
2019	4,874	5,520	10,394
2020	5,010	5,384	10,394
2021	5,152	5,242	10,394
2022	5,296	5,098	10,394
2023-2027	28,803	23,167	51,970
2028-2032	33,130	18,840	51,970
2033-2037	38,154	13,816	51,970
2038-2042	43,997	7,973	51,970
2043-2046	<u>29,375</u>	<u>7,142</u>	<u>36,517</u>
Total	<u>\$ 198,533</u>	<u>\$ 97,834</u>	<u>\$ 296,367</u>

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

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Loan Payable - USDA	\$ 37,478	\$ -0-	\$ (714)	\$ 36,764
Loan Payable - USDA	165,667	-0-	(3,898)	161,769
Note Payable - Smith Family	<u>12,869</u>	<u>-0-</u>	<u>(12,869)</u>	<u>-0-</u>
	<u>\$ 216,014</u>	<u>\$ -0-</u>	<u>\$ (17,481)</u>	<u>\$ 198,533</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, 2017, the amount of vacation & sick time expense which has been accumulated but not used was \$ 16,574.

NOTE 6. PRIOR PERIOD ADJUSTMENT

A prior period of adjustment was recorded in the sewer fund in order to remove construction in progress of \$ 950,122 that was abandoned several years ago.

## SUPPLEMENTARY INFORMATION

SEELEY COUNTY WATER DISTRICT  
STATEMENT OF NET POSITION -WATER FUND AND WASTEWATER FUND  
As of June 30, 2017

ASSETS

	Water Fund	Wastewater Fund	
		Sewer Fund	Dumper Fund
Current Assets:			
Cash in bank	\$ (113,890)	\$ 523,859	\$ 106,596
Accounts receivable, net of allowance for uncollectible	16,318	48,955	16,318
Stock Investment	7,867	7,867	-0-
Total current assets	(89,705)	580,681	122,914
Cash in bank, restricted for debt service	400	3,000	-0-
Capital assets, not being depreciated	125,347	61,123	-0-
Capital Assets, Net of Accumulated Depreciation	4,941,481	2,243,426	-0-
Total Capital Assets	5,066,828	2,304,549	-0-
Total Assets	<u>\$ 4,977,523</u>	<u>\$ 2,888,230</u>	<u>\$ 122,914</u>

LIABILITIES AND NET POSITION

Current Liabilities:			
Accounts payable	\$ 12,870	\$ 38,608	\$ 12,870
Customer deposits	26,398	-0-	-0-
Compensated absences	3,315	9,944	3,315
Current portion of long-term debt	3,996	746	-0-
Total current liabilities	46,579	49,298	16,185
Long-term debt:			
Loans payable, net of current portion	157,773	36,018	-0-
Total long-term debt	157,773	36,018	-0-
Total Liabilities	<u>204,352</u>	<u>85,316</u>	<u>16,185</u>
Net position:			
Net Investment in Capital Assets	4,905,059	2,267,785	-0-
Restricted	400	3,000	-0-
Unrestricted	(132,288)	532,129	106,729
Total Net Position	<u>\$ 4,773,171</u>	<u>\$ 2,802,914</u>	<u>\$ 106,729</u>

The 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, 2017

	General Fund	Water Fund	Wastewater Fund		Combined
			Sewer Fund	Dumper Fund	
Operating Revenues:					
Charges for services	\$ 1,092	\$ 367,932	\$ 420,205	\$ 117,899	\$ 907,128
Operating Expenses:					
Admin - other	38	-0-	-0-	-0-	38
Advertising	-0-	1,899	2,689	97	4,685
Alert Service Expense	-0-	22	13	3	39
Bad Debts	-0-	6,080	9,120	-0-	15,200
Bank Charges	450	242	348	244	1,284
Business Insurance	-0-	5,124	7,686	2,230	15,041
Contract Labor	-0-	1,593	2,722	169	4,484
Depreciation	-0-	185,536	105,771	-0-	291,307
Director Fees	-0-	3,006	4,334	560	7,900
Dues & Subscriptions	-0-	3,512	5,208	557	9,276
Employee Insurance	-0-	10,978	15,495	1,134	27,607
Employee Relations	-0-	110	166	-0-	276
Fees - Permits/Certifications/Fines	-0-	8,667	4,344	-0-	13,011
Fuel	-0-	2,605	3,282	506	6,393
General Fund Expenses	4,647	712	854	6	6,219
Lab Testing	-0-	6,709	35,018	-0-	41,727
Legal & Professional Fees	-0-	20,597	20,583	1,491	42,670
Miscellaneous	-0-	500	-0-	-0-	500
Office Expense	3,306	249	330	10	3,895
Other Expense	-0-	376	-0-	-0-	376
Payroll Expense	-0-	89,094	133,641	-0-	222,735
Permits Fees - Burn/Air Pollution	-0-	73	110	-0-	183
Postage & Freight	-0-	1,332	1,882	129	3,344
Professional & Special Services	-0-	28,952	29,841	1,493	60,287
Repair & Maintenance	-0-	29,678	6,569	893	37,140
Source - Purchased Water	-0-	1,160	-0-	-0-	1,160
Supplies	-0-	35,903	13,183	949	50,035
Telephone Expense	-0-	2,675	4,500	291	7,466
Transport & Travel	-0-	185	258	53	497
Tuition	-0-	561	493	78	1,132
Uncategorized Expenses	-0-	583	(583)	-0-	-0-
Uniforms	-0-	2,482	3,346	301	6,128
Utilities	561	49,221	40,735	66	90,582
Vacation & Sick Pay Expense	-0-	6,630	9,944	-0-	16,574
Total operating expenses	9,003	507,047	461,879	11,262	989,191
Operating income (loss)	(7,911)	(139,115)	(41,674)	106,637	(82,063)
Non-operating revenues (expenses):					
Property taxes	2,405	-0-	-0-	-0-	2,405
Interest revenue	1,378	-0-	-0-	97	1,475
Interest expense	(10)	(5,515)	(1,903)	(5)	(7,433)
Total non-operating revenues (expenses)	3,773	(5,515)	(1,903)	92	(3,553)
Change in net position - Increase (decrease)	\$ (4,138)	\$ (144,630)	\$ (43,577)	\$ 106,729	\$ (85,616)

The 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, 2017

	General Fund	Water Fund	Wastewater Fund		Combined
			Sewer Fund	Dumper Fund	
Net Position, as previously reported	(39,741)	4,917,801	3,796,613	-0-	8,674,673
Prior Period Adjustment (Note 6)	-0-	-0-	(950,122)	-0-	(950,122)
Net Position - Restated	(39,741)	4,917,801	2,846,491	-0-	7,724,551
Net Position, End of Year	<u>\$ (43,879)</u>	<u>\$ 4,773,171</u>	<u>\$ 2,802,914</u>	<u>\$ 106,729</u>	<u>\$ 7,638,935</u>

The 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, 2017

	General Fund	Water Fund	Wastewater Fund		
			Sewer Fund	Dumper Fund	Combined
<b>Cash flows from operating activities:</b>					
Cash received from customers and users	\$ 1,092	\$ 398,688	\$ 437,360	\$ 101,581	\$ 938,721
Cash paid to employees for services	-	(89,094)	(133,641)	-0-	(222,735)
Cash paid to suppliers of goods and services	(9,003)	(226,025)	(188,605)	4,923	(418,710)
Net cash provided (used) by operating activities	(7,911)	83,569	115,114	106,504	297,276
<b>Cash flows from non capital financing activities:</b>					
Cash received from property taxes	2,405	-0-	-0-	-0-	2,405
Net cash provided (used) by non-capital financing activities	2,405	-0-	-0-	-0-	2,405
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets	-0-	(151,031)	(79,431)	-0-	(230,462)
Principal paid on debt	-0-	(16,767)	(714)	-0-	(17,481)
Interest paid on debt	(10)	(5,515)	(1,903)	(5)	(7,433)
Net cash provided (used) by capital and related financing activities	(10)	(173,313)	(82,048)	(5)	(255,376)
<b>Cash flows from investing activities:</b>					
Interest Income	1,378	-0-	-0-	97	1,475
Net increase (decrease) in cash and cash equivalents	(4,138)	(89,744)	33,066	106,596	45,780
Cash at beginning of year	(39,741)	(23,746)	493,793	-0-	430,306
Cash at end of year	<u>\$ (43,879)</u>	<u>\$ (113,490)</u>	<u>\$ 526,859</u>	<u>\$ 106,596</u>	<u>\$ 476,086</u>

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