

2023 2022

Anderson Community Services District Financial Statements

For the Fiscal Years Ended June 30, 2023 and 2022

	2023	2022	
	1,000,000	1,000,000	Revenue
	1,000,000	1,000,000	Expenses
	1,000,000	1,000,000	Net Position
	1,000,000	1,000,000	Capital Assets
	1,000,000	1,000,000	Debt
	1,000,000	1,000,000	Reserves
	1,000,000	1,000,000	Other
	1,000,000	1,000,000	Total

Anderson Springs Community Services District
Statements of Net Position
June 30, 2023 and 2022

	2023	2022
Current assets:		
Cash and investments (Note 2)	\$ 113,952	\$ 156,071
Prepaid expenses (Note 3)	6,797	4,941
Accounts receivable (Note 4)	9,414	6,291
Restricted cash and investments (Note 5)	-	11,623
Total current assets	130,163	178,926
Non-current capital assets (Note 6):		
Vehicles	13,000	-
Pipelines	50,426	34,648
Water plant	690,773	690,773
Water tank project	852,546	852,546
Less: accumulated depreciation	(658,655)	(612,572)
Total non-current capital assets	948,090	965,395
Total assets	1,078,253	1,144,321
Current liabilities:		
Accounts payable and accrued liabilities	21,208	27,009
Unearned revenue	14,733	35,510
Current portion of long-term liabilities (Note 7)	-	5,070
Total current liabilities	35,941	67,589
Non-current liabilities:		
USDA loan (Note 7)	-	218,368
Less current portion (Note 7)	-	(5,070)
Total non-current liabilities	-	213,298
Total liabilities	35,941	280,887
Net position (Note 8)		
Net investment in capital assets	948,090	747,027
Restricted	-	11,623
Unrestricted	94,222	104,784
Total net position	\$ 1,042,312	\$ 863,434

See accompanying notes to the basic financials statements.

Anderson Springs Community Services District
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ending June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating revenues:		
Water sales	\$ 143,690	\$ 160,782
Other charges for services	3,150	3,118
Total operating revenues	<u>146,840</u>	<u>163,900</u>
Operating expenses:		
Bank charges and service fees	225	421
Consulting/contractors	5,322	8,097
Depreciation expense	46,084	43,995
Director travel	1,375	1,625
Dues and subscriptions	1,544	429
Election expense	1,312	-
Equipment parts/repairs	13,367	9,169
Insurance	10,584	7,504
Legal and professional fees	-	6,840
Office expense	3,354	3,045
Payroll expenses	59,832	60,462
Permits	648	749
Supplies	-	904
Water tests	3,185	1,580
Total operating expenses	<u>146,831</u>	<u>144,820</u>
Operating income (loss)	<u>9</u>	<u>19,080</u>
Non-operating revenues (expenses)		
Interest income	3,930	41
Interest expense	(6,117)	(13,882)
County tax revenue	1,997	1,466
Grant funding returned	(39,341)	-
Contributions	218,399	6,000
Total non-operating revenues (expenses)	<u>178,869</u>	<u>(6,375)</u>
Changes in net position	<u>178,877</u>	<u>12,705</u>
Net position (deficit) at beginning of year	<u>863,434</u>	<u>850,729</u>
Net position (deficit) at end of year	<u>\$ 1,042,312</u>	<u>\$ 863,434</u>

See accompanying notes to the basic financial statements.

Anderson Springs Community Services District
Statements of Cash Flows
For the Fiscal Years Ending June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Cash received from customers	\$ 122,941	\$ 174,945
Cash payments to suppliers for goods and services	(53,894)	(21,055)
Cash payments to employees for services	(54,510)	(55,140)
Net cash provided by (used in) operating activities	14,536	98,750
Cash flows from investing activities		
Interest income	3,930	41
Purchase of capital assets	(28,778)	(26,605)
Net cash used in (provided by) investing activities	(24,847)	(26,564)
Cash flows from financing activities		
Proceeds from tax revenue	1,997	1,466
Principal paid on long-term debt	(218,368)	(4,921)
Interest paid on long-term debt	(6,117)	(13,882)
Proceeds from contributions	218,399	6,000
Grant funding returned	(39,341)	-
Net cash used in financing activities	(43,430)	(11,337)
 Net increase (decrease) in cash and cash equivalents	 (53,741)	 60,849
Cash and cash equivalents, beginning of year	167,694	106,845
Cash and cash equivalents, end of year	\$ 113,952	\$ 167,694
Reconciliation of operating net income to net cash flows from operating activities:		
Net income (loss)	\$ 9	\$ 19,080
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	46,084	43,995
Increase in accounts receivable	(3,123)	(2,765)
Increase in prepaid expenses	(1,856)	(1,841)
Decrease (increase) in accounts payable	(5,801)	26,471
Decrease (increase) in unearned revenue	(20,777)	13,810
Total adjustments	14,527	79,670
Net cash provided by (used in) operating activities	\$ 14,536	\$ 98,750

See accompanying notes to the basic financial statements.

**Anderson Springs Community Services District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023 and 2022**

Note 1: Reporting Entity and Summary of Significant Accounting Policies

A. Reporting Entity

The Anderson Springs Community Service District (District) was formed to provide water services to approximately 116 individuals and 50 stand-by connections in the Anderson Springs area near Cobb, California.

The District is governed by a five-member Board of Directors (the Board) that acts as the authoritative and legislative body of the entity. The Board members are elected by voters living within the District's boundaries. The Board appoints the officers of the Board from the existing board members. The Chairman's responsibilities are to preside at all meetings of the Board; be the chief officer of the District; perform all duties commonly incident to the position of presiding officer of a board, commission, or business organization; and exercise supervision over the business of the District, its officers, and its employees. The Board of Directors consisted of the following members as of June 30, 2023:

Donna Taylor	Chairman
Carol McDowell	Vice-Chairman
Karen Coker	Director
Caroline Ohsiek	Director
Roger Duke	Director

B. Basis of Presentation

The financial statements are presented using an economic resources measurement focus and the accrual basis of accounting for all activities of the District. Accordingly, all the District's assets (including capital assets) and liabilities are included in the accompanying Statements of Net Position.

The District reports activities as a Proprietary fund type, which distinguishes operating revenues and expenses from non-operating items. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of when the related cash flows take place. Operating revenues and expenses include water sales and purchases of water. Management and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories, such as interest income and interest expense, are reported as non-operating revenues and expenses.

C. Financial Reporting

The District's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the District's proprietary fund.

D. Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

E. Accounts Receivable

Accounts receivable consists of amounts due from customers for water charges. Management reviews all accounts receivable as collectible.

**Anderson Springs Community Services District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023 and 2022**

Note 1: Reporting Entity and Summary of Significant Accounting Policies, continued

F. Restricted Cash and Investments

Various resources of the District are limited as to their use by law or by debt covenants and are classified as restricted assets. Cash held as a reserve for debts (USDA Loan) are restricted for repayment of the debt.

G. Capital Assets

All capital assets are capitalized at cost (or estimated historical costs) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$10,000. Improvements are capitalized. The cost of normal maintenance or repairs that do not add value of the asset or materially extend the asset's useful life are not capitalized. Property and equipment are depreciated with the straight-line method with the estimated life of 10 to 60 years. Acquisition, construction, and installation costs incurred have been charged to (or capitalized in) capital assets. The valuation basis for general capital assets are historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

H. Net Position

The net position categories are as follows:

Net Investment in Capital Assets. This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction, or improvement of those assets.

Restricted. This component of net position consists of externally constrained resources imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted. This component of net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

J. Prior Year Data Reclassifications

Certain amounts presented in the prior year financial statements may have been reclassified in order to be consistent with the current year's presentation. Selected information regarding the prior year has been included in the accompanying financial statements.

Note 2: Cash and Investments

Cash and investments at June 30 are classified on the Statement of Financial Position as follows:

	<u>2023</u>	<u>2022</u>
Cash and investments	\$ 113,952	\$156,071
Restricted cash and investments	-	<u>11,623</u>
Total cash and investments	<u>\$ 113,952</u>	<u>\$167,694</u>

The District maintains its cash in private banking and investment institutions where there is minimal risk and the cash is immediately accessible.

**Anderson Springs Community Services District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023 and 2022**

Note 2: Cash and Investments, continued

Investments are carried at fair value in accordance with GASB Statement No. 31. As of June 30, the District had the following cash and investments on hand:

	<u>2023</u>	<u>2022</u>
Cash and investments		
Deposits with financial institutions	\$ 9,204	\$ 57,458
Investments	<u>104,748</u>	<u>98,613</u>
Total cash and investments	113,952	156,071
Restricted Cash and Investments		
Deposits with financial institutions for USDA loan reserve and debt service	<u>-</u>	<u>11,623</u>
Total cash and investments	<u>\$113,952</u>	<u>\$167,694</u>

Custodial Credit and Interest Rate 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 does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposit made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law. The fair 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 District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Deposits are insured up to \$250,000. At June 30, 2023 and 2022, none of the District's deposits with financial institutions in excess of Federal depository insurance limits were held in uncollateralized accounts. Interest Rate Risk is mitigated by the short-term liquid nature of the District's investments.

Note 3: Prepaid Expenses

Prepaid expenses are amounts spent in the current period for future goods and services, such as insurance premiums. The prepaid expense balance was \$6,797 and \$4,941 as of June 30, 2023 and 2022, respectively.

Note 4: Accounts Receivable

The accounts receivable balance was \$9,414 and \$6,291 as of June 30, 2023 and 2022, respectively.

Note 5: Restricted Cash and Investments

The District was required to maintain a \$11,621 reserve for the USDA Loan. The reserve balance was \$11,623 as of June 30, 2022. With the bond paid in full as of June 30, 2023, the District no longer has this requirement.

**Anderson Springs Community Services District
Notes to Financial Statements
For the Fiscal Years Ended June 30, 2023 and 2022**

Note 6: Capital Assets

Total net capital assets as of June 30, 2023 and 2022 were \$948,090 and \$965,395 respectively. The district had depreciation expense of \$46,083 for the year. Changes in capital assets as of June 30, 2022, were as follows:

	Beginning <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	Ending <u>Balance</u>
Pipelines	\$ 34,648	\$ 15,778	\$ -	\$ 50,426
Water Plant	690,773	-	-	690,773
Vehicles	-	13,000	-	13,000
Water Tank Project	<u>852,546</u>	<u>-</u>	<u>-</u>	<u>852,546</u>
Total Capital Assets	1,577,967	28,778	-	1,606,745
Accumulated Depreciation	<u>(612,572)</u>	<u>(46,083)</u>	<u>-</u>	<u>(658,655)</u>
Total Capital Assets net of depreciation	<u>\$ 965,395</u>	<u>\$ (17,305)</u>	<u>\$ -</u>	<u>\$ 948,090</u>

Note 7: USDA Loan

The District received proceeds from a loan from the USDA for \$265,000 in the year ending June 30, 2012. The loan was made for capital purposes. The annual interest rate is fixed at three percent over the fully amortized period of forty years with annual payments of \$11,621 beginning October 2012. The principal balance outstanding was \$218,368 as of June 30, 2022. The principal reduction for the year ending June 30, 2023 was \$218,368. The District paid the bond in full during the fiscal year ending June 30, 2023.

Note 8: Net Position

Net investment in capital assets is calculated as follows:

	<u>2023</u>	<u>2022</u>
Capital assets	\$ 948,090	\$ 965,395
Long-term debt	<u>-</u>	<u>(218,368)</u>
Total net investment in capital assets	<u>\$ 948,090</u>	<u>\$ 747,027</u>

Restricted net position is calculated as follows:

	<u>2023</u>	<u>2022</u>
Restricted for debt service	<u>\$ -</u>	<u>\$ 11,623</u>

Unrestricted net position was \$94,222 and \$104,784, as of June 30, 2023 and 2022, respectively. Total net position was \$1,042,312 and \$863,434, as of June 30, 2023 and 2022, respectively.

Note 9: Risk Management

The district is exposed to various risks of loss related to torts; damage to, and theft or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2022 and 2023, the District contracted with private insurance agencies for liability, property, crime damage, and employee and director insurance.

Note 10: Subsequent Events and Contingencies

Events subsequent to June 30, 2023 have been evaluated through January 5, 2024, the date these financial statements were available to be issued, to determine whether they should be disclosed to keep the financial statements from being misleading. Management found no additional subsequent events to be disclosed. The District did not have any pending litigation or potential non-disclosed liabilities that management believes would have a material effect on the financial statements.