

**Apple Valley Heights  
County Water District**

**Report on Audit**

**June 30, 2022 and 2021**

**Apple Valley Heights County Water District**  
(A Special District)

June 30, 2022 and 2021

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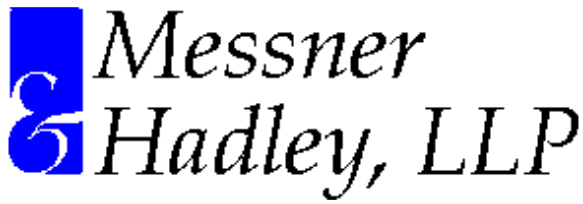
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Certified Public Accountants

Paul S. Messner, CPA  
Cindra J. Hadley, CPA  
James M. Quinn, CPA, CFE

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Apple Valley Heights County Water District  
Apple Valley, California

### Opinion

We have audited the basic financial statements of Apple Valley Heights County Water District (the "District"), as of and for the years ended June 30, 2022 and 2021, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Water District, as of June 30, 2022 and 2021, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements for California Special Districts. 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 Apple Valley Heights County Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management and Those Charged With Governance 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.

In preparing the financial statements, management is required to evaluate whether these are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for the period ending June 30, 2022.

### Auditors' 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 opinion. 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 GAAS 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.

The Board of Directors  
Apple Valley Heights County Water District

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 GAAS, 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 text 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 Districts 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 Districts 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.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information, shown on page 16, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Messner & Hadley, LLP.*

Messner & Hadley, LLP  
Certified Public Accountants  
April 28, 2023

In performing an audit in accordance with GAAS, 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 text 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 Districts 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 Districts 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.

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*Messner & Hadley, LLP.*

Messner & Hadley, LLP  
Certified Public Accountants

April 28, 2023

**Apple Valley Heights County Water District**  
(A Special District)

MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022 and 2021

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**SUMMARY FINANCIAL INFORMATION ANALYSIS**

**Net Assets**

As illustrated in the following table, the June 30, 2021 fiscal year ended with an increase in net assets of approximately \$30,007.

	<u>2022</u>	<u>2021</u>	<u>Net Change</u>
Total assets	\$ 1,398,886	\$ 1,365,545	\$ 33,341
Total liabilities	20,350	17,016	3,334
<b>Net assets</b>	<u>\$ 1,378,536</u>	<u>\$ 1,348,529</u>	<u>\$ 30,007</u>
Revenues	\$ 384,326	\$ 419,368	\$ (35,042)
Expenses	354,319	314,084	40,235
<b>Change in net assets</b>	30,007	105,284	(75,277)
<b>Net Assets - Beginning</b>	1,348,529	1,243,245	105,284
<b>Net Assets - Ending</b>	<u>\$ 1,378,536</u>	<u>\$ 1,348,529</u>	<u>\$ 30,007</u>

**Capital Assets**

The District had capital asset purchases of \$9,412 during the year.

	<u>2022</u>	<u>2021</u>	<u>Net Change</u>
Land	\$ 4,873	\$ 4,873	\$ -
Plant and equipment	1,318,400	1,318,400	-
Accumulated depreciation	(931,024)	(931,024)	-
<b>Total Capital Assets</b>	<u>\$ 392,249</u>	<u>\$ 392,249</u>	<u>\$ -</u>

# **Apple Valley Heights County Water District**

(A Special District)

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2022 and 2021

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### **ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS**

The District had completed an annual budget for fiscal year 2022-2023 that has been approved by the Board of Directors.

### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the District's financials and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at 9429 Cerra Vista St. Apple Valley, CA 92308

## **FINANCIAL STATEMENTS**

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**Apple Valley Heights County Water District**  
(A Special District)

STATEMENTS OF NET ASSETS  
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	598,998	534,589
Accounts receivable and other current assets	41,413	37,907
Prepaid expenses	<u>28,486</u>	<u>28,486</u>
Total current assets	668,897	600,982
Non-current assets:		
Utility plant, net	363,814	398,388
Construction in Progress	<u>366,175</u>	<u>366,175</u>
Total non-current assets	729,989	764,563
 <b>TOTAL ASSETS</b>	 <u><u>\$ 1,398,886</u></u>	 <u><u>\$ 1,365,545</u></u>
 <b>LIABILITIES</b>		
Current liabilities:		
Customer Deposits	<u>20,350</u>	<u>17,016</u>
Total current liabilities	20,350	17,016
 <b>Total liabilities</b>	 <u>20,350</u>	 <u>17,016</u>
 <b>NET ASSETS</b>		
Invested in capital assets, net of related debt	363,814	398,388
Restricted	-	-
Unrestricted	<u>1,014,722</u>	<u>950,141</u>
 <b>Total net assets</b>	 <u>1,378,536</u>	 <u>1,348,529</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>\$ 1,398,886</u></u>	 <u><u>\$ 1,365,545</u></u>

See Accompanying Notes and Auditors' Report

# Apple Valley Heights County Water District

(A Special District)

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>OPERATING REVENUES</b>		
Water sales and services	366,350	\$ 398,552
Standby charges	20,772	20,773
<b>Total operating revenues</b>	<u>387,122</u>	<u>419,325</u>
<b>OPERATING EXPENSES</b>		
Source of supply	14,190	12,400
Pumping	27,116	24,528
Transmission and distribution	80,598	76,720
General and administrative	197,841	160,881
Depreciation	34,574	39,555
<b>Total operating expenses</b>	<u>354,319</u>	<u>314,084</u>
<b>OPERATING INCOME</b>	32,803	105,241
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Interest income	51	41
Miscellaneous	(2,847)	2
<b>Total non-operating revenues (expenses)</b>	<u>(2,796)</u>	<u>43</u>
<b>CHANGE IN NET ASSETS</b>	30,007	105,284
Net Assets - Beginning	<u>1,348,529</u>	<u>1,243,245</u>
Net Assets - Ending	<u><u>\$ 1,378,536</u></u>	<u><u>\$ 1,348,529</u></u>

See Accompanying Notes and Auditors' Report

**Apple Valley Heights County Water District**  
(A Special District)

STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Cash received from customers	\$ 383,366	\$ 418,532
Cash payments to suppliers for goods and services	(183,767)	(172,524)
Cash payments to employees and directors for services	<u>(132,395)</u>	<u>(105,859)</u>
Net cash provided by operating activities	67,204	140,149
<b>Cash flows provided by non-capital and related financing activities</b>	(2,846)	3
<b>Cash flows from capital and related financing activities</b>		
Cash used for purchase of equipment	<u>-</u>	<u>(11,900)</u>
Net cash used in capital and related financing activities	-	(11,900)
<b>Cash flows from investing activities</b>		
Cash payments on long-term debt	-	(11,100)
Interest received	<u>51</u>	<u>41</u>
Net cash provided by used in investing activities	<u>51</u>	<u>(11,059)</u>
NET INCREASE (DECREASE) IN CASH	64,409	117,193
Cash - Beginning	<u>534,589</u>	<u>333,055</u>
Cash - Ending	<u>\$ 598,998</u>	<u>\$ 450,248</u>
<b>Reconciliation of cash and cash equivalents to the statements of net assets</b>		
Reconciliation of operating income to cash provided by (used in) operating activities:		
Operating income	\$ 30,007	\$ 105,284
Depreciation	34,574	39,555
Miscellaneous non-operating revenue / expense	2,309	(530)
(Increase) decrease:		
Accounts receivable and other current assets	(3,506)	(293)
Accrued expenses	3,820	(37,598)
Deferred revenue	<u>-</u>	<u>3,157</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 67,204</u>	<u>\$ 109,575</u>

See Accompanying Notes and Auditors' Report

# Apple Valley Heights County Water District

(A Special District)

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Reporting Entity**

Apple Valley Heights County Water District (the “District”) was formed January 17, 1957, under the provision of the California Water Code. Its boundaries encompass approximately 960 acres. The District is governed by the board of directors (five members) elected by the voters within the District for four year terms. The District provides water to customers within its boundaries.

#### **Method of Accounting**

The accounts of the District are organized on the basis of fund accounting. Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The District’s funds are accounted for as an enterprise fund type of the proprietary fund group. The accrual basis of accounting is used for the enterprise fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with water sales to customers.

#### **Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund is accounted for on a flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. The accrual basis of accounting is used for the enterprise fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Pursuant to GASB Statement No. 20, “*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*”, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989 are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”. Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

# Apple Valley Heights County Water District

(A Special District)

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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These classifications are defined as follows:

- (1) ***Invested in capital assets, net of related debt*** – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, 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 is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- (2) ***Restricted*** – This component of net assets consists of constraints placed on net asset 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.
- (3) ***Unrestricted*** – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

When both restricted and unrestricted resources are available, it is the District’s policy to use unrestricted resources first and the restricted resources as needed. As of June 30, 2022, the District had no restricted resources.

### **Budgets and Budgetary Accounting**

The Board of Directors does not operate under any legal budgeting constraints.

### **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash, including restricted assets.

### **Accounts Receivable**

The District extends credit to customers in the normal course of operation. The District considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If it is determined that they are uncollectable, they are written off as bad debt expense.

### **Prepaid Expenses**

Expenses for insurance or other operating costs extending to future accounting periods have been recorded as prepaid expenses.

# Apple Valley Heights County Water District

(A Special District)

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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### **Capital Assets**

Capital assets are stated at cost. Depreciation is provided on a straight-line basis over the estimated useful lives which range from five to forty years. Depreciation expense, for the years ended June 30, 2022 and 2021, was \$34,574 and \$39,555 respectively. It is the policy of the District to capitalize property, plant and equipment with a cost of \$5,000 or more. Expenses for routine maintenance and repairs are charged to expense as incurred.

### **Compensated Absences**

The District has no requirement for retirement or compensated absences.

### **Use of 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.

## **NOTE 2 – CASH AND INVESTMENTS**

### **Cash Deposits**

The carrying amounts of the District's cash deposits were \$598,998 at June 30, 2022. Bank balances before reconciling items were \$606,388 at that date, the total amount of which was collateralized or insured with securities held by pledging financial institutions in the District's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name.

The market value of the pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's deposits. The District may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

The District follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investments balances. Interest income from cash and investments with fiscal agents is credited directly to the related funds.

# Apple Valley Heights County Water District

(A Special District)

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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### NOTE 3 – ACCOUNTS RECEIVABLE AND OTHER ASSETS

The following summarizes the significant categories of receivables and other assets (current and non-current) at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Receivables:		
Water sales and water services	\$ 41,413	\$ 37,907
Prepaid expenses	28,486	28,486
Total receivables and other assets	<u>\$ 69,899</u>	<u>\$ 66,393</u>

### NOTE 4 – CAPITAL ASSETS

Capital asset activity, for the fiscal year ended June 30, 2022, was as follows:

<b>Capital Assets:</b>	Balance July 1, 2021	Adjustments/ Additions	Deletions	Balance June 30, 2022
Land	\$ 4,873	\$ -	\$ -	\$ 4,873
Transmission and distribution	642,841	-	-	642,841
Water tank and pumping	620,012	-	-	620,012
Equipment	55,547	-	-	55,547
Total Capital Assets	<u>1,323,273</u>	<u>-</u>	<u>-</u>	<u>1,323,273</u>
Accumulated Depreciation				
Transmission and distribution	395,118	-	-	395,118
Water tank and pumping	487,051	-	-	487,051
Equipment	48,855	-	-	48,855
Total Accumulated Depreciation	<u>931,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>931,024</u>
Capital Assets, net	<u>\$ 392,249</u>			<u>\$ 392,249</u>

**Apple Valley Heights County Water District**  
(A Special District)

NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 and 2021

---

Capital asset activity, for the fiscal year ended June 30, 2021, was as follows:

<b>Capital Assets:</b>	Balance July 1, 2019	Adjustments/ Additions	Deletions	Balance June 30, 2020
Land	\$ 4,873	\$ -	\$ -	\$ 4,873
Transmission and distribution	630,941	13,942	-	644,883
Water tank and pumping	604,492	15,520	-	620,012
Equipment	50,906	4,641	-	55,547
<b>Total Capital Assets</b>	<b>1,291,212</b>	<b>34,103</b>	<b>-</b>	<b>1,325,315</b>
<b>Accumulated Depreciation</b>				
Transmission and distribution	364,014	15,345	-	379,359
Water tank and pumping	448,987	19,032	-	468,019
Equipment	41,957	2,134	-	44,091
<b>Total Accumulated Depreciation</b>	<b>854,958</b>	<b>\$ 36,511</b>	<b>\$ -</b>	<b>891,469</b>
<b>Capital Assets, net</b>	<b>\$ 436,254</b>			<b>\$ 433,846</b>

**NOTE 5 – CONSTRUCTION IN PROGRESS**

Mesa Vista pipeline and storage tank project. This project includes the installation of Mesa Vista street pipeline and the three aging Mesa vista Storage Tanks will be removed and replaced with two new bolted steel tanks. The two new tanks are proposed to have a combined storage capacity greater than the required 79,711 gallons. Well site electrical improvements include installation of a pump station to transfer water purchased from Golden State Water Company to the Mesa Vista tank site, as well as installation of permanent or portable generator. The costs incurred to date include design and engineering. The construction phase is scheduled to begin in the Fall of 2023.



**Apple Valley Heights County Water District**  
(A Special District)

NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 and 2021

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**NOTE 6 – UNRESTRICTED NET ASSETS**

Certain amounts shown as unrestricted net assets have been reserved by the Board to be used for specified purposes as listed below:

	<u>2022</u>	<u>2021</u>
Reserved for capital improvement (Meter Sales)	225,542	216,331
Surcharge Reserve Fund	92,032	66,433
Reserved for water rights	17,960	17,960
Reserve for Construction - Grant Fund	9,971	9,971
Reserved for capital improvement (replacement fund)	138,864	\$ 114,247
Total Reserved unrestricted net assets	<u>\$ 484,369</u>	<u>\$ 424,942</u>

**NOTE 7 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets, and injuries to employees. The District mitigates these risks through internal control procedures, physical security of assets, and safety training of employees. Additionally, the District maintains liability and property insurance through participation in the Joint Powers Authority, Association of California Water Agencies Joint Power Insurance Authority (ACWA/JPIA). See the Joint Power Agreement (Note 8) for nature of participation. Settled claims have not exceeded this coverage in any of the past two fiscal years.

**NOTE 8 – JOINT VENTURE**

The District participates in a joint venture under a Joint Powers Agreement (JPA): the Special District Risk Management Authority. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The Special District Risk Management Authority has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements.

- |                    |                                                                                                                                                         |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| A. Entity          | Special District Risk Management Authority                                                                                                              |
| B. Purpose         | To purchase property and liability insurance for member districts and provide a program of self-insurance for workers compensation.                     |
| C. Participants    | Special districts in California                                                                                                                         |
| D. Governing Board | Two directors selected by the California Special Districts Association and five elected from membership and certain members from the special districts. |

**Apple Valley Heights County Water District**  
(A Special District)

NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 and 2021

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**NOTE 19- SUBSEQUENT EVENTS**

Events occurring after June 30, 2022 have been evaluated for possible adjustment to the financial statements or disclosure, as of April 28, 2023 which is the date the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

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**Apple Valley Heights County Water District**  
(A Special District)

SCHEDULE OF OPERATING EXPENSES  
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Source of supply		
Purchased water	14,190	12,400
Pumping		
Plant power	27,116	24,528
Transmission and distribution		
Salaries and wages	78,016	74,480
Lab fees	2,582	2,240
Total transmission and distribution	<u>80,598</u>	<u>76,720</u>
General and administrative		
Salaries and wages	43,257	40,348
Payroll taxes	15,616	4,383
Directors' fees	2,500	2,950
Rent	4,800	4,800
Dues and subscriptions	5,683	5,595
Insurance expense	16,531	16,692
Miscellaneous	925	530
Office supplies	13,632	15,929
Professional fees	7,852	7,994
Training	446	713
Repairs and maintenance	70,494	50,667
Travel and mileage	14,965	9,638
Utilities	1,140	642
Total general and administrative	<u>197,841</u>	<u>160,881</u>
Depreciation	<u>34,574</u>	<u>39,555</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$ 354,319</u>	<u>\$ 314,084</u>

See Accompanying Notes and Auditors' Report

## **FINDINGS AND RECOMMENDATIONS**

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**Apple Valley Heights County Water District**  
(A Special District)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2022

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The results of our tests did not disclose any findings related to the financial statements that are required to be reported under *Government Auditing Standards*.

**Apple Valley Heights County Water District**  
(A Special District)

SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended June 30, 2022

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No Prior Year Findings

See Accompanying Notes and Auditors' Report  
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