

**WEOTT COMMUNITY SERVICES DISTRICT**

**FINANCIAL STATEMENTS**

**June 30, 2020 and 2019**

**WEOTT COMMUNITY SERVICES DISTRICT**

**TABLE OF CONTENTS**

**June 30, 2020 and 2019**

**INDEPENDENT AUDITORS' REPORT**

**FINANCIAL STATEMENTS**

Statements of Net Position	Exhibit A
Statement of Revenues, Expenses and Changes in Net Position For the Year Ended June 30, 2020	Exhibit B
Statement of Revenues, Expenses and Changes in Net Position For the Year Ended June 30, 2019	Exhibit C
Statements of Cash Flows	Exhibit D
Notes to Financial Statements	Exhibit E



# ANDERSON, LUCAS, SOMERVILLE & BORGES, LLP

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Weott Community Services District

We have audited the accompanying financial statements of the business-type activities and each major fund of the Weott Community Services District as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### 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.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the minimum audit requirements for California Special Districts issued by the State Controller's Office. Those standards require that we 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 District'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 District's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Weott Community Services District, as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

**ANDERSON, LUCAS, SOMERVILLE, & BORGES, LLP**

*Anderson, Lucas, Somerville, & Borges*

December 7, 2020  
Fortuna, California

**WEOTT COMMUNITY SERVICES DISTRICT**  
**Statements of Net Position**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 220,470	\$ 225,489
Accounts Receivable	41,596	26,461
Prepaid Expenses	11,572	8,179
	<hr/>	<hr/>
Total Current Assets	273,638	260,129
Restricted Assets		
USDA Loan Reserve	19,252	17,575
Capital Assets, Net of Depreciation	1,264,572	1,393,176
Other Assets		
Bond Issuance Costs, Net of Amortization	9,698	10,034
	<hr/>	<hr/>
Total Assets	<b>1,567,160</b>	<b>1,680,914</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	-	-
Accrued Interest	3,162	3,167
Accrued Liabilities and Customer Deposits	18,660	18,436
Current Portion of Long-Term Debt	24,882	20,007
	<hr/>	<hr/>
Total Current Liabilities	46,704	41,610
Long-Term Debt, Net of Current Portion	180,500	198,697
	<hr/>	<hr/>
Total Liabilities	227,204	240,307
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	1,059,190	1,174,472
USDA Loan Reserve	19,252	17,575
Unrestricted	261,514	248,560
	<hr/>	<hr/>
Total Net Position	<b>\$ 1,339,956</b>	<b>\$ 1,440,607</b>

The accompanying notes are an integral part of these financial statements

**WEOTT COMMUNITY SERVICES DISTRICT**  
**Statement Of Revenues, Expenses, And Changes In Net Position**  
For the Year Ended June 30, 2020

	2020			<u>Total</u>
	<u>Water</u>	<u>Sewer</u>	<u>Other</u>	
<b>OPERATING REVENUES</b>				
Water Sales	\$ 114,760	\$ -	\$ -	\$ 114,760
Sewer Services	-	81,149	-	81,149
Community Revenue	-	-	20	20
	<u>114,760</u>	<u>81,149</u>	<u>20</u>	<u>195,929</u>
<b>OPERATING EXPENSES</b>				
Payroll and Payroll Taxes	48,420	36,904	-	85,324
Materials and Supplies	6,042	1,739	-	7,781
Travel	1,159	1,159	-	2,318
Laboratory, Research and Monitoring	4,421	16,345	-	20,766
Office Expense	6,177	4,581	-	10,758
Insurance	3,432	3,432	-	6,864
Professional Services	4,596	3,821	-	8,417
Repairs and Maintenance	14,565	1,986	-	16,551
Utilities	5,617	4,593	191	10,401
Other	27	27	-	54
Depreciation and Amortization	27,032	102,205	-	129,237
	<u>121,488</u>	<u>176,792</u>	<u>191</u>	<u>298,471</u>
Operating Income (Loss)	<u>(6,728)</u>	<u>(95,643)</u>	<u>(171)</u>	<u>(102,542)</u>
<b>NONOPERATING REVENUES AND (EXPENSES)</b>				
Property Taxes and Exemptions	5,240	-	-	5,240
Penalties	-	-	-	-
Other Revenue	2,836	726	-	3,562
Interest Income	1,584	598	-	2,182
Interest Expense	(442)	(8,651)	-	(9,093)
	<u>9,218</u>	<u>(7,327)</u>	<u>-</u>	<u>1,891</u>
Total Nonoperating Revenues and (Expenses)	<u>9,218</u>	<u>(7,327)</u>	<u>-</u>	<u>1,891</u>
Change in Net Position	<u>2,490</u>	<u>(102,970)</u>	<u>(171)</u>	<u>(100,651)</u>
<b>NET POSITION</b>				
Beginning	186,095	1,247,697	6,815	1,440,607
Ending	<u>\$ 188,585</u>	<u>\$ 1,144,727</u>	<u>\$ 6,644</u>	<u>\$ 1,339,956</u>

The accompanying notes are an integral part of these financial statements

**WEOTT COMMUNITY SERVICES DISTRICT**  
**Statement Of Revenues, Expenses, And Changes In Net Position**  
For the Year Ended June 30, 2019

	2019			Total
	Water	Sewer	Other	
<b>OPERATING REVENUES</b>				
Water Sales	\$ 124,348	\$ -	\$ -	\$ 124,348
Sewer Services	-	80,842	-	80,842
Community Revenue	-	-	570	570
	<u>124,348</u>	<u>80,842</u>	<u>570</u>	<u>205,760</u>
Total Operating Revenues				
<b>OPERATING EXPENSES</b>				
Payroll and Payroll Taxes	65,938	35,954	-	101,892
Materials and Supplies	10,460	725	-	11,185
Travel	1,676	1,388	-	3,064
Laboratory, Research and Monitoring	4,926	2,603	-	7,529
Office Expense	4,857	1,897	314	7,068
Insurance	3,934	3,891	-	7,825
Professional Services	3,638	3,637	-	7,275
Repairs and Maintenance	16,186	6,544	66	22,796
Utilities	5,904	5,269	134	11,307
Other	1,121	111.00	-	1,232
Depreciation and Amortization	27,032	102,205	-	129,237
	<u>145,672</u>	<u>164,224</u>	<u>514</u>	<u>310,410</u>
Total Operating Expenses				
Operating Income (Loss)	<u>(21,324)</u>	<u>(83,382)</u>	<u>56</u>	<u>(104,650)</u>
<b>NONOPERATING REVENUES AND (EXPENSES)</b>				
Property Taxes and Exemptions	5,364	-	-	5,364
Penalties	(345)	-	-	(345)
Other Revenue	4,355	2,250	-	6,605
Interest Income	1,580	361	-	1,941
Interest Expense	(1,311)	(8,779)	-	(10,090)
	<u>9,643</u>	<u>(6,168)</u>	<u>-</u>	<u>3,475</u>
Total Nonoperating Revenues and (Expenses)				
Change in Net Position	<u>(11,681)</u>	<u>(89,550)</u>	<u>56</u>	<u>(101,175)</u>
<b>NET POSITION</b>				
Beginning	197,776	1,337,247	6,759	1,541,782
Ending	<u>\$ 186,095</u>	<u>\$ 1,247,697</u>	<u>\$ 6,815</u>	<u>\$ 1,440,607</u>

The accompanying notes are an integral part of these financial statements

**WEOTT COMMUNITY SERVICES DISTRICT**  
**Statements Of Cash Flows**  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	181,100	215,773
Cash Paid for Goods and Services	(87,600)	(80,701)
Cash Paid for Employees	<u>(85,411)</u>	<u>(104,678)</u>
Net Cash Provided by Operating Activities	<u>8,089</u>	<u>30,394</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Property Taxes	5,240	5,364
Penalties Paid	-	(345)
Miscellaneous Revenues	<u>3,562</u>	<u>6,605</u>
Net Cash Provided by Non-Capital Financing Activities	<u>8,802</u>	<u>11,624</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal Paid on Long-term Debt	(13,322)	(19,735)
Interest Paid on Long-term Debt	(9,093)	(10,090)
Acquisition of Capital Assets	<u>-</u>	<u>(6,019)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(22,415)</u>	<u>(35,844)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on Investments	<u>2,182</u>	<u>1,941</u>
Net Cash Provided by Investing Activities	<u>2,182</u>	<u>1,941</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<b>(3,342)</b>	<b>8,115</b>
Cash and Cash Equivalents - Beginning of Year	<u>243,064</u>	<u>234,949</u>
Cash and Cash Equivalents - End of Year	<u><b>\$ 239,722</b></u>	<u><b>\$ 243,064</b></u>

The accompanying notes are an integral part of these financial statements



**WEOTT COMMUNITY SERVICES DISTRICT**  
**Statements Of Cash Flows**  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income (Loss)	<b>\$ (102,542)</b>	<b>\$ (104,650)</b>
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	128,940	129,235
(Increase) Decrease in:		
Accounts Receivable	(15,135)	9,707
Prepaid Expenses	(3,393)	(1,418)
Increase (Decrease) in:		
Accounts Payable	-	(2,661)
Accrued Payroll & Taxes	(83)	110
Accrued Interest	(4)	(235)
Customer Deposits	306	306
	110,631	135,044
Total Adjustments	110,631	135,044
Net Cash Provided by Operating Activities	<b>\$ 8,089</b>	<b>\$ 30,394</b>

**WEOTT COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
June 30, 2020

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

On September 28, 1965, by the adoption of Resolution No. 2159, the Humboldt County Board of Supervisors organized Weott Community Services District (the "District") under the Community Services District Law, pursuant to Title 6, Division 2 of the Government Code for the following purposes:

1. To supply the inhabitants of the District with water for domestic use, irrigation, sanitation, industrial use, fire protection and recreation;
2. The collection, treatment, or disposal of sewage, waste, and storm water of the District and its inhabitants;
3. The collection or disposal of garbage or refuse matter;
4. Protection against fire;
5. Street lighting.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Government Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the options to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

In June 1999, the Government Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- Financial statements prepared using full accrual accounting for all the District's activities;
- A change in the fund financial statements to focus on the major funds;
- These and other changes, as appropriate for the District are reflected in the accompanying financial statement (including notes to financial statements).

**WEOTT COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
June 30, 2020

**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Reporting Entity**

There are no significant activities or organizations over which the District has financial accountability which would require inclusion in the financial statements. Other entities operate within the District's boundaries. The following criteria were used to include or exclude other entities:

1. Simple Accountability:

The District's ability to appoint a voting majority of the other entities' governing board and, either

- a. The District's ability to impose its will on the other entity, or
- b. The existence of a financial benefit or burden consideration between the other entity and the District

2. Fiscal dependency of the other entity upon the District.

**C. Basis of Accounting**

The District uses the accrual method of accounting. Under this method of accounting, revenues are recognized when they are earned and measurable and expenses are recognized when the related liabilities are incurred.

**D. Grant Accounting**

Grants, entitlements or shared revenues are recorded as non-operating revenues when they are earned and are measurable.

**E. Cash and Investments**

Cash and cash equivalents for purposes of the statement of cash flows includes amounts in demand deposits as well as short-term investments with an original maturity date of three months or less.

**F. Capital Assets and Depreciation**

Capital assets are recorded at cost. Depreciation is computed under the straight-line method over the following estimated useful lives:

Water System	33 Years
Sewer System	40 Years
Other Equipment	5 to 10 Years

**WEOTT COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
June 30, 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Bond Issuance Costs**

Bond issuance costs are amortized using the bonds outstanding method.

**H. Compensated Absences**

The District does not provide compensation for any payroll related benefit other than actual hours worked or salaries.

**I. Inventory**

The District does not maintain a supplies inventory. Supplies are purchased as needed and expensed when purchased.

**J. Net Position**

Reservations of the ending retained earnings indicate the portions of retained earnings not appropriable for expenditures or amounts legally segregated for a specific future use. These amounts are not available for appropriation and expenditure at the balance sheet date.

**K. Policy for Defining Operating and Non-Operating Revenues**

Operating revenues consist of customer fees for water and sewer services and operating expenses consist of expenses related to providing such services. Non-operating revenues consist of other revenues and expenses such as interest, grants, and government support.

**L. Policy for Applying Restricted/Unrestricted Resources**

When an expense is incurred for which both restricted and unrestricted net assets are available, restricted resources are applied first.

**M. 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

**WEOTT COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
June 30, 2020

**NOTE 2 – CASH AND CASH EQUIVALENTS**

The District has no self-directed investments. The District's funds invested in pooled investment funds maintained by other agencies are as follows:

	<u>Cash in Checking Accounts</u>	<u>Cash Held by County</u>	<u>Total</u>
<u>June 30, 2020</u>			
Insured by FDIC	\$ 94,453	\$ -	\$ 94,453
Pooled with County	<u>-</u>	<u>145,269</u>	<u>145,269</u>
	<u>\$ 94,453</u>	<u>\$ 145,269</u>	<u>\$ 239,722</u>
<u>June 30, 2019</u>			
Insured by FDIC	\$ 114,138	\$ -	\$ 114,138
Pooled with County	<u>-</u>	<u>128,926</u>	<u>128,926</u>
	<u>\$ 114,138</u>	<u>\$ 128,926</u>	<u>\$ 243,064</u>

**NOTE 3 – CASH IN COUNTY TREASURY**

Water Bonds

The District has established a sinking fund for the payment of the Safe Drinking Water Bonds with the County of Humboldt. The sinking fund agreement requires the District to make monthly payments of \$1,287 to the County. The County then makes the semiannual payments to the State. The balance in the sinking fund at June 30, 2020 and 2019 was \$22,722 and \$11,752, respectively.

Sewer Bonds

The District has established a sinking fund for the payment of the above debt service with the County of Humboldt. The sinking fund agreement requires the District to make monthly payments of \$1,350 to the County. The County then makes the semiannual payments to the USDA/RUS. The balance in the sinking fund at June 30, 2020 and 2019 was \$21,629 and \$21,592, respectively.

**WEOTT COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
June 30, 2020

**NOTE 4 – CAPITAL ASSETS**

The following is a summary of capital assets for the years ended June 30, 2020 and 2019:

	2020			Ending Balance
	Beginning Balance	Additions	Deletions	
Capital Assets Not Being Depreciated				
Land	\$ 110,266	\$ -	\$ -	\$ 110,266
Easements	86,119	-	-	86,119
Total Capital Assets, Not Being Depreciated	196,385	-	-	196,385
Other Capital Assets				
Water Facility	814,452	-	-	814,452
Sewage Treatment Plant	3,697,114	-	-	3,697,114
Equipment and Vehicles	90,013	-	-	90,013
Total Other Capital Assets	4,601,579	-	-	4,601,579
Less: Accumulated Depreciation	3,404,788	128,604		3,533,392
Capital Assets, Net	<u>\$ 1,393,176</u>	<u>\$ (128,604)</u>	<u>\$ -</u>	<u>\$ 1,264,572</u>
	2019			
	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 110,266	\$ -	\$ -	\$ 110,266
Easements	86,119	-	-	86,119
Total Capital Assets, Not Being Depreciated	196,385	-	-	196,385
Other Capital Assets				
Water Facility	814,452	-	-	814,452
Sewage Treatment Plant	3,697,114	-	-	3,697,114
Equipment and Vehicles	83,991	6,022	-	90,013
Total Other Capital Assets	4,595,557	6,022	-	4,601,579
Less: Accumulated Depreciation	3,276,185	128,603		3,404,788
Capital Assets, Net	<u>\$ 1,515,757</u>	<u>\$ (122,581)</u>	<u>\$ -</u>	<u>\$ 1,393,176</u>

**WEOTT COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
June 30, 2020

**NOTE 5 — LONG-TERM DEBT**

**State Loans Payable**

In 1986-87, the District made improvements financed in part by the sale of bonds pursuant to the Safe Drinking Water Bond Law of 1984. The original amount of the loan was \$269,828. The loan agreement provides for semiannual payments of \$7,336 due April 1 and October 1 of each year including interest at 4.139%.

The following is a summary of changes in the State loans for the years ended June 30, 2020 and 2019:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Principal</u> <u>Due Within</u> <u>One Year</u>
Water Loan	<u>\$ 24,704</u>	<u>\$ -</u>	<u>\$ 6,822</u>	<u>\$ 17,882</u>	<u>\$ 17,882</u>
	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2019</u>	
Water Loan	<u>\$ 37,939</u>	<u>\$ -</u>	<u>\$ 13,235</u>	<u>\$ 24,704</u>	

**Sewer System Improvement Bonds**

In connection with a sewer system improvement project, Weott Community Services District entered into two transactions with the U.S. Department of Agriculture/Rural Utilities Service. The project was financed with \$180,000 in grants and the issuance of \$290,000 in improvement bonds.

Date of Issuance of Bonds: December 8, 1998

First Payment: September 1, 1999

Final Payment: September 1, 2038

Security: Installment payments are secured by a pledge of all the District assessments.

Reserve Requirement: An amount equal to an average annual loan installment (\$15,755) will be accumulated at the rate of at least one-tenth of that average installment each year until the required level is reached and will be maintained for the life of the loan (40 years). The balances in the reserve account as of June 30, 2020 and 2019 were \$19,252 and \$17,575 respectively.

Interest Rate: 4.5%

Payments: Interest semi-annually on March 1 and September 1; Principal on Sept 1.

**WEOTT COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
June 30, 2020

**NOTE 5 — LONG-TERM DEBT (Continued)**

**Sewer System Improvement Bonds (Continued)**

The following is a summary of changes in the Sewer System Improvement Bonds for the years ended June 30, 2020 and June 30, 2019:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Principal</u> <u>Due Within</u> <u>One Year</u>
USDA	<u>\$ 194,000</u>	<u>\$ -</u>	<u>\$ 6,500</u>	<u>\$ 187,500</u>	<u>\$ 7,000</u>
	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2019</u>	
USDA	<u>\$ 200,500</u>	<u>\$ -</u>	<u>\$ 6,500</u>	<u>\$ 194,000</u>	

**All Long-Term Debt**

Following are the principal and interest requirements for each of the five subsequent fiscal years and in five-year increments thereafter:

<u>Years</u> <u>Ending June</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	24,882	9,741	34,623
2022	7,500	8,460	15,960
2023	8,000	8,134	16,134
2024	8,000	7,785	15,785
2025	8,500	7,425	15,925
2026-2030	49,000	19,958	68,958
2031-2035	60,000	19,406	79,406
2036-2038	39,500	5,231	44,731
	<u>\$ 205,382</u>	<u>\$ 86,140</u>	<u>\$ 291,522</u>



**WEOTT COMMUNITY SERVICES DISTRICT**  
**Notes to Financial Statements**  
June 30, 2020

**NOTE 6 – NEW ACCOUNTING PRONOUNCEMENTS**

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which changed the structure of a government balance sheet. Deferred Outflow – represents the consumption of a government’s net assets that is applicable to a future period. Deferred Inflow – represents the acquisition of net assets that is applicable to a future reporting period.

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which amends the classification of certain items to be included as deferred inflows and outflows.

Management has determined that the implementation of GASB 63 and 65 has no effect on the financial statements. The District currently has no items that qualify to be reported under the classification of Deferred Outflows or Inflows of resources.

**NOTE 7 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors, and omissions; injuries to employees; and natural disasters. The District participates in the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et. seq. SDRMA is a public entity risk pool currently operating a common risk management and insurance program for general and auto liability, public officials and employees, errors and omissions and employment practices liability. The District has auto and general liability insurance and property insurance through SDRMA.

Workers’ compensation insurance is provided by the County of Humboldt Risk Management. The District is uncertain whether the disbanding of the volunteer fire department will affect this coverage in the future.

**NOTE 8 – TAXES/EXEMPTIONS (FROM AUGMENTATION FUND DISTRIBUTION)**

The County Board of Supervisors authorized the District's receipt of taxes and exemptions from the Augmentation Fund. This fund is a special allocation of part of the taxes collected from the county-wide general \$1 tax rate based on the enabling State legislation. The purpose of the appropriation was to assist the District in providing fire protection services. Following is a listing of the District's receipts by source:

	<u>2020</u>	<u>2019</u>
Taxes - Current Secured	4,892	4,883
Taxes - Current Unsecured	202	349
Taxes - Prior Years	2	3
Taxes - Supplemental	89	73
State - Homeowners' Exemptions	55	56
 Total Taxes / Exemptions	 \$ 5,240	 \$ 5,364

**WEOTT COMMUNITY SERVICES DISTRICT**

**Notes to Financial Statements**

June 30, 2020

**NOTE 9 — FINANCIAL STATEMENT PRESENTATIONS**

Certain amounts have been reclassified in the prior year financial statements to conform to the current year presentation.

**NOTE 10 — SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 7, 2020, which is the date the financial statements were available to be issued.

The District may be affected by the recent and ongoing outbreak of the Covid-19 disease which was declared a pandemic by the World Health Organization in March 2020. The extent to which the virus impacts the District's operations will depend on future developments, which are highly uncertain, including the duration and severity of the outbreak. While management expects this matter to negatively impact its results of operations, cash flows and financial position, the related impact cannot be reasonably estimated at this time.