

PIXLEY PUBLIC UTILITY DISTRICT
FINANCIAL STATEMENTS
AND
ADDITIONAL INFORMATION
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022

**PIXLEY PUBLIC UTILITY DISTRICT
JUNE 30, 2022**

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GENERAL INFORMATION

**PIXLEY PUBLIC UTILITY DISTRICT
BOARD MEMBERS
JUNE 30, 2022**

BOARD MEMBERS

Ronnie Prine (President)	Term expires November 2022
David G. Terrel Jr. (Vice President)	Term expires November 2024
Alton Blair Jr.	Term expires November 2024
Matthew Martinez	Term expires November 2024
Ramon Cisneros	Term expires November 2022

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Pixley Public Utility District
Pixley, California

Opinion

We have audited the accompanying basic financial statements of Pixley Public Utilities District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year's comparative information has been derived from the District's 2021 basic financial statements and, in our report dated September 3, 2021, we expressed an unmodified opinion on the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2022, and the respective 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 opinions. 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 auditing standards generally accepted in the United States of America 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. 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 auditing standards generally accepted in the United States of America, 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 test 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 District's 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 District's 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.

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

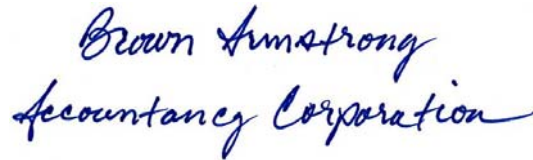
Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 3, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
October 3, 2022

**PIXLEY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022
(WITH COMPARATIVE TOTALS)**

This section of the Pixley Public Utility District's (the District) basic financial statements presents management's discussion and analysis of the District's performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the District's basic financial statements, which follow this section.

The District was organized on January 28, 1947, under the statutes of 1921, Chapter 560, as amended and incorporated in the Public Utilities Code (PUC), Section 15501 and following, codified in 1953. The District is governed by a Board of Directors (the Board) consisting of five members.

The District was initially formed to provide water service to residents within the District situated around the unincorporated area of Pixley, Tulare County, California. Since that time, the District has instituted a sewage collection and disposal system pursuant to Section 16491 of the PUC.

The District's basic financial statements include (1) the statement of net position, (2) the statement of activities and changes in net position, and (3) the statement of cash flows. The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Operating revenues result from providing services to the general public. Charges to customers represent the District's principal operating revenues and include water and sewer charges.

Operating expenses include the cost of maintenance and support of providing water service, sewer collection, sewer treatment, and administrative expenses along with the depreciation on capital assets.

The statement of activities and changes in net position is reported using the accrual basis of accounting. Revenue is reported when earned and expenses are reported when incurred, regardless of when cash is received or paid. Revenues and expenses are categorized as either operating or non-operating based on definitions provided by the Governmental Accounting Standards Board (GASB).

Overview of the Basic Financial Statements

These basic financial statements consist of four major parts: General Information; Management's Discussion and Analysis (MD&A) (this section); the Basic Financial Statements, including accompanying Notes to the Basic Financial Statements; and Supplementary Information that explain some of the information in the basic financial statements and provide more detailed data.

The Basic Financial Statements include the following type of statements that present an overall view of the District:

- ◆ *District-Wide Financial Statements* report information about the District as a whole. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities and changes in net position. These two District-wide financial statements report the District's net position. Net position – the difference between the District's assets and liabilities – is one way to measure the District's health or financial position. The statement of activities and changes in net position is reported using the accrual basis of accounting. Revenues and expenses are categorized as either operating or non-operating based upon definitions provided by the GASB.

Condensed Financial Information

The District's financial operations remained solid during the fiscal year ended June 30, 2022. Revenues from water and sewer charges, taxes, and non-operating revenues were used to pay all operating expenses and debt service obligations.

Net Position – Net position, the difference between assets and liabilities, was \$19,122,425 and \$11,493,579 as of June 30, 2022 and 2021, respectively, as shown below:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Assets		
Current Assets	\$ 9,462,966	\$ 2,827,910
Noncurrent Assets	8,750	8,750
Capital Assets, Net	<u>14,455,470</u>	<u>13,815,707</u>
 Total Assets	 <u>23,927,186</u>	 <u>16,652,367</u>
 Liabilities		
Current Liabilities	1,384,903	1,668,382
Long-Term Liabilities	<u>3,419,858</u>	<u>3,490,406</u>
 Total Liabilities	 <u>4,804,761</u>	 <u>5,158,788</u>
 Net Position		
Net Investment in Capital Assets	9,871,812	9,873,506
Restricted, Capital Improvements	490,888	455,737
Unrestricted	<u>8,759,725</u>	<u>1,164,336</u>
 Total Net Position	 <u>\$ 19,122,425</u>	 <u>\$ 11,493,579</u>

Capital Assets, Net increased by \$639,763 due to additions, deletions, and current year depreciation. For detailed Capital Asset information, see Note 3 to the basic financial statements which summarizes additions and deletions.

Assets – Current Assets were \$9,462,966 and \$2,827,910 as of June 30, 2022 and 2021, respectively, while noncurrent assets were \$14,464,220 and \$13,824,457 as of June 30, 2022 and 2021, respectively.

Other Liabilities – Current Liabilities were \$1,384,903 and \$1,668,382 as of June 30, 2022 and 2021, respectively.

Total Net Position was \$19,122,425 and \$11,493,579 as of June 30, 2022 and 2021, respectively. The District has restricted \$490,888 and \$455,737 of total net position for future capital improvement projects as of June 30, 2022 and 2021, respectively.

Changes in Net Position – Net position increased by \$7,628,846 and increased by \$1,345,204 for the fiscal years ended June 30, 2022 and 2021, respectively, as shown below:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Total Operating Revenues	\$ 1,109,904	\$ 903,116
Total Operating Expenses	(1,615,027)	(1,304,376)
Non-Operating Revenues	8,276,784	1,842,181
Non-Operating Expenses	<u>(142,815)</u>	<u>(95,717)</u>
Change in Net Position	7,628,846	1,345,204
Beginning Net Position	<u>11,493,579</u>	<u>10,148,375</u>
Ending Net Position	<u><u>\$ 19,122,425</u></u>	<u><u>\$ 11,493,579</u></u>

Analytical Review of Revenues – The District’s principal source of operating revenue is from water sales and sewer fees, while the primary source of other revenues is from rental income and grant revenues from the United States Department of Agriculture (USDA) and the State of California.

Analytical Review of Expenses – The District’s principal expenses are salaries, utility plant expenses, professional fees, and interest related charges to long-term debt.

Capital Assets and Debt Administration

Capital Assets – At June 30, 2022, the District had invested \$14,455,470 in capital assets, net of depreciation, an increase of \$639,763 from a total of \$13,815,707 as of June 30, 2021.

Long-Term Debt – At June 30, 2022, the District had \$3,419,858 in long-term debt outstanding, down \$70,548 from a total of \$3,490,406 as of June 30, 2021.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact:

Pixley Public Utility District
P.O. Box 535
Pixley, California 93256

**PIXLEY PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022
(WITH COMPARATIVE TOTALS)**

	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 8,560,651	\$ 1,209,229
Accounts Receivable	86,676	87,701
Grants Receivable	798,336	1,516,887
Prepaid Expenses	17,303	14,093
Total Current Assets	9,462,966	2,827,910
Noncurrent Assets		
Capital Assets		
Land	1,105,094	1,105,094
Buildings and Improvements	9,521,184	9,521,184
Sewer Treatment Plant	74,631	74,631
Wells, Pumps, and Pipelines	3,095,359	2,895,724
Equipment	109,741	131,073
Construction in Progress	4,455,202	3,530,643
Less Accumulated Depreciation	(3,905,741)	(3,442,642)
Total Capital Assets, Net of Depreciation	14,455,470	13,815,707
Other Assets	8,750	8,750
Total Noncurrent Assets	14,464,220	13,824,457
TOTAL ASSETS	\$ 23,927,186	\$ 16,652,367
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 64,904	\$ 1,062,924
Deposits from Customers	131,372	127,493
Interest Payable	24,827	26,170
Line of Credit	1,093,252	382,905
Current Portion of Long-Term Debt	70,548	68,890
Total Current Liabilities	1,384,903	1,668,382
Long-Term Liabilities	3,419,858	3,490,406
Total Noncurrent Assets	3,419,858	3,490,406
TOTAL LIABILITIES	4,804,761	5,158,788
NET POSITION		
Net Investment in Capital Assets	9,871,812	9,873,506
Restricted - Capital Improvements	490,888	455,737
Unrestricted	8,759,725	1,164,336
TOTAL NET POSITION	19,122,425	11,493,579
TOTAL LIABILITIES AND NET POSITION	\$ 23,927,186	\$ 16,652,367

**PIXLEY PUBLIC UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS)**

	2022	2021
OPERATING REVENUES		
Water Charges	\$ 426,714	\$ 416,211
Sewer Charges	458,762	454,394
Other Water Fees	111,800	22,436
Other Sewer Fees	112,628	10,075
	<u>1,109,904</u>	<u>903,116</u>
OPERATING EXPENSES		
Transmission and Distribution Expenses	691,767	506,157
Customer Accounting and Collection Expenses	105,015	110,179
General Expenses	333,814	216,860
Depreciation	484,431	471,180
	<u>1,615,027</u>	<u>1,304,376</u>
Total Operating Expenses		
	<u>1,615,027</u>	<u>1,304,376</u>
Operating Loss	<u>(505,123)</u>	<u>(401,260)</u>
NON-OPERATING REVENUE		
Rental Income	21,600	21,600
Grant Income	577,392	1,819,425
Interest Income	7,554	1,156
Other Income	7,670,238	-
	<u>7,670,238</u>	<u>-</u>
Total Non-Operating Revenue	<u>8,276,784</u>	<u>1,842,181</u>
NON-OPERATING EXPENSES		
Interest Expense	<u>(142,815)</u>	<u>(95,717)</u>
Total Non-Operating Expenses	<u>(142,815)</u>	<u>(95,717)</u>
Net Increase (Decrease) in Net Position	<u>7,628,846</u>	<u>1,345,204</u>
Net Position, Beginning of Year	<u>11,493,579</u>	<u>10,148,375</u>
Net Position, End of Year	<u>\$ 19,122,425</u>	<u>\$ 11,493,579</u>

**PIXLEY PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS)**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 1,114,810	\$ 893,553
Payments to Suppliers	(1,854,428)	465,941
Payments to Employees	(277,400)	(270,979)
	<u>(1,017,018)</u>	<u>1,088,515</u>
Net Cash Used (Provided) by Operating Activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Other Income	7,670,238	-
	<u>7,670,238</u>	<u>-</u>
Net Cash Provided by Noncapital Financing Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Expenditures	(1,124,194)	(3,469,072)
Proceeds from Debt Issuance	-	1,704,000
Payment on Long-Term Debt	(68,890)	(66,302)
Interest Expense	(144,158)	(90,564)
Proceeds from Line of Credit	710,347	382,905
Proceeds from Capital Grants	1,295,943	302,538
	<u>669,048</u>	<u>(1,236,495)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Rental Income	21,600	21,600
Interest on Investments	7,554	1,156
	<u>29,154</u>	<u>22,756</u>
Net Cash Provided by Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	7,351,422	(125,224)
Cash and Cash Equivalents at Beginning of Year	<u>1,209,229</u>	<u>1,334,453</u>
Cash and Cash Equivalents at End of Year	<u>\$ 8,560,651</u>	<u>\$ 1,209,229</u>
Reconciliation of Operating Loss to Net Cash (Used) Provided by Operating Activities:		
Operating Loss	\$ (505,123)	\$ (401,260)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	484,431	471,180
(Increase) Decrease in:		
Accounts Receivable	1,025	(11,716)
Prepaid Expenses	(3,210)	2,066
Increase (Decrease) in:		
Accounts Payable	(998,020)	1,026,094
Deposits from Customers	3,879	2,151
	<u>(1,017,018)</u>	<u>1,088,515</u>
Net Cash (Used) Provided by Operating Activities		

**PIXLEY PUBLIC UTILITY DISTRICT
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2022
 (WITH COMPARATIVE TOTALS)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pixley Public Utility District (the District) was organized on January 28, 1947, under the statutes of 1921, Chapter 560, as amended and incorporated in the Public Utilities Code (PUC), Section 15501 and following, codified in 1953. On July 1, 1961, the District took over the plan and system of the Pixley Mutual Water Company and assumed the responsibility for its continued operation. The District now provides both water and sewer facilities for its members.

Basis of Accounting and Presentation

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District is accounted for as a business-type activity, as defined by GASB Statement No. 34, *Basic Financial Statements – Management’s Discussion and Analysis – for State and Local Governments*, and its basic financial statements are presented on the accrual basis of accounting. Under this method, revenues are recognized when they are earned, and expenses are recognized when they are incurred.

The District adopted GASB Statement No. 34, as amended by GASB Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that those resources be classified for accounting and reporting purposes into three net position categories, namely, net investment in capital assets, restricted net position, and unrestricted net position.

The District also adopted GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and applied the standards on a retroactive basis. GASB Statement No. 38 modifies, establishes, and rescinds certain financial disclosure requirements.

Capital Assets

Capital assets, which include land, buildings, sewer treatment plant, improvements, vehicles, equipment, and furniture, are defined as assets with an estimated useful life in excess of one year and cost in excess of \$2,500. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the appraised value at the time of donation.

Land is not depreciated. Other capital assets are depreciated using the straight-line method over the following useful lives:

<u>Asset Type</u>	<u>Useful Life</u>
Buildings and grounds	5 - 50 years
Improvements	2 - 50 years
Mobile equipment	3 - 30 years
Furniture, fixtures, and equipment	3 - 50 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position

Net position presents the difference between assets and liabilities in the statement of net position. Net investment in capital assets includes assets invested in capital assets that are reduced by the accumulated depreciation and the outstanding balances of any borrowing used for the acquisition or improvement of those assets. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. The remaining net position is unrestricted.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

Classification of Revenues

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operational activities. Charges to customers represent the District's principal operating revenues and include water and sewer charges. Operating expenses include the cost of operating maintenance and support of providing water services and sewage collection and disposal services and related capital assets, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating or other revenues and expenses.

Cash and Cash Equivalents

Certain cash and cash equivalents are classified as restricted because their use is limited by applicable contracts or stipulations of the granting agency. Some of these restricted funds are required to be maintained in separate bank accounts. For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) purchased with an original maturity of three months or less to be cash equivalents.

Use of Estimates in Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allowance for Doubtful Accounts

All accounts receivable are deemed collectible by the District. As such, no allowances are required.

Property Tax Revenues

The District did not levy property taxes from 1967 to 1978, when Proposition 13 was passed. The District is now prohibited from receiving property taxes.

Governmental Accounting Standards Board Update

The District adopted the following GASB Statements during the current year:

GASB Statement No. 87 – *Leases*. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. The District has implemented this statement in the current year but has determined that it does not currently affect the District's financial statements.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. The statement does not currently affect the District financials but will be implemented for construction projects entered into future years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Accounting Standards Board Update (Continued)

GASB Statements affecting future years are as follows:

GASB Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. The District has not fully judged the impact of implementation of GASB Statement No. 91 on the basic financial statements.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The District has not fully judged the impact of implementation of GASB Statement No. 94 on the basic financial statements.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. The District has not fully judged the impact of implementation of GASB Statement No. 96 on the basic financial statements.

GASB Statement No. 99 – *Omnibus 2022*. The requirements of this statement relating to leases, Paycheck Protection Program (PPP) loans, and Subscription-Based Technology Arrangements (SBITAs) are effective for reporting periods beginning after June 15, 2022. The requirements relating to financial guarantees and the classification and reporting of derivative instruments are effective for fiscal years beginning after June 15, 2023. The District has not fully judged the impact of implementation of GASB Statement No. 99 on the basic financial statements.

GASB Statement No. 100 – *Accounting Changes and Error Corrections*. The requirements of this statement are effective for reporting periods beginning after June 15, 2023. The District has not fully judged the impact of implementation of GASB Statement No. 100 on the basic financial statements.

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for reporting periods beginning after December 31, 2023. The District has not fully judged the impact of implementation of GASB Statement No. 101 on the basic financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
General Cash		
Money Market – Suncrest Bank	\$ 7,760,393	\$ 249,294
Checking – Suncrest Bank	303,295	498,123
Capital Improvement Account	490,888	455,737
Petty Cash	50	50
Change Fund	1,000	1,000
Proposition 84	<u>5,025</u>	<u>5,025</u>
Total Cash and Cash Equivalents	<u>\$ 8,560,651</u>	<u>\$ 1,209,229</u>

NOTE 2 – CASH AND CASH EQUIVALENTS (Continued)

Custodial Credit 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 custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do 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 deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments. \$8,318,594 and \$1,043,132 of the District's deposits with financial institutions were in excess of Federal Deposit Insurance Corporation limits and were not held in collateralized accounts as of June 30, 2022 and 2021, respectively.

NOTE 3 – LINE OF CREDIT

In November 2017, the District entered into a line of credit agreement with Rural Community Assistance Corporation for capital water system improvements expenditures. On November 1, 2021, the credit line was renewed through August 1, 2022. The District has an available balance of \$1,704,000 from the credit line, and the credit line bears interest at 5% per annum. As of June 30, 2022 and 2021, the balance on the line of credit was \$1,093,252 and \$382,905, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT

A summary of changes in District capital assets during the year ended June 30, 2022, was as follows:

	<u>Balances</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions and</u> <u>Transfers</u>	<u>Balances</u> <u>June 30, 2022</u>
Land	\$ 1,105,094	\$ -	\$ -	\$ 1,105,094
Buildings and Improvements	9,521,184	-	-	9,521,184
Sewer Treatment Plant	74,631	-	-	74,631
Wells, Pumps, and Pipelines	2,895,724	199,635	-	3,095,359
Equipment	131,073	-	(21,332)	109,741
Construction in Progress	<u>3,530,643</u>	<u>924,559</u>	<u>-</u>	<u>4,455,202</u>
Property and Equipment - Gross	<u>17,258,349</u>	<u>1,124,194</u>	<u>(21,332)</u>	<u>18,361,211</u>
Less: Accumulated Depreciation	<u>(3,442,642)</u>	<u>(484,431)</u>	<u>21,332</u>	<u>(3,905,741)</u>
Property and Equipment - Net	<u>\$ 13,815,707</u>	<u>\$ 639,763</u>	<u>\$ -</u>	<u>\$ 14,455,470</u>

Depreciation expense for the fiscal year ended June 30, 2022, was \$484,431.

NOTE 4 – PROPERTY AND EQUIPMENT (Continued)

A summary of changes in District capital assets during the year ended June 30, 2021, was as follows:

	<u>Balances June 30, 2020</u>	<u>Additions</u>	<u>Deletions and Transfers</u>	<u>Balances June 30, 2021</u>
Land	\$ 1,070,817	\$ 34,277	\$ -	\$ 1,105,094
Buildings and Improvements	7,653,510	1,867,674	-	9,521,184
Sewer Treatment Plant	49,904	24,727	-	74,631
Wells, Pumps, and Pipelines	2,499,492	396,232	-	2,895,724
Equipment	131,073	-	-	131,073
Construction in Progress	<u>2,384,481</u>	<u>3,364,876</u>	<u>(2,218,714)</u>	<u>3,530,643</u>
Property and Equipment - Gross	<u>13,789,277</u>	<u>5,687,786</u>	<u>(2,218,714)</u>	<u>17,258,349</u>
Less: Accumulated Depreciation	<u>(2,971,462)</u>	<u>(471,180)</u>	<u>-</u>	<u>(3,442,642)</u>
Property and Equipment - Net	<u>\$ 10,817,815</u>	<u>\$ 5,216,606</u>	<u>\$ (2,218,714)</u>	<u>\$ 13,815,707</u>

Depreciation expense for the fiscal year ended June 30, 2021, was \$471,180.

Summary of Sewer and Water Systems

The District's capital assets were split between the Sewer and Water Systems as of June 30, 2022, as follows:

	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
Total Property and Equipment	\$ 11,648,787	\$ 6,712,424	\$ 18,361,211
Less: Accumulated Depreciation	<u>(2,151,065)</u>	<u>(1,754,676)</u>	<u>(3,905,741)</u>
Property and Equipment - Net	<u>\$ 9,497,722</u>	<u>\$ 4,957,748</u>	<u>\$ 14,455,470</u>

The District's capital assets were split between the Sewer and Water Systems as of June 30, 2021, as follows:

	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
Total Property and Equipment	\$ 6,949,233	\$ 10,579,116	\$ 17,528,349
Less: Accumulated Depreciation	<u>(1,456,947)</u>	<u>(1,985,695)</u>	<u>(3,442,642)</u>
Property and Equipment - Net	<u>\$ 5,492,286</u>	<u>\$ 8,593,421</u>	<u>\$ 14,085,707</u>

NOTE 5 – LONG-TERM DEBT

A summary of changes in District’s long-term debt during the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additional Debt	Debt Retirement	Balance June 30, 2022	Due Within One Year
USDA COP 2008A	\$ 1,333,502	\$ -	\$ (26,800)	\$ 1,306,702	\$ 27,973
USDA COP 2008B	551,794	-	(11,090)	540,704	11,575
USDA COP 2021	1,674,000	-	(31,000)	1,643,000	31,000
	<u>\$ 3,559,296</u>	<u>\$ -</u>	<u>\$ (68,890)</u>	<u>\$ 3,490,406</u>	<u>\$ 70,548</u>

A summary of changes in District’s long-term debt during the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additional Debt	Debt Retirement	Balance June 30, 2021	Due Within One Year
USDA COP 2008A	\$ 1,359,179	\$ -	\$ (25,677)	\$ 1,333,502	\$ 26,800
USDA COP 2008B	562,419	-	(10,625)	551,794	11,090
USDA COP 2020	-	1,704,000	(30,000)	1,674,000	31,000
	<u>\$ 1,921,598</u>	<u>\$ 1,704,000</u>	<u>\$ (66,302)</u>	<u>\$ 3,559,296</u>	<u>\$ 68,890</u>

USDA Rural Development Certificate of Participation #1 (COP – USDA 2008A)

During 2008, the District issued the United States Department of Agriculture (USDA) Rural Development Certificate of Participation (COP) #1 in the amount of \$1,595,000 with an interest rate of 4.375%. Proceeds were used to finance construction of wastewater treatment improvements. The certificate matures in 2048. Principal payments are made annually on April 1 while interest payments are made semiannually on April 1 and October 1. The payment of interest and principal is secured by a pledge of net revenues, as defined.

Future amortization of the principal of the debt outstanding as of June 30, 2022, was as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 27,973	\$ 57,168	\$ 85,141
2024	29,197	55,944	85,141
2025	30,474	54,667	85,141
2026	31,807	53,334	85,141
2027	33,199	51,942	85,141
2028-2032	189,094	236,611	425,705
2033-2037	234,239	191,466	425,705
2038-2042	290,163	135,542	425,705
2043-2047	359,439	66,266	425,705
2048	81,117	3,549	84,666
	<u>1,306,702</u>	<u>\$ 906,489</u>	<u>\$ 2,213,191</u>
Less Current Portion	<u>(27,973)</u>		
Long-Term Portion	<u>\$ 1,278,729</u>		

NOTE 5 – LONG-TERM DEBT (Continued)**USDA Rural Development Certificate of Participation #2 (COP – USDA 2008B)**

During 2008, the District issued the USDA Rural Development Certificate of Participation (COP) #2 in the amount of \$660,000 with an interest rate of 4.375%. Proceeds were used to finance construction of wastewater treatment improvements. The certificate matures in 2048. Principal payments are made annually on April 1 while interest payments are made semiannually on April 1 and October 1. The payment of interest and principal is secured by a pledge of net revenues, as defined.

Future amortization of the principal of the debt outstanding as of June 30, 2022, was as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 11,575	\$ 23,656	\$ 35,231
2024	12,081	23,149	35,230
2025	12,610	22,621	35,231
2026	13,162	22,069	35,231
2027	13,737	21,493	35,230
2028-2032	78,246	97,908	176,154
2033-2037	96,927	79,227	176,154
2038-2042	120,068	56,086	176,154
2043-2047	148,733	27,420	176,153
2048	33,565	1,468	35,033
	<u>540,704</u>	<u>\$ 375,097</u>	<u>\$ 915,801</u>
Less Current Portion	<u>(11,575)</u>		
Long-Term Portion	<u>\$ 529,129</u>		

USDA Rural Development Certificate of Participation #3 (COP – USDA 2021)

On July 15, 2020, the District issued the USDA Rural Development Certificate of Participation (COP) #3 in the amount of \$1,704,000 with an interest rate of 1.125%. Proceeds were used to finance construction of wastewater treatment improvements. The payment of interest and principal is secured by a pledge of net revenues, as defined. The certificate matures in 2060. Principal payments are made annually while interest payments are made semiannually.

NOTE 5 – LONG-TERM DEBT (Continued)**USDA Rural Development Certificate of Participation #3 (COP – USDA 2021)** (Continued)

Future amortization of the principal of the debt outstanding as of June 30, 2022, was as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 31,000	\$ 17,743	\$ 48,743
2024	32,000	17,038	49,038
2025	32,000	16,334	48,334
2026	33,000	15,640	48,640
2027	33,000	14,947	47,947
2028-2032	176,000	64,612	240,612
2033-2037	190,000	48,530	238,530
2038-2042	206,000	33,891	239,891
2043-2047	224,000	21,121	245,121
2048-2052	243,000	10,794	253,794
2053-2057	271,000	3,572	274,572
2058-2060	172,000	276	172,276
	<u>1,643,000</u>	<u>\$ 264,498</u>	<u>\$ 1,907,498</u>
Less Current Portion	<u>(31,000)</u>		
Long-Term Portion	<u>\$ 1,612,000</u>		

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 3, 2022, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

**PIXLEY PUBLIC UTILITY DISTRICT
COMBINING STATEMENT OF NET POSITION BY ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	Water	Sewer	Total
ASSETS			
Cash and Cash Equivalents	8,099,556	461,095	\$ 8,560,651
Accounts Receivable			
Utilities	26,003	60,673	86,676
Grants	-	798,336	798,336
Prepaid Expenses	8,652	8,651	17,303
Capital Assets			
Land	655,461	449,633	1,105,094
Buildings and Improvements	3,695,213	5,825,971	9,521,184
Sewer Treatment Plant	-	74,631	74,631
Wells, Pumps, and Pipelines	2,306,046	789,313	3,095,359
Equipment	55,704	54,037	109,741
Construction in Progress	-	4,455,202	4,455,202
Less Accumulated Depreciation	<u>(1,754,676)</u>	<u>(2,151,065)</u>	<u>(3,905,741)</u>
Total Capital Assets, Net of Depreciation	4,957,748	9,497,722	14,455,470
Other Assets	<u>4,375</u>	<u>4,375</u>	<u>8,750</u>
Total Assets	<u>13,096,334</u>	<u>10,830,852</u>	<u>\$ 23,927,186</u>
LIABILITIES AND NET POSITION			
Liabilities			
Accounts Payable	32,452	32,452	\$ 64,904
Deposits from Customers	131,372	-	131,372
Interest Payable	-	24,827	24,827
Line of Credit	-	1,093,252	1,093,252
Current Portion of Long-Term Debt	-	70,548	70,548
Long-Term Debt	<u>-</u>	<u>3,419,858</u>	<u>3,419,858</u>
Total Liabilities	<u>163,824</u>	<u>4,640,937</u>	<u>4,804,761</u>
Net Position			
Net Investment in Capital Assets	4,957,748	4,914,064	9,871,812
Net Position - Restricted, Capital Improvements	-	490,888	490,888
Net Position - Unrestricted	<u>7,974,762</u>	<u>784,963</u>	<u>8,759,725</u>
Total Net Position	<u>12,932,510</u>	<u>6,189,915</u>	<u>19,122,425</u>
Total Liabilities and Net Position	<u>13,096,334</u>	<u>10,830,852</u>	<u>\$ 23,927,186</u>

**PIXLEY PUBLIC UTILITY DISTRICT
COMBINING STATEMENT OF ACTIVITIES
AND CHANGES IN NET POSITION BY ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Water - Metered	\$ 426,714	\$ -	\$ 426,714
Sewer Charges	-	458,762	458,762
Other and Connection Fees	111,800	112,628	224,428
	<u>538,514</u>	<u>571,390</u>	<u>1,109,904</u>
OPERATING EXPENSES			
Transmission and Distribution Expenses	420,558	271,209	691,767
Customer Accounting and Collection Expenses	52,510	52,505	105,015
General Expenses	131,777	202,037	333,814
Depreciation	307,879	176,552	484,431
	<u>912,724</u>	<u>702,303</u>	<u>1,615,027</u>
Total Operating Expenses	<u>912,724</u>	<u>702,303</u>	<u>1,615,027</u>
Operating Loss	<u>(374,210)</u>	<u>(130,913)</u>	<u>(505,123)</u>
NON-OPERATING REVENUES (EXPENSES)			
Rental Income	10,800	10,800	21,600
Grant Income	577,392	-	577,392
Other Income	7,670,238	-	7,670,238
Interest Income	3,777	3,777	7,554
Interest Expense	(60,748)	(82,067)	(142,815)
	<u>8,201,459</u>	<u>(67,490)</u>	<u>8,133,969</u>
Total Non-Operating Revenues (Expenses)	<u>8,201,459</u>	<u>(67,490)</u>	<u>8,133,969</u>
Net Increase (Decrease) in Net Position	7,827,249	(198,403)	7,628,846
Net Position, Beginning of Year	<u>5,105,261</u>	<u>6,388,318</u>	<u>11,493,579</u>
Net Position, Ending of Year	<u>\$ 12,932,510</u>	<u>\$ 6,189,915</u>	<u>\$ 19,122,425</u>

**PIXLEY PUBLIC UTILITY DISTRICT
STATEMENT OF OPERATING EXPENSES BY ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Transmission and Distribution Expenses			
Labor	\$ 67,778	\$ 67,777	\$ 135,555
Payroll Taxes	6,199	6,199	12,398
Repairs to Equipment and System	204,031	54,736	258,767
Utilities	103,166	64,142	167,308
Tools and Shop Supplies	9,067	9,650	18,717
Insurance	5,556	5,556	11,112
California Water Fees	7,006	42,886	49,892
Auto Maintenance	7,962	8,244	16,206
Water and Sewer Testing	9,729	12,019	21,748
Miscellaneous	64	-	64
	<u>64</u>	<u>-</u>	<u>64</u>
Total Transmission and Distribution Expenses	<u>\$ 420,558</u>	<u>\$ 271,209</u>	<u>\$ 691,767</u>
Customer Accounting and Collection Expenses			
Clerks	\$ 37,857	\$ 37,857	\$ 75,714
Postage	3,405	3,405	6,810
Office Supplies	7,734	7,755	15,489
Payroll Taxes	2,935	2,934	5,869
Insurance	313	312	625
Customer Account Collection	4	-	4
Bank Service Charges	265	242	507
Other Expenses	(3)	-	(3)
	<u>(3)</u>	<u>-</u>	<u>(3)</u>
Total Customer Accounting and Collection Expenses	<u>\$ 52,510</u>	<u>\$ 52,505</u>	<u>\$ 105,015</u>
General Expenses			
Salaries and Wages	\$ 13,759	\$ 13,759	\$ 27,518
Employee Benefits	19,306	19,307	38,613
Telephone Expense	8,108	7,146	15,254
Fuel/Mileage	7,835	7,864	15,699
Advertising and Publication	577	576	1,153
Utilities	2,072	2,241	4,313
Building and Ground Maintenance	4,063	8,481	12,544
Accounting	12,425	12,425	24,850
Engineering	38,404	38,405	76,809
Legal	6,039	6,040	12,079
Licenses/Permits	2,070	69,595	71,665
Insurance	10,275	10,275	20,550
Irrigation Taxes	1,043	1,044	2,087
Miscellaneous	5,801	4,879	10,680
	<u>5,801</u>	<u>4,879</u>	<u>10,680</u>
Total General Expenses	<u>\$ 131,777</u>	<u>\$ 202,037</u>	<u>\$ 333,814</u>

**PIXLEY PUBLIC UTILITY DISTRICT
COMBINING STATEMENT OF NET POSITION BY ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

ASSETS	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 504,198	\$ 705,031	\$ 1,209,229
Accounts Receivable			
Utilities	26,310	61,391	87,701
Grants	-	1,516,887	1,516,887
Prepaid Expenses	7,047	7,046	14,093
Capital Assets			
Land	655,461	449,633	1,105,094
Buildings and Improvements	3,695,213	5,825,971	9,521,184
Sewer Treatment Plant	-	74,631	74,631
Wells, Pumps, and Pipelines	2,262,189	633,535	2,895,724
Equipment	66,370	64,703	131,073
Construction in Progress	-	3,530,643	3,530,643
Less Accumulated Depreciation	<u>(1,456,947)</u>	<u>(1,985,695)</u>	<u>(3,442,642)</u>
Total Capital Assets, Net of Depreciation	5,222,286	8,593,421	13,815,707
Other Assets	<u>4,375</u>	<u>4,375</u>	<u>8,750</u>
Total Assets	<u>\$ 5,764,216</u>	<u>\$ 10,888,151</u>	<u>\$ 16,652,367</u>
LIABILITIES AND NET POSITION			
Liabilities			
Accounts Payable	\$ 531,462	\$ 531,462	\$ 1,062,924
Deposits from Customers	127,493	-	127,493
Interest Payable	-	26,170	26,170
Line of Credit	-	382,905	382,905
Current Portion of Long-Term Debt	-	68,890	68,890
Long-Term Debt	<u>-</u>	<u>3,490,406</u>	<u>3,490,406</u>
Total Liabilities	<u>658,955</u>	<u>4,499,833</u>	<u>5,158,788</u>
Net Position			
Net Investment in Capital Assets	5,222,286	4,651,220	9,873,506
Net Position - Restricted, Capital Improvements	-	455,737	455,737
Net Position - Unrestricted	<u>(117,025)</u>	<u>1,281,361</u>	<u>1,164,336</u>
Total Net Position	<u>5,105,261</u>	<u>6,388,318</u>	<u>11,493,579</u>
Total Liabilities and Net Position	<u>\$ 5,764,216</u>	<u>\$ 10,888,151</u>	<u>\$ 16,652,367</u>

**PIXLEY PUBLIC UTILITY DISTRICT
COMBINING STATEMENT OF ACTIVITIES
AND CHANGES IN NET POSITION BY ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING REVENUES			
Water - Metered	\$ 416,211	\$ -	\$ 416,211
Sewer Charges	-	454,394	454,394
Other and Connection Fees	22,436	10,075	32,511
Total Operating Revenues	<u>438,647</u>	<u>464,469</u>	<u>903,116</u>
OPERATING EXPENSES			
Transmission and Distribution Expenses	282,788	223,369	506,157
Customer Accounting and Collection Expenses	51,276	58,903	110,179
General Expenses	116,760	100,100	216,860
Depreciation	300,662	170,518	471,180
Total Operating Expenses	<u>751,486</u>	<u>552,890</u>	<u>1,304,376</u>
Operating Loss	<u>(312,839)</u>	<u>(88,421)</u>	<u>(401,260)</u>
NON-OPERATING REVENUES (EXPENSES)			
Rental Income	10,800	10,800	21,600
Grant Income	-	1,819,425	1,819,425
Interest Income	578	578	1,156
Interest Expense	(12,044)	(83,673)	(95,717)
Total Non-Operating Revenues (Expenses)	<u>(666)</u>	<u>1,747,130</u>	<u>1,746,464</u>
Net Increase (Decrease) in Net Position	(313,505)	1,658,709	1,345,204
Net Position, Beginning of Year	<u>5,418,766</u>	<u>4,729,609</u>	<u>10,148,375</u>
Net Position, Ending of Year	<u>\$ 5,105,261</u>	<u>\$ 6,388,318</u>	<u>\$ 11,493,579</u>

**PIXLEY PUBLIC UTILITY DISTRICT
STATEMENT OF OPERATING EXPENSES BY ACTIVITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	Water	Sewer	Total
Transmission and Distribution Expenses			
Labor	\$ 84,324	\$ 84,325	\$ 168,649
Payroll Taxes	6,688	6,688	13,376
Repairs to Equipment and System	51,983	36,044	88,027
Utilities	102,133	32,911	135,044
Tools and Shop Supplies	14,466	14,725	29,191
Insurance	2,937	3,328	6,265
California Water Fees	8,293	33,870	42,163
Auto Maintenance	3,194	3,194	6,388
Water and Sewer Testing	8,079	8,284	16,363
Miscellaneous	691	-	691
	<u>282,788</u>	<u>223,369</u>	<u>506,157</u>
Total Transmission and Distribution Expenses	\$ 282,788	\$ 223,369	\$ 506,157
Customer Accounting and Collection Expenses			
Clerks	\$ 37,490	\$ 37,490	\$ 74,980
Postage	3,242	3,253	6,495
Office Supplies	7,163	14,792	21,955
Payroll Taxes	3,134	3,133	6,267
Insurance	200	201	401
Other Expenses	13	-	13
Bank Service Charges	34	34	68
	<u>51,276</u>	<u>58,903</u>	<u>110,179</u>
Total Customer Accounting and Collection Expenses	\$ 51,276	\$ 58,903	\$ 110,179
General Expenses			
Salaries and Wages	\$ 6,571	\$ 6,571	\$ 13,142
Employee Benefits	7,104	7,104	14,208
Telephone Expense	6,584	5,878	12,462
Fuel/Mileage	3,397	3,415	6,812
Advertising and Publication	1,192	1,130	2,322
Utilities	1,577	1,576	3,153
Building and Ground Maintenance	2,445	2,446	4,891
Accounting	9,598	9,597	19,195
Engineering	35,260	35,411	70,671
Legal	10,829	10,829	21,658
Licenses/Permits	1,049	2,705	3,754
Insurance	10,701	10,700	21,401
Irrigation Taxes	906	906	1,812
Miscellaneous	19,547	1,832	21,379
	<u>116,760</u>	<u>100,100</u>	<u>216,860</u>
Total General Expenses	\$ 116,760	\$ 100,100	\$ 216,860

OTHER INFORMATION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Pixley Public Utility District
Pixley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of Pixley Public Utility District (the District), as of and for the fiscal year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 3, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

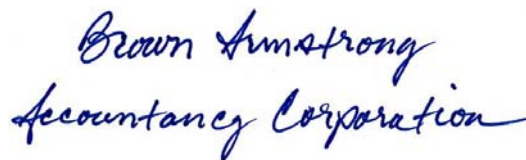
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
October 3, 2022

**PIXLEY PUBLIC UTILITY DISTRICT
STATUS OF PRIOR YEAR AUDIT FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

2021-01: Revenue Recognition

During our review of revenues and receivables, we noted that the Pixley Public Utility District (the District) did not record revenues and receivables related to the United States Department of Agriculture (USDA) Grant funds earned during the fiscal year. This resulted in an understatement of revenues in the amount of \$1,819,425 and of receivables in the amount of \$1,516,887.

Criteria

Revenues should be recorded in the period in which they are realized and earned. Amounts that are not received by year-end should be accrued as receivables.

Recommendation

We recommend that the District record revenues and receivables related to grant reimbursement requests in the correct period.

Management Response

Moving forward, the District will ensure that revenues and receivables related to grant reimbursements are recorded in the correct period.

Current Year Status

The District has implemented this recommendation.