



North Fork Water Company

A CALIFORNIA CORPORATION



FINANCIAL STATEMENTS

for years ending
January 31, 2021 and January 31, 2020

HIGHLAND, CALIFORNIA

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North Fork Water Company
(A California Corporation)
Organization Data
January 31, 2021 and 2020

DATE AND STATE OF INCORPORATION

1885 - California

DURATION OF CHARTER

Perpetual Existence

NATURE OF BUSINESS

Water Company Located in Highland, California

DATE OF EXEMPTION LETTER

September 13, 1964

OFFICERS

David Smith
Phillip Goodrich
Brian Tompkins
Justine Hendricksen

President
Vice President
Treasurer
Secretary

DIRECTORS

David Smith
Ronald Coats
James Morales, Jr.
Phillip Goodrich
Chris Carrillo

MANAGER

Under Agreement with East Valley Water District



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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
North Fork Water Company
Highland, California

We have reviewed the accompanying financial statements of North Fork Water Company (a California corporation), which comprise the statements of financial position as of January 31, 2021 and 2020, and the related statements of activities, changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.



Board of Directors
North Fork Water Company

Accountants' Conclusion

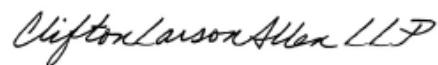
Based on our reviews, except for the issue noted in the Known Departure from Accounting Principles Generally Accepted in the United States of America paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Known Departure from Accounting Principles Generally Accepted in the United States of America

As disclosed in Note 3 to the financial statements, accounting principles generally accepted in the United States of America require that governmental entities follow the reporting requirements of the Governmental Accounting Standards Board (GASB). The accompanying financial statements have been prepared in accordance with the reporting requirements of the Financial Accounting Standards Board (FASB). The effects of this departure from accounting principles generally accepted in the United States of America on financial position, results of operations, and cash flows have not been determined.

Supplementary Information

The Supplementary Information included in Schedules I, II and III is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our reviews of the basic financial statements. Except for the effects of the issue noted in the Known Departure from Accounting Principle Generally Accepted in the United States of America paragraph, we are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.



CliftonLarsonAllen LLP
Glendora, California
March 22, 2021

North Fork Water Company
(A California Corporation)
Statements of Financial Position
January 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets		
Cash	\$ 109,307	\$ 126,091
Cash - Restricted for Capital Projects	160,135	160,135
Prepaid Expenses	18,448	17,111
Assessments Receivable	1,974	9,191
Total Current Assets	289,864	312,528
 Property, Plant, and Equipment		
Improvements - Fencing	2,840	2,840
Pipelines and Valves	2,857,411	2,857,411
Construction In Progress	-	5,281
Less: Accumulated Depreciation	(742,112)	(686,275)
Total Property, Plant, and Equipment	2,118,139	2,179,257
 Other Assets		
Water Rights - January 31, 1952	655,611	655,611
Total Other Assets	655,611	655,611
 Total Assets	 \$ 3,063,614	 \$ 3,147,396
 LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	\$ 10,946	\$ 10,357
Total Current Liabilities	10,946	10,357
 Balance, January 31, 2020		
Capital Stock Authorized 7,200 Shares - 7,156 Issued and Outstanding at \$100 Stated Value	715,600	715,600
Additional Paid-In Capital	466,496	478,522
Contributed Capital	1,457,078	1,494,924
Retained Earnings	413,494	447,993
Total Shareholders' Equity	3,052,668	3,137,039
 Total Liabilities and Shareholders' Equity	 \$ 3,063,614	 \$ 3,147,396

See accompanying notes and Independent Accountants' Review Report.

North Fork Water Company
(A California Corporation)
Statements of Activities
January 31, 2021 and 2020

	2021	2020
Revenues		
Water Sales	\$ -	\$ -
Expenses		
Repairs and Maintenance		
Labor and Equipment	11,743	9,417
Contracted	7,800	7,150
Weir Abandonments	-	20,743
Administration	13,350	10,220
Accounting Fees	2,400	2,400
Other Professional Services	2,250	8,031
Legal	43,374	55,051
Materials and Supplies	-	1,301
Property Taxes	27,812	31,065
Insurance	6,284	3,674
Depreciation	61,118	55,837
Total Expenses	176,131	204,889
Loss from Operations	(176,131)	(204,889)
Excess of Expenses over Revenues before Provision for Income Taxes	(176,131)	(204,889)
Provision for Income Taxes		
State Income Taxes	800	800
Excess of Expenses over Revenues before Contributions	(176,931)	(205,689)
Contributions		
Shareholder Assessments - Operating	92,560	114,532
Change in Equity	\$ (84,371)	\$ (91,157)

See accompanying notes and Independent Accountants' Review Report.

North Fork Water Company
(A California Corporation)
Statements of Changes in Shareholders' Equity
January 31, 2021 and 2020

January 31, 2021

	<u>Common Stock Issued and Outstanding</u>	<u>Additional Paid-in Capital</u>	<u>Contributed Capital</u>	<u>Cumulative Excess of Revenue Over Expenses</u>	<u>Total Shareholders' Equity</u>
Balance, January 31, 2020	\$ 715,600	\$ 478,522	\$ 1,494,924	\$ 447,993	\$ 3,137,039
Shareholder Assessments				92,560	92,560
Excess of Expenses Over Revenues				(176,931)	(176,931)
Allocate Depreciation		(12,026)	(37,846)	49,872	-
Balance, January 31, 2021	<u>\$ 715,600</u>	<u>\$ 466,496</u>	<u>\$ 1,457,078</u>	<u>\$ 413,494</u>	<u>\$ 3,052,668</u>

January 31, 2020

	<u>Common Stock Issued and Outstanding</u>	<u>Additional Paid-in Capital</u>	<u>Contributed Capital</u>	<u>Cumulative Excess of Revenue Over Expenses</u>	<u>Total Shareholders' Equity</u>
Balance, January 31, 2019	\$ 715,600	\$ 490,548	\$ 1,532,770	\$ 489,278	\$ 3,228,196
Shareholder Assessments				114,532	114,532
Excess of Expenses Over Revenues				(205,689)	(205,689)
Allocate Depreciation		(12,026)	(37,846)	49,872	-
Balance, January 31, 2020	<u>\$ 715,600</u>	<u>\$ 478,522</u>	<u>\$ 1,494,924</u>	<u>\$ 447,993</u>	<u>\$ 3,137,039</u>

See accompanying notes and Independent Accountants' Review Report.

North Fork Water Company
(A California Corporation)
Statements of Cash Flows
January 31, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Cash Paid for Services and Materials	\$ (115,761)	\$ (156,228)
Income Taxes Paid	(800)	(800)
Net Cash used by Operating Activities	(116,561)	(157,028)
Cash Flows from Financing Activities		
Contributions from Shareholders to Pay Suppliers	99,777	120,650
Net Cash Provided by Financing Activities	99,777	120,650
Cash Flows from Investing Activities		
Acquisition and Construction of Assets	-	-
Net Cash used for Investing Activities	-	-
Net Increase (Decrease) in Cash	(16,784)	(36,378)
Cash, Beginning of Year	286,226	322,604
Cash, End of Year	\$ 269,442	\$ 286,226
Reconciliation of Excess of Expenses over Revenues to Net Cash Used By Operating Activities		
Excess of Revenue over (under) Expenses	\$ (176,931)	\$ (205,689)
Adjustments:		
Depreciation	61,118	55,837
(Increase) Decrease in:		
Prepaid Expenses	(1,337)	(533)
Increase (Decrease) in:		
Accounts Payable and Accrued Liabilities	589	(6,643)
Net Cash used by Operating Activities	\$ (116,561)	\$ (157,028)

See accompanying notes and Independent Accountants' Review Report.

North Fork Water Company
(A California Corporation)
Notes to Financial Statements
January 31, 2021 and 2020

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

North Fork Water Company (the Company) is a mutual water company. The Company's primary purpose is to secure surface water from the Santa Ana River and other available sources for delivery to its shareholders in accordance with its delivery schedules and rules and regulations.

Capitalization Policy

The Company's capitalization basis is cost if assets are purchased or constructed and acquisition value if assets are contributed.

Depreciation of Plant and Equipment

The carrying values of plant and equipment are depreciated over the estimated useful lives of the assets using the straight-line method.

Provision for Income Taxes

The Company is exempt from federal income taxes under Section 501(c)(12) of the Internal Revenue Code. Therefore, no provision for federal income taxes is reflected in the financial statements.

State franchise tax is computed at the current corporate rate. For the fiscal years ended January 31, 2021 and 2020 state franchise taxes were \$800.

Use of Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates.

North Fork Water Company
(A California Corporation)
Notes to Financial Statements
January 31, 2021 and 2020

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – continued**

Cash and Cash Equivalents

For purposes of the statement of cash flows, the North Fork Water Company considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash equivalents have an original maturity date of three months or less from the date of purchase.

As of January 31, 2021, the Company had \$19,442 deposited with financial institutions that were in excess of federal depository insurance limits. The federal deposit insurance limit is \$250,000.

NOTE 2 - RELATED PARTY TRANSACTIONS

As of January 31, 2021, East Valley Water District owned 99.5% of the outstanding shares of the Company. The Company and East Valley Water District have certain officers and directors in common.

The following related party transactions occurred for the years ending January 31, 2021 and January 31, 2020:

- East Valley Water District paid the Company operating and capital assessments of \$91,433 and \$105,411
- The Company paid East Valley Water District for labor and administration of \$25,093 and \$19,637

NOTE 3 – DEPARTURE FROM US GAAP

As noted in Note 2, East Valley Water District owns 99.5% of the Company and may appoint (or approve) a controlling majority of the members of the Company's governing board. Under the AICPA's Audit and Accounting Guide for State and Local Governments, this characterizes the Company as a governmental entity and therefore subject to the financial reporting standards required by the Governmental Accounting Standards Board (GASB). The accompanying financial statements were prepared in accordance with the reporting requirements of the Financial Accounting Standards Board (FASB) which represents a known departure from US GAAP.

North Fork Water Company
(A California Corporation)
Notes to Financial Statements
January 31, 2021 and 2020

NOTE 4 - PROPERTY, PLANT, AND EQUIPMENT

A summary of changes in property, plant and equipment follows:

	Balance January 31, 2020	Additions	Deletions	Balance January 31, 2021
<u>Distribution System</u>				
Pipelines	\$ 2,851,372	\$ -	\$ -	\$ 2,851,372
Ditch Diversion Boxes	4,729	-	-	4,729
Valves	1,310	-	-	1,310
	<u>2,857,411</u>	<u>-</u>	<u>-</u>	<u>2,857,411</u>
<u>Improvements</u>				
Fencing – North Fork Intake	2,840	-	-	2,840
<u>Construction In Progress</u>				
Pipeline Replacement	5,281	-	(5,281)	-
Total	<u>\$ 2,865,532</u>	<u>\$ -</u>	<u>\$ (5,281)</u>	<u>\$ 2,860,251</u>
	Balance January 31, 2019	Additions	Deletions	Balance January 31, 2020
<u>Distribution System</u>				
Pipelines	\$ 2,851,372	\$ -	\$ -	\$ 2,851,372
1/31/2020	4,729	-	-	4,729
Valves	1,310	-	-	1,310
	<u>2,857,411</u>	<u>-</u>	<u>-</u>	<u>2,857,411</u>
<u>Improvements</u>				
Fencing – North Fork Intake	2,840	-	-	2,840
<u>Construction In Progress</u>				
Pipeline Replacement	5,281	-	-	5,281
Total	<u>\$ 2,865,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,865,532</u>

North Fork Water Company
(A California Corporation)
Notes to Financial Statements
January 31, 2021 and 2020

NOTE 5 - ANNUAL SHAREHOLDER ASSESSMENTS

Annual shareholder operating assessments were set at \$13 per share for the year ended January 31, 2021. No capital assessments were levied during the year.

NOTE 6 - SUBSEQUENT EVENTS

In the preparation of these financial statements, the Company considered subsequent events through March 22, 2021, which is the date these financial statements were issued.

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SUPPLEMENTARY INFORMATION

North Fork Water Company
(A California Corporation)
Schedule of Property, Plant and Equipment, and Accumulated Depreciation
January 31, 2021

Schedule One
Page 1 of 2

January 31, 2021

	Date Acquired	Property, Plant and Equipment			Accumulated Depreciation		
		Beginning Balance	Ending Balance	Remaining Life Years	Beginning Balance	Provision	Ending Balance
Canal Replacements	1995	\$ 41,862	\$ 41,862	24	\$ 20,512	\$ 837	\$ 21,349
Canals - 1/2 interest	Various	67,610	67,610		67,610	-	67,610
Ditch Diversion Boxes	1985	4,729	4,729	15	3,277	95	3,372
Canals - 36" Pipeline	1995	8,958	8,958	23	4,565	179	4,744
Canal Replacement (La Tourette)	1997	37,511	37,511	26	17,249	750	17,999
Canal Replacement (Plunge Creek Syphon to Cram School)	1999	68,937	68,937	28	28,967	1,380	30,347
Pipeline Replacement 90' of 26" Pipeline (behind Walmart)	2002	9,941	9,941	30	3,781	199	3,980
Pipeline Replacement 16" Pipeline (Highland Avenue)	2004	3,010	3,010	32	1,020	60	1,080
Canal Replacement 36" Pipeline - SAR to Plunge Creek Sandbox)	2009	2,493,592	2,493,592	38.5	523,656	49,872	573,528
Pipeline Replacement 50' of 30" DIP - Highland at VFW Hall	2011	26,205	26,205	40	4,716	524	5,240
Pipeline Replacement 220' of 24" - SAR Xing to Turnout	2014	34,333	34,333	43	4,122	687	4,809
6" Gate Valve (Wier 17)	2014	1,310	1,310	13	396	66	462
Pipeline Replacement 80' of 30" - SAR Xing at 7 Oaks Dam	2017	59,413	59,413	46	3,564	1,188	4,752
		<u>2,857,411</u>	<u>2,857,411</u>		<u>683,435</u>	<u>55,837</u>	<u>739,272</u>
Improvements:							
Security Fencing - NF Intake	2003	2,840	2,840	0	2,840		2,840
Totals		<u>\$ 2,860,251</u>	<u>\$ 2,860,251</u>		<u>\$ 686,275</u>	<u>\$ 55,837</u>	<u>\$ 742,112</u>
Construction in Progress	Various	\$ 5,281	\$ -	0	-	-	-

**North Fork Water Company
(A California Corporation)**

Schedule One
Page 2 of 2

**Schedule of Property, Plant and Equipment, and Accumulated Depreciation
January 31, 2020**

January 31, 2020

	Date Acquired	Property, Plant and Equipment		Remaining Life Years	Accumulated Depreciation		
		Beginning Balance	Ending Balance		Beginning Balance	Provision	Ending Balance
Canal Replacements	1995	\$ 41,862	\$ 41,862	24	\$ 19,675	\$ 837	\$ 20,512
Canals - 1/2 interest	Various	67,610	67,610		67,610	-	67,610
Ditch Diversion Boxes	1985	4,729	4,729	15	3,182	95	3,277
Canals - 36" Pipeline	1995	8,958	8,958	23	4,386	179	4,565
Canal Replacement (La Tourette)	1997	37,511	37,511	26	16,499	750	17,249
Canal Replacement (Plunge Creek Syphon to Cram School)	1999	68,937	68,937	28	27,587	1,380	28,967
Pipeline Replacement 90' of 26" Pipeline (behind Walmart)	2002	9,941	9,941	30	3,582	199	3,781
Pipeline Replacement 16" Pipeline (Highland Avenue)	2004	3,010	3,010	32	960	60	1,020
Canal Replacement 36" Pipeline - SAR to Plunge Creek Sandbox)	2009	2,493,592	2,493,592	38.5	473,784	49,872	523,656
Pipeline Replacement 50' of 30" DIP - Highland at VFW Hall	2011	26,205	26,205	40	4,192	524	4,716
Pipeline Replacement 220' of 24" - SAR Xing to Turnout	2014	34,333	34,333	43	3,435	687	4,122
6" Gate Valve (Wier 17)	2014	1,310	1,310	13	330	66	396
Pipeline Replacement 80' of 30" - SAR Xing at 7 Oaks Dam	2017	59,413	59,413	46	2,376	1,188	3,564
		<u>2,857,411</u>	<u>2,857,411</u>		<u>627,598</u>	<u>55,837</u>	<u>683,435</u>
Improvements:							
Security Fencing - NF Intake	2003	2,840	2,840	0	2,840		2,840
Totals		<u>\$ 2,860,251</u>	<u>\$ 2,860,251</u>		<u>\$ 630,438</u>	<u>\$ 55,837</u>	<u>\$ 686,275</u>
Construction in Progress	Various	\$ 5,281	\$ 5,281	0	-	-	-

North Fork Water Company
(A California Corporation)
Schedule of Shareholders
January 31, 2021

Schedule Two

<u>Shareholder</u>	<u>Certificate Number(s)</u>	<u>Number of Shares</u>
Brucie Cagle	1373	4.00
Richard and Sandra Christianson	1148	3.00
East Valley Water District		7,123.50
Christina Moreno	1379	8.50
Nigel C. Smith	1378	3.00
Santiago Avina	1308	9.00
Michael & Patricia Raley	1414	5.00
Total		<u><u>7,156.00</u></u>

North Fork Water Company
(A California Corporation)
Statement of Financial Position Comments
January 31, 2021 and 2020

CURRENT ASSETS

Current assets consisted of the following:

	<u>2021</u>	<u>2020</u>
Cash in Checking	\$ 269,442	\$ 286,226
Prepaid Insurance	5,124	2,624
Prepaid Taxes	13,324	14,487
Assessments Receivable	<u>1,974</u>	<u>9,191</u>
Totals	<u>\$ 289,864</u>	<u>\$ 312,528</u>

WATER RIGHTS

There is an agreement dated May 23, 1895, between North Fork Water Company and Bear Valley Land and Water Company (now Bear Valley Mutual Water Company) that provides for delivery of water to North Fork Water Company as follows:

<u>Month</u>	<u>Day Inches</u>
June	500
July	600
August	600
September	550
October	450
November	400
December through May	¼ Flow of Santa Ana River at a point known as "The Divide"

The water deliveries in the period June through November may be reallocated between months, but no more than 600 day inches are to be delivered in any one month.

Water rights, as summarized above, have been valued at \$655,611, which is the difference between the par value of the capital stock outstanding and the value of the remaining assets at January 31, 1952.

See accompanying notes and Independent Accountants' Review Report.

North Fork Water Company
(A California Corporation)
Statement of Financial Position Comments
January 31, 2021 and 2020

PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment, and accumulated depreciation is shown in Schedule One.

The value of the one-half interest in canals was the appraised value in 1940, with subsequent additions being valued at cost.

The provision for depreciation amounted to \$61,118 computed at established rates using the straight-line method.

CURRENT LIABILITIES

Current liabilities consisted of the following:

	<u>2021</u>	<u>2020</u>
Accrued Liabilities		
Accounts Payable		
Labor and Burden	\$ 1,362	\$ 1,525
Legal - January	150	1,884
Landscaping	650	650
EVWD Insurance Reimbursement	8,784	6,298
Total Accounts Payable	<u>\$ 10,946</u>	<u>\$ 10,357</u>

See accompanying notes and Independent Accountants' Review Report.