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Report of Audit Completion

June 30, 2020 and 2019

John Benish, Treasurer

Chesapeake Ranch Water Company

The Chesapeake Ranch Water Company (CRWC) requires an annual financial audit of accounts. This past year the annual audit was conducted by Clarke and Anderson, P.A., Glen Burnie, Md.

The audit shows a fair presentation of CRWC's financial position. The audit was accepted by the CRWC Board of Directors on August 20, 2020.

Attached are the Statement of Financial Position, Statements of Activities for FY-2019 and FY-2020, and Statements of Cash Flows for years ended June 30, 2020 and 2019

Subscribers wishing to review the full financial audit report and accompanying notes may contact George Hanson at the CRWC office or call 410-326-4122 for an appointment to review them.

John Benish
Treasurer

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Date:

8/20/20

CHESAPEAKE RANCH WATER COMPANY

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	ASSETS	
	2020	2019
Current Assets		
Cash and cash equivalents	\$ 455,990	\$ 439,147
Accounts receivable-net	223,028	329,900
Prepaid expenses	13,086	13,086
Investments	1,347,843	1,099,476
Total Current Assets	<u>2,039,947</u>	<u>1,881,609</u>
Fixed Assets		
Utility plant	9,329,695	9,280,457
Less accumulated depreciation	<u>(5,724,217)</u>	<u>(5,441,594)</u>
Net Utility Plant	3,605,478	3,838,863
Non-utility property	5,002,369	4,983,470
Less accumulated depreciation	<u>(2,174,276)</u>	<u>(2,030,487)</u>
Net Non-Utility Property	2,828,093	2,952,983
Total Fixed Assets	<u>6,433,571</u>	<u>6,791,846</u>
Non Current Assets		
Loan covenant restricted cash	114,100	114,100
Water distribution supplies	25,000	25,000
Total Non Current Assets	<u>139,100</u>	<u>139,100</u>
Total Assets	<u>\$ 8,612,618</u>	<u>\$ 8,812,555</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 1,396	\$ 10,112
Current maturities of long-term debt	47,027	44,969
Other current liabilities	255,389	270,345
Total Current Liabilities	<u>303,812</u>	<u>325,426</u>
Long-term Debt, Less Current Maturities	<u>1,471,972</u>	<u>1,519,305</u>
Total Liabilities	<u>1,775,784</u>	<u>1,844,731</u>
Unrestricted Net Assets		
Contributions	6,086,758	6,071,758
Revaluation of land and building	2,240,000	2,320,000
Cumulative margins	<u>(1,489,924)</u>	<u>(1,423,934)</u>
Total Unrestricted Net Assets	<u>6,836,834</u>	<u>6,967,824</u>
Total Liabilities and Net Assets	<u>\$ 8,612,618</u>	<u>\$ 8,812,555</u>

-See independent auditor's report and accompanying notes-

CHESAPEAKE RANCH WATER COMPANY

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Operating Revenue		
Residential water service	\$ 1,378,007	\$ 1,516,833
Commercial water sales	14,056	12,747
Transfer fees	14,350	13,750
Total Operating Revenue	<u>1,406,413</u>	<u>1,543,330</u>
Operating Expenses		
Pumping and purification	180,043	188,724
Storage and distribution	151,569	113,812
Administrative and operations	788,669	767,857
Professional services	27,605	25,190
Depreciation	426,410	437,320
Total Operating Expenses	<u>1,574,296</u>	<u>1,532,903</u>
Operating Income	(167,883)	10,427
Interest on Long-Term Debt	<u>69,146</u>	<u>71,624</u>
Net Operating Margin	(237,029)	(61,197)
Other Income(Expenses)		
Other income	46,565	47,762
Investment income	48,394	44,398
Gain on sale of asset	-	71
Other expenses	(3,920)	(2,400)
Total Other Income(Expenses)	<u>91,039</u>	<u>89,831</u>
Net Margin	<u>\$ (145,990)</u>	<u>\$ 28,634</u>

-See independent auditor's report and accompanying notes-

CHESAPEAKE RANCH WATER COMPANY
STATEMENTS OF NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

		Net Margin		
	<u>Contributions</u>	<u>Revaluation of Land and Building</u>	<u>Cumulative Margins</u>	<u>Total</u>
Balance June 30, 2018	\$ 6,066,758	\$ 2,400,000	\$ (1,532,568)	\$ 8,466,758
Member Subscriptions				
Issued	5,000	-	-	5,000
Surrendered	-	-	-	-
Net Margin	<u>-</u>	<u>(80,000)</u>	<u>108,634</u>	<u>28,634</u>
Balance June 30, 2019	6,071,758	2,320,000	(1,423,934)	6,967,824
Member Subscriptions				
Issued	15,000	-	-	15,000
Surrendered	-	-	-	-
Net Margin	<u>-</u>	<u>(80,000)</u>	<u>(65,990)</u>	<u>(145,990)</u>
Balance June 30, 2020	<u>\$ 6,086,758</u>	<u>\$ 2,240,000</u>	<u>\$ (1,489,924)</u>	<u>\$ 6,836,834</u>

-See independent auditor's report and accompanying notes-

CHESAPEAKE RANCH WATER COMPANY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Net margins	\$ (145,990)	\$ 28,634
Adjustments to reconcile margins to net cash provided by operating activities		
Depreciation	426,410	437,320
Bad debt expenses	20,000	-
Gain on sale of asset	-	(71)
Unrealized (gain)loss on investments	(36,220)	(26,440)
Realized loss on investments	11,518	4,858
Changes in operating assets and liabilities		
(Increase)decrease		
Accounts receivable	86,872	12,379
Increase(decrease)		
Accounts payable	(8,716)	10,112
Other liabilities and accruals	(14,956)	71,560
Net Cash Provided By Operating Activities	<u>338,918</u>	<u>538,352</u>
Cash Flows From Investing Activities		
Acquisition of utility plant, net	(49,237)	(86,184)
Acquisition of non-utility property, net	(18,898)	(62,058)
Proceeds from sales of investments	566,452	278,157
Purchase of investments	(790,117)	(700,883)
Net Cash Used By Investing Activities	<u>(291,800)</u>	<u>(570,968)</u>
Cash Flows From Financing Activities		
Members' subscription fees	15,000	5,000
Payments on long-term obligations	(45,275)	(42,980)
Net Cash Used By Financing Activities	<u>(30,275)</u>	<u>(37,980)</u>
Increase(Decrease) in Cash and Equivalents	16,843	(70,596)
Beginning of Year Cash and Equivalents	<u>439,147</u>	<u>509,743</u>
End of Year Cash and Equivalents	<u>\$ 455,990</u>	<u>\$ 439,147</u>
Supplemental Disclosure		
Cash paid during the year for Income taxes	<u>\$ -</u>	<u>\$ -</u>
Interest	<u>\$ 69,146</u>	<u>\$ 71,624</u>

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