

**WESTERN HEIGHTS WATER COMPANY**

**Balance Sheets**

**December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 500,609	\$ 514,383
Investments	1,305,017	2,515,428
Accounts receivable	329,198	346,915
Current portion of notes receivable	5,517	5,301
Inventories	89,991	102,262
Prepaid expenses	<u>16,443</u>	<u>14,061</u>
Total current assets	<u>2,246,775</u>	<u>3,498,350</u>
<b>Property and equipment</b>		
Land	605,615	591,335
Water rights	247,754	247,754
Wells and water distribution system	19,805,814	19,460,393
Buildings and equipment	<u>3,532,608</u>	<u>2,178,355</u>
	24,191,791	22,477,837
Less: Accumulated depreciation	<u>11,017,578</u>	<u>10,379,382</u>
	13,174,213	12,098,455
Construction in progress	<u>648,238</u>	<u>679,507</u>
	<u>13,822,451</u>	<u>12,777,962</u>
<b>Other Assets</b>		
Notes receivable, net of current portion	<u>492,750</u>	<u>294,267</u>
Total assets	<u>\$ 16,561,976</u>	<u>\$ 16,570,579</u>

	<u>2022</u>	<u>2021</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Current portion of long-term debt	\$ 53,652	\$ 51,457
Accounts payable	37,982	115,515
Accrued liabilities	121,708	100,277
Customer and rental deposits	<u>36,110</u>	<u>33,510</u>
Total current liabilities	<u>249,452</u>	<u>300,759</u>
Long-term debt, net of current portion	<u>1,072,795</u>	<u>1,143,961</u>
<b>Stockholders' equity</b>		
Capital stock, par value \$13; authorized 10,000 shares; issued and outstanding 10,312, for 2022 and 10,309 for 2021	137,772	137,759
Paid-in capital	1,662,882	1,661,912
Retained earnings and contributed capital	<u>13,439,075</u>	<u>13,326,188</u>
Total stockholders' equity	<u>15,239,729</u>	<u>15,125,859</u>
Total liabilities and stockholders' equity	<u>\$ 16,561,976</u>	<u>\$ 16,570,579</u>

*The accompanying notes are an integral part of these financial statements.*

**WESTERN HEIGHTS WATER COMPANY**

**Statements of Operations**

**For the Years Ended December 31, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>Revenue</b>		
Water sales		
Basic charges	\$ 772,052	\$ 723,193
Water usage	<u>1,540,417</u>	<u>1,504,444</u>
 Total revenue from water sales	 <u>2,312,469</u>	 <u>2,227,637</u>
 <b>Operating expenses</b>		
Wages	338,592	235,691
Payroll taxes	30,890	31,708
Employee benefits	91,700	95,606
Power	416,495	314,481
Repairs and maintenance	300,926	219,015
Mobile equipment usage, net	59,439	(8,669)
Depreciation	676,184	567,933
Purchased water	151,147	189,047
Water analysis	10,488	43,120
Engineering	11,846	58,440
Licenses and permits	6,880	9,338
Insurance	31,767	26,149
Property taxes	24,247	14,970
Employee expenses	270	970
Supplies and miscellaneous	<u>157,195</u>	<u>75,863</u>
Total operating expenses	<u>2,308,066</u>	<u>1,873,662</u>
 Gross profit	 <u>4,403</u>	 <u>353,975</u>
 <b>General and administrative expenses</b>		
Office salaries	407,957	403,153
Payroll taxes	33,224	33,003
Employee benefits	65,555	59,281
Directors' fees	16,750	20,350
Office expenses	133,478	141,998
Communication	15,509	15,237
Professional fees	18,373	18,984
Depreciation	30,049	32,297

	<u>2022</u>	<u>2021</u>
<b>General and administrative expenses (Continued)</b>		
Insurance	1,478	1,625
Employee expenses	15,046	5,672
Licenses and permits	21,414	31,044
Interest expense	49,131	92,095
Miscellaneous	3,498	3,429
Total general and administrative expenses	<u>811,462</u>	<u>858,168</u>
<b>Income (loss) from operations</b>	<u>(807,059)</u>	<u>(504,193)</u>
<b>Other income</b>		
Meter connections	289,583	348,575
Stock transfer fees	10,600	14,300
Interest income	51,996	39,027
Gain (loss) on investments	(240,031)	(26,246)
Disbursement of legal settlement	-	2,369,552
Miscellaneous	184,213	194,433
Assessment	291,714	281,136
Rental activity, net	17,742	22,785
Gain on sale of property	241,190	164,407
Charges for improvements	80,629	98,800
	<u>927,636</u>	<u>3,506,769</u>
Income before provision for income taxes	120,577	3,002,576
Provision for income taxes	<u>7,690</u>	<u>(1,087)</u>
Net income	<u>\$ 112,887</u>	<u>\$ 3,003,663</u>

*The accompanying notes are an integral part of these financial statements.*