

**RIVER PINES PUBLIC UTILITY DISTRICT**

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**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT  
for the year ended June 30, 2020**

**ROBERT W. JOHNSON**  
**Certified Public Accountant**

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**Robert W. Johnson**  
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
River Pines Public Utility District  
River Pines, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of River Pines Public Utility District, as of and for the year ended June 30, 2020, as listed in the table of contents, and the related notes to the financial statements.

**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.

**Auditor's Responsibility**

Our responsibility is to express an opinion 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 State Controller's Minimum Audit Requirements for California Special Districts. 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 entity'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 entity'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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of River Pines Public Utility District as of June 30, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America, as well as the accounting systems prescribed by the State Controller's Office and State Regulations governing Special Districts.

### **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 require 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 the missing information.

#### *Other Information*

The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of River Pines Public Utility District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Robert W. Johnson, An Accountancy Corporation*

Citrus Heights, California  
July 7, 2021

RIVER PINES PUBLIC UTILITY DISTRICT  
STATEMENT OF NET POSITION  
for the year ended June 30, 2020

ASSETS

Current assets:		
Cash (Note 3)	\$	25,801
LAIF		197,030
Accounts receivable – customers, net of \$37,000 for doubtful accounts		28,598
Accounts receivable – consultant		22
Prepaid expense		<u>5,362</u>
Total current assets		256,813
Capital assets, at cost (Notes 4 and 5)	\$1,776,499	
Less, accumulated depreciation	<u>1,174,215</u>	
		602,284
Other assets:		
Restricted cash (Note 3)	62,141	
Utility deposits	<u>828</u>	
		<u>62,969</u>
		<u>\$ 922,066</u>

See notes to financial statements

## LIABILITIES AND NET POSITION

### Current liabilities:

Current portion of long-term debt (Note 5)	\$ 9,500
Accounts payable	-
Security deposits	<u>1,200</u>

Total current liabilities 10,700

Long-term debt, net of current  
portion (Note 5) 47,500

Total liabilities 58,200

### Net position:

Invested in capital assets, net of related debt	\$ 545,284	
Restricted – capital improvement reserve	42,123	
Unrestricted	<u>276,459</u>	<u>863,866</u>

\$ 922,066

RIVER PINES PUBLIC UTILITY DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
for the year ended June 30, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Combined</u>
Operating revenues:			
Water sales	\$ 184,280	\$ -	\$ 184,280
Voluntary lock-off	1,802	1,803	3,605
Standby	4,215	4,205	8,420
Late fees	3,295	3,257	6,552
Sewer service	-	186,626	186,626
Other	<u>2,075</u>	<u>464</u>	<u>2,539</u>
 Total operating revenues	 <u>195,667</u>	 <u>196,355</u>	 <u>392,022</u>
Operating expenses:			
Source of supply	6,066	-	6,066
Pumping	9,840	-	9,840
Transmission and distribution	101,700	-	101,700
Administration	45,851	47,268	93,119
Depreciation	28,001	16,500	44,501
Collection	<u>-</u>	<u>171,686</u>	<u>171,686</u>
 Total operating expense	 <u>191,458</u>	 <u>235,454</u>	 <u>426,912</u>
 Operating income (loss)	 <u>4,209</u>	 <u>( 39,099)</u>	 <u>( 34,890)</u>
Non-operating revenues			
(expenses):			
Property taxes	7,753	7,831	15,584
Interest income	24	5,604	5,628
Street lighting	( 577)	( 577)	( 1,154)
Wireless site lease	<u>3,000</u>	<u>3,000</u>	<u>6,000</u>
	<u>10,200</u>	<u>15,858</u>	<u>26,058</u>
Income (loss) before contributions (carried forward)	14,409	( 23,241)	( 8,832)

See notes to financial statements

RIVER PINES PUBLIC UTILITY DISTRICT  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION, continued  
 for the year ended June 30, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Combined</u>
Income (loss) before contributions (carried forward)	\$ 14,409	\$( 23,241)	\$( 8,832)
Capital contributions	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 14,409</u>	<u>\$( 23,241)</u>	<u>( 8,832)</u>
Total net position:			
Beginning			<u>872,698</u>
Ending			<u>\$ 863,866</u>

See notes to financial statements



RIVER PINES PUBLIC UTILITY DISTRICT  
STATEMENT OF CASH FLOWS  
for the year ended June 30, 2020

Cash flows from operating activities:		
Receipts from customers		\$ 380,619
Payments to suppliers		( 378,745)
Payments to staff		<u>          -</u>
Net cash provided by operating activities		1,874
Cash flows from noncapital financing activities:		
Taxes revenue	\$ 15,584	
Street lighting	( 1,154)	
Wireless site lease	6,000	
Bad debt expense	<u>          -</u>	20,430
Cash flows from capital and related financing activities:		
Purchase of capital assets	(120,296)	
Long-term debt-paid	( 9,500)	
Proceeds from sale of equipment	<u>          -</u>	( 129,796)
Cash flows from investing activities:		
Interest income		<u>5,628</u>
Net decrease in cash and cash equivalents		( 101,864)
Cash at beginning of year		<u>386,836</u>
Cash at end of year		<u>\$ 284,972</u>

See notes to financial statements

RIVER PINES PUBLIC UTILITY DISTRICT  
STATEMENT OF CASH FLOWS, continued  
for the year ended June 30, 2020

Reconciliation of operating income (loss) to net cash provided by (to) operating activities:		
Operating loss		\$( 34,890)
Adjustments to reconcile operating income (loss) to net cash provided to operating activities:		
Depreciation expense	\$ 44,501	
Changes in operating assets and liabilities:		
Receivables	( 9,953)	
Prepaid expenses	2,416	
Payables and accruals	-	
Customer deposits	( 200)	
Utility deposits	<u>-</u>	
Total adjustments		<u>36,764</u>
Net cash provided by operating activities		\$ <u>1,874</u>

See notes to financial statements

RIVER PINES PUBLIC UTILITY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
for the year ended June 30, 2020

1. Organization:

River Pines Public Utility District (the "District") was formed in 1961 and provides water and sewer services. The District is governed by a Board of Directors which is elected by voters of the District.

2. Summary of Significant Accounting Policies:

The basic financial statements of River Pines Public Utility District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Fund Accounting

The District is an enterprise fund. All operations are accounted for as an enterprise fund.

Enterprise Fund – The enterprise fund is used to account for water and sewer operations that are financed and operated in a manner similar to private business enterprises. The intent of the District is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

Basis of Accounting

The basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The District's books and accounts are based upon the Uniform System of Accounts for Public Utilities as prescribed by the Division of Local Government Fiscal Affairs of the State of California. The records are maintained and the accompanying financial statements are presented on the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

RIVER PINES PUBLIC UTILITY DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2020

2. Summary of Significant Accounting Policies, continued:

Basis of Accounting, continued

Operating revenues and expenses, such as water sales along with water expenses, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses. Non-operating revenues and expenses, such as grant funding, investment income and interest expense, result from non-exchange transactions, in which, the District gives (receives) value without directly receiving (giving) value in exchange.

Depreciation and Capital Assets

Capital assets are recorded on the basis of purchase cost. Assets acquired by contribution are recorded at estimated cost or fair market value at the date of acquisition.

Depreciation is calculated by the straight-line method over the estimated useful lives of the respective assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, including restricted assets. Cash in banks, deposits in the State of California Local Agency Investment Fund (LAIF) and deposits with fiscal agents are considered to be cash and cash equivalents.

Investments

Investments consist of LAIF (State of California pooled investment fund). Investments are stated at fair value. Such investment is within the State statutes and the District's investment policy.

RIVER PINES PUBLIC UTILITY DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2020

2. Summary of Significant Accounting Policies, continued:

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 may differ from those estimates.

Property Taxes

Property tax revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Budget and Budgetary Accounting

The Board of Directors annually adopts an operating budget. The operating budgets are prepared on the accrual basis to match the operating statements.

RIVER PINES PUBLIC UTILITY DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2020

2. Summary of Significant Accounting Policies, continued:

Net Position

Net position is classified in the following categories:

Net Investment in capital assets – groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted – presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – represents the net position of the District, which are not restricted or invested in capital assets net of related debt.

RIVER PINES PUBLIC UTILITY DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2020

3. Cash and Cash Equivalents:

At year-end the carrying amount of the District's deposits was \$87,942 and the bank balance was \$83,082. The bank balance was covered by Federal depository insurance.

	Balance June 30, <u>2020</u>
<u>Unrestricted:</u>	
Checking (4)	\$ 25,726
Petty cash and change fund	<u>75</u>
	<u>\$ 25,801</u>
 <u>Restricted:</u>	
Checking – capital improvements	\$ 42,123
Savings – security deposits/standby	1,002
Debt service – California B&T	<u>19,016</u>
	<u>\$ 62,141</u>

RIVER PINES PUBLIC UTILITY DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2020

3. Cash and Cash Equivalents, continued:

Investments:

California statutes authorize the District to invest in a variety of credit instruments as provided for in the California Government Code Section 53600, Chapter 4 – Financial Affairs. The Government Code allows investments in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poor’s or P-1 by Moody’s Commercial Paper Record, bankers’ acceptances, repurchase agreements, medium-term corporate notes, mutual funds and the State Treasurer’s Local Agency Investment Fund (LAIF). The investments at June 30, 2020 consist of:

	<u>Carrying Amount</u>	<u>Market Value</u>
LAIF	\$ <u>197,030</u>	\$ <u>197,030</u>

Pursuant to Government Accounting Standards Board Statement 3, the investment in LAIF is not classified in categories of credit risk. The District’s funds in LAIF are invested in a diversified portfolio (of underlying investments e.g. U.S. Treasury obligations) such that it considers the risk of material loss to be minimal. The funds held in LAIF can be withdrawn on demand.



RIVER PINES PUBLIC UTILITY DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2020

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2020 are as follows:

	Balance <u>7-1-19</u>	<u>Additions</u>	Transfers/ <u>Disposals</u>	Balance <u>6-30-20</u>
Land	\$ 15,263	\$ -	\$ -	\$ 15,263
System	1,403,187	73,275	-	1,476,462
Buildings	88,115	-	-	88,115
Equipment	138,170	47,021	-	185,191
Office equipment	<u>11,468</u>	<u>-</u>	<u>-</u>	<u>11,468</u>
	<u>\$1,656,203</u>	<u>\$ 120,296</u>	<u>\$ -</u>	<u>\$1,776,499</u>

RIVER PINES PUBLIC UTILITY DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2020

5. Long-term Debt:

Long-term debt activities for the year ended June 30, 2020 consist of:

	<u>Balance</u> <u>2019</u>	<u>New</u> <u>Debt</u>	<u>Debt</u> <u>Retired</u>	<u>Balance</u> <u>2020</u>	<u>Current</u> <u>Portion</u>
State Department of Water Resources	\$ <u>66,500</u>	\$ <u>-</u>	\$ <u>9,500</u>	\$ <u>57,000</u>	\$ <u>9,500</u>

In 1999 the District entered into a loan agreement with the State of California, Department of Water Resources under provision of the SDWSRF Program; also, a loan reserve of \$9,500 is required.

The loan requires semi-annual payments of \$4,750, non-interest bearing.

Future annual maturities of this loan are as follows:

	<u>Principal</u> <u>(Total)</u>
2021	\$ 9,500
2022	9,500
2023	9,500
2024	9,500
2025	9,500
2026	<u>9,500</u>
	<u>\$ 57,000</u>

RIVER PINES PUBLIC UTILITY DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2020

6. Risk of Loss:

River Pines Public Utility District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2020 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

7. Cooperative Agreement:

On September 13, 2017 the District signed an agreement with Amador Water Agency (AWA) to have AWA provide certain services in connection with the District's water and wastewater systems.

AWA will perform all daily operations and required maintenance of the water and wastewater system, including all regulatory sampling, regulatory reporting and maintenance. In addition, the Agreement sets out various support services to be provided by AWA.

The Agreement is to be in effect for a five year period and also provides for monthly compensation to AWA at various rates.

The District incurred 2019-20 expense of \$95,291 for AWA costs.

8. COVID-19:

In March 2020, the World Health Organization declared a global health pandemic of the Coronavirus Disease COVID-19. The District is committed to maintaining essential water and sewer services to customers in its community. To date there has been minimal impact on the District's financial position.

SUPPLEMENTAL INFORMATION

RIVER PINES PUBLIC UTILITY DISTRICT  
PRINCIPAL OFFICIALS  
June 30, 2020

Board of Directors:

Patrick Henry	Chairperson
Karla Christensen	Vice Chairperson
Rosco Raymond	Director
Anita Ebbinghausen	Director
John Chapman	Director

Operations:

Candi Bingham	General Manager
Amador Water Agency	Operator
Gisele Wurzburger	Board Clerk