

RIVER PINES PUBLIC UTILITY DISTRICT

**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
for the year ended June 30, 2015**

TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statement of Net Position	3
Statement of Revenues, Expenses and Changes in Net Position	4-5
Statement of Cash Flows	6-7
Notes to Financial Statements	8-14
Supplemental Information:	
Principal Officials	16

RIVER PINES PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
June 30, 2015

ASSETS

Current assets:		\$ 30,824
Cash (Note 3)		360,110
LAIF		<u>86,066</u>
Accounts receivable – customers		
Total current assets		477,000
Capital assets, at cost (Notes 4 and 5)	\$1,557,412	
Less, accumulated depreciation	<u>978,800</u>	
	578,612	
Work in progress	<u>12,893</u>	591,505
Other assets:		
Restricted cash (Note 3)	34,955	
Utility deposits	<u>828</u>	<u>35,783</u>
		<u>\$1,104,288</u>

See notes to financial statements

LIABILITIES AND NET POSITION

Current liabilities:		
Current portion of long-term debt (Note 5)		\$ 9,500
Accounts payable		-
Accrued vacation		8,162
Security deposits		<u>5,534</u>
Total current liabilities		23,196
Long-term debt, net of current portion (Note 5)		<u>95,000</u>
Total liabilities		118,196
Net position:		
Invested in capital assets, net of related debt	\$ 487,005	
Unrestricted	<u>499,087</u>	<u>986,092</u>
		<u>\$1,104,288</u>

RIVER PINES PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
for the year ended June 30, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Combined</u>
Operating revenues:			
Water sales	\$ 144,684	\$ -	\$ 144,684
Voluntary lock-off	1,068	1,068	2,136
Standby	4,730	4,509	9,239
Late fees	6,085	6,016	12,101
Sewer service	-	132,844	132,844
Other	<u>4,487</u>	<u>489</u>	<u>4,976</u>
Total operating revenues	<u>161,054</u>	<u>144,926</u>	<u>305,980</u>
Operating expenses:			
Source of supply	6,285	-	6,285
Pumping	13,863	-	13,863
Transmission and distribution	89,212	-	89,212
Administration	48,552	47,687	96,239
Depreciation	16,655	10,208	26,863
Collection	<u>-</u>	<u>63,778</u>	<u>63,778</u>
Total operating expense	<u>174,567</u>	<u>121,673</u>	<u>296,240</u>
Operating income (loss)	<u>(13,513)</u>	<u>23,253</u>	<u>9,740</u>
Non-operating revenues (expenses):			
Property taxes	6,376	6,376	12,752
Interest income	476	476	952
Street lighting	(889)	(889)	(1,778)
Other income	<u>1,954</u>	<u>1,231</u>	<u>3,185</u>
	<u>7,917</u>	<u>7,194</u>	<u>15,111</u>
Income (loss) before contributions (carried forward)	<u>(5,596)</u>	30,447	24,851

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, 2015

	<u>Water</u>	<u>Sewer</u>	<u>Combined</u>
Income (loss)			
before contributions			
(carried forward)	\$(5,596)	\$ 30,447	\$ 24,851
Capital contributions-grant (Note 7)	<u>358,692</u>	<u>-</u>	<u>358,692</u>
Change in net position	<u>\$ 353,096</u>	<u>\$ 30,447</u>	383,543
Total net position:			
Beginning			<u>602,549</u>
Ending			<u>\$ 986,092</u>

See notes to financial statements

RIVER PINES PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
for the year ended June 30, 2015

Cash flows from operating activities:		\$ 302,234
Receipts from customers		(189,620)
Payments to suppliers		<u>(79,396)</u>
Payments to staff		
Net cash provided by operating activities		33,218
Cash flows from noncapital financing activities:		
Taxes revenue	\$ 12,752	
Street lighting	(1,778)	
Other income	<u>3,185</u>	14,159
Cash flows from capital and related financing activities:		
Grant income	358,692	
Purchase of capital assets	(19,000)	
Long-term debt-paid	<u>(380,421)</u>	(40,729)
Cash flows from investing activities:		
Interest income		<u>952</u>
 		7,600
Net increase in cash and cash equivalents		<u>418,289</u>
Cash at beginning of year		<u>418,289</u>
Cash at end of year		<u>\$ 425,889</u>

See notes to financial statements

RIVER PINES PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS, continued
for the year ended June 30, 2015

Reconciliation of operating income (loss) to net cash provided by (to) operating activities:		
Operating income		\$ 9,740
Adjustments to reconcile operating income (loss) to net cash provided to operating activities:		
Depreciation expense	\$ 26,863	
Changes in operating assets and liabilities:		
Receivables	(3,746)	
Payables and accruals	(990)	
Customer deposits	1,351	
Utility deposits	<u> -</u>	
Total adjustments		<u>23,478</u>
Net cash provided by operating activities		<u>\$ 33,218</u>

See notes to financial statements

RIVER PINES PUBLIC UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS

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.

RIVER PINES PUBLIC UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

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.

Statement of Cash Flows

All highly liquid investments with a maturity of three months or less when purchased, are considered to be cash equivalents.

Investments

The principal amount of District cash is invested with LAIF, a state local agency investment pool. All cash invested is within the State statutes.

RIVER PINES PUBLIC UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

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

3. Cash and Investments:

At year-end the carrying amount of the District's deposits was \$30,824 and the bank balance was \$48,236. The bank balance was covered by Federal depository insurance.

	Balance June 30, <u>2015</u>
<u>Unrestricted:</u>	
Checking (3)	\$ 30,749
Petty cash and change fund	<u>75</u>
	\$ <u>30,824</u>
 <u>Restricted:</u>	
Savings – security deposits/standby	\$ 20,098
Debt service – California B&T	<u>14,857</u>
	\$ <u>34,955</u>

RIVER PINES PUBLIC UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

3. Cash and Investments, 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, 2015 consist of:

	<u>Carrying Amount</u>	<u>Market Value</u>
LAIF	\$ <u>360,110</u>	\$ <u>360,110</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.

4. Capital Assets:

Changes in capital assets for the year ended June 30, 2015 are as follows:

	<u>Balance 7-1-14</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance 6-30-15</u>
Land	\$ 14,198	\$ 1,065	\$ -	\$ 15,263
System	1,126,027	229,631	-	1,355,658
Buildings	15,306	65,057	-	80,363
Equipment	26,693	70,237	-	96,930
Office equipment	<u>7,660</u>	<u>1,538</u>	<u>-</u>	<u>9,198</u>
	<u>\$1,189,884</u>	<u>\$ 367,528</u>	<u>\$ -</u>	<u>\$1,557,412</u>
Work in progress	<u>\$ -</u>	<u>\$ 12,893</u>	<u>\$ -</u>	<u>\$ 12,893</u>

RIVER PINES PUBLIC UTILITY DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued

5. Long-term Debt:

Long-term debt activities for the year ended June 30, 2015 consist of:

	<u>Balance</u> <u>2014</u>	<u>New</u> <u>Debt</u>	<u>Debt</u> <u>Retired</u>	<u>Balance</u> <u>2015</u>	<u>Current</u> <u>Portion</u>
State Department of Water Resources	\$ <u>123,500</u>	\$ <u>-</u>	\$ <u>19,000</u>	\$ <u>104,500</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>
2016	\$ 9,500
2017	9,500
2018	9,500
2019	9,500
2020	9,500
2021-2025	47,500
2026-2027	<u>9,500</u>
	<u>\$104,500</u>

RIVER PINES PUBLIC UTILITY DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued

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 2015 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

7. Grants:

At June 30, 2015 grant revenue consists of:

	<u>Grant Award</u>	<u>2015 Received</u>
ECWAG (USDA) Well 3R and Well 2 deepened	\$392,000	\$358,692
SRAFPP (CAL Fire)	179,933	-
CDBG Community Block planning grant	<u>100,000</u>	<u>-</u>
	<u>\$671,933</u>	<u>\$358,692</u>

SUPPLEMENTAL INFORMATION

RIVER PINES PUBLIC UTILITY DISTRICT
PRINCIPAL OFFICIALS
June 30, 2015

Board of Directors:

Cathy Landgraf	Chairperson
Michael Gardner	Vice Chairperson
René Walden-Qualls	Director
Kristin DeKay	Director

Staff:

Candi Bingham	General Manager
Gregory Guina	Chief Plant Operator