

PINYON PINES COUNTY WATER DISTRICT

**FINANCIAL REPORT
WITH
INDEPENDENT AUDITOR'S REPORT THERON**

June 30, 2021 And 2020

PINYON PINES COUNTY WATER DISTRICT

June 30, 2021 And 2020

Board Of Directors

Name	Office	Term Expires
Jeffrey Crowe	President	December 2025
David Pickard	Vice President	December 2025
James Maloon	Director	December 2023
Barbara Janelle	Director	December 2023
Ramone Deely	Director	December 2023

Staff

Thomas E. Huss	General Manager
Christy Huss	Secretary-Treasurer

PINYON PINES COUNTY WATER DISTRICT
June 30, 2021 And 2020

Table Of Contents

	Page
Independent Auditor’s Report.....	1-2
Management’s Discussion And Analysis	3-7
Financial Statements:	
Statements Of Net Position.....	8
Statements Of Revenues, Expenses, And Changes In Net Position	9
Statements Of Cash Flows.....	10
Notes To Financial Statements	11-17
Required Supplementary Information:	
Statement Of Revenues, Expenses, And Changes In Net Position Budget And Actual (Required)	18-19
Supplementary Information:	
Schedule Of Operating Expenses	20

INDEPENDENT AUDITOR'S REPORT

Board Of Directors
Pinyon Pines County Water District
Mountain Center, California

Report On The Financial Statements

We have audited the accompanying financial statements of Pinyon Pines County Water District, which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses, changes in net position, and cash flows for the years then ended and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and the 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. 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 and 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board Of Directors
Pinyon Pines County Water District
Mountain Center, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021 and 2020, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

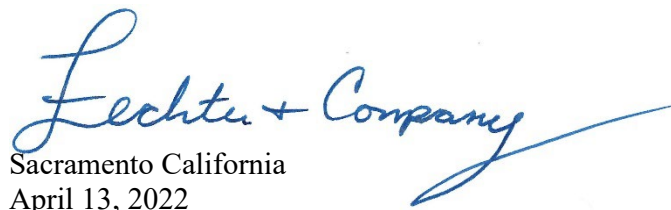
Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and budgetary comparison information on pages 18 through 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the governmental accounting standards board, who considers it be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pinyon Pines County Water District's basic financial statements. The accompanying schedule of operating expenses listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statement of Pinyon Pines County Water District. Such information has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Fechter & Company,
Certified Public Accountants


Sacramento California
April 13, 2022

DESCRIPTION AND SCOPE OF PINYON PINES COUNTY WATER DISTRICT

The Pinyon Pines County Water District (the District) was formed on April 22, 1969. The District was created for the purpose of providing a domestic water supply in the Pinyon Pines area of Southern California. The District office and records are located at 63500 Pozo, Mountain Center, California and covers an area of approximately 320 acres with 80 connections. It also provides water to two U.S. Forest Service (USFS) campgrounds (Pinyon Flats and Ribbonwood Equestrian campgrounds) as well as to Riverside County Fire Department Station #30. Its water source is exclusively groundwater. The District is governed by a five-member board of directors who serve overlapping four-year terms.

The District's sole source is a horizontal well drilled 85 feet into an underground source of water. This well is located south of Pinyon Pines at the 6200-foot elevation, 2000 feet above the community in the Santa Rosa Mountains. The USFS owns the land around these wells and restricts any activity that could contaminate them.

DESCRIPTION OF BASIC FINANCIAL STATEMENTS

The District operates as a utility enterprise fund. The governing body provides service to the general public on a continuing basis and recovers costs through a system of user fees. The District prepares financial statements using the accrual basis of accounting. Required financial statements included in this report are a statement of net position, statement of revenues, expenses, and changes in net position, and a statement of cash flows. Additional statements and notes to the financial statements are provided to explain some of the information in the financial statements and provide more detailed data.

CONDENSED FINANCIAL INFORMATION

The following condensed financial information provides an overview of the Pinyon Pines County Water District's financial activities for the fiscal years ended June 30, 2021 and 2020.

STATEMENTS OF NET POSITION

Net position, the difference between assets and liabilities, decreased from \$31,877 at June 30, 2020, to \$28,030 at June 30, 2021. This represents a 12.07% decrease, or \$3,847. The change for the 2020 fiscal year was a 26.15% decrease or \$11,28, from \$43,164 at June 30, 2019.

STATEMENTS OF NET POSITION (Continued)

	June 30, 2021	June 30, 2020	June 30, 2019	FY21 % Change	FY20 % Change
Assets					
Capital assets, net	\$ 8,085	\$ 12,145	\$ 16,205	-33.43%	-25.05%
Current assets	24,051	25,491	33,482	-5.65%	-23.87%
Total assets	\$ 32,136	\$ 37,636	\$ 49,687	-14.61%	-24.25%
Liabilities					
Current liabilities	\$ 4,106	\$ 5,759	\$ 6,523	-28.70%	-11.71%
Total liabilities	\$ 4,106	\$ 5,759	\$ 6,523	-28.70%	-11.71%
Net Assets					
Invested in capital assets, net of related debt	\$ 8,085	\$ 12,145	\$ 16,205	-33.43%	-25.05%
Unrestricted	19,945	19,732	26,959	1.08%	-26.81%
Total net position	\$ 28,030	\$ 31,877	\$ 43,164	-12.07%	-26.15%

CAPITAL ASSETS, NET

Capital assets, net decreased \$4,060 in accumulated depreciation in fiscal year 2020 and 2021.

	June 30, 2021	June 30, 2020	June 30, 2019	FY21 \$ Change	FY20 \$ Change
Land	\$ 1,800	\$ 1,800	\$ 1,800	\$ -	\$ -
Transmission and distribution- tanks and reservoir	-	-	-	-	-
Transmission and distribution- mains and pipeline	6,285	10,345	14,405	(4,060)	(4,060)
Office equipment	-	-	-	-	-
Automobiles	-	-	-	-	-
Capital assets, net	\$ 8,085	\$ 12,145	\$ 16,205	\$ (4,060)	\$ (4,060)

CURRENT ASSETS

Current assets decreased \$1,440 in fiscal year 2021 and decreased \$7,991 in fiscal year 2020. The following list presents a summary of current assets at June 30, 2021 and 2020 and changes from June 30, 2021 and 2020, respectively.

CURRENT ASSETS (Continued)

Description				FY21	FY20
	June 30, 2021	June 30, 2020	June 30, 2019	\$ Change	\$ Change
Current assets- cash	\$ 10,395	\$ 10,344	\$ 22,947	\$ 51	\$ (12,603)
Accounts receivable- water	7,763	7,628	6,554	135	1,074
Accounts receivable- assessments	-	-	-	-	-
Materials and supplies inventory	-	-	-	-	-
Prepaid expenses	5,893	7,519	3,981	(1,626)	3,538
Totals	<u>\$ 24,051</u>	<u>\$ 25,491</u>	<u>\$ 33,482</u>	<u>\$ (1,440)</u>	<u>\$ (7,991)</u>

NET POSITIONInvested In Capital Assets, Net Of Related Debt:

Decrease of \$4,060 in the years ended June 30, 2021 and 2020, reflecting an increase in accumulated depreciation.

Unrestricted Net Position:

Increase of \$213, or 1.08%, from June 30, 2020 and a \$7,226 decrease or 26.8% from June 30, 2019. Unrestricted net position consists of net position designations that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The change in net position for fiscal year 2021 and 2020 was (\$3,847) and (\$11,287) respectively.

Description				FY21	FY20
	June 30, 2021	June 30, 2020	June 30, 2019	\$ Change	\$ Change
Total operating revenues	\$ 58,116	\$ 53,386	\$ 49,819	\$ 4,730	\$ 3,567
Total operating expenses before depreciation	(65,071)	(67,148)	(57,705)	2,077	(9,443)
Operating loss before depreciation	(6,955)	(13,762)	(7,886)	6,807	(5,876)
Depreciation	(4,060)	(4,060)	(4,560)	-	500
Operating loss	(11,015)	(17,822)	(12,446)	6,807	(5,376)
Non-operating revenues, net*	7,168	6,535	5,751	633	784
Increase/decrease in net position	(3,847)	(11,287)	(6,695)	7,440	(4,592)
Beginning net position	31,877	43,164	49,859	(11,287)	(6,695)
Ending net position	<u>\$ 28,030</u>	<u>\$ 31,877</u>	<u>\$ 43,164</u>	<u>\$ (3,847)</u>	<u>\$ (11,287)</u>

* Non-operating revenues included \$7,294, \$6,851, and \$5,892 of tax assessments in 2021, 2020, and 2019, respectively. These standby assessments are collected by Riverside County and distributed to the District, net of assessment cost. Assessment cost in 2021 was \$126, in 2020 was \$316.

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(Continued)**

Due to insufficient amounts of water, there have been no new connections since 1976.

Operating expense analysis:	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>% Change</u>	<u>% Change</u>
Source of supply and water treatment	\$ 887	\$ 990	\$ 1,648	-10.40%	-39.93%
Salaries and benefits	49,899	46,026	42,316	8.41%	8.77%
Insurance	6,043	5,486	5,691	10.15%	-3.60%
Other*	8,242	14,646	8,050	-43.73%	81.94%
Total operating expenses before depreciation	<u>\$ 65,071</u>	<u>\$ 67,148</u>	<u>\$ 57,705</u>	-3.09%	16.36%

- Decrease in other expenses in 2021 includes a decrease of \$5,847 as the District has not yet paid for the 2019-2020 and 2020-21 two-year audit costs.

STATEMENTS OF CASH FLOWS

The changes in cash balances for the years ended June 30, 2021 and 2020, were an increase of \$53 and a decrease of \$12,603, respectively. A summary for each year is as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash flows from operating activities	\$ (7,115)	\$ (19,139)	\$ 1,544
Cash flows from noncapital financing activities	7,168	6,535	5,445
Cash flows from investing activities	-	-	643
Increase or decrease in cash	<u>\$ 53</u>	<u>\$ (12,604)</u>	<u>\$ 7,632</u>

BUDGET AND ACTUAL COMPARISONS

There were no revisions to the original budget for the years ended June 30, 2021 and 2020.

FUTURE OPERATIONS

Since at June 30, 2002, there has been an issue regarding the county's combining lot 636-140-011-0 into 636-140-042-8, taking it out of the District's TRA 061-017 and putting it into TRA 061-071. This issue is still outstanding as Riverside County does not split TRA's.

FUTURE OPERATIONS (Continued)

The County's excessive costs for administrative fees to collect LAFCO fees made our District's share of LAFCO costs out of proportion (sometimes over 20 times the amount – July 2005 - \$7.00 LAFCO fees \$144.49 county administrative fees). In June of 2017, LAFCO voted to only collect the same amount of administrative fee as the LAFCO fee for nine special districts. The county cites chapter 3. Powers - California Government Code Section 56381 as their right to collect administrative fees to collect LAFCO's fees. However, the code also reads. "(e) notwithstanding the requirements of subparagraph (c), the independent special districts' share may be apportioned by an alternative method approved by a majority of districts, representing a majority of the combined populations. However, in no event shall an individual district's apportionment exceed the amount that would be calculated pursuant to subparagraphs (c) and (d), or in excess of 50 percent of the total independent special districts' share, without the consent of that district". Prior to LAFCO 's vote to lower the administrative fee, the district ceased paying the administrative fee for 2015-16 and 2016-17 and only paid the LAFCO fee. As the District does not collect property taxes, prior to distribution, without the District's permission the county removed \$153.92, what they believe the District owed them, from the District's standby assessments. The District now pays the new administrative fee, but under protest each year.

The County of Riverside has included the District in an environmental law suit SIERRA CLUB, ET AL. V. RIVERSIDE COUNTY, ET AL Riverside County Superior Court, Case No. Rici700098.

FINANCIAL STATEMENTS

**PINYON PINES COUNTY WATER DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020**

	2021	2020
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 10,395	\$ 10,344
Accounts receivable:		
Water	7,763	7,628
Prepaid expenses	5,893	7,519
Total current assets	24,051	25,491
Utility Plant		
Non-depreciable land	1,800	1,800
Utility plant, at cost	195,496	195,496
Less: accumulated depreciation	(189,211)	(185,151)
Total utility plant, net	8,085	12,145
TOTAL ASSETS	\$ 32,136	\$ 37,636
<u>LIABILITIES AND NET POSITION</u>		
Current Liabilities		
Accounts payable	\$ 560	\$ 1,664
Accrued payroll	3,366	3,915
Deposits - customers	180	180
Total Liabilities	\$ 4,106	\$ 5,759
NET POSITION		
Net invested in capital assets	8,085	12,145
Unrestricted	19,945	19,732
TOTAL NET POSITION	\$ 28,030	\$ 31,877

PINYON PINES COUNTY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED
JUNE 30, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Water sales	\$ 56,968	\$ 53,088
Other	1,148	298
	58,116	53,386
OPERATING EXPENSES		
Source of supply	887	990
Water treatment	2,023	1,402
Administrative and general	62,161	64,756
Depreciation - unallocated	4,060	4,060
	69,131	71,208
OPERATING LOSS	(11,015)	(17,822)
NON-OPERATING REVENUES (EXPENSES)		
Tax assessments	7,294	6,851
Assessment cost	(126)	(316)
	7,168	6,535
CHANGE IN NET POSITION	(3,847)	(11,287)
NET POSITION, beginning of year	31,877	43,164
NET POSITION, end of year	\$ 28,030	\$ 31,877

**PINYON PINES COUNTY WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED
JUNE 30, 2021 and 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from water sales and services	\$ 56,833	\$ 52,014
Cash received from other services	1,148	298
Cash paid to or on behalf of employees	(50,448)	(45,148)
Cash paid to vendors	(14,650)	(26,302)
	<u>(7,117)</u>	<u>(19,138)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from tax assessments	7,294	6,851
Assessment costs	(126)	(316)
	<u>7,168</u>	<u>6,535</u>
CASH FLOWS FROM INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN CASH	51	(12,603)
Cash and cash equivalents, beginning of year	<u>10,344</u>	<u>22,947</u>
Cash and cash equivalents, end of year	<u>\$ 10,395</u>	<u>\$ 10,344</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Net operating loss	\$ (11,015)	\$ (17,822)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation	4,060	4,060
Changes in assets and liabilities:		
Increase in accounts receivable - water	(135)	(1,074)
Decrease (increase) in prepaid expenses	1,626	(3,538)
Decrease in accounts payable	(1,104)	(1,642)
(Decrease) increase in accrued payroll	(549)	878
	<u>(7,117)</u>	<u>(19,138)</u>
Net cash used in operating activities	<u>\$ (7,117)</u>	<u>\$ (19,138)</u>

PINYON PINES COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 1: Summary Of Significant Accounting Policies

Organization And Operations

The Pinyon Pines County Water District (the District) was formed on April 22, 1969. The District was created for the purpose of providing a domestic water supply in the Pinyon Pines area of Southern California. The District covers an area of approximately 320 acres with 80 connections and provides water to two U.S. Forest Service (USFS) campgrounds (Pinyon Flats and Ribbonwood Equestrian Campgrounds), as well as to Riverside County Fire Department #30. The District's water source is exclusively groundwater and is governed by a five-member board of directors who serve overlapping four-year terms.

The District provides water from a horizontal well that is located south of Pinyon Pines at the 6,200-foot elevation, 2,000 feet above the community in the Santa Rosa Mountains and is drilled 85 feet into an underground source of water. The USFS owns the land around these wells and restricts any activity that could contaminate them.

Basis Of Accounting And Measurement Focus

Under Government Accounting Standards Board (GASB) Statement No. 20, The District has elected not to apply Financial Accounting Standards Board (FASB) Pronouncements issued after November 30, 1989.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States Of America (GAAP) As applicable to governmental units. The financial statements include all organizations, activities, and functions that compromise the District.

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services, producing, and delivering goods in connection with the district's principal ongoing operations. The principal operating revenues of the district are charges to customers for water sales and connection fees. Operating expenses for the district include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use Of Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from these estimates.

PINYON PINES COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 1: Summary Of Significant Accounting Policies (Continued)

Classification Of Revenues And Expenses

Operating revenues are those revenues that are generated by domestic water sales and other service charges, while operating expenses pertain to the furnishing of those services.

Non-operating revenues and expenses are those revenues and expenses generated that are not directly associated with the normal business of supplying water and water treatment services. Non-operating revenue consists of tax assessments. Non-operating expenses consist of costs to collect tax assessments.

Reporting Entity

As a reporting entity, the District consists of one enterprise fund. The enterprise fund is the operating fund of the District and is used to account for all financial resources of the District.

Budgetary Accounting

The District's Budgetary Procedures Are As Follows:

In June of each year, the general manager submits to the board of directors a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them. The budget is legally adopted through the passage of a resolution. For the years ended June 30, 2021 and 2020, there were no revisions to the original budget, therefore the final budget amounts were also the original budget amounts.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., water pipelines). Assets are recorded at cost. Contributed capital assets are recorded at fair market value at any time they are received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The District's capitalization policy has a capitalization threshold of \$500.

Utility plant is stated at cost. In connection with self-constructed assets, the district capitalizes applicable overhead costs. Depreciation of all exhaustible fixed assets is charged as an expense against their operations. Capital assets of the district are depreciated using the straight-line method over the following estimated useful lives:

Improvements	10-33 Years
Equipment	10 Years
Office	5 Years
Automobiles	5 Years

PINYON PINES COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 1: Summary Of Significant Accounting Policies (Continued)

Inventories

Inventories are recorded at cost. Inventories consist of expendable supplies held for consumption or future additions to fixed assets. The cost is recorded as expenditure at the time individual inventory items are used. The specific identification method is used for valuing inventory.

Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the Basic Financial Statements.

Water Assessments

The water assessments are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	January 1
Levy Date	1 st Business Day In September
Due Date	November 1 st - 1 st Installment February 1 st - 2 nd Installment
Delinquent Date	December 11 th - 1 st Installment April 11 th - 2 nd Installment

Cash Flows

For purposes of the statement of cash flows, the district considers all cash investments with an original maturity date of three months or less to be cash equivalents.

Net Position

Invested in capital assets, net of related debt. This represents the District's total investment in capital assets. On June 30, 2021 and 2020, the District had no related debt.

Unrestricted net position represents resources available to be used for transactions relating to the general operations of the district, and may be used at the discretion of the governing board, as designated, to meet current expenses for specific purposes.

PINYON PINES COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 2: Net Working Capital

Net working capital consisted of the following at June 30, 2021 And 2020:

	<u>2021</u>	<u>2020</u>
Current Assets	\$ 24,051	\$ 25,491
Less: Current Liabilities	<u>(4,106)</u>	<u>(5,759)</u>
Net Working Capital	<u>\$ 19,945</u>	<u>\$ 19,732</u>

NOTE 3: Cash And Cash Equivalents

The District has only one checking account to run its daily business operations. On June 30, 2021 and 2020, cash consisted of the following:

	<u>2021</u>	<u>2020</u>
Checking account	<u>\$ 10,395</u>	<u>\$ 10,344</u>

The checking account is held at a commercial bank in Palm Desert, California and is 100% FDIC insured. The District does not have a formal investment policy and had no investments at June 30, 2021 and 2020.

NOTE 4: Utility Plant And Accumulated Depreciation

For the fiscal year ending June 30, 2021, Utility Plant consisted of the following:

	<u>Balance on</u>	<u>Additions/</u>	<u>Balance on</u>
	<u>June 30, 2020</u>	<u>(Deletions)</u>	<u>June 30, 2021</u>
Utility Plant:			
Non-depreciable land	\$ 1,800	\$ -	\$ 1,800
Intangible plant	7,099	-	7,099
Source of supply	27,098	-	27,098
Transmission & distribution	155,330	-	155,330
Other general plant	<u>5,969</u>	<u>-</u>	<u>5,969</u>
Total Utility Plant, at cost	195,496	-	195,496
Less: Accumulated depreciation	<u>(185,151)</u>	<u>(4,060)</u>	<u>(189,211)</u>
Utility Plant, net	<u>\$ 12,145</u>	<u>\$ (4,060)</u>	<u>\$ 8,085</u>

The District recorded depreciation expense of \$4,060 in 2021.

PINYON PINES COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 4: Utility Plant And Accumulated Depreciation (Continued)

For the fiscal year ending June 30, 2020, Utility Plant consisted of the following:

	<u>Balance on June 30, 2019</u>	<u>Additions/ (Deletions)</u>	<u>Balance on June 30, 2020</u>
Utility Plant:			
Non-depreciable land	\$ 1,800	\$ -	\$ 1,800
Intangible plant	7,099	-	7,099
Source of supply	27,098	-	27,098
Transmission & distribution	155,330	-	155,330
Other general plant	5,969	-	5,969
Total Utility Plant, at cost	195,496	-	195,496
Less: Accumulated depreciation	(181,091)	(4,060)	(185,151)
Utility Plant, net	<u>\$ 16,205</u>	<u>\$ (4,060)</u>	<u>\$ 12,145</u>

The District recorded depreciation expense of \$4,060 in 2020.

NOTE 5: Joint Powers Agreement

Description Of The Joint Powers Insurance Authority

The District is a participant in the Association Of California Water Agencies Joint Powers Insurance Authority (the Authority), formed under a joint powers agreement for the purpose of providing public auto and general liability, workers' compensation and property insurance. the Authority's board of directors is comprised of one representative from each of the participating districts.

Insurance Programs Of The Authority- General Liability And Public Auto And Property

The District is required to pay the first \$2,500 per claim for general liability and public auto claims. Claim amounts in excess of \$2,500 and less than \$500,000 per occurrence are paid out of the pooled funds of the Authority. Coverage above \$500,000 is provided by an excess insurance policy with limits up to \$60,000,000 per occurrence arising from bodily injury, property damage, errors and omissions, personal injury, or any combination thereof. Members are required to pay or are refunded amounts based on actual costs after the end of each period.

For the years ended June 30, 2021 and 2020, the District incurred joint powers insurance expense of \$3,485 and \$3,446, respectively.

The Authority also offers workers' compensation coverage, although the District does not participate in this program. The District's worker's compensation insurance is underwritten by the State Compensation Insurance Fund.

PINYON PINES COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 5: Joint Powers Agreement (Continued)

Condensed Financial Information Of The Authority

Noted below is the condensed balance sheet of the Authority as of September 30, 2020, as audited by Gilbert Associates, Inc. This information was the most recent available as of the date of this report.

	<u>2020</u>
Assets	\$ 237,525,073
Deferred Outflows	1,054,750
Liabilities	113,075,164
Deferred Inflows	<u>1,817,452</u>
Net Position	<u>\$ 123,687,207</u>

Noted below is the condensed audited statement of revenues, expenditures, and changes in net assets of the Authority for the year ended September 30, 2020, also audited by Gilbert Associates, Inc. This information was the most recent available as of the date of this report.

	<u>2020</u>
Revenues	\$ 189,130,318
Expenses	<u>172,886,738</u>
Operating income before other income	16,243,580
Non-operating revenues	<u>8,509,125</u>
Change in net assets	<u>\$ 24,752,705</u>

Additional information about the ACWA-JPIA may be obtained by contacting the JPIA directly at ACWA-Joint Powers Insurance Authority, 5620 Birdcage Street, Suite 200, Citrus Heights, California 95610.

NOTE 6: Related Party Transactions

The District's management consists of closely related family members. Thomas Huss is a General Manager, and Christy Huss is a secretary-treasurer. The Board of Directors is extensively involved in daily operations and approves of all transactions of the District.

NOTE 7: Employee Benefits

The employees of the District do not accrue any sick/vacation. The District does not provide any post-employment benefits or pension plans for its employees. The District reimburses the employees for the cost of their health insurance benefits through blue cross.

PINYON PINES COUNTY WATER DISTRICT

Notes to Financial Statements

June 30, 2021 and 2020

NOTE 10: COVID CONSIDERATIONS

In January 2020, the virus SARS-CoV-2 was transmitted to the united states from overseas sources. This virus, responsible for the coronavirus disease COVID-19, has proven to be extremely virulent. Although the financial impact on the District thus far has been minimal, the long-term economic impact on its operations has not yet been determined. Therefore, any potential impact on its financial position or results of operations is not yet known.

NOTE 11: Subsequent Events

The District has evaluated subsequent events through April 13, 2022, the date which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**PINYON PINES COUNTY WATER DISTRICT
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED
JUNE 30, 2021**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
OPERATING REVENUES				
Water sales	\$ 56,400	\$ 56,400	\$ 56,968	\$ 568
Other	-	-	1,148	1,148
	<u>56,400</u>	<u>56,400</u>	<u>58,116</u>	<u>1,716</u>
OPERATING EXPENSES				
Salaries and benefits	44,352	44,352	32,345	12,007
Services and supplies	20,392	20,392	32,726	(12,334)
Depreciation - unallocated	-	-	4,060	(4,060)
	<u>64,744</u>	<u>64,744</u>	<u>69,131</u>	<u>(4,387)</u>
OPERATING LOSS	(8,344)	(8,344)	(11,015)	(2,671)
NON-OPERATING REVENUES (EXPENSES)				
Tax assessments	6,400	6,400	7,294	894
Assessment cost	(500)	(500)	(126)	374
	<u>5,900</u>	<u>5,900</u>	<u>7,168</u>	<u>1,268</u>
CHANGE IN NET POSITION	<u>\$ (2,444)</u>	<u>\$ (2,444)</u>	<u>\$ (3,847)</u>	<u>\$ (1,403)</u>

**PINYON PINES COUNTY WATER DISTRICT
ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED
JUNE 30, 2020**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
OPERATING REVENUES				
Water sales	\$ 50,400	\$ 50,400	\$ 53,088	\$ 2,688
Other	-	-	298	298
	<u>50,400</u>	<u>50,400</u>	<u>53,386</u>	<u>2,986</u>
OPERATING EXPENSES				
Salaries and benefits	42,816	42,816	36,339	6,477
Services and supplies	30,531	30,531	30,809	(278)
Depreciation - unallocated	-	-	4,060	(4,060)
	<u>73,347</u>	<u>73,347</u>	<u>71,208</u>	<u>2,139</u>
OPERATING LOSS	(22,947)	(22,947)	(17,822)	5,125
NON-OPERATING REVENUES (EXPENSES)				
Tax assessments	6,400	6,400	6,851	451
Assessment cost	-	-	(316)	(316)
	<u>6,400</u>	<u>6,400</u>	<u>6,535</u>	<u>135</u>
CHANGE IN NET POSITION	<u>\$ (16,547)</u>	<u>\$ (16,547)</u>	<u>\$ (11,287)</u>	<u>\$ 5,260</u>

SUPPLEMENTARY INFORMATION

**PINYON PINES COUNTY WATER DISTRICT
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED
JUNE 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
SOURCE OF SUPPLY		
Supplies	\$ 887	\$ 990
WATER TREATMENT		
Water testing	\$ 2,023	\$ 1,402
Well testing	-	-
Total water treatment	<u>\$ 2,023</u>	<u>\$ 1,402</u>
ADMINISTRATIVE AND GENERAL		
Salaries	\$ 33,409	\$ 31,107
Payroll taxes	2,314	2,191
Employee benefits	14,176	12,728
Office supplies	482	733
Postage	619	605
Insurance	6,043	5,486
Audit cost	-	5,847
Permits	1,240	1,326
Gasoline and auto	1,801	2,269
Dues and subscriptions	1,235	1,173
Telephone	663	671
Bank charges	12	86
Miscellaneous	167	534
Total administrative and general	<u>\$ 62,161</u>	<u>\$ 64,756</u>