

JOHNSVILLE PUBLIC UTILITY DISTRICT

Financial Statements

And

Independent Accountant's Report

For the Years Ended June 30, 2019 & 2018.

JOHNSVILLE PUBLIC UTILITY DISTRICT

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June 30, 2019 and 2018

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JOHNSVILLE PUBLIC UTILITY DISTRICT
Governing Board of Directors

Commissioners

David Piepho	Chairman
Norm Hattich	Director
John Latorette	Director
Melissa Sheets	Secretary

JOHNSVILLE PUBLIC UTILITY DISTRICT
Management's Discussion and Analysis
June 30, 2019 and 2018

Our discussion and analysis of the Johnsville Public Utility District financial performance provides an overview of Districts financial Activities for the fiscal year ended June 30, 2019 and 2018.

Financial Highlights

As discussed in further detail in the discussion and analysis, the following represents the most significant financial highlight for the year ended June 30, 2019 and 2018.

The District total net position decreased by \$8,055 and \$32,545 due to increased depreciation and maintenance expenses in 2019 and 2018 respectively.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the District and present a longer-term view of the District's finances. This longer-term view uses the accrual basis of accounting which measures the cost of providing services during the fiscal year.

The District as a Whole

The following table shows, in a comparative, condensed format, the net position as of June 30, 2019 and 2018:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Assets	\$ 520,828	\$ 525,729
Liabilities	<u>13,072</u>	<u>9,918</u>
Net Position - Unrestricted	<u>\$ 507,756</u>	<u>\$ 515,811</u>

The following table shows, in a comparative, condensed format, the changes in net position as of June 30, 2019 and 2018:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Revenues		
Service Charges	\$ 47,281	\$ 39,037
Property Taxes	10,168	8,586
Investment Earnings	1,523	1,632
Other	<u>64</u>	<u>69</u>
Total Revenues	59,036	49,324
Expenses	<u>67,091</u>	<u>81,869</u>
Changes in Net Positions	<u>\$ (8,055)</u>	<u>\$ (32,545)</u>

JOHNSVILLE PUBLIC UTILITY DISTRICT
Management's Discussion and Analysis
June 30, 2019 and 2018

District Activities

The District made capital improvements during fiscal year 2018-19 for the amount of \$44,961

Fund Budgetary Highlights

The District has no long term outstanding debt.

As shown in the budgetary comparison schedule for **fiscal year 2018**, the District originally budgeted expenditures of \$78,185. During the year, actual revenue was \$49,324 and expenditures were \$75,484. As a result, the total change in fund balance ended up as a deficit of \$26,160. The significant budget to actual differences were a result of the following.

- Charges for services were less by \$963.
- Current secures taxes were up by \$579.
- Investment earnings (interest) were up by \$732.
- Compensation Insurance was up by \$60.
- Maintenance was less by \$18,103.
- General Insurance was less by \$345.
- Office expenses were up by \$582.
- Utilities were more by \$1,895.
- Capital Improvement more by \$13,539.

As shown in the budgetary comparison schedule for **fiscal year 2019**, the District originally budgeted expenditures of \$118,600. During the year, actual revenue was \$59,037 and expenditures were \$92,128. the total change in fund balance ended up as a deficit of \$33,091. The significant budget to actual differences were a result of the following.

- Charges for services were up by \$,8,377.
- Current secures taxes were up by \$1,968.
- Investment earnings (interest) were up be \$723.
- Compensation Insurance was less by \$7.
- General Insurance was less by \$1,059.
- Office expenses were less by \$159.
- Utilities were up by \$1,976.
- Maintenance were up by \$3,199.
- Capital Improvement less by \$20,039.

The depreciation expense for the fiscal year 2017/18 and 2018/19 was \$19,924 & \$19,925, respectively. Moreover, the depreciation expense was not budgeted.

JOHNSVILLE PUBLIC UTILITY DISTRICT
Management's Discussion and Analysis
June 30, 2019 and 2018

Economic Factors and Next Year's Budgets

Due to the general economic conditions, the revenues for next fiscal year should be similar to current fiscal year result. In addition, capital expenditures will depend on the completion of capital improvements, plans and other related factors which cannot be accurately estimated at this time.

Contacting the District's Management

This financial report is intended to provide our citizens, taxpayers, customer and investor with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the District's management at P.O. Box 294, Graeagle, CA 96103.



Blomberg & Griffin Accountancy Corporation
Certified Public Accountant
INDEPENDENT AUDITOR'S REPORT

Board of Directors
Johnsville Public Utility District
Johnsville, California

Report on the Financial Statements

We have audited the accompanying financial statements of Johnsville Public Utility District as of and for the year ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the District's basic 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 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 opinions 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 opinions.

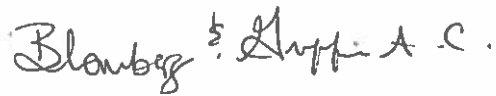
Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Johnsville Public Utility District, as of June 30, 2019 and 2018 and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance 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 2 through 4, and budgetary comparison schedule on pages 10 and 11 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 to 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.



Blomberg & Griffin A.C.
Stockton, CA
October 22, 2019

JOHNSVILLE PUBLIC UTILITY DISTRICT

Statement of Net Position

June 30, 2019 and 2018

	<u>Business-Type Activities 2019</u>	<u>Business-Type Activities 2018</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 113,327	\$ 145,544
Accounts Receivable	11,360	9,088
Prepaid Insurance	<u>2,361</u>	<u>2,353</u>
Total Current Assets	<u>127,048</u>	<u>156,985</u>
NON-CURRENT ASSETS		
Water Plant	882,593	837,632
Accumulated Depreciation	<u>(488,813)</u>	<u>(468,888)</u>
Total Non-Current Assets	<u>393,780</u>	<u>368,744</u>
Total Assets	<u>\$ 520,828</u>	<u>\$ 525,729</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 12,886	\$ 9,794
Accrued Wages and Benefits	<u>186</u>	<u>124</u>
Total Current Liabilities	<u>13,072</u>	<u>9,918</u>
NET POSITION		
Invested in Capital Assets	393,780	368,744
Unrestricted	<u>113,976</u>	<u>147,067</u>
Total Net Position	<u>507,756</u>	<u>515,811</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 520,828</u>	<u>\$ 525,729</u>

The accompanying notes are an integral part of the financial statements.

JOHNSVILLE PUBLIC UTILITY DISTRICT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019 and 2018

	<u>Business-Type Activities 2019</u>	<u>Business-Type Activities 2018</u>
OPERATING REVENUES		
Charges for Services (Note 5)	<u>\$ 47,281</u>	<u>\$ 39,037</u>
Total Operating Revenues	<u>47,281</u>	<u>39,037</u>
OPERATING EXPENSES		
Regular Wages	3,257	2,942
Payroll Taxes	221	225
Compensation Insurance	893	1,020
General Insurance	3,140	3,655
Maintenance	28,471	31,897
Maint Water Lines	728	1,287
Office Expense	341	1,082
Professional Services	-	10,108
Special Department Tax Service Fee	3,439	3,134
Utilities	6,676	6,595
Depreciation	<u>19,925</u>	<u>19,924</u>
Total Operating Expenses	<u>67,091</u>	<u>81,869</u>
Net Operating Loss	<u>(19,810)</u>	<u>(42,832)</u>
NON-OPERATING REVENUES (EXPENSES)		
Property Taxes	10,168	8,586
Interest Income	1,523	1,632
State Homeowner's Property Tax Relief	64	69
Other Income	<u>-</u>	<u>-</u>
Total Non-Operating Revenues	<u>11,755</u>	<u>10,287</u>
Change in Net Position	(8,055)	(32,545)
NET POSITION - BEGINNING OF YEAR	<u>515,811</u>	<u>548,356</u>
NET POSITION - END OF YEAR	<u><u>\$ 507,756</u></u>	<u><u>\$ 515,811</u></u>

The accompanying notes are an integral part of the financial statements.

JOHNSVILLE PUBLIC UTILITY DISTRICT

Statement of Cash Flows

For the Year Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for Services	\$ 45,009	\$ 39,037
Payments to Suppliers	(40,825)	(52,226)
Payments to Employees	<u>(3,195)</u>	<u>(3,004)</u>
Net Cash Provided by (Used for) Operating Activities	<u>989</u>	<u>(16,193)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Property Taxes	10,168	8,586
Other Income	<u>64</u>	<u>69</u>
Net Cash Provided by Non-Capital Financing Activities	<u>10,232</u>	<u>8,655</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	<u>(44,961)</u>	<u>(13,539)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	<u>1,523</u>	<u>1,632</u>
Net Cash Provided by Investing Activities	<u>1,523</u>	<u>1,632</u>
Net Increase in Cash and Cash Equivalents	(32,217)	(19,445)
Cash Balances - Beginning of Year	<u>145,544</u>	<u>164,989</u>
Cash Balances - End of Year	<u><u>\$ 113,327</u></u>	<u><u>\$ 145,544</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Net Operating Loss	\$ (19,810)	\$ (42,832)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	19,925	19,924
Changes in Assets and Liabilities:		
Receivable- Net	(2,272)	-
Prepaid Items	(8)	(517)
Accounts and Other Payables	<u>3,154</u>	<u>7,232</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 989</u></u>	<u><u>\$ (16,193)</u></u>

The accompanying notes are an integral part of the financial statements.

JOHNSVILLE PUBLIC UTILITY DISTRICT

Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	<u>Original & Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Property Taxes:			
Current Secured	\$ 7,500	\$ 9,468	\$ 1,968
Current Unsecured	200	617	417
Prior Unsecured	5	3	(2)
Current Accelerated	50	81	31
Intergovernmental Revenues:			
State Homeowner's Property Tax Relief	60	64	4
Revenues for Use of Money:			
Interest	800	1,523	723
Other Revenues	-	-	-
Water Service Charges	<u>38,904</u>	<u>47,281</u>	<u>8,377</u>
Total Revenues	<u>47,519</u>	<u>59,037</u>	<u>11,518</u>
EXPENSES AND OTHER CHARGES			
Regular Wages	3,000	3,257	(257)
Payroll Taxes	200	221	(21)
Compensation Insurance	900	893	7
General Insurance	4,200	3,141	1,059
Maintenance	25,000	28,471	(3,471)
Maint Water Lines	1,000	728	272
Office Expense	500	341	159
Professional Services	10,000	-	10,000
Special Department Tax Service Fee	3,100	3,439	(339)
Utilities	4,700	6,676	(1,976)
Hydrant Maintenance	1,000	-	1,000
Capital Improvement	<u>65,000</u>	<u>44,961</u>	<u>20,039</u>
TOTAL EXPENSES AND OTHER CHARGES	<u>\$ 118,600</u>	<u>92,128</u>	<u>\$ 26,472</u>
TOTAL CHANGE IN FUND BALANCE		<u>\$ (33,091)</u>	

The accompanying notes are an integral part of the financial statements.

JOHNSVILLE PUBLIC UTILITY DISTRICT

Budgetary Comparison Schedule

For the Year Ended June 30, 2018

	<u>Original & Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
REVENUES			
Property Taxes:			
Current Secured	\$ 7,500	\$ 8,079	\$ 579
Current Unsecured	240	222	(18)
Prior Unsecured	10	5	(5)
Current Accelerated	100	280	180
Intergovernmental Revenues:			
State Homeowner's Property Tax Relief	60	69	9
Revenues for Use of Money:			
Interest	900	1,632	732
Other Revenues			-
Water Service Charges	<u>40,000</u>	<u>39,037</u>	<u>(963)</u>
Total Revenues	<u>48,810</u>	<u>49,324</u>	<u>514</u>
EXPENSES AND OTHER CHARGES			
Regular Wages	3,000	2,942	58
Payroll Taxes	225	225	-
Compensation Insurance	960	1,020	(60)
General Insurance	4,000	3,655	345
Maintenance	50,000	31,897	18,103
Maint Water Lines	500	1,287	(787)
Office Expense	500	1,082	(582)
Professional Services	10,000	10,108	(108)
Special Department Tax Service Fee	3,300	3,134	166
Utilities	4,700	6,595	(1,895)
Hydrant Maintenance	1,000	-	1,000
Capital Improvement	<u>-</u>	<u>13,539</u>	<u>(13,539)</u>
TOTAL EXPENSES AND OTHER CHARGES	<u>\$ 78,185</u>	<u>75,484</u>	<u>\$ 2,701</u>
TOTAL CHANGE IN FUND BALANCE		<u>\$ (26,160)</u>	

The accompanying notes are an integral part of the financial statements.

JOHNSVILLE PUBLIC UTILITY DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization & Description of the District:

The District was organized in the 1950's for the purpose of providing water to residents and landowners within the boundaries of the District in the Johnsville area. The District also provides water to the Plumas – Eureka State Parks. This District operates under authority of the State of California as a California Special District.

The Reporting Entity:

The District's government-wide financial statements include the accounts of all District operations. The criteria for including organization as components units within the District's reporting entity, as set forth in Section 2100 of the Government Accounting Standards Boards (GASB) Codification of Government Accounting and Financial Reporting Standards, include whether:

- The organization is legally separated (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District

Based on the aforementioned criteria, the Johnsville Public Utility District has no components units. The District has one fund which is the water enterprise fund, a business-type activity.

Basis of Accounting:

The financial statements of the District are presented on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred.

Budget:

The District develops and adopts an annual budget; however, this budget is a management tool and is not a legal requirement.

JOHNSVILLE PUBLIC UTILITY DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property Taxes:

The District's other source of revenues is derived from property taxes levied by the county. All funds collected are left on deposit with the Treasurer of Plumas County. The Districts are paid out of these funds only upon properly verified warrants drawn by the District.

Property Tax and Overrides

Property taxes and overrides are apportioned to the District and overrides calendar is based on the fiscal year ending June 30. All property taxes and overrides are levied as of July 1. Taxes are due and payable and delinquent as follows:

	<u>First Installements</u>	<u>Second Installements</u>
Due Date	November 1	February 1, following year
Delinquent Date	December 10	April 10, following year

Use of Estimates:

Management use estimates and assumption's in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingencies, assets and liabilities, and the reported revenue and expenditures. Actual results could differ from those estimates.

Capital Assets:

Capital assets are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the asset's lives are not capitalized, but are expensed as incurred.

Depreciation and all capital assets are computed using a straight-line basis over the following estimated useful lives:

Buildings and Improvements	30 years
Furnishings	5 - 15 years
Equipment	5 - 20 years

JOHNSVILLE PUBLIC UTILITY DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 2 CASH AND INVESTMENTS:

A. Deposits:

GASB 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pool's require that investments be carried at fair value with unrealized changes being recorded in the statements of revenues, expenditures and changes in fund balance.

The District's cash is held in an agency capacity by the County of Plumas Treasurer. The County operates the pooled cash fund for all of its District's funds. The carrying amount, as of June 30, 2019 and 2018, of cash held by the County of Plumas is \$113,327 and \$145,544.

The approved investment in the pool is carried at cost, which approximates market value and may be liquidated as needed. The investment pool has not been assigned a risk category since the District is not issued any securities, but rather owns an undivided beneficial interest in the assets of this pool. The fund is not registered with the SEC. Financial statements for the investment pool can be obtained by writing the County of Plumas, Auditors-Controller's Office, 520 Main St., Room 205, Quincy, CA 95971

B. Custodial Credit Risk:

Financial instruments that potentially subject the District to concentration of credit risk consist of temporary cash investments held in an agency capacity at the County of Plumas Treasurer. The County of Plumas places its temporary cash investments with financial institutions to limit the credit exposure to any one financial institution.

NOTE 3 ACCOUNTS RECEIVABLE:

Accounts Receivable consists of amounts due from the State of California for services provided to the Plumas – Eureka State Parks. The total charges for the fiscal year ended June 30, 2019 and 2018 were \$11,360 and \$9,088, respectively.

NOTE 4 SUBSEQUENT EVENTS:

Management has evaluated subsequent events through October 22, 2019, the date these financial statements were available for release.

JOHNSVILLE PUBLIC UTILITY DISTRICT

Notes to Financial Statements

June 30, 2019 and 2018

NOTE 5 CAPITAL ASSETS AND DEPRECIATION:

Capital assets activities for the year ended **June 30, 2019** are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets being depreciated:				
Water Plant	\$ 837,632	\$ 44,961	\$ -	\$ 882,593
Accumulated Depreciation	<u>(468,888)</u>	<u>(19,925)</u>	<u>-</u>	<u>(488,813)</u>
Net Capital Assets	<u>\$ 368,744</u>	<u>\$ 25,036</u>	<u>\$ -</u>	<u>\$ 393,780</u>

Capital assets activities for the year ended **June 30, 2018** are as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets being depreciated:				
Water Plant	\$ 824,093	\$ 13,539	\$ -	\$ 837,632
Accumulated Depreciation	<u>(448,964)</u>	<u>(19,924)</u>	<u>-</u>	<u>(468,888)</u>
Net Capital Assets	<u>\$ 375,129</u>	<u>\$ (6,385)</u>	<u>\$ -</u>	<u>\$ 368,744</u>

NOTE 6 INSURANCE COVERAGE:

The District maintains the following major insurance coverage's:

General Liability - Each Occurrence	1,000,000
General Liability - Aggregate	3,000,000
Management Liability - Each Occurrence	1,000,000
Management Liability - Aggregate	3,000,000
Property Damage	483,691

NOTE 7: CONTINGENCIES

Litigation – No claims involving the District are currently outstanding. Management believes that there are no material adverse effects on the District's financial position or results of operations