

JOHNSVILLE PUBLIC UTILITY DISTRICT

Financial Statements

And

Independent Accountant's Report

For the Years Ended June 30, 2017 & 2016.

JOHNSVILLE PUBLIC UTILITY DISTRICT

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June 30, 2017 and 2016

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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, 2017 and 2016

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, 2017 and 2016.

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, 2017 and 2016.

The District total net position decreased by \$12,553 and \$18,576 due to depreciation expense in 2017 and 2016 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, 2017 and 2016:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Assets	\$ 551,042	\$ 561,626
Liabilities	<u>2,686</u>	<u>717</u>
Net Position - Unrestricted	<u>\$ 548,356</u>	<u>\$ 560,909</u>

The following table shows, in a comparative, condensed format, the changes in net position as of June 30, 2017 and 2016:

	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Revenues		
Service Charges	\$ 38,618	\$ 41,164
Property Taxes	8,042	8,878
Investment Earnings	1,036	548
Other	68	71
Total Revenues	<u>47,764</u>	<u>50,661</u>
Expenses	<u>60,317</u>	<u>69,237</u>
Changes in Net Positions	<u>\$ (12,553)</u>	<u>\$ (18,576)</u>

JOHNSVILLE PUBLIC UTILITY DISTRICT
Management's Discussion and Analysis
June 30, 2017 and 2016

District Activities

The District made capital improvements during fiscal year 2015-16 for the amount of \$77,978.

Fund Budgetary Highlights

The District has no long term outstanding debt.

As shown in the budgetary comparison schedule for **fiscal year 2016**, the District originally budgeted expenditures of \$204,571. During the year, actual revenue was \$50,539 and expenses were \$52,121. As a result, the total change in fund ended up as a deficit of \$1,582. The significant budget to actual differences were a result of the following.

- Charges for services were up by \$1042.
- Current secures taxes were up by \$717.
- Investment earnings (interest) were up by \$50.
- Compensation Insurance was up by \$387.
- General Insurance was less by \$1,971.
- Office expenses were less by \$23.
- Utilities were more by \$1,133.
- The board budget contingencies that did not occur during the fiscal year.

As shown in the budgetary comparison schedule for **fiscal year 2017**, the District originally budgeted expenditures of \$203,925. During the year, actual revenue was \$47,764 and expenses were \$60,317. the total change in fund ended up as a deficit of \$12,553. The significant budget to actual differences were a result of the following.

- Charges for services were less by \$,1382.
- Current secures taxes were up by \$430.
- Investment earnings (interest) were up be \$611.
- Compensation Insurance was less by \$30.
- General Insurance was up by \$121.
- Office expenses were up by \$223.
- Utilities were up by \$1,095.
- Maintenance were less by \$10,024.
- Capital Improvement less by \$2,000.

The depreciation expense for the fiscal year 2016/17 and 2015/16 was \$19,771 & \$16,630, respectively. Moreover, the depreciation expense was not in budget for fiscal years 2015/16 however, was added in contingency for fiscal year 16/17.

JOHNSVILLE PUBLIC UTILITY DISTRICT
Management's Discussion and Analysis
June 30, 2017 and 2016

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, 2017 and 2016, 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, 2017 and 2016 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 21, 2019

JOHNSVILLE PUBLIC UTILITY DISTRICT

Statement of Net Position

June 30, 2017 and 2016

	<u>Business-Type Activities 2017</u>	<u>Business-Type Activities 2016</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 164,989	\$ 155,712
Accounts Receivable	9,088	9,049
Prepaid Insurance	1,836	1,965
Total Current Assets	<u>175,913</u>	<u>166,726</u>
NON-CURRENT ASSETS		
Water Plant	824,093	824,093
Accumulated Depreciation	<u>(448,964)</u>	<u>(429,193)</u>
Total Non-Current Assets	<u>375,129</u>	<u>394,900</u>
Total Assets	<u><u>\$ 551,042</u></u>	<u><u>\$ 561,626</u></u>
LIABILITIES AND NET POSITION		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 2,500	\$ 568
Accrued Wages and Benefits	<u>186</u>	<u>149</u>
Total Current Liabilities	<u>2,686</u>	<u>717</u>
NET POSITION		
Invested in Capital Assets	375,129	394,900
Unrestricted	<u>173,227</u>	<u>166,009</u>
Total Net Position	<u>548,356</u>	<u>560,909</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 551,042</u></u>	<u><u>\$ 561,626</u></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, 2017 and 2016

	<u>Business-Type Activities 2017</u>	<u>Business-Type Activities 2016</u>
OPERATING REVENUES		
Charges for Services (Note 5)	\$ 38,618	\$ 41,164
Total Operating Revenues	<u>38,618</u>	<u>41,164</u>
OPERATING EXPENSES		
Regular Wages	2,993	2,908
Payroll Taxes	226	222
Compensation Insurance	830	887
General Insurance	4,121	4,415
Maintenance	23,476	34,226
Maint Water Lines	-	370
Office Expense	523	477
Professional Services	535	450
Special Department Tax Service Fee	3,247	2,319
Utilities	4,595	4,434
Fixed Asset	-	1,899
Depreciation	<u>19,771</u>	<u>16,630</u>
Total Operating Expenses	<u>60,317</u>	<u>69,237</u>
Net Operating Loss	<u>(21,699)</u>	<u>(28,073)</u>
NON-OPERATING REVENUES (EXPENSES)		
Property Taxes	8,042	8,878
Interest Income	1,036	548
State Homeowner's Property Tax Relief	68	71
Other Income	<u>-</u>	<u>-</u>
Total Non-Operating Revenues	<u>9,146</u>	<u>9,497</u>
Change in Net Position	(12,553)	(18,576)
NET POSITION - BEGINNING OF YEAR	<u>560,909</u>	<u>579,485</u>
NET POSITION - END OF YEAR	<u><u>\$ 548,356</u></u>	<u><u>\$ 560,909</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, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts for Services	\$ 38,579	\$ 41,042
Payments to Suppliers	(35,492)	(50,024)
Payments to Employees	(2,956)	(2,883)
	131	(11,865)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Property Taxes	8,042	8,878
Other Income	68	71
	8,110	8,949
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	-	(77,978)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income	1,036	548
	1,036	548
Net Increase in Cash and Cash Equivalents	9,277	(80,346)
Cash Balances - Beginning of Year	155,712	236,058
Cash Balances - End of Year	\$ 164,989	\$ 155,712
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Net Operating Loss	\$ (21,699)	\$ (26,447)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	19,771	15,367
Changes in Assets and Liabilities:		
Receivable- Net	(39)	(122)
Prepaid Items	129	485
Accounts and Other Payables	1,969	(1,148)
Net Cash Provided (Used) by Operating Activities	\$ 131	\$ (11,865)

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

JOHNSVILLE PUBLIC UTILITY DISTRICT

Budgetary Comparison Schedule

For the Year Ended June 30, 2017

	Original & Final Budgeted Amounts	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES			
Property Taxes:			
Current Secured	\$ 7,200	\$ 7,630	\$ 430
Current Unsecured	200	205	5
Prior Unsecured	8	6	(2)
Current Accelerated	1,000	201	(799)
Intergovernmental Revenues:			
State Homeowner's Property Tax Relief	34	68	34
Revenues for Use of Money:			
Interest	425	1,036	611
Other Revenues	-	-	-
Water Service Charges	<u>40,000</u>	<u>38,618</u>	<u>(1,382)</u>
Total Revenues	<u>48,867</u>	<u>47,764</u>	<u>(1,103)</u>
EXPENSES AND OTHER CHARGES			
Regular Wages	\$ 2,300	\$ 2,993	\$ (693)
Payroll Taxes	175	226	(51)
Compensation Insurance	860	830	30
General Insurance	4,000	4,121	(121)
Maintenance	33,000	23,476	9,524
Maint Water Lines	500	-	500
Office Expense	300	523	(223)
Professional Services	300	535	(235)
Special Department Tax Service Fee	3,000	3,247	(247)
Utilities	3,500	4,595	(1,095)
Hydrant Maintenance	1,000	-	1,000
Capital Improvement	2,000	-	2,000
Contingencies/Depreciation	<u>152,990</u>	<u>19,771</u>	<u>133,219</u>
TOTAL EXPENSES AND OTHER CHARGES	<u>\$ 203,925</u>	<u>60,317</u>	<u>\$ 143,608</u>
TOTAL CHANGE IN NET POSITION		<u>\$ (12,553)</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, 2016

	Original & Final Budgeted Amounts	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES			
Property Taxes:			
Current Secured	\$ 6,843	\$ 7,560	\$ 717
Current Unsecured	198	195	(3)
Prior Unsecured	8	7	(1)
Current Accelerated	25	1,116	1,091
Intergovernmental Revenues:			
State Homeowner's Property Tax Relief	62	71	9
Revenues for Use of Money:			
Interest	498	548	50
Other Revenues	360		(360)
Water Service Charges	40,000	41,042	1,042
Total Revenues	<u>47,994</u>	<u>50,539</u>	<u>2,545</u>
EXPENSES AND OTHER CHARGES			
Regular Wages	2,600	2,907	(307)
Payroll Taxes	200	223	(23)
Compensation Insurance	500	887	(387)
General Insurance	4,900	3,929	971
Maintenance	35,000	34,226	774
Maint Water Lines	1,000	370	630
Office Expense	500	477	23
Professional Services	-	450	(450)
Special Department Tax Service Fee	205	2,319	(2,114)
Utilities	3,301	4,434	(1,133)
Hydrant Maintenance	1,000	-	1,000
Fixed Asset	10,000	1,899	8,101
Contingencies	145,365	-	145,365
TOTAL EXPENSES AND OTHER CHARGES	<u>\$ 204,571</u>	<u>52,121</u>	<u>\$ 152,450</u>
TOTAL CHANGE IN NET POSITION		<u>\$ (1,582)</u>	

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

JOHNSVILLE PUBLIC UTILITY DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

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, 2017 and 2016

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	Febraury 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, 2017 and 2016

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, 2017 and 2016, of cash held by the County of Plumas is \$164,989 and \$155,712.

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, 2017 and 2016 were \$9,088 and \$9,049, respectively.

NOTE 4 SUBSEQUENT EVENTS:

Management has evaluated subsequent events through October 21, 2019, the date these financial statements were available for release.

JOHNSVILLE PUBLIC UTILITY DISTRICT

Notes to Financial Statements

June 30, 2017 and 2016

NOTE 5 CAPITAL ASSETS AND DEPRECIATION:

Capital assets activities for the year ended **June 30, 2017** 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	\$ -	\$ -	\$ 824,093
Accumulated Depreciation	<u>(429,193)</u>	<u>(19,771)</u>	<u>-</u>	<u>(448,964)</u>
Net Capital Assets	<u>\$ 394,900</u>	<u>\$ (19,771)</u>	<u>\$ -</u>	<u>\$ 375,129</u>

Capital assets activities for the year ended **June 30, 2016** 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	\$ -	\$ -	\$ 824,093
Accumulated Depreciation	<u>(412,563)</u>	<u>(16,630)</u>	<u>-</u>	<u>(429,193)</u>
Net Capital Assets	<u>\$ 411,530</u>	<u>\$ (16,630)</u>	<u>\$ -</u>	<u>\$ 394,900</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