

**PINYON PINES COUNTY WATER DISTRICT
MOUNTAIN CENTER, CALIFORNIA**

**INDEPENDENT AUDITORS' REPORT,
MANAGEMENT'S DISCUSSION AND ANALYSIS,
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION**

JUNE 30, 2015

PINYON PINES COUNTY WATER DISTRICT

BOARD OF DIRECTORS

<u>NAME</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
JEFFREY CROWE	PRESIDENT	DECEMBER 2017
DAVID PICKARD	VICE PRESIDENT	DECEMBER 2017
GARY DUNKIN	DIRECTOR	DECEMBER 2015
ROBERT FLYNN	DIRECTOR	DECEMBER 2015
RAMONE DEELY	DIRECTOR	DECEMBER 2015
<hr/>		
THOMAS E. HUSS		GENERAL MANAGER
CHRISTY HUSS		SECRETARY-TREASURER

PINYON PINES COUNTY WATER DISTRICT

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COX, VALDEZ & SILBERMANN

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MEMBERS OF
THE AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Pinyon Pines County Water District
Mountain Center, CA 92651

We have audited the accompanying financial statements of the governmental activities and each major fund of the Pinyon Pines County Water District, as of and for the year ended June 30, 2015, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risk 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 governmental activities and each major fund of the Pinyon Pines County Water District, as of June 30, 2015 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

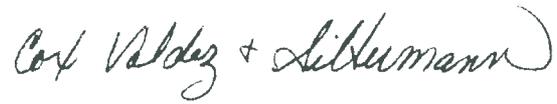
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 7 and page 27 be presented to supplement the basic financial statements. Such information, although not a part of the 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.

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 introductory section, combining and individual non major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in cursive script that reads "Cox Valdez + Silbermann". The signature is written in black ink and is positioned above the printed name of the firm.

COX, VALDEZ & SILBERMANN, CPAs
A Professional Corporation
October 21, 2015

PINYON PINES COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014

DESCRIPTION AND SCOPE OF PINYON PINES COUNTY WATER DISTRICT

The Pinyon Pines County Water 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 #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 water comes from 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 to recover 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, 2015 and 2014.

STATEMENTS OF NET POSITION

Net position, the difference between assets and liabilities, decreased from \$79,213 at June 30, 2014 to \$70,700 at June 30, 2015. This represents a 10.75 percent decrease, or (\$8,513). The change for the 2014 fiscal year was an 2.27 percent decrease or \$1,842, from \$81,055 at June 30, 2013.

Assets	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>
Capital assets, net	32,123	36,179	-11.21%
Current assets	<u>42,790</u>	<u>47,933</u>	<u>-10.73%</u>
Total assets	<u><u>74,913</u></u>	<u><u>84,112</u></u>	<u><u>-10.94%</u></u>
Liabilities			
Current liabilities	4,213	4,899	-14.00%
Total liabilities	<u>4,213</u>	<u>4,899</u>	<u>-14.00%</u>
Net Assets			
Invested in capital assets, net of related debt	32,123	36,179	-11.21%
Unrestricted	<u>38,577</u>	<u>43,034</u>	<u>-10.36%</u>
Total net position	<u><u>70,700</u></u>	<u><u>79,213</u></u>	<u><u>-10.75%</u></u>

PINYON PINES COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015 and 2014

CAPITAL ASSETS, NET

Capital assets, net decreased \$4,056 in accumulated depreciation. In 2015, a review of the fixed assets showed that the district owns and maintains two vehicles with a cost basis value of \$750 and an All Terrain Vehicle donated with unlimited use for well access.

SCHEDULE OF CAPITAL ASSETS (net of depreciation)

	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>
Land	1,800	1,800	-
Transmission and distribution - tanks and reservoir	-	-	-
Transmission and distribution - mains and pipeline	30,323	34,379	(4,056)
Office equipment	-	-	-
Automobiles	-	-	-
Capital assets, net	<u>32,123</u>	<u>36,179</u>	<u>(4,056)</u>

CURRENT ASSETS

Current assets decreased \$5,143 or -10.73 percent. The following list presents a summary of current assets at June 30, 2015 and changes from June 30, 2014.

<u>Description</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>
Current assets - cash	23,630	33,300	(9,670)
Accounts receivable - water	4,610	4,886	(276)
Accounts receivable - assessments	1,405	1,115	290
Materials and supplies inventory	5,203	5,203	-
Prepaid expenses	7,942	3,429	4,513
Totals	<u>42,790</u>	<u>47,933</u>	<u>(5,143)</u>

NET POSITION

Invested In Capital Assets, Net of Related Debt:

Decreased \$4,056, or 11.21 percent, from June 30, 2014, reflecting a \$4,056 increase in accumulated depreciation.

Unrestricted Net Position:

Decreased \$4,457, or -10.36 percent, from June 30, 2014. Unrestricted Net Position consists of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt.

**PINYON PINES COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2015 and 2014

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The change in net position for fiscal year 2015 and 2014 was \$(8,513) and \$(1,842) respectively. An additional presentation of all operating revenues, operating expenses and non-operating revenue and expense items are presented in the "Statement of Revenues, Expenses and Changes in Net Position," on page 8.

<u>Description</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>
Total operating revenues	37,660	43,851	(6,191)
Total operating expenses before depreciation	(48,301)	(47,622)	679
Operating loss before depreciation	(10,641)	(3,771)	6,870
Depreciation**	(4,056)	(4,094)	(38)
Operating loss	(14,697)	(7,865)	6,832
Non-operating revenues, net*	6,184	6,023	161
Increase/decrease in net position	(8,513)	(1,842)	6,671
Beginning net position	79,213	81,055	(1,842)
Ending net position	<u>70,700</u>	<u>79,213</u>	<u>(8,513)</u>

* Non-operating revenues included \$6,643 and \$6,181 of tax assessments in 2015 and 2014, respectively. These standby assessments are collected by Riverside County and distributed to the District, net of assessment cost. Assessment cost in 2015 is \$459, in 2014 was \$158.

** Depreciation expense decreased \$38, or -0.93 percent.

Decrease in operating revenues is due to lower customer usage. Due to insufficient amounts of water, there have been no new connections since 1976.

<u>Operating expense analysis:</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>
Source of supply and water treatment	1,608	973	65.26%
Salaries and benefits	30,126	28,937	4.11%
Insurance	4,613	5,285	-12.72%
Other*	11,954	12,427	-3.81%
Total operating expenses before depreciation	<u>48,301</u>	<u>47,622</u>	<u>1.43%</u>

* Decrease in other expenses includes a decrease of \$473 or -3.81 percent.

**PINYON PINES COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2015 and 2014

STATEMENTS OF CASH FLOWS

The changes in cash balances for the years ended June 30, 2015 and 2014 were a decrease of \$9,670 and a increase of \$5,890 respectively. A summary for each year is as follows:

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities	(15,938)	(133)
Cash flows from noncapital financing activities	6,268	6,023
Cash flows from investing activities	<u>-</u>	<u>-</u>
Increase or decrease in cash	<u>(9,670)</u>	<u>5,890</u>

BUDGET AND ACTUAL COMPARISONS

The revised budget figures included in the Statements of Revenues, Expenses and Changes in Net Position - Budget and Actual at page 16 equal the original budget figures for the respective years as there were no revisions to the original budget for the years ended June 30, 2015 and 2014.

FUTURE OPERATIONS

At June 30, 2002 there was 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

PINYON PINES COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	23,630
Accounts receivable:	
Water	4,610
Assessments	1,405
Material and supplies inventory	5,203
Prepaid expenses	7,942
	<u>42,790</u>
Total current assets	<u>42,790</u>

UTILITY PLANT

Non-depreciable land	1,800
Utility plant, at cost	195,496
Less: accumulated depreciation	<u>(165,173)</u>
	<u>32,123</u>
Total utility plant, net	<u>32,123</u>

TOTAL ASSETS

74,913

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	306
Accrued payroll	1,801
Payroll taxes payable	1,306
Deposits - customers	800
	<u>4,213</u>
Total current liabilities	<u>4,213</u>

NET POSITION

Invested in capital assets, net of related debt	32,123
Unrestricted	<u>38,577</u>
	<u>70,700</u>
Total net position	<u><u>70,700</u></u>

PINYON PINES COUNTY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES	
Water sales	37,112
Other	548
	<u>37,660</u>
Total operating revenue	<u>37,660</u>
OPERATING EXPENSES	
Source of supply	453
Water treatment	1,155
Administrative and general	46,693
Depreciation-unallocated	4,056
	<u>52,357</u>
Total operating expenses	<u>52,357</u>
OPERATING LOSS	<u>(14,697)</u>
NON-OPERATING REVENUES(EXPENSES)	
Tax assessments	6,643
Assessment cost	(459)
	<u>6,184</u>
Total non-operating revenues(expenses)	<u>6,184</u>
CHANGE IN NET POSITION	<u>(8,513)</u>
NET POSITION, beginning of year	<u>79,213</u>
NET POSITION, end of year	<u><u>70,700</u></u>

PINYON PINES COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from water sales and services	36,652
Cash received from other services	548
Cash paid to or on behalf of employees	(32,377)
Cash paid to vendors	(20,761)
	<u>(15,938)</u>

Net cash (used) by operating activities (15,938)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash received from tax assessments	6,727
Assessment cost	(459)
	<u>6,268</u>

Net cash provided by noncapital financing activities 6,268

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

0

CASH FLOWS FROM INVESTING ACTIVITIES

0

DECREASE IN CASH

(9,670)

CASH, beginning of year

33,300

CASH, end of year

23,630

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:

Net operating loss (8,513)

Adjustments to reconcile net operating loss to net cash used by operating activities:

Depreciation 4,056

Change in assets and liabilities:

(Increase) decrease in accounts receivable - water 276

(Increase) decrease in assessment receivable (290)

(Increase) decrease in prepaid expenses (4,513)

Increase (decrease) in accounts payable (729)

Increase (decrease) in accrued payroll (200)

Increase (decrease) in payroll taxes payable 605

Increase (decrease) in deferred revenue (362)

Net cash (used) by operating activities (9,670)

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

PINYON PINES COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

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 comprise 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 reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

PINYON PINES COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 general fund. The general fund is the general 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 year ended June 30, 2015, 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 the 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, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

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 1st
Levy Date	1st business day of September
Due Date	November 1st - 1st Installment
	February 1st - 2nd Installment
Delinquent Date	December 11th - 1st Installment
	April 11th - 2nd Installment

Cash Flows

For purposes of 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, 2015 the District had no related debt.

Unrestricted net position represent 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.

NOTE 2 - NET WORKING CAPITAL

Net working capital consisted of the following on June 30, 2015:

	<u>2015</u>
Total Current Assets	38,391
Less: Total Current Liabilities	<u>(4,213)</u>
Net Working Capital	<u><u>34,178</u></u>

PINYON PINES COUNTY WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

NOTE 3 - CASH AND CASH EQUIVALENTS

The District has only one checking account to run its daily business operations. On June 30, 2015, cash consisted of the following:

	2015
Checking account	23,630
Total Cash	23,630

The checking account is held at Bank of America in Palm Desert, California and is 100% FDIC insured.

The District had no investments on June 30, 2015 and does not have a formal investment policy.

NOTE 4 - UTILITY PLANT AND ACCUMULATED DEPRECIATION

In fiscal year ending June 30, 2014, utility plant consisted of the following:

	Balance on July 1, 2014	Additions/ (Deletions)	Balance on June 30, 2015
Utility Plant:			
Intangible plant	7,099	-	7,099
Non-depreciable land	1,800	-	1,800
Source of supply	27,098	-	27,098
Transmission & distribution	155,330	-	155,330
Other general plant	5,969		5,969
Total Utility Plant	197,296	-	197,296
Less: Accumulated depreciation	(161,117)	(4,056)	(165,173)
Net Utility Plant	36,179	(4,056)	32,123

The District recorded depreciation expense of \$4,056 in 2015.

	Balance on July 1, 2014	June 30, 2015 Net Depreciation	Additions/ (Deletions)	Balance on June 30, 2015
Intangible plant	5,442	-	-	5,442
Source of supply	27,098	-	-	27,098
Transmission & distribution	122,608	4,056	-	126,664
Other general plant	5,969	-	-	5,969
Total Accumulated Depreciation	161,117	4,056	-	165,173

For the fiscal year ended June 30, 2015, the accumulated depreciation was increased by \$4,056.

PINYON PINES COUNTY WATER DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2015

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, 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

Pinyon Pines County Water 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 year ended June 30, 2015, the District incurred Joint Powers Insurance expense of \$3,197.

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

Condensed Financial Information of the Authority

Noted below is the condensed balance sheet of the Authority as of September 30, 2014, as audited by Maze & Associates. This information was the most recent available as of the date of this report.

	2014
Assets	195,584,006
Liabilities	107,626,833
Net assets designated for catastrophic losses	87,957,173
Total liabilities and net assets	195,584,006

Noted below is the condensed audited statement of revenues, expenditures, and changes in net assets of the Authority for the year ended September 30, 2013, also audited by Maze & Associates. This information was the most recent available as of the date of this report.

	2014
Revenues	142,014,403
Expenses	149,684,189
Operating income before other income	(7,669,786)
Non-operating revenues	1,111,191
Change in net assets	(6,558,595)

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, CA 95610.

PINYON PINES COUNTY WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6- RELATED PARTY TRANSACTIONS

Pinyon Pines County Water 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 approval of all transactions of the District.

NOTE 7- EMPLOYEE BENEFITS

The employees of Pinyon Pines County Water District do not accrue any sick/vacation time. 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.

NOTE 8 - EVALUATION OF SUBSEQUENT EVENTS AND CONTINGENCIES

The Organization has evaluated subsequent events through September 19, 2015, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

PINYON PINES COUNTY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2015

	Original & Final 2014/15 Budget	2014/2015 Actual	Variance with Budget Positive (Negative)
OPERATING REVENUE			
Water sales	40,000	37,112	(2,888)
Other	-	548	548
Total operating revenue	<u>40,000</u>	<u>37,660</u>	<u>(2,340)</u>
OPERATING EXPENSES			
Source of supply	1,000	453	547
Water treatment	1,000	1,155	(155)
Administrative and general	67,530	46,693	20,837
Depreciation	-	4,056	(4,056)
Total operating expenses	<u>69,530</u>	<u>52,357</u>	<u>17,173</u>
OPERATING (LOSS)	<u>(29,530)</u>	<u>(14,697)</u>	<u>14,833</u>
NON-OPERATING REVENUE			
Tax assessments	6,400	6,643	243
Total non-operating revenue	<u>6,400</u>	<u>6,643</u>	<u>243</u>
NON-OPERATING EXPENSES			
Tax assessment cost	500	459	41
Total non-operating expenses	<u>500</u>	<u>459</u>	<u>41</u>
NON-OPERATING INCOME	<u>5,900</u>	<u>6,184</u>	<u>284</u>
CHANGE IN NET ASSETS	<u>(23,630)</u>	<u>(8,513)</u>	<u>15,117</u>

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

PINYON PINES COUNTY WATER DISTRICT
 SCHEDULE OF OPERATING EXPENSES
 FOR THE YEAR ENDED JUNE 30, 2015

SOURCE OF SUPPLY	<u>2015</u>
Supplies	<u>453</u>
WATER TREATMENT	
Water testing	280
Well Testing	875
Total water treatment	<u>1,155</u>
ADMINISTRATIVE AND GENERAL	
Salaries	22,570
Payroll taxes	2,656
Employee benefits	7,556
Office supplies	461
Postage	637
Insurance	4,613
Audit cost	3,823
Permits	1,378
Gasoline	1,121
Dues and subscriptions	1,330
Telephone	445
Bank charges	24
Miscellaneous	79
Total administrative and general	<u>46,693</u>

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