

**Apple Valley Heights
County Water District**

Report on Audit

June 30, 2020 and 2019

Apple Valley Heights County Water District
(A Special District)

June 30, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Apple Valley Heights County Water District
Apple Valley, California

We have audited the accompanying financial statements of Apple Valley Heights Water District, as of and for the years ended June 30, 2020 and June 30, 2019, 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 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.

Auditors' 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 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 District'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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Apple Valley Heights County Water District, as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and the state regulations governing Special Districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 an opinion on the financial statements taken as a whole. The supplementary information, shown on page 16, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Messner & Hadley, LLP.

Messner & Hadley, LLP
Certified Public Accountants

February 4, 2021

Apple Valley Heights County Water District

(A Special District)

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020 and 2019

THE AGENCY

Apple Valley Heights County Water District (the "District") was formed January 17, 1957, under the provision of the California Water Code. Its boundaries encompass approximately 960 acres. The District is governed by the board of directors (five members) elected by the voters within the District for four year terms. The District provides water to customers within its boundaries.

THE BASIC FINANCIAL STATEMENTS

Apple Valley Heights County Water District is a special purpose government (special district) engaged only in activities that support themselves through user charges and tax levies. Accordingly, the accompanying financial statements are presented in the format prescribed for proprietary funds by the Governmental Accounting Standards Board. As a proprietary fund, the Agency uses the full accrual basis of accounting. Proprietary fund statements offer short-term and long-term financial information about the activities that operate like a business.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The notes are located immediately after the basic financial statements.

The basic financial statements are made up of the statement of net assets, statement of revenues, expenses, and changes in net assets, and the statement of cash flows. Each statement is described in detail below.

The statement of net assets presents information on the District's assets and liabilities. Assets reflect what is owned and liabilities reflect what is owed. The difference between assets and liabilities is reported as net assets. The change in net assets is one way to measure the District's financial health. Increases and decreases are indicators of whether its financial health is improving or deteriorating, respectively.

The statement of revenues, expenses and changes in net assets describes the results of the District's financial activities during the years reported. It shows the change in net assets by comparing operating and non-operating revenues with operating and non-operating expenses. Operating revenues and expenses relate to the principal business activity of the District. All other revenues and expenses are classified as non-operating.

The statement of cash flows describes to the financial statement users how the District managed its cash during the year. It tells the user from what sources the District received cash and for what purposes cash was used. The statement converts operating income (or loss) from the statement of revenues, expenses and changes in net assets into actual cash provided by and used in operations. Additionally, the statement of cash flows details how the District obtains and spends cash for investing financing activities.

Apple Valley Heights County Water District
(A Special District)

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020 and 2019

SUMMARY FINANCIAL INFORMATION ANALYSIS

Net Assets

As illustrated in the following table, the June 30, 2020 fiscal year ended with an increase in net assets of approximately \$237,798.

	<u>2020</u>	<u>2019</u>	<u>Net Change</u>
Total assets	\$ 1,268,204	\$ 1,041,511	\$ 226,693
Total liabilities	24,959	36,064	(11,105)
Net assets	<u>\$ 1,243,245</u>	<u>\$ 1,005,447</u>	<u>\$ 237,798</u>
Revenues	\$ 536,300	\$ 478,196	\$ 58,104
Expenses	298,502	269,609	28,893
Change in net assets	237,798	208,587	29,211
Net Assets - Beginning	1,005,447	796,860	208,587
Net Assets - Ending	<u>\$ 1,243,245</u>	<u>\$ 1,005,447</u>	<u>\$ 237,798</u>

Capital Assets

The District had capital asset purchases of \$26,300 during the year.

	<u>2020</u>	<u>2019</u>	<u>Net Change</u>
Land	\$ 4,873	\$ 4,873	\$ -
Plant and equipment	1,312,639	1,286,339	26,300
Accumulated depreciation	(891,469)	(854,958)	(36,511)
Total Capital Assets	<u>\$ 426,043</u>	<u>\$ 436,254</u>	<u>\$ (10,211)</u>

Long-Term Liabilities

	<u>2020</u>	<u>2019</u>	<u>Net Change</u>
Total Long-Term Liabilities	<u>\$ -</u>	<u>\$ 11,100</u>	<u>\$ (11,100)</u>

Apple Valley Heights County Water District
(A Special District)

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020 and 2019

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS

The District had completed an annual budget for fiscal year 2020-2021 that has been approved by the Board of Directors.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the District's financials and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District at 9429 Cerra Vista St. Apple Valley, CA 92308

FINANCIAL STATEMENTS

Apple Valley Heights County Water District
(A Special District)

STATEMENTS OF NET ASSETS
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets:		
Cash and cash equivalents	409,886	333,055
Accounts receivable and other current assets	37,614	31,073
Prepaid expenses	28,486	28,486
Total current assets	<u>475,986</u>	<u>392,614</u>
Non-current assets:		
Utility plant, net	426,043	436,254
Construction in Progress	366,175	212,643
Total non-current assets	<u>792,218</u>	<u>648,897</u>
 TOTAL ASSETS	 <u><u>\$ 1,268,204</u></u>	 <u><u>\$ 1,041,511</u></u>
 LIABILITIES		
Current liabilities:		
Accrued expenses	0	2,461
Current portion of long-term debt	11,100	11,100
Customer Deposits	13,859	11,403
Total current liabilities	<u>24,959</u>	<u>24,964</u>
Non-current liabilities		
Loan payable	<u>0</u>	<u>11,100</u>
Total liabilities	<u>24,959</u>	<u>36,064</u>
 NET ASSETS		
Invested in capital assets, net of related debt	414,943	414,054
Restricted	-	-
Unrestricted	828,302	591,393
Total net assets	<u>1,243,245</u>	<u>1,005,447</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 1,268,204</u></u>	 <u><u>\$ 1,041,511</u></u>

See Accompanying Notes and Auditors' Report

Apple Valley Heights County Water District
(A Special District)

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Water sales and services	375,486	\$ 320,096
Standby charges	21,393	21,481
Total operating revenues	<u>396,879</u>	<u>341,577</u>
 OPERATING EXPENSES		
Source of supply	13,184	7,824
Pumping	18,207	20,400
Transmission and distribution	79,730	74,163
General and administrative	150,870	127,581
Depreciation	36,511	39,641
Total operating expenses	<u>298,502</u>	<u>269,609</u>
 OPERATING INCOME	98,377	71,968
 NON-OPERATING REVENUES (EXPENSES)		
Interest income	83	83
Miscellaneous	(914)	11
Grant Income-Net of Grant Expenses	140,252	136,525
Total non-operating revenues (expenses)	<u>139,421</u>	<u>136,619</u>
 CHANGE IN NET ASSETS	237,798	208,587
 Net Assets - Beginning	<u>1,005,447</u>	<u>796,860</u>
 Net Assets - Ending	<u><u>\$ 1,243,245</u></u>	<u><u>\$ 1,005,447</u></u>

See Accompanying Notes and Auditors' Report

Apple Valley Heights County Water District
(A Special District)

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Cash received from customers	\$ 399,576	\$ 345,456
Cash payments to suppliers for goods and services	(165,316)	(153,626)
Cash payments to employees and directors for services	(106,300)	(111,999)
	<hr/>	<hr/>
Net cash provided by operating activities	127,960	79,831
Cash flows provided by non-capital and related financing activities	139,340	136,435
Cash flows from capital and related financing activities		
Cash used for purchase of equipment	(179,452)	(235,118)
Net cash used in capital and related financing activities	(179,452)	(235,118)
	<hr/>	<hr/>
Cash flows from investing activities		
Cash payments on long-term debt	(11,100)	(22,200)
Interest received	83	83
	<hr/>	<hr/>
Net cash provided by used in investing activities	(11,017)	(22,117)
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH	76,831	(40,969)
Cash - Beginning	333,055	374,024
	<hr/>	<hr/>
Cash - Ending	<u>\$ 409,886</u>	<u>\$ 333,055</u>
Reconciliation of cash and cash equivalents to the statements of net assets		
Reconciliation of operating income to cash provided by (used in) operating activities:		
Operating income	\$ 237,798	\$ 208,587
Depreciation	36,511	39,641
Miscellaneous non-operating revenue / expense	(139,803)	(136,319)
(Increase) decrease:		
Accounts receivable and other current assets	(6,541)	4,465
Accrued expenses	(2,461)	(37,598)
Deferred revenue	2,456	1,055
	<hr/>	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 127,960</u>	<u>\$ 79,831</u>

See Accompanying Notes and Auditors' Report

Apple Valley Heights County Water District

(A Special District)

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Apple Valley Heights County Water District (the “District”) was formed January 17, 1957, under the provision of the California Water Code. Its boundaries encompass approximately 960 acres. The District is governed by the board of directors (five members) elected by the voters within the District for four year terms. The District provides water to customers within its boundaries.

Method of Accounting

The accounts of the District are organized on the basis of fund accounting. Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The District’s funds are accounted for as an enterprise fund type of the proprietary fund group. The accrual basis of accounting is used for the enterprise fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with water sales to customers.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund is accounted for on a flow of economic resources measurement focus. This measurement focus emphasizes the determination of net income. The accrual basis of accounting is used for the enterprise fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Pursuant to GASB Statement No. 20, “*Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*”, all Financial Accounting Standards Board (FASB) statements and authoritative pronouncements issued before November 30, 1989 are applied to proprietary operations unless they conflict with GASB pronouncements. The District has elected not to apply FASB statements issued subsequent to November 30, 1989.

The District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”. Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. It requires the classification of net assets into three components: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted.

Apple Valley Heights County Water District

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NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

These classifications are defined as follows:

- (1) ***Invested in capital assets, net of related debt*** – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds.
- (2) ***Restricted*** – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- (3) ***Unrestricted*** – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

When both restricted and unrestricted resources are available, it is the District’s policy to use unrestricted resources first and the restricted resources as needed. As of June 30, 2020, the District had no restricted resources.

Budgets and Budgetary Accounting

The Board of Directors does not operate under any legal budgeting constraints.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash, including restricted assets.

Accounts Receivable

The District extends credit to customers in the normal course of operation. The District considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If it is determined that they are uncollectable, they are written off as bad debt expense.

Prepaid Expenses

Expenses for insurance or other operating costs extending to future accounting periods have been recorded as prepaid expenses.

Apple Valley Heights County Water District

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NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Capital Assets

Capital assets are stated at cost. Depreciation is provided on a straight-line basis over the estimated useful lives which range from five to forty years. Depreciation expense, for the years ended June 30, 2020 and 2019, was \$36,511 and \$39,641, respectively. It is the policy of the District to capitalize property, plant and equipment with a cost of \$5,000 or more. Expenses for routine maintenance and repairs are charged to expense as incurred.

Compensated Absences

The District has no requirement for retirement or compensated absences.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND INVESTMENTS

Cash Deposits

The carrying amounts of the District's cash deposits were \$409,886 at June 30, 2020. Bank balances before reconciling items were \$414,474 at that date, the total amount of which was collateralized or insured with securities held by pledging financial institutions in the District's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name.

The market value of the pledged securities must equal at least 110% of the District's deposits. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's deposits. The District may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

The District follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investments balances. Interest income from cash and investments with fiscal agents is credited directly to the related funds.

Apple Valley Heights County Water District
(A Special District)

NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 3 – ACCOUNTS RECEIVABLE AND OTHER ASSETS

The following summarizes the significant categories of receivables and other assets (current and non-current) at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Receivables:		
Water sales and water services	\$ 37,614	\$ 31,073
Prepaid expenses	<u>28,486</u>	<u>28,486</u>
Total receivables and other assets	<u>\$ 66,100</u>	<u>\$ 59,559</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity, for the fiscal year ended June 30, 2020, was as follows:

Capital Assets:	Balance July 1, 2019	Adjustments/ Additions	Deletions	Balance June 30, 2020
Land	\$ 4,873	\$ -	\$ -	\$ 4,873
Transmission and distribution	630,941	-	-	630,941
Water tank and pumping	604,492	-	-	604,492
Equipment	<u>50,906</u>	<u>26,300</u>	<u>-</u>	<u>77,206</u>
Total Capital Assets	<u>1,291,212</u>	<u>26,300</u>	<u>-</u>	<u>1,317,512</u>
Accumulated Depreciation				
Transmission and distribution	364,014	15,345	-	379,359
Water tank and pumping	448,987	19,032	-	468,019
Equipment	<u>41,957</u>	<u>2,134</u>	<u>-</u>	<u>44,091</u>
Total Accumulated Depreciation	<u>854,958</u>	<u>\$ 36,511</u>	<u>\$ -</u>	<u>891,469</u>
Capital Assets, net	<u>\$ 436,254</u>			<u>\$ 426,043</u>

Apple Valley Heights County Water District
(A Special District)

NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Capital asset activity, for the fiscal year ended June 30, 2019, was as follows:

Capital Assets:	<u>Balance July 1, 2018</u>	<u>Adjustments/ Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
Land	\$ 4,873	\$ -	\$ -	\$ 4,873
Transmission and distribution	559,651	71,290	-	630,941
Water tank and pumping	562,025	42,467	-	604,492
Equipment	50,906	-	-	50,906
Total Capital Assets	<u>1,177,455</u>	<u>113,757</u>	<u>-</u>	<u>1,291,212</u>
Accumulated Depreciation				
Transmission and distribution	347,096	16,918	-	364,014
Water tank and pumping	428,398	20,589	-	448,987
Equipment	39,823	2,134	-	41,957
Total Accumulated Depreciation	<u>815,317</u>	<u>\$ 39,641</u>	<u>\$ -</u>	<u>854,958</u>
Capital Assets, net	<u>\$ 362,138</u>			<u>\$ 436,254</u>

NOTE 5 – LONG-TERM DEBT

The District agreed in September, 2008 to reimburse the County of San Bernardino for costs incurred by the County for a waterline relocation project on Central Road during the year ended June 30, 2009. Payments are due each year with an interest rate of 0%.

	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Due in one year</u>	<u>Long-term balance June 30, 2020</u>
San Bernardino County					
Interest rate: 0%	<u>\$ 11,100</u>	<u>\$ -</u>	<u>\$ 11,100</u>	<u>\$ 11,100</u>	<u>\$ -</u>

As of June 30, 2020, the annual maturities of long-term debt are as follows:

Year ending June 30,	<u>Principal</u>
2021	11,100
	<u>\$ 11,100</u>

Apple Valley Heights County Water District
(A Special District)

NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 6 – UNRESTRICTED NET ASSETS

Certain amounts shown as unrestricted net assets have been reserved by the Board to be used for specified purposes as listed below:

	<u>2020</u>	<u>2019</u>
Reserved for capital improvement (Meter Sales)	146,635	145,632
Surcharge Reserve Fund	44,727	26,920
Reserved for water rights	17,960	9,360
Reserve for Construction - Grant Fund	9,970	23,250
Reserved for capital improvement (replacement fund)	\$ 86,805	\$ 57,014
Total Reserved unrestricted net assets	<u>\$ 306,097</u>	<u>\$ 262,176</u>

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets, and injuries to employees. The District mitigates these risks through internal control procedures, physical security of assets, and safety training of employees. Additionally, the District maintains liability and property insurance through participation in the Joint Powers Authority, Association of California Water Agencies Joint Power Insurance Authority (ACWA/JPIA). See the Joint Power Agreement (Note 8) for nature of participation. Settled claims have not exceeded this coverage in any of the past two fiscal years.

NOTE 8 – JOINT VENTURE

The District participates in a joint venture under a Joint Powers Agreement (JPA): the Special District Risk Management Authority. The relationship between the District and the JPA is such that the JPA is not a component unit of the District for financial reporting purposes.

The Special District Risk Management Authority has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements.

- A. Entity Special District Risk Management Authority
- B. Purpose To purchase property and liability insurance for member districts and provide a program of self-insurance for workers compensation.
- C. Participants Special districts in California
- D. Governing Board Two directors selected by the California Special Districts Association and five elected from membership and certain members from the special districts.

Apple Valley Heights County Water District
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NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 19- SUBSEQUENT EVENTS

Events occurring after June 30, 2020 have been evaluated for possible adjustment to the financial statements or disclosure, as of February 4, 2021 which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Apple Valley Heights County Water District
(A Special District)

SCHEDULE OF OPERATING EXPENSES
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Source of supply		
Purchased water	13,184	7,824
Pumping		
Plant power	18,207	20,400
Transmission and distribution		
Salaries and wages	73,170	72,198
Lab fees	6,560	1,965
Total transmission and distribution	<u>79,730</u>	<u>74,163</u>
General and administrative		
Salaries and wages	35,778	40,515
Payroll taxes	6,440	5,769
Directors' fees	3,200	2,603
Rent	4,800	4,500
Dues and subscriptions	5,530	4,932
Insurance expense	15,095	16,264
Miscellaneous	788	969
Office supplies	10,278	9,666
Supplies	0	2,105
Professional fees	12,741	5,255
Telephone	0	3,667
Training	1,571	3,104
Repairs and maintenance	45,618	21,834
Travel and mileage	5,371	3,833
Utilities	3,660	2,565
Total general and administrative	<u>150,870</u>	<u>127,581</u>
Depreciation	<u>36,511</u>	<u>39,641</u>
TOTAL OPERATING EXPENSES	<u>\$ 298,502</u>	<u>\$ 269,609</u>

See Accompanying Notes and Auditors' Report

FINDINGS AND RECOMMENDATIONS

Apple Valley Heights County Water District
(A Special District)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

The results of our tests did not disclose any findings related to the financial statements that are required to be reported under *Government Auditing Standards*.

Apple Valley Heights County Water District
(A Special District)

SCHEDULE OF PRIOR YEAR FINDINGS
For the Year Ended June 30, 2020

No Prior Year Findings

See Accompanying Notes and Auditors' Report