

**RUTH LAKE COMMUNITY
SERVICES DISTRICT**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

For the Fiscal Year Ended June 30, 2021

RUTH LAKE COMMUNITY SERVICES DISTRICT

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Blomberg & Griffin Accountancy Corporation
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ruth Lake Community Services District
Mad River, California

We have audited the accompanying financial statements of governmental activities of Ruth Lake Community Services District, as of and for the year ended June 30, 2021, 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 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 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 Ruth Lake Community Services District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (omitted) 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, California

March 24, 2021

RUTH LAKE COMMUNITY SERVICES DISTRICT
Statement of Net Position
June 30, 2021

	2021
ASSET	
Current Assets	
Cash and Investments	\$ 539,664
Accounts Receivable Net	374
Prepaid Deposit	5,000
Prepaid Expense	31,816
Total Current Assets	576,854
Noncurrent Assets	
Capital Assets	3,329,646
Accumulated Depreciation	(1,960,850)
Total Noncurrent Assets	1,368,796
TOTAL ASSETS	\$ 1,945,651
LIABILITIES AND NET POSITION	
Current Liabilities:	
Accounts Payable	\$ 3,875
Total Current Liabilities	3,875
Total Liabilities	3,875
Net Position	
Invested In Capital Assets - Net of Related Debt	1,368,796
Unrestricted	572,980
Total Net Position	1,941,776
TOTAL LIABILITIES AND NET POSITION	\$ 1,945,651

See accompanying notes to basic financial statements.

RUTH LAKE COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES, AND CHANGES IN NET POSITION
June 30, 2021

	<u>Community Service District - Leases</u>	<u>Marina and Campground</u>	<u>Total</u>
OPERATING REVENUE			
Campground revenue	\$ -	\$ 456,097	\$ 456,097
Marina revenue	-	410,315	410,315
Lease revenue	173,254	-	173,254
Grant revenue	-	-	-
Solid waste fees	9,400	-	9,400
Community hall rent	100	-	100
Water Fees (leases)	2,705	-	2,705
Total Operating Revenue	<u>185,459</u>	<u>866,412</u>	<u>1,051,871</u>
Cost of Good Sold	-	163,978	163,978
Gross Profit	<u>185,459</u>	<u>702,434</u>	<u>887,893</u>
OPERATING EXPENSES			
Advertising	772	-	772
Bank Charges	137	10	147
Bank Card Marchant Fees	-	25,097	25,097
Communications	5,705	600	6,305
Depreciation	9,652	112,169	121,821
Due and Subscriptions	4,935	-	4,935
Equipment rental	-	2,135	2,135
Inspection	206	3,742	3,948
Insurance	23,816	13,832	37,648
License and permits	20	24,649	24,669
Loan Fee	1,071	-	1,071
Miscellaneous	1,587	14,575	16,162
Travel	3,209	665	3,874
Office supplies	4,373	1,260	5,633
Operating Supplies	5,811	44,187	49,998
Payroll Expenses	92,546	209,697	302,243
Payroll Taxes	7,496	26,853	34,349
Postage and delivery	1,969	-	1,969
Professional Fees	48,216	2,436	50,652
Repairs and Maintenance	106	42,892	42,998
Solid waste	22,084	22,336	44,420
Taxes	-	228	228
Telephone	72	5,028	5,100
Utilities	7,920	13,805	21,725
Vehicle	951	10,173	11,124
Total Operating Expense	<u>242,654</u>	<u>576,369</u>	<u>819,023</u>
Net Income (Loss) from Operations	<u>(57,195)</u>	<u>126,065</u>	<u>68,870</u>
NON-OPERATING INCOME			
Tax revenues	5,926	-	5,926
Miscellaneous Income	33,061	-	33,061
Interest Income	157	-	157
Total Non-Operating Income	<u>39,144</u>	<u>-</u>	<u>39,144</u>
Change in Net Position	(18,051)	126,065	108,014
Beginning Net Position			<u>1,833,762</u>
Ending Net Position			<u>\$ 1,941,776</u>

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

RUTH LAKE COMMUNITY SERVICES DISTRICT
Statement of Cash Flows
For the Years Ended June 30, 2021

	2021
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from operating activities	\$ 1,068,662
Cash payment to supplies for goods and services	(542,943)
Cash payment to employees & Payroll taxes	(336,592)
Net Cash Provided (Used) by Operating Activities	189,127
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Property Taxes	5,926
Miscellaneous income	33,061
Net Cash Provided (Used) by Non-Capital Financing Activities	38,987
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Cash Paid to acquired capital assets	(9,389)
Net Cash Provided (Used) by Capital and Related Financing Activities	(9,389)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	157
Net Cash Provided (Used) by Investing Activities	157
Net Increase (Decrease) in Cash & Cash Equivalents	218,882
Cash & Cash Equivalents - Beginning of Year	320,782
Cash & Cash Equivalents - End of Year	\$ 539,664
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Income (Loss) from Operations	\$ 68,870
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	121,821
Increase in Prepaid Expenses	(16,157)
Increase in Deposits	(5,000)
(Increase) Decrease in Accounts Receivable	16,791
(Decrease) Increase in Accrued Payable	2,802
Net Cash Provided (Used) by Operating Activities	\$ 189,127

See accompanying notes to basic financial statements.

RUTH LAKE COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Ruth Lake Community Services District (District) is a special district of the State of California, created in 1966 Under Government Code Sections 61000, et seq. The District is governed by a five-member Board of Directors elected at large by the residents of the District. The District was formed to administer certain lands around Ruth Lake and to provide for public recreation in the form of boat launching, camping, facilities, and other recreational sites.

The accompanying financial statements include all organization, activities, and functions that comprise the Ruth Lake Community Service District. There are no components units (entities that are legally separate for which the District is financially accountable) included within the reporting entity.

B. Basic Financial Statements

The basic financial statements (Statement of Net Position, Statement of Activities and Changes in Net Position, and Statement of Cash Flows) report information on all of the enterprise activities of the District. The District does not have any activities that are considered government-type or fiduciary activities. The Statement of Net Position presents the financial condition of all of the activities of the District at year end.

C. Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The District uses multiple proprietary (enterprise) funds to account for its activities. Propriety funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the Intent of the governing body is that the cost (expenses, Including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that 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 basic financial statements are prepared using the economic resource measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Activities and Changes in Net Position presents increases (revenues)and decreases (expenses) in total net position, Under the accrual basis of accounting, revenues are recognized in the period in which they are earned, and expenses are recognized in the period in related liability is incurred.

RUTH LAKE COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statements Presentation

Grant and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services and property leases. Operating expenses include the cost of sales and services, general and administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

D. Budget and Budgetary Accounting

The Board of Directors adopt a budget annually to be effective July 1st of the ensuing fiscal year. Budgets are adopted on a basis consistent with generally accepted accounting principles.

E. Cash and Cash Equivalents

The District's cash and cash equivalents are held in demand deposit accounts with two financial institutions.

For purpose of the Statement of Cash Flows, the District considers all cash on hand and cash in demand deposits accounts to be cash and cash equivalents.

F. Accounts Receivable

Accounts receivable consists of uncollected property lease income and other fees for services at year end. An allowance for doubtful accounts has not been established. Accounts receivables are written off when deemed uncollectible.

RUTH LAKE COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Inventories

An inventory of the items held for resale by the District that not been established. An example of the items held for resale by the District are bait, gasoline, general merchandise, and sports equipment. Management asserts that the value of items held for resale are immaterial to the financial statements.

H. Capital Assets

Capital assets include land, land improvements, buildings, building improvements, machinery and equipment, infrastructure, and other assets that are used in operations, and that have initial useful lives extending beyond a single reporting period. Capital assets are stated at cost or estimated historical cost. The District has not established a capitalization threshold policy.

Depreciation has been provided for using the straight-line method over estimated lives ranging from five to fifteen years for machinery and equipment, twenty to forty years for buildings and improvements, and seventy-five years of infrastructure. The costs of normal maintenance and repairs that do not add to the value or materially extend assets lives are reported as costs as a component of operating expenses.

I. Net Position

The net position represents the difference between assets and liabilities. The net position is segregated into two components: 1) invested in capital assets and 2) unrestricted. The net position invested in capital assets consists of capital assets, net of accumulated depreciation and is reduced by any related debt. Net position is reported a restricted when there are limitations imposed on the use, either through enabling legislation adopted or through, external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

J. Use of Estimates

The 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 those estimates.

**RUTH LAKE COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources are reported separately and represents a consumption of net position that applied to future periods and will not be recognized as an outflow of resources (expenses) until then. Deferred inflows of resources, also reported separately, represent an acquisition of net position that applied to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District had no deferred outflows or inflows of resources for the fiscal year ended 2021.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2021 and 2020 are classified in the accompanying financial statements as follows:

Statement of Net Position

	2021	2020
Cash on Hand	\$ 2,085	\$ 2,085
Deposits with Financial Institutions	537,579	318,697
Total Cash and Investments	\$ 539,664	\$ 320,782

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District may waive collateral requirements for cash deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

**RUTH LAKE COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 2 – CASH AND INVESTMENTS (continued)

The District has waived the collateralization requirements. The District had deposits with bank balances of \$509,582 as of June 30, 2021, of which \$251,497 was insured by the National Credit Union Administration.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance 2020</u>	<u>Increase</u>	<u>Adjustments</u>	<u>Balance 2021</u>
Capital Assets Depreciated:				
Infrastructure	\$ 134,655	\$ -	\$ -	\$ 134,655
Land Improvements	885,563	-	-	885,563
Buildings	1,708,969	-	-	1,708,969
Equipments	591,070	9,389	-	600,459
Total Capital Assets Depreciated	3,320,257	9,389	-	3,329,646
Less Accumulated Depreciation	<u>(1,839,029)</u>	<u>(121,821)</u>	<u>-</u>	<u>(1,960,850)</u>
Net Capital Assets Depreciated	<u>1,481,228</u>	<u>(112,432)</u>	<u>-</u>	<u>1,368,796</u>
Total Net Capital Assets - Business-Type Activities	<u>\$ 1,481,228</u>	<u>\$ (112,432)</u>	<u>\$ -</u>	<u>\$ 1,368,796</u>

Depreciation was charged to functions/programs of the primary government as follows:

Business-Type Activity	<u>2021</u>	<u>2020</u>
Depreciation Expense	<u>\$ 121,821</u>	<u>\$ 134,068</u>
Total	<u>\$ 121,821</u>	<u>\$ 134,068</u>

**RUTH LAKE COMMUNITY SERVICES DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 4 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this coverage in any of the past three years.

NOTE 5 – LEASE COMMITMENTS

The District leases property owned by the Humboldt Bay Municipal Water District.

The District operates under a thirty-nine-year master lease with the Humboldt Bay Municipal Water District, dated June 1, 1964, and extended on May 31, 2013 for ten years. The terms of the lease allow for six ten-year extensions of the master lease through a maximum of ninety-nine years from June 1, 1964.

The purpose of the master lease is to lease lands for 1) building, operating, and maintaining boat launching facilities, 2) constructing and maintaining other recreational facilities, roads, and structures, and 3) subletting to tenants for recreational purposes.

NOTE 6 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 11, 2022, the date which the financial statements were available to be issued.