

Olivehurst Public Utility District



Agenda Item Staff Report

Meeting Date: March 17, 2022

Item description/summary:

Audit Completion FY 2020-21

The Draft Management Audit report and Financial Statements for the fiscal year ending June 30, 2021 were issued. Once the Board approves the draft, Fechter CPAs will issue the final version. The draft supports an unqualified opinion, which expresses the auditor's judgment that OPUD's financial records and statements are fairly and appropriately presented and in accordance with Generally Accepted Accounting Principles (GAAP).

Fiscal Analysis:

Highlights (Attachement1):

The District's Water and Wastewater Department asset portfolio consists of mostly capital assets such as infrastructure, land, equipment used to provide services. Cash based assets include restricted capacity fees and unrestricted and board designated reserves. Building activity increased during 2020-21, which allowed the District to build capacity fee cash balances. The General Funds' cash position increased from \$9,057,487 in 2020 to \$9,827,832 June 2021. The Water Fund's cash position increased from \$1,923,201 to \$ 3,305,701 June 2021. Wastewater cash position increased from \$16,686,220 June 2020 to \$19,382,459 June 2021.

Employee Feedback

Sample Motion:

Motion to accept Draft Financial Statements for the 2020-21 Fiscal Year.

Prepared by:

Karin Helvey, Financial Manager

General Fund

	2016-17	2017-18	2018-19	2019-20	2020-21	Annual Audit page
ASSETS						
Cash and investments	7,847,323	\$8,199,000	\$8,978,672	\$9,829,839	\$10,657,483	
Accts receivable	295,700	\$154,249	\$79,385	\$134,337	\$32,964	
	\$8,143,023	\$8,353,249	\$9,058,057	\$9,964,176	\$10,690,447	10
LIABILITIES						
Accts payable	76,335	85,864	62,420	129,660	143,808	
Developer deposits	1,018,692	794,984	817,932	777,029	803,025	
	\$1,095,027	\$880,848	\$880,352	\$906,689	\$946,833	10
Fund Balances						
Restricted for fire mitigation	277,715	293,347	83,812	95,324	134,312	
Restricted for capital asset repair		309,000	410,618	509,118	644,118	
Committed for park maintenance	235,000	293,000	327,000	437,000	489,000	
Unassigned	6,535,281	6,577,054	7,356,275	8,016,045	8,560,402	10
	\$7,047,996	\$7,472,401	\$8,177,705	\$9,057,487	\$9,827,832	

WATER

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Annual Audit page
Service Fees	\$2,279,847	\$2,648,882	\$2,792,379	\$3,055,681	\$3,447,023	\$3,305,701	16
Operating Expenses	\$2,063,070	\$2,493,979	\$2,215,918	\$3,857,976	\$3,857,976	\$2,822,208	16
Annual Depreciation Expense - non-cash	565,064	560,740	552,430	552,335	554,514	556,958	16
Operating Cash Balance & Reserves	(857,494)	(915,769)	(481,570)	109,150	517,721	1,340,861	
Capacity Fee Cash Balance (restricted)	857,494	1,101,820	1,455,240	2,147,145	1,405,480	1,964,841	
Total Cash	\$0	\$186,051	\$973,670	\$2,256,295	\$1,923,201	\$3,305,701	15
Capacity Fees Collected	\$7,476	\$244,326	\$353,420	\$691,905	\$191,491	\$604,776	17
Fixed Assets (net of depreciation)	22,943,774	22,380,280	21,878,772	21,364,195	21,814,784	20,446,226	16

WASTEWATER

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Annual Audit page
Service Fees	\$3,071,011	\$3,443,305	\$3,727,172	\$3,694,839	\$3,767,996	\$3,917,320	16
Operating Expenses	\$2,342,200	\$2,480,241	\$2,284,385	\$2,421,807	\$2,330,706	\$3,682,285	16
Annual Depreciation Expense - non-cash	1,216,449	1,221,101	1,210,294	1,176,914	1,181,827	1,183,338	16
Operating Cash Balance & Reserves	3,746,028	3,382,040	4,861,919	5,960,555	5,914,051	7,486,575	
Capacity Fee Cash Balance (restricted)	5,327,107	5,486,320	6,172,305	8,029,972	10,772,169	11,895,884	
Total Cash	\$9,073,135	\$8,868,360	\$11,034,224	\$13,990,527	\$16,686,220	\$19,382,459	15
Capacity Fees Collected	\$423,585	\$159,213	\$685,985	\$1,857,667	\$1,112,610	\$1,348,572	17
Fixed Assets (net of depreciation)	31,784,026	30,670,688	29,689,048	29,018,709	28,013,296	26,948,756	15

OLIVEHURST PUBLIC UTILITY DISTRICT

2020-21 Audit Draft

SOME BASICS

OPUD's financial year runs from July through June

Accrual Accounting (OPUD)

Record Revenues when actually earned and Expenses actually incurred (revenue \neq cash)

Cash Accounting

Record Inflows and Outflows of Cash concurrent with Revenues and Expenses (revenue = cash)


OPUD's uses Fund Accounting

(General Fund, Special Revenue Fund, Enterprise Fund**, Agency Funds)

The District's variety of services resemble the operations of a city or county.


** Enterprise Fund=Proprietary Fund= Service Fees pay for Operations

2020-21 AUDIT COMPONENTS

- ▶ Management Letter - Draft
 - ▶ Financial Statements - Draft
- 

2020-21 AUDIT - DRAFT

MANAGEMENT LETTER

- ▶ Scope of Audit procedures
 - ▶ Recommendations
 - ▶ Findings (last paragraph of management letter)
- 

2020-21 AUDIT

FINANCIAL STATEMENTS

- ▶ Statement of Financial Position (Balance Sheet)
- ▶ Statement of Activities (Income Statement)
- ▶ Statement of Cash Flows
- ▶ Statement of Functional Expenses (Parks-Fire-Water-Sewer-Administration)
- ▶ Notes to the Financial Statements (Narrative of District's Financial Operations)

2020-21 AUDIT

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

- ▶ Shows financial position of an organization at a particular point in time
- ▶ Presents information about the organization's resources, debts, and net worth
- ▶ Key equation: $\text{Assets} = \text{Liabilities} + \text{Net Assets}$

2020-21 AUDIT

STATEMENT OF ACTIVITIES (INCOME STATEMENT)

- ▶ Shows all of the inflow or income an organization earned (revenues) and all of the monies spent (expenses) during a specific period

2020-21 AUDIT

STATEMENT OF CASH FLOWS

- ▶ The statement of cash flows is to provides information about cash receipts, cash payments, and the net change in cash resulting from the operating, investing, and financing activities of the District during the financial year.

- ▶ The three statements together provide the overview of the District's financial operations and outcomes during the year.

AUDIT HIGHLIGHTS - DRAFT

GENERAL FUND – ALL DEPARTMENTS

General Fund

	2016-17	2017-18	2018-19	2019-20	2020-21	Annual Audit page
ASSETS						
Cash and investments	7,847,323	\$8,199,000	\$8,978,672	\$9,829,839	\$10,657,483	
Accts receivable	295,700	\$154,249	\$79,385	\$134,337	\$32,964	
	\$8,143,023	\$8,353,249	\$9,058,057	\$9,964,176	\$10,690,447	10
LIABILITIES						
Accts payable	76,335	85,864	62,420	129,660	143,808	
Developer deposits	1,018,692	794,984	817,932	777,029	803,025	
	\$1,095,027	\$880,848	\$880,352	\$906,689	\$946,833	10
Fund Balances						
Restricted for fire mitigation	277,715	293,347	83,812	95,324	134,312	
Restricted for capital asset repair		309,000	410,618	509,118	644,118	
Committed for park maintenance	235,000	293,000	327,000	437,000	489,000	
Unassigned	6,535,281	6,577,054	7,356,275	8,016,045	8,560,402	10
	\$7,047,996	\$7,472,401	\$8,177,705	\$9,057,487	\$9,827,832	

AUDIT HIGHLIGHTS - DRAFT
GENERAL FUND - FIRE
FIRE

	2016-17	2017-18	2018-19	2019-20	2020-21	Annual Audit page
Revenues						
Taxes and assessments	\$ 566,824	\$ 552,860	\$ 609,815	\$ 760,198	\$ 713,454	
Service Charges	8,472	2,063	2,856	263,558	371,023	
Use of money and property	-		1,600	-		
Mitigation fees	3,352	12,868	33,504	50,217	103,383	
Intergovernmental revenues	423,250	509,915	357,714	88,776	398,421	
Other revenues	6,136	2,255	66,493	105,487	5,857	
	\$ 1,008,034	\$ 1,079,961	\$ 1,071,982	\$1,268,236	\$1,592,138	14
Expenditures						
Salaries/benefits	\$ 580,785	\$ 605,676	\$ 638,174	\$ 686,492	\$ 926,734	
Services and supplies	159,709	197,545	181,204	180,107	143,729	
Capital outlay		497,431	83,113	59,131	74,919	
	\$740,494	\$1,300,652	\$902,491	\$925,730	\$1,145,382	14
Surplus/(Deficit)	\$267,540	(\$220,691)	\$169,491	\$342,506	\$446,756	
Restricted for fire mitigation	277,715	293,347	83,812	95,324	134,312	

AUDIT HIGHLIGHTS - DRAFT

GENERAL FUND – PARKS

PARKS

	2016-17	2017-18	2018-19	2019-20	2020-21	Annual Audit page
Revenues						
Taxes and assessments	\$ 664,937	\$ 675,680	\$ 712,444	\$ 748,072	\$ 842,565	
Service Charges	14,410	\$15,242	\$12,139	5,181	1,200	
Use of money and property	37,063	\$41,603	\$47,079	48,517	48,508	
Mitigation fees	-	-	\$0	-	-	
Intergovernmental revenues	18,383	\$43,200	\$25,000	34,000	4,000	
Other revenues	238	\$630	\$64,300	380	1,479,975	Feather River Park
Total revenues	\$ 679,347	\$ 690,922	\$ 860,962	\$ 836,150	\$ 2,376,248	14
Expenditures						
Salaries/benefits	\$ 117,215	\$ 126,992	\$ 163,310	\$ 206,671	\$ 144,229	
Services and supplies	401,278	373,492	403,531	332,187	398,258	
Capital outlay	6,387	22,680	42,627	17,854	1,479,975	
Total expenditures	\$ 524,880	\$ 523,164	\$ 609,468	\$ 556,712	\$ 2,022,462	14
Surplus/Deficit	\$ 154,467	\$ 167,758	\$ 251,494	\$ 279,438	\$ 353,786	
Committed for park maintenance	235,000	293,000	327,000	437,000	489,000	

AUDIT HIGHLIGHTS - DRAFT

ENTERPRISE FUNDS - WATER

WATER

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Annual Audit page
Service Fees	\$2,279,847	\$2,648,882	\$2,792,379	\$3,055,681	\$3,447,023	\$3,305,701	16
Operating Expenses	\$2,063,070	\$2,493,979	\$2,215,918	\$3,857,976	\$3,857,976	\$2,822,208	16
Annual Depreciation Expense - non-cash	565,064	560,740	552,430	552,335	554,514	556,958	16
Operating Cash Balance & Reserves	(857,494)	(915,769)	(481,570)	109,150	517,721	1,340,861	
Capacity Fee Cash Balance (restricted)	857,494	1,101,820	1,455,240	2,147,145	1,405,480	1,964,841	
Total Cash	\$0	\$186,051	\$973,670	\$2,256,295	\$1,923,201	\$3,305,701	15
Capacity Fees Collected	\$7,476	\$244,326	\$353,420	\$691,905	\$191,491	\$604,776	17
Fixed Assets (net of depreciation)	22,943,774	22,380,280	21,878,772	21,364,195	21,814,784	20,446,226	16

2020-21

Cash Balance of
\$3.3 million

OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED
JUNE 30, 2020

CASH FLOWS PROVIDED BY (USED FOR)	Enterprise Funds		Totals
	Water	Sewer	
Operating Activities			
Receipts from customers	\$ 3,923,748	\$ 3,783,885	\$ 7,707,633
Payments to suppliers and vendors	(2,019,013)	(1,655,630)	(3,674,643)
Payments for employee costs	(958,918)	(954,831)	(1,913,749)
Net cash provided by operating activities	945,817	1,173,424	2,119,241
Noncapital Financing Activities			
Capital improvement charges and other	604,776	1,348,572	1,953,348
Net cash provided by noncapital financing activities	604,776	1,348,572	1,953,348
Capital and Related Financing Activities			
Acquisition/purchase of capital assets	(119,806)	(118,795)	(238,601)
Interest and penalties paid	(9,101)	-	(9,101)
Interfund loans	-	61,537	61,536.65
Transfers out	-	-	-
Net cash used by capital and related financing activities	(128,907)	(57,258)	(186,165)
Investing Activities			
Investment earnings	21,848	231,501	253,349
Net cash provided by investing activities	21,848	231,501	253,349
Net increase in cash	1,443,534	2,696,239	4,139,773
Cash and investments - beginning of year	1,862,167	16,686,220	18,548,387
Cash and investment - end of year	\$ 3,305,701	\$ 19,382,459	\$ 22,688,160
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities:			
Operating income	\$ 581,331	\$ 235,034	\$ 816,365
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	556,958	1,183,338	1,740,295
Uncollectible receivables	7,624	6,017	13,641
Change in Assets and Liabilities:			
Receivables	(55,873)	(139,452)	(195,325)
Prepaid expenses	(94,113)	(118,181)	(212,294)
Accounts payable and accrued expenses	36,757	8,388	45,145
Payroll liabilities	(87,009)	(3,385)	(90,394)
Customer deposits	11,500	0.04	11,500
Compensated absences	(11,358)	1,665	(9,693)
Net cash provided by operating activities	\$ 945,817	\$ 1,173,424	\$ 2,119,241

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

AUDIT HIGHLIGHTS - DRAFT

ENTERPRISE FUNDS – WASTEWATER

WASTEWATER

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	Annual Audit page
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Operating Expenses	\$2,342,200	\$2,480,241	\$2,284,385	\$2,421,807	\$2,330,706	\$3,682,285	16
Annual Depreciation Expense - non-cash	1,216,449	1,221,101	1,210,294	1,176,914	1,181,827	1,183,338	16
Operating Cash Balance & Reserves	3,746,028	3,382,040	4,861,919	5,960,555	5,914,051	7,486,575	
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Total Cash	\$9,073,135	\$8,868,360	\$11,034,224	\$13,990,527	\$16,686,220	\$19,382,459	15
Capacity Fees Collected	\$423,585	\$159,213	\$685,985	\$1,857,667	\$1,112,610	\$1,348,572	17
Fixed Assets (net of depreciation)	31,784,026	30,670,688	29,689,048	29,018,709	28,013,296	26,948,756	15



**OLIVEHURST PUBLIC
UTILITY DISTRICT**
Olivehurst, California

**Annual Financial Report
With Independent Auditor's Report Thereon
June 30, 2021**

DRAFT March 3, 2022 DRAFT

OLIVEHURST PUBLIC UTILITIES DISTRICT

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June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Directors
Olivehurst Public Utility District
Olivehurst, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Olivehurst Public Utility District, as of and for the year ending 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. 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 judgement, 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 audit 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.

To the Members of the Board of Directors
Olivehurst Public Utility District
Olivehurst, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Olivehurst Public Utility District as of June 30, 2021, and the respective changes in financial position for the year 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 and budgetary comparison schedule – General Fund, as listed in the table of contents, 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.

Fechter & Company,
Certified Public Accountants

Sacramento, California
March __, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

DRAFT March 3, 2022 DRAFT

OLIVEHURST PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2021

This section of the Olivehurst Public Utility District's (District) annual financial report presents an analysis of the District's financial performance during the fiscal year ended June 30, 2021. This information is presented in conjunction with the basic financial statements and related notes, which follow this section.

Overview of the District's Annual Financial Report

The annual financial report consists of the following three parts: Management's Discussion and Analysis, the Basic Financial Statements, and the Notes to the Basic Financial Statements.

Required Financial Statements

Basic financial statements. The basic financial statements include government-wide financial statements and fund statements. The two sets of statements are tied together by Reconciliations showing why they differ.

The District as a whole is reported in the government-wide statements and uses accounting methods similar to those used by companies in the private sector.

More detailed information about the District's most significant funds – not the District as a whole, is provided in the fund financial statements. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The *Statement of Net Position*, a government-wide statement, presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities*, a government-wide statement, presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Balance Sheet*, a fund statement for its governmental fund, presents financial information by fund types showing money left at year-end available for spending. The District reports one governmental fund, the General Fund.

The *Statement of Revenues, Expenditures, and Changes in Fund Balance*, a fund statement for its governmental fund, focuses on how money flows into and out of the fund.

The *Statement of Net Position – Proprietary Funds*, a fund statement for its proprietary funds, presents financial information by fund types showing money left at year-end available for spending. The District reports two proprietary funds, the Water Fund and the Sewer Fund.

OLIVEHURST PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2021

The *Statement of Revenues, Expenditures, and Changes in Net Position – Proprietary Funds*, a fund statement for its proprietary funds, focuses on how money flows into and out of these funds.

The *Statement of Cash Flows – Proprietary Funds*, provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments, and financing activities for its proprietary funds. From the Statement of Cash Flows, the reader can obtain information on the source and use of cash and the change in the cash and cash equivalents balance for the fiscal year.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information comparing the District's budgeted amounts to actual results.

Financial Analysis of the District

The Statement of Net Position and the Statement of Revenues, Expenses, and Change in Net Position provide an indication of the District's financial condition and also indicate whether the financial condition of the District improved over time. The District's net position reflects the difference between assets and liabilities. An increase in net position over time typically indicates an improvement in financial condition. However, considerations should be made for other non-financial factors such as changes in economic conditions (e.g., the significant decrease in development during the last few years), population growth, and new or changed government legislation which could impact our financial condition.

Financial Highlights for Fiscal Year 2020-2021

At June 30, 2021, the District's total assets exceeded total liabilities by \$85.0 million (net position).

- Current assets increased by \$5.2 million to \$34.5 million.
- Capital assets decreased by \$.3 million to \$57.1 million.
- Operating revenues increased by \$0.7 million, or 8.15%, from the prior year.
- Non-operating revenues increased by \$2.2 million, or 88.21%, from the prior year. This is primarily as a result of increasing capacity fees.
- Operating expenses decreased by \$.5 million, or 5.3% from the prior year, due to the decrease in personnel and benefit expenses for vacant positions.
- Non-operating expenses increased by 1,728.8 % with the transfer of River Oaks East Park from the developer to the District. The Park grant is also reflected in the 88.21% increase in non-operating revenues.

OLIVEHURST PUBLIC UTILITY DISTRICT

Management’s Discussion and Analysis (Unaudited)
June 30, 2021

Net Position

A summary of the District’s Statements of Net Position is presented below:

Statements of Net Position

	June 30,		Change	% Change
	2021	2020		
Assets:				
Current assets	\$ 34,477,299	\$ 29,254,931	\$ 5,222,368	17.85%
Capital assets, net	57,095,815	57,355,286	(259,471)	-0.45%
Total Assets	91,573,114	86,610,217	4,962,897	5.73%
Liabilities:				
Current liabilities	1,330,446	1,324,050	6,396	0.48%
Non-current liabilities	251,816	240,085	11,731	4.89%
Total Liabilities	1,582,262	1,564,135	18,127	1.16%
Net Position:				
Net investment in capital assets	57,095,815	57,355,286	(259,471)	-0.45%
Restricted	95,324	95,324	-	0.00%
Unrestricted (unreserved)	32,799,713	27,595,472	5,204,241	18.86%
Total Net Position	\$ 89,990,853	\$ 85,046,082	\$ 4,944,771	5.81%

As noted earlier, net position, over time, can be a useful indicator of a District’s financial position. In the case of the District, assets exceeded liabilities by \$89.9 million as of June 30, 2021 increasing from \$85.0 at June 30, 2020.

It should be noted that a large segment of the District’s net position is invested in capital assets (net of related debt). The District uses these capital assets to provide service to its customers; consequently, these assets are not available for future spending. In 2021, 63.5 % of the District’s total net position was invested in capital assets.

OLIVEHURST PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2021

Revenue and Expenses

The District finances the operation of its Fire Department and Parks Department through the receipt of property tax revenues, tax assessments, and other income. The District's Water and Wastewater (Sewer) Departments are financed through drinking water service fees, sewer collection service fees, and other income. Operating revenues increased by \$0.7 million, or 8.15%, and non-operating revenues increased by \$2.1 million, or 88.21%, resulting in total revenues increasing by \$2.9 million, or 25.76%, from the prior year. Operating expenses decreased by \$0.5 million, or 5.3%, and non-operating expenses increased by \$0.9 million, or 1,728.8%, resulting in total expenses increasing by a net of \$0.9 million, or 10.53%, from the prior year.

	Revenues			
	June 30,			
	2021	2020	Change	% Change
Operating Revenues:				
Tax revenues/assessments	1,647,545	1,592,850	\$ 54,695	3.43%
Charges for services - Water	3,960,496	3,447,023	513,473	14.90%
Charges for services - Sewer	3,917,320	3,767,996	149,324	3.96%
Total Operating Revenues	<u>9,525,361</u>	<u>8,807,869</u>	<u>717,492</u>	<u>8.15%</u>
Non-Operating Revenues:				
Mitigation fees	103,383	50,217	53,166	105.87%
Capacity fees	1,953,348	1,307,101	646,247	49.44%
Interest	329,306	618,676	(289,370)	-46.77%
Other	2,289,855	508,343	1,781,512	350.45%
Total Non-Operating Revenues	<u>4,675,891</u>	<u>2,484,337</u>	<u>2,191,554</u>	<u>88.21%</u>
Total Revenues	<u>\$ 14,201,252</u>	<u>\$ 11,292,206</u>	<u>\$ 2,909,046</u>	<u>25.76%</u>
Expenses				
June 30,				
	2021	2020	Change	% Change
Operating Expenses:				
Personnel costs	\$ 2,839,023	\$ 3,367,339	\$ (528,316)	-15.69%
Operations and maintenance	4,312,489	4,288,327	24,162	0.56%
Depreciation	1,740,295	1,736,341	3,954	0.23%
Total Operating Expenses	<u>8,891,807</u>	<u>9,392,007</u>	<u>(500,200)</u>	<u>-5.33%</u>
Non-Operating Expenses:				
Interest and amortization	9,101	9,710	(609)	-6.27%
Capital outlay	1,576,373	76,985	1,499,388	1947.64%
Total Non-Operating Expenses	<u>1,585,474</u>	<u>86,695</u>	<u>1,498,779</u>	<u>1728.79%</u>
Total Expenses	<u>\$ 10,477,281</u>	<u>\$ 9,478,702</u>	<u>\$ 998,579</u>	<u>10.53%</u>

OLIVEHURST PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2021

General Fund Budgetary Highlights

The Budgetary Comparison Schedule – General Fund on page 33 of this report, shows the difference between the original and final budgeted revenues and expenditures and the actual amounts recognized and expended. There was very little change between the original and the final budget. However, for the fiscal year ended June 30, 2021, actual revenues were the final budget by 15.02% and actual expenditures were under the final budget by 5.18%.

Capital Assets

The District's capital asset balances, net of accumulated depreciation, decreased by \$259,471 from June 30, 2020 to June 30, 2021. During the fiscal year ended June 30, 2021, the District reported \$1,814,971 of additions, \$23,124 of disposals, and an increase in accumulated depreciation of \$2,072,914

Additional information on the District's capital assets is provided in Note 5 of the financial statements.

Debt

As of June 30, 2021, the District had no long-term debt.

Economic Factors, Budget, and Rates

The Board of Directors adopted the District's 2020-21 Budget on June 20, 2020. The budget provides funding for the District's operating, capital, and debt service costs for the 2020-21 fiscal year. The District's water and sewer rates are reviewed periodically.

Requests for Information

This financial report is designed to provide the District's elected officials, customers, creditors, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Financial Manager, Olivehurst Public Utility District, 1970 9th Avenue, P.O. Box 670, Olivehurst, California 95961.

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS

DRAFT March 3, 2022 DRAFT

OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-Type Activities	Totals
Assets			
Cash and investments	\$ 10,657,483	\$ 22,688,160	\$ 33,345,643
Accounts receivable, net	32,964	766,037	799,001
Interest receivable	17,813	34,734	52,547
Prepaid expenses	66,406	213,702	280,108
Capital assets, net of accumulated depreciation	9,700,833	47,394,982	57,095,815
Total assets	<u>20,475,498</u>	<u>71,097,616</u>	<u>91,573,114</u>
Liabilities			
Accounts payable	69,211	166,649	235,860
Payroll liabilities	74,597	91,323	165,920
Customer deposits	30,281	125,640	155,921
Developer deposits	772,745	-	772,745
Compensated absences	70,202	181,614	251,816
Total liabilities	<u>1,017,035</u>	<u>565,227</u>	<u>1,582,262</u>
Net position			
Net investment in capital assets	9,700,833	47,394,982	57,095,815
Restricted for fire mitigation	134,312	-	134,312
Unrestricted	9,623,318	23,137,407	32,760,725
Total net position	<u>\$ 19,458,463</u>	<u>\$ 70,532,390</u>	<u>\$ 89,990,853</u>

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

OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2021

Functions/Programs	Program Revenues				Changes in Net Position		
	Expenses	Service Charges	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Totals
Governmental Activities:							
Parks, fire, and administration	\$1,824,141	\$ 372,223	\$ 402,421	\$ -	\$ (1,049,498)	\$ -	\$ (1,049,498)
Depreciation	361,787	-	-	-	(361,787)	-	(361,787)
Total Governmental Activities	2,185,928	372,223	402,421	-	(1,411,285)	-	(1,411,285)
Business-Type Activities:							
Water utility	3,388,267	3,960,496	-	604,776	-	1,177,005	1,177,005
Sewer utility	3,682,285	3,917,320	-	1,348,572	-	1,583,606	1,583,606
Total Business-type Activities	7,070,552	7,877,816	-	1,953,348	-	2,760,612	2,760,612
Totals	\$9,256,481	\$ 8,250,039	\$ 402,421	\$ 1,953,348	(1,411,285)	2,760,612	1,349,327
General Revenues:							
Taxes and assessments					1,647,545	-	1,647,545
Use of money and property					137,292	192,015	329,306
Mitigation fees					103,383	-	103,383
Other revenues					1,514,211	1,000	1,515,211
Transfers					-	-	-
Total general revenues					3,402,430	193,015	3,595,444
Change in net position					1,991,145	2,953,626	4,944,771
Net position beginning of year					17,467,318	67,578,763	85,046,081
Net position end of year					\$ 19,458,463	\$ 70,532,390	\$ 89,990,853

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

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

DRAFT March 3, 2022 DRAFT

**OLIVEHURST PUBLIC UTILITY DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2021**

	General Fund
Assets	
Cash and investments	\$ 10,657,483
Accounts receivable, net	32,964
Interest receivable	17,813
Prepaid expenses	66,406
Total assets	\$ 10,774,665
 Liabilities and Fund Equity	
Liabilities	
Accounts payable	\$ 69,211
Payroll liabilities	74,597
Developer deposits	803,025
Total liabilities	946,833
 Fund Balances	
Restricted for fire mitigation	134,312
Committed for capital asset repair	644,118
Committed for park maintenance	489,000
Unassigned	8,958,823
Total fund balances	10,226,253
Total liabilities and fund balances	\$ 11,173,086

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

OLIVEHURST PUBLIC UTILITY DISTRICT
Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position
June 30, 2021

Fund Balances of Governmental Funds	\$ 10,226,253
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not included in the governmental funds.	9,700,833
Some liabilities, including long-term debt, compensated absences, and accrued interest are not due and payable in the current period and therefore are not reported in the Governmental fund statements.	<u>(70,202)</u>
Net position of governmental activities	<u><u>\$ 19,856,884</u></u>

DRAFT March 3, 2022 DRAFT

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

OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended
June 30, 2021

	<u>General Fund</u>
Revenues	
Taxes and assessments	\$ 1,647,545
Service charges	372,223
Use of money and property	137,292
Mitigation fees	103,383
Intergovernmental revenues	402,421
Strike team reimbursements	398,421
Other revenues	<u>1,514,211</u>
Total Revenues	<u>4,575,494</u>
Expenditures	
Salaries and benefits	1,025,361
Services and supplies	804,995
Capital outlay	<u>1,576,373</u>
Total Expenditures	<u>3,406,728</u>
Net Change in Fund Balance	1,168,766
Fund Balances, beginning of year	<u>9,057,487</u>
Fund Balances, end of year	<u><u>\$ 10,226,253</u></u>

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

OLIVEHURST PUBLIC UTILITY DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund
Balance of Governmental Funds to the
Statement of Activities and Changes in Net Position
For the Year Ended
30-Jun-21

Net Change in Fund Balances - Total Governmental Funds	\$ 1,168,766
Amounts reported for governmental activities in the Statement of Activities differs from the amounts reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances because:	
Capital asset additions are reported as an expense in the Statement of Revenues, Expenditures, and Changes in Fund Balances while they are capitalized in the Statement of Activities	1,086
Depreciation expense is recorded in the Statement of Activities but not in the Statement of Revenue, Expenditures, and Changes in Fund Balances	(361,787)
Changes in long-term compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in governmental funds.	<u>(70,202)</u>
Change in net position of governmental activities	<u><u>\$ 737,863</u></u>

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

OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE BY FUNCTION
GOVERNMENTAL FUNDS
For the Fiscal Year Ended
June 30, 2021

	Fire	Lighting	Parks and Recreation	Administration	Total General
Revenues					
Taxes and assessments	\$ 713,454	\$ 91,525	\$ 842,565	\$ -	\$ 1,647,545
Service charges	371,023	-	1,200	-	372,223
Use of money and property	-	-	48,508	88,784	137,292
Mitigation fees	103,383	-	-	-	103,383
Intergovernmental revenues	398,421	-	4,000	-	402,421
Other revenues	5,857	-	1,479,975	28,379	1,514,211
Total Revenues	1,592,138	91,525	2,376,248	117,163	4,177,074
Expenditures					
Salaries and benefits	926,734	-	144,229	(45,601)	1,025,361
Services and supplies	143,729	46,291	398,258	216,717	804,995
Capital outlay	74,919	-	1,479,975	21,479	1,576,373
Total Expenditures	1,145,382	46,291	2,022,461	192,594	3,406,728
Excess of Revenues Over Expenditures	\$ 446,756	\$ 45,235	\$ 353,786	\$ (75,431)	\$ 770,345

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

OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2021

	Enterprise Funds		Totals
	Water	Sewer	
Assets			
Cash and investments	\$ 3,305,701	\$ 19,382,459	\$ 22,688,160
Accounts receivable, net of allowance \$104,413 and \$80,986, respectively	319,688	446,349	766,037
Interest receivable	4,878	29,856	34,734
Prepaid expenses	94,837	118,865	213,702
Advance receivable	(848,575)	848,575	-
Total current assets	2,876,529	20,826,104	23,702,633
Non-current assets			
Capital assets, net of accumulated depreciation	20,446,226	26,948,756	47,394,982
Total assets	\$ 23,322,756	\$ 47,774,860	\$ 71,097,616
Liabilities and net position			
Current liabilities			
Accounts payable	\$ 96,671	\$ 69,978	\$ 166,649
Payroll liabilities	44,521	46,802	91,323
Customer deposits	74,520	51,120	125,640
Advance payable	-	-	-
Total current liabilities	215,712	167,900	383,612
Non-current liabilities			
Compensated absences	95,631	85,983	181,614
Total non-current liabilities	95,631	85,983	181,614
Total liabilities	311,343	253,883	565,227
Net position			
Net investment in capital assets	20,446,226	26,948,756	47,394,982
Unrestricted	2,565,186	20,572,221	23,137,407
Total net position	23,011,413	47,520,976	70,532,389
Total liabilities and net position	\$ 23,322,756	\$ 47,774,860	\$ 71,097,616

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

OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED
JUNE 30, 2021

	<u>Enterprise Funds</u>		<u>Totals</u>
	<u>Water</u>	<u>Sewer</u>	
Operating Revenues			
Charges for services	\$ 3,960,496	\$ 3,917,320	\$ 7,877,816
Operating Expenses			
Personnel costs	860,551	953,111	1,813,662
Operations and maintenance	1,961,657	1,545,837	3,507,494
Depreciation	556,958	1,183,338	1,740,295
Total operating expenses	<u>3,379,166</u>	<u>3,682,285</u>	<u>7,061,451</u>
Operating income	<u>581,331</u>	<u>235,034</u>	<u>816,365</u>
Non-Operating Revenues (Expenses)			
Capital improvement charges	604,776	1,348,572	1,953,348
Use of money and property	19,124	172,891	192,015
Interest and amortization expense	(9,101)	-	(9,101)
Net non-operating revenues (expenses)	<u>614,799</u>	<u>1,521,463</u>	<u>2,136,261</u>
Change in Net Position	1,196,129	1,756,497	2,952,626
Net position - beginning of the year	<u>21,814,784</u>	<u>45,763,980</u>	<u>67,578,763</u>
Net position - ending of the year	<u>\$ 23,010,913</u>	<u>\$ 47,520,477</u>	<u>\$ 70,531,390</u>

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

OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED
JUNE 30, 2020

CASH FLOWS PROVIDED BY (USED FOR)	Enterprise Funds		Totals
	Water	Sewer	
Operating Activities			
Receipts from customers	\$ 3,923,748	\$ 3,783,885	\$ 7,707,633
Payments to suppliers and vendors	(2,019,013)	(1,655,630)	(3,674,643)
Payments for employee costs	(958,918)	(954,831)	(1,913,749)
Net cash provided by operating activities	945,817	1,173,424	2,119,241
Noncapital Financing Activities			
Capital improvement charges and other	604,776	1,348,572	1,953,348
Net cash provided by noncapital financing activities	604,776	1,348,572	1,953,348
Capital and Related Financing Activities			
Acquisition/purchase of capital assets	(119,806)	(118,795)	(238,601)
Interest and penalties paid	(9,101)	-	(9,101)
Interfund loans	-	61,537	61,536.65
Transfers out	-	-	-
Net cash used by capital and related financing activities	(128,907)	(57,258)	(186,165)
Investing Activities			
Investment earnings	21,848	231,501	253,349
Net cash provided by investing activities	21,848	231,501	253,349
Net increase in cash	1,443,534	2,696,239	4,139,773
Cash and investments - beginning of year	1,862,167	16,686,220	18,548,387
Cash and investment - end of year	\$ 3,305,701	\$ 19,382,459	\$ 22,688,160
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities:			
Operating income	\$ 581,331	\$ 235,034	\$ 816,365
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	556,958	1,183,338	1,740,295
Uncollectible receivables	7,624	6,017	13,641
Change in Assets and Liabilities:			
Receivables	(55,873)	(139,452)	(195,325)
Prepaid expenses	(94,113)	(118,181)	(212,294)
Accounts payable and accrued expenses	36,757	8,388	45,145
Payroll liabilities	(87,009)	(3,385)	(90,394)
Customer deposits	11,500	0.04	11,500
Compensated absences	(11,358)	1,665	(9,693)
Net cash provided by operating activities	\$ 945,817	\$ 1,173,424	\$ 2,119,241

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

**OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021**

Assets	CFD 2002-1	CFD 2005-1	CFD 2005-2	Park Developer Fees	Total Agency Funds
Cash and investments	\$ 4,215,802	\$ 857,094	\$ 15,467	\$12,155,165	\$17,243,528
Cash with fiscal agent	290,897	-	-	-	290,897
Interest receivable	6,829	-	-	19,688	26,517
Receivable - property owners	7,175,800	-	-	-	7,175,800
Total assets	11,689,328	857,094	15,467	12,174,853	24,736,743
Liabilities					
Due to others	2,900	-	820	-	3,720
Park development fees	-	123,923	-	1	123,923
Bonds payable	7,175,800	-	-	-	7,175,800
Total liabilities	7,178,700	123,923	820	1	7,303,443
Net Position Held in Trust	\$ 4,510,628	\$ 733,171	\$ 14,647	\$12,174,853	\$17,433,299

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

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2021

NOTE 1: DEFINING THE FINANCIAL REPORTING ENTITY

The District was established in November 1948 to provide fire protection, water supply, storage and distribution system, or a sanitary sewerage collection treatment and disposal system, or both. Revenues are derived primarily from the property taxes, a special assessment on improved parcels within the District, and the countywide tax levy. The District also collects fees for water and sewer services, and fees for construction within the District, which are used to offset the increased capital costs associated with development. The District is administered by a Board of Directors that acts as the authoritative and legislative body of the entity. The Board is comprised of five board members.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies:

A. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Basis of Presentation - continued

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized as soon as they both are measurable and available. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements by the provider have been met. Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period, which is usually 60 days. For this purpose, the District generally considers revenues to be available if they are collected within ninety days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred as under accrual accounting.

C. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District has three primary funds; the general fund and two enterprise funds – water and sewer. The remaining funds are fiduciary funds that are used to account for the deposits received from housing developers of the Plumas Lake area.

Governmental Funds

Governmental funds are those through which most governmental functions typically are transacted. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District uses one governmental fund, the general fund.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Fund Accounting - continued

Proprietary Funds (Business-type activities)

The District reports on two major enterprise funds:

- Water – accounts for operating activities of the District’s water utility services.
- Sewer – accounts for operating activities of the District’s sewer wastewater utility services.

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise – where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges. The District accounts for the operation of its water and sewer utility funds on this basis.

Fiduciary Funds

The District’s fiduciary funds are agency funds that account for assets held by the District as an agent for the state and various local governments. These funds typically do not involve a formal trust agreement and are used to account for situations where the role is purely custodial such as the receipt, temporary investment or remittance of fiduciary resources. The District reports four fiduciary funds: CFD 2002-1, CFD 2005-1, CFD 2005-2, and Park Developer Fees.

D. Budget

The Board of Directors prepares a budget for the general fund and enterprise funds by August 1st of each year.

E. 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Cash and Investments

All cash is pooled for investment purposes and held by the Yuba County Treasurer and a local bank. Investment earnings are apportioned to the District based on the average daily balances on deposit with the Yuba County Treasurer. Since the District has not adopted an investment policy of their own, the District follows the Yuba County Treasurer's investment policy. As such, the Yuba County Treasurer's policy is to invest in any security authorized by Section 53635 of the Government Code of the State of California, and any other Government Code that permits investments in various securities or participation in investment trading techniques or strategies.

G. Accounts and Interest Receivable

Accounts and interest receivable consist of amounts due from outside parties for grants, interest, taxes, and service charges receivable. Accounts receivable is presented net of an allowance for doubtful accounts that reflects management's best estimate of receivables that will become uncollectible. The estimate made is based on a variety of factors including the length of time receivables are past due, economic trends and conditions affecting our customer base and historical write-off experience. Accounts that are deemed to be uncollectible are written off against the allowance for doubtful accounts.

H. Property, Plant, and Equipment

Capital assets are valued at historic cost or estimated historic cost if actual historic cost is not available. The District's capitalization threshold is \$5,000 for non-infrastructure capital assets and \$10,000 for infrastructure capital assets. Contributed capital assets are recorded at the estimated fair market value on the date donated. Improvements are capitalized if they are material in amount. The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend the asset's life, are not capitalized.

The District depreciates capital assets to spread their costs over the estimated useful lives of the assets, in order that each fiscal year absorbs its share of capital asset costs. The District uses straight-line depreciation, by which each asset's cost is divided by its expected useful life in years, then the same amount is charged to expense each year until the asset is fully depreciated.

The following useful lives are assigned to capital assets:

Buildings and improvements	25-40 years
Water and Sewer utility plants, facilities, and infrastructure	40-50 years
Machinery and equipment	5-15 years
Furniture and fixtures	5-15 years

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

H. Property, Plant, and Equipment - continued

Capital assets may also be acquired through federal or state grants or by contribution from developers or other governments. Contributed assets are reported as revenue when acquired.

I. Other Information

The General Fund is the main operating fund of the District. Fire and Rescue operations, Park operations, Youth Center operations, and administrative support are the focus of the activity in this fund.

The Fire Mitigation account within the general fund is used to account for mitigation fees allowed by California State Law AB1600 for the purpose of offsetting increased capital costs due to development. Yuba County Board of Supervisors allows the collection of these fees and requires that they be spent only for capital additions due to development, and additionally, requires that these funds be spent and/or designated within five years of collection or they are refundable with interest to the payers. The District's policy is to fully expend these funds within the required time frame and, accordingly, no liability has been recognized.

The Special Assessment – Fire account within the general fund is used to account for the benefit assessment fees established in accordance with State Government Code Section 50078 by resolution No. 2076 of the District. These fees are levied on a per parcel basis for the purpose of providing for the retention, maintenance, and operation of fire suppression personnel for twenty-four/seven coverage, vehicle replacement, and safety equipment necessary to provide fire suppression services for the District.

J. Net Position / Fund Balance

In February 2009, the GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting standards for all governments that report governmental funds.

Under GASB 54, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Fund balances are now broken out in five categories:

- Non-Spendable Fund Balance – this fund balance classification includes amounts that cannot be spent because they are either not in spendable form (i.e., prepaid expenses) or legally or contractually required to be maintained intact.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Net Position / Fund Balance - continued

- Restricted Fund Balance – this fund balance classification should be reported when there are constraints placed on the use of resources externally (by creditors, grant sources, contributors, etc.) or imposed by law or enabling legislation.
- Committed Fund Balance – this fund balance classification can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority (i.e., fund balance designations passed by board resolution).
- Assigned Fund Balance – this fund balance classification includes amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed.
- Unassigned Fund Balance – this fund balance classification is the residual classification for the general fund.

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as follows:

- Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This category represents net position of the District, not restricted for any project or other purpose.

When both restricted and unrestricted net position is available, unrestricted resources are used only after the restricted resources are depleted.

K. Interfund Loans/Transfers

Interfund loans are reported as either receivables or payables and are referred to as “due to/from other funds.”

Interfund transfers represent allocations of various revenues or expenses between funds.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2021

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

L. Property Taxes and Special Assessments

Property taxes and special assessments are levied against real property on July 1st of each fiscal year and can be paid in two equal installments. The first and second installments are due November 1st and February 1st, respectively, and are considered delinquent if not paid before the close of business on December 10th and April 10th, respectively. After June 30th, delinquent taxes are in default, thereafter a property lien attaches to the secured property in the following fiscal year, on March 1st. Property in tax default can be sold after five years to pay off the delinquent taxes and accrued interest.

M. New Pronouncements – Future Years

The following new Governmental Accounting Standards Board (GASB) Statements may have an effect on the financial statements of the District in future years:

Statement No. 87, Leases, is effective for periods beginning after June 15, 2021.

NOTE 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Management is not aware of any material violations of finance-related legal or contractual provisions in any of the funds of the District.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2021

NOTE 4: CASH AND INVESTMENTS

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

Statement of Net Position - Cash and investments	\$ 33,345,643
Statement of Fiduciary Net Position:	
Cash and investments	17,243,528
Cash and investments with fiscal agent	<u>290,897</u>
Total Cash and Investments	<u>\$ 50,880,069</u>

Investments Authorized by the District's Investment Policy

The District's treasurer is granted the authority to invest funds for the benefit of the District in accordance with California Government Code Section 53600, Chapter 4 – Financial Affairs.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The District deposits virtually all funds with the Treasurer of Yuba County, who is responsible for the investment of these funds in accordance with the investment policy of the County.

County investment pool	\$ 50,312,132
Deposit with financial institutions	275,789
Treasury obligations (cash with fiscal agent)	290,897
Cash on hand	<u>1,250</u>
	<u>\$ 50,880,069</u>

The District does not own any specific identifiable investments in the pool. The Yuba County Treasury is an external investment pool for the District and the District is considered an involuntary participant. The Yuba County Treasurer is accountable to the Yuba County Treasury Oversight Committee. The District's fair value portion in the pool was the same as the District's pool share (fair value was 100.52% of carrying value). Information regarding categorization of cash and investments held in the County pool can be found in the Yuba County's financial statements by contacting the County Treasurer at 915 8th Street, Suite 103, Marysville, CA 95901.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2021

NOTE 4: CASH AND INVESTMENTS - CONTINUED

The following table shows the maturity date of each investment:

	<u>Maturity Date/Yield</u>
County investment pool	Due on demand, yield unknown
Treasury obligation	Due on demand, yield 0.06%

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Yuba County investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The District's portfolio is concentrated primarily in the Yuba County investment pool.

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 custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools such as the Yuba County investment pool.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2021

NOTE 5: CAPITAL ASSETS

Capital activity for the year ended June 30, 2021, is as follows in the tables below:

	Balance June 30, 2020	Additions	Disposals	Balance June 30, 2021
Governmental Activities:				
Non-depreciating capital assets:				
Land	\$ 15,678	\$ -	\$ -	\$ 15,678
Total non-depreciating assets	15,678	-	-	15,678
Depreciating capital assets:				
Plant and facilities	9,440,274	1,479,975	-	10,920,249
Building and improvements	1,480,012	21,479	-	1,501,491
Equipment and furnishings	2,941,623	74,919	21,596	3,038,138
Total cost, depreciating assets	13,861,909	1,576,373	21,596	15,459,878
Accumulated depreciation	(5,418,978)	(361,787)	6,042	(5,774,723)
Net, depreciating capital assets	8,442,931	1,214,586	27,638	9,685,155
Governmental Type Capital Assets	<u>\$ 8,458,609</u>	<u>\$ 1,214,586</u>	<u>\$ 27,638</u>	<u>\$ 9,700,833</u>
Business Type Activities:				
Non-depreciating capital assets:				
Land	\$ 224,635	\$ -	\$ -	\$ 224,635
Total non-depreciating assets:	224,635	-	-	224,635
Depreciating capital assets:				
Plant and facilities	46,554,737	161,539	-	46,716,276
Building and improvements	26,030,096	28,656	-	26,058,752
Equipment and furnishings	6,955,992	48,403	(23,124)	6,981,271
Total cost, depreciating assets	79,540,825	238,598	(23,124)	79,756,299
Accumulated depreciation	(30,868,783)	(1,740,293)	23,124	(32,585,952)
Net depreciating capital assets	48,672,042	(1,501,695)	-	47,170,347
Net Business type activities	<u>\$ 48,896,677</u>	<u>\$ (1,501,695)</u>	<u>\$ -</u>	<u>\$ 47,394,982</u>

Depreciation expense of \$361,787 was charged to fire and parks, \$556,958 was charged to water and \$1,183,338 to sewer for a total of \$2,102,082 for the year.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2021

NOTE 6: DEVELOPER DEPOSITS

The District acts as a fiduciary agent for real estate developers in the Olivehurst Public Utility District. The cash funds are deposited by these developers to meet their financial obligation under an Agreement for Advanced Funding and Reimbursement, and an Agreement for Reimbursement of Funds for the Community Facilities District's formation costs. These cash deposits provided by the developers covered the initial development and construction costs of the water and sewer infrastructure, and the formation of the CFD under the Mello-Roos legislation which provided the District the funds for reimbursement to the developers.

NOTE 7: LONG TERM OBLIGATIONS

Below is the activity of the District's long-term liabilities for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Governmental Activities	\$ 48,778	\$ 21,246	\$ 22,234	\$ 47,790	\$ 21,246
Business-Type Activities	191,307	73,039	82,732	181,614	73,039
Total compensated absences	\$ 240,085	\$ 94,285	\$ 104,966	\$ 229,404	\$ 94,285

Compensated Absences

The District accounts for compensated absences (unpaid vacation and sick leave) in accordance with Financial Accounting Standards Board Statement No. 43, *Accounting for Compensated Absences*. Accordingly, vested or accumulated benefits are recorded as an expense as the benefits accrue or are earned. The general manager and managerial staff follow separate policies based upon individual negotiated contracts.

The District policy is to allow employees to carryover unused compensated absences in the following manner:

- Annual Leave – maximum of 280 hours per employee at the end of each calendar year.
- Compensated Time – maximum of 40 hours per employee is allowed at any time throughout the year and is cashed out to the employee at the end of each calendar year.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2021

NOTE 7: LONG TERM OBLIGATIONS - CONTINUED

Compensated Absences - continued

- Sick Leave – An employee can accrue up to 1,000 hours. Upon retirement, 25% of any accrued time is paid to an employee in good standing who is 53 years of age and has 15 years of continuous service with OPUD.

NOTE 8: ADVANCES RECEIVABLE/PAYABLE

In fiscal year 2016-2017, the Water Fund received a loan from the Sewer Fund in the amount \$1,158,331. The proceeds of the loan were used to pay off the District's loan with the USDA. The interest rate on the advance is 1% and will be paid over a term of 18 years. The balance of the loan at June 30, 2021 was \$848,575.

NOTE 9: SPECIAL ASSESSMENT DEBT

The District acts as an agent for property owners in collecting special assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings, when appropriate. The District is not liable for the repayment of the special assessment bonds, and accordingly, they are not reflected in the accompanying basic financial statements. Since the District acts as an agent for the property owners, only year-end balances relating to the special assessment debt is reported in the Agency Funds.

At June 30, 2020, the following special assessment debt was outstanding:

Plumas Lake Community Facilities District No. 2002-1 Special Tax Refunding Bonds

On July 31, 2018, the Plumas Lake Community Facility District (CFD) 2002-1 issued \$7,704,900 of Special tax bonds, with an interest rate of 4.0%. The principal purpose of these bonds was to refund the District's outstanding Plumas Lake Community Facilities District No. 2002-1 Special Tax Bonds, Series 2005, and Plumas Lake Community Facilities District No. 2002-1 Subordinate Special Tax Bonds, Series 2008, whose principal purpose was to provide funding for the costs of acquiring and constructing certain water and wastewater infrastructure improvements necessary for development of property within the CFD. The outstanding balance of the new bonds was \$7,175,800 at June 30, 2021.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2021

NOTE 10: RETIREMENT COMMITMENTS

A. Plan Description

The District's pension plan allows employees the option of putting money in: (1) an Operating Engineers Pension Trust plan (based on maximum actual hours worked), (2) a Deferred Compensation plan with a bank, or (3) a combination of options 1 and 2. The plan covers all fulltime, permanent employees who are members of the union, and is defined by the union agreement with Operating Engineers Local Union No. 3 Public Employees Division.

B. Funding Policy

Active plan members in the pension plan are allowed to contribute up to a maximum percentage of their salary based on actual hours worked. The District is required to contribute a percentage defined by the union agreement with Operating Engineers Local Union No. 3 Public Employees Division, and the Memorandum of Understanding with the employees. The required employer contribution rates vary between employees and management. The maximum amount of contribution of the plan members are established by State statute, and the employer contribution rate is established and may be amended by the union and the District. The District has created a Memorandum of Understanding (MOU) between itself and the full-time employees of the District. Under this MOU, the District contributes the amount that is required by the active plan members directly to the plan as described above.

C. Annual Pension Cost

It is the Engineer's Union and the District's position that their ratio constitutes an annual required contribution.

For fiscal years ending June 30, 2019, 2020, and 2021, the total required contributions, which were made, were as follows:

<u>Year Ended</u>	<u>Trust Plan</u>	<u>Deferred Plan</u>	<u>Total Cost</u>
June 30, 2019	41,516	197,585	239,101
June 30, 2020	40,315	235,109	275,424
June 30, 2021	40,315	235,109	275,424

D. Trend Information

Trend information is not available for presentation in these financial statements.

E. Related Party Investments

During the years described above, the pension plans held no securities issued by the District.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2021

NOTE 11: COMMITMENTS AND CONTINGENCIES

The District is subject to general risk and exposure due to normal operations in the course of business. These risks involve various claims against the District, both asserted and unasserted, all of which management considers to be immaterial to these financial statements.

NOTE 12: COVID 19 CONSIDERATIONS

In January 2020, the virus SARS-CoV-2 was transmitted to the United States from overseas sources. This virus, responsible for the Coronavirus disease COVID-19, has proven to be extremely virulent with high transmission rates. The economic impact in the State of California and the County of Yuba as yet has not been determined and therefore any potential impact on the District is not yet known.

NOTE 13: YUBA COUNTY WATER AGENCY

In the first quarter of fiscal year 2020-21, the District entered into an agreement with the Yuba County Water Agency (YWA) requesting the YWA to provide both a grant for \$2,000,000 and a loan for \$2,000,000 to the District to fund costs directly related to the design of the backbone infrastructure system to provide wastewater and potable water system improvements to the Highway 65 corridor. Debt service payments are not required for five years after the execution of the agreement and the loan balance will not accrue interest for the same initial five-year period. The District agrees to pay YWA the loan with interest accruing commencing five years after the date of the agreement at a rate equal to the average rate of interest earned by funds deposited with the Treasurer of Yuba County during the preceding twelve months of each year. The interest rate will be adjusted annually on June 30th. Funds collected by the District through capacity fees for the entertainment, employment and industrial zones will serve as the basis for repayment of the loan. The ability of the District to repay the loan is based on the collection of sufficient capacity fees and the District is only required to repay the loan as such fees are collected

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through February __, 2022, the date which the financial statements were available to be issued. Based upon this evaluation, except for the following, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

DRAFT March 3, 2022 DRAFT

OLIVEHURST PUBLIC UTILITY DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended
June 30, 2021

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes and assessments	\$ 1,382,700	\$ 1,382,700	\$ 1,647,545	\$ 264,845
Service charges	384,828	384,828	372,223	(12,605)
Use of money and property	60,000	60,000	137,292	77,292
Mitigation fees	84,860	84,860	103,383	18,523
Intergovernmental revenues	-	-	402,421	402,421
Strike team reimbursements	318,421	318,421	398,421	80,000
Other revenues	63,892	63,892	1,514,211	1,450,319
Total Revenues	<u>2,294,701</u>	<u>2,294,701</u>	<u>4,575,494</u>	<u>2,280,793</u>
Expenditures				
Salaries and benefits	698,080	742,230	1,025,361	(283,131)
Services and supplies	1,037,714	1,196,448	804,995	391,453
Capital outlay	35,450	45,450	1,576,373	(1,530,923)
Total Expenditures	<u>1,771,244</u>	<u>1,984,128</u>	<u>3,406,728</u>	<u>(1,422,600)</u>
Excess of Revenues Over Expenditures	<u>523,457</u>	<u>310,573</u>	<u>1,168,766</u>	<u>858,193</u>
Other Financing Sources (Uses):				
Transfers in	15,000	15,000	-	15,000
Transfers out	(3,440)	(3,440)	-	(3,440)
Total Other Financing Sources (Uses)	<u>11,560</u>	<u>11,560</u>	<u>-</u>	<u>(11,560)</u>
Net Change in Fund Balance	<u>\$ 535,017</u>	<u>\$ 322,133</u>	<u>\$ 1,168,766</u>	<u>\$ 846,633</u>

See accompanying footnote.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Required Supplementary Information
June 30, 2021

BUDGETARY BASIS OF ACCOUNTING

The District prepares and legally adopts a final budget on or before August 30th of each fiscal year. Until the final budget is adopted, operations of the District commencing July 1st are governed by a continuing resolution which is adopted by the Board at their final meeting of the preceding fiscal year.

After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Board resolution. All such changes must be within the revenues and reserve as estimated as available in the final budget or within revised revenue estimates as approved by the Board. During the fiscal year ended June 30, 2021, the Board of Directors approved all necessary supplementary appropriations.

An operating budget is adopted each fiscal year on the modified accrual basis. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately to result if the unperformed contracts in process at year-end are completed or purchase commitments satisfied. Such year-end encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year and included in the subsequent year's budget. Unencumbered appropriations lapse at year-end.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the object level except for fixed assets which are controlled at the sub-object level. Object levels of expenditures are as follows: salaries and benefits, services and supplies, other charges including debt service, capital outlay, contingencies, expenditure transfers, and other financing uses. Sub-object levels of expenditures for fixed assets are land, structures and improvements, and equipment.

For budgetary purposes, actual GAAP expenditures have been adjusted to include encumbrances outstanding at year-end. Encumbrance accounting is employed as an extension of formal budgetary integration of the General and Special Revenue Funds under the jurisdiction of the Board of Directors.