

Olivehurst Public Utility District



Agenda Item Staff Report

Meeting Date: February 18, 2021

Item description/summary:

Audit Completion FY 2019-20.

The final audit report and financial statements for the fiscal year ending June 30, 2020 were issued. Fechter & Company, CPAs issued 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). The District's audit resulted in no findings for the 4th year.

Fiscal Analysis:

Highlights (Attachement1):

The District's Water and Waste Water 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 2018-19, which allowed the District to add to capacity fee cash balances. The General Funds' cash position increased from \$7,047,996 in 2016-17 to \$9,057,487 June 2020. The Water Fund's operating cash deficit improved from June's 2018 deficit of (\$ 481,570) to \$ 517,721 June 2020. Sewer operating cash and reserves increased from \$4,861,919 June 2018 to \$5,914,051 June 2020.

Employee Feedback

Sample Motion:

Motion to accept Audited Financial Statements for the 2019-20 Fiscal Year.

Prepared by:

Karin Helvey, Financial Manager

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

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

SEWER

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

**OLIVEHURST PUBLIC
UTILITY DISTRICT**
Olivehurst, California

**Annual Financial Report
With Independent Auditor's Report Thereon
June 30, 2020**

OLIVEHURST PUBLIC UTILITIES DISTRICT

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June 30, 2020

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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, 2020, 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

Opinions

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, 2020, 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

A handwritten signature in black ink that reads "Fechter & Company, CPAs". The signature is written in a cursive, flowing style.

Sacramento, California
December 18, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

OLIVEHURST PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2020

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, 2020. 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, 2020

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 2019-2020

- At June 30, 2020, the District's total assets exceeded total liabilities by \$85.0 million (net position).
- Current assets increased by \$3.3 million to \$29.3 million.
- Capital assets decreased by \$1.8 million to \$57.4 million.
- Operating revenues increased by \$0.7 million, or 8.03%, from the prior year.
- Non-operating revenues decreased by \$1.0 million, or 29.55%, from the prior year. This is primarily due to a decrease in capacity fees.

OLIVEHURST PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2020

- Operating expenses increased by \$1.5 million, or 19.20%, from the prior year, due to the increase in salaries and benefits for the addition of 3 firefighters and underpaid pension benefits for some employees. Residential development and the addition of new parks in Plumas Lake increased the demand for water and maintenance cost.
- Non-operating expenses decreased by \$0.2 million, or 91.00%, from the prior year due to a decrease in capital outlay primarily in the Fire and Wastewater Departments.

Net Position

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

Statements of Net Position

	June 30,		Change	% Change
	2020	2019		
Assets:				
Current assets	\$ 29,254,931	\$ 25,913,553	\$ 3,341,378	12.89%
Capital assets, net	57,355,286	59,113,077	(1,757,791)	-2.97%
Total Assets	86,610,217	85,026,630	1,583,587	1.86%
Liabilities:				
Current liabilities	1,324,050	1,326,094	(2,044)	-0.15%
Non-current liabilities	240,085	174,970	65,115	37.21%
Total Liabilities	1,564,135	1,501,064	63,071	4.20%
Net Position:				
Net investment in capital assets	57,355,286	59,113,077	(1,757,791)	-2.97%
Restricted	95,324	83,812	11,512	13.74%
Unrestricted (unreserved)	27,595,472	24,328,677	3,266,795	13.43%
Total Net Position	\$ 85,046,082	\$ 83,525,566	\$ 1,520,516	1.82%

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 \$83.5 million and \$85.0 million as of June 30, 2019 and 2020, respectively.

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 our customers; consequently, these assets are not available for future spending. In 2019, 70.77% % of the District's total net position was invested in capital assets; compared to the total of 67.44% in 2020.

OLIVEHURST PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2020

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 8.03%, and non-operating revenues decreased by \$1.0 million, or 29.55%, resulting in total revenues decreasing by \$0.3 million, or 2.92%, from the prior year. Operating expenses increased by \$1.5 million, or 19.20%, and non-operating expenses decreased by \$0.2 million, or 91.00%, resulting in total expenses increasing by \$1.3 million, or 15.81%, from the prior year.

Revenues				
June 30,				
	2020	2019	Change	% Change
Operating Revenues:				
Tax revenues/assessments	\$ 1,592,850	\$ 1,402,366	\$ 190,484	13.58%
Charges for services - Water	3,447,023	3,055,681	391,342	12.81%
Charges for services - Sewer	3,767,996	3,694,839	73,157	1.98%
Total Operating Revenues	8,807,869	8,152,886	654,983	8.03%
Non-Operating Revenues:				
Mitigation fees	50,217	33,504	16,713	49.88%
Capacity fees	1,307,101	2,549,572	(1,242,471)	-48.73%
Interest	618,676	562,084	56,592	10.07%
Other	385,567	207,050	178,517	86.22%
Total Non-Operating Revenues	2,361,561	3,352,210	(990,649)	-29.55%
Total Revenues	\$ 11,169,430	\$ 11,505,096	\$ (335,666)	-2.92%
Expenses				
June 30,				
	2020	2019	Change	% Change
Operating Expenses:				
Personnel costs	\$ 3,367,339	\$ 2,919,781	\$ 447,558	15.33%
Operations and maintenance	4,288,327	3,284,144	1,004,183	30.58%
Depreciation	1,736,341	1,729,249	7,092	0.41%
Total Operating Expenses	9,392,007	7,933,174	1,458,833	18.39%
Non-Operating Expenses:				
Interest and amortization	9,710	10,314	(604)	-5.86%
Capital outlay	76,985	241,315	(164,330)	-68.10%
Total Non-Operating Expenses	86,695	251,629	(164,934)	-65.55%
Total Expenses	\$ 9,478,702	\$ 8,184,803	\$ 1,293,899	15.81%

OLIVEHURST PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2020

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, 2020, actual revenues were over the final budget by 20.94% and actual expenditures were under the final budget by 22.18%.

Capital Assets

The District's capital asset balances, net of accumulated depreciation, decreased by \$1,757,791 from 6/30/19 to 6/30/20. During fiscal year 19-20, the District reported \$327,009 of additions, \$8,914 of disposals, and an increase in accumulated depreciation of \$1,757,735.

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

Debt

As of June 30, 2020, the District had no long-term debt.

Economic Factors, Budget, and Rates

The Board of Directors adopted the District's 2019-20 Budget on June 20, 2019. The budget provides funding for the District's operating, capital, and debt service costs for the 2019-20 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

OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
June 30, 2020

	Governmental Activities	Business-Type Activities	Totals
Assets			
Cash and investments	\$ 9,829,839	\$ 18,609,421	\$ 28,439,260
Accounts receivable, net	71,419	584,354	655,773
Interest receivable	62,918	95,572	158,490
Prepaid expenses	-	1,408	1,408
Capital assets, net of accumulated depreciation	8,458,609	48,896,677	57,355,286
Total assets	18,422,785	68,187,432	86,610,217
Liabilities			
Accounts payable	44,429	121,504	165,933
Payroll liabilities	85,231	181,717	266,948
Customer deposits	52,930	114,140	167,070
Developer deposits	724,099	-	724,099
Compensated absences	48,778	191,307	240,085
Total liabilities	955,467	608,668	1,564,135
Net position			
Net investment in capital assets	8,458,609	48,896,677	57,355,286
Restricted for fire mitigation	95,324	-	95,324
Unrestricted	8,913,385	18,682,087	27,595,472
Total net position	\$ 17,467,318	\$ 67,578,764	\$ 85,046,082

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

OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net 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	\$1,497,322	\$ 268,739	\$ 122,776	\$ -	\$ (1,105,807)	\$ -	\$ (1,105,807)
Depreciation	339,635	-	-	-	(339,635)	-	(339,635)
Total Governmental Activities	1,836,957	268,739	122,776	-	(1,445,442)	-	(1,445,442)
Business-Type Activities:							
Water utility	4,422,200	3,447,023	-	194,491	-	(780,686)	(780,686)
Sewer utility	3,512,533	3,767,996	-	1,112,610	-	1,368,073	1,368,073
Total Business-type Activities	7,934,733	7,215,019	-	1,307,101	-	587,387	587,387
Totals	<u>\$9,771,690</u>	<u>\$7,483,758</u>	<u>\$ 122,776</u>	<u>\$ 1,307,101</u>	(1,445,442)	587,387	(858,055)

General Revenues:

Taxes and assessments	1,592,850	-	1,592,850
Use of money and property	262,341	356,335	618,676
Mitigation fees	50,217	-	50,217
Other revenues	116,828	-	116,828
Transfers	10,000	(10,000)	-
Total general revenues	2,032,236	346,335	2,378,571
Change in net position	586,794	933,722	1,520,516
Net position beginning of year	16,880,524	66,645,042	83,525,566
Net position end of year	<u>\$ 17,467,318</u>	<u>\$ 67,578,764</u>	<u>\$ 85,046,082</u>

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

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

OLIVEHURST PUBLIC UTILITY DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2020

	General Fund
Assets	
Cash and investments	\$ 9,829,839
Accounts receivable, net	71,419
Interest receivable	62,918
Total assets	\$ 9,964,176
Liabilities and Fund Equity	
Liabilities	
Accounts payable	\$ 44,429
Payroll liabilities	85,231
Developer deposits	777,029
Total liabilities	906,689
Fund Balances	
Restricted for fire mitigation	95,324
Committed for capital asset repair	509,118
Committed for park maintenance	437,000
Unassigned	8,016,045
Total fund balances	9,057,487
Total liabilities and fund balances	\$ 9,964,176

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
As of June 30, 2020

Fund Balances of Governmental Funds	\$ 9,057,487
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.	8,458,609
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>(48,778)</u>
Net position of governmental activities	<u><u>\$ 17,467,318</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 -
GOVERNMENTAL FUND
For the Fiscal Year Ended June 30, 2020

	<u>General Fund</u>
Revenues	
Taxes and assessments	\$ 1,592,850
Service charges	268,739
Use of money and property	262,341
Mitigation fees	50,217
Intergovernmental revenues	122,776
Other revenues	<u>116,828</u>
Total Revenues	<u>2,413,751</u>
Expenditures	
Salaries and benefits	718,560
Services and supplies	748,424
Capital outlay	<u>76,985</u>
Total Expenditures	<u>1,543,969</u>
Excess of Revenues Over Expenditures	869,782
Other Financing Sources (Uses):	
Transfers in	13,500
Transfers out	<u>(3,500)</u>
Total Other Financing Sources (Uses)	<u>10,000</u>
Net Change in Fund Balance	879,782
Fund Balances, beginning of year	<u>8,177,705</u>
Fund Balances, end of year	<u><u>\$ 9,057,487</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 Fiscal Year Ended June 30, 2020

Net Change in Fund Balances - Total Governmental Funds	\$ 869,782
<p>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:</p>	
<p>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</p>	78,071
<p>Depreciation expense is recorded in the Statement of Activities but not in the Statement of Revenue, Expenditures, and Changes in Fund Balances</p>	(339,635)
<p>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.</p>	<u>(21,424)</u>
<p>Change in net position of governmental activities</p>	<u><u>\$ 586,794</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, 2020

	Fire	Lighting	Parks and Recreation	Administration	Total General
Revenues					
Taxes and assessments	\$ 760,198	\$ 84,580	\$ 748,072	\$ -	\$ 1,592,850
Service charges	263,558	-	5,181	-	268,739
Use of money and property	-	-	48,517	213,824	262,341
Mitigation fees	50,217	-	-	-	50,217
Intergovernmental revenues	88,776	-	34,000	-	122,776
Other revenues	105,487	-	380	10,961	116,828
Total Revenues	1,268,236	84,580	836,150	224,785	2,413,751
Expenditures					
Salaries and benefits	686,492	-	206,671	(174,603)	718,560
Services and supplies	180,107	45,998	332,187	190,132	748,424
Capital outlay	59,131	-	17,854	-	76,985
Total Expenditures	925,730	45,998	556,712	15,529	1,543,969
Excess of Revenues Over Expenditures	\$ 342,506	\$ 38,582	\$ 279,438	\$ 209,256	\$ 869,782

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

OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2020

	Enterprise Funds		Totals
	Water	Sewer	
Assets			
Cash and investments	\$ 1,923,201	\$ 16,686,220	\$ 18,609,421
Accounts receivable, net of allowance \$104,413 and \$80,986, respectively	271,440	312,914	584,354
Interest receivable	7,603	87,969	95,572
Prepaid expenses	724	684	1,408
Advance receivable	-	910,112	910,112
Total current assets	2,202,968	17,997,899	20,200,867
Non-current assets			
Capital assets, net of accumulated depreciation	20,883,381	28,013,296	48,896,677
Total assets	\$ 23,086,349	\$ 46,011,195	\$ 69,097,544
Liabilities and net position			
Current liabilities			
Accounts payable	\$ 59,914	\$ 61,590	\$ 121,504
Payroll liabilities	131,530	50,187	181,717
Customer deposits	63,020	51,120	114,140
Advance payable	910,112	-	910,112
Total current liabilities	1,164,576	162,897	1,327,473
Non-current liabilities			
Compensated absences	106,989	84,318	191,307
Total non-current liabilities	106,989	84,318	191,307
Total liabilities	1,271,565	247,215	1,518,780
Net position			
Net investment in capital assets	20,883,381	28,013,296	48,896,677
Unrestricted	931,403	17,750,684	18,682,087
Total net position	21,814,784	45,763,980	67,578,764
Total liabilities and net position	\$ 23,086,349	\$ 46,011,195	\$ 69,097,544

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, 2020

	Enterprise Funds		Totals
	Water	Sewer	
Operating Revenues			
Charges for services	\$ 3,447,023	\$ 3,767,996	\$ 7,215,019
Operating Expenses			
Personnel costs	1,366,459	1,282,320	2,648,779
Operations and maintenance	2,491,517	1,048,386	3,539,903
Depreciation	554,514	1,181,827	1,736,341
Total operating expenses	<u>4,412,490</u>	<u>3,512,533</u>	<u>7,925,023</u>
Operating income	<u>(965,467)</u>	<u>255,463</u>	<u>(710,004)</u>
Non-Operating Revenues (Expenses)			
Capital improvement charges	194,491	1,112,610	1,307,101
Use of money and property	34,575	321,760	356,335
Interest and amortization expense	(9,710)	-	(9,710)
Total non-operating revenues (expenses)	<u>219,356</u>	<u>1,434,370</u>	<u>1,653,726</u>
Income Before Transfers	(746,111)	1,689,833	943,722
Transfers out	<u>(5,000)</u>	<u>(5,000)</u>	<u>(10,000)</u>
Change in Net Position	(751,111)	1,684,833	933,722
Net position - beginning of the year	<u>22,565,895</u>	<u>44,079,147</u>	<u>66,645,042</u>
Net position - ending of the year	<u><u>\$ 21,814,784</u></u>	<u><u>\$ 45,763,980</u></u>	<u><u>\$ 67,578,764</u></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	\$ 3,384,574	\$ 3,747,058	\$ 7,131,632
Payments to suppliers and vendors	(2,554,637)	(1,110,518)	(3,665,155)
Payments for employee costs	(1,247,452)	(1,246,207)	(2,493,659)
Net cash provided by operating activities	(417,515)	1,390,333	972,818
Noncapital Financing Activities			
Capital improvement charges and other	194,491	1,112,610	1,307,101
Net cash provided by noncapital financing activities	194,491	1,112,610	1,307,101
Capital and Related Financing Activities			
Acquisition/purchase of capital assets	(73,700)	(176,414)	(250,114)
Interest and penalties paid	(9,710)	-	(9,710)
Interfund loans	(60,927)	60,927	-
Transfers out	(5,000)	(5,000)	(10,000)
Net cash used by capital and related financing activities	(149,337)	(120,487)	(269,824)
Investing Activities			
Investment earnings	39,267	313,237	352,504
Net cash provided by investing activities	39,267	313,237	352,504
Net increase in cash	(333,094)	2,695,693	2,362,599
Cash and investments - beginning of year	2,256,295	13,990,527	16,246,822
Cash and investment - end of year	\$ 1,923,201	\$ 16,686,220	\$ 18,609,421
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities:			
Operating income	\$ (965,467)	\$ 255,463	\$ (710,004)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	554,514	1,181,827	1,736,341
Uncollectible receivables	6,732	5,810	12,542
Change in Assets and Liabilities:			
Receivables	(69,981)	(26,748)	(96,729)
Prepaid expenses	11,692	3,666	15,358
Accounts payable and accrued expenses	(74,812)	(65,798)	(140,610)
Payroll liabilities	96,393	15,036	111,429
Customer deposits	800	-	800
Compensated absences	22,614	21,077	43,691
Net cash provided by operating activities	\$ (417,515)	\$ 1,390,333	\$ 972,818

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

**OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020**

Assets	CFD 2002-1	CFD 2005-1	CFD 2005-2	Park Developer Fees	Total Agency Funds
Cash and investments	\$ 4,207,722	\$ 857,094	\$ 14,386	\$ 9,019,753	\$14,098,955
Cash with fiscal agent	295,630	-	-	-	295,630
Interest receivable	24,138	-	-	52,093	76,231
Receivable - property owners	7,459,200	-	-	-	7,459,200
Total assets	11,986,690	857,094	14,386	9,071,846	21,930,016
Liabilities					
Due to others	2,600	-	600	-	3,200
Park development fees	-	123,923	-	-	123,923
Bonds payable	7,459,200	-	-	-	7,459,200
Total liabilities	7,461,800	123,923	600	-	7,586,323
Net Position Held in Trust	\$ 4,524,890	\$ 733,171	\$ 13,786	\$ 9,071,846	\$14,343,693

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

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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, 2020

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. 84, *Fiduciary Activities*, is effective for periods beginning after December 15, 2019.

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

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, is effective for periods beginning after December 15, 2020.

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, 2020

NOTE 4: CASH AND INVESTMENTS

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

Statement of Net Position - Cash and investments	\$ 28,439,260
Statement of Fiduciary Net Position:	
Cash and investments	14,098,955
Cash and investments with fiscal agent	295,630
Total Cash and Investments	<u>\$ 42,833,845</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	\$ 42,408,075
Deposit with financial institutions	128,890
Treasury obligations (cash with fiscal agent)	295,630
Cash on hand	1,250
	<u>\$ 42,833,845</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, 2020

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, 2020

NOTE 5: CAPITAL ASSETS

Capital activity for the year ended June 30, 2020, is as follows in the tables below:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
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	9,429,812	10,460	-	9,440,272
Building and improvements	1,512,620	-	-	1,512,620
Equipment and furniture	3,169,523	66,525	(327,155)	2,908,893
Total cost	14,111,955	76,985	(327,155)	13,861,785
Accumulated depreciation	(5,397,460)	(339,635)	318,241	(5,418,854)
Total depreciating capital assets	8,714,495	(262,650)	(8,914)	8,442,931
Governmental-Type Capital Assets	<u>\$ 8,730,173</u>	<u>\$ (262,650)</u>	<u>\$ (8,914)</u>	<u>\$ 8,458,609</u>
Business-Type Activities:				
Non-depreciating capital assets:				
Land	\$ 52,032	\$ -	\$ -	\$ 52,032
Total non-depreciating assets	52,032	-	-	52,032
Depreciating capital assets:				
Plant and facilities	46,410,518	144,216	-	46,554,734
Building and improvements	26,202,699	-	-	26,202,699
Equipment and furniture	6,850,092	105,898	-	6,955,990
Total cost	79,463,309	250,114	-	79,713,423
Accumulated depreciation	(29,132,437)	(1,736,341)	-	(30,868,778)
Total depreciating capital assets	50,330,872	(1,486,227)	-	48,844,645
Business-Type Capital Assets	<u>\$ 50,382,904</u>	<u>\$ (1,486,227)</u>	<u>\$ -</u>	<u>\$ 48,896,677</u>

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2020

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, 2020:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 27,354	\$ 28,281	\$ (6,857)	\$ 48,778	\$ 48,778
	\$ 27,354	\$ 28,281	\$ (6,857)	\$ 48,778	\$ 48,778
Business-Type Activities:					
Compensated absences	\$ 147,616	\$ 113,613	\$ (69,922)	\$ 191,307	\$ 191,307
	\$ 147,616	\$ 113,613	\$ (69,922)	\$ 191,307	\$ 191,307

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, 2020

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, 2020 was \$910,112.

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 \$7,459,200 at June 30, 2020.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2020

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, 2018, 2019, and 2020, 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, 2018	\$ 32,097	\$ 183,541	\$ 215,638
June 30, 2019	41,516	197,585	239,101
June 30, 2020	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, 2020

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: SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 18, 2020, 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.

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 transmission rates as yet unknown. 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.

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. Loan 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.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

OLIVEHURST PUBLIC UTILITY DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes and assessments	\$ 1,296,700	\$ 1,371,700	\$ 1,592,850	\$ 221,150
Service charges	317,701	317,701	268,739	(48,962)
Use of money and property	60,000	60,000	262,341	202,341
Mitigation fees	-	-	50,217	50,217
Intergovernmental revenues	34,000	44,000	44,000	-
Strike team reimbursements	158,000	158,000	78,776	(79,224)
Other revenues	44,435	44,435	116,828	72,393
Total Revenues	1,910,836	1,995,836	2,413,751	417,915
Expenditures				
Salaries and benefits	698,080	742,230	718,560	23,670
Services and supplies	1,037,714	1,196,448	748,424	448,024
Capital outlay	35,450	45,450	76,985	(31,535)
Total Expenditures	1,771,244	1,984,128	1,543,969	440,159
Excess of Revenues Over Expenditures	139,592	11,708	869,782	858,074
Other Financing Sources (Uses):				
Transfers in	15,000	15,000	13,500	1,500
Transfers out	-	-	(3,500)	3,500
Total Other Financing Sources (Uses)	15,000	15,000	10,000	(5,000)
Net Change in Fund Balance	\$ 154,592	\$ 26,708	\$ 879,782	\$ 853,074

See accompanying footnote.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Required Supplementary Information
June 30, 2020

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, 2020, 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.

OLIVEHURST PUBLIC UTILITY DISTRICT

MANAGEMENT REPORT

JUNE 30, 2020



Craig R. Fechter, CPA, MST

December 18, 2020

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

We have audited the financial statements of the Olivehurst Public Utility District for the year ended June 30, 2020 and have issued our report thereon dated December 18, 2020. As part of our audit, we made a study and evaluation of the District's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the District's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of the Olivehurst Public Utility District is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Olivehurst Public Utility District taken as a whole.

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

Our study and evaluation disclosed no condition that we believed to be a material weakness. However, we have enclosed recommendations for your consideration.

This report is intended solely for the use of management and should not be used for any other purpose.

We would like to thank the District staff for taking the time to compile complete and accurate records for the audit. We look forward to working with the District and its staff in the future.

Sincerely,

A handwritten signature in cursive script that reads "Fechter & Company, CPAs". The signature is written in dark ink and is positioned above the printed name of the firm.

Fechter & Company, CPAs

OLIVEHURST PUBLIC UTILITY DISTRICT

Management Report

For the Year Ended June 30, 2020

The Auditor's Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the District financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We did, however, identify a transaction that was entered into by the District that did not following the Districts policy to obtain competitive bids prior to approving of a purchase. We noted no transactions entered into by the District during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

- Allowance for doubtful accounts
- Accrual and disclosure of compensated absences
- Capital asset lives and depreciation expense

OLIVEHURST PUBLIC UTILITY DISTRICT
Management Report
For the Year Ended June 30, 2020

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the District's financial reporting process (that is, cause future financial statements to be materially misstated). The following audit adjustments, in our judgment, indicate matters that could have a significant effect on the District's financial reporting process:

- Posting of all GASB 34 entries on behalf of the district

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Auditors

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

**OLIVEHURST PUBLIC UTILITY DISTRICT
Management Report
For the Year Ended June 30, 2020**

Current Year Findings

None.

OLIVEHURST PUBLIC UTILITY DISTRICT

2019-20 Audit

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

2019-20 AUDIT COVID 19 CONSTRAINTS

- ▶ “VIRTUAL AUDIT” No physical inspection of fixed assets
 - ▶ Scope of Audit is limited in this area
- 

2019-20 AUDIT COMPONENTS

- ▶ **Management Letter**
 - ▶ **Financial Statements**
- 

2019-20 AUDIT MANAGEMENT LETTER

- ▶ Scope of Audit procedures
- ▶ Recommendations
- ▶ Findings (last paragraph of management letter)
 - ▶ NO FINDINGS 2019-20

2019-20 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)

2019-20 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: $\text{Assets} = \text{Liabilities} + \text{Net Assets}$

2019-20 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

2019-20 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 GENERAL FUND

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

2019-20 AUDIT

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

2019-20 AUDIT

PARKS

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

AUDIT HIGHLIGHTS ENTERPRISE FUNDS - WATER

WATER

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

Statement of Cash Flows

\$1,226,104 PAYMENT TO PLOG FOR WELL #34 FROM CAPACITY FEES

**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	\$ 3,384,574	\$ 3,747,058	\$ 7,131,632
Payments to suppliers and vendors	(2,554,637)	(1,110,518)	(3,665,155)
Payments for employee costs	(1,247,452)	(1,246,207)	(2,493,659)
Net cash provided by operating activities	(417,515)	1,390,333	972,818
Noncapital Financing Activities			
Capital improvement charges and other	194,491	1,112,610	1,307,101
Net cash provided by noncapital financing activities	194,491	1,112,610	1,307,101
Capital and Related Financing Activities			
Acquisition/purchase of capital assets	(73,700)	(176,414)	(250,114)
Interest and penalties paid	(9,710)	-	(9,710)
Interfund loans	(60,927)	60,927	-
Transfers out	(5,000)	(5,000)	(10,000)
Net cash used by capital and related financing activities	(149,337)	(120,487)	(269,824)
Investing Activities			
Investment earnings	39,267	313,237	352,504
Net cash provided by investing activities	39,267	313,237	352,504
Net increase in cash	(333,094)	2,695,693	2,362,599
Cash and investments - beginning of year	2,256,295	13,990,527	16,246,822
Cash and investment - end of year	\$ 1,923,201	\$ 16,686,220	\$ 18,609,421
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ (965,467)	\$ 255,463	\$ (710,004)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	554,514	1,181,827	1,736,341
Uncollectible receivables	6,732	5,810	12,542
Change in Assets and Liabilities:			
Receivables	(69,981)	(26,748)	(96,729)
Prepaid expenses	11,692	3,666	15,358
Accounts payable and accrued expenses	(74,812)	(65,798)	(140,610)
Payroll liabilities	96,393	15,036	111,429
Customer deposits	800	-	800
Compensated absences	22,614	21,077	43,691
Net cash provided by operating activities	\$ (417,515)	\$ 1,390,333	\$ 972,818

THE PROBLEM CHILD 2016

No cash in Water Fund.

Water Fund had to repay \$4.9 million to other Funds

OLIVEHURST PUBLIC UTILITY DISTRICT STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS PROVIDED BY (USED FOR)	Enterprise Funds		Totals
	Water	Sewer	
Operating Activities			
Receipts from customers	\$ 2,251,028	\$ 3,068,663	\$ 5,319,691
Payments to suppliers and vendors	(1,099,421)	(951,094)	(2,050,515)
Payments for employee costs	(963,607)	(1,206,637)	(2,170,244)
Net cash provided	188,000	910,932	1,098,932
Noncapital Financing Activities			
Capital improvement charges and other	7,476	423,585	431,061
Water capacity fees - prior period adjustment	3,437,837	-	3,437,837
Net cash provided	3,445,313	423,585	3,868,898
Capital and Related Financing Activities			
Acquisition/purchase of capital assets	(78,537)	(137,468)	(216,005)
Principal payments on capital debt	(31,255)	-	(31,255)
Interest and penalties paid	(52,172)	-	(52,172)
Interfund loans	(4,914,876)	(1,290,073)	(6,204,949)
Net cash used	(5,076,840)	(1,427,541)	(6,504,381)
Investing Activities			
Investment earnings	22,985	73,314	96,299
Net cash provided	22,985	73,314	96,299
Net decrease in cash	(1,420,542)	(19,710)	(1,440,252)
Cash and investments - beginning of year	1,420,542	9,092,845	10,513,387
Cash and investment - end of year	\$ -	\$ 9,073,135	\$ 9,073,135
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating loss	\$ (378,287)	\$ (487,638)	\$ (865,925)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation and amortization, a noncash expense	565,064	1,216,449	1,781,513
Uncollectible receivables	6,732	6,107	12,839
Change in Assets and Liabilities:			
Receivables	(28,819)	(8,455)	(37,274)
Accounts payable and accrued expenses	13,480	171,376	184,856
Payroll liabilities	5,531	12,249	17,780
Customer deposits	2,200	-	2,200
Compensated absences	2,099	844	2,943
Net cash provided	\$ 188,000	\$ 910,932	\$ 1,098,932

2019-20

Cash Balance of
\$1.9 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	\$ 3,384,574	\$ 3,747,058	\$ 7,131,632
Payments to suppliers and vendors	(2,554,637)	(1,110,518)	(3,665,155)
Payments for employee costs	(1,247,452)	(1,246,207)	(2,493,659)
Net cash provided by operating activities	(417,515)	1,390,333	972,818
Noncapital Financing Activities			
Capital improvement charges and other	194,491	1,112,610	1,307,101
Net cash provided by noncapital financing activities	194,491	1,112,610	1,307,101
Capital and Related Financing Activities			
Acquisition/purchase of capital assets	(73,700)	(176,414)	(250,114)
Interest and penalties paid	(9,710)	-	(9,710)
Interfund loans	(60,927)	60,927	-
Transfers out	(5,000)	(5,000)	(10,000)
Net cash used by capital and related financing activities	(149,337)	(120,487)	(269,824)
Investing Activities			
Investment earnings	39,267	313,237	352,504
Net cash provided by investing activities	39,267	313,237	352,504
Net increase in cash	(333,094)	2,695,693	2,362,599
Cash and investments - beginning of year	2,256,295	13,990,527	16,246,822
Cash and investment - end of year	\$ 1,923,201	\$ 16,686,220	\$ 18,609,421
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating income	\$ (965,467)	\$ 255,463	\$ (710,004)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	554,514	1,181,827	1,736,341
Uncollectible receivables	6,732	5,810	12,542
Change in Assets and Liabilities:			
Receivables	(69,981)	(26,748)	(96,729)
Prepaid expenses	11,692	3,666	15,358
Accounts payable and accrued expenses	(74,812)	(65,798)	(140,610)
Payroll liabilities	96,393	15,036	111,429
Customer deposits	800	-	800
Compensated absences	22,614	21,077	43,691
Net cash provided by operating activities	\$ (417,515)	\$ 1,390,333	\$ 972,818

AUDIT HIGHLIGHTS ENTERPRISE FUNDS – WASTEWATER

SEWER

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

