

**OLIVEHURST PUBLIC
UTILITY DISTRICT**
Olivehurst, California

**Annual Financial Report
With Independent Auditor's Report Thereon
June 30, 2022**

Draft 12-22-22

OLIVEHURST PUBLIC UTILITY DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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

Opinions

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 (District), as of and for the year ending June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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 District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

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 is the responsibility of management and, 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
[DATE]

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Draft 12-22-22

OLIVEHURST PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2022

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, 2022. 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 type 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 type 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, 2022

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 2021-2022

At June 30, 2022, the District's total assets exceeded total liabilities by \$92.1 million (net position).

- Current assets increased by \$5.0 million to \$39.5 million.
- Capital assets decreased by \$ 1.4 million to \$55.6 million.
- Operating revenues increased by \$0.7 million, or 7.76%, from the prior year.
- Non-operating revenues increased by \$1.7 million, or 37.38%, from the prior year. This is primarily as a result of increasing capacity fees and Measure K revenues.
- Operating expenses increased by \$1.2 million, or 13.17%, from the prior year, due to the increase in personnel and utility costs.
- Non-operating expenses increased by \$4.1 million, or 167.50%, due primarily to the reimbursement of capacity fees.

OLIVEHURST PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2022

Net Position

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

Statements of Net Position

	June 30,		\$ Change	% Change
	2022	2021		
Assets:				
Current assets	\$ 39,483,706	\$ 34,477,299	\$ 5,006,407	14.52%
Capital assets, net	55,649,343	57,095,815	(1,446,472)	-2.53%
Total Assets	<u>95,133,049</u>	<u>91,573,114</u>	<u>3,559,935</u>	3.89%
Liabilities:				
Current liabilities	2,825,242	1,330,446	1,494,796	112.35%
Non-current liabilities	172,794	251,816	(79,022)	-31.38%
Total Liabilities	<u>2,998,036</u>	<u>1,582,262</u>	<u>1,415,774</u>	89.48%
Net Position:				
Net investment in capital assets	55,649,343	57,095,815	(1,446,472)	-2.53%
Restricted	-	134,312	(134,312)	-100.00%
Unrestricted (unreserved)	36,485,670	32,760,725	3,724,945	11.37%
Total Net Position	<u>\$ 92,135,013</u>	<u>\$ 89,990,852</u>	<u>\$ 2,144,161</u>	2.38%

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 \$92.1 million as of June 30, 2022 increasing from \$90.0 million at June 30, 2021.

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 2022, 60.4% of the District's total net position was invested in capital assets.

OLIVEHURST PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2022

Revenues 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 7.76%, and non-operating revenues increased by \$1.7 million, or 37.38%, resulting in total revenues increasing by \$2.5 million, or 17.51%, from the prior year. Operating expenses increased by \$1.2 million, or 13.17%, and non-operating expenses increased by \$2.7 million, or 167.50%, resulting in total expenses increasing by a net of \$3.8 million, or 36.52%, from the prior year.

	Revenues			
	June 30,			
	2022	2021	\$ Change	% Change
Operating Revenues:				
Tax revenues/assessments	\$ 1,683,343	\$ 1,647,545	\$ 35,798	2.17%
Charges for services - Water	4,330,052	3,960,496	369,556	9.33%
Charges for services - Sewer	4,250,694	3,917,320	333,374	8.51%
Total Operating Revenues	<u>10,264,089</u>	<u>9,525,361</u>	<u>738,728</u>	<u>7.76%</u>
Non-Operating Revenues:				
Mitigation fees	215,810	103,383	112,427	108.75%
Measure K revenue	700,365	-	700,365	-
Capacity fees	4,159,505	1,953,348	2,206,157	112.94%
Grant revenue	156,075	-	156,075	-
Interest	259,372	329,306	(69,934)	-21.24%
Other	932,572	2,289,855	(1,357,283)	-59.27%
Total Non-Operating Revenues	<u>6,423,699</u>	<u>4,675,892</u>	<u>1,747,807</u>	<u>37.38%</u>
Total Revenues	<u>\$ 16,687,788</u>	<u>\$ 14,201,253</u>	<u>\$ 2,486,535</u>	<u>17.51%</u>
	Expenses			
	June 30,			
	2022	2021	\$ Change	% Change
Operating Expenses:				
Personnel costs	\$ 3,884,753	\$ 2,839,023	\$ 1,045,730	36.83%
Operations and maintenance	4,386,920	4,312,489	74,431	1.73%
Depreciation	1,791,047	1,740,295	50,752	2.92%
Total Operating Expenses	<u>10,062,720</u>	<u>8,891,807</u>	<u>1,170,913</u>	<u>13.17%</u>
Non-Operating Expenses:				
Interest and amortization	8,486	9,101	(615)	-6.76%
Capital outlay	131,522	1,576,373	(1,444,851)	-91.66%
Other	4,101,078	-	4,101,078	-
Total Non-Operating Expenses	<u>4,241,086</u>	<u>1,585,474</u>	<u>2,655,612</u>	<u>167.50%</u>
Total Expenses	<u>\$ 14,303,806</u>	<u>\$ 10,477,281</u>	<u>\$ 3,826,525</u>	<u>36.52%</u>

OLIVEHURST PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2022

General Fund Budgetary Highlights

The Budgetary Comparison Schedule – General Fund on page 34 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, 2022, actual revenues exceeded the final budget by 49.07% and actual expenditures were under the final budget by 23.47%.

Capital Assets

The District's capital asset balances, net of accumulated depreciation, decreased by \$1,446,472 from June 30, 2021 to June 30, 2022. During the fiscal year ended June 30, 2022, the District reported \$731,239 of additions, \$38,500 of disposals, and an increase in accumulated depreciation of \$2,177,711.

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

Debt

As of June 30, 2022, the District had no long-term debt.

Economic Factors, Budget, and Rates

The Board of Directors adopted the District's 2021-22 Budget on July 18, 2021. The budget provides funding for the District's operating, capital, and debt service costs for the 2021-22 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 12-22-22

OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and investments	\$ 12,567,298	\$ 25,230,813	\$ 37,798,111
Accounts receivable, net	92,180	1,493,309	1,585,489
Interest receivable	23,509	43,057	66,566
Inventory	-	41,959	41,959
Noncurrent assets:			
Capital assets, net of accumulated depreciation	9,445,691	46,203,652	55,649,343
Total assets	22,128,678	73,012,790	95,141,468
Liabilities			
Current liabilities:			
Accounts payable	134,922	1,075,035	1,209,957
Payroll liabilities	87,611	147,894	235,505
Customer deposits	42,369	151,240	193,609
Developer deposits	1,099,904	-	1,099,904
Compensated absences	18,275	67,992	86,267
Total current liabilities	1,383,081	1,442,161	2,825,242
Non-current liabilities:			
Compensated absences	36,606	136,188	172,794
Total liabilities	1,419,687	1,578,349	2,998,036
Net position			
Net investment in capital assets	9,445,691	46,203,652	55,649,343
Restricted for fire mitigation	188,231	-	188,231
Unrestricted	11,075,069	25,230,789	36,305,858
Total net position	\$ 20,708,991	\$ 71,434,441	\$ 92,143,432

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

OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended
June 30, 2022

Functions/Programs	Program Revenues				Changes in Net Position		
	Expenses	Service Charges	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Parks, fire, and administration	\$ 2,012,960	\$ 471,512	\$ 410,775	\$ -	\$ (1,130,673)	\$ -	\$ (1,130,673)
Depreciation	386,664	-	-	-	(386,664)	-	(386,664)
Total Governmental Activities	2,399,624	471,512	410,775	-	(1,517,337)	-	(1,517,337)
Business-Type Activities:							
Water utility	6,337,093	4,330,052	-	2,697,025	-	689,984	689,984
Sewer utility	5,806,910	4,250,694	-	1,618,555	-	62,339	62,339
Total Business-type Activities	12,144,003	8,580,746	-	4,315,580	-	752,323	752,323
Total	\$14,543,627	\$9,052,258	\$ 410,775	\$ 4,315,580	(1,517,337)	752,323	(765,014)
General Revenues:							
					1,691,762	-	1,691,762
					109,643	149,729	259,372
					215,810	-	215,810
					700,365	-	700,365
					50,285	-	50,285
					2,767,865	149,729	2,917,594
					1,250,528	902,052	2,152,580
					19,458,463	70,532,389	89,990,852
					\$ 20,708,991	\$ 71,434,441	\$ 92,143,432

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

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

Draft 12-22-22

**OLIVEHURST PUBLIC UTILITY DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2022**

	<u>General Fund</u>
Assets	
Cash and investments	\$ 12,567,298
Accounts receivable, net	92,180
Interest receivable	<u>23,509</u>
Total assets	<u><u>\$ 12,682,987</u></u>
 Liabilities and Fund Balances	
Liabilities	
Accounts payable	\$ 134,922
Payroll liabilities	87,611
Developer and other deposits	<u>1,142,273</u>
Total liabilities	<u>1,364,806</u>
 Fund Balances	
Restricted for fire mitigation	188,231
Committed for capital asset repair	608,840
Committed for park maintenance	589,000
Unassigned	<u>9,932,110</u>
Total fund balances	<u>11,318,181</u>
Total liabilities and fund balances	<u><u>\$ 12,682,987</u></u>

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

OLIVEHURST PUBLIC UTILITY DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the
Government-Wide Statement of Net Position
June 30, 2022

Fund Balances of Governmental Funds	\$ 11,318,181
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.	9,445,691
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>(54,881)</u>
Net position of governmental activities	<u>\$ 20,708,991</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 FUNDS
For the Year Ended
June 30, 2022

	General Fund
Revenues	
Taxes and assessments	\$ 1,691,762
Service charges	471,512
Use of money and property	109,643
Mitigation fees	215,810
Intergovernmental revenues	410,775
Measure K revenue	700,365
Other revenues	50,285
Total Revenues	3,650,152
Expenditures	
Salaries and benefits	1,090,557
Services and supplies	937,724
Capital outlay	131,522
Total Expenditures	2,159,803
Net Change in Fund Balance	1,490,349
Fund Balances, beginning of year	9,827,832
Fund Balances, end of year	\$ 11,318,181

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
June 30, 2022

Net Change in Fund Balances - Total Governmental Funds	\$ 1,490,349
<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>	131,522
<p>Depreciation expense is recorded in the Statement of Activities but not in the Statement of Revenues, Expenditures, and Changes in Fund Balances</p>	(386,664)
<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>15,321</u>
Change in net position of governmental activities	<u><u>\$ 1,250,528</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, 2022

	Fire	Lighting	Parks and Recreation	Administration	Total General
Revenues					
Taxes and assessments	\$ 793,054	\$ 97,439	\$ 801,269	\$ -	\$ 1,691,762
Service charges	465,317	-	6,495	-	471,812
Use of money and property	-	-	41,348	66,749	108,097
Mitigation fees	215,810	-	-	-	215,810
Intergovernmental revenues	388,587	-	22,188	701,911	1,112,686
Other revenues	5,200	-	9,028	35,757	49,985
Total Revenues	1,867,968	97,439	880,328	804,417	3,650,152
Expenditures					
Salaries and benefits	1,018,074	-	208,350	(135,867)	1,090,557
Services and supplies	201,900	47,204	484,188	204,432	937,724
Capital outlay	10,477	-	121,045	-	131,522
Total Expenditures	1,230,451	47,204	813,583	68,565	2,159,803
Excess of Revenues Over Expenditures	\$ 637,517	\$ 50,235	\$ 66,745	\$ 735,852	\$ 1,490,349

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

OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2022

	Enterprise Funds		Totals
	Water	Sewer	
Assets			
Current assets			
Cash and investments	\$ 6,102,456	\$ 19,128,357	\$ 25,230,813
Accounts receivable, net of allowance \$120,093 and \$93,465, respectively	632,711	860,598	1,493,309
Interest receivable	10,564	32,493	43,057
Inventory	41,959	-	41,959
Advance receivable	-	2,504,676	2,504,676
Total current assets	6,787,690	22,526,124	29,313,814
Non-current assets			
Capital assets, net of accumulated depreciation	20,062,703	26,140,949	46,203,652
Total assets	\$ 26,850,393	\$ 48,667,073	\$ 75,517,466
Liabilities and Net Position			
Current liabilities			
Accounts payable	\$ 330,188	\$ 744,847	\$ 1,075,035
Payroll liabilities	88,703	59,191	147,894
Customer deposits	100,120	51,120	151,240
Advance payable	2,504,676	-	2,504,676
Compensated absences	33,490	34,502	67,992
Total current liabilities	3,057,177	889,660	3,946,837
Non-current liabilities			
Compensated absences	67,081	69,107	136,188
Total liabilities	3,124,258	958,767	4,083,025
Net position			
Net investment in capital assets	20,062,703	26,140,949	46,203,652
Unrestricted	3,663,432	21,567,357	25,230,789
Total net position	23,726,135	47,708,306	71,434,441
Total liabilities and net position	\$ 26,850,393	\$ 48,667,073	\$ 75,517,466

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, 2022

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Water</u>	<u>Sewer</u>	
Operating Revenues			
Charges for services	\$ 4,330,052	\$ 4,250,694	\$ 8,580,746
Operating Expenses			
Personnel costs	1,287,056	1,507,140	2,794,196
Operations and maintenance	1,661,007	1,788,189	3,449,196
Depreciation	572,375	1,218,672	1,791,047
Total operating expenses	<u>3,520,438</u>	<u>4,514,001</u>	<u>8,034,439</u>
Operating income	<u>809,614</u>	<u>(263,307)</u>	<u>546,307</u>
Non-Operating Revenues (Expenses)			
Capital improvement charges	2,540,950	1,618,555	4,159,505
Use of money and property	24,738	124,991	149,729
Grant revenue	156,075	-	156,075
Capacity fees - Sanitary Sewer Overflow (SSO) expansion design	-	(1,292,909)	(1,292,909)
Capacity fees - Plumas Lake Owners Group (PLOG) reimbursement	(2,808,169)	-	(2,808,169)
Interest and amortization expense	(8,486)	-	(8,486)
Net non-operating revenues (expenses)	<u>(94,892)</u>	<u>450,637</u>	<u>355,745</u>
Change in Net Position	714,722	187,330	902,052
Net position - beginning of the year	<u>23,011,413</u>	<u>47,520,976</u>	<u>70,532,389</u>
Net position - ending of the year	<u>\$ 23,726,135</u>	<u>\$ 47,708,306</u>	<u>\$ 71,434,441</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, 2022

CASH FLOWS PROVIDED BY (USED FOR)	Enterprise Funds		Totals
	Water	Sewer	
Operating Activities			
Receipts from customers	\$ 4,042,629	\$ 3,836,445	\$ 7,879,074
Payments to suppliers and vendors	(1,374,612)	(994,455)	(2,369,067)
Payments for employee costs	(1,237,934)	(1,477,125)	(2,715,059)
Net cash provided by operating activities	1,430,083	1,364,865	2,794,948
Non-capital Financing Activities			
Capital improvement charges and other	2,540,950	1,618,555	4,159,505
Net cash provided by non-capital financing activities	2,540,950	1,618,555	4,159,505
Capital and Related Financing Activities			
Acquisition/purchase of capital assets	(188,851)	(410,866)	(599,717)
Grant revenue	156,075	-	156,075
Interest and penalties paid	(8,486)	-	(8,486)
Capacity fee - SSO reimbursement	-	(1,292,909)	(1,292,909)
Capacity fee - PLOG reimbursement	(2,808,169)	-	(2,808,169)
Interfund loans	1,656,101	(1,656,101)	-
Net cash used by capital and related financing activities	(1,193,330)	(3,359,876)	(4,553,206)
Investing Activities			
Investment earnings	19,052	122,354	141,406
Net cash provided by investing activities	19,052	122,354	141,406
Net increase (decrease) in cash	2,796,755	(254,102)	2,542,653
Cash and investments - beginning of year	3,305,701	19,382,459	22,688,160
Cash and investment - end of year	\$ 6,102,456	\$ 19,128,357	\$ 25,230,813
Reconciliation of Operating Income to			
Net Cash Provided by Operating Activities:			
Operating income (loss)	\$ 809,614	\$ (263,307)	\$ 546,307
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	572,375	1,218,672	1,791,047
Uncollectible receivables	8,056	6,462	14,518
Change in Assets and Liabilities:			
Receivables	(321,078)	(420,711)	(741,789)
Prepaid expenses	94,837	118,865	213,702
Inventory	(41,959)	-	(41,959)
Accounts payable and accrued expenses	233,517	674,869	908,386
Payroll liabilities	44,182	12,389	56,571
Customer deposits	25,600	-	25,600
Compensated absences	4,940	17,626	22,566
Net cash provided by operating activities	\$ 1,430,083	\$ 1,364,865	\$ 2,794,948

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

OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

Assets	CFD 2002-1	CFD 2005-1	CFD 2005-2	Park Developer Fees	Total Agency Funds
Cash and investments	\$ 4,273,320	\$ 854,654	\$ 117,713	\$15,309,981	\$20,555,668
Cash with fiscal agent	290,459	-	-	-	290,459
Interest receivable	7,688	-	-	27,545	35,233
Receivable - property owners	6,883,700	-	-	-	6,883,700
Total assets	11,455,167	854,654	117,713	15,337,526	27,765,060
Liabilities					
Due to others	2,900	-	1,108	-	4,008
Park development fees	-	123,923	-	-	123,923
Bonds payable	6,883,700	-	-	-	6,883,700
Total liabilities	6,886,600	123,923	1,108	-	7,011,631
Net Position Held in Trust	\$ 4,568,567	\$ 730,731	\$ 116,605	\$15,337,526	\$20,753,429

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

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2022

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. 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, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Basis of Presentation - continued

Fund Financial Statements

The fund financial statements provide information about the District'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, 2022

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.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

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, 2022

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.

For purposes of the statement of cash flows, the District has defined cash and cash equivalents to be change and petty cash funds, equity in the District's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

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. Inventory

Inventory consists primarily of water meters that will be used for installation on new construction. Inventory is valued at lower of cost or market using a first-in, first-out (FIFO) basis. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

I. 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.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

I. Property, Plant, and Equipment - continued

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

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.

J. 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.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. 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.
- 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.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

K. Net Position / Fund Balance - continued

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

L. 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.

M. 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.

N. 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. 91	“Conduit Debt Obligations”	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 94	“Public-Private and Public-Public Partnerships and Availability Payment Arrangements”	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	“Subscription-Based Information Technology Arrangements”	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 99	“Omnibus 2022”	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 100	“Accounting Changes and Error Corrections”	The provisions of this statement are effective for fiscal years beginning after June 15, 2023.
Statement No. 101	“Compensated Absences”	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2022

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.

NOTE 4: CASH AND INVESTMENTS

Cash and investments as of June 30, 2022, are classified in the accompanying financial statements as follows:

Statement of Net Position - Cash and investments	\$ 37,798,111
Statement of Fiduciary Net Position:	
Cash and investments	20,555,668
Cash and investments with fiscal agent	290,459
Total Cash and Investments	<u>\$ 58,644,238</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	\$ 57,756,063
Deposit with financial institutions	596,466
Treasury obligations (cash with fiscal agent)	290,459
Cash on hand	1,250
	<u>\$ 58,644,238</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 97.071% 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, 2022

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, 2022

NOTE 5: CAPITAL ASSETS

Capital activity for the year ended June 30, 2022, is as follows in the tables below:

	Balance July 1, 2021	Additions	Disposals	Balance June 30, 2022
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	10,920,249	-	-	10,920,249
Building and improvements	1,501,491	105,208	-	1,606,699
Equipment and furnishings	3,038,138	26,314	(38,500)	3,025,952
Total cost, depreciating assets	15,459,878	131,522	(38,500)	15,552,900
Accumulated depreciation	(5,774,723)	(386,664)	38,500	(6,122,887)
Net, depreciating capital assets	9,685,155	(255,142)	-	9,430,013
Governmental Type Capital Assets	<u>\$ 9,700,833</u>	<u>\$ (255,142)</u>	<u>\$ -</u>	<u>\$ 9,445,691</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	46,716,277	95,563	-	46,811,840
Building and improvements	26,058,751	51,743	-	26,110,494
Equipment and furnishings	6,981,271	452,411	-	7,433,682
Total cost, depreciating assets	79,756,299	599,717	-	80,356,016
Accumulated depreciation	(32,585,952)	(1,791,047)	-	(34,376,999)
Net depreciating capital assets	47,170,347	(1,191,330)	-	45,979,017
Net Business type activities	<u>\$ 47,394,982</u>	<u>\$ (1,191,330)</u>	<u>\$ -</u>	<u>\$ 46,203,652</u>

Depreciation expense of \$386,664 was charged to fire and parks, \$572,375 was charged to water, and \$1,218,672 was charged to sewer for a total of \$2,177,711 for the year.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2022

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, 2022:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 47,790	\$ 23,283	\$ (16,192)	\$ 54,881	\$ 18,275
	<u>\$ 47,790</u>	<u>\$ 23,283</u>	<u>\$ (16,192)</u>	<u>\$ 54,881</u>	<u>\$ 18,275</u>
Business-Type Activities:					
Compensated absences	\$ 181,614	\$ 98,093	\$ (75,527)	\$ 204,180	\$ 67,992
	<u>\$ 181,614</u>	<u>\$ 98,093</u>	<u>\$ (75,527)</u>	<u>\$ 204,180</u>	<u>\$ 67,992</u>

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, 2022

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 or older and has 15 years of continuous service with the District.

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, 2022 was \$786,424.

In April 2022, the Water Fund received a loan from the Sewer Fund in the amount \$1,800,000. The proceeds of the loan will be used to pay off the District's capacity fee reimbursement to the Plumas Lake Owners Group (PLOG). The interest rate on the advance is 1% and will be paid over a term of 20 years. The balance of the loan at June 30, 2022 was \$1,718,252.

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, 2022, 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 \$6,883,700 at June 30, 2022.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Basic Financial Statements
June 30, 2022

NOTE 10: RETIREMENT COMMITMENTS

A. Plan Description

The District’s pension plan allows employees the option of putting money in an Operating Engineers Pension Trust plan (based on maximum actual hours worked) or a Deferred Compensation plan with a bank. The Operating Engineers Pension Trust plan is only available to members of the union, and is defined by the union agreement with Operating Engineers Local Union No. 3 Public Employees Division.

B. Funding Policy

For active plan members in the pension plan, 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 maximum amount of contribution to a Deferred Compensation plan of the plan members are established by State statute. 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, 2020, 2021, and 2022, the total required contributions were as follows:

<u>Year Ended</u>	<u>Trust Plan</u>	<u>Deferred Plan</u>	<u>Total Cost</u>
June 30, 2020	\$ 40,315	\$ 235,109	\$ 275,424
June 30, 2021	\$ 40,304	\$ 248,112	\$ 288,416
June 30, 2022	\$ 43,487	\$ 264,976	\$ 308,463

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, 2022

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: 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 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through [DATE], the date which the financial statements were available to be issued. Based upon this evaluation it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

Draft 12-22-22

OLIVEHURST PUBLIC UTILITY DISTRICT
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended
June 30, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes and assessments	\$ 1,497,670	\$ 1,503,770	\$ 1,691,762	\$ 187,992
Service charges	416,424	421,924	471,512	49,588
Use of money and property	56,750	56,750	109,643	52,893
Mitigation fees	85,000	85,000	215,810	130,810
Intergovernmental revenues	80,000	311,706	410,775	99,069
Measure K revenue	-	-	700,365	700,365
Other revenues	59,387	69,387	50,285	(19,102)
Total Revenues	2,195,231	2,448,537	3,650,152	1,201,615
Expenditures				
Salaries and benefits	691,800	908,250	1,090,557	(182,307)
Services and supplies	1,629,376	1,881,353	937,724	943,629
Capital outlay	33,700	32,700	131,522	(98,822)
Total Expenditures	2,354,876	2,822,303	2,159,803	662,500
Excess of Revenues Over				
Expenditures	(159,645)	(373,766)	1,490,349	1,864,115
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)	11,560	11,560	-	(11,560)
Net Change in Fund Balance	\$ (148,085)	\$ (362,206)	\$ 1,490,349	\$ 1,852,555

See accompanying footnote.

OLIVEHURST PUBLIC UTILITY DISTRICT

Notes to Required Supplementary Information
June 30, 2022

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, 2022, 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.