

FORESTHILL PUBLIC UTILITY DISTRICT

AGENDA

Regular Meeting of
FORESTHILL PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS
Veteran's Memorial Hall, 24601 Harrison Street, Foresthill, CA 95631
www.foresthillpud.com

Wednesday	January 8, 2020	2:00 P.M.
-----------	-----------------	-----------

A. CALL TO ORDER:

B. ROLL CALL:

_____ President Neil Cochran
_____ Vice President Mark Bell
_____ Treasurer Linda Cholcher
_____ Director Helen Rogers West
_____ Director Patty Wade

C. PLEDGE OF ALLEGIANCE:

D. PUBLIC COMMENT: This is the time for any member of the public to address the Board of Directors on any matter not on the agenda that is within the subject matter jurisdiction of the District. Directors and staff are limited by law to brief responses and clarifying questions or comments. There will be no votes on non-agenda items. Concerns may be referred to staff or placed on the next available agenda. Please note that comments from the public will also be taken on each agenda item. Comments shall be limited to three minutes per person, or such other time limit as may be imposed by the President. If all public comments cannot be heard within the three minute time limit, the President may move the remaining public comments to the end of the meeting.

E. ADOPTION OF THE AGENDA:

F. CONSENT AGENDA: All items listed under the Consent Agenda are considered to be routine in nature and may be approved by one motion.

1. Minutes of December 11, 2019 Regular Meeting
2. Minutes of December 16, 2019 Finance Committee Meeting

G. ACTION ITEMS:

1. Organizational Meeting and election of officers per Policy 5010.50
Recommended Action: Elect a President, Vice President, Treasurer and appoint the Board Clerk and Ex-Officio Secretary
Public comment:
2. Board President to appoint Standing Committee members and Chairpersons
Recommended Action: Direct staff accordingly

Public Comment:

3. Presentation of the annual audit for fiscal year 2018/2019 as presented by Craig Fechter
Recommended Action: Receive and file annual audit for fiscal year 2018/2019

Public comment:

4. Consideration of Finance Committee recommendation for a 3% cost of living adjustment to salary schedule (Policy 2390) and a 2.5% range adjustment to salary schedule

Recommended Action: Consider recommendation and direct staff accordingly

Public comment:

H. DISCUSSION ITEMS:

1. General Manager Report
2. Remarks/reports by Directors

I. CLOSED SESSION

1. Conference with Legal Counsel — Existing Litigation Subdivision (a) of Government Code Section 54956.9. Name of Case: Miner's Camp vs. Foresthill Public Utility District
2. Conference with Legal Counsel — Existing Litigation Subdivision (a) of Government Code Section 54956.9. Name of Case: Hillcrest Mobile Home Park vs. Foresthill Public Utility District
3. Conference with legal counsel – Anticipated litigation – pursuant to subdivision (b) of Section 54956.9 of the Government Code. Potential cases: One

J. ADJOURNMENT: To Wednesday February 12, 2020 for a regular meeting of the Foresthill Public Utility District

In accordance with Government Code Section 54954.2(a) this notice and agenda were posted in the District's front window at the Foresthill Public Utility District office, 24540 Main Street, Foresthill, CA 95631 on or before 4:30 p.m., December 31, 2019.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the General Manager at (530)367-2511. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting.

Henry N. White, Board Clerk & Ex-Officio Secretary

FORESTHILL PUBLIC UTILITY DISTRICT

MINUTES

Regular Meeting of
FORESTHILL PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS
 Veteran's Memorial Hall, 24601 Harrison Street, Foresthill, CA 95631
www.foresthillpud.com

Wednesday	December 11, 2019	2:00 P.M.
-----------	-------------------	-----------

A. CALL TO ORDER: *President Cochran called the meeting to order at 2:01 PM*

B. ROLL CALL:

_____ President Neil Cochran	<i>Present</i>
_____ Vice President Mark Bell	<i>Present</i>
_____ Treasurer Linda Cholcher	<i>Present</i>
_____ Director Helen Rogers West	<i>Excused</i>
_____ Director Patty Wade	<i>Present</i>

C. PLEDGE OF ALLEGIANCE: *The pledge was led by Hank White*

D. PUBLIC COMMENT: This is the time for any member of the public to address the Board of Directors on any matter not on the agenda that is within the subject matter jurisdiction of the District. Directors and staff are limited by law to brief responses and clarifying questions or comments. There will be no votes on non-agenda items. Concerns may be referred to staff or placed on the next available agenda. Please note that comments from the public will also be taken on each agenda item. Comments shall be limited to three minutes per person, or such other time limit as may be imposed by the President. If all public comments cannot be heard within the three minute time limit, the President may move the remaining public comments to the end of the meeting. *Public comments were received.*

E. ADOPTION OF THE AGENDA: *Treasurer Cholcher made a motion to adopt the agenda. The motion was seconded by Director Wade and carried unanimously (4-0).*

F. CONSENT AGENDA: All items listed under the Consent Agenda are considered to be routine in nature and may be approved by one motion.

1. Minutes of November 12, 2019 Special Meeting
2. Minutes of November 13, 2019 Regular Meeting
3. Minutes of November 18, 2019 Special Meeting
4. Minutes of November 25, 2019 Finance Committee Meeting
5. Minutes of December 4, 2019 Special Meeting
6. Cash Disbursements Register, September 2019
7. Statement of Net Position, September 2019
8. Statement of Revenues & Expense, September 30, 2019
9. Monthly and Year to Date Report, September 30, 2019
10. Fund Accounts September 30, 2019
11. Investment Policy Compliance, September 30, 2019

12. Quality Analysis Report, September 30, 2019
13. Activity Detail, September 30, 2019
14. Portfolio Graphically Presented, September 30, 2019

Board Action: *Vice President Bell made a motion to remove Item 3 from the consent agenda. The motion died for lack of a second.*

Board Action: *Treasurer Cholcher made a motion to approve the consent agenda without Item 3 (November 18, 2019 Special Meeting minutes). The motion was seconded by Director Wade and carried unanimously (4-0).*

Board Action: *Vice President Bell made a motion to approve Item 3 with a spelling correction in item F 1. of the minutes. The item was seconded by Treasurer Cholcher and carried unanimously (4-0).*

G. DISCUSSION ITEMS:

1. General Manager Report
2. Remarks/reports by Directors

H. CLOSED SESSION *At 3:14 PM Vice President Bell made a motion to adjourn the open meeting. The motion was seconded by Treasurer Cholcher and carried unanimously (4-0).*

1. Conference with Legal Counsel — Existing Litigation Subdivision (a) of Government Code Section 54956.9. Name of Case: Miner's Camp vs. Foresthill Public Utility District
2. Conference with Legal Counsel — Existing Litigation Subdivision (a) of Government Code Section 54956.9. Name of Case: Hillcrest Mobile Home Park vs. Foresthill Public Utility District
3. Conference with legal counsel – Anticipated litigation – pursuant to subdivision (b) of Section 54956.9 of the Government Code. Potential cases: One

I. ADJOURNMENT: *At 5:27 PM President Cochran announced that no reportable action was taken during closed session and adjourned the meeting.*

Submitted by:

Attest:

Neil Cochran, Board President
Secretary

Henry N. White, Clerk and Ex-Officio

FORESTHILL PUBLIC UTILITY DISTRICT

MINUTES

FINANCE COMMITTEE MEETING OF FORESTHILL PUBLIC UTILITY DISTRICT
FORESTHILL LIBRARY CONFERENCE ROOM 24580 MAIN STREET,
FORESTHILL, CA 95631
www.foresthillpud.com

Monday	December 16, 2019	2:00 p.m.
--------	-------------------	-----------

A. CALL TO ORDER: *Chairman Bell called the meeting to order at 2:05 PM*

B. ROLL CALL:

_____ Mark Bell, Chair
_____ Linda Cholcher

Present
Present

C. PLEDGE OF ALLEGIANCE: *Led by Chairman Bell*

D. PUBLIC COMMENT: Any member of the public may address the Board of Directors on any matter not on the agenda that is within the subject matter jurisdiction of the District. Comments shall be limited to five minutes per person, or such other time limit as may be imposed by the Chair. *No public comments were offered*

E. BUSINESS:

1. Discuss potential COLA adjustment to salary schedule: *The Committee agreed to recommend a 3% cost of living adjustment to all ranges and a 2.5% range adjustment to all non-supervisory ranges to the Board of Directors*
Public Comment: *Received*

2. Discuss changes to Policy 2030: *The Committee discussed the current district holiday schedule and potential changes. The item will return to committee for additional discussion*
Public Comment: *Received*

F. ADJOURNMENT: *Chairman Bell adjourned the meeting at 2:38 PM*

Submitted by:

Attest:

Mark Bell, Finance Committee Chairman

Henry N. White, Board Clerk & Ex-Officio Secretary

FORESTHILL PUBLIC UTILITY DISTRICT POLICY HANDBOOK

POLICY TITLE: Board Meetings
POLICY NUMBER: 5010

5010.10 Regular meeting of the Board of Directors shall be held on the 2nd Wednesday of each calendar month at 2:00 p.m. at the Foresthill Veteran's Memorial Hall, Leroy E. Botts Memorial Park, 24601 Harrison Street, Foresthill, CA 95631. The frequency, date, time and place of regular Board meetings may be reconsidered annually at the annual organizational meeting of the Board. Regular meetings of the Board are subject to cancellation by direction of the President or Vice President (or by action of the Board at a prior meeting) when it reasonably appears that insufficient business, or conflicting schedules of Board members, render such meeting unnecessary or infeasible.

5010.20 Special meetings of the Board of Directors may be called by the Board President or by a majority of the Board.

5010.21 All Directors shall be notified of the special Board meeting and the purpose or purposes for which it is called. Said notification shall be in writing prepared by the Board's Clerk and Ex-Officio Secretary and received by them at least 24 hours prior to the meeting. The presence of a Board member at the Special Meeting shall be deemed an acknowledgment by that Board member that adequate notice was provided.

5010.22 Newspapers of general circulation in the District, radio stations and television stations, organizations, and property owners who have requested notice of special meetings in accordance with the Ralph M. Brown Act (California Government Code 54950 through 54926) shall be notified by a mailing unless the special meeting is called less than one week in advance, in which case notice, including business to be transacted, will be given by telephone, facsimile or e-mail during business hours as soon after the meeting is scheduled as practicable.

5010.23 An agenda for the special meeting describing the matters to be considered shall be prepared and shall be delivered and posted with the notice of the special meeting to those specified above, no later than 24 hours before the convening of the meeting.

5010.24 Only those items of business listed in the call for the special meeting shall be considered by the Board at any special meeting, and no items may be added to the posted agenda

5010.30 Emergency Meetings. In the event of an emergency situation involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, the Board of Directors may hold an emergency special meeting without complying with the 24-hour notice required in 5010.21, above. An emergency situation means a crippling disaster which severely impairs public health, safety, or both, as determined by the General Manager, Board President or Vice President in the President's absence or a majority of the Board.

5010.31 Newspapers of general circulation in the District, radio stations and television stations which have requested notice of special meetings in accordance with the Ralph M. Brown Act (California Government Code §54950 through §54926) shall be notified by at least one hour prior to the emergency meeting. In the event that telephone services are not functioning, the notice requirement of one hour is waived, but the Board, or its designee, shall notify such newspapers, radio stations, or television stations that an emergency special meeting was held, and report any action taken by the Board, as soon after the meeting as possible.

5010.32 No closed session may be held during an emergency special meeting, and all other rules governing special meetings shall be observed with the exception of the twenty-four (24) hour notice. The minutes of the emergency special meeting, a list of persons the General Manager or designee notified or attempted to notify, a copy of the roll call vote(s), and any actions taken at such meeting shall be posted for a minimum of ten (10) days in the District office as soon after the meeting as possible.

5010.40 Adjourned Meetings. A majority vote by the Board of Directors may adjourn any Board meeting at any place in the agenda to a time and place specified in the order of adjournment, except that if no Directors are present at any regular or adjourned regular meeting, the General Manager or the Board's Clerk and Ex-Officio Secretary may declare the meeting adjourned to a stated time and place, and he/she shall cause a written notice of adjournment to be given to those specified in 5010.22 above.

5010.50 Annual Organizational Meeting. The Board of Directors shall hold an annual organizational meeting at its regular meeting in January. At this meeting the Board will elect a President, Vice President and Treasurer from among its members to serve during the coming calendar year, and will appoint the General Manager or other designee as the Board's Clerk and Ex-Officio Secretary .

5010.51 The Board of Directors shall select the President, Vice President and Treasurer by seniority advancing rotation; Director to Treasurer, Treasurer to Vice President, Vice President to President, President to Director and so on.

5010.60 The Chairperson of the meetings described herein may adjust the order in which an item appearing on the posted agenda, other than a Special Order, shall be considered for discussion and/or action by the Board.

5010.70 The Chairperson and the General Manager shall insure that appropriate information is available for the audience at meetings of the Board of Directors, and that physical facilities for said meetings are functional and appropriate.

November 18, 2019

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

We have audited the financial statements of the Foresthill Public Utility District for the year ended June 30, 2019 and have issued our report thereon dated November 18, 2019. 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 Foresthill 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 Foresthill Public Utility District taken as a whole.

To the Board of Directors
Foresthill Public Utility District
Foresthill, 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

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 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 payroll and compensated absences
- Litigation accrual and disclosure
- Capital asset lives and depreciation expense

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 68 entries on behalf of the district
- Litigation accrual
- Beginning balance adjustments posted 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.

Current Year Findings

None.

FORESTHILL PUBLIC UTILITY DISTRICT
MANAGEMENT REPORT
JUNE 30, 2019

FORESTHILL PUBLIC UTILITY DISTRICT

**ANNUAL FINANCIAL REPORT
With
Independent Auditor's Report Thereon**

JUNE 30, 2019



	<u>Page</u>
Table of Contents	i
District Officials.....	ii
INDEPENDENT AUDITOR’S REPORT	1-2
MANAGEMENT’S DISCUSSION AND ANALYSIS	3-10
 BASIC FINANCIAL STATEMENTS	
<i>GOVERNMENT-WIDE FINANCIAL STATEMENTS:</i>	
Statement of Net Position	11
Statement of Activities	12
 <i>FUND FINANCIAL STATEMENTS:</i>	
Balance Sheet – Governmental Fund – Assessment District No. 2 Debt Service Fund.....	13
Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds Assessment District No. 2 Debt Service Fund	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-wide Statement of Activities.....	16
Statement of Net Position – District Enterprise Fund	17
Statement of Revenues, Expenses and Changes in Net Position – District Enterprise Fund.....	18
Statement of Cash Flows – District Enterprise Fund.....	19-20
Notes to the Basic Financial Statements.....	21-43
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Proportionate Share of the Net Pension Liability and contributions	44
Notes to the Required Supplementary Information.....	45
 SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenses, and Change in Net Position – Budget and Actual – District Enterprise Fund	46
Schedule of Operating Expenses – District Enterprise Fund	47-48
Debt Covenant Ratio	49

DISTRICT BOARD OF DIRECTORS

- | | |
|----------------------------------|----------------|
| • <i>Neil Cochran</i> | President |
| • <i>Mark Bell</i> | Vice President |
| • <i>Linda Cholcher</i> | Treasurer |
| • <i>Patty Wade</i> | Director |
| • <i>Helen Rogers West</i> | Director |

OTHER DISTRICT OFFICIALS

- | | |
|------------------------------|-----------------|
| • <i>Henry White</i> | General Manager |
| • <i>Roger Carroll</i> | Finance Manager |



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities and the business-type activities of Foresthill Public Utility District (the District), as of and for the year ended June 30, 2019, 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 Statement

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 an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2019, and the results of its operations and cash flows for the year then ended in conformity 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 information, the schedule of the District's proportionate share of the net pension liability, and the schedule of contributions, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Budget to actual, schedule of operating expense and debt covenant ratios are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied to the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Fechter & Company
Certified Public Accountants



Sacramento, California
November 18, 2019

This section of the Foresthill Public Utility District (District) annual financial report presents a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's Government-wide Net Position increased 17.22% or \$1,472,352 to \$10.2 million in fiscal year 2019.
- In 2019, the District's Enterprise Fund's total operating revenues increased 12.8% or \$349,384 from the prior year.
- In 2019, the District's operating expenses before depreciation and interest increased by 15.03% or \$228,827 over the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this report consists of the following parts:

- Independent Auditor's Report;
- Management's Discussion and Analysis (this section);
- Basic Financial Statements:
 - Government-Wide Financial Statements;
 - Fund Financial Statements; and
 - Notes to Financial Statements
- Required Supplementary Information
- Supplemental Information
- Other reports

The basic financial statements include two kinds of statements that present different views of the District.

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position (page 11) 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 the District's financial improvement or deterioration.

The Statement of Activities (page 12) presents information showing how the government's net position changed during the past 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 (accrual basis of accounting). Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenue – “governmental activities” from other functions that are intended to recover all or a significant portion of their costs through users fees and charges – “business-type activities.” The government activities of the Foresthill Public Utility District includes debt service for the improvement bonds. The business-type activity of the District's is the water system.

FUND FINANCIAL STATEMENTS

A “fund” is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Foresthill Public Utility District can be divided into two categories:

- Governmental Funds; and
- Proprietary Funds

Governmental funds are used to account for essentially the same functions reported as “governmental activities” in the government-wide financial statements. However, unlike those statements, the focus in these statements is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District has only one governmental fund: Assessment District No. 2 Debt Service Fund. Proprietary funds are generally used to account for services for which the District charges customers. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The District maintains one type of proprietary fund, an enterprise fund, as described below.

Enterprise funds are used to report the same functions as presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for water operations.

NOTES TO FINANCIAL STATEMENTS

The Notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-42 of this report.

REQUIRED SUPPLEMENTARY INFORMATION

The required supplementary information regarding the funding progress of the District's pension plan can be found starting on page 43 of this report.

SUPPLEMENTAL INFORMATION

These schedules are for additional analyses for the District Enterprise Fund and can be found beginning on page 45.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

ANALYSIS OF NET POSITION

With the consolidation of government-wide net position into one statement and other changes such as the exclusion of fiduciary funds, net position may now serve as a useful indicator of a government's financial position. For the District, assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$10.02 million.

The Summary of Net Position is as follows:

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets	\$ (64,362)	\$ 5,361,516	\$ 5,297,154
Other noncurrent assets	1,311,822	-	1,311,822
Capital assets, net	-	8,503,912	8,503,912
Total Assets	<u>1,247,460</u>	<u>13,865,428</u>	<u>15,112,888</u>
Deferred Outflows:			
Pension payments	<u>-</u>	<u>427,491</u>	<u>427,491</u>
Liabilities:			
Current liabilities	121,041	558,928	679,969
Long-term liabilities	<u>1,962,000</u>	<u>1,471,980</u>	<u>3,433,980</u>
Total Liabilities	<u>2,083,041</u>	<u>2,030,909</u>	<u>4,113,949</u>
Deferred Outflows:			
Pension receipts	-	108,862	108,862
Special assessments	<u>1,295,663</u>	<u>-</u>	<u>1,295,663</u>
Total Deferred inflows	<u>1,295,663</u>	<u>108,862</u>	<u>1,404,525</u>
Net Position:			
Net investment in capital assets	-	7,155,943	7,155,943
Restricted	-	1,744,102	1,744,102
Unrestricted (unreserved)	<u>(2,131,243)</u>	<u>3,253,103</u>	<u>1,121,860</u>
Total Net Position	<u>\$ (2,131,243)</u>	<u>\$ 12,153,148</u>	<u>\$ 10,021,905</u>

- Total Net Position increased by \$1,472,352 from 2018 to 2019.
- \$7.16 million (71.23%) is invested in capital assets (e.g., land, buildings, other improvements, construction in progress, and equipment) less any outstanding related debt used to acquire these assets. The District uses these capital assets to provide services to the community; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- \$1.74 million (17.36%) in net position are earmarked and represent resources that are subject to external restrictions on how they may be used. The detail of these figure can be found in the Restricted Net position in the Business-type Activities.
- The remaining unrestricted net position for 2019 is \$1,121,860, while in 2018 it was a net position was \$136,043.

CHANGES IN NET POSITION

The following table reflects the change in net position for Governmental and Business-Type Activities:

	Governmental Activities	Business-Type Activities	Total
Program Revenues:			
Sales of water	\$ -	\$ 2,007,713	\$ 2,007,713
Transfer of surplus water		186,400	186,400
Sugar Pine surcharge	-	214,955	214,955
Rehabilitation and system surcharges	-	542,791	542,791
Water service related fees	-	18,657	18,657
Grant income	-	37,016	37,016
Other income	-	69,818	69,818
Total Operating Revenues	-	3,077,350	3,077,350
Program Expenses:			
Source of supply	-	52,067	52,067
Pumping	-	20,197	20,197
Water treatment	-	241,308	241,308
Transmission and distribution	-	522,930	522,930
Customer service	-	385,489	385,489
Regulatory compliance	-	201,001	201,001
Administration and general	977	327,060	328,037
Depreciation and amortization	-	292,154	292,154
Interest expense	67,797	45,641	113,438
Total	68,774	2,087,847	2,156,621
Non-Operating Revenues (Expenses):			
Interest income	\$ 308	\$ 143,998	\$ 144,306
Assessments received	84,479	-	84,479
Property taxes	-	119,824	119,824
Capital facility fees	-	73,738	73,738
Reimbursements	-	-	-
Other revenue	16,572	-	16,572
Total	101,359	337,560	438,919
Change in Net Position	32,585	1,327,063	1,359,648
Fund Balances, beginning of year	(2,163,828)	10,713,381	8,549,553
Prior period adjustment	-	112,704	112,704
Fund Balances, end of year	\$ (2,131,243)	\$ 12,153,148	\$ 10,021,905

Governmental Activities changed the District's net position by \$32,586. Business-type Activities changed the District's net position as follows:

Increase in capital assets, net of related debt	\$ 296,219
Decrease in reserve for capital activities	(176,792)
Increase in reserve for repairs and replacements	387,015
Decrease in reserve for debt service	(19,907)
Increase in unrestricted reserves	840,528
Change in net position	<u>\$ 1,327,063</u>

Such increases in net position are vital to the District as capital projects must be "saved up" for. Subsequent to year end, the District began a pipeline replacement project which, to date, has cost \$1,106,000. Additional projects are planned and will be completed as the necessary reserves are accumulated.

REVENUES

The Governmental Activities total revenues and transfers were \$101,360 and Business-Type Activity revenues were \$3.41 million for the year ended June 30, 2019. This represented a total increase of \$435,268 from 2018.

Program revenues include charges for services and grants and contributions. Program revenues provided approximately \$3.08 million for business-type activities.

General revenues include, among other things, taxes, assessments, and intergovernmental revenues. General revenues provided \$438,920 (12.48% of total revenues). The majority of general revenues came from property taxes, interest income, assessments, and capital facility fees.

EXPENSES

Expenses for the District totaled \$2.16 million for the fiscal year ended June 30, 2019.

Governmental activities incurred \$68,774 in expenses and business-type activities incurred \$2.09 million in expenses during the year. Business-type activity expenses were 131.23% funded by program revenues.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The Foresthill Public Utility District uses fund accounting to segregate accounts for specific activities or objectives, including demonstrating finance-related legal compliance.

GOVERNMENTAL FUNDS

The focus of the District's government funds is to provide information on near-term inflows, outflows, and balances of resources that are available to provide services and capital project construction. In particular, unreserved fund balance may serve as a useful measure of a government's net spendable resources.

At the end of FY 2018-19, the District's governmental fund reported committed fund balance of \$16,159 for debt service.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The capital assets are reported as follows:

	2019
Capital assets, not being depreciated:	
Land and land rights	\$ 36,568
Construction in progress	172,837
Intangible assets - water rights	964,754
	<u>1,174,159</u>
Depreciable capital assets:	
Source of supply	1,937,290
Pumping plant	7,916
Water treatment plant	366,668
Transmission and distribution	4,960,307
General plant	57,572
	<u>7,329,753</u>
Total	<u><u>\$ 8,503,912</u></u>

The District's investment in capital assets, before the related debt, for its governmental and business-type activities as of June 30, 2019, was \$8.5 million (net of accumulated depreciation). This investment in capital assets includes: land, buildings, improvements other than buildings, and equipment. The District's investment in capital assets, before the related debt, had a net increase of FY 2018-19 of \$96,037.

For government-wide financial statement presentation, all depreciable capital assets are depreciated from the acquisition date over their useful lives on a straight-line basis.

DEBT ADMINISTRATION

At the end of FY 2018-19, the District had long-term liabilities of \$1.96 million and \$1.47 million for governmental activities and business-type activities, respectively. Additional information about the District's long-term obligations can be found in Notes 5 and 6 in the Notes to the Basic Financial Statements.

	<u>2019</u>
GOVERNMENT ACTIVITIES:	
ASSESSMENT DISTRICT NO 2:	
2017 Water Revenue bonds	\$ 918,000
2017 Limited Obligation Refunding bonds	<u>1,147,900</u>
Total Assessment District	<u>2,065,900</u>
 BUSINESS-TYPE ACTIVITIES:	
FORESTHILL PUBLIC UTILITY DISTRICT:	
2014 Water loan agreement	<u>1,347,969</u>
Total Public Utility District	<u>1,347,969</u>
 Total Debt	 <u><u>\$ 3,413,869</u></u>

GOING FORWARD

The District completed its second successful water transfer during 2019. The District continues to consider transfers as a sustainable way to fund investments in the public's water system. Work on replacing an aged section of steel pipe near Foresthill began before the end of the fiscal year and will be completed in the fall. This project will cost \$2 million and will draw on the reserves the District has been building for this purpose. Work continues to extend the community's water rights and the environmental investigation required for this project is expected to be complete in 2020.

REQUESTS FOR INFORMATION

This financial report is designed to provide the District's funding sources, customers, stakeholders, 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 District at 24540 Main Street, Foresthill, CA, or call (530) 367-2511.

BASIC FINANCIAL STATEMENTS



FORESTHILL PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
June 30, 2019

	Governmental Activities	Business-Type Activities	Totals
Current Assets:			
Cash and cash equivalents	\$ -	\$ 2,342,642	\$ 2,342,642
Investments	-	2,339,884	2,339,884
Accounts receivable:			
Accounts receivable, net	-	432,427	432,427
Due from other governments	-	-	-
Interest receivable	-	25,803	25,803
Prepaid expenses	-	100,294	100,294
Internal balances	(64,362)	64,362	-
Inventory - materials and supplies	-	56,104	56,104
Total current assets	(64,362)	5,361,516	5,297,154
Noncurrent Assets:			
Capital assets, net	-	8,503,912	8,503,912
Assessment receivable	1,295,663	-	1,295,663
Restricted cash and cash equivalents	16,159	-	16,159
Total noncurrent assets	1,311,822	8,503,912	9,815,734
TOTAL ASSETS	1,247,460	13,865,428	15,112,888
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to benefits and pensions	-	427,491	427,491
LIABILITIES			
Current Liabilities:			
Accounts payable	-	164,317	164,317
Accrued salaries and benefits	-	18,902	18,902
Accrued interest payable	17,141	7,242	24,383
Customer deposits payable	-	62,556	62,556
Compensated absences liability	-	160,859	160,859
Other post-employment benefits payable	-	15,467	15,467
Long-term debt, due within one year	103,900	129,586	233,486
Total current liabilities	121,041	558,928	679,969
Long-Term Liabilities:			
Net pension liability	-	253,597	253,597
Long-term debt, net of current	1,962,000	1,218,383	3,180,383
Total long term liabilities	1,962,000	1,471,980	3,433,980
TOTAL LIABILITIES	2,083,041	2,030,909	4,113,949
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	-	108,862	108,862
Special assessments to be collected	1,295,663	-	1,295,663
TOTAL DEFERRED INFLOWS OF RESOURCES	1,295,663	108,862	1,404,525
NET POSITION			
Net investment in capital assets, net of related debt	-	7,155,943	7,155,943
Restricted for:			
Capital reserve	-	225,263	225,263
Repairs and replacement reserve	-	1,127,015	1,127,015
Debt service reserve	-	391,824	391,824
Unrestricted	(2,131,243)	3,253,103	1,121,860
TOTAL NET POSITION	\$ (2,131,243)	\$ 12,153,148	\$ 10,021,905

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

FORESTHILL PUBLIC UTILITY DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues			Net Changes in Net Position			
	Operating Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities	Business-Type Activities	Totals
Governmental Activities:							
General government	\$ 977	\$ -	\$ -	\$ -	\$ (977)		\$ (977)
Interest on long-term debt	67,797	-	-	-	(67,797)		(67,797)
Total Governmental Activities	68,774	-	-	-	(68,774)		(68,774)
Business-Type Activities:							
Water utility	2,042,206	3,040,334	37,016	-	-	\$ 1,035,144	1,035,144
Interest on long-term debt	45,641	-	-	-	-	(45,641)	(45,641)
Total Business-Type Activities	2,087,847	3,040,334	37,016	-	-	989,503	989,503
Totals	<u>\$2,156,621</u>	<u>\$3,040,334</u>	<u>\$ 37,016</u>	<u>\$ -</u>	(68,774)	989,503	920,729
							-
							-
		General Revenues:					-
		Property taxes			-	119,824	119,824
		Interest income			308	143,998	144,306
		Assessments received			84,479	-	84,479
		Capital facility fees			-	73,738	73,738
		Reimbursements			-	-	-
		Other revenue			16,572	-	16,572
							-
		Total general revenues			101,359	337,560	438,919
		Change in net position			32,585	1,327,063	1,359,648
		Net position beginning of year			(2,163,828)	10,713,381	8,549,553
		Prior period adjustment			-	112,704	112,704
		Restated net position, beginning of year			(2,163,828)	10,826,085	8,662,257
		Net position end of year			\$ (2,131,243)	\$ 12,153,148	\$ 10,021,905

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

**FORESTHILL PUBLIC UTILITY DISTRICT
BALANCE SHEET - GOVERNMENTAL FUND
ASSESSMENT DISTRICT No. 2 DEBT SERVICE FUND
AS OF JUNE 30, 2019**

Assets

Cash and investments	\$ 16,159
Due from other funds	<u>-</u>
Total assets	16,159

Liabilities and Fund Equity

Liabilities

Interest payable	17,140
Due to other funds	<u>64,362</u>
Total liabilities	<u>81,502</u>

Fund Balances

Committed for debt service	16,159
Unassigned	<u>(81,502)</u>

Total fund balances	<u>(65,343)</u>
----------------------------	------------------------

Total liabilities and fund balances	<u><u>\$ 16,159</u></u>
--	--------------------------------

FORESTHILL PUBLIC UTILITY DISTRICT
Reconciliation of the Governmental Fund Balance Sheet to the
Government-Wide Statement of Net Position
As of June 30, 2019

Fund Balances of Governmental Funds	\$ (65,343)
Amounts reported for governmental activities in the statement of net position are different because:	
Long-term amounts not due and available in the current period, and therefore,	
Assessment receivable	1,295,663
Deferred revenues	(1,295,663)
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds balance sheet:	
Bonds payable	<u>(2,065,900)</u>
Net position of governmental activities	<u><u>\$ (2,131,243)</u></u>

FORESTHILL PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND
ASSESSMENT DISTRICT No. 2 DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2019

Revenues:

Interest income	\$ 308
Assessments revenue	84,479
Other revenues	<u>16,572</u>
Total Revenues	<u>101,359</u>

Expenditures

Professional services	977
Debt services:	
Interest expense	67,797
Principle payments	<u>98,606</u>
Total Expenditures	<u>167,380</u>

Net Change in Fund Balances	(66,021)
------------------------------------	----------

Fund Balances, beginning of year	<u>678</u>
----------------------------------	------------

Fund Balances, end of year	<u><u>\$ (65,343)</u></u>
----------------------------	---------------------------

FORESTHILL 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, 2018

Net Change in Fund Balances - Total Governmental Funds	\$ (66,021)
--	-------------

Amounts reported for governmental activities in the Statement of Activities
are different because:

Long-term debt proceeds provide current financial resources to governmental funds,	-
but issuing debt increases long-term liabilities in the Statement of Net Position.	
Repayment of principal is an expenditure in the governmental funds, but in the Statement	
Net Position the repayment reduces long-term liabilities:	
Repayment of principal	98,606

Change in net position of governmental activities	\$ 32,585
---	-----------

FORESTHILL PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION - DISTRICT ENTERPRISE FUND
June 30, 2019

Assets

Cash and cash equivalents	\$ 2,342,642
Investments	2,339,884
Receivables:	
Accounts receivable, net allowance of \$484	432,427
Due from other governments	64,362
Interest receivable	25,803
Prepaid expenses	100,294
Inventory- materials and supplies	56,104
Total current assets	<u>5,361,516</u>

Non-current assets

Capital assets, net of accumulated depreciation	8,503,912
Restricted cash and cash equivalents	-
Total noncurrent assets	<u>8,503,912</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension outflows	<u>427,491</u>
---------------------------	----------------

Total Assets

\$ 14,292,919

Liabilities and net position

Current liabilities

Accounts payable	\$ 164,317
Payroll liabilities	18,902
Customer deposits	62,556
Interest payable	7,242
Due to other funds	-
Compensated absences payable	160,859
Other post-employment benefits payable	15,467
Long-term debt, due within one year	129,586
Total current liabilities	<u>558,928</u>

Non-current liabilities

Net pension liability	253,597
Long-term debt	1,218,383
Total noncurrent liabilities	<u>1,471,980</u>

DEFERRED INFLOWS OF RESOURCES

Deferred pension inflows	<u>108,862</u>
--------------------------	----------------

Total Liabilities

2,139,771

Net position

Net investment in capital assets	7,155,943
Restricted for:	
Capital reserve	225,263
Repairs and replacement reserve	1,127,015
Debt service reserve	391,824
Unrestricted	<u>3,253,103</u>

Total net position

12,153,148

Total liabilities and net position

\$ 14,292,919

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

FORESTHILL PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DISTRICT ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2019

Operating Revenues

Sales of water	\$ 2,007,713
Transfer of surplus water	186,400
Sugar Pine surcharge	214,955
Rehabilitation and system surcharges	542,791
Water service related fees	18,657
Grant income	37,016
Other income	69,818
Total operating revenues	<u>3,077,350</u>

Operating Expenses

Source of supply	52,067
Pumping	20,197
Water treatment	241,308
Transmission and distribution	522,930
Customer service	385,489
Regulatory compliance	201,001
Administration and general	327,060
Depreciation and amortization	292,154
Total operating expenses	<u>2,042,206</u>

Operating income

1,035,144

Non-Operating Revenues (Expenses)

Interest income	143,998
Property taxes	119,824
Capital facility fees	73,738
Reimbursements	-
Interest expense	(45,641)
Total non-operating revenues (expenses)	<u>291,919</u>

Increase in Net Position

1,327,063

Net position - beginning of the year

10,713,381

Prior period adjustment

112,704

Restated net position, beginning of year

10,826,085

Net position - ending of the year

\$ 12,153,148

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

**FORESTHILL PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers and users	\$ 2,927,946
Cash paid to suppliers	(650,773)
Cash paid to employees and related benefits	(1,082,452)
Interfund borrowings	(66,657)
	<hr/>

NET CASH PROVIDED BY OPERATING ACTIVITIES: 1,128,065

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:

Purchases of capital assets	(388,191)
Interest paid	(50,300)
Payments on long-term debt	(87,478)
	<hr/>

NET CASH PROVIDED BY CAPITAL FINANCING ACTIVITIES (525,969)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:

Grant income received	37,016
Increase in deferred outflows for pension payments	78,271
Increase in deferred inflows for pension receipts	91,282
Increase in net pension liability	(243,784)
Property tax receipts	119,824
Receipts from capital facility fees	73,738
Transfers out	-
	<hr/>

NET CASH PROVIDED BY NON- CAPITAL FINANCING ACTIVITIES 156,347

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest received	143,998
	<hr/>

NET CASH PROVIDED BY INVESTING ACTIVITIES 143,998

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 902,441

Cash and cash equivalents, beginning of the year 3,817,101

Cash and cash equivalents, end of the year \$ 4,719,542

RECONCILIATION OF CASH AND CASH EQUIVALENTS:

Cash and cash equivalents	2,342,642
Restricted cash with fiscal agent	-
	<hr/>
	<u>2,342,642</u>

(Continued)

**FORESTHILL PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

(Continued)

**Reconciliation of Operating Income to
Net Cash Provided by Operating Activities:**

Operating income	\$ 1,035,144
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	292,154
Accounts receivable	(162,066)
Due from other governments	(64,362)
Inventory	(1,126)
Prepaid expenses	(27,927)
Accounts payable	101,194
Accrued salaries	2,495
Deposits payable	12,662
Accrued expenses	-
Compensated absences	18,846
Due to other funds	(2,295)
Other post-employment benefit payable	(76,654)
Net cash provided by operating activities	<u>\$ 1,128,065</u>

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Foresthill Public Utility District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body of establishing governmental accounting and financial reporting principles. As allowed by the GASB, the District has elected to apply to its proprietary activities Financial Accounting Standards Board Statements and Interpretations, Accounting principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued after November 30, 1989 where not in conflict with GASB pronouncements. The more significant of the District’s accounting policies are described below.

A. The Reporting Entity

The Foresthill Public Utility District (the District) was formed in 1950 and operates under The Public Utility District Act. The Act confers upon the District the rights and powers to fix rates and charges for commodities or services furnished, to incur indebtedness and issue bonds or other obligations and, under certain circumstances, to levy and collect ad valorem property taxes. The District is governed by a five member Board of Directors elected by the voters within the District.

B. Basis of Presentation

Basis of Presentation – Government-wide Financial Statements: The government-wide financial statements (i.e. the statement of net position and statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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 and charges to external parties.

Separate financial statements are provided for the Assessment District No. 2 Debt Service governmental fund and District Enterprise proprietary fund.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Certain indirect costs are included in the program expenses of most business-type activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received they are recorded as deferred revenues until earned. Earned but unbilled water services are accrued as revenue.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues when all eligibility requirements are met.

Basis of Presentation-Fund Financial Statements: The accounts of the District are organized on the basis of funds. A fund is a separate self-balancing set of accounts. Each fund was established for the purpose of accounting for specific activities in accordance with applicable regulations, restrictions or limitations. Separate financial statements are provided for governmental funds and proprietary funds.

Governmental 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 be used to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following governmental fund:

Assessment District No. 2 Debt Service Fund – To account for revenues and expenditures associated with the Assessment District No. 2 bonds.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

The District reports the following enterprise fund:

District Enterprise Fund – The District Enterprise Fund is used to account for all revenues and expenses for operation maintenance and capital improvement funding of the Foresthill Public Utility District facilities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Property Taxes

The District receives property taxes from Placer County. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the property's assessed value. They become a lien on the first day of the year they are levied. Secured property tax is levied on July 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

D. Inventories

Inventories have been valued at the lower of cost (first-in, first-out) or market. Inventories consist of materials and supplies.

E. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt investments purchased with a maturity of three months or less to be cash equivalents, including restricted assets, along with all pooled deposits and investments in the Local Agency Investment Fund, which are available upon demand.

F. Investments

Investments, including LAIF, are stated at fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments (continued)

in external pools, are valued based on stated fair value as represented by the external pool. Investments are within the State statutes and the District's investment policy.

G. Receivables and Payables

Property and utility user taxes related to the current fiscal year are accrued as revenue and accounts receivable and are considered available if received within 60 days of year end. Federal and state grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of Net Position. The amount recognized as revenue under the modified accrual basis is limited to the amount that is deemed measurable and collectible.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

The District's estimates the amount of uncollectible receivables based on prior experience and history. At June 30, 2019, the allowance for doubtful accounts were as follows:

	<u>Accounts Receivable</u>	<u>Allowance for Doubtful Accounts</u>	<u>Accounts Receivable, Net</u>
District Enterprise Fund	<u>\$ 523,076</u>	<u>\$ (484)</u>	<u>\$ 522,592</u>

H. Capital Assets

Capital assets, which include land, ponds, buildings and improvements, machinery and equipment, and vehicles are reported in the applicable business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. For certain assets, estimated historical costs are used.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Capital Assets (continued)

Depreciation is calculated by the straight-line method over the estimated useful lives of the respective assets that range from five to forty years.

It is the District's policy to capitalize all land and equipment with a cost of \$2,500 or more. Costs of assets sold or retired (and related amounts of accumulated depreciation) are eliminated from the accounts in the year of sale or retirement and the resulting gain or loss is included in the operating statement of the related fund. In governmental funds, the sale of general capital assets is included in the statement of revenues, expenditures, and changes in fund balances as proceeds from sale.

I. Compensated Absences

Vested or accumulated vacation leave and comp time that is expected to be liquidated with expendable available resources is reported as a current liability. Accumulated sick leave is vested upon age sixty.

J. Budget and Budgetary Accounting

The Board of Directors annually adopts an operating budget. The operating budgets are prepared on the accrual basis to match the operating statements.

K. Restricted Assets

Certain proceeds of the District's long-term debt are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "reserve" account is used to report resources set aside to make up potential future deficiencies in the bond's debt service.

L. Deferred and Unearned Revenues

Deferred revenues in governmental funds arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when resources are received by the District before it has legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

M. Use of Estimates

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-activities, or proprietary fund type statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges and are amortized over the life of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

O. Net Position

The government-wide financial statements utilize a Net Position presentation. Net Position are categorized as invested capital assets (net of related debt), restricted and unrestricted.

Invested in Capital Assets, Net of Related Debt — This category groups all capital assets 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, laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. As of June 30, 2019, the Restricted Net Position consisted of the following:

<u>Fund Type</u>	<u>Amount</u>	<u>Action</u>
District Enterprise Fund:		
Capital reserve	\$ 225,263	Imposed by board designation
Repairs and replacement reserve	1,127,015	Imposed by board designation
Debt service reserve	<u>391,824</u>	Imposed by board designation
Total Restricted	<u><u>\$ 1,744,102</u></u>	

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Net Position (continued)

Unrestricted Net Position — This category represents Net Position of the District not restricted for any project or other purpose.

In the government-wide financial statements, when both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

P. Fund Equity

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the District classifies its governmental fund balance as follows:

- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and does not lapse at year-end.

The committed fund balance is comprised of the following:

<u>Fund Type</u>	<u>Amount</u>	<u>Action</u>
Assessment District No. 2		
Debt Service Fund:		
Committed for debt service	<u>\$ 16,159</u>	Imposed by loan agreement

The District uses restricted or committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy.

Q. New Accounting Pronouncements

During the year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

NOTE 2 – CASH AND INVESTMENTS

Investments

California statutes authorizes the District to invest in a variety of credit instruments as provided for in the California Government Code Section 53600, Chapter 4 – Financial Affairs. The Government Code allows investments in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's, bankers' acceptance, repurchase agreements, medium-term corporate notes, mutual funds and the State Treasurer's Local Agency Investment Fund (LAIF).

Cash and investments at June 30, 2019 are classified in the accompanying financial statements as follows:

	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ -	\$ 2,342,642	\$ 2,342,642
Investments		2,339,884	2,339,884
Restricted cash and cash equivalents	16,159	-	16,159
Total Cash and Investments	<u>\$ 16,159</u>	<u>\$ 4,682,526</u>	<u>\$ 4,698,685</u>

Cash and investments at fair value at June 30, 2019 consist of the following:

Cash on hand	\$ 250
Investments with the Local Agency Investment Fund	1,744,548
Brokerage account	2,343,487
Deposits with financial institutions	619,210
Less: outstanding checks	<u>(24,969)</u>
Total Cash and Investments	<u>\$ 4,682,526</u>
Restricted Cash:	
Cash pooled with other government	<u>\$ 16,159</u>
Total Restricted Cash	<u>\$ 16,159</u>

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

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. Presented below are the District's investment policy and actual ratings of the investments as of June 30, 2019:

Credit Risk	Type of Investment						Total
	Local Agency Investment Fund	Municipal Organizations	Taxable Municipal Obligations	Foreign Bonds	Corporate Bonds	Certificates of Deposit	
A1			\$ 130,984		\$ 100,889		\$ 231,873
A2					100,275		100,275
A3			10,500		49,675		60,175
AA1			25,600		25,090		50,691
AA2			265,324	24,995	25,022		315,340
AA3			194,929		50,061		244,989
No Rating	1,744,548	20,220				1,316,321	3,081,089
	<u>\$ 1,744,548</u>	<u>\$ 20,220</u>	<u>\$ 627,337</u>	<u>\$ 24,995</u>	<u>\$ 351,012</u>	<u>\$ 1,316,321</u>	<u>\$ 4,084,432</u>

Concentration of Credit Risk

The investment policy of the District limits the amount that can be invested in any one issuer to the lesser of the amount stipulated by the California Government Code or 50% of total investments, with the exception of U.S. Treasury obligations, U.S. Agency Securities and LAIF. As of June 30, 2019, the District had no individual investment that exceeded 5% of its total investments.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution or for amounts held with fiscal agents, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party such as a broker-dealer. 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 local amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (continued)

At June 30, 2019, the carrying amount of the District's deposits was \$644,179 and the balances in financial institutions were \$619,210. Of the balance in financial institutions, the \$367,448 was covered by federal depository insurance. The cash pooled with the county totaled \$16,159.

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.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

	Total	Remaining Maturity (In Months)				
		12 Months or Less	13 - 23 Months	24 - 36 Months	36 - 48 Months	48 - 60 Months
Local Agency Investment Fund	\$ 1,744,548	\$ 1,744,548	\$ -	\$ -	\$ -	\$ -
Held in Brokerage Account:						
Municipal bonds	20,220	20,220				-
Taxable municipal bonds	627,337	66,073	74,952	309,014	147,302	29,996
Foreign bonds	24,995	24,995				-
Corporate bonds	351,012	50,031	100,361	100,044	100,576	-
Certificates of deposits	1,316,321	299,925	401,894	463,323	99,761	51,419
Total	<u>\$ 4,084,432</u>	<u>\$ 2,205,791</u>	<u>\$ 577,206</u>	<u>\$ 872,381</u>	<u>\$ 347,639</u>	<u>\$ 81,415</u>

Investments by Fair Value Level

In accordance with GASB Statement No. 72, the District's investments in its brokerage account are categorized into the following fair value categories:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the District can access at the year end.

Level 2 inputs – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs – Unobservable inputs for an asset or liability.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Investments by Fair Value Level (continued)

Fair value can be determined using the market approach, cost approach, and income approach. The District's brokerage investments are valued with the market approach by using the available quoted market prices at year end.

		Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Total			
Securities:				
Local Agency Investment Fund	1,744,548	\$ 1,744,548	\$ -	\$ -
Municipal bonds	20,220	20,220	-	-
Taxable municipal bonds	627,337	627,337	-	-
Foreign bonds	24,995	24,995	-	-
Corporate bonds	351,012	351,012	-	-
Certificates of deposits	1,316,321	1,316,321	-	-
Total Investments by Fair Value Level	<u>\$ 4,084,432</u>	<u>\$ 4,084,432</u>	<u>\$ -</u>	<u>\$ -</u>

Investment in LAIF

The District maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount at June 30, 2019 invested by all public agencies in LAIF is \$105,739,564,676 managed by the State Treasurer. The investments are as follows:

	As a Percent of Portfolio
Structured notes and medium-term asset backed securities	1.49%
Short-term asset-backed commercial paper	0.28%
All other investments	98.23%
Fair Value Level	<u>100.00%</u>

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Investment in LAIF (continued)

Copies of LAIF's annual financial report and other information may be obtained from LAIF at 915 Capitol Mall, Room 110, Sacramento, CA 95814 or at its website www.treasurer.ca.gov/pmia-laif/. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

NOTE 3 – CAPITAL ASSETS

The changes in capital assets for the business-type activities for the fiscal year ended June 30, 2019 are as follows:

	Balance at June 30,				Balance at June 30,
	2018	Additions	Retirements	Reclass	2019
Capital assets, not being depreciated					
Land	\$ 36,568	\$ -	\$ -	\$ -	\$ 36,568
Construction in progress	52,590	172,836	(52,590)	-	172,836
Intangible assets, net	720,549	244,205	-	-	964,754
Total assets not being depreciated	809,707	417,041	(52,590)	-	1,174,158
Depreciable capital assets					
Assets at cost:					
Source of supply	2,881,976	8,862	-	-	2,890,838
Pumping plant	31,286	-	-	-	31,286
Water treatment	1,504,433	-	-	-	1,504,433
Transmission and distribution	9,605,362	-	-	-	9,605,362
General plant	489,943	5,000	-	-	494,943
Total assets at cost	14,513,000	13,862.00	-	-	14,526,862
Accumulated depreciation					
Source of supply	(894,955)	(58,593)	-	-	(953,548)
Pumping plant	(23,026)	(344)	-	-	(23,370)
Water treatment	(1,114,043)	(23,722)	-	-	(1,137,765)
Transmission and distribution	(4,455,318)	(189,735)	-	-	(4,645,053)
General plant	(427,490)	(9,882)	-	-	(437,372)
Total accumulated depreciation	(6,914,832)	(282,276)	-	-	(7,197,108)
Net depreciable assets	7,598,168	(268,414)	-	-	7,329,754
Capital Assets, net	\$ 8,407,875	\$ 148,627	\$ (52,590)	\$ -	\$ 8,503,912

The District recorded depreciation of \$282,276 and amortization of \$4,677 as part of the program expense.

NOTE 4 – COMPENSATED ABSENCES

The District provides vacation time which accrues based upon years of service. Vacation is paid for accumulated time upon termination subject to an accumulated maximum of 2 years accrual.

	Years of Service		
	0 - 4	5 - 14	>14
Vacation time	10 days	15 days	20 days

The District also provides sick time to employees which accrue at a rate of one day per month with a maximum accrual of 80 days. Sick time may be bought back upon retirement after age 60 based upon a years of service tier schedule.

NOTE 5 – LONG-TERM DEBT

The long-term debt activity for the fiscal year ended June 30, 2019 is as follows:

	Balance at July 1, 2018	Additions	Payments	Balance at June 30, 2019	Current Portion
Governmental Activities:					
<u>Assessment District No. 2 Debt Service Fund:</u>					
2017 Water Revenue Refunding Obligation	\$ 974,306	\$ -	\$ (56,306)	\$ 918,000	\$ 57,900
2017 Limited Obligation Refunding Bonds	1,190,200	-	(42,300)	1,147,900	46,000
Total Governmental	2,164,506	-	(98,606)	2,065,900	103,900
Business-Type Activities:					
<u>District Enterprise Fund:</u>					
2014 Water Loan Agreement	1,600,160	-	(252,191)	1,347,969	129,586
Add: Unamortized cost of issuance	(52,009)	-	52,009	-	-
Total Business-Type	1,548,151	-	(200,182)	1,347,969	129,586
Total Long-Term Debt	\$ 3,712,657	\$ -	\$ (298,788)	\$ 3,413,869	\$ 233,486

The issuance costs were written off as a prior period adjustment due to GASB 65, items previously reported as assets and liabilities, which was effective for years beginning after December 15, 2012.

Governmental Activities:

\$1,190,200 – 2017 Limited Obligation Refunding Bonds: On August 9, 2017 the District issued the 2017 Limited Obligation Refunding Bonds for the refunding of limited obligation improvement bonds. Principal payments ranging from \$42,300 to \$78,700 are due annually beginning September 2, 2018 through 2037 with interest at 3.20% per annum payable, semi-annually on March 2 and September 2.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

\$1,037,500 – 2017 Water Revenue Refunding Loan Obligation:
On August 9, 2017 the District issued the 2017 Water Revenue Refunding Loan Obligation for the refunding of limited obligation improvement bonds. Principal payments ranging from \$28,100 to \$85,400 are due semi-annually beginning November 1, 2017 through 2031 with interest at 3.20% per annum, payable semi-annually on May 1 and November 1.

Business-Type Activities:

\$2,081,149 Water Loan: Dated August 1, 2014 to repay the Series 2003QQ, Certificates of Participation that were issued on October 30, 2003 for the finance of the acquisition of water facilities, improvement, and water rights. The note is secured by a pledge the net revenues of the District's. Interest rate accrues at 3.25% per annum with semi-annual principal payments from \$56,881 to \$168,516 through November 1, 2028. The District maintains a Trustee reserve fund equal to the maximum annual installment payable. Interest and principal are payable on May 1 and November 1 of each year.

The future annual maturities of long-term borrowings as of June 30, 2019 are as follows:

Year Ending June 30	Governmental Activities			Business-Type Activities	
	2017 Limited Obligation Bonds	2017 Water Revenue Bonds	Total	Series 2014 Water Loan	Total
2020	\$ 81,997	\$ 86,814	\$ 168,811	\$ 172,083	\$ 340,894
2021	82,099	86,943	169,042	170,458	339,500
2022	81,954	86,814	168,768	168,583	337,351
2023	82,058	86,723	168,781	171,333	340,114
2024	82,109	86,772	168,881	173,383	342,264
2025-2029	409,891	434,158	844,049	729,758	1,573,807
2030-2034	408,714	260,542	669,256		669,256
2035-2039	294,074	-	294,074		294,074
	1,522,896	1,128,766	2,651,662	1,585,598	4,237,260
Add(less): Interest	(374,996)	(210,766)	(585,762)	(237,629)	(823,391)
	1,147,900	918,000	2,065,900	1,347,969	3,413,869
Due within one year	(46,000)	(57,900)	(103,900)	(129,586)	(233,486)
Due after one year	<u>\$ 1,101,900</u>	<u>\$ 860,100</u>	<u>\$ 1,962,000</u>	<u>\$ 1,218,383</u>	<u>\$ 3,180,383</u>

NOTE 6 – DEFINED BENEFIT PENSION PLAN

CalPERS Miscellaneous Pension Plan

Miscellaneous, Cost-Sharing Multiple-Employer Defined Benefit Pension Plans

Plan Description

The District's Miscellaneous plan became part of CalPERS Miscellaneous Risk Pools for employers with less than 100 active plan members. When these risk pools were established, CalPERS assigned each entity in the pool a share of the net pension liability. The Miscellaneous employees are part of a three-tier cost-sharing multiple-employer defined benefit plan administered by CalPERS. The second tier retirement program provides a lower level of retirement benefits than the first tier. Employees hired on or after January 1, 1982 who meet eligibility requirements, are enrolled in the second tier program.

The third tier program was implemented in January 2013 following the passage of AB340 (PEPRA) by the California Legislature. Employees hired on or after January 1, 2013, who were not previously enrolled in the PERS system elsewhere or who have had a break in service of at least 6 months are required to be enrolled in this retirement program which provides a benefit level that is lower than the first two tiers.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The basic death benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The Cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Benefit provisions and all other requirements are established by State statute and may be amended by District contracts with employee bargaining groups.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

CalPERS Miscellaneous Pension Plan (continued)

Miscellaneous plan participants (tier 1) are required to contribute 7.8311% of their annual covered salary. Miscellaneous tier 3 plan participants are required to contribute 6.25% of their annual covered salary. In addition, the District is required to make an employer contribution at an actuarial determined rate of 12.036% (tier 1) and 6.533% (tier 3) of annual covered payroll for the year ended June 30, 2018. For the year ended June 30, 2019, contributions to the Plan were \$98,676; \$61,987 employer contributions and \$36,689 employee contributions.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019, the District reported liability of \$253,597 for its proportionate share of the Plan's net pension liability.

The District's net pension liability is measured as the proportionate share of net pension liability. The net pension liability is measured as of June 30, 2018, and the total pension liability for used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018. The District's proportion of the net pension liability based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. As of June 30, 2019, the District's proportion was 0.00673 percent of the Miscellaneous risk pool; which was a decrease of 0.00589 percent from their proportions measured as of June 30, 2019.

For the year ended June 30, 2019, the District recognized pension expense of \$87,024. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Contributions (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,419	\$ -
Differences between Employer's Contributions and Proportionate Share of Contributions	214,597	-
Change in assumptions	21,825	-
Net difference between projected and actual earnings on pension plan investments	1,254	-
Change in employer's proportion	22,139	108,860
Pension contributions made subsequent to measurement date	<u>153,526</u>	<u>-</u>
Total	<u>\$ 419,760</u>	<u>\$ 108,860</u>

The \$153,526 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/ (Inflows) of Resources
2019	\$ 76,822
2020	61,381
2021	21,452
2022	<u>(2,281)</u>
Total	<u>\$ 157,374</u>

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuation were determined using the following actuarial assumptions:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Measurement period	July 1, 2017 to June 30, 2018
Actuarial cost method	Entry Age Normal
Asset valuation method	Actuarial value of assets
Actuarial assumptions:	
Discount rate	7.00%
Inflation rate	2.625%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.25% net of pension plan investment and administrative expenses
Mortality rate table	Based on the 2010 CalPERS Experience Study

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increases, mortality, and retirement rates. The Experience Study Report may be accessed on the CalPERS website at www.calpers.ca.gov.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The table on the next page reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years > 10(b)
Global equity	51.0%	5.25%	5.71%
Global fixed income	20.0%	0.99%	2.43%
Inflation sensitive	6.0%	0.45%	3.36%
Private equity	10.0%	6.83%	6.95%
Real estate	10.0%	4.50%	5.13%
Infrastructure and forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
	<u>100.00%</u>		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets.

Therefore, the current 7.00 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.00 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at CalPERS’ website under the GASB 68 section.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the District's proportionate share of the net pension liability for the Miscellaneous plan, calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate		
	1% Decrease	Discount Rate	1% Increase
	6.65%	7.15%	8.15%
Plan's net pension liability	<u>\$ 579,193</u>	<u>\$ 253,597</u>	<u>\$ (15,177)</u>

NOTE 7 – SECTION 457 PLAN

The District adopted a California PERS Section 457 Deferred Compensation Plan. The District does not contribute to this plan. All contributions and administrative fees are paid by the employees.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)**Plan Description**

The District offers medical, dental or other health benefits to eligible retirees and their eligible dependents. The contribution requirements of the plan members and the District are established and may be amended by the District. The plan does not issue stand-alone financial reports.

Under the current health plan, the District pays for coverage of the retiree and their eligible dependents. To be eligible, employees must retire with the District at age 60 or older or must be permanently disabled.

The District has fewer than 100 plan members and has elected to use the alternative measurement method. The Assumptions and methods used are based on past history and experience.

Net OPEB liability

The District's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Actuarial assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00 %
Healthcare cost trend rate	4.6% to 4.8% for the next 10 years
Discount rate	7%

GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District’s Total OPEB liability is based on these requirements.

Sensitivity of the District’s Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (6 percent) or 1-percentage-point higher (8 percent) than the current discount rate:

	1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net OPEB liability	\$ 37,431	\$ 15,467	\$ (4,382)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)**Sensitivity of the District's Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1- percentage-point higher than the current healthcare cost trend rates:

	Trend Rate		
	1% Decrease	Current rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 199,587	\$ 15,467	\$ 224,959

Changes in the OPEB liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position, and the net OPEB liability during the measurement period ending on June 30, 2018 for the District:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2018	\$ 178,833	\$ 146,655	\$ 32,178
Changes recognized for the service period:			
Service cost	25,512		25,512
Interest	8,495		8,495
Changes of assumptions	7,581		7,581
Net investment income		9,299	(9,299)
Employer contributions		49,000	(49,000)
Benefit payments	(9,000)	(9,000)	-
Net changes	32,588	49,299	(16,711)
Balance at June 30, 2019	\$ 211,421	\$ 195,954	\$ 15,467

NOTE 9 – INTERFUND TRANSACTIONS

Interfund balances for operations as of June 30, 2019 were as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Governmental Activities:		
Assessment District No. 2 Debt Service Fund	(64,362)	
Business-Type Activities:		
District Enterprise Fund		64,362
Total	<u>\$ (64,362)</u>	<u>\$ 64,362</u>

NOTE 10 – RISK OF LOSS

Foresthill Public Utility District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2019 fiscal year, the District purchased certain commercial insurance coverage to provide for these risks with liability limits of \$10,000,000. There have been no significant reduction in coverage from coverage in the prior year and there have not been any settlements that have exceeded the coverage in the past three years.

NOTE 11 – CONTINGENCIES

The District is currently engaged in ongoing litigation in which the outcome is unknown as of the date of these financial statements.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 18, 2019, the date these June 30, 2019 financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION



Last 10 Fiscal Years *

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
District's proportion of the net pension liability	0.01132%	0.01138%	0.01220%	0.01262%	0.00673%
District's proportionate share of the net pension liability	\$ 279,805	\$ 312,182	\$ 423,882	\$ 497,381	\$ 253,597
District's covered employee payroll	396,998	433,752	452,791	618,627	587,967
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	70.48%	71.97%	93.62%	80.40%	43.13%
Plan Fiduciary net position as a percentage of the total pension liability	82.60%	82.11%	78.82%	77.37%	89.46%

* Amounts presented above were determined as of 6/30.
Additional years will be presented as they become available

CALPERS - Schedule of District Contributions

Last 10 Fiscal Years *:

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Actuarially determined contribution	\$ 51,680	\$ 51,680	\$ 73,528	\$ 74,679	\$ 150,945
Total action contribution	<u>(58,224)</u>	<u>(58,224)</u>	<u>(55,783)</u>	<u>(60,898)</u>	<u>(150,945)</u>
Contribution deficiency (excess)	<u>\$ (6,544)</u>	<u>\$ (6,544)</u>	<u>\$ 17,745</u>	<u>\$ 13,781</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 311,714	\$ 491,742	\$ 469,596	\$ 469,596	\$ 587,967
Contributions as a percentage of covered employee payroll	18.68%	11.34%	12.97%	12.97%	25.67%

NOTE 1 – CHANGE IN BENEFIT TERMS

The amounts above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Year Additional Service Credit (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amount to be separately financed employer-specific liabilities.

NOTE 2 – CHANGE IN ASSUMPTIONS

The discount rate was lowered from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016.

NOTE 3 – SIGNIFICANT METHODS AND ASSUMPTIONS

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Measurement period	July 1, 2017 to June 30, 2018
Actuarial cost method	Entry Age Normal
Asset valuation method	Actuarial value of assets
Actuarial assumptions:	
Discount rate	7.00%
Inflation rate	2.625%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.25% net of pension plan investment and administrative expenses
Mortality rate table	Based on the 2010 CalPERS Experience Study

NOTE 4 – PENSION EXPENSE RECOGNIZED

The pension expense recognized by the employer for the fiscal year ended June 30, 2019 was \$87,024.

NOTE 5 – PARTICIPANT DATA

The number of members participating in the plan as of June 30, 2018 were as follows:

Number of members:	
Active	6
Transferred	5
Separated	1
Retired	3

SUPPLEMENTAL INFORMATION



FORESTHILL PUBLIC UTILITY DISTRICT
BUDGETARY COMPARISON SCHEDULE - DISTRICT ENTERPRISE FUND
For the Fiscal Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues				
Sales of water	\$ 1,892,754	\$ 1,892,754	\$ 2,007,713	\$ 114,959
Transfer of surplus water	-	-	186,400	186,400
Sugar Pine surcharge	-	-	214,955	214,955
Rehabilitation and system surcharges	-	-	542,791	542,791
Water service related fees	52,000	52,000	18,657	(33,343)
Grant income			37,016	37,016
Other income	5,000	5,000	69,818	64,818
Total operating revenues	1,949,754	1,949,754	3,077,350	1,127,596
Operating Expenses				
Source of supply	68,322	68,322	52,067	16,255
Pumping	37,904	37,904	20,197	17,707
Water treatment	169,605	169,605	241,308	(71,703)
Transmission and distribution	268,038	268,038	522,930	(254,892)
Customer service	497,602	497,602	385,489	112,113
Regulatory compliance	419,314	419,314	201,001	218,313
Administration and general	237,950	237,950	327,060	(89,110)
Depreciation and amortization	-	-	292,154	(292,154)
Total operating expenses	1,698,735	1,698,735	2,042,206	(343,471)
Operating income	251,019	251,019	1,035,144	784,125
Non-Operating Revenues (Expenses)				
Interest income	65,000	65,000	143,998	78,998
Property taxes	90,000	90,000	119,824	29,824
Capital facility fees	-	-	73,738	73,738
Reimbursements	-	-	-	-
Interest expense	-	-	(45,641)	(45,641)
Total non-operating revenues (expenses)	155,000	155,000	291,919	136,919
Income Before Transfers	406,019	406,019	1,327,063	921,044
Transfers out	-	-	-	-
Change in Net Position	\$ 406,019	\$ 406,019	\$ 1,327,063	\$ 921,044

FORESTHILL PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DISTRICT ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2019

Source of Supply

Supervision and labor	\$ 42,148
Materials and supplies	1,816
Maintenance	1,828
Contract services	-
Power	6,201
Utilities	-
Other expenses	74
Total Source of Supply	<u>52,067</u>

Pumping

Supervision and labor	9,245
Materials and supplies	140
Maintenance	502
Power	9,511
Equipment costs	-
Propane	799
Total Pumping	<u>20,197</u>

Water Treatment

Supervision and labor	200,701
Materials and supplies	14,679
Maintenance	1,656
Chemical and analysis	16,817
Power	7,408
Propane	47
Other expenses	-
Total Water Treatment	<u>241,308</u>

Transmission and Distribution

Supervision and labor	301,560
Materials and supplies	43,312
Maintenance	6,416
Contract services	135,725
Equipment rental	350
Vehicle expense	12,341
Propane	1,682
Restoration fee	19,059
Utilities	1,242
Other expenses	1,243
Total Water Treatment	<u>522,930</u>

FORESTHILL PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
DISTRICT ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2019

Customer Service

Supervision and labor	330,912
Materials and supplies	12,938
Maintenance	822
Vehicle expense	1,900
Contract services	31,192
Insurance	-
Power	161
Propane	-
Utilities	7,564
Other expenses	-
Total Customer Service	385,489

Regulatory Compliance

Supervision and labor	61,363
Materials and supplies	2,058
Maintenance	1,970
Contract services	97,352
Utilities	-
Restoration fee	20,711
State Department of Health Services	3,946
Other expenses	13,601
Total Regulatory Compliance	201,001

Administrative and General

Supervision and labor	81,210
Materials and supplies	6,505
Maintenance	2,336
Vehicle expense	40
Equipment rental	8,613
Power	2,718
Propane	652
Contract services	162,353
Insurance	40,120
Utilities	2,475
Other expenses	20,038
Total Administrative and General	327,060

Total Operating Expenses Before Depreciation and Amortization	\$ 1,750,052
--	---------------------

For the year ended June 30, 2019

Net Revenues	3,077,350.00
Total debt	1,347,969.40
Revenue to Debt Ratio	228%

For the year ended June 30, 2019

Net Revenues	3,077,350.00
Total debt	1,347,969.40
Revenue to Debt Ratio	228%