

# FORESTHILL PUBLIC UTILITY DISTRICT

## AGENDA

Special Business Meeting of the  
FORESTHILL PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS  
Foresthill Elementary School, 24750 Main Street, Foresthill, CA 95631  
[www.foresthillpud.com](http://www.foresthillpud.com)

Thursday	April 20, 2023	3:00 P.M.
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**A. CALL TO ORDER: 3:00 PM**

**B. OPEN SESSION - ROLL CALL:**

\_\_\_\_\_ President Jane Stahler  
\_\_\_\_\_ Vice President Mark Bell  
\_\_\_\_\_ Director Roger Pruett  
\_\_\_\_\_ Director Ron Thompson  
\_\_\_\_\_ Vacant

**C. PLEDGE OF ALLEGIANCE**

**D. PUBLIC COMMENT:**

- Members of the public may provide comments to the Board on items not on the agenda. We welcome and encourage your comments as the Board takes them into consideration in our deliberations.
- Speakers are limited to a maximum of three minutes.
- The Board may not respond to, discuss, or engage in any type of dialog regarding any public comment, however the President may direct questions to staff for a later response or future consideration by the Board.
- Appropriate and respectful language and behavior is vital to the functioning of a public meeting. We ask Board, staff, and members of the public to speak courteously and respectfully. Therefore, the Board prohibits disruptive behavior.

**E. 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

**F. OPEN SESSION - ROLL CALL (Starting at 6:00 PM):**

\_\_\_\_\_ President Jane Stahler  
\_\_\_\_\_ Vice President Mark Bell  
\_\_\_\_\_ Director Roger Pruett  
\_\_\_\_\_ Director Ron Thompson  
\_\_\_\_\_ Vacant

**G. ANNOUNCEMENT FROM CLOSED SESSION:**

#### H. PUBLIC COMMENT:

- Members of the public may provide comments to the Board on items not on the agenda. We welcome and encourage your comments as the Board takes them into consideration in our deliberations.
- Speakers are limited to a maximum of three minutes.
- The Board may not respond to, discuss, or engage in any type of dialog regarding any public comment, however the President may direct questions to staff for a later response or future consideration by the Board.
- Appropriate and respectful language and behavior is vital to the functioning of a public meeting. We ask Board, staff, and members of the public to speak courteously and respectfully. Therefore, the Board prohibits disruptive behavior.

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

1. Approval of March 16, 2023 Special Board Meeting Minutes

#### J. ACTION ITEMS:

1. Presentation of the Annual Financial Report with the Independent Auditor's Report for fiscal year ending June 30, 2022 by Finance Manager Roger Carroll  
Recommended Action: Receive and file the Annual Financial Report for fiscal year ending June 30, 2022  
Public comment:
2. Consider revision to Policy #5010 to set the 2023 meeting schedule for the Board of Directors  
Recommended Action: Revise Policy #5010 and set 2023 Board of Directors' meeting schedule  
Public comment:
3. Consider adopting Resolution 2023-02 Delegating authority to the General Manager or designee pursuant to Public Contract Code Section 22050(b) to enter into emergency public works contracts  
Recommended Action: Adopt Resolution 2023-02  
Public comment:

#### K. DISCUSSION ITEMS:

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

#### L. ADJOURNMENT

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 PM., April 7, 2023.

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.

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

# FORESTHILL PUBLIC UTILITY DISTRICT

## MINUTES

Special Business Meeting of the  
**FORESTHILL PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS**  
 Veteran’s Memorial Hall, 24601 Harrison Street, Foresthill, CA 95631  
[www.foresthillpud.com](http://www.foresthillpud.com)

Thursday	March 16, 2023	3:00 P.M.
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**A. CALL TO ORDER: 3:00 PM** *Treasurer Stahler called the meeting to order at 3:00 PM.*

**B. OPEN SESSION - ROLL CALL:**

_____ President Robert Palmeri	<i>Absent</i>
_____ Treasurer Jane Stahler	<i>Present</i>
_____ Director Mark Bell	<i>Present</i>
_____ Director Roger Pruett	<i>Present</i>
_____ Director Ron Thompson	<i>Present</i>

**C. PLEDGE OF ALLEGIANCE** *A flag was not present so the pledge was not recited.*

**D. PUBLIC COMMENT:**

- Members of the public may provide comments to the Board on items not on the agenda. We welcome and encourage your comments as the Board takes them into consideration in our deliberations.
- Speakers are limited to a maximum of three minutes.
- The Board may not respond to, discuss, or engage in any type of dialog regarding any public comment, however the President may direct questions to staff for a later response or future consideration by the Board.
- Appropriate and respectful language and behavior is vital to the functioning of a public meeting. We ask Board, staff, and members of the public to speak courteously and respectfully. Therefore, the Board prohibits disruptive behavior.

*No public comments were offered.*

**E. CLOSED SESSION:** *At 3:12 PM, Treasurer Stahler announced that the Board was going into 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

**F. OPEN SESSION - ROLL CALL (Starting at 6:00 PM):** *Treasurer Stahler called the meeting to order at 6:00 PM.*

_____ President Robert Palmeri	<i>Absent</i>
_____ Treasurer Jane Stahler	<i>Present</i>
_____ Director Mark Bell	<i>Present</i>
_____ Director Roger Pruett	<i>Present</i>

*Treasurer Stahler announced that President Palmeri resigned his position on the Board of Directors effective March 16, 2023.*

**G. ANNOUNCEMENT FROM CLOSED SESSION:** *At 6:03 PM, Treasurer Stahler announced that no reportable action was taken during closed session.*

**H. PUBLIC COMMENT:**

- Members of the public may provide comments to the Board on items not on the agenda. We welcome and encourage your comments as the Board takes them into consideration in our deliberations.
- Speakers are limited to a maximum of three minutes.
- The Board may not respond to, discuss, or engage in any type of dialog regarding any public comment, however the President may direct questions to staff for a later response or future consideration by the Board.
- Appropriate and respectful language and behavior is vital to the functioning of a public meeting. We ask Board, staff, and members of the public to speak courteously and respectfully. Therefore, the Board prohibits disruptive behavior.

*The Board received public comments and those comments will be taken into consideration.*

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

1. Approval of February 8, 2023 Regular Board Meeting Minutes
2. Receive combined financial report for January 2023

**Board Action:** *Director Bell made a motion to approve consent agenda item 1. The motion was seconded by Director Pruett.*

**Board Action:** *Director Bell made a motion to approve consent agenda item 2. The motion was seconded by Director Pruett. A single vote for both motions was taken and both motions carried unanimously (4-0).*

**J. ACTION ITEMS:**

1. Annual Organizational Meeting – Pursuant to Policy #5010.50, the Board will elect a President, Vice President and Treasurer from among its members

**Recommended Action:** Elect a President, Vice President, Treasurer and appoint the Board Clerk and Ex-Officio Secretary

**Public comment:**

**Board Action:** *Director Bell nominated Treasurer Stahler for the office of President. Treasurer Stahler seconded the nomination and the nomination was approved 3-1 with Director Thompson voting no.*

**Board Action:** *President Stahler nominated Director Bell for the office of Vice President. Director Bell seconded the nomination and the nomination was approved 3-1 with Director Thompson voting no.*

**Board Action:** *President Stahler nominated Vice President Bell for the office of Treasurer. Vice President Bell seconded the nomination and the nomination failed 2-2 with Directors Pruett and Thompson voting no.*

**Board Actions:** *Vice President Bell nominated General Manager Henry White for the office of Board Clerk and Ex-Officio Secretary. The nomination was seconded by Director Pruett and carried unanimously (4-0).*

2. Appointment of standing committee members – Pursuant to Policy #4060.30, the Board President shall appoint members of the Planning Committee and Finance Committee  
**Recommended Action:** Board President to appoint committee members and chair  
**Public comment:**

**Board Action:** *President Stahler appointed President Stahler (chair) and Director Pruett to the Planning Committee. President Stahler appointed Vice President Bell (chair) and Director Thompson to the Finance Committee.*

3. Select vendor to provide a Cumulative Settlement and Deflection Readings Report for the Sugar Pine Dam  
**Recommended Action:** Accept the proposal from BKF Engineers to provide a Cumulative Settlement and Deflection Readings Report for the Sugar Pine Dam and authorize staff to execute an appropriate agreement to complete the survey work  
**Public comment:**

**Board Action:** *Director Thompson made a motion to approve the proposal from BKF Engineers to provide a Cumulative Settlement and Deflection Readings Report for the Sugar Pine Dam and to authorize staff to execute an appropriate agreement to complete the survey work. The motion was seconded by Director Pruett and carried unanimously (4-0).*

**K. DISCUSSION ITEMS:**

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

**L. ADJOURNMENT** *President Stahler adjourned the meeting at 6:34 PM.*

Submitted by:

Attest:

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Jane Stahler, Board President

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Henry N. White, Clerk and Ex-Officio Secretary

Item J 1

**FORESTHILL PUBLIC UTILITY DISTRICT**  
**MANAGEMENT REPORT**  
**JUNE 30, 2022**

March 13, 2023

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, 2022 and have issued our report thereon dated March 13, 2023. 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.



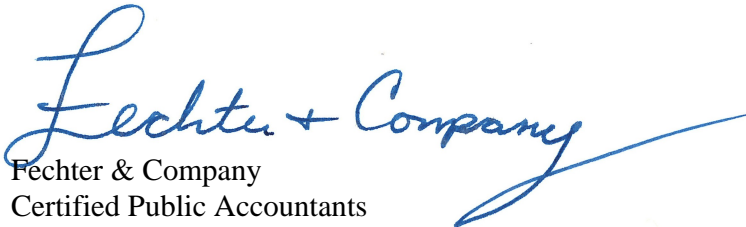
To the Board of Directors  
Foresthill Public Utility District  
Foresthill, California

Our study and evaluation disclosed no condition that we believed to be a material weakness.

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,

  
Fechter & Company  
Certified Public Accountants

**FORESTHILL PUBLIC UTILITY DISTRICT  
MANAGEMENT REPORT  
JUNE 30, 2022**

**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 estimates affecting the financial statements were:

- Allowance for doubtful accounts
- Accrual and disclosure of payroll and compensated absences
- Pension & OPEB liability accruals & disclosures
- Capital asset lives and depreciation expense

**FORESTHILL PUBLIC UTILITY DISTRICT  
MANAGEMENT REPORT  
JUNE 30, 2022**

**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 (pension) entries on behalf of the district
- Recording all of the GASB 75 (OPEB) adjustments on behalf of the district
- Adjusted accrued liabilities at year end.

**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**

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

**JUNE 30, 2022**

**FORESTHILL PUBLIC  
UTILITY DISTRICT  
ANNUAL FINANCIAL REPORT**

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**FORESTHILL PUBLIC  
UTILITY DISTRICT**

**DISTRICT OFFICIALS**

**DISTRICT BOARD OF DIRECTORS**

- *Robert Palmeri*..... President
- *Jane Stahler* ..... Treasurer
- *Patty Wade*..... Director
- *Mark Bell*..... Director
- *Tyler Hunter*..... Director

**OTHER DISTRICT OFFICIALS**

- *Henry White* ..... General Manager
- *Roger Carroll* ..... Finance Manager

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Opinion**

We have audited the accompanying financial statements of the governmental activities and business-type activities of Foresthill Public Utility District (District) as of and for the year-ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and business-type activities of the District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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



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

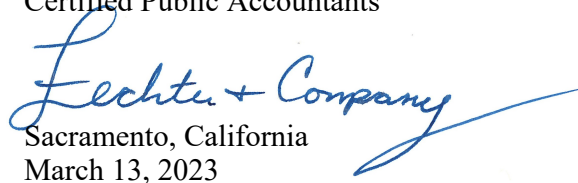
### **Required Supplementary Information**

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 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 principally of inquiries of management regarding 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 assurances on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an 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-enterprise fund, schedule of operating expense-enterprise fund 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  
March 13, 2023

# FORESTHILL PUBLIC UTILITY DISTRICT

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

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, 2022. 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 8.64% or \$1,056,529 to \$13,290,138 in fiscal year 2022.
- In 2022, the District's Enterprise Fund's total operating revenues decreased 3.56% or \$101,337 after adjusting for the prior year water transfer of \$675,000.
- In 2022, the District's operating expenses decreased by 26.19% or \$666,277 under the prior year. This was caused by a large actuarial adjustment in unfunded pension liability of \$516,181. Excluding pension and OPEB, costs decreased by 6.13% or \$150,096.

### 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

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 12) 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 13) 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

## FORESTHILL PUBLIC UTILITY DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

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 governmental 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.

# **FORESTHILL PUBLIC UTILITY DISTRICT**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022

## **NOTES TO THE BASIC 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 22-44 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 44 of this report.

## **SUPPLEMENTAL INFORMATION**

These schedules are for additional analyses for the District Enterprise Fund and can be found beginning on page 47.

## FORESTHILL PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022

### 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 \$13.29 million.

The Summary of Net Position is as follows as of June 30, 2022 and 2021:

**Summary of Net Position is as follows for the year ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>	<u>FY22</u> <u>Change</u>	<u>\$</u> <u>FY22</u> <u>% Change</u>
<b>Assets:</b>				
Current assets	\$ 6,691,340	\$ 6,347,044	\$ 344,296	5.42%
Other non-current assets	1,159,670	1,234,032	(74,362)	-6.03%
Capital assets, net	9,448,273	9,455,599	(7,326)	-0.08%
Total Assets	<u>17,299,283</u>	<u>17,036,675</u>	<u>262,608</u>	1.54%
<b>Deferred Outflows:</b>				
Pension payments	396,874	325,344	71,530	21.99%
<b>Liabilities:</b>				
Current liabilities	894,934	834,104	60,830	7.29%
Long-term liabilities	2,441,679	3,043,199	(601,520)	-19.77%
Total Liabilities	<u>3,336,613</u>	<u>3,877,303</u>	<u>(540,690)</u>	-13.95%
<b>Deferred Inflows:</b>				
Pension receipts	9,311	33,576	(24,265)	-72.27%
Special assessments	1,060,095	1,217,531	(157,436)	-12.93%
Total Deferred inflows	<u>1,069,406</u>	<u>1,251,107</u>	<u>(181,701)</u>	-14.52%
<b>Net Position:</b>				
Net investment in capital assets	8,495,518	8,369,016	126,502	1.51%
Restricted	1,934,478	2,184,350	(249,872)	-11.44%
Unrestricted (unreserved)	2,860,142	1,680,243	1,179,899	70.22%
Total Net Position	<u>\$ 13,290,138</u>	<u>\$ 12,233,609</u>	<u>\$ 1,056,529</u>	8.64%

- Total Net Position increased by \$1,056,529 from 2021 to 2022.
- \$8,495,518 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.
- \$1,934,478 (14.56%) 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.

## FORESTHILL PUBLIC UTILITY DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

- The remaining unrestricted net position for 2022 is \$2,860,142, while in 2021 it was a net position of \$1,680,243.

#### CHANGES IN NET POSITION

The following table reflects the change in net position for Governmental and Business-Type Activities for the years ended June 30, 2022 and 2021:

#### Summary of Statement of Activities is as follows for the year ended June 30, 2021

	<u>2022</u>	<u>2021</u>	<u>FY22 \$ Change</u>	<u>FY22 % Change</u>
Program Revenues:				
Sales of water	\$ 2,641,456	\$ 2,740,726	\$ (99,270)	-3.62%
Transfer of surplus water	-	675,000	(675,000)	-100.00%
Water service related fees	33,832	25,452	8,380	32.92%
Grant income	67,274	7,563	59,711	789.51%
Other income	-	70,158	(70,158)	-100.00%
Total Operating Revenues	<u>2,742,562</u>	<u>3,518,899</u>	<u>(776,337)</u>	<u>-22.06%</u>
Program Expenses:				
Source of supply	38,679	102,825	(64,146)	-62.38%
Pumping	22,661	25,801	(3,140)	-12.17%
Water treatment	366,847	275,567	91,280	33.12%
Transmission and distribution	343,419	455,970	(112,551)	-24.68%
Customer service	472,331	434,817	37,514	8.63%
Regulatory compliance	257,023	301,575	(44,552)	-14.77%
Administration and general	316,094	366,039	(49,945)	-13.64%
Pension and OPEB	(420,786)	95,395	(516,181)	-541.10%
Depreciation and amortization	390,112	387,166	2,946	0.76%
Interest expense	91,223	98,725	(7,502)	-7.60%
Total Program Expenses	<u>1,877,603</u>	<u>2,543,880</u>	<u>(666,277)</u>	<u>-26.19%</u>
Non-Operating Revenues (Expenses):				
Interest income	(206,203)	38,741	(244,944)	-632.26%
Assessments received	80,958	85,591	(4,633)	-5.41%
Property taxes	106,926	107,050	(124)	-0.12%
Capital facility fees	158,010	73,738	84,272	114.29%
Reimbursements	49,438	117	49,321	42154.70%
Other revenue	2,440	14,668	(12,228)	-83.37%
Total	<u>191,569</u>	<u>319,905</u>	<u>(128,336)</u>	<u>-40.12%</u>
Change in Net Position	1,056,528	1,294,924	(238,396)	-18.41%
Net Position, beginning of year	<u>12,233,609</u>	<u>10,938,685</u>	<u>1,294,924</u>	<u>11.84%</u>
Net Position, end of year	<u>\$ 13,290,138</u>	<u>\$ 12,233,609</u>	<u>\$ 1,056,529</u>	<u>8.64%</u>

## FORESTHILL PUBLIC UTILITY DISTRICT

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2022

Governmental Activities changed the District's net position by \$25,492. Business-type Activities changed the District's net position as follows:

Decrease in capital assets, net of related debt	\$ 126,502
Increase in reserve for capital activities	(115,261)
Increase in reserve for repairs and replacements	(1,922)
Increase in reserve for debt services	(132,689)
Increase in unrestricted reserves	1,209,406
Change in net position	<u>\$ 1,086,036</u>

Such increases in net position are vital to the District as capital projects must be "saved up" for. During the fiscal year, the District began a pipeline replacement project will ultimately cost \$2,196,000. Additional projects are planned and will be completed as the necessary reserves are accumulated.

### REVENUES

The Governmental Activities total revenues and transfers were \$83,444 and Business-Type Activity revenues were \$2,850,687 for the year ended June 30, 2022. This represented a total decrease of \$904,673 from 2021. Program revenues include charges for services and grants and contributions. Program revenues provided approximately \$2,742,562 for business-type activities. General revenues include, among other things, taxes, assessments, and intergovernmental revenues. General revenues provided \$191,569. The majority of general revenues came from property taxes, assessments, capital facility fees, offset by investment losses.

### EXPENSES

Expenses for the District totaled \$1,822,603 for the fiscal year ended June 30, 2022. Governmental activities incurred \$57,952 in expenses and business-type activities incurred \$1,764,651 in expenses during the year. Business-type activity expenses were funded by program revenues.

### FINANCIAL ANALYSIS OF THE DISTRICT'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 governmental 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 Fiscal year 2021-22, the District's governmental fund reported committed fund balance of \$16,547 for debt service.

**FORESTHILL PUBLIC UTILITY DISTRICT**

Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*CAPITAL ASSETS*

The capital assets are reported as follows:

Capital assets, not being depreciated	
Land	\$ 36,568
Construction in progress	161,352
Intangible assets, net	1,089,619
Total assets not being depreciated	<u>1,287,539</u>
Depreciable capital assets	
Assets at cost:	
Source of supply	3,016,487
Pumping plant	31,286
Water treatment	1,532,142
Transmission and distribution	11,289,923
General plant	498,023
Total assets at cost	<u>16,367,861</u>
Less accumulated depreciation	<u>(8,207,127)</u>
Capital Assets, Net	<u>\$ 9,448,273</u>

The District’s investment in capital assets, before the related debt, for its governmental and business-type activities as of June 30, 2022, was \$9,448,273 (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 decrease in FY 2021-22 of \$7,326. 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 2021-22, the District had long-term liabilities of \$1,629,500 and \$812,179 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.



**FORESTHILL PUBLIC UTILITY DISTRICT**

Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022

**GOING FORWARD**

**Government Activities:**

Assessment District No. 2 Debt Service Fund:

2017 Water Revenue bonds	\$ 738,500
2017 Limited Obligation Refunding bonds	<u>1,005,300</u>
Total Assessment District	<u>1,743,800</u>

**Business-Type Activities:**

District Enterprise Fund:

2014 Water loan agreement	<u>952,755</u>
Total Enterprise Fund	<u>952,755</u>

Total Long-Term Debt	<u>\$ 2,696,555</u>
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The District had no water transfers during 2021/2022. The water transfer market is difficult to predict and it is unknown if future transfers will be available. The District will investigate future transfers and use the proceeds to fund investments in the public water system. Work continues on an extension of the community’s water right permit. Environmental documentation for the permit extension should be complete in 2023.

Construction of dedicated sample stations began in 2021/22. The stations are used to test the adequacy of the disinfection process. Improving sample stations will be an on-going project.

The District began the Sierra View project to replace over 6,000 linear feet of pipeline. This project will also replace and modernize the firefighting equipment in that area to improve the safety of the community. The final phase of this project, resurfacing the affected roads, will be completed in spring 2023.

**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, California, or call (530) 367-2511.



**BASIC FINANCIAL STATEMENTS**

**FORESTHILL PUBLIC UTILITY DISTRICT  
STATEMENT OF NET POSITION**

**June 30, 2022**

<b>ASSETS</b>	Governmental Activities	Business-Type Activities	Total
<b>Current Assets:</b>			
Cash and cash equivalents	\$ -	\$ 1,782,396	\$ 1,782,396
Investments	-	4,247,070	4,247,070
Accounts receivable:			
Accounts receivable, net	-	454,838	454,838
Interest receivable	-	25,184	25,184
Prepaid expenses	-	134,991	134,991
Internal balances	(193,172)	193,172	-
Inventory - materials and supplies	-	46,861	46,861
<b>Total current assets</b>	<b>(193,172)</b>	<b>6,884,512</b>	<b>6,691,340</b>
<b>Non-current Assets:</b>			
Capital assets, net	-	9,448,273	9,448,273
Assessment receivable	1,060,095	-	1,060,095
Net pension asset	-	83,028	83,028
Restricted cash and cash equivalents	16,547	-	16,547
<b>Total non-current assets</b>	<b>1,076,642</b>	<b>9,531,301</b>	<b>10,607,943</b>
<b>TOTAL ASSETS</b>	<b>883,470</b>	<b>16,415,813</b>	<b>17,299,283</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to benefits and pensions	-	396,874	396,874
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	-	218,675	218,675
Accrued salaries and benefits	-	20,396	20,396
Accrued interest payable	14,573	5,299	19,872
Customer deposits payable	-	58,268	58,268
Compensated absences liability	-	229,209	229,209
Other post-employment benefits payable	-	93,638	93,638
Long-term debt, due within one year	114,300	140,576	254,876
<b>Total current liabilities</b>	<b>128,873</b>	<b>766,061</b>	<b>894,934</b>
<b>Long-Term Liabilities:</b>			
Long-term debt, net of current	1,629,500	812,179	2,441,679
<b>Total long-term liabilities</b>	<b>1,629,500</b>	<b>812,179</b>	<b>2,441,679</b>
<b>TOTAL LIABILITIES</b>	<b>1,758,373</b>	<b>1,578,240</b>	<b>3,336,613</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension inflows	-	9,311	9,311
Special assessments to be collected	1,060,095	-	1,060,095
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,060,095</b>	<b>9,311</b>	<b>1,069,406</b>
<b>NET POSITION</b>			
Net investment in capital assets, net of related debt	-	8,495,518	8,495,518
Restricted for:			
Capital reserve	-	125,322	125,322
Repairs and replacement reserve	-	1,647,696	1,647,696
Debt service reserve	-	161,460	161,460
Unrestricted	(1,934,998)	4,795,140	2,860,142
<b>TOTAL NET POSITION</b>	<b>\$ (1,934,998)</b>	<b>\$ 15,225,136</b>	<b>\$ 13,290,138</b>

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

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

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	Total
<b>Governmental Activities:</b>							
General government	\$ 826	\$ -	\$ -	\$ -	\$ (826)		\$ (826)
Interest on long-term debt	57,126	-	-	-	(57,126)		(57,126)
Total Governmental Activities	57,952	-	-	-	(57,952)		(57,952)
<b>Business-Type Activities:</b>							
Water utility	1,785,554	2,675,288	67,274	-	-	\$ 957,008	957,008
Interest on long-term debt	34,097	-	-	-	-	(34,097)	(34,097)
Total Business-Type Activities	1,819,651	2,675,288	67,274	-	-	922,911	922,911
Total	\$ 1,877,603	\$ 2,675,288	\$ 67,274	\$ -	(57,952)	922,911	864,959

**General Revenues:**

Property taxes	-	106,926	106,926
Investment earnings (loss)	46	(206,249)	(206,203)
Assessments received	80,958	-	80,958
Capital facility fees	-	158,010	158,010
Reimbursements	-	49,438	49,438
Interfund transfer	-	-	-
Other revenue	2,440	-	2,440
Total general revenues	83,444	108,125	191,569
Change in net position	25,492	1,031,036	1,056,528
Net position, beginning of year	(1,960,490)	14,194,099	12,233,609
Net position, end of year	\$ (1,934,998)	\$ 15,225,136	\$ 13,290,138

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, 2022**

**Assets**

Cash and investments	\$ 16,547
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<b>Total assets</b>	<u>\$ 16,547</u>
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**Liabilities and Fund Balances**

**Liabilities**

Interest payable	\$ 14,573
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Due to other funds	<u>193,173</u>
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<b>Total liabilities</b>	<u>207,746</u>
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**Fund Balances**

Committed for debt service	16,547
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Unassigned	<u>(207,745)</u>
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<b>Total fund balances</b>	<u>(191,198)</u>
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<b>Total liabilities and fund balances</b>	<u>\$ 16,548</u>
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The accompanying notes are an integral part of these financial statements.

**FORESTHILL PUBLIC UTILITY DISTRICT**  
**Reconciliation of the Governmental Fund Balance Sheet to the**  
**Government-Wide Statement of Net Position**  
**As of June 30, 2022**

Fund Balances of Governmental Funds	\$	(191,198)
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, are not reported in the governmental funds balance sheet:		
Assessment receivable		1,060,095
Deferred revenues		
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>(2,803,895)</u>
Net position of governmental activities	\$	<u><u>(1,934,998)</u></u>

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

**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, 2022**

<b>Revenues</b>	
Interest income	\$ 46
Assessments revenue	80,958
Other revenues	<u>2,440</u>
Total Revenues	<u>83,444</u>
 <b>Expenditures</b>	
Professional services	826
Debt services:	
Interest expense	57,126
Principal payments	<u>110,700</u>
Total Expenditures	<u>168,652</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(85,208)</u>
Fund Balances, beginning of year	<u>(105,990)</u>
Fund Balances, end of year	<u><u>\$ (191,198)</u></u>

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

**FORESTHILL PUBLIC UTILITY DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balance of the Governmental Fund to the**  
**Government-Wide Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**

Net Change in Fund Balances - Total Governmental Funds	\$ (85,208)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Repayment of principal is an expenditure in the governmental funds, but in the Statement of Net Position the repayment reduces long-term liabilities:	
Repayment of principal	<u>110,700</u>
Change in net position of governmental activities	<u><u>\$ 25,492</u></u>

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



**FORESTHILL PUBLIC UTILITY DISTRICT**  
**STATEMENT OF NET POSITION - DISTRICT ENTERPRISE FUND**  
**June 30, 2022**

**Assets**

Cash and cash equivalents	\$ 1,782,396
Investments	4,247,070
Receivables:	
Accounts receivable, net allowance of \$484	454,838
Interest receivable	25,184
Prepaid expenses	134,991
Internal balances	193,172
Inventory- materials and supplies	46,861
Total current assets	6,884,512

**Non-current assets**

Capital assets, net of accumulated depreciation	9,448,273
Net pension asset	83,028
Total non-current assets	9,531,301

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred pension outflows	396,874
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**Liabilities and Net Position**

**Current liabilities:**

Accounts payable	218,675
Payroll liabilities	20,396
Customer deposits	58,268
Interest payable	5,299
Compensated absences payable	229,209
Other post-employment benefits payable	93,638
Long-term debt, due within one year	140,576
Total current liabilities	766,061

**Non-current liabilities:**

Long-term debt	812,179
Total non-current liabilities	812,179

**DEFERRED INFLOWS OF RESOURCES**

Deferred pension inflows	9,311
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<b>Total Liabilities and Deferred Inflows</b>	<b>1,587,551</b>
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**Net Position**

Net investment in capital assets, net of debt	8,495,518
Restricted for:	
Capital reserve	125,322
Repairs and replacement reserve	1,647,696
Debt service reserve	161,460
Unrestricted	4,795,140
	8,495,518

<b>Total Net Position</b>	<b>\$ 15,225,136</b>
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**FORESTHILL PUBLIC UTILITY DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**DISTRICT ENTERPRISE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<b>Operating Revenues</b>	
Sales of water	\$ 2,641,456
Water service related fees	33,832
Grant income	67,274
Total operating revenues	2,742,562
 <b>Operating Expenses</b>	
Source of supply	38,679
Pumping	22,661
Water treatment	366,847
Transmission and distribution	343,419
Customer service	472,331
Regulatory compliance	257,023
Administration and general	315,268
Pension and OPEB	(420,786)
Depreciation and amortization	390,112
Total operating expenses	1,785,554
 <b>Operating income</b>	 957,008
 <b>Non-Operating Revenues (Expenses)</b>	
Investment income (loss)	(206,249)
Property taxes	106,926
Capital facility fees	158,010
Reimbursements	49,438
Interest expense	(34,097)
Total non-operating revenues (expenses)	74,028
 <b>Change in net position</b>	 1,031,036
Net position - beginning of the year	14,194,099
Net position - ending of the year	\$ 15,225,136

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

**FORESTHILL PUBLIC UTILITY DISTRICT  
STATEMENT OF CASH FLOWS - DISTRICT ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from customers and users	\$ 2,761,704
Cash paid to suppliers	(627,283)
Cash paid to employees and for related benefits	(731,698)
Interfund borrowings	<u>(86,195)</u>

**NET CASH PROVIDED BY OPERATING ACTIVITIES** 1,316,528

**CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:**

Purchases of capital assets	(382,786)
Interest paid	(34,755)
Payments on long-term debt	(133,828)

**NET CASH USED BY CAPITAL FINANCING ACTIVITIES** (551,369)

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:**

Increase in deferred outflows for pension	(71,530)
Decrease in deferred inflows for pension receipts	(24,265)
Decrease in net pension asset	(429,672)
Property tax receipts	106,926
Receipts from capital facility fees	158,010
Reimbursements	<u>49,438</u>

**NET CASH USED BY NON-CAPITAL FINANCING ACTIVITIES** (211,093)

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest and net investment gains (losses)	<u>(206,249)</u>
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**NET CASH USED BY INVESTING ACTIVITIES** (206,249)

**INCREASE IN CASH AND CASH EQUIVALENTS** 347,817

**Cash and cash equivalents, beginning of the year** 5,681,649

**Cash and cash equivalents, end of the year** \$ 6,029,466

**RECONCILIATION OF CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents	\$ 1,782,396
Investments	4,247,070
	<u><u>\$ 6,029,466</u></u>

(Continued)

**FORESTHILL PUBLIC UTILITY DISTRICT  
STATEMENT OF CASH FLOWS - DISTRICT ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

(Continued)

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

Operating income	\$ 957,008
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	390,112
Accounts receivable	22,492
Inventory	-
Prepaid expenses	(18,971)
Accounts payable	(28,030)
Accrued salaries	(12,988)
Deposits payable	(3,350)
Accrued expenses	70,949
Compensated absences	25,501
Due to other funds	(86,195)
Net cash provided by operating activities	\$ 1,316,528

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

# FORESTHILL PUBLIC UTILITY DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

## 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). 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.

# FORESTHILL PUBLIC UTILITY DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

## 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.

# FORESTHILL PUBLIC UTILITY DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

## 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

# FORESTHILL PUBLIC UTILITY DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

## 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 estimates the amount of uncollectible receivables based on prior experience and history. There was no allowance for doubtful accounts as of June 30, 2022.

### 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.



# FORESTHILL PUBLIC UTILITY DISTRICT

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

## 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 compensation 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, 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.

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

**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, 2022, the Restricted Net Position consisted of the following:

Fund Type	Amount	Action
District Enterprise Fund:		
Capital reserve	\$ 125,322	Imposed by board designation
Repairs and replacement reserve	1,647,696	Imposed by board designation
Debt service reserve	<u>161,460</u>	Imposed by board designation
 Total Restricted	 <u><u>\$ 1,934,478</u></u>	

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

**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:

Fund Type	Amount	Action
Assessment District No. 2		
Debt Service Fund:		
Committed for debt service	\$ 16,547	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**

The District adopted the provisions of GASB Statement No. 87 (GASB 87), *Leases*. No significant impact as a result of adoption.

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

**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, 2022 are classified in the accompanying financial statements as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Cash and cash equivalents	\$ -	\$ 1,782,396	\$ 1,782,396
Investments	-	4,247,070	4,247,070
Restricted cash and cash equivalents	<u>16,547</u>	<u>-</u>	<u>16,547</u>
 Total Cash and Investments	 <u>\$ 16,547</u>	 <u>\$ 6,029,466</u>	 <u>\$ 6,046,013</u>

Cash and investments at fair value at June 30, 2022 consist of the following:

Cash on hand	\$ 250
Investments with the Local Agency Investment Fund	1,058,845
Brokerage account	4,247,070
Deposits with financial institutions	<u>723,301</u>
 Total Cash and Investments	 <u>\$ 6,029,466</u>
 Restricted Cash:	
Cash pooled with other government	<u>\$ 16,547</u>
 Total Restricted Cash	 <u>\$ 16,547</u>

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

**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, 2022:

Credit Risk	Type of Investment					Total
	Local Agency Investment Fund	Municipal Organizations	Taxable Municipal Obligations	Corporate Bonds	Certificates of Deposit	
A1	\$ -	\$ -	\$ 338,462	\$ 95,458	\$ -	\$ 433,920
A2	-	-	45,743	134,572	-	180,315
A3	-	15,710	-	-	-	15,710
AA1	-	15,015	1,588,582	-	-	1,603,597
AA2	-	-	195,582	94,820	-	290,402
AA3	-	45,322	117,236	-	-	162,558
AAA	-	29,861	247,677	99,276	-	376,814
No Rating	1,058,845	-	37,143	-	1,146,611	2,242,599
	<u>\$ 1,058,845</u>	<u>\$ 105,908</u>	<u>\$ 2,570,425</u>	<u>\$ 424,126</u>	<u>\$ 1,146,611</u>	<u>\$ 5,305,915</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, 2022, 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.

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

**NOTE 2 – CASH AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk (continued)**

At June 30, 2022, the carrying amount of the District’s deposits was \$642,378 and the balances in financial institutions were \$1,467,794. Of the balance in financial institutions, up to \$250,000 was covered by federal depository insurance. The cash pooled with the county totaled \$16,501.

**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	37 - 48 Months	49 - 60 Months
Local Agency Investment Fund	\$ 1,058,845	\$ 1,058,845	\$ -	\$ -	\$ -	\$ -
Held in Brokerage Account:						
Municipal bonds	105,909	-	75,184	30,725	-	-
Taxable municipal bonds	2,570,425	170,086	264,800	1,085,081	972,651	77,807
Corporate bonds	424,126	49,981	-	94,820	279,325	-
Certificates of deposits	1,146,610	225,199	50,213	96,387	364,900	409,911
<b>Total</b>	<b>\$ 5,305,915</b>	<b>\$ 1,504,111</b>	<b>\$ 390,197</b>	<b>\$ 1,307,013</b>	<b>\$ 1,616,876</b>	<b>\$ 487,718</b>

**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.

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

**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.

	Total	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)
Securities:				
Local Agency Investment Fund	\$ 1,058,845	\$ 1,058,845	\$ -	\$ -
Municipal bonds	105,909	105,909	-	-
Taxable municipal bonds	2,570,425	2,570,425	-	-
Corporate bonds	424,126	424,126	-	-
Certificates of deposits	1,146,610	1,146,610	-	-
 Total Investments by Fair Value Level	 \$ 5,305,915	 \$ 5,305,915	 \$ -	 \$ -

**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, 2022 invested by all public agencies in LAIF is \$236 billion managed by the State Treasurer. The investments are as follows:

Structured notes and medium-term asset backed securities	As a Percent of Portfolio
Short-term asset-backed commercial paper	26.51%
All other investments	4.91%
	68.58%
Fair Value Level	100.00%

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

**NOTE 2 – CASH AND INVESTMENTS (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/](http://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, 2022 are as follows:

	<u>Balance at June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Reclass</u>	<u>Balance at June 30, 2022</u>
Capital assets, not being depreciated					
Land	\$ 36,568	\$ -	\$ -	\$ -	\$ 36,568
Construction in progress	11,167	161,352	(11,167)	-	161,352
Intangible assets, net	1,052,616	90,641	(53,638)	-	1,089,619
Total assets not being depreciated	<u>1,100,351</u>	<u>251,993</u>	<u>(64,805)</u>	<u>-</u>	<u>1,287,539</u>
Depreciable capital assets					
Assets at cost:					
Source of supply	2,903,206	113,281	-	-	3,016,487
Pumping plant	31,286	-	-	-	31,286
Water treatment	1,507,954	24,188	-	-	1,532,142
Transmission and distribution	11,287,068	2,855	-	-	11,289,923
General plant	496,387	1,636	-	-	498,023
Total assets at cost	<u>16,225,901</u>	<u>141,960</u>	<u>-</u>	<u>-</u>	<u>16,367,861</u>
Accumulated depreciation					
Source of supply	(1,082,049)	(68,954)	-	-	(1,151,003)
Pumping plant	(24,059)	(344)	-	-	(24,403)
Water treatment	(1,185,105)	(25,788)	-	-	(1,210,893)
Transmission and distribution	(5,120,662)	(232,176)	-	-	(5,352,838)
General plant	(458,778)	(9,212)	-	-	(467,990)
Total accumulated depreciation	<u>(7,870,653)</u>	<u>(336,474)</u>	<u>-</u>	<u>-</u>	<u>(8,207,127)</u>
Net depreciable assets	<u>8,355,248</u>	<u>(194,514)</u>	<u>-</u>	<u>-</u>	<u>8,160,734</u>
Capital Assets, net	<u>\$ 9,455,599</u>	<u>\$ 57,479</u>	<u>\$ (64,805)</u>	<u>\$ -</u>	<u>\$ 9,448,273</u>

No interest was capitalized in the cost of additions in the current year. The District recorded depreciation of \$336,474 and amortization of \$53,638 as part of the program expense.



**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

**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.

**NOTE 5 – LONG-TERM DEBT**

The long-term debt activity for the fiscal year ended June 30, 2022 is as follows:

	Balance at July 1, 2021	Additions	Payments	Balance at June 30, 2022	Current Portion
Governmental Activities:					
<u>Assessment District No. 2 Debt Service Fund:</u>					
2017 Water Revenue Refunding Obligation	\$ 800,200	\$ -	\$ (61,700)	\$ 738,500	\$ 63,600
2017 Limited Obligation Refunding Bonds	1,054,300	-	(49,000)	1,005,300	50,700
Total Governmental	1,854,500	-	(110,700)	1,743,800	114,300
Business-Type Activities:					
<u>District Enterprise Fund:</u>					
2014 Water Loan Agreement	1,086,583	-	(133,828)	952,755	140,576
Total Business-Type	1,086,583	-	(133,828)	952,755	140,576
Total Long-Term Debt	\$ 2,941,083	\$ -	\$(244,528)	\$ 2,696,555	\$ 254,876

**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.

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

**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 of 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, 2022 are as follows:

Year Ending June 30:	Governmental Activities			Business Activities	
	2017 Limited Obligation Bonds	2017 Water Revenue Bonds	Total	Series 2014 Water Loan	Total
2023	\$ 82,058	\$ 86,723	\$ 168,781	171,333	\$ 340,114
2024	82,109	86,772	168,881	173,383	342,264
2025	82,006	86,752	168,758	169,852	338,610
2026	82,050	86,765	168,815	170,927	339,742
2027	82,035	86,907	168,942	171,477	340,419
2028-2032	409,106	347,511	756,617	217,502	974,119
2033-2037	408,207	86,766	494,973	-	494,973
2038	49,276	-	49,276	-	49,276
	1,276,847	868,196	2,145,043	1,074,474	3,219,517
Less interest	(271,547)	(129,696)	(401,243)	(121,719)	(522,962)
	1,005,300	738,500	1,743,800	952,755	2,696,555
Due within one year	(50,700)	(63,600)	(114,300)	(140,576)	(254,876)
	<u>\$ 954,600</u>	<u>\$ 674,900</u>	<u>\$ 1,629,500</u>	<u>\$ 812,179</u>	<u>\$ 2,441,679</u>

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

**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.

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

**NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**CalPERS Miscellaneous Pension Plan (continued)**

The District pays the tier 1 Miscellaneous plan participant’s 8% contribution of their annual covered salary. Miscellaneous tier 3 plan participants are required to contribute 6.75% of their annual covered salary. In addition, the District is required to make an employer contribution at an actuarial determined rate of 14.53% (tier 1) and 7.47% (tier 3) of annual covered payroll for the year ended June 30, 2022. For the year ended June 30, 2022, contributions to the Plan were \$141,831; \$90,345 employer contributions and \$51,486 employee contributions.

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

As of June 30, 2022, the District reported asset of \$83,028 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022. 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, 2021, the District’s proportion was 0.000196 percent of the Miscellaneous risk pool.

For the year ended June 30, 2022, the District recognized pension expense of (\$294,564). At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,311
Differences between Employer's Contributions and Proportionate Share of Contributions	37,048	-
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	72,479	-
Change in employer's proportion	85,048	-
Pension contributions made subsequent to measurement date	202,299	-
Total	\$ 396,874	\$ 9,311

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

**NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

The \$202,299 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, 2022. 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
2023	\$ 73,071
2024	55,848
2025	36,315
2026	20,030
Total	\$ 185,264

***Actuarial Assumptions***

The total pension liabilities in the June 30, 2021 actuarial valuation were determined using the following actuarial assumptions:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Measurement period	July 1, 2020 to June 30, 2021
Actuarial cost method	Entry Age Normal
Asset valuation method	Actuarial value of assets
Actuarial assumptions:	
Discount rate	7.15%
Inflation rate	2.50%
Salary increases	Varies by entry age and service
Payroll growth	3.00%
Investment rate of return	7.15% net of pension plan investment and administrative expenses
Mortality rate table	Based on the 2010 CalPERS Experience Study

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

**NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

*Actuarial Assumptions - continued*

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 valuation were based on results of an actuarial experience study for the period from 1997 to 2015, 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](http://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.

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	50.0%	4.80%	5.98%
Global fixed income	28.0%	1.00%	2.62%
Inflation sensitive	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real estate	13.0%	3.75%	4.93%
Liquidity	1.0%	-0.55%	-1.05%
	100.00%		

(a) An expected inflation of 2.0% used for this period

(b) An expected inflation of 2.92% used for this period

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

**NOTE 6 – DEFINED BENEFIT PENSION PLAN (CONTINUED)**

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 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.

***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 7.15 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
	6.15%	7.15%	8.15%
Plan's net pension liability (asset)	\$ 373,518	\$ (83,027)	\$ (460,447)

**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.

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

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

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, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

**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	2.00 %
Healthcare cost trend rate	4.2% to 4.7% for the next 10 years
Discount rate	5.884%

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.



**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

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

**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 (4.88 percent) or 1-percentage-point higher (6.88 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	4.88%	5.88%	6.88%
District's net OPEB liability	\$ 130,824	\$ 93,638	\$ 62,046

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.

**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:

	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
		Current rate	
District's net OPEB liability	\$ 77,321	\$ 93,638	\$ 110,671

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

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

**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, 2022 for the District:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at June 30, 2021	\$ 281,241	\$ 258,412	\$ 22,829
Changes recognized for the service period:			
Service cost	5,270	-	5,270
Interest	22,232	-	22,232
Changes of assumptions	26,167	-	26,167
Administrative costs	-	(216)	216
Net investment income	-	(34,481)	34,481
Employer contributions	-	17,557	(17,557)
Benefit payments	(17,559)	(17,559)	-
Net changes	36,110	(34,699)	70,809
Balance at June 30, 2022	\$ 317,351	\$ 223,713	\$ 93,638

**NOTE 9 – INTERFUND TRANSACTIONS**

Interfund balances for operations as of June 30, 2022 were as follows:

Fund	Due from Other Funds	Due to Other Funds
Governmental Activities:		
Assessment District No. 2 Debt Service Fund	\$ (193,173)	\$ -
Business-Type Activities:		
District Enterprise Fund	-	193,173
Total	\$ (193,173)	\$ 193,173

**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 2022 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 reductions 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.

## **FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

### **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**

In September through October 2022, the District experienced a wildfire (the Mosquito Fire), which burned in California's Placer and El Dorado counties, near the community of Foresthill. Although the District did not experience any loss of assets from the fire, they did incur expenditures of approximately \$71,000 that represented water, chemicals and labor to the firefighting efforts.

Management has evaluated subsequent events through March 13, 2023, the date these June 30, 2022 financial statements were available to be issued.



**REQUIRED SUPPLEMENTARY INFORMATION**

## FORESTHILL PUBLIC UTILITY DISTRICT

### Notes to Required Supplementary Information – Pension For the Fiscal Year Ended June 30, 2022

Last 10 Fiscal Years \*

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
District's proportion of the net pension liability	0.01138%	0.01220%	0.01262%	0.00673%	0.00722%	0.00822%	0.01732%
District's proportionate share of the net pension liability	\$ 312,182	\$ 423,882	\$ 497,381	\$ 253,597	\$ 289,321	\$ 346,644	\$ (83,028)
District's covered employee payroll	433,752	452,791	618,627	587,967	618,369	600,226	657,975
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	71.97%	93.62%	80.40%	43.13%	46.79%	57.75%	-12.62%
Plan Fiduciary net position as a percentage of the total pension liability	82.11%	78.82%	77.37%	89.46%	89.23%	89.23%	86.49%

\* 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 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Actuarially determined contribution	\$ 51,680	\$ 73,528	\$ 74,679	\$ 98,676	\$ 100,806	\$ 145,864	\$ 158,566
Total action contribution	<u>(58,224)</u>	<u>(55,783)</u>	<u>(60,898)</u>	<u>(98,676)</u>	<u>(100,806)</u>	<u>(145,864)</u>	<u>(193,981)</u>
Contribution deficiency (excess)	<u>\$ (6,544)</u>	<u>\$ 17,745</u>	<u>\$ 13,781</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (35,415)</u>
District's covered-employee payroll	\$ 491,742	\$ 469,596	\$ 469,596	\$ 587,967	\$ 618,369	\$ 600,226	\$ 657,975
Contributions as a percentage of covered employee payroll	11.34%	12.97%	12.97%	16.78%	16.30%	24.30%	24.10%

**FORESTHILL PUBLIC UTILITY DISTRICT**

Notes to Required Supplementary Information - OPEB  
For the Fiscal Year Ended June 30, 2022

**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 8% to 5.884%.

**NOTE 3 – SIGNIFICANT METHODS AND ASSUMPTIONS**

Valuation date	June 30, 2022
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022
Actuarial cost method	Entry Age Normal
Asset valuation method	Actuarial value of assets
Actuarial assumptions:	
Discount rate	5.884%
Inflation rate	2.625%
Salary increases	Varies by entry age and service
Payroll growth	2.00%
Investment rate of return	9% net of pension plan investment and administrative expenses
Mortality rate table	Based on the 2010 CalPERS Experience Study

**NOTE 4 – OPEB EXPENSE RECOGNIZED**

The OPEB expense recognized by the employer for the fiscal year ended June 30, 2022 was \$78,311.

**NOTE 5 – PARTICIPANT DATA**

The number of members participating in the plan as of June 30, 2022 were as follows:

Number of members:	
Active	8
Transferred	0
Separated	0
Retired	3



**OTHER INFORMATION**

**FORESTHILL PUBLIC UTILITY DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE - DISTRICT ENTERPRISE FUND**  
**For the Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Operating Revenues</b>				
Sales of water	\$ 1,995,000	\$ 1,995,000	\$ 2,641,456	\$ 646,456
Transfer of surplus water	-	-	-	-
Sugar Pine surcharge	-	-	-	-
Rehabilitation and system surcharges	-	-	-	-
Water service related fees	21,000	21,000	33,832	12,832
Grant income	-	-	67,274	67,274
Other income	75,000	75,000	-	(75,000)
Total operating revenues	<u>2,091,000</u>	<u>2,091,000</u>	<u>2,742,562</u>	<u>651,562</u>
<b>Operating Expenses</b>				
Source of supply	61,676	61,676	38,679	22,997
Pumping	41,780	41,780	22,661	19,119
Water treatment	230,069	230,069	366,847	(136,778)
Transmission and distribution	411,613	411,613	343,419	68,194
Customer service	484,029	484,029	472,331	11,698
Regulatory compliance	350,600	350,600	257,023	93,577
Administration and general	290,883	290,883	315,268	(24,385)
Pension and OPEB	28,000	28,000	(420,786)	448,786
Depreciation and amortization	-	-	390,112	(390,112)
Total operating expenses	<u>1,898,650</u>	<u>1,898,650</u>	<u>1,785,554</u>	<u>113,096</u>
<b>Operating income</b>	192,350	192,350	957,008	764,658
<b>Non-Operating Revenues (Expenses)</b>				
Interest income	55,000	55,000	(206,249)	(261,249)
Property taxes	112,000	112,000	106,926	(5,074)
Capital facility fees	-	-	158,010	158,010
Reimbursements	-	-	49,438	49,438
Interest expense	-	-	(34,097)	(34,097)
Total non-operating revenues (expenses)	<u>167,000</u>	<u>167,000</u>	<u>74,028</u>	<u>(92,972)</u>
<b>Change in Net Position</b>	<u>\$ 359,350</u>	<u>\$ 359,350</u>	<u>\$ 1,031,036</u>	<u>\$ 671,686</u>



**FORESTHILL PUBLIC UTILITY DISTRICT  
SCHEDULE OF OPERATING EXPENSES  
DISTRICT ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

**Source of Supply**

Supervision and labor	\$ 35,182
Materials and supplies	391
Maintenance	882
Power	2,224
Utilities	-
Total Source of Supply	38,679

**Pumping**

Supervision and labor	7,322
Materials and supplies	952
Maintenance	448
Power	10,379
Propane	3,560
Total Pumping	22,661

**Water Treatment**

Supervision and labor	285,222
Materials and supplies	9,035
Maintenance	5,121
Contract services	3,674
Chemical and analysis	43,288
Power	19,207
Propane	1,300
Total Water Treatment	366,847

**Transmission and Distribution**

Supervision and labor	285,510
Materials and supplies	32,025
Maintenance	1,360
Contract services	1,283
Vehicle expense	22,091
Propane	283
Utilities	867
Total Water Treatment	343,419

(Continued)

**FORESTHILL PUBLIC UTILITY DISTRICT  
SCHEDULE OF OPERATING EXPENSES  
DISTRICT ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

(Continued)

**Customer Service**

Supervision and labor	394,568
Materials and supplies	3,152
Maintenance	725
Vehicle expense	9,977
Contract services	54,119
Power	103
Utilities	9,105
Other expenses	582
Total Customer Service	472,331

**Regulatory Compliance**

Supervision and labor	65,626
Materials and supplies	355
Contract services	155,698
Restoration fee	23,384
State Department of Health Services	5,621
Other expenses	6,339
Total Regulatory Compliance	257,023

**Administrative and General**

Supervision and labor	(329,219)
Materials and supplies	6,646
Maintenance	21,453
Vehicle expense	161
Power	3,163
Propane	1,274
Contract services	83,624
Insurance	83,813
Utilities	615
Other expenses	22,952
Total Administrative and General	(105,518)

<b>Total Operating Expenses Before Depreciation and Amortization</b>	<b>\$ 1,395,442</b>
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**FORESTHILL PUBLIC UTILITY DISTRICT  
DEBT COVENANT RATIO  
FOR THE YEAR ENDED JUNE 30, 2022**

Net Revenues	2,742,562
Total Debt	952,755
Revenue to Debt Ratio	288%

## FORESTHILL PUBLIC UTILITY DISTRICT POLICY HANDBOOK

**POLICY TITLE:** Board Meetings  
**POLICY NUMBER:** 5010

**5010.10** Regular meetings of the Board of Directors shall be held on the second Thursday of each month with a closed session at 3:00 PM and an open session at 6:00 PM. Regular meetings shall be held at the Foresthill Veteran's Memorial Hall, Leroy E. Botts Memorial Park, 24601 Harrison Street, Foresthill, CA 95631. An agenda advising the public of the regular meeting and matters to be transacted or discussed must be posted in a location freely accessible to members of the public at least 72 hours before the meeting. The agenda must provide a brief general description of each item of business to be transacted or discussed at the meeting. The Board President may cancel a Regular meeting as necessary.

**5010.20** Special meetings are meetings called by the President to discuss discrete items listed on the meeting notice. A notice advising the public of the special meeting, the time and location of the meeting and all business to be transacted or discussed must be delivered to the Board of Directors and posted in a location freely accessible to members of the public at least 24 hours before the meeting. The agenda must provide a brief general description of each item of business to be transacted or discussed at the meeting.

**5010.30** Emergency meetings are a limited class of meetings. Emergency meetings are held when prompt action is needed due to actual or threatened disruption of public facilities and are held on little notice.

**5010.40** Adjourned Meetings are regular or special meetings that have been adjourned or re-adjourned to a time specified in the order of adjournment. A copy of the order of adjournment must be posted within 24 hours after the adjournment. If a meeting is adjourned for less than five calendar days, no new agenda need be posted so long as a new item of business is not introduced.

**5010.50** Annual Organizational Meeting. The Board of Directors shall hold an annual organizational meeting at its regular meeting in January. The Board will elect a President, Vice President and Treasurer from among its members. Selection of officers will be based on experience or seniority on the Board, and will appoint the General Manager or other designee as the Board's Clerk and Ex-Officio Secretary.

**5010.60** The President of the Board may adjust the order in which an item appearing on the posted agenda shall be considered for discussion and/or action by the Board.

**5010.70** Responding to the public. The public can comment about anything within the jurisdiction of the Board of Directors during any type of meeting. The Board cannot act on or discuss an item not on the meeting agenda.

**FORESTHILL PUBLIC UTILITIES DISTRICT  
SPECIAL BOARD MEETING**

**DATE: April 7, 2023**

**AGENDA ITEM NO. J 3**

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**SUBJECT: Approve Resolution Delegating Emergency Contracting Authority to General Manager Pursuant to Public Contract Code Section 22050(b)**

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**RECOMMENDED ACTION:**

The General Manager respectfully recommends that the Board of Directors approve the attached Resolution No. 2003-02 delegating emergency contracting authority to the General Manager as permitted by Public Contract Code section 22050(b).

**BACKGROUND:**

The District has recently experienced unprecedented loss of staff due to simultaneous retirements and other circumstances. Without the help of any experienced staff, there is an urgent need to ensure that emergency situations can be swiftly addressed by the General Manager.

California Public Contract Code Sections 20205.1 and 22050 allow immediate expenditures to safeguard life, health and property without competitive bidding when there is an emergency. Public Contract Code Section 22050(b)(1) provides the procedures for emergency contracting and allows the Board of Directors to delegate the authority to enter into such contracts by a 4/5 vote.

In this case, if the Board approves the attached resolution, the General Manager will be able to procure the labor and materials necessary to address emergency situations like water main breaks or other system failures immediately, without procedural delay. The General Manager would then be required to bring that emergency contract and related information to the Board at a later date to review the emergency action. Approving this resolution would ensure the General Manager is able to protect the health and safety of the District's customers with the help of local contractors as soon as he is made aware of emergency circumstances.

**ALTERNATIVE**

The alternative is to not approve the resolution. If the Board does not approve the attached resolution by a 4/5 vote, the emergency contracting authority will remain with the Board, meaning that the Board will be compelled to call a meeting every time there is an emergency, and approve any necessary action to be taken.

**ATTACHMENT**

Resolution 2003-02

**RESOLUTION NO. 2023-02**

**RESOLUTION OF THE BOARD OF DIRECTORS OF FORESTHILL  
PUBLIC UTILITY DISTRICT, DELEGATING AUTHORITY TO THE  
GENERAL MANAGER OR HIS DESIGNEE PURSUANT TO PUBLIC  
CONTRACT CODE SECTION 22050(b) TO ENTER INTO EMERGENCY  
PUBLIC WORKS CONTRACTS**

**WHEREAS**, California Public Contract Code Section 22050(a) provides that in the case of an emergency, a public agency, pursuant to a four-fifths vote of its governing body, may repair or replace a public facility, take any directly related and immediate action required by that emergency, and procure the necessary equipment, services, and supplies for those purposes, without giving notice for bids to let contracts; and

**WHEREAS**, pursuant to Section 22050(b), the Board of Directors, by a four-fifths vote, may delegate, by resolution or ordinance, to the appropriate District officer, chief engineer, or other nonelected agency officer, the authority to order any action pursuant to Section 22050(a); and

**WHEREAS**, if a person with authority delegated pursuant to Section 22050(b) orders any action specified in Section 22050(a), that person shall report to the Board of Directors, at its next meeting required pursuant to Section 22050, the reasons justifying why the emergency will not permit a delay resulting from a competitive solicitation for bids and why the action is necessary to respond to the emergency; and

**WHEREAS**, if a person with authority delegated pursuant to Section 22050(b) orders any action specified in Section 22050(a), the Board of Directors shall initially review the emergency action not later than seven days after the action, or at its next regularly scheduled meeting if that meeting will occur not later than 14 days after the action, and at least every 14 days thereafter until the action is terminated, to determine, by a four-fifths vote, that there is a need to continue the action, unless the person with delegated authority has terminated that action prior to the Board of Directors' review and determination; and

**WHEREAS**, when the Board of Directors reviews the emergency action, it shall terminate the action at the earliest possible date that conditions warrant so that the remainder of the emergency action may be completed by giving notice for bids to let contracts; and

**WHEREAS**, the continued delegation of authority to order actions as described above to the General Manager or his designee will comport with Board of Directors policy regarding the procurement of public works design and construction contracts; and

**WHEREAS**, the General Manager has the authority to enter into negotiated agreements in amounts not to exceed those set forth in section 20201 of the Public Contract Code as amended from time to time.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of Foresthill Public Utility District as follows:

1. Hereby delegates authority to the General Manager or his designee, as designated in writing, the authority to order any emergency action and enter into necessary contracts pursuant to the provisions and restrictions of California Public Contract Code Section 22050.

**THE FOREGOING RESOLUTION WAS DULY AND REGULARLY ADOPTED** by the Board of Directors of Foresthill Public Utility District, at a regular meeting of the Board held on the 20th day of April, 2023, by the following vote:

AYES:  
NOES:  
ABSENT:

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Jane Stahler, President

ATTEST:  
Clerk of the Board of Directors

By: \_\_\_\_\_  
Henry N. White