

Springville Public Utility District
(A Public Utilities District)
Financial Statements and
Supplementary Information
June 30, 2022

Springville Public Utility District

Springville, California

June 30, 2022

BOARD OF DIRECTORS/ADMINISTRATION

<u>Member</u>	<u>Position</u>
David Ploneis	President
Carol Brumett	Vice-President
Cheryl Hinton	Secretary
Dennis Martin	Director
Morgan Whinery	Director

Springville Public Utility District

Springville, California
June 30, 2022

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ADAIR & EVANS

an Accountancy Corporation

Lance E. Morris, CPA
David T. Eddy, CPA
Tim A. Dodson, CPA
Garry W. Riezebos, CPA
Michael J. Semas, CPA

Racquel Avila, CPA
Amanda Burlingame, CPA
Amy Deschenes, CPA
Kathy L. Hamada, CPA
Anthony Moore, CPA
John M. Oppedyk, CPA
Bret P. Stuber, CPA
Emily M. Dupree, EA
Janice Gish-Snow, CRTP

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
Springville Public Utility District

Report on the Financial Statements

We have audited the accompanying financial statement of the Springville Public Utility District ("District") as of and for the year ended June 30, 2022, and the related note to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the California State Controller's *Minimum Audit Requirements for California Special Districts*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Springville Public Utility District, as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller and state regulations governing special districts.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis section that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Springville Public Utility District's basic financial statements. The budgetary comparison schedule for water and sewer presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedules for water and sewer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Adair & Evans

An Accountancy Corporation
Tulare, CA
January 25, 2023

Springville Public Utility District

Statement of Net Position

June 30, 2022

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 59,216	\$ 173,064	\$ 232,280
Accounts receivable	33,897	37,056	70,953
Prepaid expenses	6,173	6,173	12,346
Total current assets	<u>99,286</u>	<u>216,293</u>	<u>315,579</u>
RESTRICTED ASSETS			
Cash and cash equivalents	<u>301,882</u>	<u>82,164</u>	<u>384,046</u>
CAPITAL ASSETS			
Land	21,624	312,097	333,721
Capital assets, net of depreciation	3,161,447	242,537	3,403,984
Total capital assets	<u>3,183,071</u>	<u>554,634</u>	<u>3,737,705</u>
Total assets	<u>\$ 3,584,239</u>	<u>\$ 853,091</u>	<u>\$ 4,437,330</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

LIABILITIES			
Current liabilities			
Current portion of long-term debt	\$ 25,000	\$ 4,833	\$ 29,833
Trade accounts payable	14,447	10,713	25,160
Accrued compensated absences	3,996	3,996	7,992
Accrued liabilities	4,830	9,634	14,464
Total current liabilities	<u>48,273</u>	<u>29,176</u>	<u>77,449</u>
Long-term liabilities			
Long-term debt, net of current portion			
Notes payable	0	483,068	483,068
Bonds payable	25,000	0	25,000
Total long-term liabilities	<u>25,000</u>	<u>483,068</u>	<u>508,068</u>
TOTAL LIABILITIES	<u>73,273</u>	<u>512,244</u>	<u>585,517</u>
NET POSITION			
Invested in capital assets, net of related debt	3,133,071	66,733	3,199,804
Restricted	301,882	82,164	384,046
Unrestricted	76,013	191,950	267,963
TOTAL NET POSITION	<u>3,510,966</u>	<u>340,847</u>	<u>3,851,813</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 3,584,239</u>	<u>\$ 853,091</u>	<u>\$ 4,437,330</u>

Springville Public Utility District

Statement of Revenues, Expenses and Change in Net Position
For the Fiscal Year Ended June 30, 2022

	Water	Sewer	Total
OPERATING REVENUES			
Charges for services	\$ 378,393	\$ 399,168	\$ 777,561
Total operating revenue	<u>378,393</u>	<u>399,168</u>	<u>777,561</u>
OPERATING EXPENSES			
Salaries and wages	116,859	116,839	233,698
Employee benefits	45,685	45,704	91,389
Repairs and maintenance	73,682	71,977	145,659
Engineering fees	14,733	10,983	25,716
Professional fees	11,679	7,454	19,133
Insurance	11,388	11,388	22,776
Fees, permits and testing	11,026	42,806	53,832
Utilities	17,783	15,803	33,586
Rent	5,071	5,418	10,489
Office supplies and postage	6,344	6,492	12,836
Transportation, training and travel	4,404	3,588	7,992
Directors' fees	1,625	1,625	3,250
Communications	2,743	2,771	5,514
Miscellaneous	2,010	2,012	4,022
Depreciation and amortization	22,405	9,833	32,238
Total operating expenses	<u>347,437</u>	<u>354,693</u>	<u>702,130</u>
OPERATING INCOME	<u>30,956</u>	<u>44,475</u>	<u>75,431</u>
NON-OPERATING REVENUES			
Interest income	4,102	4,435	8,537
Property taxes	11,836	11,836	23,672
Interest expense	<u>(3,286)</u>	<u>(26,391)</u>	<u>(29,677)</u>
Total non-operating revenues	12,652	(10,120)	2,532
NET INCREASE IN NET POSITION	43,608	34,355	77,963
NET POSITION, AS OF JULY 1, 2021	<u>3,467,358</u>	<u>306,492</u>	<u>3,773,850</u>
NET POSITION, AS OF JUNE 30, 2022	<u>\$ 3,510,966</u>	<u>\$ 340,847</u>	<u>\$ 3,851,813</u>

See independent auditors' report and accompanying notes

Springville Public Utility District

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2022

	Water	Sewer	Total
Cash flows from operating activities			
Cash received from customers	\$ 378,393	\$ 399,168	\$ 777,561
Cash payments to suppliers and employees	<u>(330,484)</u>	<u>(341,115)</u>	<u>(671,599)</u>
Net cash provided by operating activities	<u>47,909</u>	<u>58,053</u>	<u>105,962</u>
Cash flows from non-capital and related financing activities			
Property taxes received	<u>11,836</u>	<u>11,836</u>	<u>23,672</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(14,184)	(11,264)	(25,448)
Principal paid on debt	(20,000)	(4,624)	(24,624)
Interest paid on financing	<u>(3,286)</u>	<u>(26,391)</u>	<u>(29,677)</u>
Net cash used by capital and related financing activities	<u>(37,470)</u>	<u>(42,279)</u>	<u>(79,749)</u>
Cash flows from investing activities			
Interest income	<u>4,102</u>	<u>4,435</u>	<u>8,537</u>
Net increase in cash and cash equivalents	26,377	32,045	58,422
Cash and cash equivalents, as of July 1, 2021	<u>334,721</u>	<u>223,183</u>	<u>557,904</u>
Cash and cash equivalents, as of June 30, 2022	<u>\$ 361,098</u>	<u>\$ 255,228</u>	<u>\$ 616,326</u>
Supplemental schedule of cash flows from operating activities			
Operating income	\$ 30,956	\$ 44,475	\$ 75,431
Adjustments to reconcile Operating income to net cash provided by operating activities:			
Depreciation	22,405	9,833	32,238
Changes in operating assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	1,715	460	2,175
Prepaid expenses	(1,443)	(1,441)	(2,884)
(Decrease) increase in:			
Accounts payable	(5,127)	5,128	1
Compensated absences	(2,954)	(2,954)	(5,908)
Accrued liabilities	2,357	2,552	4,909
Net cash provided by operating activities	<u>\$ 47,909</u>	<u>\$ 58,053</u>	<u>\$ 105,962</u>

See independent auditors' report and accompanying notes

Springville Public Utility District

Notes to Financial Statement

June 30, 2022

NOTE 1 - Summary of Significant Accounting Policies

Organization - The Springville Public Utilities District (the District) is a special district of the State of California. It is located in the southeastern portion of the Central Valley. The District was organized to provide and maintain sewer and water operations in the community of Springville, County of Tulare, and State of California. The District is governed by a board of directors.

Reporting Entity - The District's basic financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity, as set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39. Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statements.

Basis of Presentation - The operations of the District are accounted for under a single governmental enterprise fund type described as a proprietary fund. Accounts are maintained in a manner similar to those of a private enterprise in that the costs of providing services to District land owners on a continuing basis are generally recovered through user charges and assessments. The measurement focus is upon the determination of net income, financial position and changes in cash flows. The District applies all applicable Governmental Accounting Standards Board (GASB) pronouncements.

Fund Accounting - The operations of the District are accounted for in an enterprise fund. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where costs (expenses, including depreciation) of providing services to the general public on a continuing basis are financed through user charges.

Basis of Accounting - The District maintains its accounts on an accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the related liabilities are incurred, regardless of the timing of related cash flows. The District has adopted Governmental Accounting Board (GASB) Statement number 63, *Financial Reporting on Deferred Outflow of Resources, Deferred Inflow of Resources, and Net Position*. The objective of this statement is to provide guidance for the reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position.

Operating and Non-Operating Revenues - The District distinguishes operating revenues and expenses from non-operating 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. Principal operating revenues of the District are charges to customers for water or sewer. Operating expenses for the District include water treatment, utility, salaries and benefits, supplies and other services, insurance premiums, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgetary Procedures - The District operates under a budget prepared and approved annually by the Board of Directors. The budget is prepared on a detailed line item basis. Revenues are budgeted by source, and expenses are budgeted by department (water and sewer) and use (salaries and employee benefits, services and supplies, other charges, fixed asset acquisitions and contingencies). Once approved the Board of Directors may amend the adopted budget when unexpected modifications are required in estimated revenues and expenses.

Cash and Cash Equivalents - The District's cash and cash equivalents include cash on hand or on deposit, and demand deposits and short-term investments with original maturities of three months or less from the date of acquisition which includes the Local Agency Investment Funds held with the county.

Springville Public Utility District

Notes to Financial Statement

June 30, 2022

NOTE 1 - Summary of Significant Accounting Policies (continued)

Allowance for Doubtful Accounts – The District uses the direct write-off method to account for uncollectable accounts. Accounts are written-off when deemed uncollectable. If the reserve method for accounting for uncollectable accounts were used, it could not have a material effect on these financial statements.

Capital Assets - The District defines capital assets as assets with an initial individual cost of more than \$1,000. The District's capital assets are recorded at cost where historical records are available and at estimated historical cost where no historical cost exists. Contributed capital assets are valued at their estimated fair market value on the date received. When an asset is disposed of, cost and related accumulated depreciation is removed and any gain or loss arising from its disposal is credited or charged to operations.

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

Depreciation is computed using the straight-line method over the estimated useful life of the assets which generally range from 20-40 years for buildings and improvements and 10-20 years for equipment.

Compensated Absences – Accumulated unpaid employee vacation benefits are recognized as a liability of the District. Employees of the District do not gain a vested right to accumulate sick leave; therefore, accumulated employee sick leave benefits are not recognized as a liability of the District, but are recorded as an expense in the year that sick leave is taken.

Net Position - Governmental Accounting Standard Board Statement (GASBS) No. 63, requires the classification of net position into three components - invested in capital assets, net of related debt; restricted, and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net position consists of capital assets, net of accumulated depreciation reduced by the outstanding debt balances, net of unamortized debt expenses, unspent debt proceeds and deferred inflows of resources related to the acquisition, construction, or improvement of the capital assets.

Restricted – This component of net position consists of assets with external constraints placed on their use. Constraints include those imposed by bond indentures, grants or laws and regulations of other governments, by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net amounts of assets, deferred outflows of resources, liabilities and deferred inflow that do not meet the definition of restricted or net investment in capital assets.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, revenue and expenses as of and for the periods presented. Actual results could differ from those estimates.

Property Taxes - Secured property taxes attach an enforceable lien on property as of January 1. Taxes are levied from July 1 through June 30. Taxes are payable in two installments; November 1 and February 1 and are collected December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Tulare bills and collects property taxes and remits them to the District in installments during the year.

Springville Public Utility District

Notes to Financial Statement

June 30, 2022

NOTE 1 - Summary of Significant Accounting Policies (continued)

Income Tax – The District is a special district and considered a government agency for income tax purposes and therefore is not subject to income taxes.

Contingent Liabilities - There were no significant contingent liabilities at the end of the fiscal year.

Risk Management – The District has purchased commercial insurance policies for various risks of loss related to torts, theft, damage or destruction of assets; wrongful acts; injuries to employees; and employee health and life. Payments of premiums for these policies are recorded as an expense of the District. Insurance settlements have not exceeded insurance coverage in any of the past three years. There are no significant reductions in coverage compared to the prior year.

Subsequent Events - Subsequent events have been evaluated through January 25, 2022, which is the date the financial statements were available to be issued.

NOTE 2 - Cash, Cash Equivalents and Cash Investments

Statutes authorize districts to invest cash in obligations of the U.S Treasury and U.S. agencies, certificates of deposits, banker's acceptances, repurchase agreements, insured money market accounts, commercial paper, county investment pool and State Treasurer's Local Agency Investment Fund.

The Board has placed limits on the Districts investments. The District investments are limited to bank or savings and loan association accounts fully insured by the Federal Deposit Insurance Corporation or collateralized with securities held by the pledging financial institution at 110 percent of the deposits in accordance with the State of California Government Code, State Treasurer's Local Agency Investment Fund, and the Tulare County Investment pool. No investment with a term in excess of five years may be made without express authority from the Board.

The District's cash as of June 30, 2022 consisted of the following:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Cash on hand	\$ 106	\$ 106	\$ 212
Cash in checking	35,233	24,872	60,105
Cash in Tulare County Treasury	325,759	230,250	556,009
Total Cash & Cash Equivalents	<u>\$ 361,098</u>	<u>\$ 255,228</u>	<u>\$ 616,326</u>

Restricted and unrestricted cash and cash investments:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Restricted	\$ 301,882	\$ 82,164	\$ 384,046
Unrestricted	59,216	173,064	232,280
Total Cash & Cash Equivalents	<u>\$ 361,098</u>	<u>\$ 255,228</u>	<u>\$ 616,326</u>

The California Government Code requires California banks and savings and loan associations to collateralize a district's deposits by pledging government securities. The market value of the pledged securities must equal at least 110 percent of a district's deposits. California law also allows financial institutions to collateralize a district's deposits by pledging first trust deed mortgage notes having a value of 150 percent of a district's total deposits. The District may waive collateral retirements for deposits which are fully insured up to \$250,000 by Federal Deposit insurance.

See independent auditors' report and accompanying notes

Springville Public Utility District

Notes to Financial Statement

June 30, 2022

NOTE 2 - Cash, Cash Equivalents and Cash Investments (continued)

At June 30, 2022 and 2021, the carrying amount and the bank balance of the District's cash deposits (including amount in checking, certificates of deposit and money market accounts) was \$59,304 and \$63,554, respectively. All of the bank balance was covered by the federal depository insurance. The District's cash and cash equivalents held in the Tulare County Treasury are held in pools managed by other governments, are not required to be categorized, and are carried at cost which approximates fair value. All pooled funds are regulated by the California Government Code.

NOTE 3 - Capital Assets

The following is a summary of the changes in Capital Assets as of June 30, 2022:

Water Plant

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Land	\$ 21,624	\$ 0	\$ 0	\$ 21,624
Other capital assets:				
Building & improvements	5,658,976	14,184	0	5,673,160
Accumulated depreciation	<u>(2,489,308)</u>	<u>(22,405)</u>	<u>0</u>	<u>(2,511,713)</u>
Other capital assets, net	<u>3,169,668</u>	<u>(8,221)</u>	<u>0</u>	<u>3,161,447</u>
Water plant capital assets, net	<u>\$ 3,191,292</u>	<u>\$ (8,221)</u>	<u>\$ 0</u>	<u>\$ 3,183,071</u>

Sewer Plant

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Land	\$ 312,097	\$ 0	\$ 0	\$ 312,097
Other capital assets:				
Building & improvements	2,491,171	11,264	0	2,502,435
Accumulated depreciation	<u>(2,250,065)</u>	<u>(9,833)</u>	<u>0</u>	<u>(2,259,898)</u>
Other capital assets, net	<u>241,106</u>	<u>1,431</u>	<u>0</u>	<u>242,537</u>
Sewer plant capital assets, net	<u>\$ 553,203</u>	<u>\$ 1,431</u>	<u>\$ 0</u>	<u>\$ 554,634</u>

NOTE 4 - Concentration of Credit Risk

The Springville Public Utility District serves the residents of Springville, California and extends credit to substantially all of its customers.

Springville Public Utility District

Notes to Financial Statement

June 30, 2022

NOTE 5 - Long-Term Debt

Long-term debt at June 30, 2022 consisted of the following:

	July 1, 2021	Increase	Decrease	June 30, 2022	Amounts Due Within One Year
Adams Family Trust	\$ 300,000	\$ 0	\$ 0	\$ 300,000	\$ 0
Rural Utilities					
Service, USDA	192,525	0	(4,624)	187,901	4,833
1984 Water					
Revenue Bonds	70,000	0	(20,000)	50,000	25,000
Totals	<u>\$ 562,525</u>	<u>\$ 0</u>	<u>\$ (24,624)</u>	<u>\$ 537,901</u>	<u>\$ 29,833</u>

Adams Family Trust

Monthly interest only payments through twelve months after the payee's death, at which time the balance of principal and interest will be deemed forgiven and the note satisfied as paid in full. In case of default, the entire principal and interest will become due at the option of the holder of the note. As the note is not expected to be called the upcoming year the entire note is considered long-term. The interest rate is 6.00%, payable on the fourth of each month beginning December 4, 2014.

Future commitments for this note payable as of June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 0	\$ 18,000	\$ 18,000
2024	300,000	18,000	318,000
Totals	<u>\$ 300,000</u>	<u>\$ 36,000</u>	<u>\$ 336,000</u>

Rural Utilities Service, USDA

Annual principal and interest payments in the amount of \$13,288 are due February 28 of each year. The interest rate is 4.50%, and matures February 28, 2045.

Future commitments for this note payable as of June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 4,833	\$ 8,455	\$ 13,288
2024	5,050	8,238	13,288
2025	5,277	8,011	13,288
2026	5,515	7,773	13,288
2027	5,763	7,525	13,288
Thereafter	161,463	77,721	239,184
Totals	<u>\$ 187,901</u>	<u>\$ 117,723</u>	<u>\$ 305,624</u>

Springville Public Utility District

Notes to Financial Statement

June 30, 2022

NOTE 5 - Long-Term Debt (continued)

Future commitments for all notes payable as of June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 4,833	\$ 26,455	\$ 31,288
2024	305,050	26,238	331,288
2025	5,277	8,011	13,288
2026	5,515	7,773	13,288
2027	5,763	7,525	13,288
Thereafter	161,463	77,721	239,184
Totals	<u>\$ 487,901</u>	<u>\$ 153,723</u>	<u>\$ 641,624</u>

1984 Water Revenue Bonds

Annual principal payments due March 1 of each year with semi-annual interest payments: due March 1 and September 1 of each year. The interest rate is 5.00%, and matures March 1, 2024.

Future commitments for this bond payable as of June 30, 2022 are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 25,000	\$ 2,500	\$ 27,500
2024	25,000	1,265	26,265
Totals	<u>\$ 50,000</u>	<u>\$ 3,765</u>	<u>\$ 53,765</u>

Debt Service Requirements

Debt service requirements on all long-term debts as of June 30, 2022, are as follows:

Year Ending June 30	Principal	Interest	Total
2023	\$ 29,833	\$ 28,955	\$ 58,788
2024	330,050	27,503	357,553
2025	5,277	8,011	13,288
2026	5,515	7,773	13,288
2027	5,763	7,525	13,288
Thereafter	161,463	77,721	239,184
Totals	<u>\$ 537,901</u>	<u>\$ 157,488</u>	<u>\$ 695,389</u>

Springville Public Utility District

Notes to Financial Statement

June 30, 2022

NOTE 6 - Restricted Net Position

The Rural Utilities Services, USDA loan requires that reserve funds be established to provide assurance that the principal and interest payments will be made. The accumulation of cash reserves is segregated for accounting purposes and restricted for their intended use. This accumulated cash reserve is presented as both a restricted asset and as restricted net position in the net asset section of the statement of net position.

The 1984 Water Revenue Bond loan requires that reserve funds be established to provide assurance that the principal and interest payments will be made. The accumulation of cash reserves is segregated for accounting purposes and restricted for their intended use. This accumulated cash reserve is presented as both a restricted asset and as restricted net position in the net asset section of the statement of net position.

The District currently funds a portion of the computed depreciation associated with the surface water treatment facility and the wastewater treatment facility. The actions to dedicate a portion of customer revenues to funded depreciation was as a result of grant funding agreement provisions associated with both facilities. Actions taken to create the Wastewater Capital Reserve Fund within the sanitary sewer utility were initiated in 1972 and supplemented in 1991. The actions were pursuant to PL-92500 and Clean Water Act grant funding agreement provisions relative to the sanitary sewer utility. The actions related to the water utility were pursuant to grant agreement provisions associated with Safe Drinking Water Program provisions funded by Proposition 13, a State of California water bond action. The action to fund this depreciation reserve occurred in 1984.

Funds generated from customers fees to satisfy the agreed to levels of funded depreciation are held in specific restricted reserves. Procedures to move funds from a restricted reserve position to address repair or replacement actions are reflected by documented resolution actions of the Board of Directors. This accumulated cash reserve is presented as both a restricted asset and as a restricted net position in the net asset section of the statement of net position.

Restricted net position balances at June 30, 2022, are as follows:

	Water	Sewer	Total
Water Reserve	\$ 27,750	\$ 0	\$ 27,750
Sewer Reserve	0	15,062	15,062
Savings for new vehicles	4,000	4,000	8,000
WTP maintenance	10,000	0	10,000
Depreciation	260,132	63,102	323,234
Total restricted net position	<u>\$ 301,882</u>	<u>\$ 82,164</u>	<u>\$ 384,046</u>

NOTE 8 - Deferred Compensation Plan

The District maintains a qualified deferred compensation plan under Section 457 of the Internal Revenue Code. Under the plan, employees may elect to defer up to 7 percent of their salaries. The District contributes the matching 7 percent and employees' portion for a total of 14 percent. The District's contributions to the plan for the year ended June 30, 2022 and 2021, totaled \$21,614 and \$20,593, respectively.

SUPPLEMENTARY INFORMATION

Springville Public Utility District

Supplementary Information
For the Fiscal Year Ended June 30, 2022

Schedule I - Budgetary Comparison Schedule- Water

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services	\$ 366,000	\$ 378,393	\$ 12,393
Total operating revenues	<u>366,000</u>	<u>378,393</u>	<u>12,393</u>
OPERATING EXPENSES			
Salaries and wages	144,382	116,859	27,523
Employee benefits	55,465	45,685	9,780
Repairs and maintenance	55,600	73,682	(18,082)
Engineering fees	5,000	14,733	(9,733)
Professional fees	12,000	11,679	321
Insurance	11,025	11,388	(363)
Fees, permits and testing	10,600	11,026	(426)
Utilities	15,550	17,783	(2,233)
Rent	6,300	5,071	1,229
Office supplies and postage	7,800	6,344	1,456
Transportation, training and travel	5,500	4,404	1,096
Directors' fees	1,475	1,625	(150)
Communications	3,750	2,743	1,007
Miscellaneous	300	2,010	(1,710)
Total operating expenses	<u>334,747</u>	<u>325,032</u>	<u>9,715</u>
OPERATING INCOME	<u>31,253</u>	<u>53,361</u>	<u>22,108</u>
NON-OPERATING REVENUES			
Interest income	2,200	4,102	1,902
Property taxes revenue	10,000	11,836	1,836
Interest expense	(3,500)	(3,286)	214
Total non-operating revenues	<u>8,700</u>	<u>12,652</u>	<u>3,738</u>
INCREASE IN NET POSITION	<u>\$ 39,953</u>	<u>\$ 66,013</u>	<u>\$ 25,846</u>
Depreciation and Amortization		<u>(22,405)</u>	
Increase in net position, financial statement basis		<u>43,608</u>	

See independent auditors' report and accompanying notes

Springville Public Utility District

Supplementary Information
For the Fiscal Year Ended June 30, 2022

Schedule II - Budgetary Comparison Schedule- Sewer

	Budget	Actual	Variance Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services	\$ 396,000	\$ 399,168	\$ 3,168
Total operating revenues	<u>396,000</u>	<u>399,168</u>	<u>3,168</u>
OPERATING EXPENSES			
Salaries and wages	144,382	116,839	27,543
Employee benefits	55,465	45,704	9,761
Repairs and maintenance	67,900	71,977	(4,077)
Engineering fees	7,200	10,983	(3,783)
Professional fees	12,000	7,454	4,546
Insurance	11,025	11,388	(363)
Fees, permits and testing	42,100	42,806	(706)
Utilities	14,400	15,803	(1,403)
Rent	6,300	5,418	882
Office supplies and postage	7,800	6,492	1,308
Transportation, training and travel	5,500	3,588	1,912
Directors' fees	1,475	1,625	(150)
Communications	3,800	2,771	1,029
Miscellaneous	300	2,012	(1,712)
Total operating expenses	<u>379,647</u>	<u>344,860</u>	<u>34,787</u>
OPERATING INCOME	<u>16,353</u>	<u>54,308</u>	<u>37,955</u>
NON-OPERATING REVENUES			
Interest income	1,980	4,435	2,455
Property taxes revenue	10,000	11,836	1,836
Interest expense	(18,000)	(26,391)	(8,391)
Total non-operating revenues	<u>(6,020)</u>	<u>(10,120)</u>	<u>4,291</u>
INCREASE IN NET POSITION	<u>\$ 10,333</u>	<u>\$ 44,188</u>	<u>\$ 42,246</u>
Depreciation and Amortization		<u>(9,833)</u>	
Increase in net position, financial statement basis		<u>34,355</u>	

See independent auditors' report and accompanying notes