



# AGENDA

1960 Elgin Street  
Oroville, CA 95966  
530-533-2000  
[www.loapud.com](http://www.loapud.com)

Board of Directors  
Regular Meeting  
November 9, 2021 – 2:00 PM

Materials related to an item on the open meeting agenda that are provided to the Board of Directors, including those provided to the Board after distribution of the agenda packet, are available on the District website.

During this difficult time, we invite you to join today's scheduled meeting via Zoom by using your phone or computer to attend this meeting. Please call our District office at **(530)533-2000** for assistance in participating in the teleconference.

Dial in: 1-669-900-9128  
Meeting ID: 896 9629 8708  
Passcode: 899954

To ensure that our meetings are as orderly as possible, and to enable public participation at the proper times during the meeting, we are asking that everyone take a moment to ensure your line stays muted until public comment is invited. When it comes time for public comment, we will leave enough time for participants to unmute and speak to the entire group and our Board. Because attendees cannot see each other's mute status, we will simply need to be patient as we wait in between comments, and do our best not to speak over each other. Please state your name for the record before sharing comments. We are committed to keeping the public engaged throughout this crisis and appreciate your help in making that happen.

1. **SALUTE TO THE FLAG OF THE UNITED STATES OF AMERICA**

2. **MOMENT OF SILENCE**

3. **ROLL CALL AND ACKNOWLEDGEMENT OF VISITORS**

Individuals will be provided the opportunity to address the Board regarding matters NOT scheduled on the agenda. No action will be taken by the Board on these matters; however, the Board may ask questions for clarification and refer to staff or other resources for information and request staff reports at a subsequent meeting. Comments on items scheduled on the agenda may be made as they are considered by the Board.

4. **CONSENT AGENDA**

All items listed under the Consent Agenda are considered routine and will be enacted by one motion unless an item is removed. Consent Agenda items will be read by title only. There will be no separate discussion of these items unless members of the Board or person in the audience request a specific item to be removed from the Consent Agenda to the Regular Agenda for separate discussion, prior to the time the Board votes on the motion to adopt the Consent Agenda. If any item(s) is removed from the Consent Agenda, the item(s) will be considered immediately following action on the Consent Agenda.

**4.1 BOARD MEETING MINUTES: REGULAR MEETING OCTOBER 12, 2021**

**4.2 FINANCIAL REPORT MONTH ENDING: OCTOBER 31, 2021**

**4.3 PAYMENT OF CLAIMS MONTH ENDING: OCTOBER 31, 2021**

5. **ITEMS REMOVED FROM THE CONSENT AGENDA (IF ANY)**

6. **PRESENTATION OF THE 2020-21 INDEPENDENT AUDIT REPORT**

The Board will review and consider approving the Independent Audit Report prepared by SingletonAuman for the fiscal year ending June 30, 2021.

*Discussion with possible action*

7. **BILLING DOCUMENT SYSTEMS (BDS) REVIEW**

Staff will update the Board regarding BDS pricing and price guarantee.

*Discussion with possible action*

8. **REQUEST APPROVAL TO SUBMIT PALERMO WASTEWATER CONSOLIDATION PLANNING GRANT APPLICATION AND ADOPTION OF RESOLUTION NO. 06-2021 "AUTHORIZING THE GENERAL MANAGER OR DESIGNEE AS DULY AUTHORIZED REPRESENTATIVES FOR THE DISTRICT"**

The Board will review the request for approval to submit the Palermo Wastewater Consolidation Planning Grant Application and consider adopting Resolution No. 06-2021 "Authorizing the General Manager or Designee as Duly Authorized Representatives for the District" as part of the process of submitting the application.

*Discussion with possible action*

9. **REQUEST TO REVIEW AND ADOPT POLICY 2379 – "JOB DESCRIPTION-CUSTOMER ACCOUNT SPECIALIST"**

The General Manager will request that the Board waive the requirement to review a draft of a proposed new policy at a prior regular meeting and adopt Policy 2379- "Job Description-Customer Account Specialist".

*Discussion with possible action*

10. **APPROVAL OF REVISED BOARD POLICY NO. 2151 "EMPLOYMENT COMPENSATION SCHEDULE"**

The Board will review and consider approving the revised Board Policy No. 2151 "Employment Compensation Schedule".

*Discussion with possible action*

11. **APPROVAL OF "RESOLUTION NO. 07-2021 AUTHORIZING REMOTE MEETINGS CONSISTENT WITH AB 361"**

The Board will review and consider accepting "Resolution No. 07-2021 Authorizing remote meetings consistent with AB361"

*Discussion with Possible Action*

12. **APPROVAL OF GENERAL MANAGER'S CONTRACT**

The Board will review and consider approving the General Manager's contract.

*Discussion with possible action*

**REPORTS AND CONSULTATIONS**

13. **SC-OR COMMISSIONER'S REPORT**

14. **BCSDA REPRESENTATIVES AND LAFCo REPORT**

15. **BOARD MEMBERS', MANAGER, AND STAFF COMMENTS**

- FIELD OPERATIONS REPORT
- PERSONNEL COMMITTEE REPORT

16. **FUTURE AGENDA ITEMS**

17. **ADJOURNMENT**



## **Manager's Report**

To: Board Of Directors

From: Scott McCutcheon, General Manager

Date: November 9, 2021

RE: Item No. 1 – Salute To The Flag Of The United States





## **Manager's Report**

To: Board Of Directors  
From: Scott McCutcheon, General Manager  
Date: November 9, 2021  
  
RE: Item No. 2 – Moment Of Silence



## **Manager's Report**

To: Board Of Directors

From: Scott McCutcheon, General Manager

Date: November 9, 2021

RE: Item No. 3 – Roll Call And Acknowledgment Of Visitors



## Manager's Report

To: Board Of Directors  
From: Scott McCutcheon, General Manager  
Date: November 9, 2021  
  
RE: Item No. 4 – Consent Agenda

Item No. 4.1 **Board Meeting Minutes** - Minutes from the October 12, 2021 regular, board meetings are included for the Board's review and approval.

Attachment Included

Item No. 4.2 **Financial Reports** - Profit and Loss report through October 31, 2021 is complete and ready for review, comment, and approval.

Attachment Included

Item No. 4.3 **Payment of Claims** - The pending October 31, 2021 Claims are attached for review and Board approval for payment.

Attachment Included

**UNADOPTED  
LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT  
BOARD OF DIRECTORS REGULAR MEETING  
OCTOBER 12, 2021**

**CALL TO ORDER**

Vice President Mastelotto called the meeting to order at 2:05 P.M. Directors present were Fairbanks and Marciniak. General Manager (GM) McCutcheon, Field Operations Supervisor (FOS) Victorino, Office Clerk Kahalekulu, Board Clerk (BC) Hamblin and District Engineer Knibb represented the District.

**SALUTE TO THE FLAG**

Vice President Mastelotto led the meeting with the salute to the flag.

**PRESIDENT SHARMAN ARRIVED AT 2:07 P.M.**

**CONSENT AGENDA**

The Board reviewed the minutes of the Regular Board Meeting of September 14, 2021, and the minutes of the Special Board Meetings of September 8 2021, the Financial Reports and the Claims List for month ending September 30, 2021. After discussion, it was moved by Director Marciniak and seconded by Director Fairbanks that the items on the consent agenda be approved as presented. The motion passed with the following roll call vote:

Ayes: Directors Fairbanks, Marciniak, Mastelotto, and Sharman.

**REVIEW OF NIXON EGLI EQUIPMENT CO. QUOTE FOR 2021 900-ECO 6 YARD COMBINATION TRUCK**

GM McCutcheon and FOS Victorino presented a quotation from Nixon Egli Equipment Co. for a 2021 900-ECO 6 Yard Combination Truck. FOS Victorino updated the Board on the need and the benefits of the truck. After discussion, the Board requested that more information be gathered and presented at the November 9, 2021 Regular Board Meeting.

No Action Taken

**REVIEW OF BILLING DOCUMENT SYSTEM (BDS) SERVICES**

Office Clerk Kahalekulu and BC Hamblin presented a comparison of current accounts receivable processing with the services that BDS offers. After discussion, the Board requested that more information be gathered and presented at the November 9, 2021 Regular Board Meeting.

No Action Taken

**OFFICE CLERK KAHALEKULU LEFT THE MEEING AT 2:56 P.M.**

**CLOSED SESSION – GOVERNMENT CODE §54957 and §54957.6**

President Sharman moved the meeting into closed session at 2:57 P.M.

President Sharman returned the meeting to open session at 3:56 P.M., stating that Direction was given to the District Labor Negotiator.

**REQUEST APPROVAL TO SUBMIT PALERMO WASTEWATER CONSOLIDATION PLANNING GRANT APPLICATION**

GM McCutcheon and Engineer Knibb updated the Board on the status of the Palermo Wastewater Consolidation Planning Grant Application. After discussion, the Board asked that the new item be presented at the November 9, 2021 Regular Board Meeting for approval of the Grant Application.

No Action Taken.

**REQUEST TO REVIEW AND ADOPT POLICY 2305- “JOB DESCRIPTION – TEMPORARY ASSISTANT TO THE MANAGER”**

GM McCutcheon requested the Board to waive the requirement to review the draft proposed new policy at a prior meeting and adopt Policy 2305- “Job Description – Temporary Assistant to the Manager”. After discussion, it was moved by Director Sharman and seconded by Director Marciniak to waive the requirement to review the draft proposed new policy at a prior meeting and adopt Policy 2305- “Job Description – Temporary Assistant to the Manager”. The motion passed with the following roll call vote:

Ayes: Directors Fairbanks, Marciniak, Mastelotto, and Sharman.

**SC-OR COMMISSIONERS’ REPORT**

Director Fairbanks and Director Mastelotto updated the Board on the September 29, 2021 SC-OR Commissioners Meeting.

**BCSDA REPRESENTATIVES AND LAFCo REPORT**

No report given.

**REVIEW OF THE QUARTERLY INVESTMENT SCHEDULE, QUARTERLY INCOME STATEMENT, AND BALANCE SHEET**

GM McCutcheon and the Board reviewed the Quarterly Investment Schedule, Quarterly Income Statement and Balance Sheet.

**FIELD OPERATIONS REPORT**

FOS Victorino presented the Field Operations Report.

**PERSONNEL COMMITTEE MEETING REPORT**

No report given.

**ADJOURNMENT**

There being no further business to come before the Board the meeting was adjourned at 4:18 P.M.

Respectfully submitted,

Kelly Hamblin,  
Clerk of the Board

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT  
Cash Report  
For the Accounting Period: 10/21

Fund/Account	Beginning Balance	Received	Transfers In	Disbursed	Transfers Out	Ending Balance
53 Sewer						
10001 Five Star Bank - General Acct.	501,746.75	659,952.99	0.00	1,687.32	129,453.03	1,030,559.39
10021 Five Star USDA	66,654.32	0.00	0.00	0.00	0.00	66,654.32
10031 Five Star Money Market	981,850.61	0.00	0.00	0.00	0.00	981,850.61
10400 LAIF 10401 Series A Bond Debt	2,701,934.79	1,710.46	0.00	0.00	0.00	2,703,645.25
10401 LAIF ACCOUNT SERIES A BOND DEPT	107,048.00	0.00	0.00	0.00	0.00	107,048.00
10500 Petty Cash	500.00	0.00	0.00	0.00	0.00	500.00
<b>Total Fund</b>	<b>4,359,734.47</b>	<b>661,663.45</b>		<b>1,687.32</b>	<b>129,453.03</b>	<b>4,890,257.57</b>
55 RIVER RANCH OROVILLE LLC						
10001 Five Star Bank - General Acct.	-10,238.37	0.00	0.00	0.00	497.90	-10,736.27
71 Payroll Clearing						
10001 Five Star Bank - General Acct.	1,725.45	0.00	51,588.26	46,285.11	0.00	7,028.60
73 Claims Clearing						
10001 Five Star Bank - General Acct.	406,530.36	0.00	86,372.77	13,413.07	0.00	479,490.06
<b>Totals</b>	<b>4,757,751.91</b>	<b>661,663.45</b>	<b>137,961.03</b>	<b>61,385.50</b>	<b>129,950.93</b>	<b>5,366,039.96</b>

\*\*\* Transfers In and Transfers Out columns should match, with the following exceptions:

- 1) Cancelled electronic checks increase the Transfers In column. Disbursed column will be overstated by the same amount and will not balance to the Redeemed Checks List.
- 2) Payroll Journal Vouchers including local deductions with receipt accounting will reduce the Transfers Out column by the total amount of these checks.

Combined Funds

		----- Current Year -----				
Account Object	Description	Current Month	Current YTD	Budget	Variance	%
Revenue						
41100	Sewer Service Charge	-95.11	398,109.41	1,592,439.00	-1,194,329.59	25
41150	Pumping Charge	-5.62	31,859.99	127,322.00	-95,462.01	25
41200	Kelly Ridge Pumping Chg (Taxes)			45,000.00	-45,000.00	
41300	Connection Fee	200.00	400.00		400.00	24
<b>Total Revenue</b>		<b>99.27</b>	<b>430,369.40</b>	<b>1,764,761.00</b>	<b>-1,334,391.60</b>	<b>24</b>
Expenses						
51000	Administration					
60100	Salaries & Wages	20,027.45	76,339.24	249,062.00	172,722.76	31
60200	Sick Time Buy Back			3,000.00	3,000.00	
62100	Health Insurance	4,790.38	19,273.72	72,279.00	53,005.28	27
62150	HSA PAYABLE	833.32	2,499.96	10,000.00	7,500.04	25
62200	Dental Insurance	292.44	1,189.20	3,802.00	2,612.80	31
62250	Life Insurance	33.78	133.28	462.00	328.72	29
62300	Vision Insurance		253.00	3,003.00	2,750.00	8
62400	Deferred Comp 457	385.17	1,480.63	4,981.00	3,500.37	30
62450	CALPERS Contribution	26,388.84	68,411.57	84,575.00	16,163.43	81
62500	Workers Comp Ins.	289.45	473.27	4,572.00	4,098.73	10
62550	Payroll Taxes/Ins.	1,449.23	5,576.89	20,864.00	15,287.11	27
65100	Office Utilities		-124.39		124.39	
<b>Total Account</b>		<b>54,490.06</b>	<b>175,506.37</b>	<b>456,600.00</b>	<b>281,093.63</b>	<b>38</b>
51100	Director					
60100	Salaries & Wages	2,000.00	8,000.00	24,000.00	16,000.00	33
62300	Vision Insurance		232.00	5,000.00	4,768.00	5
62550	Payroll Taxes/Ins.	185.00	740.00	1,836.00	1,096.00	40
<b>Total Account</b>		<b>2,185.00</b>	<b>8,972.00</b>	<b>30,836.00</b>	<b>21,864.00</b>	<b>29</b>
55100	LEAP GRANT					
64100	Engineering Services			45,300.00	45,300.00	
64152	SURVEYING SERVICES			81,000.00	81,000.00	
67450	Environmental			160,000.00	160,000.00	
<b>Total Account</b>				<b>286,300.00</b>	<b>286,300.00</b>	
55200	REAP GRANT					
64100	Engineering Services			34,340.00	34,340.00	
64152	SURVEYING SERVICES			60,950.00	60,950.00	
67450	Environmental			120,960.00	120,960.00	
<b>Total Account</b>				<b>216,250.00</b>	<b>216,250.00</b>	
57000	General Operating					
64100	Engineering Services		27,647.50	60,000.00	32,352.50	46
64150	Legal Services	277.85	-2,820.15	36,000.00	38,820.15	-8



Combined Funds

		----- Current Year -----				
Account Object	Description	Current Month	Current YTD	Budget	Variance	%
64200	Accounting/Audit Services	1,200.00	19,400.00	20,400.00	1,000.00	95
64250	Insurance	3,705.58	14,822.32	44,600.00	29,777.68	33
64300	Software Maintenance & Tech Support	436.17	9,529.12	44,400.00	34,870.88	21
65100	Office Utilities	907.81	4,267.61	19,465.00	15,197.39	22
65150	Shop/Yard Utilities	345.75	1,741.71	10,380.00	8,638.29	17
66100	Office Supplies & Expenses	299.92	6,474.89	18,000.00	11,525.11	36
66150	Office Equipment	585.97	2,415.12	33,000.00	30,584.88	7
66200	Building & Yard Repairs / Maintenance		1,488.99	13,000.00	11,511.01	11
66250	Small Tools & Consumables	13.51	3,525.21	22,700.00	19,174.79	16
66350	Outside services	444.01	2,796.88	5,000.00	2,203.12	56
67100	Education & Training			12,000.00	12,000.00	
67150	Membership/Subscriptions	5,752.00	7,159.17	9,900.00	2,740.83	72
67200	Permits & Licenses		4,245.33	14,150.00	9,904.67	30
67250	Travel, Meals & Entertainment		309.75	3,000.00	2,690.25	10
67300	Elections			5,000.00	5,000.00	
67350	Bank Fees	348.16	3,455.43	10,800.00	7,344.57	32
67400	Safety Training	1,850.00	2,096.25	12,000.00	9,903.75	17
67450	Environmental			3,050.00	3,050.00	
67550	LAFCo Operating Fees		1,488.32	2,400.00	911.68	62
	<b>Total Account</b>	<b>16,166.73</b>	<b>110,043.45</b>	<b>399,245.00</b>	<b>289,201.55</b>	<b>28</b>
58000	Field					
60100	Salaries & Wages	15,756.68	75,396.43	353,683.00	278,286.57	21
60200	Sick Time Buy Back			3,000.00	3,000.00	
61150	Standby Wages	480.36	1,944.72	6,525.00	4,580.28	30
61200	Regular Overtime Wages			17,887.00	17,887.00	
61250	Call-Out Overtime Wages			7,680.00	7,680.00	
62100	Health Insurance	1,504.32	6,321.32	76,101.00	69,779.68	8
62150	HSA PAYABLE	208.33	1,041.65	2,500.00	1,458.35	42
62200	Dental Insurance	108.32	432.05	8,332.00	7,899.95	5
62250	Life Insurance	26.19	104.99	901.00	796.01	12
62300	Vision Insurance		1,153.71	6,006.00	4,852.29	19
62400	Deferred Comp 457	320.90	1,535.30	7,573.00	6,037.70	20
62450	CALPERS Contribution	1,348.15	5,998.06	125,669.00	119,670.94	5
62500	Workers Comp Ins.	2,341.89	4,790.36	37,210.00	32,419.64	13
62550	Payroll Taxes/Ins.	1,233.89	6,024.76	35,507.00	29,482.24	17
63500	Boots and Uniforms			5,700.00	5,700.00	
65175	PUMP STATION UTILITIES	5,048.87	15,922.33	69,340.00	53,417.67	23
66250	Small Tools & Consumables	119.93	474.80		-474.80	
66300	Safety Supplies		1,172.92	6,000.00	4,827.08	20
66350	Outside services	35.00	920.50	7,000.00	6,079.50	13
67150	Membership/Subscriptions	3,500.00	3,500.00		-3,500.00	
68100	Routine Operations & Maintenance - Sewer System	2,000.00	5,536.61	9,000.00	3,463.39	62
68125	REPAIRS AND MAINTENANCE ON PUMP STATIONS	599.64	841.02	69,415.00	68,573.98	1
68150	I & I Operations & Maintenance			43,200.00	43,200.00	
69100	Diesel Fuel	5,298.55	5,298.55	22,680.00	17,381.45	23
69150	Gasoline	2,323.81	2,323.81	15,120.00	12,796.19	15
69200	Oils & Grease			1,800.00	1,800.00	
69250	Heavy Equipment Repairs & Maintenance		1,002.72	13,000.00	11,997.28	8
69300	Auto Repairs & Maintenance		2,328.44	12,900.00	10,571.56	18

Combined Funds

		----- Current Year -----					
Account	Object	Description	Current Month	Current YTD	Budget	Variance	%
<b>Total Account</b>			<b>42,254.83</b>	<b>144,065.05</b>	<b>963,729.00</b>	<b>819,663.95</b>	<b>15</b>
59000		RIVER RANCH OROVILLE LLC					
	64100	Engineering Services		497.90		-497.90	
<b>Total Account</b>				<b>497.90</b>		<b>-497.90</b>	
<b>Total Expenses</b>			<b>115,096.62</b>	<b>439,084.77</b>	<b>2,352,960.00</b>	<b>1,913,875.23</b>	<b>19</b>
Net Income from Operations			-114,997.35	-8,715.37			
Other Revenue							
	47100	Capacity Charge	4,777.00	9,554.00		9,554.00	
	47150	Sewer Service Late Fees	-31.72	19,360.56		19,360.56	
	47195	FUEL SALES	157.52	369.21		369.21	
	47200	Interest	1,710.46	11,859.33	6,377.00	5,482.33	186
	47250	RD Surcharge	-44.10	90,503.00	362,148.00	-271,645.00	25
	47350	Current Sec Taxes			280,000.00	-280,000.00	
	47400	Current Unsec Tax	14,188.35	14,188.35	12,000.00	2,188.35	118
	47450	Prior Unsec Tax	203.12	203.12		203.12	
	47475	SUPPLEMENTAL APPORTIONMENT	817.96	817.96		817.96	
	47500	Other Taxes			3,600.00	-3,600.00	
	47871	SC-OR Regional Facility Charge	6,638.00	6,638.00		6,638.00	
	48000	GRANT REVENUE			502,550.00	-502,550.00	
	49000	Other Income	105.00	4,145.00		4,145.00	
<b>Total Other Revenue</b>			<b>28,521.59</b>	<b>157,638.53</b>	<b>1,166,675.00</b>	<b>-1,009,036.47</b>	<b>14</b>
Other Expenses							
81000		Capital Outlay					
	81110	Equipment Purchase		50,202.54	345,055.00	294,852.46	15
	81112	Master Plan Update		375.00		-375.00	
	81120	Capitalized Expenditure - Other	19,947.28	19,947.28		-19,947.28	
	81200	District Projects-CIP			457,780.00	457,780.00	
<b>Total Account</b>			<b>19,947.28</b>	<b>70,524.82</b>	<b>802,835.00</b>	<b>732,310.18</b>	<b>9</b>
85000		Debt Service					
	85200	Loan Principal		62,000.00	62,000.00		100
	85250	Loan Interest Expense		51,425.00	101,533.00	50,108.00	51
<b>Total Account</b>				<b>113,425.00</b>	<b>163,533.00</b>	<b>50,108.00</b>	<b>69</b>
87000		Other Expense					
	74400	Depreciation			564,000.00	564,000.00	

11/04/21  
07:51:11

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT  
Income Statement  
For the Accounting Period: 10 / 21

Page: 4 of 4  
Report ID: LB170A

Combined Funds

Account Object	Description	----- Current Year -----				
		Current Month	Current YTD	Budget	Variance	%
	<b>Total Account</b>			564,000.00	564,000.00	
	<b>Total Other Expenses</b>	19,947.28	183,949.82	1,530,368.00	1,346,418.18	12
	Net Income	-106,423.04	-35,026.66			

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT  
Claims and/or Payroll Checks List  
For the Accounting Period: 10/21

Claims

Check #	Check Type	Vendor/Employee/Payee Number/Name	Check Amount	Period	Date Issued	Notes
-99874	E	30 CA PUBLIC EMPLOYERS' RETIREMENT S	12262.67	10/21	10/08/21	
-99873	E	30 CA PUBLIC EMPLOYERS' RETIREMENT S	108.75	10/21	10/08/21	
-99872	E	59 HSA BANK	1041.65	10/21	10/21/21	
22576	SC	13 BATTERIES PLUS BULBS	137.17	10/21	10/15/21	
22577	SC	14 BETTER DEAL EXCHANGE	23.75	10/21	10/15/21	
22578	SC	70 LAKEVIEW PETROLEUM CO	7622.36	10/21	10/15/21	
22579	SC	79 MIRY'S CLEANING SERVICES	260.00	10/21	10/15/21	
22580	SC	97 PAYGOV.US	327.09	10/21	10/15/21	
22581	SC	106 RECOLOGY BUTTE COLUSA COUNTIES	92.72	10/21	10/15/21	
22582	SC	109 SAUERS ENGINEERING INC	6272.90	10/21	10/15/21	
22583	SC	126 THOMAS & ASSOCIATES	19947.28	10/21	10/15/21	
22584	SC	132 U S POSTAL SERVICE METER	300.00	10/21	10/15/21	
22585	SC	133 UMPQUA BANK	1162.06	10/21	10/15/21	
22586	SC	141 VISTA NET, INC.	586.08	10/21	10/15/21	
22587	SC	110 SC-OR	6638.00	10/21	10/15/21	
22588	SC	11 ANSWERLINE COMMUNICATIONS	262.70	10/21	10/22/21	
22589	SC	12 AT & T/SBC	478.14	10/21	10/22/21	
22590	SC	14 BETTER DEAL EXCHANGE	13.51	10/21	10/22/21	
22591	SC	17 BLUE SHIELD OF CA	7083.23	10/21	10/22/21	
22592	SC	34 CALIFORNIA SPECIAL DISTRICTS ASSO	5752.00	10/21	10/22/21	
22593	SC	45 DAN'S ELECTRICAL SUPPLY	185.23	10/21	10/22/21	
22594	SC	157 FACS	1850.00	10/21	10/22/21	
22595	SC	60 HUMANA	464.72	10/21	10/22/21	
22596	SC	78 MINASIAN LAW FIRM	277.85	10/21	10/22/21	
22597	SC	93 PACIFIC GAS & ELECTRIC	5302.78	10/21	10/22/21	
22598	SC	99 POSM SOFTWARE LLC	2000.00	10/21	10/22/21	
22599	SC	108 RIEBES AUTO PARTS	414.41	10/21	10/22/21	
22600	SC	114 SINGLETONAUMAN	1200.00	10/21	10/22/21	
22601	SC	115 SOUTH FEATHER WATER	70.14	10/21	10/22/21	
22602	SC	119 STREAMLINE	200.00	10/21	10/22/21	
22603	SC	124 TESCO CONTROLS	3500.00	10/21	10/22/21	
22604	SC	145 XEROX CORPORATION	241.66	10/21	10/22/21	
22605	SC	32 CA WATER SERVICE	39.90	10/21	10/29/21	
22606	SC	58 HOBBS PEST SOLUTIONS, INC	62.00	10/21	10/29/21	
22607	SC	95 PARAMEX	35.00	10/21	10/29/21	
22608	SC	115 SOUTH FEATHER WATER	24.84	10/21	10/29/21	
22609	SC	999999 FIDELITY NATIONAL TITLE	132.18	10/21	10/29/21	

Claims Total # of Checks: 37

Total: 86372.77

Check Types: MC=Manual Claim, SC=System Claim, V=Void (never in system), E=ACH  
P=Payroll, C=Cancelled (cancelled in system), R=Reissued, D=Deleted (deleted in system)

Payroll

Check #	Check Type	Vendor/Employee/Payee Number/Name	Check Amount	Period	Date Issued	Notes
-89809	P	2 ROBERT L BRODERSON	1723.70	10/21	10/08/21	
-89808	P	4 KELLY J HAMBLIN	1488.18	10/21	10/08/21	
-89807	P	10 SCOTT A MCCUTCHEON	2347.70	10/21	10/08/21	
-89806	P	15 SHAWN PETERSON	1916.06	10/21	10/08/21	
-89805	P	11 ANNELYN A RACKLEY	524.79	10/21	10/08/21	
-89804	P	19 VINCENT M VICTORINO	1725.48	10/21	10/08/21	
-89803	P	CALPERS 457 CAL 457	1140.83	10/21	10/08/21	
-89802	P	PERS CLASS CAL PERS CLASSIC	1079.06	10/21	10/08/21	
-89801	P	PEPRA CAL PERS PEPRA	1434.54	10/21	10/08/21	
-89800	P	SDI EDD	726.20	10/21	10/08/21	
-89799	P	FIT EFTPS	3858.10	10/21	10/08/21	
-89798	P	HEALTH INS LAKE OROVILLE AREA PUD	3084.82	10/21	10/08/21	
-89797	P	AD&D LOPUD	690.10	10/21	10/08/21	
-89796	P	2 ROBERT L BRODERSON	1784.05	10/21	10/22/21	
-89795	P	4 KELLY J HAMBLIN	1488.18	10/21	10/22/21	
-89794	P	16 ROBERT MARCINIAK	364.60	10/21	10/22/21	
-89793	P	9 ANGELA D MASTELOTTO	364.60	10/21	10/22/21	
-89792	P	10 SCOTT A MCCUTCHEON	2347.70	10/21	10/22/21	
-89791	P	15 SHAWN PETERSON	1933.41	10/21	10/22/21	
-89790	P	11 ANNELYN A RACKLEY	470.41	10/21	10/22/21	
-89789	P	20 AARON RUEDI	499.60	10/21	10/22/21	
-89788	P	19 VINCENT M VICTORINO	1788.33	10/21	10/22/21	
-89787	P	CALPERS 457 CAL 457	1206.41	10/21	10/20/21	
-89786	P	PERS CLASS CAL PERS CLASSIC	1142.13	10/21	10/20/21	
-89785	P	PEPRA CAL PERS PEPRA	1524.80	10/21	10/20/21	
-89784	P	CA TRAIN (ETT) EDD	848.43	10/21	10/20/21	
-89783	P	FIT EFTPS	4547.72	10/21	10/20/21	
-89782	P	HEALTH INS LAKE OROVILLE AREA PUD	3503.05	10/21	10/22/21	
-89781	P	AD&D LOPUD	732.13	10/21	10/22/21	
88064	P	5 DARIN K KAHALEKULU	1733.74	10/21	10/08/21	
88065	P	6 DEE G FAIRBANKS	364.60	10/21	10/22/21	
88066	P	5 DARIN K KAHALEKULU	1733.74	10/21	10/22/21	
88067	P	17 RICHARD SALVUCCI	364.60	10/21	10/22/21	
88068	P	13 WILLIAM P SHARMAN	364.60	10/21	10/22/21	
88069	P	5 DARIN K KAHALEKULU	673.86	10/21	10/22/21	
88070	P	AFLAC 125 AFLAC	68.00	10/21	10/22/21	

Payroll Total # of Checks: 36 Total: 51588.25

Grand Total # of Checks: 73 Total: 137961.02

Check Types: MC=Manual Claim, SC=System Claim, V=Void (never in system), E=ACH  
P=Payroll, C=Cancelled (cancelled in system), R=Reissued, D=Deleted (deleted in system)



## **Manager's Report**

To: Board Of Directors

From: Scott McCutcheon, General Manager

Date: November 9, 2021

RE: Item No. 5 – Items Removed From Consent Agenda



## Manager's Report

To: Board Of Directors

From: Scott McCutcheon, General Manager

Date: November 9, 2021

RE: Item No. 6 – Presentation of the 2020-21 Independent Audit Report

SingletonAuman PC has completed the 2020-21 District audit. A representative from SingletonAuman PC will be presenting the audit report for Board consideration and approval.

**Attachment Included**

*Recommended Action:* Approve the Independent Audit Report prepared by SingletonAuman PC for the fiscal year ending June 30, 2021.

October 8, 2021

To the Board of Directors  
Lake Oroville Area Public Utility District  
Oroville, CA 95966

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Lake Oroville Area Public Utility District for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 22, 2019. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practice*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Lake Oroville Area Public Utility 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 2020/2021. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the net pension liability. We evaluated key factors and assumptions used to develop the net pension liability in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of Defined Benefit Pension Plan in Note 8 to the financial statement regarding net pension liability for compliance with GASB 68.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

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

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of the audit procedures were corrected by management. See enclosed list of journal entries.



### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, 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.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 8, 2021.

### *Management Consultations with Other Independent Accountants*

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 District'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.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as 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.

**In our audit testing we noted that the District has some deficiencies in its internal controls, which we do not consider to be significant enough to result in an audit finding. However, we recommend that the District consider implementing the procedures below, which are commonly used by small special districts. The effectiveness of these controls are highly dependent upon the integrity of Management and the "tone-at-the-top" that is maintained by Management and the Board. It is important that the board be active in overseeing the operations of the District and continue to expect transparency from Management. Over time, as management will change, the Board must remain resilient in regards to modifying, or developing internal control procedures that will maintain the safety of the organizations financial resources.**

**We recommend that the District adopt and implement a Purchasing policy which would specify the dollar threshold at which certain levels of authorization are required prior to an individual being able to obligate the District for a purchase. For example, the District might set a threshold of \$50,000, for which Board approval is required, and perhaps \$5,000 for which General manager approval is required. To document the prior approval, District will often use purchase orders.**

**Given that the management of the District has responsibilities for both custody of assets (signature authority for cash) as well as authorization of transactions, and recording transaction in the accounting records, the Organization must rely on mitigating controls to decrease the risk that significant fraud could occur and not be detected in a timely manner. These mitigating controls include procedures such as multiple individuals in the business office being involved in financial processes, and Board review of Year-to-Date Activity from Quickbooks reports.**

**In order to enhance the mitigating controls that are currently in place, we recommend the District review its processes to ensure that procedures, or comparable procedures, have been implemented that include:**

- 1. Best practices for separating duties for the cash receipting function would be to ensure that the responsibilities of receiving cash (or checks), bank deposit preparation and posting activity to the general ledger are separated, and always performed by separate individuals.**
- 2. Best practices for the disbursing of funds would be to ensure that the responsibilities of preparing voucher packages, preparing check requests, approving checks for payment and mailing checks are separated.**
- 3. The General Manager and/or Board Treasurer should be responsible for reviewing the following, and initializing that they have done so on the document:**
  - a. Printing bank statements from the online access to bank accounts & providing those to the Bookkeeper to perform the reconciliation.**

- b. Bank reconciliations once they are completed by the Bookkeeper**
- c. Credit Card Statements**
- d. Payroll Summary reports for each payroll and individual paychecks**
- e. Significant Journal entries and their supporting documentation**

**The above recommendations are opportunities for strengthening internal control and increasing operating efficiency.**

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and Management of Lake Oroville Area Public Utility District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

SingletonAuman, PC

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2021**

**INTRODUCTION**

Lake Oroville Area Public Utility District's present operations include providing sewage collection and transmission services to residents of the District.

Our discussion and analysis of Lake Oroville Area Public Utility District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, including notes and supplementary information, which follow this section.

**FINANCIAL HIGHLIGHTS**

- ❑ The net position was \$10,371,553 at June 30, 2021. This was an increase of \$446,828 from the prior year.
- ❑ Overall revenues were \$2,468,806 which were more than expenses of \$2,021,978 by \$446,828.
- ❑ Debt has decreased by \$60,000, due to the annual payment on Series A Bonds.

**OVERVIEW OF FINANCIAL STATEMENTS**

The District's basic financial statements include five components:

- Statement of Net Position – Proprietary Fund
- Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
- Statement of Cash Flows – Proprietary Fund
- Statement of Fiduciary Net Position – Agency Fund
- Notes to the Financial Statements

The **Statement of Net Position** includes all the District's assets and liabilities, with the difference between the two reported as Net Position. Net Position is displayed in three categories:

- Net investment in capital assets
- Restricted
- Unrestricted

This statement provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The **Statement of Revenues, Expenses, and Changes in Net Position** presents information which shows how the District's equity changed during each year. All of the year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses, and changes in net position measures the success of the District's operations during the year and determines whether the District has recovered its costs through user fees and other charges.

The **Statement of Cash Flows** provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operating Activities
- Noncapital Financing Activities
- Capital and Related Financing Activities
- Investing Activities

The **Statement of Fiduciary Net Position – Custodial Fund** includes all of the District's Villa Verona Assessment District assets and liabilities.

This statement differs from the statements of revenues, expenses, and changes in equity by only accounting for transactions that result in cash receipts or cash disbursements.

The **Notes to Financial Statements** provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

## **FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

### **Net Position**

The District's net position was \$10,371,553 at June 30, 2021. See Table 1. The significant changes in Table 1 line items for fiscal 2021 vs 2020 are:

Cash increased and current liabilities decreased as a result of revenues exceeding expenses.

**Table 1: Net Position**

	<b>Business-Type Activities</b>		<b>Change</b>
	2021	2020	2021-2020
<b>Assets</b>			
Cash	\$ 2,302,510	\$ 2,032,867	13.26%
Accounts Receivable	1,060,675	1,019,237	4.07%
Other Current Assets	164,220	104,985	56.42%
Restricted Cash	1,710,046	1,423,320	20.14%
Investment in Sewer Treatment Association	41,982	41,982	0.00%
Capital Assets, Net of Accumulated Depreciation	8,820,203	9,095,520	-3.03%
<b>TOTAL ASSETS</b>	<b>\$ 14,099,636</b>	<b>\$ 13,717,911</b>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Recognition of Contributions to Pension Plan	\$ 404,576	\$ 451,910	-10.47%
<b>Current Liabilities:</b>			
Accounts Payable and Accrued Expenses	\$ 24,542	\$ 50,655	-51.55%
Due to Other Funds	1,402	706	98.58%
Accrued Compensated Absences	60,365	101,420	-40.48%
Amounts payable from restricted assets:			
Bond Interest Payable	51,425	52,700	-2.42%
Current Portion of Bonds Payable	62,000	60,000	3.33%
Total Current Liabilities	199,734	265,481	
<b>Long Term Liabilities:</b>			
Bonds Payable	2,358,000	2,420,000	-2.56%
Net Pension Liability	1,537,423	1,484,215	3.58%
Total Long Term Liabilities	3,895,423	3,904,215	
<b>TOTAL LIABILITIES</b>	<b>\$ 4,095,157</b>	<b>\$ 4,169,696</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Recognition of Pension Plan Earnings	\$ 37,502	\$ 75,399	-50.26%
<b>Net Position</b>			
Net Investment in Capital Assets	\$ 6,400,203	\$ 6,615,520	-3.25%
Restricted	1,710,046	1,423,320	20.14%
Unrestricted	2,261,304	1,885,886	19.91%
<b>TOTAL NET POSITION</b>	<b>\$ 10,371,553</b>	<b>\$ 9,924,726</b>	

## Changes in Net Position

The District's total revenues were \$2,468,806. A majority of the revenue comes from Service Charges (67%). The Rural Development Loan Surcharge accounted for 15% of the total revenues. The total cost of all services was \$1,919,128. Charges for Services increased due to an increase in utility rates.

**Table 2:  
Changes in Net Position**

	Business-Type Activities		Total Percentage
	2021	2020	Change 2021-2020
Revenues			
Operation Revenues:			
Charges for Services	\$ 1,647,220	\$ 1,585,405	3.90%
Special Assessment	44,951	44,966	-0.03%
General Revenues			
Taxes	347,112	330,967	4.88%
Interest Income and Late Fees	53,459	105,956	-49.55%
Capacity Charges	4,777	42,993	-88.89%
Rural Development Loan Surcharge	361,821	362,017	-0.05%
Miscellaneous	9,466	13,835	-31.58%
<b>TOTAL REVENUES</b>	<u>2,468,806</u>	<u>2,486,139</u>	
Operation Expenses:			
Administration and General	699,080	766,671	-8.82%
Sewage Collection Services	693,173	722,231	-4.02%
Depreciation	526,875	521,842	0.96%
Other Expenses			
Bond Interest Expense	102,850	105,400	-2.42%
<b>TOTAL EXPENSES</b>	<u>2,021,978</u>	<u>2,116,144</u>	
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>\$ 446,828</u>	<u>\$ 369,995</u>	20.77%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The overall financial performance of the District as a whole is reflected in the communication between the Board of Directors and the District employees as they all work together in providing the best quality of service to its customers.

### Budgetary Highlights

The District prepares a preliminary budget in May or June of each fiscal year. A final budget is adopted by the Board in August. A schedule of the District's original and final budget amounts compared with actual revenues and expenses is provided in the supplemental information section of the audited financial report.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2021, the District had invested \$8,820,203 in a broad range of capital assets, including land and surface lines. See Table 4. More detailed information about the District's capital assets is presented in the notes to the financial statements.

**Table 4**  
**Capital Assets**

	Business-Type Activities		Total Percentage
	2021	2020	Change 2021-2020
Land	\$ 107,174	\$ 107,174	0.00%
Work in Progress	227,319	84,792	
Subsurface Lines	13,865,710	13,865,710	0.00%
General Plant and Admin. Facilities	4,209,077	4,100,047	2.66%
Sewer Collection Facility	4,434,824	4,434,824	0.00%
Totals at Historical Cost	<u>22,844,104</u>	<u>22,592,547</u>	
Total Accumulated Depreciation	<u>(14,023,901)</u>	<u>(13,497,025)</u>	3.90%
<b>NET CAPITAL ASSETS</b>	<u><b>\$ 8,820,203</b></u>	<u><b>\$ 9,095,522</b></u>	

### Long-Term Debt

At year end, the District had \$3,895,423 in long-term debt, consisting of Series A - Sewer Revenue Bonds and Net Pension Liability, as shown in Table 5. More detailed information about the District's debt is presented in the notes to the financial statements.

**Table 5**  
**Long-Term Debt**

	Business-Type Activities		Total Percentage
	2021	2020	Change 2021-2020
Net Pension Liability	\$ 1,537,423	\$ 1,484,215	3.58%
Sewer Revenue Bonds-Series A	2,358,000	2,420,000	-2.56%
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 3,895,423</b>	<b>\$ 3,904,215</b>	<b>-0.23%</b>

### **ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

At the time these financial statements were prepared and audited, the District was aware of circumstances that could affect its future financial health, specifically:

- The State of California PERS unfunded liability will most likely result in retirement benefit cost increases in future years.

### **CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report, or need additional financial information, contact:

Lake Oroville Area Public Utility District  
1960 Elgin Street  
Oroville, CA 95966  
(530) 533-2000



**LAKE OROVILLE AREA  
PUBLIC UTILITY DISTRICT**

Financial Statements, Management Discussion and Analysis,  
and Independent Auditor's Report  
As of and for the Year Ended June 30, 2021

# LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT

Audit Report

June 30, 2021

## TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditor's Report on Financial Statements	1
Management's Discussion and Analysis (MD&A)	4
 <b><u>Basic Financial Statements</u></b>	
Statement of Net Position – Proprietary Fund	10
Statement of Revenues, Expenses, and Change in Net Position – Proprietary Fund	11
Statement of Cash Flows – Proprietary Fund	12
Statement of Net Position – Custodial Fund	13
Statement of Changes in Net Position – Custodial Fund	14
Notes to Financial Statements	15
 <b><u>Required Supplementary Information</u></b>	
Proportionate Share of the Net Pension Liability	27
Schedule of Pension Contributions	28
 <b><u>Other Supplementary Information</u></b>	
Schedule of Revenues, Expenses and Change in Net Position Budget and Actual	29
Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	30
 <b><u>Schedule of Findings and Questioned Costs</u></b>	
Combined Schedule of Findings and Questioned Costs	32
Summary Schedule of Prior Year Audit Findings	34
Corrective Action Plan	35

## INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

Board of Directors  
Lake Oroville Area Public Utility District  
Oroville, California

Members of the Board of Directors:

We have audited the accompanying financial statements of the Lake Oroville Area Public Utility District June 30, 2021, and the related notes to the financial statements which collectively comprise the District's basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lake Oroville Area Public Utility District as of June 30, 2021, and the change in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the schedule of proportionate share of net position liability, and the schedule of pension contributions, identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a basic part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements taken as a whole. The schedule of revenues, expenses and changes in net position-budget vs. actual as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 the other supplementary information schedules as listed in the table of contents are fairly stated, in all material respects, in relation to the financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Respectfully submitted,

**SingletonAuman PC**  
Susanville, California  
October 8, 2021



**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**Management's Discussion and Analysis (MD&A)**  
**June 30, 2021**

**INTRODUCTION**

Lake Oroville Area Public Utility District's present operations include providing sewage collection and transmission services to residents of the District.

Our discussion and analysis of Lake Oroville Area Public Utility District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, including notes and supplementary information, which follow this section.

**FINANCIAL HIGHLIGHTS**

- ❑ The net position was \$10,371,553 at June 30, 2021. This was an increase of \$446,828 from the prior year.
- ❑ Overall revenues were \$2,468,806 which were more than expenses of \$2,021,978 by \$446,828.
- ❑ Debt has decreased by \$60,000, due to the annual payment on Series A Bonds.

**OVERVIEW OF FINANCIAL STATEMENTS**

The District's basic financial statements include five components:

- Statement of Net Position – Proprietary Fund
- Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
- Statement of Cash Flows – Proprietary Fund
- Statement of Fiduciary Net Position – Agency Fund
- Notes to the Financial Statements

The **Statement of Net Position** includes all the District's assets and liabilities, with the difference between the two reported as Net Position. Net Position is displayed in three categories:

- Net investment in capital assets
- Restricted
- Unrestricted

This statement provides the basis for evaluating the capital structure of the District and assessing its liquidity and financial flexibility.

The **Statement of Revenues, Expenses, and Changes in Net Position** presents information which shows how the District's equity changed during each year. All of the year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses, and changes in net position measures the success of the District's operations during the year and determines whether the District has recovered its costs through user fees and other charges.

The **Statement of Cash Flows** provides information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

- Operating Activities
- Noncapital Financing Activities
- Capital and Related Financing Activities
- Investing Activities

The **Statement of Fiduciary Net Position – Custodial Fund** includes all of the District's Villa Verona Assessment District assets and liabilities.

This statement differs from the statements of revenues, expenses, and changes in equity by only accounting for transactions that result in cash receipts or cash disbursements.

The **Notes to Financial Statements** provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

## **FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

### **Net Position**

The District's net position was \$10,371,553 at June 30, 2021. See Table 1. The significant changes in Table 1 line items for fiscal 2021 vs 2020 are:

Cash increased and current liabilities decreased as a result of revenues exceeding expenses.



**Table 1: Net Position**

	<b>Business-Type Activities</b>		<b>Change</b>
	2021	2020	2021-2020
<b>Assets</b>			
Cash	\$ 2,302,510	\$ 2,032,867	13.26%
Accounts Receivable	1,060,675	1,019,237	4.07%
Other Current Assets	164,220	104,985	56.42%
Restricted Cash	1,710,046	1,423,320	20.14%
Investment in Sewer Treatment Association	41,982	41,982	0.00%
Capital Assets, Net of Accumulated Depreciation	8,820,203	9,095,520	-3.03%
<b>TOTAL ASSETS</b>	<b>\$ 14,099,636</b>	<b>\$ 13,717,911</b>	
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Recognition of Contributions to Pension Plan	\$ 404,576	\$ 451,910	-10.47%
<b>Current Liabilities:</b>			
Accounts Payable and Accrued Expenses	\$ 24,542	\$ 50,655	-51.55%
Due to Other Funds	1,402	706	98.58%
Accrued Compensated Absences	60,365	101,420	-40.48%
Amounts payable from restricted assets:			
Bond Interest Payable	51,425	52,700	-2.42%
Current Portion of Bonds Payable	62,000	60,000	3.33%
Total Current Liabilities	199,734	265,481	
<b>Long Term Liabilities:</b>			
Bonds Payable	2,358,000	2,420,000	-2.56%
Net Pension Liability	1,537,423	1,484,215	3.58%
Total Long Term Liabilities	3,895,423	3,904,215	
<b>TOTAL LIABILITIES</b>	<b>\$ 4,095,157</b>	<b>\$ 4,169,696</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Recognition of Pension Plan Earnings	\$ 37,502	\$ 75,399	-50.26%
<b>Net Position</b>			
Net Investment in Capital Assets	\$ 6,400,203	\$ 6,615,520	-3.25%
Restricted	1,710,046	1,423,320	20.14%
Unrestricted	2,261,304	1,885,886	19.91%
<b>TOTAL NET POSITION</b>	<b>\$ 10,371,553</b>	<b>\$ 9,924,726</b>	



## Changes in Net Position

The District's total revenues were \$2,468,806. A majority of the revenue comes from Service Charges (67%). The Rural Development Loan Surcharge accounted for 15% of the total revenues. The total cost of all services was \$1,919,128. Charges for Services increased due to an increase in utility rates.

**Table 2:  
Changes in Net Position**

	Business-Type Activities		Total Percentage
	2021	2020	Change 2021-2020
Revenues			
Operation Revenues:			
Charges for Services	\$ 1,647,220	\$ 1,585,405	3.90%
Special Assessment	44,951	44,966	-0.03%
General Revenues			
Taxes	347,112	330,967	4.88%
Interest Income and Late Fees	53,459	105,956	-49.55%
Capacity Charges	4,777	42,993	-88.89%
Rural Development Loan Surcharge	361,821	362,017	-0.05%
Miscellaneous	9,466	13,835	-31.58%
<b>TOTAL REVENUES</b>	<u>2,468,806</u>	<u>2,486,139</u>	
Operation Expenses:			
Administration and General	699,080	766,671	-8.82%
Sewage Collection Services	693,173	722,231	-4.02%
Depreciation	526,875	521,842	0.96%
Other Expenses			
Bond Interest Expense	102,850	105,400	-2.42%
<b>TOTAL EXPENSES</b>	<u>2,021,978</u>	<u>2,116,144</u>	
<b>INCREASE (DECREASE) IN NET POSITION</b>	<u>\$ 446,828</u>	<u>\$ 369,995</u>	20.77%

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The overall financial performance of the District as a whole is reflected in the communication between the Board of Directors and the District employees as they all work together in providing the best quality of service to its customers.

### Budgetary Highlights

The District prepares a preliminary budget in May or June of each fiscal year. A final budget is adopted by the Board in August. A schedule of the District's original and final budget amounts compared with actual revenues and expenses is provided in the supplemental information section of the audited financial report.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2021, the District had invested \$8,820,203 in a broad range of capital assets, including land and surface lines. See Table 4. More detailed information about the District's capital assets is presented in the notes to the financial statements.

**Table 4**  
**Capital Assets**

	Business-Type Activities		Total Percentage
	2021	2020	Change 2021-2020
Land	\$ 107,174	\$ 107,174	0.00%
Work in Progress	227,319	84,792	
Subsurface Lines	13,865,710	13,865,710	0.00%
General Plant and Admin. Facilities	4,209,077	4,100,047	2.66%
Sewer Collection Facility	4,434,824	4,434,824	0.00%
Totals at Historical Cost	<u>22,844,104</u>	<u>22,592,547</u>	
Total Accumulated Depreciation	<u>(14,023,901)</u>	<u>(13,497,025)</u>	3.90%
<b>NET CAPITAL ASSETS</b>	<u><b>\$ 8,820,203</b></u>	<u><b>\$ 9,095,522</b></u>	

### Long-Term Debt

At year end, the District had \$3,895,423 in long-term debt, consisting of Series A - Sewer Revenue Bonds and Net Pension Liability, as shown in Table 5. More detailed information about the District's debt is presented in the notes to the financial statements.

**Table 5**  
**Long-Term Debt**

	Business-Type Activities		Total Percentage
	2021	2020	Change 2021-2020
Net Pension Liability	\$ 1,537,423	\$ 1,484,215	3.58%
Sewer Revenue Bonds-Series A	2,358,000	2,420,000	-2.56%
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 3,895,423</b>	<b>\$ 3,904,215</b>	<b>-0.23%</b>

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

At the time these financial statements were prepared and audited, the District was aware of circumstances that could affect its future financial health, specifically:

- The State of California PERS unfunded liability will most likely result in retirement benefit cost increases in future years.

**CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report, or need additional financial information, contact:

Lake Oroville Area Public Utility District  
1960 Elgin Street  
Oroville, CA 95966  
(530) 533-2000



**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2021**

	<u>Enterprise Fund</u>
<b>ASSETS</b>	
Current Assets:	
Cash and cash equivalents	\$ 2,302,510
Accounts Receivable	1,060,675
Taxes Receivable	68,268
Inventory	15,583
Prepaid Expenses	78,087
Accrued Interest	2,282
Total Current Assets	<u>3,527,405</u>
Restricted and Noncurrent Assets:	
Restricted Cash and Cash Equivalents	1,710,046
Investment in Sewer Treatment JPA	41,982
Capital assets, net of accumulated depreciation	8,820,203
Total Restricted and Noncurrent Assets	<u>10,572,231</u>
<b>Total Assets</b>	<u><u>\$ 14,099,636</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows - Pension Plan	<u><u>\$ 404,576</u></u>
<b>LIABILITIES</b>	
Current Liabilities	
Accounts Payable and other current liabilities	\$ 24,542
Due to other fund	1,402
Accrued Compensated absences	60,365
Amounts payable from restricted assets:	
Bond interest payable	51,425
Current portion - bonds payable	62,000
Total Current Liabilities	<u>199,734</u>
Long-Term Liabilities	
Net Pension Liability	1,537,423
Bonds Payable	2,358,000
Total Long-Term Liabilities	<u>3,895,423</u>
<b>Total Liabilities</b>	<u><u>\$ 4,095,157</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows - Pension Plan	<u><u>\$ 37,502</u></u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	\$ 6,400,203
Restricted	1,710,046
Unrestricted	2,261,304
<b>Total Net Position</b>	<u><u>\$ 10,371,553</u></u>

The accompanying notes are an integral part of this statement.

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Enterprise Fund</u>
Operating Revenues:	
Sewer service charges	\$ 1,519,479
Pumping charges	127,310
Connection & inspection fees	431
Special Assessment - Kelly Ridge	44,951
Total Operating Revenue	1,692,171
Operating Expenses:	
Administration and general	699,080
Sewage collection services	693,173
Depreciation	526,875
Total Operating Expense	1,919,128
Net Operating Income (Loss)	(226,957)
Nonoperating Revenues (Expenses)	
Property Tax	347,112
Interest income and late fees	53,459
Capacity charges	4,777
Rural Development loan surcharges	361,821
Miscellaneous	9,466
Bond Interest Expense	(102,850)
Net Nonoperating Revenue	673,785
Change in Net Position	446,828
Net Position Beginning	9,924,726
Net Position Ending	\$ 10,371,553

The accompanying notes are an integral part of this statement.

**LAKE OROVILLE AREA PUBLIC UTILTIY DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Cash Flows from Operating Activities:	
Cash received from customers	\$ 1,527,318
Other income	44,951
Cash paid to employees for service	(990,224)
Cash paid to suppliers	(413,369)
Net Cash Provided (Used) By Operating Activities	<u>168,676</u>
Cash Flows from Non-Capital Financing Activities:	
Miscellaneous nonoperational receipts	9,466
Property Taxes	357,308
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>366,774</u>
Cash Flows from Capital and Related Financing Activities:	
Additions to property, plant and equipment	(251,559)
Capacity charges received	4,777
Principal paid on Capital Debt	(60,000)
Interest Paid on Capital Debt	(97,016)
Rural development loan surcharges	361,821
Net Cash Provided (Used) By Capital and Related Financing Activities	<u>(41,977)</u>
Cash Flows from Investing Activities:	
Deferred Outflows/Inflows	9,437
Interest on investments and customer late fees	53,459
Net Cash Provided (Used) by Investing Activities	<u>62,896</u>
Net Increase (Decrease) in Cash	<u>556,369</u>
Cash Balance - July 1, 2020	<u>3,456,187</u>
Cash Balance - June 30, 2021	<u><u>\$ 4,012,556</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ (226,957)
Adjustments to reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	526,875
Change in Assets and Liabilities:	
(Increase)/decrease in receivables	(119,902)
(Increase)/decrease in inventories	16
(Increase)/decrease in prepaid assets	1,908
Increase/(decrease) in payables	(25,417)
Increase/(decrease) in accrued compensated absences	(41,055)
Increase/(decrease) in net pension liabilities	53,208
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ 168,676</u></u>

The accompanying notes are an integral part of this statement.



**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**STATEMENT OF NET POSITION**  
**CUSTODIAL FUND**  
**JUNE 30, 2021**

	Villa Verona Assessment District Custodial Fund
<b>ASSETS</b>	
Cash and cash equivalents	\$ 31,989
Due from other fund	1,543
Assessments receivable - current	19,684
Assessments receivable - delinquent	3,381
Assessments receivable - deferred	178,045
Total Assets	\$ 234,642
 <b>LIABILITIES</b>	
Current Liabilities:	
Deferred Revenues	\$ 178,045
Easements payable	2,703
Due to bondholders	159,000
Total Current Liabilities	\$ 339,748
 <b>NET POSITION</b>	
Restricted for Other Purposes	\$ (105,106)
Total Net Position	\$ (105,106)

The accompanying notes are an integral part of this statement.

**LAKE OROVILLE PUBLIC UTILITY DISTRICT  
STATEMENT OF CHANGES IN NET POSITION  
CUSTODIAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

Villa Verona Assessment District  
Custodial Fund

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**ADDITIONS:**

Special Assessments	\$	19,684
Interest Income		30
Penalties		142
		<hr/>
Total Additions	\$	19,856

**DEDUCTIONS:**

Collections Fees		26
Bond Interest Expense		9,225
		<hr/>
Total Deductions		9,251

Change in Custodial Fund Net Position	\$	10,605
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Total Net Postion, Beginning		<hr/> (115,711)
Total Net Position, Ending	\$	<hr/> <hr/> (105,106)



**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Lake Oroville Area Public Utility District (District) is a California Public Utility District that was organized on June 27, 1938. It provides sewage collection and transmission services to residents of the Kelly Ridge and other eastern Oroville areas.

A. Definition of the Reporting Entity

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Governmental Accounting Standards Board (GASB) Statement 39, include:

- The organization is legally separate (can sue and be sued in their own name).
- The District holds the corporate powers of the organization.
- The District appoints a majority of the organization's governing board.
- The District is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the District.
- There is fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the Lake Oroville Area Public Utility District has no component units.

B. Basis of Accounting and Financial Statement Presentation

The District accounts for its operations and activities as a utility enterprise fund. The enterprise fund is operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services on a continuing basis be financed or recovered primarily through user service charges.

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 sales and services including operating charges collected through special assessments on certain property tax rolls. Operating expenses for the District include salaries and benefits, supplies and other services, and insurance premiums.

Revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows actually take place.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

Fiduciary Fund

Custodial Fund - Custodial funds are used to report fiduciary activities that are not required to be reported as another fiduciary fund type.



**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

C. Inventory

Inventories are valued at cost using the average cost method.

D. Use of Estimates

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

E. Cash, Cash Equivalents, and Investments

For the purposes of the statement of cash flows, the District's proprietary fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Investments at June 30, 2021 are stated at fair value.

F. Restricted Assets

The District has presented restricted cash for amounts received from the District's capacity charge and rural development surcharge. In addition, the USDA Bond Reserve is presented as restricted cash. These amounts have been classified as restricted assets on the statement of net position because their use is limited by applicable bond or other covenant.

G. Interfund Receivables and Payables

The purpose of the interfund balance is to reflect the District's collections of Villa Verona special assessments that will be transferred to the Villa Verona bank account at a future date. The amount due to Villa Verona Special Assessment from the District at June 30, 2021 was \$1,402.

H. Bad Debts

It is the District's policy to collect past due accounts by adding such amounts to the County of Butte's property tax rolls. As such, it is management's opinion that past due accounts are, in all material respects, fully collectible, and no allowance for doubtful accounts has been recorded on the accompanying financial statements.

I. Capital Assets

Property and equipment with a life greater than one year are capitalized and stated at cost, except for portions acquired by contribution, which are reported at the agreed upon cost to the donee, which equates fair market value. It is the District's policy to capitalize individual items costing more than \$5,000. Maintenance and repair costs are expensed as incurred unless they extend the asset's useful life. Depreciation is computed using the straight-line method over asset estimated useful lives as presented below:

Subsurface lines	50 years
Sewage collection	10 - 50 years
General plant and Administrative Facilities	3 - 30 years

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

*Construction-in-progress* – Costs associated with development stage projects are accumulated in the construction-in-progress account until the project is fully developed. Once the project is complete, the entire cost of the project is transferred to a capital asset account and depreciated over the estimated useful life.

**J. Accrued Compensated Absences**

All probationary and permanent employees of the District earn sick leave at a rate of one eight hour working day per month and can accrue an unlimited number of hours. At the employees' request unused sick leave time may be "bought back" by the District at a rate of one-half (1/2) day for each whole day accrued. Buy back shall be limited only to time over and above thirty (30) days of accrued sick leave. No more than 12 days of accrued sick leave shall be bought back in any given calendar year unless employment is voluntarily terminated, in which case all accrued sick leave may be "bought back" by the District at a rate of one-half day for each whole day accrued.

Vacation is based upon the length of service. The District will buy back accumulated vacation of an employee upon termination or retirement from the District.

**K. Subsequent Events**

Subsequent events were evaluated through October 8, 2021 which is the date the financial statements were available to be issued.

**NOTE 2 CASH AND INVESTMENTS**

Cash and investments at June 30, 2021 consisted of the following:

Cash on Hand	\$ 500
Deposits with Financial Institutions	1,312,413
Deposit with LAIF	<u>2,699,643</u>
Total Cash and Cash equivalents	<u><u>\$ 4,012,556</u></u>

Investment Policies - The District may invest in the following types of investments:

- Passbook savings account demand deposits
- Money market accounts
- Certificates of deposit with commercial banks and/or savings and loan companies
- Local Agency Investment Fund (State Pool) demand deposits
- Mutual funds

The District has, in practice, limited deposits and investments to insured and/or collateralized demand deposit accounts, the State Treasurer's Local Agency Investment Fund (LAIF), and certificates of deposit. The District does not enter into reverse repurchase agreements.

**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. LAIF does not have a rating provided by a nationally recognized statistical rating organization. The District does not hold direct investments, therefore, there is no concentration of credit risk.



**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. The amounts in excess of federal depository insurance limits were \$731,254 as of June 30, 2021 and the remaining amounts were collateralized as described above.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool

The District is a voluntary participant in LAIF. LAIF is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the entity's investment in this pool is reported in the accompanying financial statements at amounts based upon the Entity'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 PROPERTY TAX**

Property taxes attach as an enforceable lien on property as of January 1<sup>st</sup>. Taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The District relies on the competency of the County of Butte for the billing, collection, and distribution of its share of property tax revenues.

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**NOTE 4 CAPITAL ASSETS**

A summary of changes in capital assets follows:

	Balance 06/30/20	Additions	Dispositions	Balance 06/30/21
<b>Fixed Assets</b>				
Land	\$ 107,174	\$ -	\$ -	\$ 107,174
Subsurface lines	13,865,710			13,865,710
Sewer collection facilities	4,434,824			4,434,824
General plant and administration facilities	4,100,047	109,030		4,209,077
Work in Progress	84,792	142,527		227,319
	<u>22,592,547</u>	<u>251,557</u>	<u>-</u>	<u>22,844,104</u>
<b>Accumulated Depreciation</b>				
Subsurface lines	(7,671,654)	(324,729)	75,483	(8,071,866)
Sewer collection facilities	(3,453,426)	(161,882)		(3,615,308)
General plant and administration facilities	(2,371,945)	(115,748)		(2,487,693)
Accumulated Depreciation	<u>(13,497,025)</u>	<u>(602,359)</u>	<u>75,483</u>	<u>\$ (14,023,901)</u>
Property and Equipment, Net	<u>\$ 9,095,522</u>	<u>\$ (350,802)</u>	<u>\$ 75,483</u>	<u>\$ 8,820,203</u>

**NOTE 5 LONG-TERM DEBT - BONDS**

Changes in Long-Term Liabilities – Long-term liability activity, excluding the liability for compensated absences and net pension liability is summarized as follows:

	Balance June 30,2020	Additions	Reductions	Balance June 30,2021	Due Within One Year
Sewer Revenue Bonds - Series A	\$ 2,480,000	-	\$ (60,000)	\$ 2,420,000	\$ 62,000
Total Long-Term Liabilities-Bonds	<u>\$ 2,480,000</u>	<u>-</u>	<u>\$ (60,000)</u>	<u>\$ 2,420,000</u>	<u>\$ 62,000</u>

Sewer Revenue Bonds – The District authorized the issuance of \$5,000,000 in Lake Oroville Area Public Utility District Sewer Revenue Bonds (Bonds). The Bonds were issued in two separate series. All the bonds were purchased by the USDA Rural Development through its Rural Utilities Service. The Bonds are secured by a first lien and a pledge of all revenues of the enterprise fund to repay the Bonds.

The District assessed a “Rural Development Loan Surcharge” for the purpose of making bond principal and interest payments and established required debt service reserves.



**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

The Series A bonds accrue interest at a rate of 4.25% per annum. "Series A" requires annual principal payments ranging from \$29,000 to \$163,000 each July 1 through the year 2043. Interest is paid semi-annually on January 1 and July 1. Total "Series A" bonds outstanding at June 30, 2020, was \$2,480,000.

Debt service requirements to maturity are as follows:

Year Ended June 30,	Sewer Revenue Bonds		
	Principal	Interest	Total
2022	\$ 62,000	\$ 102,850	\$ 164,850
2023	65,000	100,215	165,215
2024	68,000	97,453	165,453
2025	71,000	94,563	165,563
2026	74,000	91,545	165,545
2027-2031	424,000	407,448	831,448
2032-2036	528,000	308,933	836,933
2037-2041	658,000	186,278	844,278
2042-2044	470,000	40,503	510,503
Totals	<u>\$ 2,420,000</u>	<u>\$ 1,429,786</u>	<u>\$ 3,849,786</u>

**NOTE 6 SPECIAL ASSESSMENTS DISTRICT**

The District acts as agent for the property owners of the Villa Verona Assessment District in collecting assessments, forwarding the collections to the assessment bond holders, and initiating foreclosure proceedings when required. The District is not obligated in any manner for the repayment of the special assessment debt. At June 30, 2021 the Villa Verona Assessment District had \$159,000 in bonds payable.

**NOTE 7 DEFERRED COMPENSATION PLANS**

The District offers its full-time employees two deferred compensation plans created in accordance with Internal Revenue Code 457. The plans are available to all District employees, which permits them to defer a portion of their salary until future years. Employees may participate in both plans; however, the District will only contribute to the PERS 457 Plan. This contribution amounts to 2% of the employee's salary only if the employee is matching 2% into the PERS 457 Plan, effective July 1, 2019. The PERS 457 Plan and District match began July 1, 2008. Amounts credited to deferred compensation are deposited in savings or other type of investment accounts with Voya, Nationwide, and PERS. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributed to those amounts, property, or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. As required by GASB Statement 32, the District does not meet the criteria for inclusion of plan assets within its financial statements and has, therefore, excluded the plan assets from the accompanying financial statements.

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

The following is a summary of plan activity for the year ended June 30, 2021:

	<u>2021</u>
Market Value - July 1	\$ 381,466
Employee Contributions	22,652
Employer Contributions	22,652
Plan Earnings	91,629
Withdrawals/Fees	<u>(61,750)</u>
Market Value - June 30	<u>\$ 456,649</u>

**NOTE 8 DEFINED BENEFIT PENSION PLAN**

A. General Information about the Pension Plans

Plan Description

The District approved a contract with the Board of Administration, California Public Employees' Retirement System (PERS) on March 16, 2004, which began May 1, 2004. The District is required to make a monthly contribution to PERS to include actuarial valuations of prior and future years of service of each employee. All eligible District employees participate in PERS. The District is required to participate in a PERS cost-sharing, multiple-employer defined benefit retirement plan, since the District had less than 100 active members. PERS acts as a common investment and administrative agent for various local and state governmental agencies within the state.

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

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plan (Plan) which is administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and local government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

**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.



**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

Hire Date	<u>Prior to January 1, 2014</u>	<u>On or After January 1, 2014</u>
Benefit formula	2.7 % @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	62-67
Monthly benefits as % of eligible compensation	2.0 to 2.7 %	1.0 to 2.5 %
Required employee contributions	8%	8%
Required employer contributions rates	27.80%	11.40%

**Contributions** – Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2021, the contributions recognized as part of pension expense for the Plan was as follows:

Contributions-Employer	\$ 185,178
Contributions-Employee	\$ 34,655

As of June 30, 2021, the District reported net pension liability of \$1,537,423 for its share of the net pension liability of the Plan. The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021, were as follows:

Proportion:	June 30, 2020	0.03706%
Proportion:	June 30, 2021	<u>0.00365%</u>
Change-Increase (Decrease)		-0.03342%

For the year ended June 30, 2021, the District recognized pension expense of \$185,178. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between Expected and Actual Experience		\$ 10,996
Change in Assumptions	\$ 79,228	
Difference Between Expected and Actual Experience	45,672	
Difference Between Expected and Actual Investment Earnings		
Difference Between Employer's Contributions and Proportionate Share of Contributions	91,094	
Change in Employer's Proportion	3,404	26,536
Contributions Subsequent to the Measurement Date	<u>185,178</u>	
Total	<u>\$ 404,576</u>	<u>\$ 37,532</u>

The \$185,178, which is reported as 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 pension will be recognized as pension expense as follows:

<u>Measurement Periods Ended June 30:</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2021	\$ 54,917
2022	61,512
2023	43,561
2024	21,905
2025	-
Thereafter	-
	<u>\$ 181,895</u>

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

***Actuarial Assumptions***

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions for the all Plans:

Valuations Date	June 30, 2019
Measurement Date	June 30, 2020
	Entry Age
Actuaial Cost Method	Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3%-14.2% (1)
Investment Rate of Return	7.15% (2)

(1) Depending on entry age and service

(2) Net of pension plan investment expenses, including inflation

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. The table below reflects long-term expected real rates of return by asset class. The rate of return was calculated using the capital marked assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 <sup>1</sup>	Real Return years 11 + <sup>2</sup>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	12.00	6.83	6.95
Real Estate	11.00	4.50	5.13
Infrastructure and Forestland	3.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

<sup>1</sup>An expected inflation of 2.5% used for this period

<sup>2</sup>An expected inflation of 3.0% used for this period



**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

***Discount Rate***

The discount rate used to measure the total pension liability was 7.15%. 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% 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% 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 the CalPERS' website under the GASB 68 section.

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability/(asset) of the Plan as of the measurement date using the discount rate of 7.15%, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Net Pension Liability:	\$ 2,050,560	\$ 1,537,423	\$ 1,113,433

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report of CalPERS which can be located at <https://www.calpers.ca.gov/page/forms-publications>.

**NOTE 9 RISK MANAGEMENT**

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the District's policy to transfer the risks that may arise from these and other events through the purchase of commercial insurance. Over the past three years, no loss settlements have exceeded insurance coverage amounts.

**NOTE 10 JOINT POWERS AGREEMENT**

On March 29, 1973, the District, the City of Oroville, and the Thermalito Water and Sewer District entered into a Joint Exercise of Powers Agreement that reorganized its governing board and created an independent Agency known as the Sewerage Commission - Oroville Region (SC-OR). SC-OR was created to operate a sewerage treatment plant for the mutual advantage of the member entities. The District presently reports \$41,982 (its original contribution to SC-OR) as an investment. The Fair Market Value is not materially different from cost.

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

Two members (only one with voting powers) of SC-OR's Board of Commissioners are appointed by each member entity. SC-OR's operating and capital budgets are funded by user charges for sewage

treatment services provided to the residents of each member entity. Each member entity is responsible for billing, collecting, and remitting SC-OR's user charges applicable to their separate residents. The District held \$752 in unremitted SC-OR service charges at June 30, 2021.

SC-OR's separate financial statements may be obtained by contacting its administrative offices at:

P.O. Box 1350  
Oroville, CA 95965

Noted below is the summarized financial information of SC-OR as of June 30, 2020 which is the latest report available at the time these financial statements were prepared:

	June 30, 2020
Total Assets	\$ 24,024,510
Deferred Outflows	548,891
Total liabilities	(2,573,954)
Deferred Inflows	(116,338)
Net position	\$ 21,883,109
Total Revenues	\$ 4,833,499
Total expenses	(2,684,469)
Change in Net Position	\$ 2,149,030

**NOTE 11 RESTRICTED NET POSITION**

The District has restricted a portion of its net position to segregate funds restricted for use by external sources as follows:

	2021
USDA Bond Reserve	\$ 107,048
Restricted for capacity capital outlay	1,316,272
Restricted for rural development loan surcharge	286,726
Total restricted Net Position	\$ 1,710,046

**NOTE 12 EXPENSES IN EXCESS OF BUDGET**

The following expense categories exceeded budgeted amounts:

Employee Benefits	\$ 18,327	Due to adjusting net pension liability
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**REQUIRED SUPPLEMENTARY INFORMATION**



**SCHEDULE OF THE LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT  
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
(MISCELLANEOUS PLAN)**

	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
District's Proportion of the Net Pension Liability/(Asset)	0.015690%	0.020923%	0.020923%	0.020130%	0.037684%	0.037060%
Districts Proportionate Share of the Net Pension Liability/(Asset)	\$ 976,118	\$ 1,003,745	\$ 1,158,278	\$ 1,272,892	\$ 1,420,199	\$ 1,484,215
District's Covered-Employee Payroll	\$ 505,421	\$ 475,618	\$ 553,431	\$ 579,643	\$ 574,942	\$ 580,970
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	193.13%	211.04%	209.29%	219.60%	247.02%	255.47%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's total Net Pension Liability	81.15%	62.66%	59.79%	71.76%	77.69%	67.91%
	<u>June 30, 2021</u>					
District's Proportion of the Net Pension Liability/(Asset)	0.00365%					
Districts Proportionate Share of the Net Pension Liability/(Asset)	\$ 1,537,423					
District's Covered-Employee Payroll	\$ 555,130					
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	276.95%					
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's total Net Pension Liability	59.41%					

Notes to Schedule: Only seven years are presented because 10-year data is not yet available.

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT  
SCHEDULE OF PENSION CONTRIBUTIONS  
CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM  
(MISCELLANEOUS PLAN)**

	<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	\$ 128,957	\$ 137,556	\$ 130,420	\$ 145,114	\$ 150,275	\$ 175,489	\$ 185,178
Contributions in Relation to the Actuarially Determined Contribution	<u>(128,957)</u>	<u>(130,422)</u>	<u>(138,431)</u>	<u>(145,114)</u>	<u>(150,275)</u>	<u>(175,489)</u>	<u>(185,178)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ 7,134</u>	<u>\$ (8,011)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Employee Payroll	 \$ 505,421	 \$ 475,618	 \$ 553,431	 \$ 579,643	 \$ 574,942	 \$ 580,970	 \$ 555,130
Contributions as a Percentage of Covered-Employee Payroll	25.51%	27.42%	27.57%	25.04%	26.14%	30.21%	33.36%
Valuation date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020

**Notes to Schedule:**

Only seven years are presented because 10-year data is not yet available.

**OTHER SUPPLEMENTARY INFORMATION**



**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT**  
**SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET POSITION**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:			
Sewer service charges	\$ 1,518,415	\$ 1,519,479	\$ 1,064
Pumping charges	128,084	127,310	(774)
Connection fees		431	431
Special Assessment - Kelly Ridge	45,000	44,951	(49)
Total Operating Revenue	<u>1,691,499</u>	<u>1,692,171</u>	<u>672</u>
Operating Expenses:			
Salaries and wages	615,855	524,844	91,011
Employee benefits	459,206	477,533	(18,327)
Professional services	172,800	164,479	8,321
Utilities	94,492	86,498	7,994
Services and supplies	106,195	35,724	70,471
Training, memberships, and fees	82,700	29,504	53,196
Operations and maintenance	105,635	53,500	52,135
Fuel, oil, grease and auto	55,500	20,171	35,329
Depreciation (non-cash budgeted item)	564,000	526,875	37,125
Total Operating Expenses	<u>2,256,383</u>	<u>1,919,128</u>	<u>337,255</u>
Net Operating Income	(564,884)	(226,957)	337,927
Nonoperating Revenues (Expenses):			
Taxes	245,600	347,112	101,512
Interest income and late fees	25,498	53,459	27,961
Capacity charges		4,777	4,777
Rural Development loan surcharges	362,149	361,821	(328)
Miscellaneous		9,466	9,466
Bond Interest Expense	(104,125)	(102,850)	1,275
Total Non Operating Revenues (Expenses)	<u>529,122</u>	<u>673,785</u>	<u>144,663</u>
Other Budgeted Items:			
Capitalized costs	(646,673)	(251,458)	395,215
Bond principal payments	(60,000)	(60,000)	-
Total Other Budgeted Items	<u>(706,673)</u>	<u>(311,458)</u>	<u>395,215</u>
Net Income (Loss) - Budget Basis	<u>\$ (742,435)</u>	<u>\$ 135,370</u>	<u>\$ 877,805</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Lake Oroville Area Public Utilities District  
Oroville, California

Members of the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States, the financial statements of the business-type activities, and each major fund of the Lake Oroville Area Public Utility as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the district's basic financial statements and have issued our report thereon dated October 8, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. See Finding 2021-001.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

## **District's Response to Findings**

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of the Report**

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

**SingletonAuman, PC**  
Susanville, California  
October 8, 2021

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**



**LAKE OROVILLE ARE PUBLIC UTILITY DISTRICT  
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

**EXECUTIVE SUMMARY**

The District provides sewer services to residential and commercial customers within the boundaries of the District.

The quality of the District's internal controls is dependent upon oversight by the Board Members. Also, due to the limited number of employees of the District, there is an inability to segregate the custody of and accountability for District assets in the manner generally required for model systems of internal accounting controls. A summary of the auditors' results follows:

1. **Type of Auditors' Report on Financial Statements:** Unmodified.
2. **Internal Control Findings:** 1 Material Weakness.
3. **Material Noncompliance Noted:** None.

**LAKE OROVILLE ARE PUBLIC UTILITY DISTRICT  
COMBINED SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2021**

**YELLOW BOOK SECTION  
Material Weakness**

**Finding 2021-001 Financial Reporting**

**Criteria Upon Which Audit Finding is Based (Legal Citation)**

AU-C Section 265

**Finding (Condition)**

Similar to many other small special districts, the District does not have policies and procedures in place to ensure that complete and accurate financial statements and footnote disclosures are prepared in accordance with GAAP prior to the annual audit. Management relies upon the auditor to recommend footnote disclosures for the financial statements and to prepare adjusting journal entries for approval in order to report financial information in accordance with GAAP.

**Amount of Questioned Cost, How Computed and Prevalence**

None.

**Effect**

There is a risk that a material financial statement misstatement may exist and not be prevented or detected by the District's system of internal control.

**Cause**

This condition has always existed at the District, and is being reported in accordance with AU-C Section 265.

**Recommendation**

We recommend that the District should consider the cost benefit of hiring an accountant familiar with GAAP or hiring an independent CPA firm to compile financial statements in conformity with GAAP.

**District's Response**

The District has determined that the costs of correcting this control weakness outweigh the benefits to be received. The District will continue to rely on the independent auditor to prepare its annual financial statements.

**LAKE OROVILLE ARE PUBLIC UTILITY DISTRICT  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
JUNE 30, 2021**

**Finding 2020-001**

Similar to many other small special districts, the District does not have policies and procedures in place to ensure that complete and accurate financial statements, MD&A and footnote disclosures are prepared in accordance with GAAP prior to the annual audit. Management relies upon the auditor to recommend footnote disclosures for the financial statements and to prepare adjusting journal entries for approval in order to report financial information in accordance with GAAP.

**Status**

Not Implemented – See current year finding 2021-001.

**LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT  
CORRECTIVE ACTION PLAN  
JUNE 30, 2021**

**Person Monitoring Corrective Action Plan**  
General Manager

**Finding 2021-001 Financial Reporting**

Finding (Condition)

Similar to many other small special districts, the District does not have policies and procedures in place to ensure that complete and accurate financial statements and footnote disclosures are prepared in accordance with GAAP prior to the annual audit. Management relies upon the auditor to recommend footnote disclosures for the financial statements and to prepare adjusting journal entries for approval in order to report financial information in accordance with GAAP.

Corrective Action Planned

The District has determined that the costs of correcting this control weakness outweigh the benefits to be received. The District will continue to rely on the independent auditor to prepare its annual financial statements.

Expected Completion Date

Ongoing.





## Manager's Report

To: Board Of Directors  
From: Scott McCutcheon, General Manager  
Date: November 9, 2021

RE: Item No. 7 – Approval of Purchase and Implementation of Billing Document Systems (BDS) Customer Billing Outsource System

Staff will present to the Board a final review of the proposed out-sourcing of statement printing and mailing with additional website portal for customer payments. General Manager McCutcheon will request authorization from the Board to purchase and implement the new system.

### Attachment Included

*Recommended Action:* Authorize the purchase and implementation of Billing Document Systems (BDS) Customer Billing Outsource System.



**ESTIMATE**

Billing Document Specialists

208-459-3611

United States

**Estimate #** 139  
**Estimate Date** 09/07/2021  
**Name** Lake Oroville PUD, CA  
**Email Id**

**Expiration Date**  
**Contact Name**  
**Contact Number**

**Billing Address** United States

**Product/Items Sold**

Item Name	Item Quantity	Item Rate	Amount
Standard Setup	1	\$ 0.00	\$ 0.00

**No Charge**

Standard overlay design, format, file conversions.

BDS Admin Website for reporting, import files and custom search for PDF Statement Pages.

1st Page - Standard	4500	\$ 0.18	\$ 810.00
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**Includes:**

- Black grayscale printing, standard cut sheet forms,
- Standard Double Window # 10 Outgoing Envelope & Single Window # 9 Return/Remit Envelopes with security tint,
- Inserting and Mailing. Excluding Postage

1st Page - Manual Files Over 7 Pages	1	\$ 0.45	\$ 0.45
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- Includes Black Gray Scale Printing, Standard Cut Sheet form.  
Special handling and manual inserting into either 6 x 9 or "Flat"
- Includes the cost of a larger envelope. Includes #9 Return envelope.
- Each additional page is billed at normal cost. Postage billed at cost.

Additional Pages - Standard	1	\$ 0.08	\$ 0.08
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Additional Pages including like name / address, up to 6 pages.

Duplexing Per Page - Standard	1	\$ 0.02	\$ 0.02
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Grayscale Duplexing (variable data on both sides) or static data backer.

Priced Per Page

Full Color Print Per Side	1	\$ 0.03	\$ 0.03
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Full Color Print for only 3 cents per image.

ex. We will print a 1 page, full-color statement, with envelopes, inserting, and deliver to the post office for only \$0.19/ea.

Web .pdf Images	4500	\$ 0.01	\$ 45.00
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- PDF images of Print file available on the BDS Admin site to enable Customer validation data for the reports
- and import file to the Clients software 2 year archive

1st Class Pre-Sorted Postage - 4500 Estimate	\$ 0.43	\$ 1,935.00
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Billed at cost, Average .397 to .465 for Mailings with 5 digit presort rates.  
Foreign addresses will be pulled to manual processing for correct postage billed at cost.

**\*\*Files under 500 count billed at full first class postage rate\*\***

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NCOA - Address Verification      1	\$ 0.00	\$ 0.00
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Per file processed:

This includes changing the addresses prior to printing the documents per the NCOA database, all reports of the corrected address with account number reference.

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<b>Sub Total</b>	\$ 2,790.58
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<b>Total</b>	<u>\$ 2,790.58</u>
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Generated by 



## Manager's Report

To: Board Of Directors

From: Scott McCutcheon, General Manager

Date: November 9, 2021

RE: Item No. 8– Request Approval to Submit Palermo Wastewater Consolidation Planning Grant Application and Consideration of Adoption of Resolution No. 06-2021 'Authorizing the General Manager or Designee as Duly Authorized Representatives for the District'

The Board will review the request for approval to submit the Palermo Wastewater Consolidation Planning Grant application and consider adopting Resolution No. 06-2021 'Authorizing the General Manager or Designee as Duly Authorized Representatives for the District'.

### Attachment Included

*Recommended Action:* Adopt Resolution No. 06-2021 'Authorizing the General Manager or Designee as Duly Authorized Representatives for the District' and authorize District personnel to execute and submit the application for the Palermo Wastewater Consolidation Planning Grant. Finish with a roll call vote.



**RESOLUTION NO. 06-2021**

**RESOLUTION OF THE BOARD OF DIRECTORS OF LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT AUTHORIZING AND DIRECTING THE GENERAL MANAGER TO SIGN AND SUBMIT AN APPLICATION FOR FINANCIAL ASSISTANCE TO THE STATE WATER RESOURCES CONTROL BOARD FOR THE PLANNING, DESIGN, CONSTRUCTION OF THE PALERMO WASTEWATER CONSOLIDATION PROJECT**

**WHEREAS** the Board of Directors of Lake Oroville Area Public Utility District recognize that continued analysis of wastewater needs for the Palermo Community is necessary for the planning and construction of a sustainable solution to the ongoing issues facing the community.

**NOW, THEREFORE BE IT RESOLVED** the General Manager or designee is hereby authorized and directed to sign and file, for and on behalf of Lake Oroville Area Public Utility District, a Financial Assistance Application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of Palermo Wastewater Consolidation Project.

**BE IT FURTHER RESOLVED** this Authorized Representative, or their designee, is designated to provide the assurances, certifications, and commitments required for the financial assistance application, including executing a financial assistance agreement from the State Water Resources Control and any amendments or changes thereto.

**BE IT FURTHER RESOLVED** the Authorized Representative or their designee, is designated to represent the Lake Oroville Area Public Utility District in carrying out Lake Oroville Area Public Utility District's responsibilities under the financing agreement including certifying disbursement request on behalf of Lake Oroville Area Public Utility District and compliance with the applicable state and federal laws.

**BE IT FURTHER RESOLVED** if the application is approved the General Manager or designee, is hereby authorized to sign contracts to carry out the grant activities after review and approval by Lake Oroville Area Board of Directors.

**PASSED AND ADOPTED** this 9th day of November, 2021 at Oroville, California, after being moved by Director \_\_\_\_\_ and seconded by Director \_\_\_\_\_ by the following vote:

AYES: Directors

NOES:

ABSENT:

ABSTAINED:

LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT

By \_\_\_\_\_  
William Sharman, President

ATTEST:

\_\_\_\_\_  
Kelly Hamblin, Secretary

# PLANNING OR DESIGN FINANCIAL ASSISTANCE APPLICATION

I. APPLICANT INFORMATION			
Applicant (Entity) Name:			
Entity Type: <input type="checkbox"/> Public - Local <input type="checkbox"/> Public - State <input type="checkbox"/> Indian Tribe <input type="checkbox"/> Nonprofit <input type="checkbox"/> Other: Specify _____			
Charter City/County: <input type="checkbox"/> Yes <input type="checkbox"/> No			
Street Address:	City:	State:	Zip+4 Code:
Mailing Address:	City:	State:	Zip+4 Code:
Congressional District(s):			
State Senate District(s):			
State Assembly District(s):			
County (or Counties):			
Regional Water Board: <input type="checkbox"/> 1 (North Coast) <input type="checkbox"/> 2 (San Francisco Bay) <input type="checkbox"/> 3 (Central Coast) <input type="checkbox"/> 4 (Los Angeles)			
<input type="checkbox"/> 5 (Central Valley) <input type="checkbox"/> 6 (Lahontan) <input type="checkbox"/> 7 (Colorado River) <input type="checkbox"/> 8 (Santa Ana) <input type="checkbox"/> 9 (San Diego)			
Federal ID No.:		Data Universal Numbering System (DUNS) No.:	
Authorized Representative Name, Title:			
Phone No.: (    )		Email Address:	
General Contact Person Name:			
Phone No.: (    )		Email Address:	
Financial Contact Person Name:			
Phone No.: (    )		Email Address:	
Legal Counsel Name:			
Phone No.: (    )		Email Address:	
Bond Counsel Name (if applicable):			
Phone No.: (    )		Email Address:	
II. PROJECT INFORMATION			
Project Title:			
CWSRF Planning/Design Financing Amount Requested: \$			
III. PROJECT SERVICE AREA DEMOGRAPHICS			
<b>Active Service Connections</b>			<input type="checkbox"/> <b>Not Applicable</b>
Connection Type	Number of Connections	Current Monthly Service Charge	Projected Monthly Service Charge at Planning Completion*
Residential		\$	\$
Commercial		\$	\$
Industrial		\$	\$
Other		\$	\$
TOTAL		\$	\$
*Rate increase effective date for projected monthly service charges:			
			State Use Only
			CWSRF Project #
			Project Manager
			Date Received

Date of the most recent Proposition 218 public hearing:

Current Year Median Household Income: \$ \_\_\_\_\_ Current Year Estimated Population Served: \_\_\_\_\_

Are less than 50% of residences permanently occupied?  Yes  No

**IV. REGULATORY INFORMATION**

NPDES Permit and/or WDR Order No.:

Has enforcement action occurred as a result of the water quality problem?  Yes  No

**V. COMPLIANCE WITH URBAN WATER MANAGEMENT AND WATER RIGHTS REQUIREMENTS**

Are you an Urban Water Supplier\*?  Yes  No

• If yes, have you submitted an Urban Water Management Plan to the Department of Water Resources?  Yes  No

\*An Urban Water Supplier provides water for municipal purposes either directly or indirectly to more than 3,000 customers or supplies more than 3,000 acre-feet of water annually. The Urban Water Management Planning Act, Water Code, Section 10631.5, requires every urban water supplier to prepare and adopt an Urban Water Management Plan that includes specific elements.

Is your entity a water diverter and subject to section 5103 of the Water Code?  Yes  No

**VI. DISCUSSION OF MATERIAL EVENTS, MATERIAL OBLIGATION CONDITIONS, AND ANY DEBT LIMIT**

Identify any current, prior or pending material events such as bankruptcy, defaults, litigation, grant jury findings, unscheduled draws on reserve funds, substitution of insurers or their failure to perform, unscheduled draws on credit enhancements, actions taken in anticipation of filing Chapter 9, rating changes, relevant conditions in material obligations, and any local debt limit.

Please provide website link or PDF copy of your Debt Management Policy:  
\_\_\_\_\_

**VII. ATTACHMENTS**

- 1 – Plan of Study
- 2 – Certification for Compliance with Water Metering Form
- 3 – Regional Water Quality Control Board Requirements
- 4 – Authorizing Resolution/Ordinance
- 5 - Relevant Service, Management, Operating or Joint Powers Agreements
- 6 - Audited Financial Statements (3 years)
- 7 – Rate Adoption Resolution/Ordinance

The following attachments are not required for Small Disadvantaged Communities applying for 100% grant. If a loan determination applies, applicant must submit all attachments.

- 8 – Budgets or Projections (2 years)
- 9 – Pledged Revenues and Fund(s) Resolution/Ordinance
- 10 – Related Debt or no Debt Letter
- 11 – Debt Management Policy

**CERTIFICATION AND SIGNATURE OF AUTHORIZED REPRESENTATIVE**

To the best of my knowledge and belief, I certify that I am authorized to submit this application; the information provided in this application is true and correct; the documentation has been duly authorized by the governing body of the applicant; and the entity possesses the legal authority to apply for the financing and enter into a financing agreement with the State Water Resources Control Board and to finance and construct the proposed facilities.

Name of Authorized Representative: \_\_\_\_\_ Title: \_\_\_\_\_

Signature of Authorized Representative: \_\_\_\_\_ Date: \_\_\_\_\_

**CERTIFICATION FOR COMPLIANCE WITH WATER METERING  
REQUIREMENTS FOR FUNDING APPLICATIONS**



Funding Entity name: \_\_\_\_\_

Funding Program name: Clean Water State Revolving Fund

Applicant (Entity name): \_\_\_\_\_

Please check one of the boxes below and sign and date this form.

As the authorized representative for the applicant Entity, I certify under penalty of perjury that the Entity is not an urban water supplier, as that term is understood pursuant to the provisions of section 529.5 of the Water Code.

As the authorized representative for the applicant Entity, I certify under penalty of perjury that the applicant Entity has fully complied with the provisions of Division 1, Chapter 8, Article 3.5 of the California Water Code (sections 525 through 529.7 inclusive) and that the ordinances, rules, or regulations submitted with this certification as listed below have been duly adopted and are in effect as of this date.

I understand that the Funding Entity will rely on this signed certification in order to approve funding and that false and/or inaccurate representations in this Certification Statement may result in loss of all funds awarded to the applicant for its project. Additionally, for the aforementioned reasons, the Funding Entity may withhold disbursement of project funds, and/or pursue any other applicable legal remedy.

\_\_\_\_\_  
Name of Authorized Representative  
(Please print)

\_\_\_\_\_  
Title

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Date





## Manager's Report

To: Board Of Directors

From: Scott McCutcheon, General Manager

Date: November 9, 2021

RE: Item No. 9 – Request to Review and Adopt Policy 2379- 'Job Description-Customer Account Specialist'.

The General Manager will request that the Board waive the requirement to review a draft of a proposed new policy at a prior regular meeting and adopt Policy 2379- 'Job Description-Customer Account Specialist'.

### Attachment Included

*Recommended Action:* Waive the requirement to review a draft of a proposed new policy at a prior regular meeting and adopt Policy 2379- 'Job Description-Customer Account Specialist'.

**BOARD POLICY**  
**Lake Oroville Area Public Utility District**

**TITLE: JOB DESCRIPTION – CUSTOMER ACCOUNT SPECIALIST**  
**ADOPTION DATE: November 9, 2021**

**NUMBER: 2379**

**2379.1 GENERAL JOB DESCRIPTION:**

**2379.1.1** Under minimal supervision of the General Manager: receives and processes utility billing for payment, maintains ledgers and accounts receivables and expenditures, posts receipts on sewer payments, taxes and accounts receivable, operates computer to perform all accounting, processes payroll as needed, sets up new data base management and work processing functions, keeps records of ownership, prepares delinquent notices and liens, issues sewer permits and verifies actual connections, waits on public counter, answers questions and assists with complaints, prepares records of complaints and coordinates field personnel, maintains correspondence files, receives and dispatches radio messages, types files and assists in other office work, sets up new customer accounts, calculates equivalent dwelling units and weighting factors on sewer service accounts, makes account adjustments, bills quarterly service charges plus applicable late charges, sends out late account notices, writes cash receipts, negotiates delinquent account payments plans, processes annexations, is highly knowledgeable of the geography and locations of District facilities, presents solutions and solves customer issues and complaints, researches new customer connections and collaborates with staff to facilitate process, periodically reviews EDU's weighing and billing for accuracy, follows oral and written directions, maintain records of lateral conditions and ownership, maintains records of fixture unit counts, evaluates permits for correct routing, tracking all permits from issuance to closeout, promotes District values and goodwill towards customer, provides outstanding customer service, works with General Manager to solve complex customer issues, performs other duties as assigned.

**2379.2 REQUIRED QUALIFICATIONS:**

**2379.2.1** Five (5) years of responsible clerical and secretarial experience, and in keeping or reviewing accounting or fiscal records (nine semester units of job-related education in accounting may be substituted).

**2379.2.2** Equivalent to completion of high school (grade 12), preferably including or supplemented by courses in bookkeeping.

**2379.2.3** Possession of a valid Class C California Driver License.

**2379.2.4** Minimum of five (5) years as a District employee.

**2379.3 DESIRABLE QUALIFICATIONS:**

**2379.3.1** Knowledge of: methods, practices and terminology used in financial clerical work, and, modern office methods, practices and procedures.

**2379.3.2** Ability to: post financial data and to make mathematical calculations rapidly and accurately, operate bookkeeping, adding, and calculating machines, operate typewriter, and, maintain cooperative relationships with those contacted in the course of work

**2379.3.3** Knowledge of sanitary sewer service collection operations.



## Manager's Report

To: Board Of Directors

From: Scott McCutcheon, General Manager

Date: November 9, 2021

RE: Item No. 10 – Request to Amend Board Policy 2151 'Employee Compensation Schedule'

Due to requested amendments to job descriptions, Board Policy 2151 'Employee Compensation Schedule' is also requested to be amended.

### Attachment Included

*Recommended Action:* Waive the requirement to review requested amendments to policy at a regular meeting prior, and per the attachment, amend Board Policy 2151 'Employee Compensation Schedule'.



**TITLE: EMPLOYEE COMPENSATION SCHEDULE**

**NUMBER: 2151**

**ADOPTED: February 8, 1984**

**AMENDED: November, 9 2021**

**EFFECTIVE: November, 1 2021**

Range No.	Position Title	Step A	Step B	Step C	Step D	Step E	Step F**	
							Low	High
1	Administrative Aide - Part Time & Temporary	14.00	14.25	14.50	14.75	15.00	15.25	15.25
2	Administrative Aide - Reg.	16.65	17.49	18.37	19.27	20.24	21.24	21.24
3	Utility Worker - Part Time & Temporary	14.00	14.50	15.00	15.50	16.00	16.50	16.50
4	Utility Worker I	19.67	20.64	21.67	22.74	23.88	25.07	25.07
5	Utility Worker II	20.64	21.67	22.74	23.88	25.07	26.33	26.33
6	Acct Receivable Clerk - Reg Operator - Part Time	21.60	22.63	23.73	24.86	26.05	27.30	27.30
7	Operator - Regular Office Clerk	23.17	24.33	25.56	26.83	28.16	29.57	32.45
8	Field Operations Technician Accounts Receivable Clerk II Accounts Payable Clerk II	23.59	24.78	26.02	27.34	28.70	30.14	30.14
9	Foreman-F.O.T.	25.40	26.68	28.02	29.41	30.88	32.42	32.42
10	Bookkeeper/Clerk of the Board Customer Account Specialist	26.02	27.34	28.70	30.14	31.64	33.23	33.23
11	Field Operations Supervisor Temporary Assistant to the Manager	32.99	34.56	36.22	37.95	39.77	41.76	44.60

*\*\*Step F can include merit and cola increases which are calculated differently for each employee in Step F*



## Manager's Report

To: Board Of Directors

From: Scott McCutcheon, General Manager

Date: November 9, 2021

RE: Item No. 11 – Adoption of Resolution 07-2021  
“Authorizing Remote Meetings Consistent with AB 361”

Due to recent legislation, The Board is requested to adopt Resolution 07-2021, authorizing the continued option of remote public meetings. This resolution will need to be re-adopted at every subsequent meeting until remote meetings are no longer desired by the Board of Directors.

Attachment Included

*Recommended Action:* Adopt Resolution 07-2021 - Finish with a roll call vote.

RESOLUTION NO. 07-2021

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT AUTHORIZING REMOTE MEETINGS CONSISTENT WITH AB 361

WHEREAS, the Lake Oroville Area Public Utility District (“District”) is committed to preserving and nurturing public access and participation in meetings of the Board of Directors; and

WHEREAS, all meetings of Lake Oroville Area Public Utility District’s legislative bodies are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend, participate, and watch the District’s legislative bodies conduct their business; and

WHEREAS, the Brown Act, Government Code section 54953(e), makes provisions for remote participation in meetings by members of a legislative body by audio or video or both, without compliance with the requirements of Government Code section 54953(b)(3), subject to the existence of certain conditions; and

WHEREAS, a required condition of remote meetings is a declaration of a state of emergency by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, it is further required that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, such conditions now exist in the District, specifically, on March 4, 2020 the Governor proclaimed State of Emergency to exist in California due to the COVID-19 pandemic, which proclamation is still active; and

WHEREAS, state and local officials have recommended social distancing measures, including masks, to slow the spread of COVID-19 and the contagious Delta variant, and to protect the vulnerable and immunocompromised members of the community; and

WHEREAS, the Board of Directors does hereby find that the state of emergency continues to directly impact the ability of members to meet in-person; and

WHEREAS, as a consequence of the State of Emergency and recommended social distancing measures, the Board of Directors does hereby find that the legislative bodies of Lake Oroville Area Public Utility District shall conduct their meetings without compliance with paragraph (3) of subdivision (b) of Government Code section 54953, as authorized by subdivision (e) of section 54953, and that such legislative bodies shall comply with the requirements to provide the public with access to the meetings as prescribed in paragraph (2) of subdivision (e) of section 54953; and

WHEREAS, the public may attend meetings and comment by calling in or by using the Zoom platform as described in meeting agendas.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF LAKE OROVILLE AREA PUBLIC UTILITY DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Recitals. The Recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

Section 2. Ratification of Governor's Proclamation of a State of Emergency. The Board hereby ratifies the Governor of the State of California's Proclamation of State of Emergency, effective as of its issuance date of March 4, 2020.

Section 3. Remote Teleconference Meetings. The District's General Manager, Secretary, and legislative bodies are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution including, conducting open and public meetings in accordance with Government Code section 54953(e) and other applicable provisions of the Brown Act.

Section 4. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) 30 days from adoption of this Resolution or (ii) such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the District's legislative bodies may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

PASSED AND ADOPTED by the Board of Directors of Lake Oroville Area Public Utility District, this \_\_\_\_ day of November, 2021, by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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William Sharman  
President of the Board

ATTEST:

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Kelly Hamblin  
Secretary of the Board





## Manager's Report

To: Board Of Directors

From: Scott McCutcheon, General Manager

Date: November 9, 2021

RE: Item No. 12 – Approval of General Manager's Contract

Law requires that the General Manager's contract be executed at a regular board meeting. Attached is the General Manager's Employment contract for board approval and final execution.

**Attachment Included**

*Recommended Action:* Authorize the Board President to Execute the At-Will Employment Contract for General Manager with David G. Goyer

AT-WILL  
EMPLOYMENT CONTRACT

This At-Will Employment Contract ("Contract") is entered into on this the 9th day of November, 2021, by and between Lake Oroville Public Utility District ("District") and David G. Goyer, an individual ("Employee"). The parties herewith enter into this Contract to outline the terms and conditions of Employee's full-time employment with the District as General Manager.

1. Employment. District will employ Employee to perform duties of General Manager with control over operations, personnel, and facilities of the District, as set forth in Board Policy Number 2300 "Job Description-General Manager." Employee shall have no defined workday as hours of work, but shall devote himself full-time to the performance of the duties of General Manager as and whenever necessary. The employment shall commence November 9, 2021 and shall continue thereafter until written Notice of Termination of this Contract is delivered to the other party. There is neither an expectation of continued employment nor a fixed date for termination of this Contract. It will continue for an indeterminate period until terminated. This is an at-will employment and, as such, Employee can be terminated at any time, with or without cause.
2. Compensation. \$87,360 annually, pro-rated according to the starting basis.
3. Benefits. Employee will receive health, dental, life, vision, and retirement benefits under the same terms and conditions as other regular full-time employees of the District as set forth in Board Policy. Benefits are subject to review and may be changed by action of the Board.
4. Sick Leave. Employee will accrue one day of sick leave per month. In accordance with Board Policy, sick leave may be accrued to an unlimited amount of hours.
5. Vacation Leave. Employee shall receive two weeks paid vacation and two weeks paid administrative leave at the time of hire. Employee shall then accrue vacation and paid administrative leave monthly in accordance with Board Policy. Employee is also entitled to time off on holidays as set forth in Board Policy.
6. Evaluation. Not later than six months after Employee's date of hire, Employee and Board shall meet in closed session to evaluate and review the performance of Employee. During the first year of employment, a second evaluation will be held no later than one year from the Employee's date of hire.

IN WITNESS HEREOF, the parties understand and agree to the foregoing terms and conditions by affixing their signatures hereafter.

Dated: \_\_\_\_\_

\_\_\_\_\_  
DAVID G. GOYER

Dated: \_\_\_\_\_

BY: \_\_\_\_\_  
WILLIAM P. SHARMAN  
Board President



## **Manager's Report**

To: Board Of Directors  
From: Scott McCutcheon, General Manager  
Date: November 9, 2021  
  
RE: Item No. 13 – SC-OR Commissioners' Report

Included in your packet, if available, are Minutes of Regular and Special Meetings of the Sewerage Commission – Oroville Region from the past period. Directors Fairbanks and Mastelotto will present the SC-OR report if any information is available for reporting.

**Attachment Included**

*Recommended Action:* None





## **Manager's Report**

To: Board Of Directors

From: Scott McCutcheon, General Manager

Date: November 9, 2021

RE: Item No. 14 – BCSDA Representatives and LAFCo Report

### **14.1 BCSDA**

Nothing to Report

### **14.2 LAFCo**

The Butte LAFCO agenda for the November 4, 2021 regular meeting is attached for general information purposes. Also included is Item 6.1 Executive Officer's Report. Item 6.1 covers general business of LAFCo along with new bills that affect LAFCo and other public agencies. President Sharman will present any information regarding LAFCO business if there is any to report.

Attachment Included



## **Manager's Report**

To: Board Of Directors

From: Scott McCutcheon, General Manager

Date: November 9, 2021

RE: Item No. 15 – Board Members', Manager, and Staff Comments

### **15.1 Field Operations Report**

The October 2021 Field Operations Activity Report is included for your review and discussion.

**Attachment Included**

### **15.2 Personnel Committee Report**

Representatives of the Personnel Committee will give a report of Committee business.



## **Manager's Report**

To: Board Of Directors  
From: Scott McCutcheon, General Manager  
Date: November 9, 2021  
RE: Item No. 16 – Future Agenda Items

### **16. Future Agenda Items**