



NORTH TAHOE PUBLIC UTILITY DISTRICT

**ANNUAL FINANCIAL REPORT
WITH
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2021 and 2020

**MANN, URRUTIA, NELSON, CPAS & ASSOCIATES, LLP
1760 CREEKSIDE OAKS DRIVE, SUITE 160
SACRAMENTO, CALIFORNIA 95833**

**NORTH TAHOE PUBLIC UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
JUNE 30, 2021 and 2020**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 9
Basic Financial Statements:	
Statements of Net Position - June 30, 2021	10 - 11
Statements of Net Position - June 30, 2020	12 - 13
Statements of Revenues, Expenses, and Changes in Net Position - For the Year Ended June 30, 2021	14
Statements of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, 2020	15
Statements of Cash Flows - For the Year Ended June 30, 2021	16 - 18
Statements of Cash Flows - For the Year Ended June 30, 2020	19 - 21
Notes to the Basic Financial Statements	22 - 42
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability	43
Schedule of Contributions to the Cost Sharing Defined Benefit Pension Plan	44
Supplementary Information:	
Schedule 1 - Comparison of Budget to Actual	45
Other Reports	
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 <i>Government Auditing Standards</i>	46 - 47



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North Tahoe Public Utility District
Tahoe Vista, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of North Tahoe Public Utility District (the District) as of and for the years ended June 30, 2021 and 2020, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of North Tahoe Public Utility District as of June 30, 2021 and 2020, and the respective changes in financial position, and cash flows thereof for the years 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, schedules related to the District's net pension liability, and the schedules related to the District's net OPEB liability as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information contained within the comparison of budget to actual in Schedule 1 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021, on our consideration of North Tahoe Public Utility 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 solely 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 effectiveness of North Tahoe Public Utility District's 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 North Tahoe Public Utility District's internal control over financial reporting and compliance.

Mann, Urrutia, Nelson CPAs

Sacramento, California
December 2, 2021

**NORTH TAHOE PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

As management of the North Tahoe Public Utility District (NTPUD), we offer readers of NTPUD's financial statements this narrative overview and analysis of NTPUD's financial performance during the fiscal year ended June 30, 2021. Please read it in conjunction with NTPUD's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS - CONSOLIDATED DISTRICT:

The District's Current Assets increased by \$4,622,139 from \$12,287,169 to \$16,909,308. Restricted Assets increased to \$6,000 from a zero balance in the prior year. Non-Current Investments decreased by \$414,329 from \$2,012,145 to \$1,597,816. Capital Assets net of Accumulated Depreciation increased from \$54,705,692 to \$55,955,547. As a result of the GASB 68 adjustments, Deferred Pension Outflows decreased \$83,438 from \$1,121,078 to \$1,037,640. The District's Total Assets and Deferred Outflows increased by \$5,380,227 to \$75,506,311.

The District's Current Liabilities (Unrestricted) increased by \$2,158,071 to \$4,067,909. Current Liabilities (Payable from Restricted Assets) decreased by \$9,393 leaving a zero balance for the current year. Non-Current Liabilities decreased by \$177,318 from \$2,020,092 to \$1,842,774. Deferred Inflows of Resources decreased \$148,261 to \$218,121.

The Net Investment in Capital Assets increased by \$1,605,991 as additions of new Capital Assets exceeded depreciation and the related matured portion of capital debt repaid. Unrestricted Net Position (Unrestricted) increased by \$1,945,137 from \$13,030,337 to \$14,975,474. Total Net Position increased by \$3,557,128 from \$65,820,379 to \$69,377,507.

Operating Revenues increased by \$1,624,956 from \$7,241,280 to \$8,866,236. Total Operating Expenses increased \$236,764 from \$12,382,486 to \$12,619,250. Property Tax revenue of \$6,512,804 is \$203,868 more than the prior year. Investment income decreased by \$196,423 from \$237,271 to \$40,848. Grant Revenue increased \$706,974 from \$85,129 to \$792,103. Other Non-Operating Expenses decreased \$63,636 from \$183,867 to \$120,231.

FINANCIAL HIGHLIGHTS - SEWER FUND:

Current Assets (not restricted) decreased by \$3,871,815 from \$7,643,020 to \$3,771,205. Net Capital Assets increased by \$373,806 from \$21,246,076 to \$21,619,882 as additions to Capital Assets (including transfers from WIP) resulted in net additions which exceeded the increase in Accumulated Depreciation.

Current Liabilities (Payable from Current Assets) increased by \$769,833 from \$171,320 to \$941,153. Deferred Pension Inflows decreased by \$33,589 from \$69,765 to \$36,176. The amount of Unrestricted Net Position decreased by \$4,608,059 from \$7,401,935 to \$2,793,876. Total Net Position decreased by \$4,234,253 from \$28,648,011 to \$24,413,758.

Operating Revenues increased by \$1,408,523 from \$2,255,557 to \$3,664,080. Total Operating Expenses were \$3,263 more than prior year. Property Tax revenue of \$750,000 is \$68,000 less than the prior year. Other Non-Operating Expense increased by \$15,011 from no balance in prior year.

FINANCIAL HIGHLIGHTS – WATER FUND:

Current Assets increased by \$891,622 from \$2,731,972 to \$3,623,594. Capital Assets net of Accumulated Depreciation decreased by \$276,217 from \$20,255,737 to \$19,979,520. Deferred Pension Outflows decreased \$16,791 from \$257,962 to \$241,171.

Current Liabilities (Payable from Current Assets) increased by \$80,313 from \$596,170 to \$676,483. The Long-Term debt portion of Non-Current Liabilities decreased by \$322,782 from \$2,015,528 to \$1,692,746, which is the result of the annual principal payments on the debt. The Net Pension Liability portion of Non-Current Liabilities increased by \$47,560 from \$10,078 to \$57,638. The Deferred Pension Inflows decreased \$29,836 from \$70,386 to \$40,550. The amount of Net Position that is Unrestricted increased by \$791,000 from \$2,223,500 to \$3,014,500. Total Net Position increased by \$870,919 bringing the balance from \$20,563,587 to \$21,434,506.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Operating Revenues increased \$310,660 from \$4,118,123 to \$4,428,783. Total Operating Expenses increased by \$256,950 from prior year. Grant revenue was \$703 more than the prior year at \$3,113 compared to the \$2,410 in prior year.

FINANCIAL HIGHLIGHTS - RECREATION FUND:

Current Assets increased by \$961,803 from \$1,719,804 to \$2,681,607. Capital Assets net of Accumulated Depreciation increased by \$873,932 to \$13,458,119. Deferred Pension Outflows of Resources decreased by \$12,223 from \$180,989 to \$168,766.

Current Liabilities (Payable from Current Assets) increased by \$1,193,902 from \$212,680 to \$1,406,582. The Net Pension Liability classified as Non-Current Liabilities increased by \$28,276 from \$4,564 to \$32,840. Deferred Inflows of Resources from Pension decreased by \$21,718 from \$57,164 to \$35,446. The Total Net Position increased by \$632,445 from \$14,201,179 to \$14,833,624. The amount of Net Position that is Unrestricted increased by \$241,487 to close at \$1,375,505.

Recreation Events and Program Revenues of \$759,093 were \$89,154 lower than the prior year. Total Operating Expenses increased by \$155,379 from \$1,882,690 to \$2,038,069. The Recreation assessment, called Community Facilities District 94-1 (CFD 94-1), brought in \$1,276,105, an increase of \$355,451. Grant revenue increased \$586,329 from \$81,220 to \$667,549.

FINANCIAL HIGHLIGHTS – FLEET FUND:

Current Assets decreased by \$47,374 from \$419,785 to \$372,411. Capital Assets net of Accumulated Depreciation increased by \$150,818 from \$600,632 to \$751,450.

Current Liabilities (Payable from Current Assets) increased by \$9,204 from \$18,194 to \$27,398. The amount of Net Position that is Unrestricted decreased by \$53,614 from \$391,579 to \$337,965. Deferred Pension Inflows decreased by \$2,964 from \$10,012 to \$7,048. Total Net Position increased by \$97,204 bringing the balance to \$1,089,415.

Total Operating Expenses decreased by \$186,554 from \$89,350 to a credit of \$97,204. Depreciation increased \$30,898 from \$99,113 to \$130,011 due to new capital purchases. Property Tax decreased by \$243,000 to a zero balance for the current year.

FINANCIAL HIGHLIGHTS – GENERAL, ADMINISTRATIVE & BASE FUND:

Current Assets increased by \$6,687,903 from a prior year credit balance of \$227,412 to \$6,460,491. Restricted Assets increased by \$6,000 for a HRA/FS Third Party Administration deposit. Investments, noncurrent, decreased by \$414,329 from \$2,012,145 to \$1,597,816. Capital Assets net of Accumulated Depreciation increased by \$127,516 from \$19,060 to \$146,576.

Current Liabilities (Payable from Current Assets) increased by \$104,819 from \$911,474 to \$1,016,293. The Net Pension Liability portion of Non-Current Liabilities increased by \$117,188 from a prior year zero balance to \$117,858. The amount of Net Position that is Unrestricted increased by \$6,057,297 from \$1,396,331 to \$7,453,628. Total Net Position increased by \$6,190,813 bringing the balance to \$7,606,204.

Total Operating Expenses increased by \$6,726 from \$3,465,418 to \$3,472,144. Property Tax in the amount of \$4,484,700 was recognized in the Fund. Investment Income decreased from \$235,666 to \$40,559. Other Non-Operating Expense, decreased to a zero balance from \$174,882.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

DUE (TO)/FROM ENTERPRISE:

The amounts due (to) or from other enterprises are as follows at June 30, 2021:

	Sewer	Water	Recreation & Parks	Fleet & Equipment	General & Administrative and Base
Due (To)/From Other Fund	3,521,143	3,003,517	1,558,731	372,411	(8,455,802)

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS:

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The Statement of Net Position includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT:

The most common financial question posed to the District is "How did we do financially during 2020/2021?" The Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net assets of the District and the changes in them. One can think of the District's Net Position – the difference between assets, deferred outflows, liabilities and deferred inflows – as one way to measure financial health or financial position. Over time, increases or decreases in the District's Net Position is one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

NET POSITION:

To begin our analysis, a summary of the District's Net Position is presented in Table A-1.

Table A-1
Condensed Statement of Net Position

	Fiscal Year 06/30/2021	Fiscal Year 06/30/2020	Change in Dollars	Percent Charge
Current assets	\$ 16,909,308	\$ 12,287,169	\$ 4,622,139	33%
Restricted assets	6,000	-	6,000	(97)%
Investments - noncurrent portion	1,597,816	2,012,145	(414,329)	22%
Net capital assets	55,955,547	54,705,692	1,249,855	(1)%
Deferred pension outflows	<u>1,037,640</u>	<u>1,121,078</u>	<u>(83,438)</u>	<u>(23)%</u>
 Total assets and deferred outflows of resources	 <u>75,506,311</u>	 <u>70,126,084</u>	 <u>5,380,227</u>	 <u>8%</u>
Current liabilities (payable from current assets)	\$ 4,067,909	\$ 1,909,838	\$ 2,158,071	113%
Current liabilities (payable from restricted assets)	-	9,393	(9,393)	(100)%
Noncurrent liabilities	1,842,774	2,020,092	(177,318)	(9)%
Deferred pension inflows	<u>218,121</u>	<u>366,382</u>	<u>(148,261)</u>	<u>(40)%</u>
 Total liabilities and deferred inflows of resources	 <u>6,128,804</u>	 <u>4,305,705</u>	 <u>1,823,099</u>	 <u>42%</u>
Net investment in capital assets	\$ 53,950,097	\$ 52,344,106	\$ 1,605,991	3%
Other restricted	6,000	-	6,000	DIV/0
Restricted for debt service	445,936	445,936	-	-%
Unrestricted (designated for Board reserves)	2,589,917	2,053,093	536,824	26%
Unrestricted (undesignated)	<u>12,385,557</u>	<u>10,977,244</u>	<u>1,408,313</u>	<u>13%</u>
 Total net position	 <u>\$ 69,377,507</u>	 <u>\$ 65,820,379</u>	 <u>\$ 3,557,128</u>	 <u>5%</u>

As can be seen from the table above, Net Position grew by \$3,557,128 from \$65,820,379 to \$69,377,507. The makeup of Net Position changed as Current Assets increased by \$4,622,139. Amounts invested in Capital Assets increased by \$1,249,855 or 1%. Current Liabilities offset the change by an increase of \$2,158,071. Amounts Restricted for Debt Service was consistent at \$445,936. Unrestricted (Designated for Board Reserves) increased \$536,824 to \$2,589,917. Unrestricted (Undesignated) balance increased by \$1,408,313 from \$10,977,244 to \$12,385,557.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

REVENUES, EXPENSES AND CHANGES IN NET POSITION:

Table A-2

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>Fiscal Year 06/30/2021</u>	<u>Fiscal Year 06/30/2020</u>	<u>Change in Dollars</u>	<u>Percent Change</u>
Operating revenues	\$ 8,866,236	\$ 7,241,280	\$ 1,624,956	22%
Operating expenses	<u>12,619,250</u>	<u>12,382,486</u>	<u>236,764</u>	<u>2%</u>
Net operating loss	<u>(3,753,014)</u>	<u>(5,141,206)</u>	<u>1,388,192</u>	<u>(27)%</u>
Property tax revenues	6,512,804	6,308,936	203,868	3%
Other non-operating revenues and expenses	<u>797,338</u>	<u>105,961</u>	<u>691,377</u>	<u>652%</u>
Non-operating revenues and expenses	<u>7,310,142</u>	<u>6,414,897</u>	<u>895,245</u>	<u>14%</u>
Income before capital contributions	3,557,128	1,273,691	2,283,437	179%
Capital contributions	<u>-</u>	<u>1,659</u>	<u>(1,659)</u>	<u>(100)%</u>
Change in net position	3,557,128	1,275,350	2,281,778	179%
Net position, beginning of year	65,820,379	64,545,029	(2,281,778)	2%
Total net position, ending of year	<u>\$ 69,377,507</u>	<u>\$ 65,820,379</u>	<u>\$ 3,557,128</u>	<u>2%</u>

While the Statement of Net Position shows the change in financial position of net assets, the Statements of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in Table A-2 above, Revenues, including Operating, Property Tax and Other, exceeded Expenses in both years, increasing Net Position. The increase in Net Position of \$3,557,128 was \$2,281,778 more than the \$1,275,350 increase of the prior year. This was due to a \$1,388,192 decrease in the Net Operating Loss offset by a \$895,245 increase in net Non-Operating Revenues and Expenses.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

BUDGETARY HIGHLIGHTS:

The District adopts an annual Operating Budget. The Operating Budget includes proposed expenses and the means of financing them. The District's operating budget includes the original budget and all budget adjustments approved during the year.

A 2021 budget comparison and analysis is presented in Table A-3.

Table A-3
Budgeted Summary

	Budget	Actual	Positive (Negative) Variance
Operating revenues	\$ 8,532,409	\$ 8,866,236	\$ 333,827
Operating expenses	(13,602,466)	(12,619,250)	983,216
Net operating loss	(5,070,057)	(3,753,014)	1,317,043
Property tax revenues	6,074,100	6,512,804	438,704
Other non-operating revenues and expenses	470,861	797,338	326,477
Non-operating revenues and expenses	6,544,961	7,310,142	765,181
(Loss)/income before capital contributions	1,474,904	3,557,128	2,082,224
Capital contributions	-	-	-
Change in net position	\$ 1,474,904	\$ 3,557,128	\$ 2,082,224

Operating Revenues of \$8,866,236 were \$333,827 over the Budget of \$8,532,409. Operating Expenses of \$12,619,250 were \$983,216 under the amount budgeted. Property Taxes, including CFD 94-1, revenues surpassed the budgeted amount by \$438,704. Other Non-Operating Revenues and Expenses when netted had a \$326,477 positive variance to budget. The total Change in Net Position of \$3,557,128 exceeded the budgeted amount of \$1,474,904 by \$2,082,224.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

CAPITAL ASSETS:

Table A-4
Condensed Statement of Fixed Assets

	<u>Fiscal Year 06/30/2021</u>	<u>Fiscal Year 06/30/2020</u>	<u>Change in Dollars</u>	<u>Percent Change</u>
Fixed assets	\$ 115,181,111	\$ 113,635,265	\$ 1,545,846	1%
Construction in progress	<u>3,109,960</u>	<u>489,930</u>	<u>2,620,030</u>	<u>535%</u>
Total capital assets	118,291,071	114,125,195	4,165,876	4%
Accumulated depreciation	<u>(62,335,524)</u>	<u>(59,419,503)</u>	<u>(2,916,021)</u>	<u>5%</u>
Net capital assets	<u>\$ 55,955,547</u>	<u>\$ 54,705,692</u>	<u>\$ 1,249,855</u>	<u>2%</u>

At the end of fiscal year 2021, the District had \$118,291,071 invested in capital assets as shown in Table A-4. Fixed Assets grew by \$4,165,876 or 4%. Construction in Process increased by \$2,620,030. Accumulated depreciation increased \$2,916,021 compared to prior year. The result was Net Capital Assets increase of \$1,249,855.

On September 1, 2010, the District entered into an installment sale agreement (the "Agreement") for \$4.5 million to finance the construction of certain capital facilities related to the District's water acquisition, storage and distribution system consisting primarily of a water storage tank and appurtenances. The Agreement's interest rate is 3.95% and is payable semi-annually. Principal repayment began in August 2013 and concludes on February 1, 2026.

DISTRICT CONTACT INFORMATION:

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Anyone having questions regarding this report or desiring additional information may contact Vanetta N. Van Cleave, Chief Financial Officer, North Tahoe Public Utility District, P.O. Box 139 Tahoe Vista, CA 96148-0139 or by phone at (530) 546-4212 or by email at VVanCleave@ntpud.org

**NORTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2021**

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet & Equipment</u>	<u>General & Administrative</u>	<u>Total 2021</u>
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents (Note 2)	\$ -	\$ 445,936	\$ 300,001	\$ -	\$ 12,010,259	\$ 12,756,196
Investments (Note 2)	-	-	-	-	1,458,019	1,458,019
Due (to)/from other funds	3,521,143	3,003,517	1,558,731	372,411	(8,455,802)	-
Accounts receivable (Note 3)	69,699	174,141	810,332	-	1,113,225	2,167,397
Inventory	180,363	-	-	-	-	180,363
Deposits and prepaid expenses	-	-	12,543	-	334,790	347,333
Total current assets	<u>3,771,205</u>	<u>3,623,594</u>	<u>2,681,607</u>	<u>372,411</u>	<u>6,460,491</u>	<u>16,909,308</u>
Restricted assets:						
Deposits and prepaid expenses	-	-	-	-	6,000	6,000
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>6,000</u>
Noncurrent assets:						
Investments (Note 2)	-	-	-	-	1,597,816	1,597,816
Capital assets, net of accumulated depreciation (Note 4)	21,619,882	19,979,520	13,458,119	751,450	146,576	55,955,547
Total noncurrent assets	<u>21,619,882</u>	<u>19,979,520</u>	<u>13,458,119</u>	<u>751,450</u>	<u>1,744,392</u>	<u>57,553,363</u>
Total Assets	<u>25,391,087</u>	<u>23,603,114</u>	<u>16,139,726</u>	<u>1,123,861</u>	<u>8,210,883</u>	<u>74,468,671</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>						
Changes in the net pension liability (Note 6)	-	241,171	168,766	-	627,703	1,037,640
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 241,171</u>	<u>\$ 168,766</u>	<u>\$ -</u>	<u>\$ 627,703</u>	<u>\$ 1,037,640</u>

See accompanying notes to the basic financial statements.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2021 (Continued)**

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet & Equipment</u>	<u>General & Administrative</u>	<u>Total 2021</u>
<u>LIABILITIES</u>						
Current liabilities						
Accounts payable and other liabilities	\$ 830,261	\$ 156,323	\$ 1,102,693	\$ 10,252	\$ 736,663	\$ 2,836,192
Deferred revenue	-	-	254,776	-	-	254,776
Accrued interest payable	-	33,006	-	-	-	33,006
Compensated absences	110,892	116,812	49,113	17,146	279,630	573,593
Long term debt - current portion (Note 5)	<u>-</u>	<u>370,342</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>370,342</u>
Total current liabilities (payable from current assets)	<u>941,153</u>	<u>676,483</u>	<u>1,406,582</u>	<u>27,398</u>	<u>1,016,293</u>	<u>4,067,909</u>
Total current liabilities	<u>941,153</u>	<u>676,483</u>	<u>1,406,582</u>	<u>27,398</u>	<u>1,016,293</u>	<u>4,067,909</u>
Noncurrent liabilities						
Long term debt, less current portion (Note 5)	-	1,635,108	-	-	-	1,635,108
Net pension liability (Note 6)	<u>-</u>	<u>57,638</u>	<u>32,840</u>	<u>-</u>	<u>117,188</u>	<u>207,666</u>
Total noncurrent liabilities	<u>-</u>	<u>1,692,746</u>	<u>32,840</u>	<u>-</u>	<u>117,188</u>	<u>1,842,774</u>
Total Liabilities	<u>941,153</u>	<u>2,369,229</u>	<u>1,439,422</u>	<u>27,398</u>	<u>1,133,481</u>	<u>5,910,683</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Changes in the net pension liability (Note 6)	<u>36,176</u>	<u>40,550</u>	<u>35,446</u>	<u>7,048</u>	<u>98,901</u>	<u>218,121</u>
Total Deferred Inflows of Resources	<u>36,176</u>	<u>40,550</u>	<u>35,446</u>	<u>7,048</u>	<u>98,901</u>	<u>218,121</u>
<u>NET POSITION</u>						
Net investment in capital assets	21,619,882	17,974,070	13,458,119	751,450	146,576	53,950,097
Restricted for:						
Other	-	-	-	-	6,000	6,000
Debt service	-	445,936	-	-	-	445,936
Unrestricted	<u>2,793,876</u>	<u>3,014,500</u>	<u>1,375,505</u>	<u>337,965</u>	<u>7,453,628</u>	<u>14,975,474</u>
Total Net Position	<u>\$ 24,413,758</u>	<u>\$ 21,434,506</u>	<u>\$ 14,833,624</u>	<u>\$ 1,089,415</u>	<u>\$ 7,606,204</u>	<u>\$ 69,377,507</u>

See accompanying notes to the basic financial statements.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2020**

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet & Equipment</u>	<u>General & Administrative</u>	<u>Total 2020 (Restated)</u>
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents (Note 2)	\$ -	\$ 447,416	\$ 64,526	\$ -	\$ 8,114,904	\$ 8,626,846
Investments (Note 2)	-	-	-	-	1,511,926	1,511,926
Due (to)/from other funds	7,389,886	2,182,393	1,469,123	420,168	(11,461,570)	-
Accounts receivable (Note 3)	(24,299)	102,163	167,440	(383)	1,321,029	1,565,950
Inventory	277,433	-	6,173	-	-	283,606
Deposits and prepaid expenses	-	-	12,542	-	286,299	298,841
Total current assets	<u>7,643,020</u>	<u>2,731,972</u>	<u>1,719,804</u>	<u>419,785</u>	<u>(227,412)</u>	<u>12,287,169</u>
Noncurrent assets:						
Investments (Note 2)	-	-	-	-	2,012,145	2,012,145
Capital assets, net of accumulated depreciation (Note 4)	<u>21,246,076</u>	<u>20,255,737</u>	<u>12,584,187</u>	<u>600,632</u>	<u>19,060</u>	<u>54,705,692</u>
Total noncurrent assets	<u>21,246,076</u>	<u>20,255,737</u>	<u>12,584,187</u>	<u>600,632</u>	<u>2,031,205</u>	<u>56,717,837</u>
Total Assets	<u>28,889,096</u>	<u>22,987,709</u>	<u>14,303,991</u>	<u>1,020,417</u>	<u>1,803,793</u>	<u>69,005,006</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>						
Changes in the net pension liability (Note 6)	-	257,962	180,989	-	682,127	1,121,078
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 257,962</u>	<u>\$ 180,989</u>	<u>\$ -</u>	<u>\$ 682,127</u>	<u>\$ 1,121,078</u>

See accompanying notes to the basic financial statements.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2020 (Continued)**

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet & Equipment</u>	<u>General & Administrative</u>	<u>Total 2020 (Restated)</u>
<u>LIABILITIES</u>						
Current liabilities						
Accounts payable and other liabilities	\$ 64,432	\$ 133,146	\$ 49,185	\$ 3,609	\$ 624,677	\$ 875,049
Unearned revenue	-	-	118,321	-	-	118,321
Compensated absences	106,888	106,888	45,174	14,585	286,797	560,332
Long term debt - current portion (Note 5)	<u>-</u>	<u>356,136</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>356,136</u>
Total current liabilities (payable from current assets)	<u>171,320</u>	<u>596,170</u>	<u>212,680</u>	<u>18,194</u>	<u>911,474</u>	<u>1,909,838</u>
Current liabilities (payable from restricted assets)						
Accounts payable and other liabilities	<u>-</u>	<u>-</u>	<u>9,393</u>	<u>-</u>	<u>-</u>	<u>9,393</u>
Total current liabilities	<u>171,320</u>	<u>596,170</u>	<u>222,073</u>	<u>18,194</u>	<u>911,474</u>	<u>1,919,231</u>
Noncurrent liabilities						
Long term debt, less current portion (Note 5)	-	2,005,450	-	-	-	2,005,450
Net pension liability (Note 6)	<u>-</u>	<u>10,078</u>	<u>4,564</u>	<u>-</u>	<u>-</u>	<u>14,642</u>
Total noncurrent liabilities	<u>-</u>	<u>2,015,528</u>	<u>4,564</u>	<u>-</u>	<u>-</u>	<u>2,020,092</u>
Total Liabilities	<u>171,320</u>	<u>2,611,698</u>	<u>226,637</u>	<u>18,194</u>	<u>911,474</u>	<u>3,939,323</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Changes in the net pension liability (Note 6)	<u>69,765</u>	<u>70,386</u>	<u>57,164</u>	<u>10,012</u>	<u>159,055</u>	<u>366,382</u>
Total Deferred Inflows of Resources	<u>69,765</u>	<u>70,386</u>	<u>57,164</u>	<u>10,012</u>	<u>159,055</u>	<u>366,382</u>
<u>NET POSITION</u>						
Net investment in capital assets	21,246,076	17,894,151	12,584,187	600,632	19,060	52,344,106
Restricted for:						
Debt service	-	445,936	-	-	-	445,936
Unrestricted	<u>7,401,935</u>	<u>2,223,500</u>	<u>1,616,992</u>	<u>391,579</u>	<u>1,396,331</u>	<u>13,030,337</u>
Total Net Position	<u>\$ 28,648,011</u>	<u>\$ 20,563,587</u>	<u>\$ 14,201,179</u>	<u>\$ 992,211</u>	<u>\$ 1,415,391</u>	<u>\$ 65,820,379</u>

See accompanying notes to the basic financial statements.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet & Equipment</u>	<u>General & Administrative</u>	<u>Total 2021</u>
<u>OPERATING REVENUE</u>						
Service charges	\$ 3,664,080	\$ 4,428,783	\$ -	\$ -	\$ 14,280	\$ 8,107,143
Recreation events and programs	<u>-</u>	<u>-</u>	<u>759,093</u>	<u>-</u>	<u>-</u>	<u>759,093</u>
Total operating revenues	<u>3,664,080</u>	<u>4,428,783</u>	<u>759,093</u>	<u>-</u>	<u>14,280</u>	<u>8,866,236</u>
<u>OPERATING EXPENSES</u>						
Direct operating expenses	2,180,746	2,177,309	1,426,783	340,297	3,315,627	9,440,762
Allocation of operating expenses	250,400	233,639	86,037	(570,076)	-	-
Administrative and general	29,183	25,938	18,781	2,564	155,775	232,241
Depreciation	<u>1,278,656</u>	<u>1,030,370</u>	<u>506,468</u>	<u>130,011</u>	<u>742</u>	<u>2,946,247</u>
Total operating expenses	<u>3,738,985</u>	<u>3,467,256</u>	<u>2,038,069</u>	<u>(97,204)</u>	<u>3,472,144</u>	<u>12,619,250</u>
Operating income (loss)	<u>(74,905)</u>	<u>961,527</u>	<u>(1,278,976)</u>	<u>97,204</u>	<u>(3,457,864)</u>	<u>(3,753,014)</u>
<u>NONOPERATING REVENUE (EXPENSE)</u>						
Property tax revenue/CFD 94-1	750,000	-	1,278,104	-	4,484,700	6,512,804
Investment income	-	-	289	-	40,559	40,848
Grants	-	3,113	667,549	-	121,441	792,103
Miscellaneous revenues	105,663	40,636	20,281	-	1,977	168,557
Interest expense	-	(83,939)	-	-	-	(83,939)
Other nonoperating expenses	<u>(15,011)</u>	<u>(50,418)</u>	<u>(54,802)</u>	<u>-</u>	<u>-</u>	<u>(120,231)</u>
Total nonoperating revenue (expense), net	<u>840,652</u>	<u>(90,608)</u>	<u>1,911,421</u>	<u>-</u>	<u>4,648,677</u>	<u>7,310,142</u>
Income (loss) before transfers and capital contributions	<u>765,747</u>	<u>870,919</u>	<u>632,445</u>	<u>97,204</u>	<u>1,190,813</u>	<u>3,557,128</u>
<u>TRANSFERS</u>						
Transfers in	-	-	-	-	5,000,000	5,000,000
Transfers out	<u>(5,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,000,000)</u>
Total transfers	<u>(5,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000,000</u>	<u>-</u>
CHANGE IN NET POSITION	<u>(4,234,253)</u>	<u>870,919</u>	<u>632,445</u>	<u>97,204</u>	<u>6,190,813</u>	<u>3,557,128</u>
TOTAL NET POSITION, BEGINNING OF YEAR	<u>28,648,011</u>	<u>20,563,587</u>	<u>14,201,179</u>	<u>992,211</u>	<u>1,415,391</u>	<u>65,820,379</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 24,413,758</u>	<u>\$ 21,434,506</u>	<u>\$ 14,833,624</u>	<u>\$ 1,089,415</u>	<u>\$ 7,606,204</u>	<u>\$ 69,377,507</u>

See accompanying notes to the basic financial statements.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet & Equipment</u>	<u>General & Administrative</u>	<u>Total 2020 (Restated)</u>
<u>OPERATING REVENUE</u>						
Service charges	\$ 2,255,557	\$ 4,118,123	\$ -	\$ -	\$ 19,353	\$ 6,393,033
Recreation events and programs	<u>-</u>	<u>-</u>	<u>848,247</u>	<u>-</u>	<u>-</u>	<u>848,247</u>
Total operating revenues	<u>2,255,557</u>	<u>4,118,123</u>	<u>848,247</u>	<u>-</u>	<u>19,353</u>	<u>7,241,280</u>
<u>OPERATING EXPENSES</u>						
Direct operating expenses	2,250,971	1,997,427	1,313,218	390,660	3,465,418	9,417,694
Allocation of operating expenses	181,327	166,539	58,408	(406,274)	-	-
Depreciation	1,262,560	1,012,617	484,004	99,113	-	2,858,294
Administrative and general	<u>40,864</u>	<u>32,723</u>	<u>27,060</u>	<u>5,851</u>	<u>-</u>	<u>106,498</u>
Total operating expenses	<u>3,735,722</u>	<u>3,209,306</u>	<u>1,882,690</u>	<u>89,350</u>	<u>3,465,418</u>	<u>12,382,486</u>
Operating income (loss)	<u>(1,480,165)</u>	<u>908,817</u>	<u>(1,034,443)</u>	<u>(89,350)</u>	<u>(3,446,065)</u>	<u>(5,141,206)</u>
<u>NONOPERATING REVENUE (EXPENSE)</u>						
Property tax revenue/CFD 94-1	818,000	-	922,653	243,000	4,325,283	6,308,936
Investment income	-	-	1,604	-	235,667	237,271
Grants	-	2,410	81,220	-	1,499	85,129
Miscellaneous revenues	903	44,080	-	-	23,985	68,968
Interest Expense	-	(101,424)	-	-	(116)	(101,540)
Other nonoperating expenses	<u>-</u>	<u>-</u>	<u>(8,985)</u>	<u>-</u>	<u>(174,882)</u>	<u>(183,867)</u>
Total nonoperating revenues (expenses), net	<u>818,903</u>	<u>(54,934)</u>	<u>996,492</u>	<u>243,000</u>	<u>4,411,436</u>	<u>6,414,897</u>
Income (loss) before capital contributions	<u>(661,262)</u>	<u>853,883</u>	<u>(37,951)</u>	<u>153,650</u>	<u>965,371</u>	<u>1,273,691</u>
<u>CAPITAL CONTRIBUTIONS</u>						
Capital contributions - infrastructure	<u>-</u>	<u>-</u>	<u>1,659</u>	<u>-</u>	<u>-</u>	<u>1,659</u>
CHANGE IN NET POSITION	<u>(661,262)</u>	<u>853,883</u>	<u>(36,292)</u>	<u>153,650</u>	<u>965,371</u>	<u>1,275,350</u>
TOTAL NET POSITION, BEGINNING OF YEAR	<u>29,309,273</u>	<u>19,709,704</u>	<u>14,237,471</u>	<u>838,561</u>	<u>450,020</u>	<u>64,545,029</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 28,648,011</u>	<u>\$ 20,563,587</u>	<u>\$ 14,201,179</u>	<u>\$ 992,211</u>	<u>\$ 1,415,391</u>	<u>\$ 65,820,379</u>

See accompanying notes to the basic financial statements.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet & Equipment</u>	<u>General & Administrative</u>	<u>2021</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Cash received from customers	\$ 3,667,080	\$ 4,368,197	\$ 895,848	\$ -	\$ 14,280	\$ 8,945,405
Cash paid to suppliers	(323,592)	(764,779)	(427,323)	(172,717)	(990,213)	(2,678,624)
Cash paid to employees	(1,524,521)	(1,370,852)	(976,584)	(163,904)	(2,493,854)	(6,529,715)
Payments (to) from other funds	<u>(250,400)</u>	<u>(233,639)</u>	<u>(86,037)</u>	<u>570,076</u>	<u>-</u>	<u>-</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>1,568,567</u>	<u>1,998,927</u>	<u>(594,096)</u>	<u>233,455</u>	<u>(3,469,787)</u>	<u>(262,934)</u>
<u>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</u>						
Property tax collected	750,000	-	1,278,583	-	4,649,921	6,678,504
Interfund receipts (disbursements)	(1,131,257)	(821,124)	(89,608)	47,374	1,994,615	-
Other nonoperating revenues	105,734	32,357	20,281	-	-	158,372
Other nonoperating expenses	<u>(15,011)</u>	<u>(50,418)</u>	<u>(54,802)</u>	<u>-</u>	<u>(87,689)</u>	<u>(207,920)</u>
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	<u>(290,534)</u>	<u>(839,185)</u>	<u>1,154,454</u>	<u>47,374</u>	<u>6,556,847</u>	<u>6,628,956</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>						
Acquisition of capital assets	(1,278,033)	(754,153)	(348,761)	(280,829)	(124,969)	(2,786,745)
Capital grants received	-	-	23,878	-	-	23,878
Principal paid on capital debt	-	(356,136)	-	-	-	(356,136)
Interest paid on capital debt	<u>-</u>	<u>(50,933)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,933)</u>
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,278,033)</u>	<u>(1,161,222)</u>	<u>(324,883)</u>	<u>(280,829)</u>	<u>(124,969)</u>	<u>(3,169,936)</u>

See accompanying notes to the basic financial statements.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021**

<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet & Equipment</u>	<u>General & Administrative</u>	<u>2021</u>
Purchase of investments	-	-	-	-	(256,142)	(256,142)
Proceeds from sale of investments	-	-	-	-	1,189,406	1,189,406
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-	-	-	-	933,264	933,264
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	(1,480)	235,475	-	3,895,355	4,129,350
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	447,416	64,526	-	8,114,904	8,626,846
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ 445,936	\$ 300,001	\$ -	\$ 12,010,259	\$ 12,756,196

See accompanying notes to the basic financial statements.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet & Equipment</u>	<u>General & Administrative</u>	<u>2021</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION</u>						
Unrestricted cash and cash equivalents	\$ _____ -	\$ <u>445,936</u>	\$ <u>300,001</u>	\$ _____ -	\$ <u>12,010,259</u>	\$ <u>12,756,196</u>
TOTAL CASH AND CASH EQUIVALENTS	\$ _____ -	\$ <u>445,936</u>	\$ <u>300,001</u>	\$ _____ -	\$ <u>12,010,259</u>	\$ <u>12,756,196</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>						
Operating income (loss)	\$ (74,905)	\$ 961,527	\$ (1,278,976)	\$ 97,204	\$ (3,457,864)	\$ (3,753,014)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	1,278,656	1,030,370	506,468	130,011	742	2,946,247
Net change in deferred outflows and inflows	(33,589)	(13,045)	(9,495)	(2,964)	(5,730)	(64,823)
Decrease (Increase) in accounts receivable	(94,070)	(60,586)	300	-	(174,451)	(328,807)
Decrease (Increase) in inventory	97,071	-	6,173	-	-	103,244
Decrease (Increase) in other assets	-	-	(1)	-	(54,491)	(54,492)
Increase (Decrease) in accounts payable	391,400	23,177	12,765	6,643	111,986	545,971
Increase (Decrease) in other liabilities	4,004	9,924	3,939	2,561	(7,167)	13,261
Increase (Decrease) in deferred revenue	-	-	136,455	-	-	136,455
Increase (Decrease) in net pension liability	-	<u>47,560</u>	<u>28,276</u>	-	<u>117,188</u>	<u>193,024</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ <u>1,568,567</u>	\$ <u>1,998,927</u>	\$ <u>(594,096)</u>	\$ <u>233,455</u>	\$ <u>(3,469,787)</u>	\$ <u>(262,934)</u>

See accompanying notes to the basic financial statements.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet & Equipment</u>	<u>General & Administrative</u>	<u>2020 (Restated)</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>						
Cash received from customers	\$ 2,876,904	\$ 4,079,922	\$ 1,157,610	\$ -	\$ 42,049	\$ 8,156,485
Cash paid to suppliers	(766,433)	(708,863)	(536,513)	(207,705)	(1,035,507)	(3,255,021)
Cash paid to employees	(1,350,103)	(1,224,340)	(981,735)	(211,359)	(2,544,965)	(6,312,502)
Payments (to) from other funds	(181,327)	(166,539)	(58,408)	406,274	-	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	579,041	1,980,180	(419,046)	(12,790)	(3,538,423)	(1,411,038)
<u>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</u>						
Property tax collected	818,000	-	909,916	243,000	3,646,160	5,617,076
Interfund receipts (disbursements)	(907,128)	(1,230,844)	(614,010)	(56,650)	2,212,964	(595,668)
Other nonoperating revenues	903	-	-	-	25,484	26,387
Other nonoperating expenses	(40,863)	-	(36,044)	-	(150,897)	(227,804)
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	(129,088)	(1,230,844)	259,862	186,350	5,733,711	4,819,991
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>						
Acquisition of capital assets	(997,174)	(796,308)	(260,302)	(173,560)	(4,233)	(2,231,577)
Capital grants received	-	-	82,879	-	-	82,879
Principal paid on capital debt	-	(342,474)	-	-	-	(342,474)
Interest paid on capital debt	-	(101,424)	-	-	(116)	(101,540)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(997,174)	(1,240,206)	(177,423)	(173,560)	(4,349)	(2,592,712)

See accompanying notes to the basic financial statements.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020**

<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet & Equipment</u>	<u>General & Administrative</u>	<u>2020 (Restated)</u>
Investment earnings	-	-	1,604	-	-	1,604
Purchase of investments	-	-	-	-	(1,239,351)	(1,239,351)
Proceeds from sale of investments	-	-	-	-	500,000	500,000
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-	-	1,604	-	(739,351)	(737,747)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(547,221)	(490,870)	(335,003)	-	1,451,588	78,494
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	547,221	938,286	399,529	-	6,663,316	8,548,352
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ 447,416	\$ 64,526	\$ -	\$ 8,114,904	\$ 8,626,846

See accompanying notes to the basic financial statements.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED JUNE 30, 2020**

	Sewer	Water	Recreation	Fleet & Equipment	General & Administrative	2020 Restated
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION</u>						
Unrestricted cash and cash equivalents	\$ -	\$ 447,416	\$ 64,526	\$ -	\$ 8,114,904	\$ 8,626,846
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ -</u>	<u>\$ 447,416</u>	<u>\$ 64,526</u>	<u>\$ -</u>	<u>\$ 8,114,904</u>	<u>\$ 8,626,846</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>						
Operating income (loss)	\$ (1,480,165)	\$ 908,817	\$ (1,034,443)	\$ (89,350)	\$ (3,446,065)	\$ (5,141,206)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:						
Depreciation	1,262,560	1,012,617	484,004	99,113	-	2,858,294
Net change in deferred outflows and inflows	69,765	117,545	98,082	-	336,817	622,209
Decrease (Increase) in accounts receivable	591,253	(12,982)	203,662	-	22,696	804,629
Decrease (Increase) in inventory	14,872	-	(5,049)	-	-	9,823
Decrease (Increase) in other assets	-	-	-	-	(205,004)	(205,004)
Increase (Decrease) in accounts payable	86,042	45,335	(177,360)	(25,634)	463,168	391,551
Increase (Decrease) in compensated absences	34,714	34,714	12,766	3,081	65,387	150,662
Increase (Decrease) in other liabilities	-	(40,905)	(48,136)	-	(483,026)	(572,067)
Increase (Decrease) in deferred revenue	-	-	118,321	-	-	118,321
Increase (Decrease) in net pension liability	-	(84,961)	(70,893)	-	(292,396)	(448,250)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 579,041</u>	<u>\$ 1,980,180</u>	<u>\$ (419,046)</u>	<u>\$ (12,790)</u>	<u>\$ (3,538,423)</u>	<u>\$ (1,411,038)</u>

See accompanying notes to the basic financial statements.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The North Tahoe Public Utility District (the "District") was organized in 1948 for the principal purpose of providing sewage collection and treatment facilities for the residents of the area. The District began providing water services in 1967 with the acquisition of the Brockway Water Company and has since then acquired several small water companies. In 1970, the District established a department for recreational activities. Under its broad powers of service, the District also provides street lighting. The general area of the District is located along approximately seven miles of the north shore of Lake Tahoe from the Nevada state line at Crystal Bay to the boundaries of the Tahoe City Public Utility District at Dollar Point, California.

For financial reporting purposes, the District includes all funds that are controlled by or dependent on the District's Board of Directors. Management has determined the District to be a single reporting entity for financial reporting purposes by applying the criteria set forth in Statement of Governmental Accounting Standards No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. This criteria requires the reporting entity to have a separate elected governing body, that it be a legal separate entity and fiscally independent. Based on the foregoing criteria; the District has included in these financial statements the North Tahoe Building Corporation (the "Corporation"), a California nonprofit public benefit corporation. The Corporation is controlled by the same governing authority, utilizes the same management, and is financially dependent upon the District. Its operations are influenced by the District and the District is responsible for its fiscal management, budgetary control, surpluses and deficits, and provides the sole source of its revenues. The Corporation provides financing for the District's renovation of its sewer and water systems. See Note 5 for description of debt outstanding. Separate financial statements for the Corporation may be obtained by contacting Vanetta Van Cleave, Chief Financial Officer, North Tahoe Public Utility District, P.O. Box 139, Tahoe Vista, CA 96148-0139.

B. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

C. Measurement Focus, Basis of Accounting and Presentation

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Measurement Focus

The statement of net position and the statement of revenues, expenses, and changes in net position, are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The North Tahoe Public Utility District follows the enterprise method of accounting practices and reporting methods approved for special-purpose districts. An enterprise type fund is a proprietary fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that the costs (expenses excluding depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial records of the District are maintained on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred.

The District reports three major funds. The Sewer Fund is an enterprise fund that is used to account for the District's provision of sewer and related services and support services. The Water Fund is an enterprise fund that is used to account for the District's provision of water and related services. The Recreation Fund is an enterprise fund that is used to account for the District's provision of recreation related services, including the Event Center. Interfund activity between these funds has been eliminated in the financial statement presentation. Also presented on the basic financial statements are allocations from each major fund to the District's fleet and general and administrative internal service funds.

D. Budgetary Reporting

The District prepares an annual operating budget which is approved and adopted by the Board of Directors. The budget serves as an approved plan to facilitate financial control and operational evaluation. California State law does not require formal adoption of appropriated budgets for enterprise funds.

E. Cash and Cash Equivalents

The District considers cash and all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The District's cash and cash equivalents consist of cash, deposits in financial institutions, certificates of deposit, savings and cash with fiscal agents (including restricted assets). Cash and cash equivalents invested for specific requirements, such as deposits for construction projects, are segregated as restricted cash and cash equivalents.

F. Investments

Investments are reported at fair value. Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment income comprises interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Fair Value Inputs, Methodologies, and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the assets. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 - Unadjusted price quotations in active markets/exchanges for identical assets or liabilities that are accessible to the District.

Level 2 - Other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs.)

Level 3 - Unobservable inputs based on the best information available in the circumstance, to the extent observable inputs are not available (including the District's own assumptions used in determining the fair value of investments).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

H. Accounts Receivable

Accounts receivable represent service charges and other revenues billed and uncollected at year-end, along with amounts accrued for items billed after year-end for service periods before year-end. Each year the District records liens for delinquent charges and collects through the property tax bill for active accounts, and pursues full-collection for closed accounts with unpaid balances. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

I. Inventory

Inventory is valued at cost, using the first-in first-out method (FIFO). Inventory consists of supplies used in the maintenance of water and sewer lines. The cost is recorded as an expense as inventory items are consumed.

J. Prepaid Expenses

Certain payments for health insurance and liability insurance reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Capital Assets

Capital assets are defined by the District as assets with an initial cost of \$5,000 or more with an estimated useful life in excess of one year. Capital assets are stated at cost, or the market value at the time received in case of gifts or contributions. Maintenance and repairs are charged to expense as incurred and replacements which improve or extend the lives of property are capitalized.

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

	<u>Years</u>
Water and Sewer System	30 - 50
Buildings	30 - 50
Building and Park Improvements	10 - 25
Furniture and Equipment	5 - 15
Vehicles	7

L. Compensated Absences

The District has accrued a liability for vacation and sick pay which has been earned but not taken by District employees. A maximum of up to 20 days of vacation and 12 days of sick leave per year may be accumulated per employee. Employees are paid between 50% and 100% of their accumulated sick leave depending upon tenure and the nature of their termination. A maximum of two times the employee's annual rate of vacation may be accumulated by each employee. The District accrues a liability for compensated absences once the District's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered, the obligation relates to rights that vest or accumulate, payment of the compensation is probable, and the amount can reasonably be estimated.

M. Pension Plan

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

<u>CalPERS</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Valuation date	June 30, 2019	June 30, 2018
Measurement date	June 30, 2020	June 30, 2019
Measurement period	July 1, 2019 and June 30, 2020	July 1, 2018 to June 30, 2019

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) as of the beginning of the measurement period.

N. Capital Contributions

Capital contributions are assets contributed by Special Assessment Districts or real estate developers.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Operating and Non-operating Revenues

Enterprise funds distinguish 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. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

P. Property taxes

Taxes are levied on November 1st and February 1st and are due and payable at that time. Unpaid property taxes are attached as an enforceable lien on property as of March 1st. Property tax revenues are recognized in the fiscal period for which they are levied and in which they become available. The District relies upon the competency of Placer County for assessing the property tax and establishing a lien date, and for billing, collecting and distributing its share of the property tax revenue.

Q. Restricted Resources

The District's policy is to first apply restricted resources when an expense is incurred for purposes which both restricted and unrestricted net position are available.

R. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Net Position

Net position represents the difference between all other elements in the statement of net position and is displayed in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

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 they are needed.

T. Risk Pools

The District is a member of the Special District Risk Management Authority (SDRMA) which provides workers' compensation coverage for the District in addition to health insurance for management. All costs are currently recorded as direct operating expenses.

U. Comparative Information and Reclassifications

Certain amounts presented in the prior year have been reclassified in order to be consistent with current year's presentation.

V. Implementation of Government Accounting Standards Board Statements

Effective July 1, 2020, the District implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. Additionally, this Statement describes four fiduciary funds that should be reported, as well as provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Application of this statement has had no material impact on District's financial statements for the fiscal year ending June 30, 2021.

Government Accounting Standards Board Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests*. The purpose of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The new standard clarifies the differences between a majority equity interests reported as an investment and majority equity interest reported as a component unit of the governmental entity. Application of this statement has had no material impact on District's financial statements for the fiscal year ending June 30, 2021.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

W. Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2021 or later and may be applicable for the District. However, the District has not determined what impact, if any, these pronouncements will have on the financial statements.

Government Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2022.

Government Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires interest costs incurred before the end of a construction period to be recorded as an expenditure in the applicable period. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2022.

Government Accounting Standards Board Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The purpose of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2023.

Government Accounting Standards Board Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending June 30, 2022.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Accounting Standards Board Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The District has not determined what impact, if any, this pronouncement will have on the financial statements. The removal of LIBOR as an appropriate benchmark interest rate is effective for the District's fiscal year ending June 30, 2022. All other requirements of this statement are effective for the District's fiscal year ending June 30, 2022.

Government Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the District's fiscal year ending June 30, 2023.

Government Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires not disclosures regarding a SBITA. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the District's fiscal year ending June 30, 2023.

Government Accounting Standards Board Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans and Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a partial component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to the accounting and financial reporting for Section 457 plans are effective for the District's fiscal year ending June 30, 2022.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2021 and 2020 consisted of the following:

	2021	2020
<u>Cash and cash equivalents:</u>		
Unrestricted:		
Cash on hand	\$ 1,300	\$ 1,300
Unrestricted deposits in financial institutions	5,114,691	3,012,385
Deposits in Local Agency Investment Fund (LAIF)	7,640,205	5,613,161
Total cash and cash equivalents	\$ 12,756,196	\$ 8,626,846
<u>Investments:</u>		
Unrestricted:		
U.S. government securities	\$ 485,386	\$ 73
Mutual funds	24,738	24,445
Certificates of deposit	2,545,711	3,499,553
Total investments	\$ 3,055,835	\$ 3,524,071

Investments Authorized by the California Government Code and the District's Investment Policy

Statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities within the State, State Treasury, bankers' acceptances, and commercial paper of the highest ranking provided by Moody's Investors Service, Inc., or Standard and Poor's Corporation, repurchase or reverse repurchase agreements, and the State Treasurer's Investment Pool.

The investment policy set by the Directors of the District is more conservative than that set by state statute. The policy allows the District treasurer to invest in certificates of deposit, U.S. Treasury Bills, instruments guaranteed by the U.S. Government, Money Market Accounts, and investment in U.S. Government securities, Placer County Investment Fund, and the LAIF.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One way the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities. A portion of the portfolio is always maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for the District's operations and capital improvement program.

In addition, the Investment Policy limits the purchase of securities to those with maturities of five years or less. Longer investments require prior authorization of the Board of Directors. Certain investments that are highly sensitive to interest rate fluctuations are prohibited by the Investment Policy.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 2: CASH AND INVESTMENTS (continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2021:

Investment Type	Investment Maturities (in years)			
	Fair Value	Less than 1	1-2	3-5
Mutual funds	\$ 24,738	\$ 24,738	\$ -	\$ -
U.S. government securities	485,386	-	30	485,356
Certificates of deposit	<u>2,545,711</u>	<u>1,433,281</u>	<u>506,352</u>	<u>606,078</u>
	<u>\$ 3,055,835</u>	<u>\$ 1,458,019</u>	<u>\$ 506,382</u>	<u>\$ 1,091,434</u>

Investments of the District subject to interest rate risk on June 30, 2020 are summarized as follows:

Investment Type	Investment Maturities (in years)			
	Fair Value	Less than 1	1-2	3-5
Mutual funds	\$ 24,445	\$ 24,445	\$ -	\$ -
U.S. government securities	73	-	73	-
Certificates of deposit	<u>3,499,553</u>	<u>1,471,000</u>	<u>1,515,704</u>	<u>512,849</u>
	<u>\$ 3,524,071</u>	<u>\$ 1,495,445</u>	<u>\$ 1,515,777</u>	<u>\$ 512,849</u>

Concentration of Credit Risk

Concentration of Credit risk is the risk of loss attributed to the magnitude of an investor's investment in a single issuer. To limit this risk, the District places a limit on the amount that can be invested in any one issuer to the lesser of the amount stipulated by the California Government Code or 10% investments, with the exception of U.S. Treasury obligation bonds, U.S. Agency securities, and pooled investment funds.

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.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the depositor will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The District's Investment Policy requires the financial institution to either collateralize the deposits or cover them with Federal deposit insurance. The District's cash and deposits in financial institutions, totaling \$5,178,261 as of June 30, 2021, are secured by federal depository insurance for \$250,000 with the remainder covered by collateral held by an agent of the pledging bank in the District's name.

Pooled Investment Funds

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the 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.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 2: CASH AND INVESTMENTS (continued)

Investment Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs.

The following table set forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2021.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. government securities	\$ -	\$ 485,386	\$ -	\$ 485,386
Mutual funds	24,738	-	-	24,738
Certificates of deposit	<u>-</u>	<u>2,545,711</u>	<u>-</u>	<u>2,545,711</u>
Total investments at fair value	<u>\$ 24,738</u>	<u>\$ 3,031,097</u>	<u>\$ -</u>	<u>\$ 3,055,835</u>

The following table set forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. government securities	\$ -	\$ 73	\$ -	\$ 73
Mutual funds	24,445	-	-	24,445
Certificates of deposit	<u>-</u>	<u>3,499,553</u>	<u>-</u>	<u>3,499,553</u>
Total investments at fair value	<u>\$ 24,445</u>	<u>\$ 3,499,626</u>	<u>\$ -</u>	<u>\$ 3,524,071</u>

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable, presented as current assets as of June 30, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Service charges	\$ 956,609	\$ 734,023
Property tax	355,696	744,721
Grants	733,490	26,479
Other	<u>121,602</u>	<u>60,727</u>
	<u>\$ 2,167,397</u>	<u>\$ 1,565,950</u>

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2021</u>
Capital assets not being depreciated					
Land and property rights	\$ 7,138,605	\$ -	\$ -	\$ -	\$ 7,138,605
Construction in progress	<u>489,930</u>	<u>3,654,502</u>	<u>-</u>	<u>(1,034,472)</u>	<u>3,109,960</u>
Total capital assets not being depreciated	<u>7,628,535</u>	<u>3,654,502</u>	<u>-</u>	<u>(1,034,472)</u>	<u>10,248,565</u>
Capital assets being depreciated					
Building and improvements	23,105,571	35,034	(3,327)	319,365	23,456,643
Sewer system	37,180,223	50,307	-	-	37,230,530
Water system	36,955,742	45,488	-	715,107	37,716,337
Vehicles and equipment	7,598,474	393,775	(27,984)	-	7,964,265
Furniture and office equipment	<u>1,656,650</u>	<u>35,163</u>	<u>(17,082)</u>	<u>-</u>	<u>1,674,731</u>
Less accumulated depreciation	<u>(59,419,503)</u>	<u>(2,946,247)</u>	<u>30,226</u>	<u>-</u>	<u>(62,335,524)</u>
Total capital assets being depreciated, net	<u>47,077,157</u>	<u>(2,386,480)</u>	<u>(18,167)</u>	<u>1,034,472</u>	<u>45,706,982</u>
Capital assets, net	<u>\$ 54,705,692</u>	<u>\$ 1,268,022</u>	<u>\$ (18,167)</u>	<u>\$ -</u>	<u>\$ 55,955,547</u>

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Capital assets not being depreciated					
Land and property rights	\$ 7,138,594	\$ 11	\$ -	\$ -	\$ 7,138,605
Construction in progress	<u>2,857,177</u>	<u>1,647,524</u>	<u>-</u>	<u>(4,014,771)</u>	<u>489,930</u>
Total capital assets not being depreciated	<u>9,995,771</u>	<u>1,647,535</u>	<u>-</u>	<u>(4,014,771)</u>	<u>7,628,535</u>
Capital assets being depreciated					
Building and improvements	22,944,655	140,361	-	20,555	23,105,571
Sewer system	36,455,905	14,829	-	709,489	37,180,223
Water system	34,182,237	33,644	-	2,739,861	36,955,742
Vehicles and equipment	7,236,191	362,283	-	-	7,598,474
Furniture and office equipment	<u>1,077,200</u>	<u>34,584</u>	<u>-</u>	<u>544,866</u>	<u>1,656,650</u>
Less accumulated depreciation	<u>(56,561,209)</u>	<u>(2,858,294)</u>	<u>-</u>	<u>-</u>	<u>(59,419,503)</u>
Total capital assets being depreciated, net	<u>45,334,979</u>	<u>(2,272,593)</u>	<u>-</u>	<u>4,014,771</u>	<u>47,077,157</u>
Capital assets, net	<u>\$ 55,330,750</u>	<u>\$ (625,058)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,705,692</u>

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 4: CAPITAL ASSETS (continued)

Construction in progress as of June 30, 2021 consisted of the following:

<u>Fund</u>	<u>Project Description</u>	
Sewer	N-1 Station Rehabilitation	\$ 640,728
Sewer	National Ave. Pump Station Rehabilitation	955,417
Sewer	NaOCI Tanks: National & Carnelian	21,197
Water	NAWTP SCADA Improvements - Phase 3	104,533
Water	Plaza Circle Water Main	1,812
Water	Lake Forest No 3 Water Main	93
Water	Carnelian to Watson Creek Water Main Replacement	23,237
Water	Chlorine Analyzer	1,167
Water	Water Model & Implementation GIS	30,050
Water	Kingswood West Tank SCADA	21,611
Water	Dollar Water Reservoir Coating	8,184
Water	Grey and Toyon Watermain 1000 If	8,301
Water	Golden and Rainbow Watermain 710	944
Recreation	Regional Park Signage	72,413
Recreation	Forest Fuels Reduction	18,573
Recreation	Wayfinding and Destination Signage	2,027
Recreation	Synthetic Turf/Drainage Field #4	1,169,362
Recreation	NTEC Emergency Generator	13,375
Recreation	Lower Field Stairs ADA	4,800
Recreation	Irrigation Parks Upgrade	11,268
General Administration	Engineering Office Reconfiguration	868
		<u>\$ 3,109,960</u>

Construction in progress as of June 30, 2020 consisted of the following:

<u>Fund</u>	<u>Project Description</u>	
Sewer	N-1 Station Rehabilitation	\$ 134,417
Sewer	Easement Clearing	15,105
Sewer	Pump Station Rehab	46,730
Water	Kingswood West Tank Rehabilitation	180,135
Water	NAWTP SCADA Improvements - Phase 3	7,700
Water	Plaza Circle Water Main	1,812
Water	Carnelian to Watson Creek Water Main	16,726
Recreation	Regional Park Signage	66,767
Recreation	Forest Fuels Reduction	16,320
General Administration	Emergency Power Distribution	4,218
		<u>\$ 489,930</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was charged to the enterprise activities as follows:

	<u>2021</u>	<u>2020</u>
Sewer	\$ 1,278,656	\$ 1,262,560
Water	1,030,370	1,012,617
Recreation	506,468	484,004
Fleet and Equipment	130,011	99,113
General and Administrative	<u>742</u>	<u>-</u>
	<u>\$ 2,946,247</u>	<u>\$ 2,858,294</u>

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 5: LONG TERM LIABILITIES

A summary of long-term liability activity for the years ended June 30, 2021 and 2020 are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Installment Note - June 30, 2021	\$ 2,361,586	\$ -	\$ (356,136)	\$ 2,005,450	\$ 370,342
Installment Note - June 30, 2020	2,704,060	-	(342,474)	2,361,586	356,136

Installment Note

On September 1, 2010, the District entered into an installment sale agreement (the "Agreement") for \$4.5 million to finance the construction of certain capital facilities related to the District's water acquisition, storage, and distribution system consisting primarily of a water storage tank and appurtenances. The Agreement's interest rate is 3.95% and is payable semi-annually. Principal repayment began in August 2013 and concludes on February 1, 2026. Total interest incurred during the years ended June 30, 2021 and 2020 was \$83,939 and \$101,540, respectively. All interest during both years was expensed. Loan is collateralized by the asset described.

Principal and interest maturities of long-term debt are as follows:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 370,342	\$ 75,594	\$ 445,936
2023	385,115	60,821	445,936
2024	400,477	45,459	445,936
2025	416,452	29,484	445,936
2026	<u>433,064</u>	<u>12,872</u>	<u>445,936</u>
	<u>\$ 2,005,450</u>	<u>\$ 224,230</u>	<u>\$ 2,229,680</u>

NOTE 6: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a safety risk pool and a miscellaneous risk pool which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the District. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety and miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the safety or miscellaneous pools. The District's employer rate plans in the miscellaneous risk pool include the Miscellaneous plan (Miscellaneous) and the PEPRA Miscellaneous plan (PEPRA Miscellaneous). Benefit provisions under the Plan are established by State statute and District 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.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 6: PENSION PLAN (continued)

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. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service.

The rate plan's provisions and benefits in effect at June 30, 2021 and 2020, are summarized as follows:

	Miscellaneous Plan	
	Hired prior to January 1, 2013	Hired on or after January 1, 2013
Benefit Formula	2.0% at 55	2.0% at 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50	52
Monthly Benefits, as a % of Eligible Compensation	1.426% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rate	6.908% as of June 30, 2021 and 6.906% as of June 30, 2020	6.750% as of June 30, 2021 and 2020
Required Employer Contribution Rate	10.659%	8.090%

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 both Plans are 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. The District's contributions to the Plan for the year ended June 30, 2021 and 2020 were \$372,171 and \$331,781, respectively.

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

As of June 30, 2021 and 2020, the District reported a net pension liability of \$207,666 and \$14,642, respectively, for its proportionate share of the net pension liability of the Plan.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability of the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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 plans relative to the projected contributions of all participating employers, actuarially determined.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 6: PENSION PLAN (continued)

The District's proportionate share of the net pension liability of the Plan as of the measurement date June 30, 2020 was as follows:

Proportion - June 30, 2019	0.00037 %
Proportion - June 30, 2020	<u>0.00492 %</u>
Change - increase	<u>0.00455 %</u>

The District's proportionate share of the net pension liability of the Plan as of the measurement date June 2019 was as follows:

Proportion - June 30, 2018	0.01251 %
Proportion - June 30, 2019	<u>0.00037 %</u>
Change - decrease	<u>(0.01214)%</u>

For the years ended June 30, 2021 and 2020, the District recognized pension expense of \$500,373 and \$507,036, respectively. Pension expense is comprised of various elements including service cost, interest, changes in benefit terms, investment experience, and amortization of deferred outflows and inflows of resources, which are all factors used by the actuaries in the calculation of net pension liability.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 372,171	\$ -
Adjustment due to differences in proportions	153,373	206,293
Difference between actual and expected experience	100,081	-
Changes in assumptions	-	9,493
Difference between actual and required contributions	320,516	2,335
Net difference between projected and actual earning on plan investments	<u>91,499</u>	<u>-</u>
Total	<u>\$ 1,037,640</u>	<u>\$ 218,121</u>

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 331,781	\$ -
Adjustment due to differences in proportions	60,836	320,902
Difference between actual and expected experience	136,537	-
Changes in assumptions	48,423	21,362
Difference between actual and required contributions	543,501	-
Net difference between projected and actual earning on plan investments	<u>-</u>	<u>24,118</u>
Total	<u>\$ 1,121,078</u>	<u>\$ 366,382</u>

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 6: PENSION PLAN (continued)

\$372,171 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,		
2022	\$	197,369
2023		138,411
2024		80,924
2025		30,644

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return (2)	7.00% net of pension plan investment expenses, includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applied, 2.50% thereafter

(1): The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 Experience Study Report that can be found on the CalPERS website.

(2): For the CalPERS Plan, the 7.00% investment return assumption used in this accounting valuation is net of administrative expense. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 6: PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees' Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Using historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class as of June 30, 2021 and 2020. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

<u>Asset class</u>	<u>Assumed asset allocation</u>	<u>Real return years 1-10 (1)</u>	<u>Real return years 11+ (2)</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92)%

(1) An expected inflation of 2.00% used for this period.

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

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 6: PENSION PLAN (continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

At June 30, 2021 the discount rate comparison was the following:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Net pension liability	\$1,232,936	\$207,666	\$(639,478)

At June 30, 2020 the discount rate comparison was the following:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Net pension liability	\$920,289	\$14,642	\$(732,905)

Allocation Between the District's Funds

The net pension liability has been allocated to the District's enterprise funds based on their respective percentage of total annual pensionable wages.

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. The annual financial report can be obtained at calpers.ca.gov.

NOTE 7: DEFINED CONTRIBUTION PLAN

The District has a defined contribution money purchase pension plan (the North Tahoe Public Utility District Money Purchase Pension Plan) maintained by Officers of the District as trustees. No other entity contributed to this plan. The last contribution to this plan was made on August 27, 2010 when the District transitioned to a defined benefit plan with California Public Employees' Retirement System (CalPERS).

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters.

The District purchases commercial property insurance for real and personal property damage owned by the District with coverage up to a maximum of \$16.5 million with blanket coverage extension of \$2 million. The District also purchases property insurance covering unscheduled contractor's equipment, scheduled equipment, and rented equipment.

The District purchases general liability and management liability insurance coverage up to policy term aggregate limits of \$10 million each subject to various sub-policy limits, generally \$1 million for various activities. The District also maintains insurance coverage related to employee dishonesty and crime of \$10 million aggregate. Finally, the District maintains commercial automobile insurance for vehicle related property damage with coverage up to a maximum of \$1.0 million and commercial umbrella insurance or excess liability coverage up to a maximum of \$10 million.

NOTE 9: COMMITMENTS AND CONTINGENCIES

Construction Commitments

The District has entered into design and construction commitments totaling \$6,118,631 and \$1,849,162 for years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 the amount earned on the contracts was \$694,370 with a remaining balance of \$5,424,261. As of June 30, 2020, the amount earned on contracts was \$292,198 with a remaining balance of \$1,556,964.

Litigation

The District has received federal and state grants for specific purposes that are subject to review and audit by the federal and state government. Although such audits could result in expenditure being disallowed under grant terms, any required reimbursements are not expected to be material.

The District is also subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to such actions will not materially affect the financial position or results of operations of the District.

Public Health Emergency

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it as a pandemic as of March 11, 2020. Management has performed an evaluation of certain financial statement line items such as investments, accounts receivable, accounts payable, and accrued expenses to determine whether valuation or impairment adjustments should be made. Management has determined that the amounts reported on the financial statements are properly valued as of June 30, 2021. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to the financial condition of the District.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

NOTE 10: JOINT POWERS AUTHORITY

The District is a member of a joint powers authority, Special District Risk Management Authority (SDRMA), for the operation of a common risk management and insurance program. The program covers workers' compensation and medical, dental, and vision coverage. SDRMA is governed by a Board of Directors consisting of representatives from member agencies, which controls the operations of the SDRMA, including selection of management and approval of operating budgets.

The following is a summary of the most current audited financial information for SDRMA as of June 30, 2020 (the most recent information available):

Total assets	\$ 131,272,470
Total liabilities	70,329,836
Net assets	60,942,634
Total income	82,177,782
Total expense	77,599,711

The relationships between North Tahoe Public Utility District and the joint powers authorities are such that SDRMA is not considered a component unit of the District for financial reporting purposes.

NOTE 11: VOTER LEGISLATION

Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend assessments and fees. Any new, increased, or extended assessments and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these assessments and fees are subject to the voter initiative process and may be rescinded in the future by the voters.

NOTE 12: PRIOR PERIOD ADJUSTMENT

The District restated its 2020 financial statements during the current year to correct misstatement identified in the previously issued financial statements. A prior period adjustment was recorded to adjust prior year revenues and related accounts receivable for amounts overstated in the District's Recreation Fund. The effect of the restatement was to reduce 2020 grants revenue and accounts receivable by \$31,029, which were originally reported as \$112,249 and \$156,220, respectively. The restatement's impact on net position as of June 30, 2020 was as follows:

Recreation Fund	
Net position June 30, 2020, as previously reported	\$ 65,851,408
Increase for correction to grants receivable	<u>(31,029)</u>
Net position June 30, 2021, restated	\$ 65,820,379

NOTE 13: SUBSEQUENT EVENTS

Management has evaluated events subsequent to June 30, 2021 through December 2, 2021, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**NORTH TAHOE PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2021
LAST 10 YEARS ***

	Measurement Period						
	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.00191 %	0.00014 %	0.00489 %	0.00517 %	0.00411 %	0.00327 %	0.00453 %
Proportionate share of the net pension liability	\$ 207,666	\$ 14,642	\$ 471,608	\$ 513,101	\$ 355,920	\$ 224,584	\$ 285,489
Covered payroll	\$ 3,611,610	\$ 3,338,200	\$ 3,512,806	\$ 3,315,324	\$ 2,891,320	\$ 2,950,176	\$ 2,794,438
Proportionate share of the net pension liability as a percentage of covered payroll	5.75 %	0.44 %	13.43 %	15.48 %	12.31 %	7.61 %	10.22 %
Plan fiduciary net position as a percentage of the total pension liability	97.30 %	99.78 %	91.15 %	87.37 %	88.59 %	90.71 %	83.03 %

Notes to Schedule:

For the measurement period June 30, 2018, the CalPERS Board adopted new mortality assumptions for plan participants participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90 percent of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75 percent to 2.50 percent. The assumptions for individual salary increases and overall payroll growth are reduced from 3.00 percent to 2.75 percent.

For the measurement period ended June 30, 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, the discount rate remained at 7.65 percent. In 2015, amounts reported reflect an adjustment of the discount rate from 7.50 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expenses). In 2014, amounts reported were based on the 7.50 percent discount rate.

*Schedule is intended to show information for ten years. Fiscal year 2014 was the first year of implementation, therefore, only seven years are shown.

**NORTH TAHOE PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS TO THE COST SHARING DEFINED BENEFIT PENSION PLAN
AS OF JUNE 30, 2021
LAST 10 YEARS ***

	Fiscal Year-End						
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 372,171	\$ 331,781	\$ 313,767	\$ 307,059	\$ 262,942	\$ 301,229	\$ 284,446
Contributions in relation to the actuarially determined contributions	<u>(372,171)</u>	<u>(331,781)</u>	<u>(883,562)</u>	<u>(298,327)</u>	<u>(267,180)</u>	<u>(301,229)</u>	<u>(284,446)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (569,795)</u>	<u>\$ 8,732</u>	<u>\$ (4,238)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,946,442	\$ 3,811,416	\$ 3,338,200	\$ 3,512,806	\$ 3,315,324	\$ 2,891,320	\$ 2,950,176
Contributions as a percentage of covered payroll	9.43 %	8.70 %	9.40 %	8.74 %	7.93 %	10.42 %	9.64 %

Notes to Schedule:

*Fiscal year 2015 was first year of implementation, therefore only seven years are shown.

Supplementary Information

**NORTH TAHOE PUBLIC UTILITY DISTRICT
COMPARISON OF BUDGET TO ACTUAL
June 30, 2021**

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:				
Service charges	\$ 7,866,814	\$ 7,866,814	\$ 8,107,143	\$ 240,329
Recreation events and programs	665,595	665,595	759,093	93,498
Property taxes/CFD 94-1	6,074,100	6,074,100	6,512,804	438,704
Investment income	101,300	101,300	40,848	(60,452)
Grants	260,000	260,000	792,103	532,103
Miscellaneous	-	-	168,557	168,557
Capital contributions	200,000	200,000	-	(200,000)
	<u>\$ 15,167,809</u>	<u>\$ 15,167,809</u>	<u>\$ 16,380,548</u>	<u>\$ 1,212,739</u>
Expenses:				
Direct operating expenses	10,264,554	10,264,554	9,440,762	823,792
Administration and general	206,400	206,400	406,274	(199,874)
Depreciation	3,131,512	3,131,512	2,858,294	273,218
Interest expense	83,939	83,939	101,540	(17,601)
Other nonoperating expenses	<u>6,500</u>	<u>6,500</u>	<u>290,365</u>	<u>283,865</u>
	<u>13,692,905</u>	<u>13,692,905</u>	<u>13,097,235</u>	<u>1,163,400</u>
Total Positive(Negative) Variance	<u>\$ 13,892,905</u>	<u>\$ 13,892,905</u>	<u>\$ 13,097,235</u>	<u>\$ 963,400</u>

Other Reports



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

To the Board of Directors
North Tahoe Public Utility District
Tahoe Vista, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the North Tahoe Public Utility District (the "District"), 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 December 2, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Tahoe Public Utility District's internal control over financial reporting (internal control) as a basis for designing 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 combination of deficiencies, in internal control, such that there is 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 over financial reporting 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from 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 financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The 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.

Mann, Urrutia, Nelson CPAs

Sacramento, California
December 2, 2021