



**NORTH TAHOE PUBLIC UTILITY DISTRICT**

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

**JUNE 30, 2022 AND 2021**

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**NORTH TAHOE PUBLIC UTILITY DISTRICT  
ANNUAL FINANCIAL REPORT  
JUNE 30, 2022 AND 2021**

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## INDEPENDENT AUDITOR'S REPORT

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

### Opinions

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, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of North Tahoe Public Utility District as of June 30, 2022 and 2021, 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.

### Basis for Opinions

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules related to the District's net pension 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, 2022, 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, Ursutig, Nelson CPAs*

Sacramento, California  
December 2, 2022

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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, 2022. Please read it in conjunction with NTPUD's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS - CONSOLIDATED DISTRICT:

The District's Current Assets decreased by \$1,737,695 from \$16,909,308 to \$15,171,613. Restricted Assets remained unchanged at \$6,000. Non-Current Investments decreased by \$313,348 from \$1,597,816, to \$1,284,468. Capital Assets net of Accumulated Depreciation increased from by \$3,460,254, from \$55,955,547 to \$59,415,801. As a result of the GASB 68 adjustments, net pension assets increased from \$0 to \$1,023,760. Deferred Pension Outflows increased \$149,575 from \$1,037,640 to \$1,187,215. The District's Total Assets and Deferred Outflows increased by \$2,582,546 to \$78,088,857.

The District's Current Liabilities (Unrestricted) decreased by \$1,545,159 to \$2,522,750. Non-Current Liabilities decreased by \$592,781 from \$1,842,774 to \$1,249,993. The Net Pension Liability decreased to \$0 from \$207,666 in the prior year. Deferred Pension Inflows increased \$850,667 to \$1,068,788.

The Net Investment in Capital Assets increased by \$3,460,254 as additions of new Capital Assets exceeded depreciation and the related matured portion of capital debt repaid. Unrestricted Net Position (Unrestricted) increased by \$39,223 from \$14,975,474 to \$15,014,697. Total Net Position increased by \$3,869,819 from \$69,377,507 to \$73,247,326.

Operating Revenues increased by \$484,933 from \$8,866,236 to \$9,351,169. Total Operating Expenses increased \$245,242 from \$12,619,250 to \$12,864,492. Property Tax revenue of \$6,998,128 is \$485,324 more than the prior year. Investment income decreased by \$113,235 from \$40,848 to a loss of \$72,387. Grant Revenue decreased \$334,131 from \$792,103 to \$457,972. Other Non-Operating Expenses decreased \$121,568 from \$120,231 to \$(1,337).

FINANCIAL HIGHLIGHTS - SEWER FUND:

Current Assets (not restricted) decreased by \$1,414,768 from \$3,759,616 to \$2,344,848. Net Capital Assets increased by \$2,087,069 from \$21,619,882 to \$23,706,951 as additions to Capital Assets (including transfers from WIP) resulted in net additions which exceeded the increase in Accumulated Depreciation. The Net Pension Assets increased to \$308,198 from a zero balance in prior year.

Current Liabilities (Payable from Current Assets) decreased by \$397,394 from \$941,153 to \$543,259. Deferred Pension Inflows decreased by \$169,668 from \$36,176 to \$205,844. The amount of Unrestricted Net Position decreased by \$878,344 from \$2,782,287 to \$1,903,943. Total Net Position decreased by \$1,208,725 from \$24,402,169 to \$25,610,894.

Operating Revenues increased by \$182,747 from \$3,664,080 to \$3,846,827. Total Operating Expenses of \$3,576,130 were \$165,289 less than prior year. Property Tax revenue of \$938,000 is \$188,000 more than the prior year. Miscellaneous revenue decreased \$105,635 from prior year. Other Non-Operating Expense decreased by \$24,169 to \$0 in the current year.

FINANCIAL HIGHLIGHTS – WATER FUND:

Current Assets decreased by \$283,679 from \$3,623,594 to \$3,339,915. Capital Assets net of Accumulated Depreciation increased by \$716,621 from \$19,979,520 to \$20,696,141. Deferred Pension Outflows increased by \$32,699 from \$241,171 to \$273,870.

Current Liabilities (Payable from Current Assets) increased by \$33,310 from \$676,483 to \$709,793. The LongTerm debt portion of NonCurrent Liabilities decreased by \$385,115 from \$1,635,108 to \$1,249,993, which is the result of the annual principal payments on the debt. The Net Pension Liability portion of NonCurrent Liabilities decreased from \$57,638 to a zero balance. The Deferred Pension Inflows increased \$185,966 from \$40,550 to \$226,516. The amount of Net Position that is Unrestricted decreased by \$186,280 from \$3,014,500 to \$2,828,220. Total Net Position increased by \$900,683 bringing the balance from \$21,434,506 to \$22,335,189.

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

Operating Revenues increased slightly from \$4,428,783 to \$4,430,645. Total Operating Expenses increased by \$54,951 from prior year. Miscellaneous revenue was \$21,086 more than the prior year at \$61,722 compared to \$40,636 in prior year.

FINANCIAL HIGHLIGHTS - RECREATION FUND:

Current Assets decreased by \$770,322 from \$2,646,985 to \$1,876,663. Capital Assets net of Accumulated Depreciation increased by \$754,286 to \$14,212,405. Deferred Pension Outflows of Resources increased by \$22,113 from \$168,766 to \$190,879.

Current Liabilities (Payable from Current Assets) decreased by \$1,050,439 from \$1,406,582 to \$356,143. The Net Pension Liability classified as NonCurrent Liabilities decreased by \$32,840 to \$0 in the current year. Deferred Inflows of Resources from Pension increased by \$125,756 from \$35,446 to \$161,202. The amount of Net Position that is Unrestricted increased by \$358,519 to close at \$1,699,402. The Total Net Position increased by \$1,112,805 from \$14,799,002 to \$15,911,807.

Recreation Events and Program Revenues of \$1,108,466 were \$349,373 higher than the prior year. Total Operating Expenses increased by \$111,617 from \$2,038,069 to \$2,149,686. The Recreation assessment, called Community Facilities District 941 (CFD 941), brought in \$1,667,889, an increase of \$389,785. Grant revenue decreased \$183,039 from \$667,549 to \$484,510.

FINANCIAL HIGHLIGHTS – FLEET FUND:

Current Assets increased by \$83,645 from \$374,843 to \$458,488. Capital Assets net of Accumulated Depreciation decreased by \$115,418 from \$751,450 to \$636,032.

Current Liabilities (Payable from Current Assets) decreased by \$9,631 from \$27,398 to \$17,767. Deferred Pension Inflows decreased by \$24,003 from \$7,048 to \$31,041. The amount of Net Position that is Unrestricted increased by \$115,419 from \$340,397 to \$455,816. Total Net Position remained unchanged at 1,091,848.

Total Operating Expenses increased by \$99,638 from \$(99,638) credit of no balance. Depreciation increased \$14,635 from \$130,010 to \$144,646 due to new capital purchases.

FINANCIAL HIGHLIGHTS – GENERAL, ADMINISTRATIVE & BASE FUND:

Current Assets increased by \$647,429 from a prior year balance of \$6,504,270 to \$7,151,699. Noncurrent Investments decreased by \$313,348 from \$1,597,816 to \$1,284,468. Capital Assets net of Accumulated Depreciation increased by \$17,696 from \$146,576 to \$164,272.

Current Liabilities (Payable from Current Assets) decreased by \$120,505 from \$1,016,293 to \$895,788. The Net Pension Liability portion of NonCurrent Liabilities increased by \$345,275 from \$98,901 to \$444,175. The amount of Net Position that is Unrestricted increased by \$629,909 from \$7,497,407 to \$8,127,316. Total Net Position increased by \$647,605 bringing the balance to \$8,297,588.

Total Operating Expenses increased by \$144,346 from \$3,472,145 to \$3,616,491. Property Tax in the amount of \$4,392,239 was recognized in the Fund. Investment Income decreased from \$40,559 to a loss of \$72,793.

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

DUE (TO)/FROM ENTERPRISE:

The amounts due (to) or from other enterprises are as follows at June 30, 2022:

	Sewer	Water	Recreation & Parks	Fleet & Equipment	General & Administrative and Base
Due (To)/From Other Fund	\$ 2,116,979	\$ 2,758,637	\$ 1,546,878	\$ 458,488	\$ (6,880,982)

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 2021/2022?" 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, 2022**

**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

	<u>Fiscal Year 6/30/2022</u>	<u>Fiscal Year 6/30/2021</u>	<u>Change in Dollars</u>	<u>Percent Charge</u>
Current assets	\$ 15,171,613	\$ 16,909,308	\$ (1,737,695)	(10)%
Restricted assets	6,000	6,000	-	-%
Investments - noncurrent portion	1,284,468	1,597,816	(313,348)	(20)%
Net capital assets	59,415,801	55,955,547	3,460,254	6%
Net pension asset	1,023,760	-	1,023,760	100%
Deferred pension outflows	<u>1,187,215</u>	<u>1,037,640</u>	<u>149,575</u>	<u>14%</u>
<b>Total assets and deferred outflows of resources</b>	<u><b>78,088,857</b></u>	<u><b>75,506,311</b></u>	<u><b>2,582,546</b></u>	<u><b>3%</b></u>
Current liabilities (payable from current assets)	\$ 2,522,750	\$ 4,067,909	\$ (1,545,159)	(38)%
Noncurrent liabilities	1,249,993	1,842,774	(592,781)	(32)%
Deferred pension inflows	<u>1,068,788</u>	<u>218,121</u>	<u>850,667</u>	<u>390%</u>
<b>Total liabilities and deferred inflows of resources</b>	<u><b>4,841,531</b></u>	<u><b>6,128,804</b></u>	<u><b>(1,287,273)</b></u>	<u><b>(21)%</b></u>
Net investment in capital assets	\$ 57,780,693	\$ 53,950,097	\$ 3,830,596	7%
Other restricted	6,000	6,000	-	-%
Restricted for debt service	445,936	445,936	-	-%
Unrestricted (designated for Board reserves)	1,389,865	2,589,917	(1,200,052)	(46)%
Unrestricted (undesignated)	<u>13,624,832</u>	<u>12,385,557</u>	<u>1,239,275</u>	<u>10%</u>
<b>Total net position</b>	<u><b>\$ 73,247,326</b></u>	<u><b>\$ 69,377,507</b></u>	<u><b>\$ 3,869,819</b></u>	<u><b>6%</b></u>

As can be seen from the table above, Net Position grew by \$3,869,819 from \$69,377,507 to \$73,247,326. The makeup of Net Position changed as Current Assets decreased by \$(1,737,695). Amounts invested in Capital Assets increased by \$3,460,254 or 6%. Current Liabilities offset the change by an decrease of \$1,545,159. Amounts Restricted for Debt Service was consistent at \$445,936. Unrestricted (Designated for Board Reserves) decreased \$1,200,052 to \$1,389,865. Unrestricted (Undesignated) balance increased by \$1,408,313 from \$12,385,557 to \$15,014,697.

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

REVENUES, EXPENSES AND CHANGES IN NET POSITION:

**Table A-2**

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>Fiscal Year 6/30/2022</u>	<u>Fiscal Year 6/30/2021</u>	<u>Change in Dollars</u>	<u>Percent Charge</u>
Operating revenues	\$ 9,351,169	\$ 8,866,236	\$ 484,933	5%
Operating expenses	<u>12,864,492</u>	<u>12,619,250</u>	<u>245,242</u>	<u>2%</u>
Net operating loss	<u>(3,513,323)</u>	<u>(3,753,014)</u>	<u>239,691</u>	<u>(6)%</u>
Property tax revenues	6,998,128	6,512,804	485,324	7%
Other non-operating revenues and expenses	<u>385,014</u>	<u>797,338</u>	<u>(412,324)</u>	<u>(52)%</u>
Non-operating revenues and expenses	<u>7,383,142</u>	<u>7,310,142</u>	<u>73,000</u>	<u>1%</u>
Change in net position	3,869,819	3,557,128	312,691	9%
Net position, beginning of year	<u>69,377,507</u>	<u>65,820,379</u>	<u>(268,375)</u>	5%
Total net position, ending of year	<u>\$ 73,247,326</u>	<u>\$ 69,377,507</u>	<u>\$ 3,869,819</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 A2 above, Revenues, including Operating, Property Tax and Other, exceeded Expenses in both years, increasing Net Position. The increase in Net Position of \$3,869,819 was \$312,691 more than the \$3,557,128 for prior year. This was due to a \$239,691 decrease in the Net Operating Loss offset by a \$73,000 increase in net NonOperating Revenues and Expenses.

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**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 2022 budget comparison and analysis is presented in Table A-3.

**Table A-3**  
Budgeted Summary

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Operating revenues	\$ 9,166,255	\$ 9,351,169	\$ 184,914
Operating expenses	<u>(14,164,490)</u>	<u>(12,864,492)</u>	<u>1,299,998</u>
Net operating loss	<u>(4,998,235)</u>	<u>(3,513,323)</u>	<u>1,484,912</u>
Property tax revenues	6,235,000	6,998,128	763,128
Other non-operating revenues and expenses	<u>950,501</u>	<u>385,014</u>	<u>(565,487)</u>
Non-operating revenues and expenses	7,185,501	7,383,142	197,641
Change in net position	<u>\$ 2,187,266</u>	<u>\$ 3,869,819</u>	<u>\$ 1,682,553</u>

Operating Revenues of \$9,351,169 were \$184,914 over the Budget of \$9,166,255. Operating Expenses of \$12,864,492 were \$1,299,998 under the amount budgeted. Property Taxes, including CFD 941, and non-operating revenues surpassed the budgeted amount by \$763,128. Other Non-Operating Revenues and Expenses when netted had a \$197,641 positive variance to budget. The total Change in Net Position of \$3,869,819 exceeded the budgeted amount of \$2,187,266 by \$1,682,553.

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

CAPITAL ASSETS:

**Table A-4**  
Condensed Statement of Fixed Assets

	<u>Fiscal Year 6/30/2022</u>	<u>Fiscal Year 6/30/2021</u>	<u>Change in Dollars</u>	<u>Percent Change</u>
Fixed assets	\$ 118,108,923	\$ 115,181,111	\$ 2,927,812	3%
Construction in progress	<u>6,732,475</u>	<u>3,109,960</u>	<u>3,622,515</u>	<u>116%</u>
Total capital assets	124,841,398	118,291,071	6,550,327	6%
Accumulated depreciation	<u>(65,425,597)</u>	<u>(62,335,524)</u>	<u>(3,090,073)</u>	<u>5%</u>
Net capital assets	<u>\$ 59,415,801</u>	<u>\$ 55,955,547</u>	<u>\$ 3,460,254</u>	<u>6%</u>

At the end of fiscal year 2022, the District had \$124,841,398 invested in capital assets as shown in Table A4. Fixed Assets grew by \$2,927,812 or 3%. Construction in Process increased by \$3,622,515. Accumulated depreciation increased \$3,090,073 compared to prior year. The result was Net Capital Assets increase of \$3,460,254.

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 semiannually. 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](mailto:VVanCleave@ntpud.org)

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
STATEMENTS OF NET POSITION  
JUNE 30, 2022**

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet &amp; Equipment</u>	<u>General &amp; Administrative</u>	<u>Total 2022</u>
<b><u>ASSETS</u></b>						
Current assets:						
Cash and cash equivalents (Note 2)	\$ -	\$ 445,936	\$ 18,904	\$ -	\$ 12,196,672	\$ 12,661,512
Investments (Note 2)	-	-	-	-	253,561	253,561
Due (to)/from other funds	2,116,979	2,758,637	1,546,878	458,488	(6,880,982)	-
Accounts receivable (Note 3)	49,114	135,342	298,339	-	1,029,696	1,512,491
Inventory	178,755	-	-	-	-	178,755
Deposits and prepaid expenses	<u>-</u>	<u>-</u>	<u>12,542</u>	<u>-</u>	<u>552,752</u>	<u>565,294</u>
Total current assets	<u>2,344,848</u>	<u>3,339,915</u>	<u>1,876,663</u>	<u>458,488</u>	<u>7,151,699</u>	<u>15,171,613</u>
Restricted assets:						
Deposits and prepaid expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>6,000</u>
Total restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>6,000</u>
Noncurrent assets:						
Investments (Note 2)	-	-	-	-	1,284,468	1,284,468
Capital assets, net of accumulated depreciation (Note 4)	23,706,951	20,696,141	14,212,405	636,032	164,272	59,415,801
Net pension asset (Note 6)	<u>308,198</u>	<u>211,565</u>	<u>149,205</u>	<u>46,146</u>	<u>308,646</u>	<u>1,023,760</u>
Total noncurrent assets	<u>24,015,149</u>	<u>20,907,706</u>	<u>14,361,610</u>	<u>682,178</u>	<u>1,757,386</u>	<u>61,724,029</u>
<b>Total Assets</b>	<u>26,359,997</u>	<u>24,247,621</u>	<u>16,238,273</u>	<u>1,140,666</u>	<u>8,915,085</u>	<u>76,901,642</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>						
Changes in the net pension liability (Note 6)	<u>-</u>	<u>273,870</u>	<u>190,879</u>	<u>-</u>	<u>722,466</u>	<u>1,187,215</u>
<b>Total Deferred Outflows of Resources</b>	<u>\$ -</u>	<u>\$ 273,870</u>	<u>\$ 190,879</u>	<u>\$ -</u>	<u>\$ 722,466</u>	<u>\$ 1,187,215</u>

See accompanying notes to the basic financial statements.

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
STATEMENTS OF NET POSITION  
JUNE 30, 2022 (CONTINUED)**

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet &amp; Equipment</u>	<u>General &amp; Administrative</u>	<u>Total 2022</u>
<b><u>LIABILITIES</u></b>						
Current liabilities						
Accounts payable and other liabilities	\$ 439,171	\$ 188,122	\$ 58,423	\$ 88	\$ 620,692	\$ 1,306,496
Deferred revenue	-	-	231,664	-	-	231,664
Accrued interest payable	-	26,911	-	-	-	26,911
Compensated absences	104,088	109,645	66,056	17,679	275,096	572,564
Long term debt - current portion (Note 5)	<u>-</u>	<u>385,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>385,115</u>
Total current liabilities (payable from current assets)	<u>543,259</u>	<u>709,793</u>	<u>356,143</u>	<u>17,767</u>	<u>895,788</u>	<u>2,522,750</u>
Total current liabilities	<u>543,259</u>	<u>709,793</u>	<u>356,143</u>	<u>17,767</u>	<u>895,788</u>	<u>2,522,750</u>
Noncurrent liabilities						
Long term debt, less current portion (Note 5)	<u>-</u>	<u>1,249,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,249,993</u>
Total noncurrent liabilities	<u>-</u>	<u>1,249,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,249,993</u>
<b>Total Liabilities</b>	<u>543,259</u>	<u>1,959,786</u>	<u>356,143</u>	<u>17,767</u>	<u>895,788</u>	<u>3,772,743</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Changes in the net pension liability (Note 6)	<u>205,844</u>	<u>226,516</u>	<u>161,202</u>	<u>31,051</u>	<u>444,175</u>	<u>1,068,788</u>
<b>Total Deferred Inflows of Resources</b>	<u>205,844</u>	<u>226,516</u>	<u>161,202</u>	<u>31,051</u>	<u>444,175</u>	<u>1,068,788</u>
<b><u>NET POSITION</u></b>						
Net investment in capital assets	23,706,951	19,061,033	14,212,405	636,032	164,272	57,780,693
Restricted for:						
Other	-	-	-	-	6,000	6,000
Debt service	-	445,936	-	-	-	445,936
Unrestricted	<u>1,903,943</u>	<u>2,828,220</u>	<u>1,699,402</u>	<u>455,816</u>	<u>8,127,316</u>	<u>15,014,697</u>
<b>Total Net Position</b>	<u>\$ 25,610,894</u>	<u>\$ 22,335,189</u>	<u>\$ 15,911,807</u>	<u>\$ 1,091,848</u>	<u>\$ 8,297,588</u>	<u>\$ 73,247,326</u>

See accompanying notes to the basic financial statements.

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

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet &amp; Equipment</u>	<u>General &amp; Administrative</u>	<u>Total 2021</u>
<b><u>ASSETS</u></b>						
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	3,509,554	3,003,517	1,524,109	374,843	(8,412,023)	-
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
<b>Total current assets</b>	<u>3,759,616</u>	<u>3,623,594</u>	<u>2,646,985</u>	<u>374,843</u>	<u>6,504,270</u>	<u>16,909,308</u>
Restricted assets:						
Deposits and prepaid expenses	-	-	-	-	6,000	6,000
<b>Total restricted assets</b>	<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
<b>Total noncurrent assets</b>	<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>
<b>Total Assets</b>	<u>25,379,498</u>	<u>23,603,114</u>	<u>16,105,104</u>	<u>1,126,293</u>	<u>8,254,662</u>	<u>74,468,671</u>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>						
Changes in the net pension liability (Note 6)	-	241,171	168,766	-	627,703	1,037,640
<b>Total Deferred Outflows of Resources</b>	<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 &amp; Equipment</u>	<u>General &amp; Administrative</u>	<u>Total 2021</u>
<b><u>LIABILITIES</u></b>						
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>
<b>Total Liabilities</b>	<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>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
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>
<b>Total Deferred Inflows of Resources</b>	<u>36,176</u>	<u>40,550</u>	<u>35,446</u>	<u>7,048</u>	<u>98,901</u>	<u>218,121</u>
<b><u>NET POSITION</u></b>						
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>2,782,287</u>	<u>3,014,500</u>	<u>1,340,883</u>	<u>340,397</u>	<u>7,497,407</u>	<u>14,975,474</u>
<b>Total Net Position</b>	<u>\$ 24,402,169</u>	<u>\$ 21,434,506</u>	<u>\$ 14,799,002</u>	<u>\$ 1,091,847</u>	<u>\$ 7,649,983</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, 2022**

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet &amp; Equipment</u>	<u>General &amp; Administrative</u>	<u>Total 2022</u>
<b><u>OPERATING REVENUE</u></b>						
Service charges	\$ 3,846,827	\$ 4,430,645	\$ -	\$ -	\$ (34,769)	\$ 8,242,703
Recreation events and programs	<u>-</u>	<u>-</u>	<u>1,108,466</u>	<u>-</u>	<u>-</u>	<u>1,108,466</u>
Total operating revenues	<u>3,846,827</u>	<u>4,430,645</u>	<u>1,108,466</u>	<u>-</u>	<u>(34,769)</u>	<u>9,351,169</u>
<b><u>OPERATING EXPENSES</u></b>						
Direct operating expenses	2,174,530	2,313,351	1,567,626	432,205	3,342,110	9,829,822
Allocation of operating expenses	247,889	228,089	85,909	(561,887)	-	-
Administrative and general	(105,777)	(115,937)	(78,401)	(14,965)	259,677	(55,403)
Depreciation	<u>1,259,488</u>	<u>1,096,683</u>	<u>574,552</u>	<u>144,646</u>	<u>14,704</u>	<u>3,090,073</u>
Total operating expenses	<u>3,576,130</u>	<u>3,522,186</u>	<u>2,149,686</u>	<u>(1)</u>	<u>3,616,491</u>	<u>12,864,492</u>
Operating income (loss)	<u>270,697</u>	<u>908,459</u>	<u>(1,041,220)</u>	<u>1</u>	<u>(3,651,260)</u>	<u>(3,513,323)</u>
<b><u>NONOPERATING REVENUE (EXPENSE)</u></b>						
Property tax revenue/CFD 94-1	938,000	-	1,667,889	-	4,392,239	6,998,128
Investment income (loss)	-	-	406	-	(72,793)	(72,387)
Grants	-	-	484,510	-	(26,538)	457,972
Miscellaneous revenues	28	61,722	1,200	-	4,640	67,590
Interest expense	-	(69,498)	-	-	-	(69,498)
Other nonoperating expenses	<u>-</u>	<u>-</u>	<u>20</u>	<u>-</u>	<u>1,317</u>	<u>1,337</u>
Total nonoperating revenue (expense), net	<u>938,028</u>	<u>(7,776)</u>	<u>2,154,025</u>	<u>-</u>	<u>4,298,865</u>	<u>7,383,142</u>
<b>CHANGE IN NET POSITION</b>	<u>1,208,725</u>	<u>900,683</u>	<u>1,112,805</u>	<u>1</u>	<u>647,605</u>	<u>3,869,819</u>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<u>24,402,169</u>	<u>21,434,506</u>	<u>14,799,002</u>	<u>1,091,847</u>	<u>7,649,983</u>	<u>69,377,507</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$ 25,610,894</u>	<u>\$ 22,335,189</u>	<u>\$ 15,911,807</u>	<u>\$ 1,091,848</u>	<u>\$ 8,297,588</u>	<u>\$ 73,247,326</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 &amp; Equipment</u>	<u>General &amp; Administrative</u>	<u>Total 2021</u>
<b><u>OPERATING REVENUE</u></b>						
Service charges	\$ 3,664,080	\$ 4,428,783	\$ -	\$ -	\$ 14,280	\$ 8,107,143
Recreation events and programs	-	-	759,093	-	-	759,093
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>
<b><u>OPERATING EXPENSES</u></b>						
Direct operating expenses	2,183,180	2,177,308	1,426,783	337,865	3,315,627	9,440,763
Allocation of operating expenses	250,400	233,639	86,037	(570,076)	-	-
Administrative and general	29,183	25,938	18,781	2,563	155,775	232,240
Depreciation	<u>1,278,656</u>	<u>1,030,370</u>	<u>506,468</u>	<u>130,010</u>	<u>743</u>	<u>2,946,247</u>
Total operating expenses	<u>3,741,419</u>	<u>3,467,255</u>	<u>2,038,069</u>	<u>(99,638)</u>	<u>3,472,145</u>	<u>12,619,250</u>
Operating income (loss)	<u>(77,339)</u>	<u>961,528</u>	<u>(1,278,976)</u>	<u>99,638</u>	<u>(3,457,865)</u>	<u>(3,753,014)</u>
<b><u>NONOPERATING REVENUE (EXPENSE)</u></b>						
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>(24,169)</u>	<u>(50,418)</u>	<u>(54,802)</u>	<u>-</u>	<u>9,158</u>	<u>(120,231)</u>
Total nonoperating revenues (expenses), net	<u>831,494</u>	<u>(90,608)</u>	<u>1,911,421</u>	<u>-</u>	<u>4,657,835</u>	<u>7,310,142</u>
Income (loss) before transfers and capital contributions	<u>754,155</u>	<u>870,920</u>	<u>632,445</u>	<u>99,638</u>	<u>1,199,970</u>	<u>3,557,128</u>
<b><u>TRANSFERS</u></b>						
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>
<b>CHANGE IN NET POSITION</b>	<u>(4,245,845)</u>	<u>870,920</u>	<u>632,445</u>	<u>99,638</u>	<u>6,199,970</u>	<u>3,557,128</u>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<u>28,648,014</u>	<u>20,563,586</u>	<u>14,166,557</u>	<u>992,209</u>	<u>1,450,013</u>	<u>65,820,379</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$ 24,402,169</u>	<u>\$ 21,434,506</u>	<u>\$ 14,799,002</u>	<u>\$ 1,091,847</u>	<u>\$ 7,649,983</u>	<u>\$ 69,377,507</u>

See accompanying notes to the basic financial statements.

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet &amp; Equipment</u>	<u>General &amp; Administrative</u>	<u>2022</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>						
Cash received from customers	\$ 3,869,020	\$ 4,465,895	\$ 1,011,160	\$ -	\$ -	\$ 9,346,075
Cash paid to suppliers	(1,055,361)	(780,029)	(1,567,298)	(238,435)	(1,360,038)	(5,001,161)
Cash paid to employees	(1,549,816)	(1,508,689)	(1,027,655)	(210,579)	(2,715,177)	(7,011,916)
Payments (to) from other funds	<u>(247,889)</u>	<u>(228,089)</u>	<u>(85,909)</u>	<u>561,887</u>	<u>-</u>	<u>-</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>1,015,954</u>	<u>1,949,088</u>	<u>(1,669,702)</u>	<u>112,873</u>	<u>(4,075,215)</u>	<u>(2,667,002)</u>
<b><u>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</u></b>						
Property tax collected	938,000	-	1,647,650	-	4,400,637	6,678,504
Interfund receipts (disbursements)	1,392,575	244,880	(22,769)	(83,645)	(1,531,041)	-
Other nonoperating revenues	28	65,271	1,200	-	-	66,499
Other nonoperating expenses	<u>-</u>	<u>-</u>	<u>(20)</u>	<u>-</u>	<u>-</u>	<u>(20)</u>
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<u>2,330,603</u>	<u>310,151</u>	<u>1,626,061</u>	<u>(83,645)</u>	<u>2,869,596</u>	<u>6,744,983</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>						
Acquisition of capital assets	(3,346,557)	(1,813,304)	(1,328,798)	(29,228)	(124,969)	(6,642,856)
Capital grants received	-	-	1,090,936	-	-	1,090,936
Principal paid on capital debt	-	(370,342)	-	-	-	(370,342)
Interest paid on capital debt	<u>-</u>	<u>(75,593)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,593)</u>
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(3,346,557)</u>	<u>(2,259,239)</u>	<u>(237,862)</u>	<u>(29,228)</u>	<u>(124,969)</u>	<u>(5,997,855)</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, 2022**

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet &amp; Equipment</u>	<u>General &amp; Administrative</u>	<u>2022</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>						
Investment earnings	-	-	406	-	-	406
Purchase of investments	-	-	-	-	(257,797)	(257,797)
Proceeds from sale of investments	-	-	-	-	1,774,798	1,774,798
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>406</u>	<u>-</u>	<u>1,517,001</u>	<u>1,517,407</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	-	(281,097)	-	186,413	(402,467)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>-</u>	<u>445,936</u>	<u>300,001</u>	<u>-</u>	<u>12,010,259</u>	<u>12,756,196</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 445,936</u>	<u>\$ 18,904</u>	<u>\$ -</u>	<u>\$ 12,196,672</u>	<u>\$ 12,353,729</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, 2022**

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet &amp; Equipment</u>	<u>General &amp; Administrative</u>	<u>2022</u>
<b><u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION</u></b>						
Unrestricted cash and cash equivalents	\$ -	\$ 445,936	\$ 18,904	\$ -	\$ 12,196,672	\$ 12,661,512
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ -</b>	<b>\$ 445,936</b>	<b>\$ 18,904</b>	<b>\$ -</b>	<b>\$ 12,196,672</b>	<b>\$ 12,661,512</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u></b>						
Operating income (loss)	\$ 270,697	\$ 908,459	\$ (1,041,220)	\$ 1	\$ (3,651,260)	\$ (3,513,323)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	1,259,488	1,096,683	574,552	144,646	14,704	3,090,073
Net change in deferred outflows and inflows	169,668	153,267	103,643	24,003	250,511	701,092
Decrease (Increase) in accounts receivable	20,585	35,250	(74,194)	-	75,131	56,772
Decrease (Increase) in inventory	1,608	-	-	-	-	1,608
Decrease (Increase) in net pension asset	(308,198)	(211,565)	(149,205)	(46,146)	(308,646)	(1,023,760)
Decrease (Increase) in other assets	-	-	1	-	(217,962)	(217,961)
Increase (Decrease) in accounts payable	(391,090)	31,799	(1,044,270)	(10,164)	(115,971)	(1,529,696)
Increase (Decrease) in other liabilities	(6,804)	(7,167)	16,943	533	(4,534)	(1,029)
Increase (Decrease) in deferred revenue	-	-	(23,112)	-	-	(23,112)
Increase (Decrease) in net pension liability	-	(57,638)	(32,840)	-	(117,188)	(207,666)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$ 1,015,954</b>	<b>\$ 1,949,088</b>	<b>\$ (1,669,702)</b>	<b>\$ 112,873</b>	<b>\$ (4,075,215)</b>	<b>\$ (2,667,002)</b>

See accompanying notes to the basic financial statements.

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

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet &amp; Equipment</u>	<u>General &amp; Administrative</u>	<u>2021</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>						
Cash received from customers	\$ 3,667,080	\$ 4,368,197	\$ 895,848	\$ -	\$ 14,280	\$ 8,945,405
Cash paid to suppliers	(326,026)	(764,779)	(427,323)	(172,717)	(990,213)	(2,681,058)
Cash paid to employees	(1,524,521)	(1,370,851)	(976,584)	(161,471)	(2,493,854)	(6,527,281)
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>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>1,566,133</u>	<u>1,998,928</u>	<u>(594,096)</u>	<u>235,888</u>	<u>(3,469,787)</u>	<u>(262,934)</u>
<b><u>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</u></b>						
Property tax collected	750,000	-	1,278,583	-	4,649,921	5,617,076
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>(12,577)</u>	<u>(50,419)</u>	<u>(54,802)</u>	<u>-</u>	<u>(87,689)</u>	<u>(205,487)</u>
<b>NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES</b>	<u>(288,100)</u>	<u>(839,186)</u>	<u>1,154,454</u>	<u>47,374</u>	<u>6,556,847</u>	<u>5,569,961</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>						
Acquisition of capital assets	(1,278,033)	(754,153)	(348,761)	(283,262)	(124,969)	(2,789,178)
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>
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(1,278,033)</u>	<u>(1,161,222)</u>	<u>(324,883)</u>	<u>(283,262)</u>	<u>(124,969)</u>	<u>(3,172,369)</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>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet &amp; Equipment</u>	<u>General &amp; Administrative</u>	<u>2021</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>						
Purchase of investments	-	-	-	-	(256,142)	(256,142)
Proceeds from sale of investments	-	-	-	-	<u>1,189,406</u>	<u>1,189,406</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>933,264</u>	<u>933,264</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	-	(1,480)	235,475	-	3,895,355	3,067,922
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>-</u>	<u>447,416</u>	<u>64,526</u>	<u>-</u>	<u>8,114,904</u>	<u>8,626,846</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ -</u>	<u>\$ 445,936</u>	<u>\$ 300,001</u>	<u>\$ -</u>	<u>\$ 12,010,259</u>	<u>\$ 11,694,768</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>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Fleet &amp; Equipment</u>	<u>General &amp; Administrative</u>	<u>2021</u>
<b><u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION</u></b>						
Unrestricted cash and cash equivalents	\$ -	\$ 445,936	\$ 300,001	\$ -	\$ 12,010,259	\$ 12,756,196
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ -</b>	<b>\$ 445,936</b>	<b>\$ 300,001</b>	<b>\$ -</b>	<b>\$ 12,010,259</b>	<b>\$ 12,756,196</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u></b>						
Operating income (loss)	\$ (77,339)	\$ 961,528	\$ (1,278,976)	\$ 99,638	\$ (3,457,865)	\$ (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	130,010	743	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	-	47,560	28,276	-	117,188	193,024
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$ 1,566,133</b>	<b>\$ 1,998,928</b>	<b>\$ (594,096)</b>	<b>\$ 235,888</b>	<b>\$ (3,469,787)</b>	<b>\$ (262,934)</b>

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, 2022 AND 2021**

**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, 2022 AND 2021**

**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, 2022 AND 2021**

**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, 2022 AND 2021**

**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, 2022</u>	<u>June 30, 2021</u>
Valuation date	June 30, 2020	June 30, 2019
Measurement date	June 30, 2021	June 30, 2020
Measurement period	July 1, 2020 and June 30, 2021	July 1, 2019 to June 30, 2020

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.

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. Capital Contributions**

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

**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, 2022 AND 2021**

**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, 2021, the District implemented the following accounting and financial reporting standards:

*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. Application of this statement has had no material impact on the District's financial statements for the fiscal year ending June 30, 2022.

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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. Application of this statement has had no material impact on the District's financial statements for the fiscal year ending June 30, 2022.

*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. Application of this statement has had no material impact on the District's financial statements for the fiscal year ending June 30, 2022.

*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). Application of this statement has had no material impact on the District's financial statements for the fiscal year ending June 30, 2022.

*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. Application of this statement has had no material impact on the District's financial statements for the fiscal year ending June 30, 2022.

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**W. Future Government Accounting Standards Board Statements**

These statements are not effective until July 1, 2022 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. 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. 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.



**NORTH TAHOE PUBLIC UTILITY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Governmental Accounting Standards Board Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for guarantees. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to leases, PPPs and SBITAs are effective for the District's fiscal year ending June 30, 2023 and the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the District's fiscal year ending June 30, 2024.

Governmental Accounting Standards Board Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the District's fiscal year ending June 30, 2024.

Governmental Accounting Standards Board Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for the District's fiscal year ending June 30, 2025.

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 2: CASH AND INVESTMENTS**

Cash and investments as of June 30, 2022 and 2021 consisted of the following:

	<b>2022</b>	<b>2021</b>
<u>Cash and cash equivalents:</u>		
Unrestricted:		
Cash on hand	\$ 1,100	\$ 1,300
Unrestricted deposits in financial institutions	4,491,289	5,114,691
Deposits in Local Agency Investment Fund (LAIF)	8,169,123	7,640,205
Total cash and cash equivalents	\$ 12,661,512	\$ 12,756,196
<u>Investments:</u>		
Unrestricted:		
U.S. government securities	\$ 457,723	\$ 485,386
Mutual funds	22,053	24,738
Certificates of deposit	1,058,253	2,545,711
CalPERS trust	346,628	-
Total investments	\$ 1,538,029	\$ 3,055,835

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, 2022 AND 2021**

**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, 2022:

Investment Type	Investment Maturities (in years)			
	Fair Value	Less than 1	1-2	3-5
Mutual funds	\$ 22,053	\$ 22,053	\$ -	\$ -
U.S. government securities	457,723	-	457,723	-
Certificates of deposit	1,058,253	231,508	332,445	494,300
CalPERS Trust	346,628	346,628	-	-
	<u>\$ 1,538,029</u>	<u>\$ 253,561</u>	<u>\$ 790,168</u>	<u>\$ 494,300</u>

Investments of the District subject to interest rate risk on June 30, 2021 are summarized as follows:

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	2,545,711	1,433,281	506,352	606,078
	<u>\$ 3,055,835</u>	<u>\$ 1,458,019</u>	<u>\$ 506,382</u>	<u>\$ 1,091,434</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 \$4,268,561 as of June 30, 2022, 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, 2022 AND 2021**

**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, 2022.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 22,053	\$ -	\$ -	\$ 22,053
U.S. government securities	-	457,723	-	457,723
Certificates of deposit	-	1,058,253	-	1,058,253
CalPERS trust	-	<u>346,628</u>	-	<u>346,628</u>
Total investments at fair value	<u>\$ 22,053</u>	<u>\$ 1,515,976</u>	<u>\$ -</u>	<u>\$ 1,538,029</u>

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>
Mutual funds	\$ 24,738	\$ -	\$ -	\$ 24,738
U.S. government securities	-	485,386	-	485,386
Certificates of deposit	-	<u>2,545,711</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>

**NOTE 3: ACCOUNTS RECEIVABLE**

Accounts receivable, presented as current assets as of June 30, 2022 and 2021, consisted of the following:

	<u>2022</u>	<u>2021</u>
Service charges	\$ 871,371	\$ 956,609
Property tax	359,387	355,696
Grants	87,337	733,490
Other	<u>194,396</u>	<u>121,602</u>
	<u>\$ 1,512,491</u>	<u>\$ 2,167,397</u>

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2022</u>
Capital assets not being depreciated					
Land and property rights	\$ 7,138,605	\$ -	\$ -	\$ -	\$ 7,138,605
Construction in progress	<u>3,109,960</u>	<u>6,577,935</u>	<u>(2,502)</u>	<u>(2,952,918)</u>	<u>6,732,475</u>
Total capital assets not being depreciated	<u>10,248,565</u>	<u>6,577,935</u>	<u>(2,502)</u>	<u>(2,952,918)</u>	<u>13,871,080</u>
Capital assets being depreciated					
Building and improvements	23,456,643	-	(29,046)	2,074,459	25,502,056
Sewer system	37,230,530	-	-	47,425	37,277,955
Water system	37,716,337	-	-	750,923	38,467,260
Vehicles and equipment	7,964,265	3,940	-	31,050	7,999,255
Furniture and office equipment	<u>1,674,731</u>	<u>-</u>	<u>-</u>	<u>49,061</u>	<u>1,723,792</u>
Less accumulated depreciation	<u>(62,335,524)</u>	<u>(3,090,073)</u>	<u>-</u>	<u>-</u>	<u>(65,425,597)</u>
Total capital assets being depreciated, net	<u>45,706,982</u>	<u>(3,086,133)</u>	<u>(29,046)</u>	<u>2,952,918</u>	<u>45,544,721</u>
Capital assets, net	<u>\$ 55,955,547</u>	<u>\$ 3,491,802</u>	<u>\$ (31,548)</u>	<u>\$ -</u>	<u>\$ 59,415,801</u>

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>

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 4: CAPITAL ASSETS (CONTINUED)**

Construction in progress as of June 30, 2022 consisted of the following:

<u>Fund</u>	<u>Project Description</u>	
Sewer	N-1 Station Rehabilitation	\$ 1,160,263
Sewer	National Ave. Pump Station Rehabilitation	3,604,063
Sewer	Sewer Export System Inspection	265
Sewer	Packaged Satellite Sewer Pump Station Improvement	136,803
Sewer	S-3 Electrical Improvements	9,317
Water	Plaza Circle Water Main	1,811
Water	Lake Forest No 3 Water Main	93
Water	Kingswood West Tank SCADA	27,567
Water	Cybersecurity Assessment Implementation	1,170
Water	National Ave Water Treatment Plant	175
Water	Dollar Water Reservoir Coating	352,465
Water	Golden and Rainbow Watermain 710	876,267
Water	Water Pump Station Building	2,765
Recreation	Joints Needs Analysis	109,611
Recreation	Forest Fuels Reduction	18,573
Recreation	Wayfinding and Destination Signage	32,737
Recreation	NTEC Architectural Planning Study	6,048
Recreation	NTEC Emergency Generator	13,375
Recreation	Lower Field Stairs ADA	7,500
Recreation	TVRA Dredging Project	96,970
Recreation	Regional Park Trailhead Project	21,123
Recreation	NTEC - AV Improvements and Board Room Setup	21,513
Recreation	Wayfinding Sign	117,502
Recreation	Regional Park Stairway Rebuild	45,106
Recreation	NTPR Irrigation Upgrade Project	68,200
General Administration	Parks Office Reconfiguration	563
General Administration	Computer Replacement	630
		<u>\$ 6,732,475</u>

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**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 lf	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>

Depreciation expense for the years ended June 30, 2022 and 2021 was charged to the enterprise activities as follows:

	<u>2022</u>	<u>2021</u>
Sewer	\$ 1,259,488	\$ 1,278,656
Water	1,096,683	1,030,370
Recreation	574,552	506,468
Fleet and Equipment	144,646	130,010
General and Administrative	14,704	743
	<u>\$ 3,090,073</u>	<u>\$ 2,946,247</u>

**NOTE 5: LONG TERM LIABILITIES**

A summary of long-term liability activity for the years ended June 30, 2022 and 2021 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, 2022	\$ 2,005,450	\$ -	\$ (370,342)	\$ 1,635,108	\$ 385,115
Installment Note - June 30, 2021	2,361,586	-	(356,136)	2,005,450	370,342

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 5: LONG TERM LIABILITIES (CONTINUED)**

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, 2022 and 2021 was \$69,498 and \$83,939, 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>
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>\$ 1,635,108</u>	<u>\$ 148,636</u>	<u>\$ 1,783,744</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.

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.



**NORTH TAHOE PUBLIC UTILITY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 6: PENSION PLAN (CONTINUED)**

The rate plan's provisions and benefits in effect at June 30, 2022 and 2021, are summarized as follows:

Hire Date	Hired prior to Prior to January 1, 2013		Hired on or after January 1, 2013	
	2022	2021	2022	2021
Benefit Formula	2.0% @ 60		2.0% @ 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	1.462% to 2.418%		1.0% to 2.5%	
Required Employee Contribution Rates	7.000%		6.750%	
Required Employer Contribution Rates	10.870%	10.659%	7.860%	8.090%

\*The employer contribution rate is the sum of the Plan's employer contribution rate plus the employer unfunded accrued liability contribution amount.

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, 2022 and 2021 were \$746,276 and \$372,171, respectively.

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

As of June 30, 2022 and 2021, the District reported a net pension asset of \$1,023,760 and a net pension liability of \$207,666, 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, 2021, 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, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability (asset) of the Plan as of the measurement date June 30, 2021 was as follows:

Proportion - June 30, 2020	0.00492 %
Proportion - June 30, 2021	<u>(0.05392)%</u>
Change - decrease	<u>(0.05884)%</u>

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

Proportion - June 30, 2019	0.00037 %
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**NORTH TAHOE PUBLIC UTILITY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 6: PENSION PLAN (CONTINUED)**

Proportion - June 30, 2020 0.00492 %

Change - increase 0.00455 %

For the years ended June 30, 2022 and 2021, the District recognized pension expense of \$215,941 and \$500,373, 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, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 746,276	\$ -
Adjustment due to differences in proportions	217,850	91,684
Difference between actual and expected experience	92,049	-
Difference between actual and required contributions	131,040	25,520
Net difference between projected and actual earning on plan investments	-	951,584
Total	\$ 1,187,215	\$ 1,068,788

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
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	91,499	-
Total	\$ 1,037,640	\$ 218,121

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**NOTE 6: PENSION PLAN (CONTINUED)**

\$746,276 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, 2023. 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,	
2023	\$ (60,977)
2024	(118,464)
2025	(187,269)
2026	<u>(261,139)</u>
Total	<u>\$ (627,849)</u>

Actuarial Assumptions

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

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
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.

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

**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>
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	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, 2022 AND 2021**

**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, 2022 the discount rate comparison was the following:

	<b>Discount Rate - 1%</b> <b>6.15%</b>	<b>Current Discount Rate</b> <b>7.15%</b>	<b>Discount Rate + 1%</b> <b>8.15%</b>
Net pension liability (asset)	\$200,902	\$(1,023,760)	\$(2,036,166)

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

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

*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](http://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, 2022 AND 2021**

**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 \$13,329,561 and \$6,118,631 for years ended June 30, 2022 and 2021, respectively. As of June 30, 2022 the amount earned on the contracts was \$5,168,086 with a remaining balance of \$8,161,475. As of June 30, 2021, the amount earned on contracts was \$694,370 with a remaining balance of \$5,424,261.

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, 2022. 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, 2022 AND 2021**

**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, 2021 (the most recent information available):

Total assets	\$ 140,466,966
Total liabilities	74,123,679
Net assets	66,343,287
Total income	83,706,987
Total expense	78,306,334

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: SUBSEQUENT EVENTS**

Management has evaluated events subsequent to June 30, 2022 through December 2, 2022, 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, 2022  
LAST 10 YEARS \***

	Measurement Period							
	2021	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	(0.01893)%	0.00191 %	0.00014 %	0.00489 %	0.00517 %	0.00411 %	0.00327 %	0.00453 %
Proportionate share of the net pension liability (asset)	\$(1,023,758)	\$ 207,666	\$ 14,642	\$ 471,608	\$ 513,101	\$ 355,920	\$ 224,584	\$ 285,489
Covered payroll	\$ 3,946,442	\$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	(25.94)%	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	111.04 %	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 eight 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, 2022  
LAST 10 YEARS \***

	Fiscal Year-End							
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 366,067	\$ 372,171	\$ 331,781	\$ 313,767	\$ 307,059	\$ 262,942	\$ 301,229	\$ 284,446
Contributions in relation to the actuarially determined contributions	<u>(746,276)</u>	<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>\$ (380,209)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (569,795)</u>	<u>\$ 8,732</u>	<u>\$ (4,238)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,980,826	\$ 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	18.75 %	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 eight years are shown.

## Supplementary Information

**NORTH TAHOE PUBLIC UTILITY DISTRICT  
COMPARISON OF BUDGET TO ACTUAL  
JUNE 30, 2022**

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
<b>Revenues:</b>				
Service charges	\$ 8,219,270	\$ 8,219,270	\$ 8,242,703	\$ 23,433
Recreation events and programs	946,985	946,985	1,108,466	161,481
Property taxes/CFD 94-1	6,235,000	6,235,000	6,998,128	763,128
Investment income (loss)	50,000	50,000	(72,387)	(122,387)
Grants	671,414	671,414	457,972	(213,442)
Miscellaneous	<u>38,000</u>	<u>38,000</u>	<u>67,590</u>	<u>29,590</u>
	<u>\$ 16,160,669</u>	<u>\$ 16,160,669</u>	<u>\$ 16,802,472</u>	<u>\$ 641,803</u>
<b>Expenses:</b>				
Direct operating expenses	10,911,404	10,911,404	9,829,822	1,081,582
Administration and general	95,000	95,000	(55,403)	150,403
Depreciation	3,158,086	3,158,086	3,090,073	68,013
Interest expense	69,499	69,499	69,498	1
Other nonoperating expenses	<u>-</u>	<u>-</u>	<u>(1,337)</u>	<u>(1,337)</u>
	<u>14,233,989</u>	<u>14,233,989</u>	<u>12,932,653</u>	<u>1,298,662</u>
<b>Total Positive(Negative) Variance</b>	<u>\$ 1,926,680</u>	<u>\$ 1,926,680</u>	<u>\$ 3,869,819</u>	<u>\$ (656,859)</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 and each major fund of the North Tahoe Public Utility District (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 2, 2022.

**Report on 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 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 or significant deficiencies may exist that have not been identified.

**Report on 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, Ussutic, Nelson CPAs*

Sacramento, California  
December 2, 2022