AGENDA AND MEETING NOTICE
OF THE FINANCE COMMITTEE
NORTH TAHOE PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

Monday, November 13, 2023, at 1:00 P.M.

North Tahoe Public Utility District
Administrative Offices
875 National Avenue
Tahoe Vista, CA 96148

Welcome to a meeting of the North Tahoe Public Utility District FINANCE COMMITTEE

A meeting of the North Tahoe Public Utility District Finance Committee will be held on Monday, November 13, 2023, 1:00 p.m. at the North Tahoe Public Utility District Administrative Offices, 875 National Ave. Tahoe Vista, CA 96148.

The District welcomes you to its meetings. Your opinions and suggestions are encouraged. The meeting is accessible to people with disabilities. In compliance with Section 202 of the Americans with Disabilities Act of 1990 and in compliance with the Ralph M. Brown Act, anyone requiring reasonable accommodation to participate in the meeting should contact the North Tahoe Public Utility District office at (530) 546-4212, at least two days prior to the meeting.

All written public comments received by 12:00 p.m. on November 13, 2023 will be distributed to the District Board Committee Members for their consideration at the meeting. Written comments may be emailed to mmoga@ntpud.org, mailed or dropped-off at NTPUD's Administrative Offices located at 875 National Ave., Tahoe Vista, CA. 96148.

1. **CALL TO ORDER**

2. **PUBLIC COMMENT** - *Any person wishing to address the Finance Committee on Items on the agenda or matters of interest to the District not listed elsewhere on the agenda may do so at this time. Please limit comments and questions to three (3) minutes since no action can be taken on items presented under Public Comment.*

3. **TOPICS OF DISCUSSION**
   a. Review Financial Statements – Recommendation to Full Board (*Pages 9-46)*
   b. Review Accounts Paid & Payable – Recommendation to Full Board (*Page 47)*
   c. Review North Tahoe Event Center Event Projections (*Page 48)*
   d. Quarterly Review of Cash Flow, Grant Revenue, Resolution of Audit Findings, Accounting Initiatives, Policy Review (*Pages 49-51)*
   e. Review and Discuss Current Reserve Policy & Reserve Levels (*Pages 52-81)*
   f. Review Long Range Calendar (*Pages 82-85*)

4. **ADJOURNMENT**

Committee: Director Coolidge, Director Mourelatos, General Manager Johnson, Chief Financial Officer Van Cleave

Agenda Posted on November 9, 2023 by Misty Moga, Administrative Liaison

NORTH TAHOE
PUBLIC UTILITY DISTRICT

DATE: November 13, 2023

FROM: Chief Financial Officer

SUBJECT: Finance Committee Agenda Memo

SELECTED TOPICS OF DISCUSSION:

a. **Review September Financial Statements as of September 30th – Recommendation to Full Board**

Consolidated Income Statement Year to Date Highlights:
Line 32 – Net income of $1.8m is $0.7m higher than budgeted due to higher than anticipated grant revenue and lower than anticipated operating expenses.
Line 4 – Operating revenue under budget in water charges, parks concessionaire, and NTEC room rent.
Line 6 – Salaries and wages over budget due to timing of admin leave accrual. As admin leave is used, the variance will decrease.
Line 7 – Despite the salaries being over budget, employee benefits are under budget due to several factors: January benefit cost increases budget flat across the year (OpenGov limitation), so we will see a catch-up starting in January. Open positions. Wages incurred not subject to CalPERS.
Line 8 and 10 – Discussed at the enterprise level.
Line 14 – Depreciation through September is $74k under budget. Depreciation is based on anticipated project completion dates which may lag. In addition, a project in service date may occur prior to the administrative process completion resulting in a catch-up of depreciation for prior periods.
Line 22 – The tennis & pickleball project is progressing quicker than anticipated resulting in earlier expenditures and revenue recognition.

Wastewater Income Statement Year to Date Highlights:
Line 37 – Net income of $165k is $195k higher than budgeted due to lower-than-anticipated operating expenses.
Line 6 & 7 – Lower than budgeted salaries due to an open position. As benefits are positively correlated to salaries at the enterprise level, this is also reflected in lower benefits than budgeted.
Line 8 – Lower use of patch pave than anticipated, timing of grouting, vac truck cleaning, cathodic protection survey, and hazardous waste disposal are the primary drivers of the outside services being under budget by ($29k).
Line 10 – Other operating expenses under budget are due to several factors: Lower use of operating supplies, largely chlorine, in addition to battery and parts purchases. Equipment purchases of a shed, snow blower, and camera parts

have not occurred yet. Fees & permits, including hazmat and encroachment, have not yet been invoiced.

Water Income Statement Year to Date Highlights:
Line 37 – Net income of $629k is $23k higher than budgeted due to lower than anticipated operating expenses in excess of lower than anticipated operating revenues.
Line 4 –Year to date operating revenue remains lower than anticipated, due to a combination of lower consumption and base charges.
Line 6 & 7 – Lower than budgeted salaries due to an open position. As benefits are positively correlated to salaries at the enterprise level, this is also reflected in lower benefits than budgeted.
Line 8 – Lower use of patch pave, timing of meter recalibrations, sample testing, generator maintenance, and SCADA maintenance than anticipated are the drivers of the outside services being under budget by ($28k).
Line 10 – Other operating expenses are under budget due to several factors: Operating supplies, largely meters, have been ordered but not received. Equipment purchases including PH turbidity sensors, pumps & motors, and a snow blower have not occurred yet. Safety gear expense timing has been delayed. Fees, including hazmat and encroachment, have not yet been invoiced.

Recreation & Parks Income Statement Year to Date Highlights:
Line 37 – Net income of $1.6m is $273k higher than budgeted due to higher than anticipated grant revenue.
Line 4 – August and September have seen a decrease in concessionaire and room rent, bringing year-to-date revenue to ($60k) lower than budget.
Line 6 & 7 – Lower than budgeted salaries due to lower than anticipated seasonal wage expenditures. As benefits are positively correlated to salaries at the enterprise level, this is also reflected in lower benefits than budgeted, however the proportion is lower for seasonal salary variance than for full time benefited salaries.
Line 10 – Other operating expenses are under budget due to several factors: Equipment purchase timing, uniform expense delay, timing of general operating supply purchase, and community outreach expenditure timing.
Line 27 – The tennis & pickleball project is progressing quicker than anticipated resulting in earlier expenditures and revenue recognition of $297k which is higher than expected, offsetting the slower than anticipated progress in the emergency generator and wayfinding signage grant projects.

NTEC Income Statement Year to Date Highlights:
Line 37 – Net income of ($30k) is ($2k) lower than budgeted due to lower-than-anticipated operating revenues.
Line 4 – September saw a decrease in room rent, bringing year-to-date revenue to ($29k) lower than budget.
Line 10 – Other operating expenses are under budget due to less advertising and printing than anticipated.

NTEC FY 2023-24 Actual to Budget Revenue & Events Highlights:

While September saw the number of private and corporate events budgeted, the room rent associated with the events was below budgeted. Overall, year-to-date room rent has been lower than anticipated, while ancillary revenue has been higher than anticipated.

Fleet Income Statement Year to Date Highlights:
Line 10 – Other operating expenses are under budget largely due to the timing of the specialized CDL training.

General & Administrative Income Statement Year-to-Date Highlights:
Line 37 – Net income of ($764k) is $182k higher than budgeted due to lower-than-anticipated operating expenses.
Line 6 & 7 – As discussed in the consolidated section, this is where the admin leave and healthcare expenses are reflected. The healthcare expense increase to premiums in January is expected to be 15.4%.
Line 8 – Outside services expenses continue to be under budget due to several factors: Lower use of external graphic design services. Digital archiving project timing. Water modeling project progress timing. Implementation of customer survey timing.
Line 10 – Other operating expenses are under budget due to several factors: Lower utilization of external training and associated travel, timing of membership expenses, timing of LAFCO expenditure, timing of IT equipment and less advertising & community outreach than anticipated.

Capital Outlay Highlights:
As of the end of the month, the District has initiated $7.1m (or 71.1% of budgeted) in capital projects and purchases. Actual expenditures for work completed amounted to 38.1% of the budget, with another half month of dig season remaining and a lag in construction invoice receipt we anticipate a significant catchup by November.

Performance to Budget Graph Highlights:
Outside service and other operating expenses are reflective of prior years' behavior, starting out well below budget with a heavy budget weighting in the first few months of the year. Utilities are trending higher than budgeted starting in August and continuing due to an increase in electricity rates. While the rate increase was known to be coming and considered in the budget, the effect of the increase has been more dramatic than anticipated even after considering the increased kw hours due to increased water production. We will continue to monitor performance to budget by enterprise to determine if a budget augmentation is warranted.

Total Reserves Highlights:
Change in reserves reflects capital expenditures of $1.1m during the month.

Liberty Electricity Usage Highlights:
National Avenue Station is trending with prior years for the month. Increased use from prior year for Donner Well is consistent with an increased demand from

consumption. Increased use from prior year for Carnelian Wood pump is due to permanent change in system circulation of water for water quality purposes.

Treasury Report Highlights:
Reduction in cash & equivalents reflects payment during the month for capital expenditures offset by grant receipts.

b. Review Accounts Paid & Payable – Recommendation to Full Board

Weekly check review questions:
No requests to bring information to the Finance Committee since the last meeting.

c. Review North Tahoe Event Center Event Projections as of September 30th

The NTEC staff continues to book reservations for the current and subsequent years. The current year's actual revenue plus reservations have a projected result of $254,323, at three months in, on the way to Budgeted $404,611.

d. Quarter Ended September 30th Review of Cash Flow, Grant Revenue, Resolution of Audit Findings, Accounting Initiatives, Policy Review

Cash Flow – The results of the FY24 YTD cash flow compared to the projected is a positive flow of $3.1m due to a slightly higher spend made up of higher capital offset by lower operating spend and higher receipts from grants largely due to the fire resilience grant approved by the Board in October. The cash flow projected, is based on the FY23-24 operating & capital budget and the 5-year CIP plan. As discussed during the budgeting process, the FY23-24 CIP and resulting spend down of reserves are viable, while the remaining 4 years would result in a deficit based on the current charge structure. It was recognized that we would address this during the current 5-year cost of service study. To date, during the study, it has been determined that the CIP should be spread over a longer period of time. We will incorporate the spread in the upcoming budgetary process.

Grant Revenue – Year-to-date the District has accrued grant revenue in the amount of $950k of which $297k was unbudgeted. Subsequent to quarter-end, we received an award with a retrospective component which resulted in an additional $1.2m grant revenue recognition during the prior year, FY23, with the remaining $447k unbudgeted revenue recognition occurring in the current fiscal year. As a result, there is a current receivable of $2.9m and $388k in remaining awards.

Audit Findings – No update, existing findings resolved, current audit underway.

Accounting Initiatives – No update.

Policy Review – Currently developing Debt Policy criteria.

e. Review and Discuss Current Reserve Policy & Reserve Level

I wanted to share a recent article about setting reserve levels to compare and contrast the author's position to District practice for purposes of assessing if any information is presented which would lead us to revisit our policy. Let's start with a quick note that the author's definition of reserves (currently liquid) varies slightly from the definition of reserves utilized by the District (liquid in the short term) in setting the reserve policy, but is close enough to not affect this conversation. Below is an abbreviated presentation of the key points in the article I'd like to highlight. Then the reference GFOA reserve calculation outcome is presented. After which is the staff discussion section.

Why We Should Rethink Reserves

- An increasingly volatile and uncertain world – ensure adequate buffer.
- Lower trust in government – rely more on fundamentals than expert opinion.
- Local governments are becoming resource constrained – GFOA recommends no less than two months operating revenues or expenses while Moody's look for more than 35% of revenue for AAA rating.
- Reserves vs insurance – lower insurance requires higher reserves (more on this in the discussion section).
- Information technology makes rethinking reserves easier – analysis of data and modeling.

How Do We Rethink Reserves?

- Reserves are intended to reduce volatility and uncertainty in public finances – a rick management tool.
- The risks we face – Cash flow, natural disasters, manmade disasters, infrastructure failure, pension liabilities (more on this in the discussion section).
- Saving vs insurance – balance risk, magnitude of potential loss, and opportunity costs against premium savings.

Actions We Can Take to Rethink Reserves

- Risk-based reserve analysis – consider a range vs a single point as this recognizes the impossibility of pinpointing risk, supports risk appetite flexibility, and identifies the point at which reserves are no longer a effective use of resources.
- Develop a comprehensive reserves policy – setting up parameters committing the organization to behaviors supporting desired outcomes in advance vs responding to a situation in a vacuum.
- Optimize the combination of commercial insurance and self-insurance – utilizing stop loss coverage or parametric insurance, which pays a lump sum per incident, an organization can choose the level of risk appropriate for their size and cashflow stability when self-insuring.
- Optimize investment strategies – long-term vs short-term based on likelihood of need and excess reserve amounts.
- Pool risk – pooled risk across multiple organizations and/or within organization across enterprises reduces the risk through diversification.

- Understand bond ratings and reserves – balance opportunity cost of maintaining a higher bond rating.

GFAO's General Fund Reserve Calculation

- Staff utilized the GFOA calculation worksheet to assess the District's risk as it relates to reserves determination.
- Outcome recommend reserve target of 17-25% of revenues/expenditures.

Staff Discussion

The District's current reserve policy is a minimum of 90 days operating expenses. That is equivalent to 25% of operating expenses, 30% of operating revenues, and 17% of total revenues including property tax. These are in alignment with, or in excess of, the rates referenced in the article and the GFOA reserves calculation, with the exception of the Moody's AAA reference. We will set aside determining if the AAA rating is a goal we should aspire to, pending the outcome of the currently under development debt policy.

I really appreciate the prospective that risk to an organization must be recognized and "insured" against through a balance of self-insurance (reserves) and external insurance (insurance and/or pooled risk management). The District currently manages financial risk exposure through a combination of formal insurance, pool risk management (SDRMA), and reserves.

When I consider the financial resources of the District, the potential risk factors, the magnitude of the potential losses, and opportunity costs, I do not recommend increasing reserves to the point of becoming fully self-insured. Full self-insurance is appropriate only when the entity is large enough to be diversified in their risk, has the ability to fund the appropriate level of reserves, and the opportunity cost of the higher level of reserves is low.

While we believe we have the appropriate balance, upon consideration of the GFOA calculation exercise, we have committed to researching catastrophic wildfire cashflow mitigation through stop loss & parametric insurance and mitigation measures utilized by other basin districts.

Staff does not recommend any changes to the current minimum reserves at this time. We will continue to research risk mitigation measures and monitor best practices, bringing findings back to the committee as appropriate.

While the Board has recognized excess reserves are not the highest best use of public funds, and to that end have directed staff to increase reinvestment in infrastructure over the course of the last several years, staff does recommend we should begin formalizing the level excess reserves should not exceed. However, I would again postpone the determination pending the outcome of the debt policy.

f. Review Long Range Calendar

Next Month Agenda:
Review Financial Statements
Review Accounts Paid & Payable
Review & Discuss Accepting the Annual Independent Fiscal Audit Report
Review & Discuss California CLASS Investment Options
Review and Discuss Bank RFI Progress

REVIEW TRACKING:

Submitted by:

Vanetta N. Van Cleave
Chief Financial Officer

Approved by:

Bradley A. Johnson, P.E.
General Manager/CEO

NORTH TAHOE
PUBLIC UTILITY DISTRICT

Committee Agenda Item 3.a.

DATE: November 14, 2023 **ITEM:** G-3a

FROM: Finance Department

SUBJECT: Monthly Financial Reports through September 30, 2023

DISCUSSION:

The following financial reports provide the revenue and expense status of the North Tahoe Public Utility District as of the month ending September 30, 2023. This report represents 3/12 or 25% of the fiscal year.

- **All Funds:** At the end of September, the District's Revenues exceeded Expenses by $1,755,041. This represents Net Income of $727,552 over Budget. Operating Revenues are below budget by ($111,062). The District as a whole, is ($546,878) or (12.1%) under Budget for expenses at month end primarily due to Outside Services/Contractual below budget by ($124,905) and Other Operating Expenses being under budget by ($325,964). Non-Operating Revenues are higher than Budget by $293,445 at month end primarily due to timing of Grant Revenue. Capital projects and purchases in the amount of $7,142,393 have been initiated year-to-date (YTD).

- **All Wastewater Funds:** This report includes the Wastewater Operations Fund, the Wastewater Reserve Fund, and the Wastewater System Replacement Fund. At the end of September, the Wastewater Revenues exceeded Expenses by $164,665. Operating Revenues YTD are $11,047 above Budget. Operating Expenses are ($183,780) or (17.1%) under Budget at month end, largely due to Other Operating Expenses and Depreciation. Combined this results in a YTD performance of $194,827 better than Budget.

  The Wastewater Fund has expended $356,762 and encumbered an additional $717,751 for CIP through September 30, 2023. See Capital Outlay page.

- **All Water Funds:** This report includes the Water Operations Fund, the Water Reserve Fund, and the Water System Replacement Fund. At the end of September, the Water Revenues exceeded Expenses by $629,143. Operating Revenues YTD are under budget by ($73,985) partially due to lower than anticipated consumption. Operating Expenses YTD are under budget by ($98,447) or (8.9%). Combined this results in a YTD performance of $22,925 better than Budget.

  The Water Fund has expended $1,352,121 and encumbered an additional $1,302,000 for CIP through September 30, 2023.

- **All Recreation & Parks:** This report includes the Regional Park, Recreation Programming, the TVRA Boat Ramp, the Event Center, and contractual maintenance

services provided to Placer County and Kings Beach Elementary School. At the end of September, the Recreation & Parks Revenues exceeded Expenses by $1,581,515. Recreation and Parks Operating Revenues are below Budget YTD by ($60,242) or (9.3%). Total Expenses YTD are ($41,996) or (5.2%) under Budget. Non-Operating Revenue exceeded Budget by $292,598 primarily due to the timing of Grant Revenue.

The Recreation and Parks have expended $1,863,744 and encumbered an additional $533,662 for CIP Parks Projects through September 30, 2023. See Capital Outlay page.

- **North Tahoe Event Center (NTEC):** NTEC has a Net Loss of ($30,044) YTD compared to Budget Net Loss of $(27,568), a performance of ($2,476) lower than budget.

- **Fleet:** Operating Expenses YTD are $55,573 under budget, due to Other Operating Expenses.

  Fleet has expended $210,461 for CIP but encumbered $698,564 through September 30, 2023. See Capital Outlay page.

- **General & Administrative and Base:** Operating Expenses YTD are ($167,081) or (12.6%) below Budget, due to Outside Services/Contractual and Other Operating Expenses.

  Administration has expended $40,857 for CIP and encumbered $66,471 through September 30, 2023. See Capital Outlay page.

- **Capital Outlay:** The District has expended $3,823,945 on Capital and encumbered an additional $3,318,448 for a total of $7,142,393 through the month of September 30, 2023.

ATTACHMENTS: Financial Reports for September 30, 2023

REVIEW TRACKING:

Submitted by:

Vanetta N. Van Cleave
Chief Financial Officer

Approved by:
Bradley A. Johnson, P.E.
General Manager/CEO

Statement of Revenues and Expenses
For the Period Ended September 30, 2023

		Month-To-Date				Year-To-Date				FY 2023
	Income Statement	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance	YTD
1	**Operations**									
2	Operating Revenue	$ 926,969	$ 956,807	$ (29,838)	-3.1%	$ 2,972,241	$ 3,092,309	$ (120,068)	-3.9%	$ 2,801,079
3	Internal Revenue	11,284	11,707	(423)	-3.6%	39,628	30,622	9,006	29.4%	46,298
4	**Total Operating Revenue**	$ 938,253	$ 968,514	$ (30,261)	-3.1%	$ 3,011,869	$ 3,122,931	$ (111,062)	-3.6%	$ 2,847,377
5										
6	Salaries and Wages	$ (441,717)	$ (462,635)	$ 20,918	4.5%	$ (1,474,182)	$ (1,460,081)	$ (14,101)	-1.0%	$ (1,330,748)
7	Employee Benefits	(213,697)	(237,216)	23,519	9.9%	(661,221)	(726,782)	65,561	9.0%	(585,452)
8	Outside Services/Contractual	(122,875)	(129,363)	6,488	5.0%	(318,220)	(443,125)	124,905	28.2%	(313,597)
9	Utilities	(67,039)	(51,566)	(15,473)	-30.0%	(198,239)	(176,496)	(21,743)	-12.3%	(148,929)
10	Other Operating Expenses	(111,269)	(237,955)	126,686	53.2%	(377,002)	(702,966)	325,964	46.4%	(512,030)
11	Insurance	(31,277)	(31,072)	(205)	-0.7%	(93,666)	(93,217)	(449)	-0.5%	(69,366)
12	Internal Expense	(11,284)	(11,707)	423	3.6%	(39,628)	(30,622)	(9,006)	-29.4%	(44,270)
13	Debt Service	(3,239)	(3,462)	223	6.4%	(9,717)	(11,038)	1,321	12.0%	(13,621)
14	Depreciation	(262,044)	(286,663)	24,619	8.6%	(785,563)	(859,989)	74,426	8.7%	(779,148)
15	**Total Operating Expense**	$ (1,264,441)	$ (1,451,639)	$ 187,198	12.9%	$ (3,957,438)	$ (4,504,316)	$ 546,878	12.1%	$ (3,797,161)
16										
17	**Operating Income(Loss)**	$ (326,188)	$ (483,125)	$ 156,937	32.5%	$ (945,569)	$ (1,381,385)	$ 435,816	31.5%	$ (949,784)
18										
19	**Non-Operations**									
20	Property Tax Revenue	$ 525,000	$ 525,000	$ -	0.0%	$ 1,575,000	$ 1,575,000	$ -	0.0%	$ 1,466,250
21	Community Facilities District (CFD 94-1)	56,964	58,575	(1,611)	-2.8%	170,892	175,725	(4,833)	-2.8%	167,468
22	Grant Revenue	-	217,300	(217,300)	-100.0%	949,330	651,899	297,431	45.6%	106,668
23	Interest	3,512	3,750	(238)	-6.3%	11,081	11,250	(169)	-1.5%	3,631
24	Other Non-Op Revenue	8,768	6,667	2,101	31.5%	21,016	20,000	1,016	5.1%	24,351
25	Capital Contribution	-	-	-	0.0%	-	-	-	0.0%	-
26	Other Non-Op Expenses	(8,903)	(8,333)	(570)	-6.8%	(26,709)	(25,000)	(1,709)	-6.8%	(30,175)
27	**Income(Loss)**	$ 259,153	$ 319,834	$ (60,681)	-19.0%	$ 1,755,041	$ 1,027,489	$ 727,552	70.8%	$ 788,409
28										
29	**Additional Funding Sources**									
30	Allocation of Non-Operating Revenue	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
31	Transfers	-	-	-	0.0%	-	-	-	0.0%	-
32	Balance	$ 259,153	$ 319,834	$ (60,681)	-19.0%	$ 1,755,041	$ 1,027,489	$ 727,552	70.8%	$ 788,409
	Operating Income	$ (326,188)	$ (483,125)	$ 156,937	32.5%	$ (945,569)	$ (1,381,385)	$ 435,816	31.5%	$ (949,784)
	Net Income(Loss)	$ 259,153	$ 319,834	$ (60,681)	-19.0%	$ 1,755,041	$ 1,027,489	$ 727,552	70.8%	$ 788,409
	Earnings Before Interest, Depreciation & Amortization	$ 524,436	$ 609,959	$ (85,523)	-14.0%	$ 2,550,321	$ 1,898,516	$ 651,805	34.3%	$ 1,581,178
	Operating Ratio	135%	150%	-15%	-10.1%	131%	144%	-13%	-8.9%	133%
	Operating Ratio - plus Tax & CFD	83%	94%	-10%	-11.1%	83%	92%	-9%	-10.0%	85%
	Debt Service Coverage Ratio	80.01	92.38	-1237%	10476%	180.62	93.09	8753%	556%	57.88

Actual Results For the Month Ended September 30, 2023

	Income Statement	Wastewater	Water	Recreation & Parks	Fleet & Equipment	General & Administrative	Total
1	**Operations**						
2	Operating Revenue	$ 387,185	$ 410,390	$ 126,208	$ -	$ 3,186	$ 926,969
3	Internal Revenue	3,680	6,004	1,600	-	-	11,284
4	**Total Operating Revenue**	$ 390,865	$ 416,394	$ 127,808	$ -	$ 3,186	$ 938,253
5							
6	Salaries and Wages	$ (85,182)	$ (78,637)	$ (81,928)	$ (11,281)	$ (184,689)	$ (441,717)
7	Employee Benefits	(45,454)	(41,632)	(40,542)	(6,141)	(79,928)	(213,697)
8	Outside Services/Contractual	(34,117)	(16,317)	(19,080)	(55)	(53,306)	(122,875)
9	Utilities	(15,276)	(36,913)	(5,990)	(729)	(8,131)	(67,039)
10	Other Operating Expenses	(17,935)	(23,208)	(18,726)	(14,191)	(37,210)	(111,269)
11	Internal Expense	(975)	(1,122)	(6,355)	(137)	(2,695)	(11,284)
12	Debt Service	-	(3,239)	-	-	-	(3,239)
13	Insurance	(6,217)	(6,217)	(6,382)	(5,436)	(7,025)	(31,277)
14	Depreciation	(98,697)	(95,346)	(55,443)	(9,365)	(3,193)	(262,044)
15	Total Operating Expense	(303,853)	(302,631)	(234,447)	(47,334)	(376,176)	(1,264,441)
16							
17	**Operating Contribution**	$ 87,012	$ 113,763	$ (106,639)	$ (47,334)	$ (372,990)	$ (326,188)
18							
19	Allocation of Fleet	$ (25,828)	$ (24,290)	$ (9,154)	$ 59,273	$ -	$ -
20	**Operating Income(Loss)**	$ 61,184	$ 89,473	$ (115,793)	$ 11,939	$ (372,990)	$ (326,188)
21							
22	**Non-Operations**						
23	Property Tax Revenue	$ -	$ 141,667	$ 220,833	$ 35,417	$ 127,083	$ 525,000
24	Community Facilities District (CFD 94-1)	-	-	56,964	-	-	56,964
25	Grant Revenue	-	-	-	-	-	-
26	Interest	-	-	-	-	3,512	3,512
27	Other Non-Op Revenue	-	6,215	-	-	2,553	8,768
28	Capital Contribution	-	-	-	-	-	-
29	Other Non-Op Expenses	-	-	(570)	-	(8,333)	(8,903)
30	**Income(Loss)**	$ 61,184	$ 237,355	$ 161,434	$ 47,355	$ (248,175)	$ 259,153
31							
32	**Additional Funding Sources**						
33	Allocation of Non-Operating Revenue	$ -	$ -	$ -	$ -	$ -	$ -
34	Transfers	-	-	-	-	-	-
35	Balance	$ 61,184	$ 237,355	$ 161,434	$ 47,355	$ (248,175)	$ 259,153
	Earnings Before Interest, Depreciation & Amortization	$ 159,881	$ 335,939	$ 216,878	$ 56,721	$ (244,982)	$ 524,436
	Operating Ratio	78%	73%	183%		11808%	Median
	Operating Ratio - plus Tax & CFD	78%	54%	58%	134%	289%	54%

YTD For the Period Ended September 30, 2023

	Income Statement	Wastewater	Water	Recreation & Parks	Fleet & Equipment	General & Administrative	Total
1	**Operations**						
2	Operating Revenue	$ 1,125,081	$ 1,245,973	$ 578,969	$ -	$ 22,218	$ 2,972,241
3	Internal Revenue	11,039	18,089	10,501	-	-	39,628
4	**Total Operating Revenue**	$ 1,136,119	$ 1,264,062	$ 589,470	$ -	$ 22,218	$ 3,011,869
5							
6	Salaries and Wages	$ (286,152)	$ (268,833)	$ (284,849)	$ (33,810)	$ (600,538)	$ (1,474,182)
7	Employee Benefits	(147,400)	(137,310)	(138,340)	(18,620)	(219,551)	(661,221)
8	Outside Services/Contractual	(43,628)	(42,833)	(53,934)	(205)	(177,620)	(318,220)
9	Utilities	(48,126)	(92,998)	(28,157)	(2,018)	(26,940)	(198,239)
10	Other Operating Expenses	(50,996)	(144,767)	(52,263)	(41,187)	(87,789)	(377,002)
11	Internal Expense	(2,926)	(4,366)	(19,219)	(425)	(12,692)	(39,628)
12	Debt Service	-	(9,717)	-	-	-	(9,717)
13	Insurance	(18,651)	(18,651)	(18,981)	(16,308)	(21,075)	(93,666)
14	Depreciation	(296,091)	(286,037)	(165,762)	(28,096)	(9,578)	(785,563)
15	Total Operating Expense	(893,971)	(1,005,513)	(761,503)	(140,669)	(1,155,782)	(3,957,438)
16							
17	**Operating Contribution**	$ 242,149	$ 258,550	$ (172,033)	$ (140,669)	$ (1,133,565)	$ (945,569)
18							
19	Allocation of Fleet	$ (77,485)	$ (72,870)	$ (27,463)	$ 177,818	$ -	$ -
20	**Operating Income(Loss)**	$ 164,663	$ 185,680	$ (199,497)	$ 37,149	$ (1,133,565)	$ (945,569)
21							
22	**Non-Operations**						
23	Property Tax Revenue	$ -	$ 425,000	$ 662,500	$ 106,250	$ 381,250	$ 1,575,000
24	Community Facilities District (CFD 94-1)	-	-	170,892	-	-	170,892
25	Grant Revenue	-	-	949,330	-	-	949,330
26	Interest	-	-	-	-	11,081	11,081
27	Other Non-Op Revenue	-	18,463	-	-	2,553	21,016
28	Capital Contribution	-	-	-	-	-	-
29	Other Non-Op Expenses	-	-	(1,709)	-	(25,000)	(26,709)
30	**Income(Loss)**	$ 164,663	$ 629,143	$ 1,581,516	$ 143,399	$ (763,680)	$ 1,755,041
31							
32	**Additional Funding Sources**						
33	Allocation of Non-Operating Revenue	$ -	$ -	$ -	$ -	$ -	$ -
34	Transfers	-	-	-	-	-	-
35	Balance	$ 164,663	$ 629,143	$ 1,581,516	$ 143,399	$ (763,680)	$ 1,755,041
	Earnings Before Interest, Depreciation & Amortization	$ 460,754	$ 924,897	$ 1,747,278	$ 171,495	$ (754,102)	$ 2,550,321
	Operating Ratio	79%	80%	129%			Median
	Operating Ratio - plus Tax & CFD	79%	60%	54%			54%

Wastewater Operations
Statement of Revenues and Expenses
For the Period Ended September 30, 2023

		Month-To-Date				Year-To-Date				Prior
	Income Statement	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance	YTD
1	**Operations**									
2	Operating Revenue	$ 387,185	$ 371,345	$ 15,840	4.3%	$ 1,125,081	$ 1,114,035	$ 11,046	1.0%	$ 1,038,205
3	Internal Revenue	3,680	3,679	1	0.0%	11,039	11,038	1	0.0%	10,213
4	**Total Operating Revenue**	$ 390,865	$ 375,024	$ 15,841	4.2%	$ 1,136,120	$ 1,125,073	$ 11,047	1.0%	$ 1,048,418
5										
6	Salaries and Wages	$ (85,182)	$ (95,781)	$ 10,599	11.1%	$ (286,152)	$ (301,160)	$ 15,008	5.0%	$ (266,527)
7	Employee Benefits	(45,454)	(48,577)	3,123	6.4%	(147,400)	(153,326)	5,926	3.9%	(132,414)
8	Outside Services/Contractual	(34,117)	(24,075)	(10,042)	-41.7%	(43,628)	(72,175)	28,547	39.6%	(25,050)
9	Utilities	(15,276)	(10,523)	(4,753)	-45.2%	(48,126)	(34,322)	(13,804)	-40.2%	(34,348)
10	Other Operating Expenses	(17,935)	(48,850)	30,915	63.3%	(50,996)	(154,455)	103,459	67.0%	(138,408)
11	Insurance	(6,217)	(6,341)	124	2.0%	(18,651)	(19,022)	371	2.0%	(12,888)
12	Internal Expense	(975)	(976)	1	0.1%	(2,926)	(2,928)	2	0.1%	(8,122)
13	Debt Service	-	-	-	0.0%	-	-	-	0.0%	-
14	Depreciation	(98,697)	(113,454)	14,757	13.0%	(296,091)	(340,362)	44,271	13.0%	(309,188)
15	**Total Operating Expense**	$ (303,853)	$ (348,577)	$ 44,724	12.8%	$ (893,970)	$ (1,077,750)	$ 183,780	17.1%	$ (926,945)
16										
17	**Operating Contribution**	$ 87,012	$ 26,447	$ 60,565	229.0%	$ 242,150	$ 47,323	$ 194,827	411.7%	$ 121,473
18										
19	Allocation of Base	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
20	Allocation of Fleet	(25,828)	(25,828)	-	0.0%	(77,485)	(77,485)	-	0.0%	(76,437)
21	Allocation of General & Administrative	-	-	-	0.0%	-	-	-	0.0%	-
22	**Operating Income(Loss)**	$ 61,184	$ 619	$ 60,565	9784.3%	$ 164,665	$ (30,162)	$ 194,827	645.9%	$ 45,036
23										
24	**Non-Operations**									
25	Property Tax Revenue	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ 137,500
26	Community Facilities District (CFD 94-1)	-	-	-	0.0%	-	-	-	0.0%	-
27	Grant Revenue	-	-	-	0.0%	-	-	-	0.0%	-
28	Interest	-	-	-	0.0%	-	-	-	0.0%	-
29	Other Non-Op Revenue	-	-	-	0.0%	-	-	-	0.0%	-
30	Capital Contribution	-	-	-	0.0%	-	-	-	0.0%	-
31	Other Non-Op Expenses	-	-	-	0.0%	-	-	-	0.0%	(4,000)
32	**Income(Loss)**	$ 61,184	$ 619	$ 60,565	9784.3%	$ 164,665	$ (30,162)	$ 194,827	645.9%	$ 178,536
33										
34	**Additional Funding Sources**									
35	Allocation of Non-Operating Revenue	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
36	Transfers	-	-	-	0.0%	-	-	-	0.0%	-
37	Balance	$ 61,184	$ 619	$ 60,565	9784.3%	$ 164,665	$ (30,162)	$ 194,827	645.9%	$ 178,536
	Earnings Before Interest, Depreciation & Amortization	$ 159,881	$ 114,073	$ 45,808	40.2%	$ 460,756	$ 310,200	$ 150,556	48.5%	$ 487,724
	Operating Ratio	78%	93%	-15%	-16.4%	79%	96%	-17%	-17.9%	88%
	Operating Ratio - plus Tax & CFD	78%	93%	-15%	-16.4%	79%	96%	-17%	-17.9%	78%

Water Operations

Statement of Revenues and Expenses

For the Period Ended September 30, 2023

		Month-To-Date				Year-To-Date				Prior
	Income Statement	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance	YTD
1	**Operations**									
2	Operating Revenue	$ 410,390	$ 433,271	$ (22,881)	-5.3%	$ 1,245,973	$ 1,325,312	$ (79,339)	-6.0%	$ 1,233,089
3	Internal Revenue	6,004	4,245	1,759	41.4%	18,089	12,735	5,354	42.0%	20,001
4	**Total Operating Revenue**	$ 416,394	$ 437,516	$ (21,122)	-4.8%	$ 1,264,062	$ 1,338,047	$ (73,985)	-5.5%	$ 1,253,090
5										
6	Salaries and Wages	$ (78,637)	$ (91,396)	$ 12,759	14.0%	$ (268,833)	$ (287,308)	$ 18,475	6.4%	$ (252,831)
7	Employee Benefits	(41,632)	(44,903)	3,271	7.3%	(137,310)	(141,723)	4,413	3.1%	(124,442)
8	Outside Services/Contractual	(16,317)	(31,530)	15,213	48.2%	(42,833)	(71,000)	28,167	39.7%	(53,227)
9	Utilities	(36,913)	(26,893)	(10,020)	-37.3%	(92,998)	(84,717)	(8,281)	-9.8%	(70,134)
10	Other Operating Expenses	(23,208)	(54,790)	31,582	57.6%	(144,767)	(186,155)	41,388	22.2%	(167,428)
11	Insurance	(6,217)	(6,341)	124	2.0%	(18,651)	(19,022)	371	2.0%	(12,888)
12	Internal Expense	(1,122)	(1,122)	-	0.0%	(4,366)	(3,365)	(1,001)	-29.7%	(7,376)
13	Debt Service	(3,239)	(3,462)	223	6.4%	(9,717)	(11,038)	1,321	12.0%	(13,621)
14	Depreciation	(95,346)	(99,877)	4,531	4.5%	(286,037)	(299,631)	13,594	4.5%	(278,047)
15	**Total Operating Expense**	$ (302,631)	$ (360,314)	$ 57,683	16.0%	$ (1,005,512)	$ (1,103,959)	$ 98,447	8.9%	$ (979,994)
16										
17	**Operating Contribution**	$ 113,763	$ 77,202	$ 36,561	47.4%	$ 258,550	$ 234,088	$ 24,462	10.4%	$ 273,096
18										
19	Allocation of Base	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
20	Allocation of Fleet	(24,290)	(24,290)	-	0.0%	(72,870)	(72,870)	-	0.0%	(71,851)
21	Allocation of General & Administrative	-	-	-	0.0%	-	-	-	0.0%	-
22	**Operating Income(Loss)**	$ 89,473	$ 52,912	$ 36,561	69.1%	$ 185,680	$ 161,218	$ 24,462	15.2%	$ 201,245
23										
24	**Non-Operations**									
25	Property Tax Revenue	$ 141,667	$ 141,667	$ -	0.0%	$ 425,000	$ 425,000	$ -	0.0%	$ 1,037,500
26	Community Facilities District (CFD 94-1)	-	-	-	0.0%	-	-	-	0.0%	-
27	Grant Revenue	-	-	-	0.0%	-	-	-	0.0%	57,618
28	Interest	-	-	-	0.0%	-	-	-	0.0%	-
29	Other Non-Op Revenue	6,215	6,667	(452)	-6.8%	18,463	20,000	(1,537)	-7.7%	22,600
30	Capital Contribution	-	-	-	0.0%	-	-	-	0.0%	-
31	Other Non-Op Expenses	-	-	-	0.0%	-	-	-	0.0%	-
32	**Income(Loss)**	$ 237,355	$ 201,246	$ 36,109	17.9%	$ 629,143	$ 606,218	$ 22,925	3.8%	$ 1,318,963
33										
34	**Additional Funding Sources**									
35	Allocation of Non-Operating Revenue	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
36	Transfers	-	-	-	0.0%	-	-	-	0.0%	-
37	Balance	$ 237,355	$ 201,246	$ 36,109	17.9%	$ 629,143	$ 606,218	$ 22,925	3.8%	$ 1,318,963
	Earnings Before Interest, Depreciation & Amortization	$ 335,940	$ 304,585	$ 31,355	10.3%	$ 924,897	$ 916,887	$ 8,010	0.9%	$ 1,610,631
	Operating Ratio	73%	82%	-10%	-11.7%	80%	83%	-3%	-3.6%	78%
	Operating Ratio - plus Tax & CFD	54%	62%	-8%	-12.8%	60%	63%	-3%	-4.9%	43%

Recreation & Parks Operations
Statement of Revenues and Expenses
For the Period Ended September 30, 2023

		Month-To-Date				Year-To-Date				Prior
	Income Statement	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance	YTD
1	**Operations**									
2	Operating Revenue	$ 126,208	$ 148,825	$ (22,617)	-15.2%	$ 578,969	$ 642,863	$ (63,894)	-9.9%	$ 523,350
3	Internal Revenue	1,600	3,783	(2,183)	-57.7%	10,501	6,849	3,652	53.3%	14,056
4	**Total Operating Revenue**	$ 127,808	$ 152,608	$ (24,800)	-16.3%	$ 589,470	$ 649,712	$ (60,242)	-9.3%	$ 537,406
5										
6	Salaries and Wages	$ (81,928)	$ (95,448)	$ 13,520	14.2%	$ (284,849)	$ (298,442)	$ 13,593	4.6%	$ (212,290)
7	Employee Benefits	(40,542)	(44,155)	3,613	8.2%	(138,340)	(139,233)	893	0.6%	(102,575)
8	Outside Services/Contractual	(19,080)	(18,026)	(1,054)	-5.8%	(53,934)	(52,228)	(1,706)	-3.3%	(44,449)
9	Utilities	(5,990)	(4,588)	(1,402)	-30.6%	(28,157)	(27,576)	(581)	-2.1%	(20,782)
10	Other Operating Expenses	(18,726)	(18,815)	89	0.5%	(52,263)	(84,446)	32,183	38.1%	(67,973)
11	Insurance	(6,382)	(6,341)	(41)	-0.6%	(18,981)	(19,022)	41	0.2%	(13,053)
12	Internal Expense	(6,355)	(4,608)	(1,747)	-37.9%	(19,219)	(13,825)	(5,394)	-39.0%	(20,714)
13	Debt Service	-	-	-	0.0%	-	-	-	0.0%	-
14	Depreciation	(55,443)	(56,243)	800	1.4%	(165,762)	(168,729)	2,967	1.8%	(147,701)
15	**Total Operating Expense**	$ (234,446)	$ (248,224)	$ 13,778	5.6%	$ (761,505)	$ (803,501)	$ 41,996	5.2%	$ (629,537)
16										
17	**Operating Contribution**	$ (106,638)	$ (95,616)	$ (11,022)	-11.5%	$ (172,035)	$ (153,789)	$ (18,246)	-11.9%	$ (92,131)
18										
19	Allocation of Base	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
20	Allocation of Fleet	(9,154)	(9,154)	-	0.0%	(27,463)	(27,463)	-	0.0%	(27,044)
21	Allocation of General & Administrative	-	-	-	0.0%	-	-	-	0.0%	-
22	**Operating Income(Loss)**	$ (115,792)	$ (104,770)	$ (11,022)	-10.5%	$ (199,498)	$ (181,252)	$ (18,246)	-10.1%	$ (119,175)
23										
24	**Non-Operations**									
25	Property Tax Revenue	$ 220,833	$ 220,833	$ -	0.0%	$ 662,500	$ 662,500	$ -	0.0%	$ 387,500
26	Community Facilities District (CFD 94-1)	56,964	58,575	(1,611)	-2.8%	170,892	175,725	(4,833)	-2.8%	167,468
27	Grant Revenue	-	217,300	(217,300)	-100.0%	949,330	651,899	297,431	45.6%	49,050
28	Interest	-	-	-	0.0%	-	-	-	0.0%	-
29	Other Non-Op Revenue	-	-	-	0.0%	-	-	-	0.0%	-
30	Capital Contribution	-	-	-	0.0%	-	-	-	0.0%	-
31	Other Non-Op Expenses	(570)	-	(570)	-100.0%	(1,709)	-	(1,709)	-100.0%	(1,675)
32	**Income(Loss)**	$ 161,435	$ 391,938	$ (230,503)	-58.8%	$ 1,581,515	$ 1,308,872	$ 272,643	20.8%	$ 483,168
33										
34	**Additional Funding Sources**									
35	Allocation of Non-Operating Revenue	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
36	Transfers	-	-	-	0.0%	-	-	-	0.0%	-
37	Balance	$ 161,435	$ 391,938	$ (230,503)	-58.8%	$ 1,581,515	$ 1,308,872	$ 272,643	20.8%	$ 483,168
	Earnings Before Interest, Depreciation & Amortization	$ 216,878	$ 448,181	$ (231,303)	-51.6%	$ 1,747,277	$ 1,477,601	$ 269,676	18.3%	$ 630,869
	Operating Ratio	183%	163%	21%	12.8%	129%	124%	6%	4.5%	117%
	Operating Ratio - plus Tax & CFD	58%	57%	0%	0.6%	54%	54%	0%	-0.9%	58%

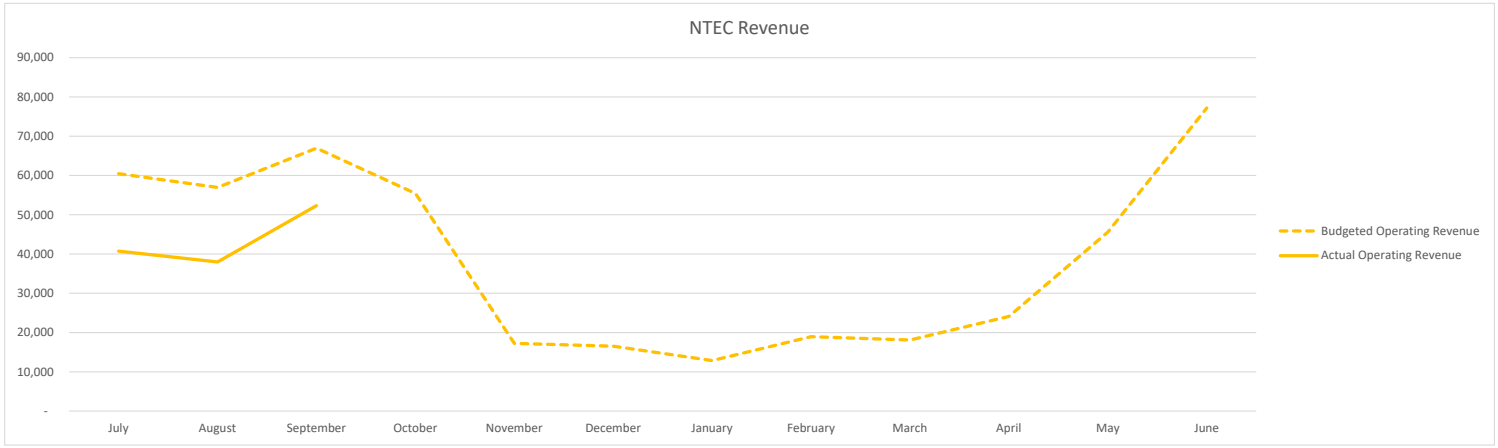
Division	**51-5100**
Department	**Recreation & Parks**
	Event Center Operations

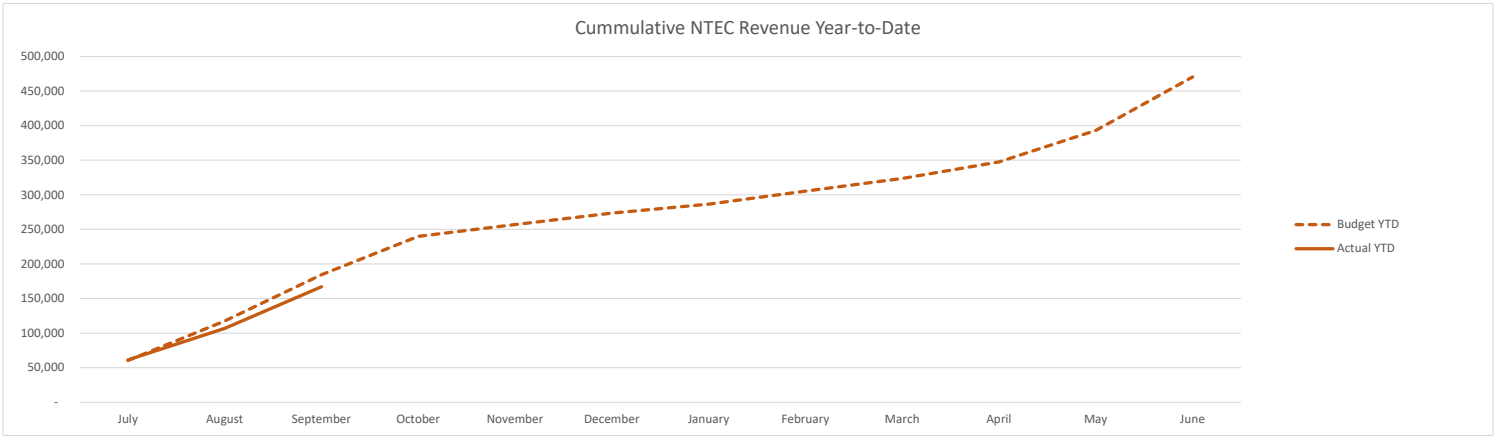
Statement of Revenues and Expenses
For the Period Ended September 30, 2023

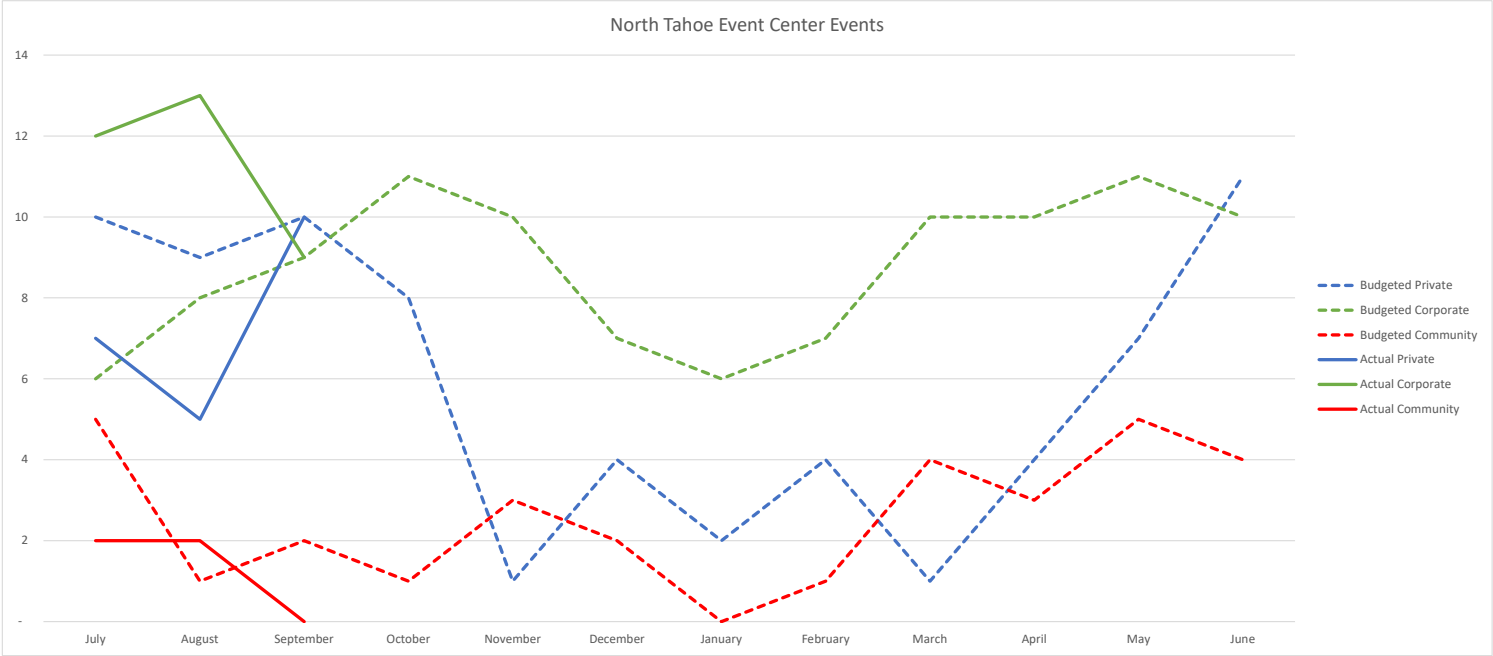
		Month-To-Date				Year-To-Date				Prior
	Income Statement	**Actual**	**Budget**	**Variance**	**% Variance**	**Actual**	**Budget**	**Variance**	**% Variance**	**YTD**
1	**Operations**									
2	Operating Revenue	$ 58,609	$ 63,187	$ (4,578)	-7.2%	$ 156,542	$ 177,549	$ (21,007)	-11.8%	$ 189,306
3	Internal Revenue	1,600	3,783	(2,183)	-57.7%	10,501	6,849	3,652	53.3%	6,556
4	**Total Operating Revenue**	$ 60,209	$ 66,970	$ (6,761)	-10.1%	$ 167,043	$ 184,398	$ (17,355)	-9.4%	$ 195,862
5										
6	Salaries and Wages	$ (31,960)	$ (32,591)	$ 631	1.9%	$ (100,791)	$ (102,501)	$ 1,710	1.7%	$ (77,069)
7	Employee Benefits	(15,280)	(14,617)	(663)	-4.5%	(47,529)	(46,134)	(1,395)	-3.0%	(35,411)
8	Outside Services/Contractual	(220)	(2,291)	2,071	90.4%	(864)	(4,423)	3,559	80.5%	(1,610)
9	Utilities	(3,725)	(2,380)	(1,345)	-56.5%	(15,845)	(11,504)	(4,341)	-37.7%	(12,598)
10	Other Operating Expenses	(8,826)	(6,815)	(2,011)	-29.5%	(26,773)	(42,236)	15,463	36.6%	(42,037)
11	Insurance	-	-	-	0.0%	-	-	-	0.0%	-
12	Internal Expense	(1,763)	(1,723)	(40)	-2.3%	(5,285)	(5,168)	(117)	-2.3%	(4,907)
13	Debt Service	-	-	-	0.0%	-	-	-	0.0%	-
14	Depreciation	-	-	-	0.0%	-	-	-	0.0%	-
15	**Total Operating Expense**	$ (61,774)	$ (60,417)	$ (1,357)	-2.2%	$ (197,087)	$ (211,966)	$ 14,879	7.0%	$ (173,632)
16										
17	**Operating Contribution**	$ (1,565)	$ 6,553	$ (8,118)	-123.9%	$ (30,044)	$ (27,568)	$ (2,476)	-9.0%	$ 22,230
18										
19	Allocation of Base	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
20	Allocation of Fleet	-	-	-	0.0%	-	-	-	0.0%	-
21	Allocation of General & Administrative	-	-	-	0.0%	-	-	-	0.0%	-
22	**Operating Income(Loss)**	$ (1,565)	$ 6,553	$ (8,118)	-123.9%	$ (30,044)	$ (27,568)	$ (2,476)	-9.0%	$ 22,230
23										
24	**Non-Operations**	-	-							
25	Property Tax Revenue	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
26	Community Facilities District (CFD 94-1)	-	-	-	0.0%	-	-	-	0.0%	-
27	Grant Revenue	-	-	-	0.0%	-	-	-	0.0%	-
28	Interest	-	-	-	0.0%	-	-	-	0.0%	-
29	Other Non-Op Revenue	-	-	-	0.0%	-	-	-	0.0%	-
30	Capital Contribution	-	-	-	0.0%	-	-	-	0.0%	-
31	Other Non-Op Expenses	-	-	-	0.0%	-	-	-	0.0%	-
32	**Income(Loss)**	$ (1,565)	$ 6,553	$ (8,118)	-123.9%	$ (30,044)	$ (27,568)	$ (2,476)	-9.0%	$ 22,230
33										
34	**Additional Funding Sources**									
35	Allocation of Non-Operating Revenue	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
36	Transfers	-	-	-	0.0%	-	-	-	0.0%	-
37	Balance	$ (1,565)	$ 6,553	$ (8,118)	-123.9%	$ (30,044)	$ (27,568)	$ (2,476)	-9.0%	$ 22,230

North Tahoe Event Center
FY 2023-24

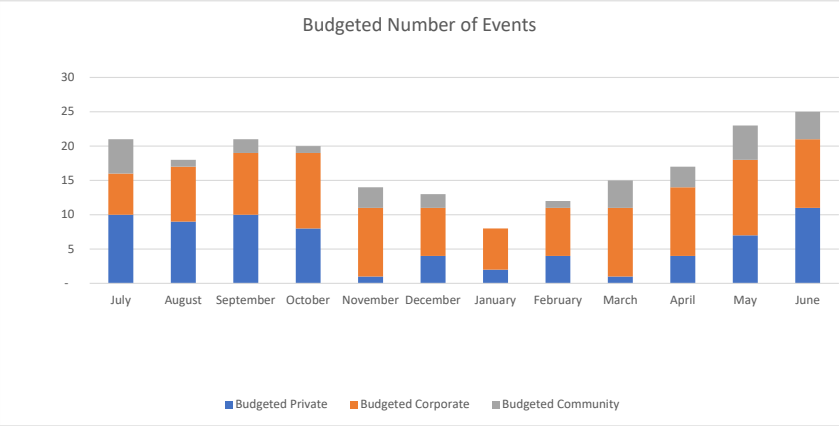
	July	August	September	October	November	December	January	February	March	April	May	June	Total
Revenue													
Private	45,600	39,300	45,600	35,900	2,100	8,400	4,200	8,400	2,100	8,400	19,300	49,000	268,300
Corporate	3,620	8,452	9,557	10,171	10,154	4,598	7,912	7,998	10,154	10,654	12,839	12,264	108,373
Community	3,150	1,106	2,213	1,106	2,656	1,771	-	885	3,542	2,656	4,427	4,426	27,938
Budgeted Total Room Rent	52,370	48,858	57,370	47,177	14,910	14,769	12,112	17,283	15,796	21,710	36,566	65,690	404,611
Program Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Ancillary Revenue	8,100	8,100	9,600	8,250	2,350	1,750	750	1,680	2,300	2,380	9,000	11,500	65,760
Budgeted Operating Revenue	60,470	56,958	66,970	55,427	17,260	16,519	12,862	18,963	18,096	24,090	45,566	77,190	470,371
Private	33,455	22,221	45,678	-	-	-	-	-	-	-	-	-	101,354
Corporate	7,277	11,932	6,639	-	-	-	-	-	-	-	-	-	25,848
Community	-	3,825	-	-	-	-	-	-	-	-	-	-	3,825
Actual Total Room Rent	40,732	37,978	52,317	-	-	-	-	-	-	-	-	-	131,026
Program Revenue	-	196	-	-	-	-	-	-	-	-	-	-	196
Ancillary Revenue	20,554	7,374	7,893	-	-	-	-	-	-	-	-	-	35,821
Actual Operating Revenue	61,286	45,548	60,209	-	-	-	-	-	-	-	-	-	167,043
Variance to Budget	816	(11,410)	(6,761)	(55,427)	(17,260)	(16,519)	(12,862)	(18,963)	(18,096)	(24,090)	(45,566)	(77,190)	(303,328)
# Events													
Budgeted Private	10	9	10	8	1	4	2	4	1	4	7	11	71
Budgeted Corporate	6	8	9	11	10	7	6	7	10	10	11	10	105
Budgeted Community	5	1	2	1	3	2	-	1	4	3	5	4	31
	21	18	21	20	14	13	8	12	15	17	23	25	207
Actual Private	7	5	10	-	-	-	-	-	-	-	-	-	22
Actual Corporate	12	13	9	-	-	-	-	-	-	-	-	-	34
Actual Community	2	2	-	-	-	-	-	-	-	-	-	-	4
	21	20	19	-	-	-	-	-	-	-	-	-	60

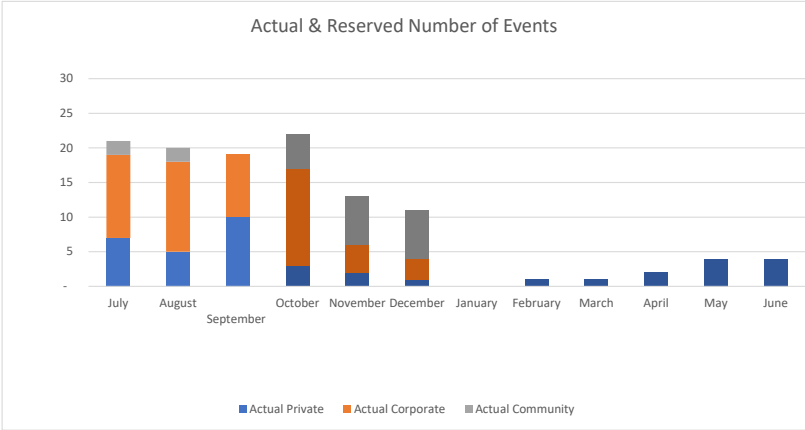

NTEC Revenue
90,000
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
-
July
August
September
October
November
December
January
February
March
April
May
June
Budgeted Operating Revenue
Actual Operating Revenue


Cummulative NTEC Revenue Year-to-Date
500,000
450,000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
-
July
August
September
October
November
December
January
February
March
April
May
June
Budget YTD
Actual YTD



* Program & Recreation events reporting to be forthcoming


Budgeted Number of Events
30
25
20
15
10
5
-
July
August
September
October
November
December
January
February
March
April
May
June
Budgeted Private
Budgeted Corporate
Budgeted Community

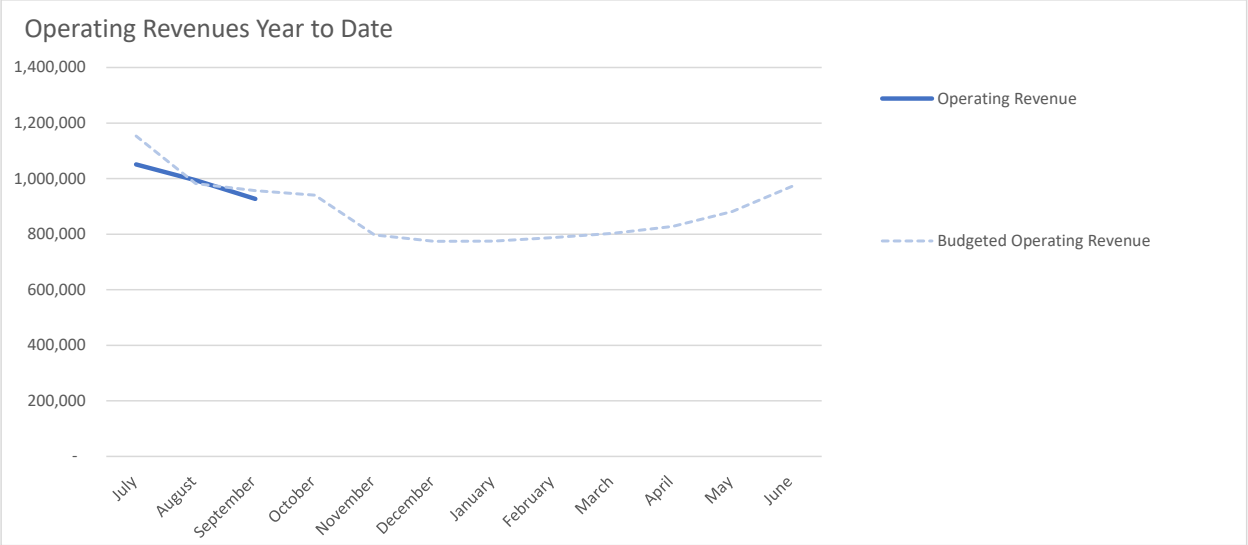

Actual & Reserved Number of Events
30
25
20
15
10
5
-
July
August
September
October
November
December
January
February
March
April
May
June
Actual Private
Actual Corporate
Actual Community

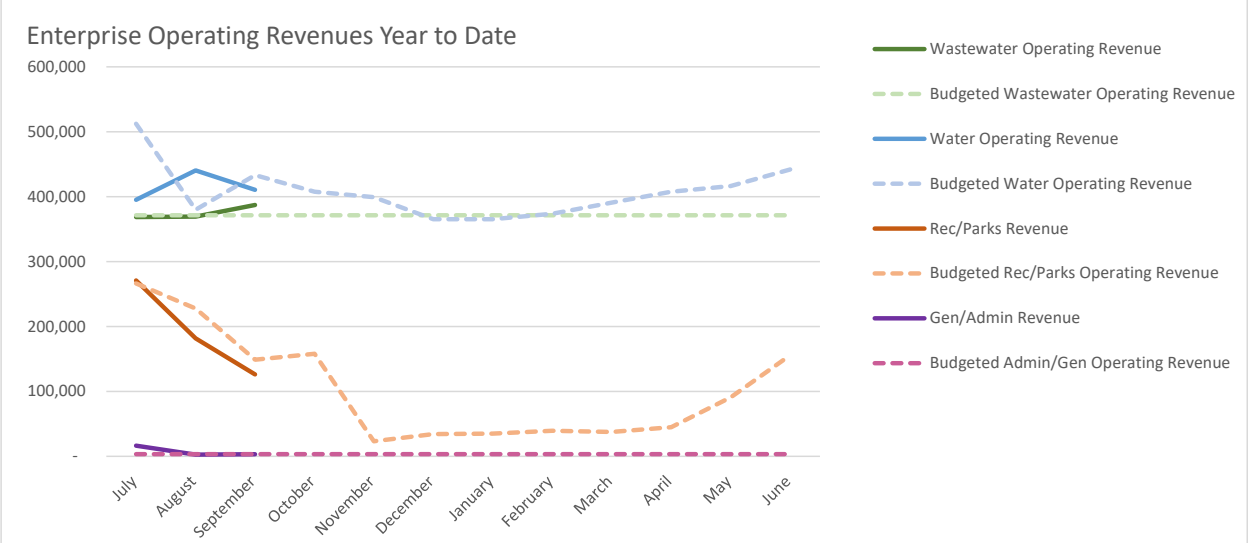
Fleet & Equipment Support
Statement of Revenues and Expenses
For the Period Ended September 30, 2023

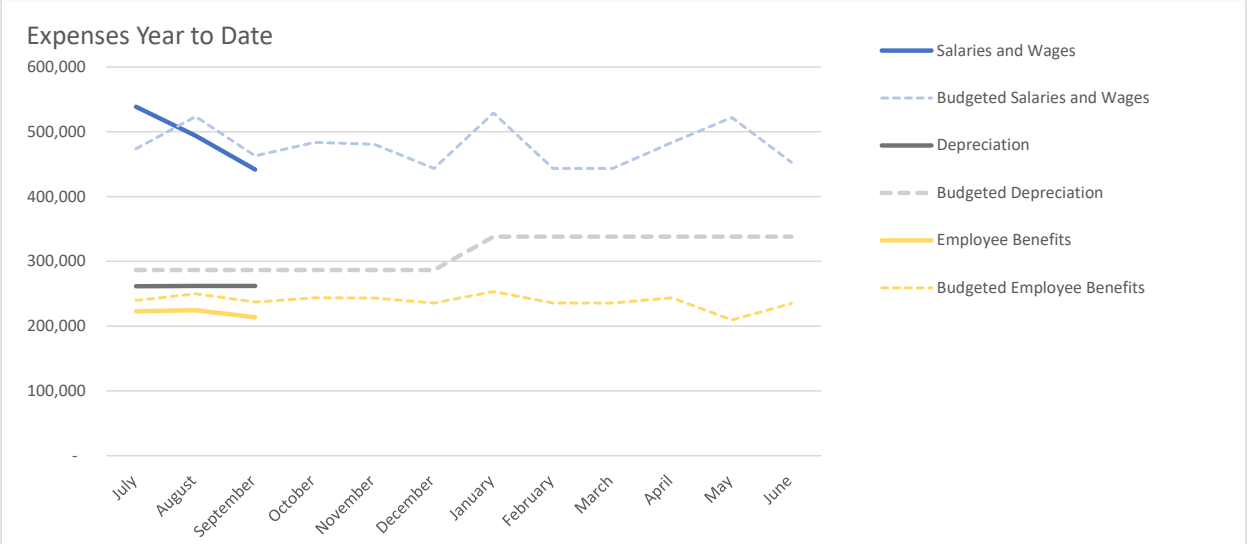
		Month-To-Date				Year-To-Date				Prior
	Income Statement	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance	YTD
1	**Operations**									
2	Operating Revenue	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
3	Internal Revenue	-	-	-	0.0%	-	-	-	0.0%	-
4	**Total Operating Revenue**	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
5										
6	Salaries and Wages	$ (11,281)	$ (8,653)	$ (2,628)	-30.4%	$ (33,810)	$ (27,329)	$ (6,481)	-23.7%	$ (39,325)
7	Employee Benefits	(6,141)	(4,868)	(1,273)	-26.2%	(18,620)	(15,375)	(3,245)	-21.1%	(20,465)
8	Outside Services/Contractual	(55)	(1,225)	1,170	95.5%	(205)	(1,650)	1,445	87.6%	(512)
9	Utilities	(729)	(402)	(327)	-81.3%	(2,018)	(1,176)	(842)	-71.6%	(936)
10	Other Operating Expenses	(14,191)	(63,000)	48,809	77.5%	(41,187)	(92,550)	51,363	55.5%	(52,185)
11	Insurance	(5,436)	(4,942)	(494)	-10.0%	(16,308)	(14,827)	(1,481)	-10.0%	(15,222)
12	Internal Expense	(137)	(137)	-	0.0%	(425)	(411)	(14)	-3.4%	(401)
13	Debt Service	-	-	-	0.0%	-	-	-	0.0%	-
14	Depreciation	(9,365)	(14,308)	4,943	34.5%	(28,096)	(42,924)	14,828	34.5%	(39,281)
15	**Total Operating Expense**	$ (47,335)	$ (97,535)	$ 50,200	51.5%	$ (140,669)	$ (196,242)	$ 55,573	28.3%	$ (168,327)
16										
17	**Operating Contribution**	$ (47,335)	$ (97,535)	$ 50,200	51.5%	$ (140,669)	$ (196,242)	$ 55,573	28.3%	$ (168,327)
18										
19	Allocation of Base	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
20	Allocation of Fleet	59,273	59,273	-	0.0%	177,818	177,818	-	0.0%	175,333
21	Allocation of General & Administrative	-	-	-	0.0%	-	-	-	0.0%	-
22	**Operating Income(Loss)**	$ 11,938	$ (38,262)	$ 50,200	131.2%	$ 37,149	$ (18,424)	$ 55,573	301.6%	$ 7,006
23										
24	**Non-Operations**									
25	Property Tax Revenue	$ 35,417	$ 35,417	$ -	0.0%	$ 106,250	$ 106,250	$ -	0.0%	$ -
26	Community Facilities District (CFD 94-1)	-	-	-	0.0%	-	-	-	0.0%	-
27	Grant Revenue	-	-	-	0.0%	-	-	-	0.0%	-
28	Interest	-	-	-	0.0%	-	-	-	0.0%	-
29	Other Non-Op Revenue	-	-	-	0.0%	-	-	-	0.0%	-
30	Capital Contribution	-	-	-	0.0%	-	-	-	0.0%	-
31	Other Non-Op Expenses	-	-	-	0.0%	-	-	-	0.0%	-
32	**Income(Loss)**	$ 47,355	$ (2,845)	$ 50,200	1764.5%	$ 143,399	$ 87,826	$ 55,573	63.3%	$ 7,006
33										
34	**Additional Funding Sources**									
35	Allocation of Non-Operating Revenue	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
36	Transfers	-	-	-	0.0%	-	-	-	0.0%	-
37	Balance	$ 47,355	$ (2,845)	$ 50,200	1764.5%	$ 143,399	$ 87,826	$ 55,573	63.3%	$ 7,006
	Earnings Before Interest, Depreciation & Amortization	$ 56,720	$ 11,463	$ 45,257	394.8%	$ 171,495	$ 130,750	$ 40,745	31.2%	$ 46,287

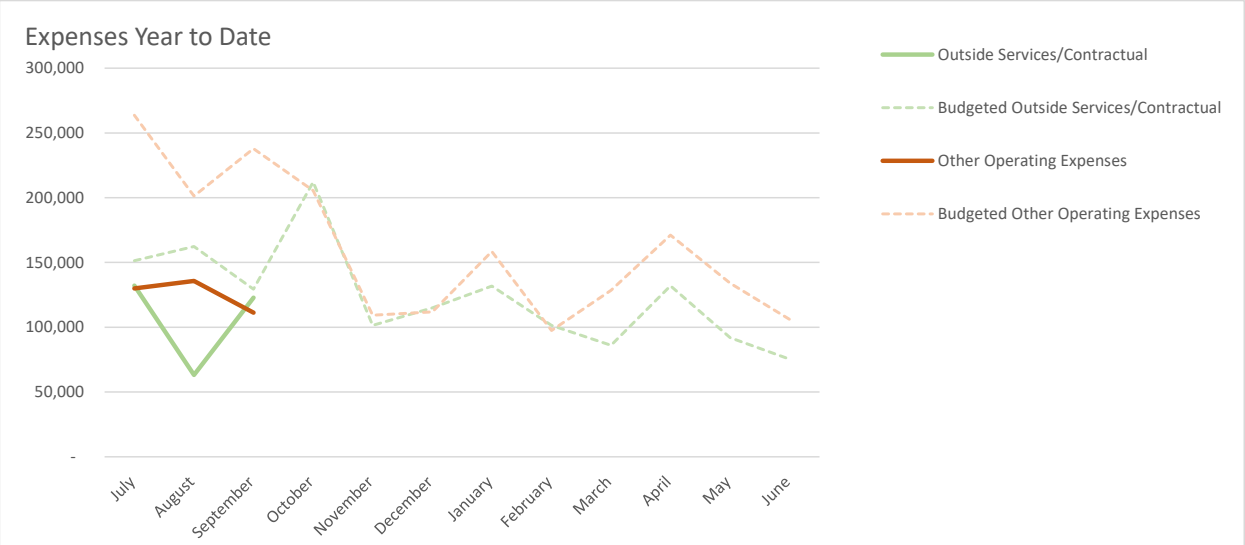
General & Administrative Support
Statement of Revenues and Expenses
For the Period Ended September 30, 2023

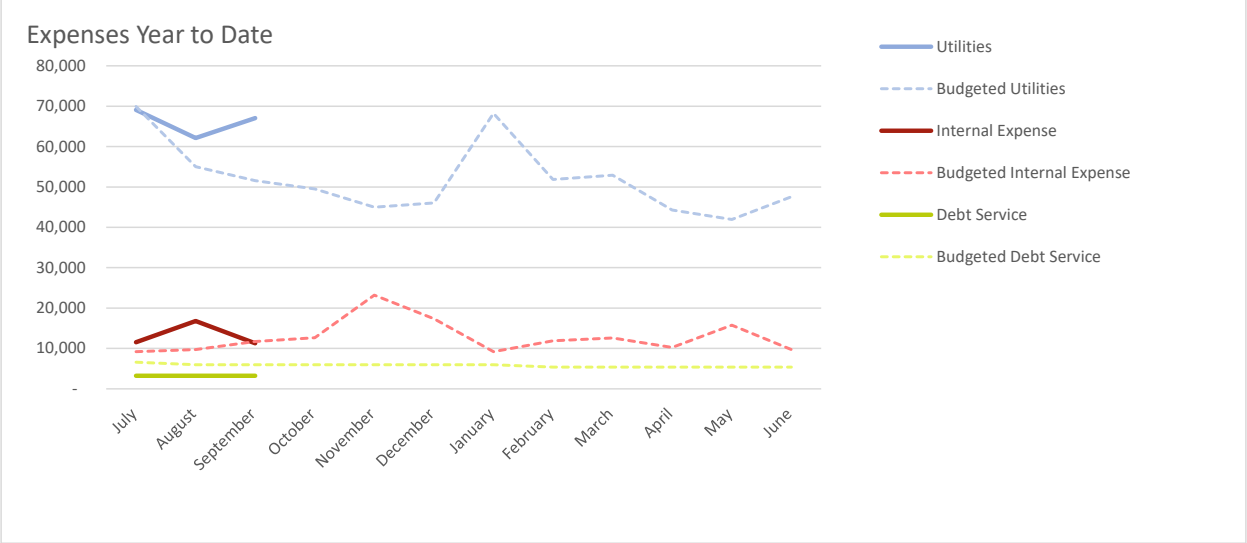
		Month-To-Date				Year-To-Date				Prior
	Income Statement	Actual	Budget	Variance	% Variance	Actual	Budget	Variance	% Variance	YTD
1	**Operations**									
2	Operating Revenue	$ 3,186	$ 3,367	$ (181)	-5.4%	$ 22,218	$ 10,099	$ 12,119	120.0%	$ 8,462
3	Internal Revenue	-	-	-	0.0%	-	-	-	0.0%	-
4	**Total Operating Revenue**	$ 3,186	$ 3,367	$ (181)	-5.4%	$ 22,218	$ 10,099	$ 12,119	120.0%	$ 8,462
5										
6	Salaries and Wages	$ (184,689)	$ (171,358)	$ (13,331)	-7.8%	$ (600,538)	$ (545,842)	$ (54,696)	-10.0%	$ (559,775)
7	Employee Benefits	(79,928)	(94,714)	14,786	15.6%	(219,551)	(277,125)	57,574	20.8%	(205,555)
8	Outside Services/Contractual	(53,306)	(54,507)	1,201	2.2%	(177,620)	(246,072)	68,452	27.8%	(190,360)
9	Utilities	(8,131)	(9,160)	1,029	11.2%	(26,940)	(28,705)	1,765	6.1%	(22,728)
10	Other Operating Expenses	(37,210)	(52,500)	15,290	29.1%	(87,789)	(185,360)	97,571	52.6%	(86,036)
11	Insurance	(7,025)	(7,108)	83	1.2%	(21,075)	(21,324)	249	1.2%	(15,315)
12	Internal Expense	(2,695)	(4,864)	2,169	44.6%	(12,692)	(10,093)	(2,599)	-25.8%	(7,658)
13	Debt Service	-	-	-	0.0%	-	-	-	0.0%	-
14	Depreciation	(3,193)	(2,781)	(412)	-14.8%	(9,578)	(8,343)	(1,235)	-14.8%	(4,931)
15	**Total Operating Expense**	$ (376,177)	$ (396,992)	$ 20,815	5.2%	$ (1,155,783)	$ (1,322,864)	$ 167,081	12.6%	$ (1,092,358)
16										
17	**Operating Contribution**	$ (372,991)	$ (393,625)	$ 20,634	5.2%	$ (1,133,565)	$ (1,312,765)	$ 179,200	13.7%	$ (1,083,896)
18										
19	Allocation of Base	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
20	Allocation of Fleet	-	-	-	0.0%	-	-	-	0.0%	-
21	Allocation of General & Administrative	-	-	-	0.0%	-	-	-	0.0%	-
22	**Operating Income(Loss)**	$ (372,991)	$ (393,625)	$ 20,634	5.2%	$ (1,133,565)	$ (1,312,765)	$ 179,200	13.7%	$ (1,083,896)
23										
24	**Non-Operations**									
25	Property Tax Revenue	$ 127,083	$ 127,083	$ -	0.0%	$ 381,250	$ 381,250	$ -	0.0%	$ (96,250)
26	Community Facilities District (CFD 94-1)	-	-	-	0.0%	-	-	-	0.0%	-
27	Grant Revenue	-	-	-	0.0%	-	-	-	0.0%	-
28	Interest	3,512	3,750	(238)	-6.3%	11,081	11,250	(169)	-1.5%	3,631
29	Other Non-Op Revenue	2,553	-	2,553	100.0%	2,553	-	2,553	100.0%	1,751
30	Capital Contribution	-	-	-	0.0%	-	-	-	0.0%	-
31	Other Non-Op Expenses	(8,333)	(8,333)	-	0.0%	(25,000)	(25,000)	-	0.0%	(24,500)
32	**Income(Loss)**	$ (248,176)	$ (271,125)	$ 22,949	8.5%	$ (763,681)	$ (945,265)	$ 181,584	19.2%	$ (1,199,264)
33										
34	**Additional Funding Sources**									
35	Allocation of Non-Operating Revenue	$ -	$ -	$ -	0.0%	$ -	$ -	$ -	0.0%	$ -
36	Transfers	-	-	-	0.0%	-	-	-	0.0%	-
37	Balance	$ (248,176)	$ (271,125)	$ 22,949	8.5%	$ (763,681)	$ (945,265)	$ 181,584	19.2%	$ (1,199,264)
	Earnings Before Interest, Depreciation & Amortization	$ (244,983)	$ (268,344)	$ 23,361	8.7%	$ (754,103)	$ (936,922)	$ 182,819	19.5%	$ (1,194,333)

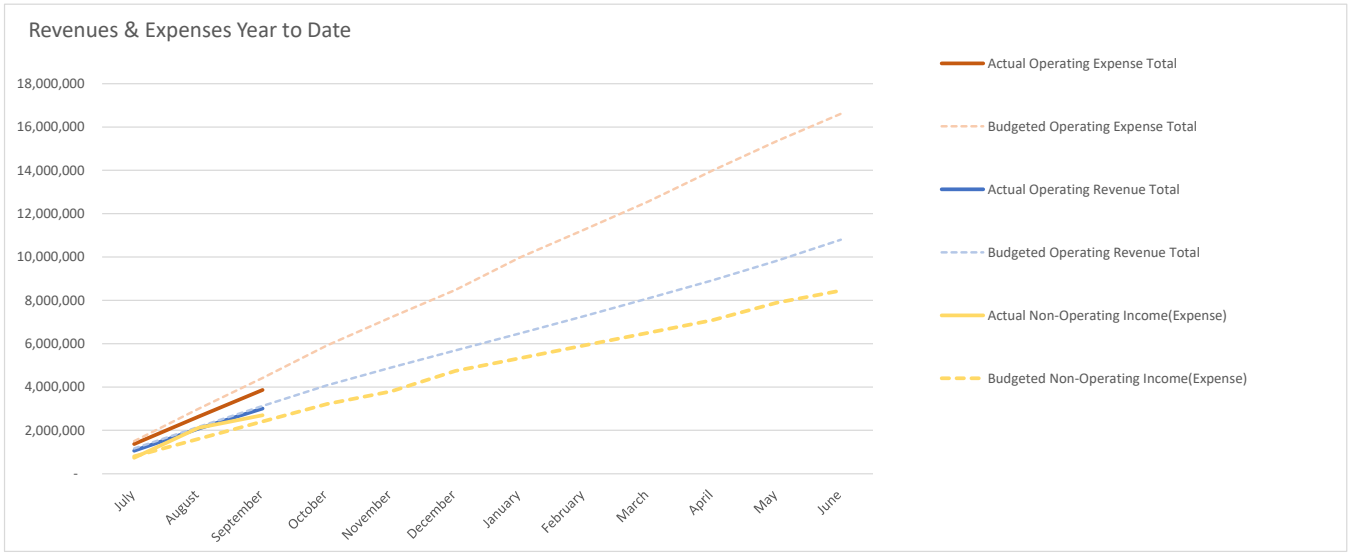

Operating Revenues Year to Date
1,400,000
1,200,000
1,000,000
800,000
600,000
400,000
200,000
-
July
August
September
October
November
December
January
February
March
April
May
June
Operating Revenue
Budgeted Operating Revenue

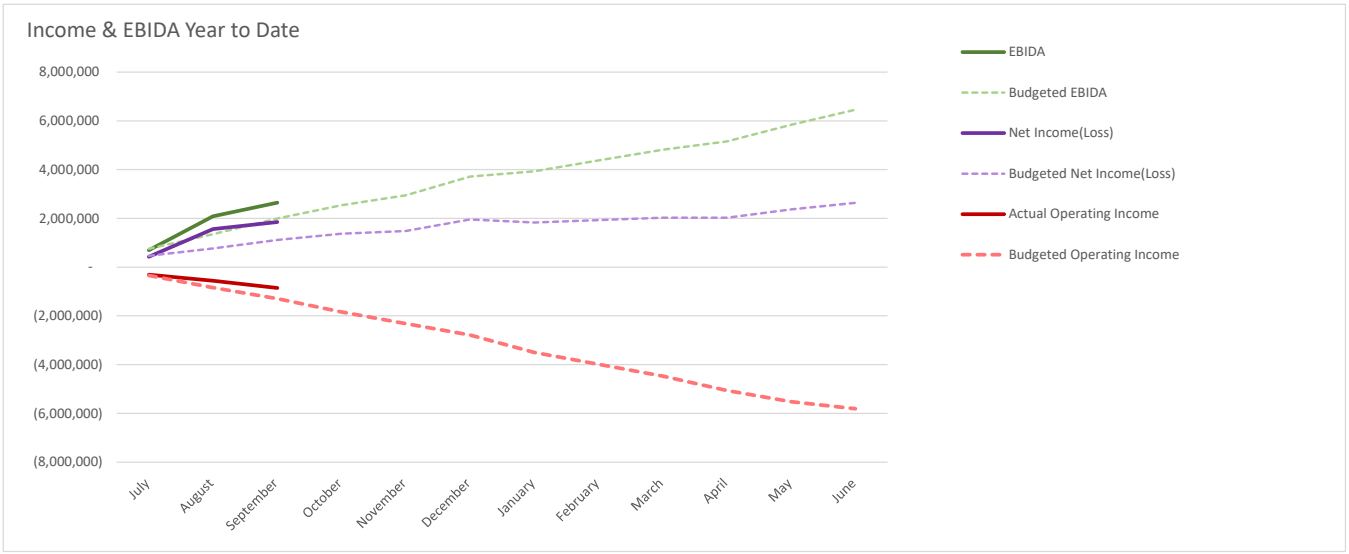

Enterprise Operating Revenues Year to Date
600,000
500,000
400,000
300,000
200,000
100,000
-
July
August
September
October
November
December
January
February
March
April
May
June
Wastewater Operating Revenue
Budgeted Wastewater Operating Revenue
Water Operating Revenue
Budgeted Water Operating Revenue
Rec/Parks Revenue
Budgeted Rec/Parks Operating Revenue
Gen/Admin Revenue
Budgeted Admin/Gen Operating Revenue

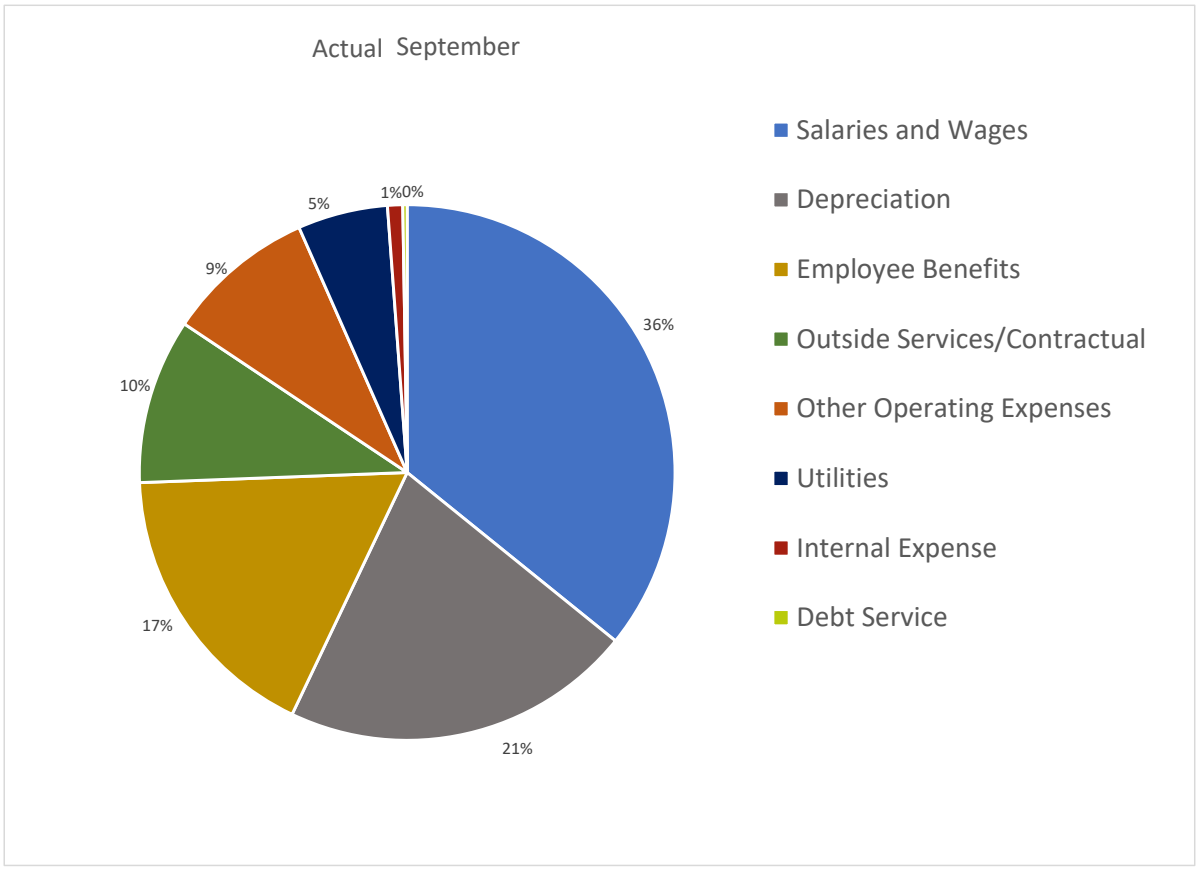

Expenses Year to Date
600,000
500,000
400,000
300,000
200,000
100,000
-
July
August
September
October
November
December
January
February
March
April
May
June
Salaries and Wages
Budgeted Salaries and Wages
Depreciation
Budgeted Depreciation
Employee Benefits
Budgeted Employee Benefits

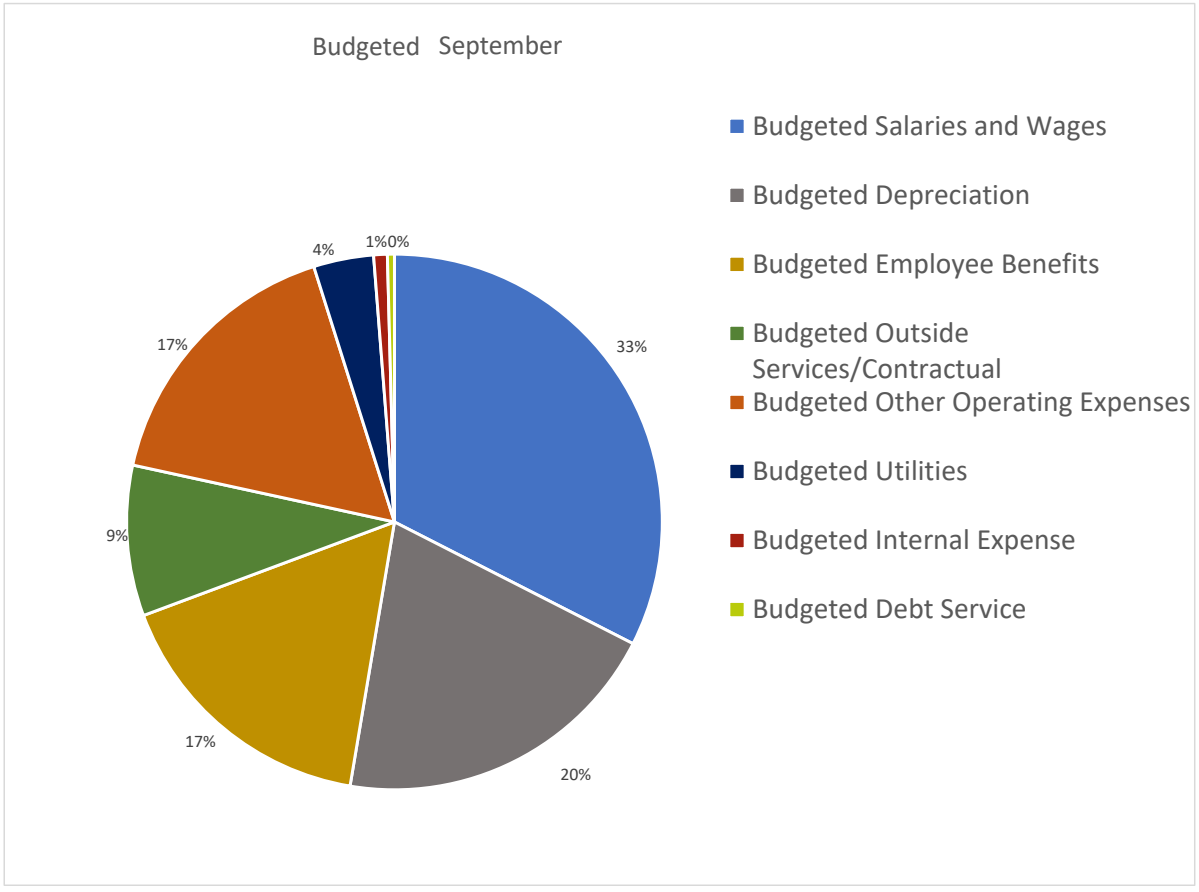

Expenses Year to Date
300,000
250,000
200,000
150,000
100,000
50,000
-
July
August
September
October
November
December
January
February
March
April
May
June
Outside Services/Contractual
Budgeted Outside Services/Contractual
Other Operating Expenses
Budgeted Other Operating Expenses


Expenses Year to Date
80,000
70,000
60,000
50,000
40,000
30,000
20,000
10,000
-
July
August
September
October
November
December
January
February
March
April
May
June
Utilities
Budgeted Utilities
Internal Expense
Budgeted Internal Expense
Debt Service
Budgeted Debt Service


Revenues & Expenses Year to Date
18,000,000
16,000,000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
July
August
September
October
November
December
January
February
March
April
May
June
Actual Operating Expense Total
Budgeted Operating Expense Total
Actual Operating Revenue Total
Budgeted Operating Revenue Total
Actual Non-Operating Income(Expense)
Budgeted Non-Operating Income(Expense)


Income & EBIDA Year to Date
8,000,000
6,000,000
4,000,000
2,000,000
-
(2,000,000)
(4,000,000)
(6,000,000)
(8,000,000)
July
August
September
October
November
December
January
February
March
April
May
June
EBIDA
Budgeted EBIDA
Net Income(Loss)
Budgeted Net Income(Loss)
Actual Operating Income
Budgeted Operating Income


Actual September
Salaries and Wages
Depreciation
Employee Benefits
Outside Services/Contractual
Other Operating Expenses
Utilities
Internal Expense
Debt Service
36%
21%
17%
10%
9%
5%
1%
0%


Budgeted September
Budgeted Salaries and Wages
Budgeted Depreciation
Budgeted Employee Benefits
Budgeted Outside Services/Contractual
Budgeted Other Operating Expenses
Budgeted Utilities
Budgeted Internal Expense
Budgeted Debt Service
33%
20%
17%
9%
17%
4%
1%
0%

Capital Outlay

Projects In Process

For the Period Ended September 30, 2023

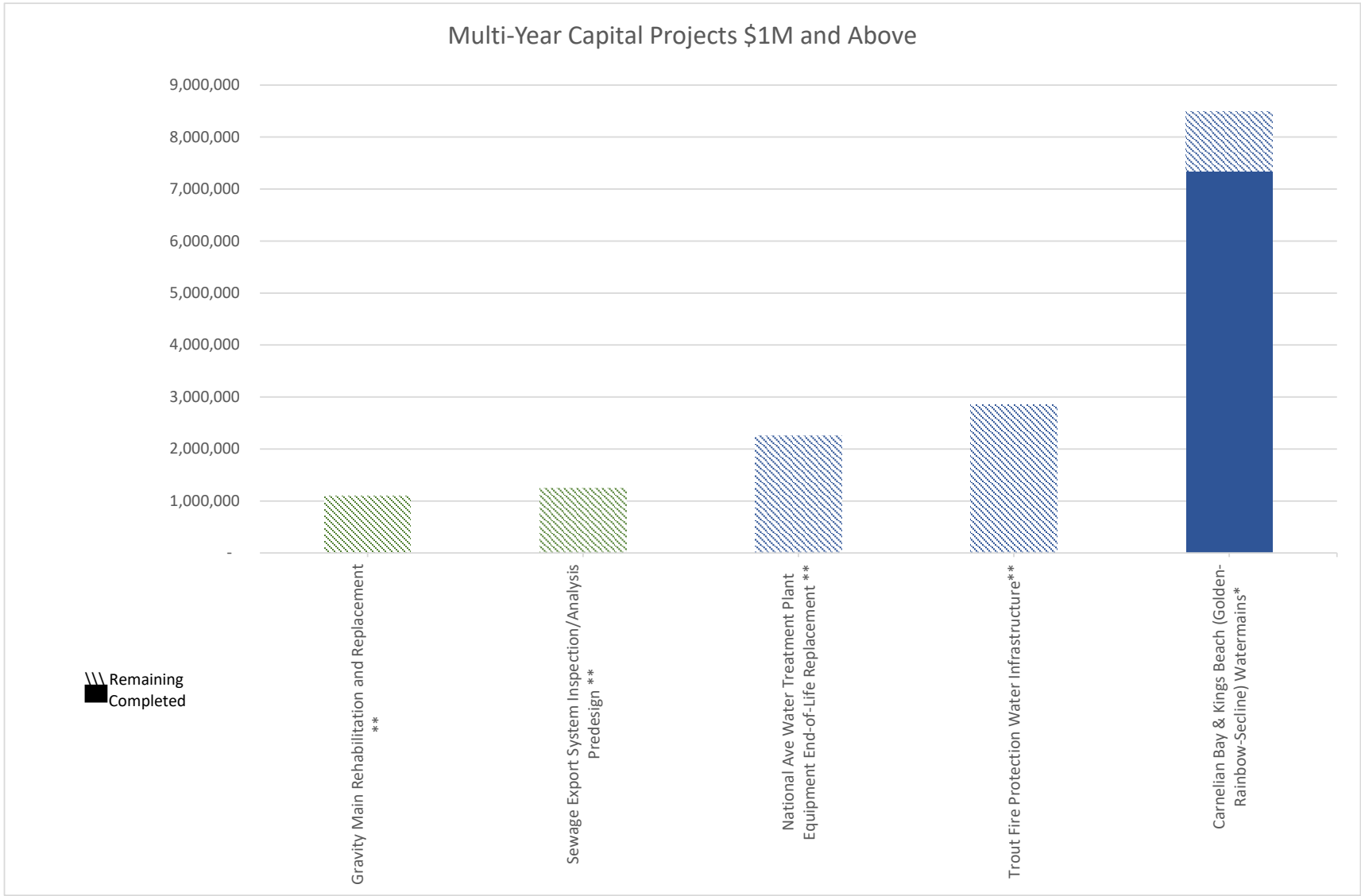
Project Number	Project Description	2024 Adopted Budget	Prior Year Open Project Rollforward	Budget Adjustment	Total Available Budget	Year To Date Actual	Year To Date Encumbered	Year To Date (Over) Under Budget	Return to Reserves	C = Complete	G = Grant Funded	Grant Amount
	Administration & Base											
2401-0000	Base Administration Building Improvements	$ 25,000	$ -	$ -	25,000	$ -	$ -	$ 25,000				
2402-0000	Operations Office Reconfiguration	50,000	-	-	50,000	-	30,167	19,833				
2151-0000	Master Plan: Corporation Yard Layout	200,000	-	-	200,000	-	-	200,000				
2403-0000	Administration Building Roof Improvements **	40,000	-	-	40,000	316	-	39,684				
2405-0000	Base Facility Detention Pond Fencing	25,000	-	-	25,000	667	-	24,333				
2406-0000	Pavement Maintenance Plan - Engineering	60,000	-	-	60,000	2,698	36,304	20,998				
2450-0011	Pavement Maintenance - Slurry Seal	30,000	-	-	30,000	37,176	-	(7,176)				
2407-0000	Electric Vehicle Charging Station	30,000	-	-	30,000	-	-	30,000				
2415-0000	Server and Network Equipment Replacement	50,000	-	-	50,000	-	-	50,000				
	Total Administration Purchases	$ 510,000	$ -	$ -	$ 510,000	$ 40,857	$ 66,471	$ 402,672	$ -			
	Fleet											
2320-0000	#78 Air Compressor*	$ 15,000	$ 26,000	$ -	$ 41,000	$ -	$ 35,575	$ 5,425				
2420-0000	Pavement Saw Slurry Vacuum	15,000	-	-	15,000	-	11,890	3,110				
2422-0000	Snow Removal MultiPurpose Tractor	200,000	-	-	200,000	194,763	-	5,237				
2423-0000	Mid-Size Loader	325,000	-	-	325,000	15,698	282,430	26,872				
2430-0000	Truck: 3/4 ton 2500HD 4x4 GMC Sierra	75,000	-	-	75,000	-	61,445	13,555				
2431-0000	Truck: 3/4 ton 2500HD 4x4 GMC Sierra	75,000	-	-	75,000	-	61,445	13,555				
2432-0000	Truck: 3/4 ton 2500HD 4x4 GMC Sierra	75,000	-	-	75,000	-	61,445	13,555				
2433-0000	Truck: 3/4 ton 2500HD 4x4 GMC Sierra	75,000	-	-	75,000	-	61,445	13,555				
2434-0000	Truck: 3/4 ton 2500HD 4x4 GMC Sierra	75,000	-	-	75,000	-	61,445	13,555				
2435-0000	Truck: 3/4 ton 2500HD 4x4 GMC Sierra	75,000	-	-	75,000	-	61,445	13,555				
	Total Fleet Purchases	$ 1,005,000	$ 26,000	$ -	$ 1,031,000	$ 210,461	$ 698,564	$ 121,975	$ -			
	Wastewater											
2244-0000	Packaged Satellite Sewer Pump Station Improvements Project S-1, S-2, N-2, D-2, D-5, S-3*	$ -	$ 949,165	$ 70,000	$ 1,019,165	$ 317,528	$ 638,430	$ 63,207				
2440-0000	Lower Lateral CIPP Rehabilitation	70,000	-	-	70,000	-	-	70,000				
2441-0000	Sewer Force Main Improvements	70,000	-	-	70,000	-	-	70,000				
2442-0000	Lower Lateral Replacement	70,000	-	(70,000)	-	-	-	-				
2443-0000	Sewer Collection System Improvements	70,000	-	-	70,000	17,449	-	52,551				
2444-0000	Gravity Main Rehabilitation and Replacement **	100,000	-	-	100,000	-	-	100,000				
2445-0000	Sewage Export System Inspection/Analysis Predesign **	150,000	-	-	150,000	-	-	150,000				
2446-0000	Satellite PS Rehabilitation Design	200,000	-	-	200,000	5,045	58,095	136,860				
2447-0000	N-3, C-2, D-4 Satellite PS Improvements Project**	50,000	-	-	50,000	-	-	50,000				
2448-0000	Easement Clearing (location TBD)	65,000	-	-	65,000	-	-	65,000				
2449-0000	SCADA Infrastructure Improvements	120,000	-	-	120,000	-	-	120,000				
2451-0000	CCTV Push Camera	20,000	-	-	20,000	-	21,226	(1,226)				
2452-0000	Sewage Pump Station Improvements	25,000	-	-	25,000	-	-	25,000				
2450-0021	Pavement Maintenance - Slurry Seal	20,000	-	-	20,000	16,740	-	3,260				
	Total Wastewater Purchases	$ 1,030,000	$ 949,165	$ -	$ 1,979,165	$ 356,762	$ 717,751	$ 904,652	$ -			

Capital Outlay

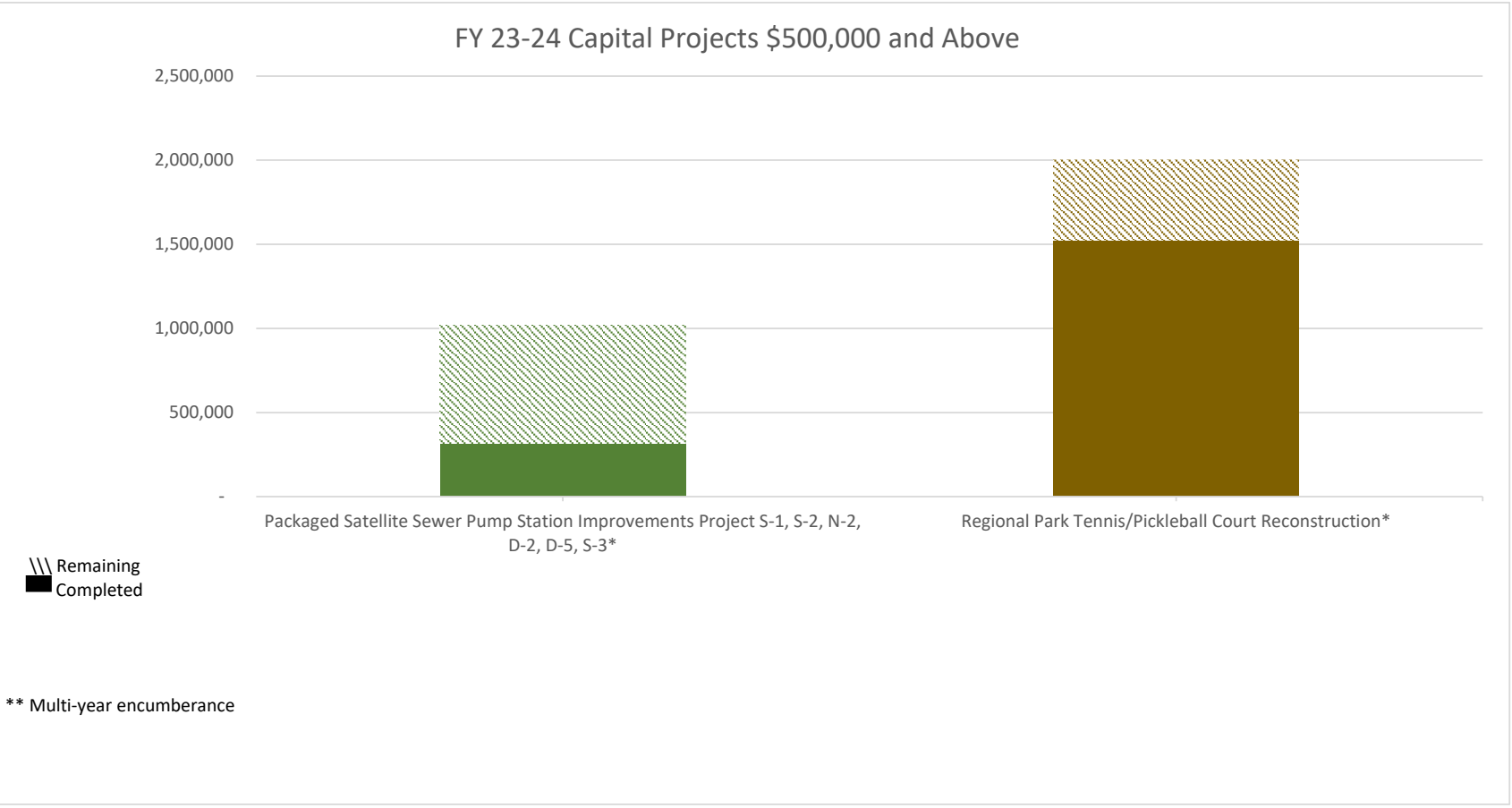
Projects In Process

For the Period Ended September 30, 2023

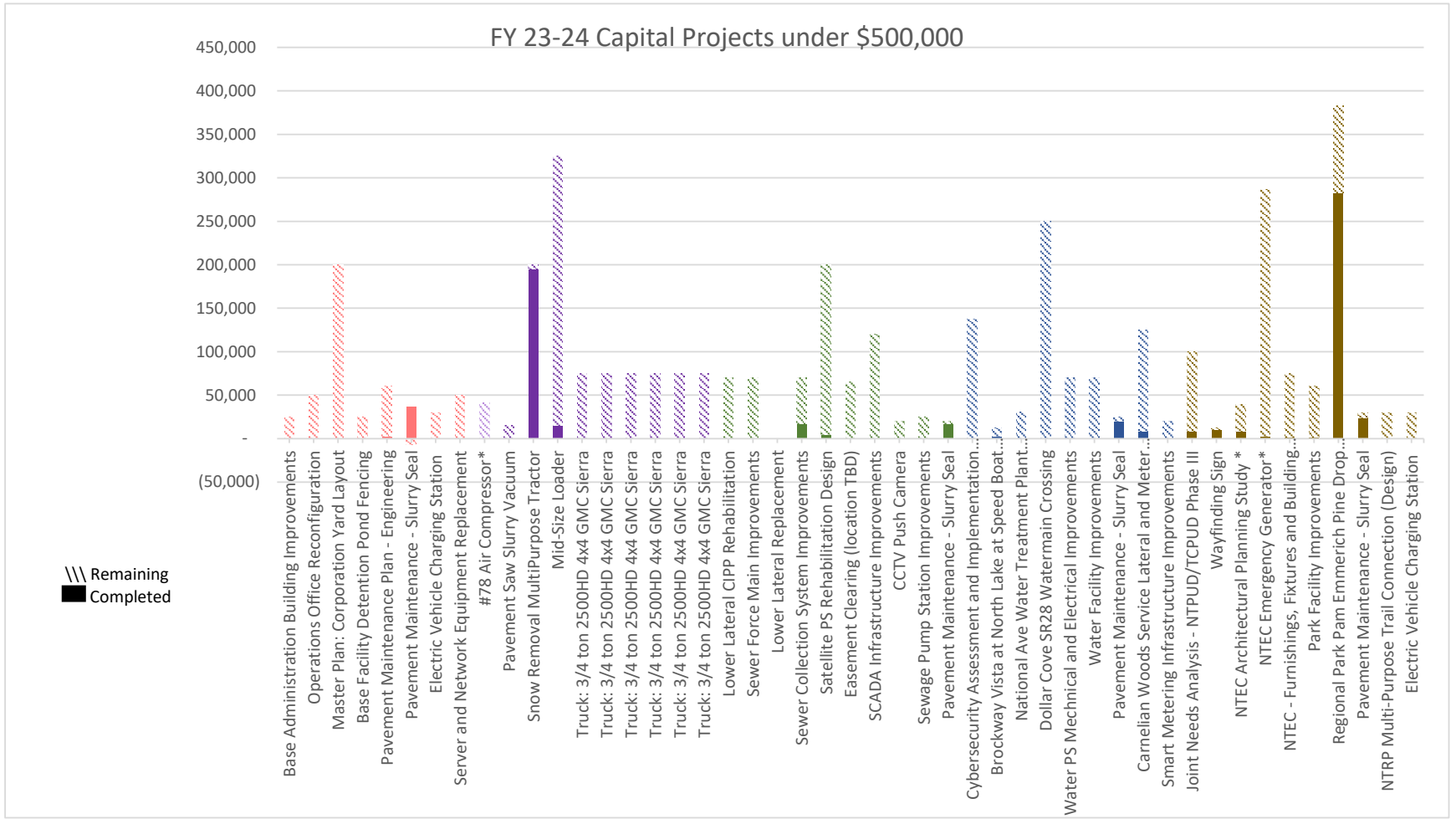
Project Number	Project Description	2024 Adopted Budget	Prior Year Open Project Rollforward	Budget Adjustment	Total Available Budget	Year To Date Actual	Year To Date Encumbered	Year To Date (Over) Under Budget	Return to Reserves	C = Complete G = Grant Funded	Grant Amount
	Water										
2260-0000	Cybersecurity Assessment and Implementation Phase I*	$ -	$ 137,380	$ -	$ 137,380	$ -	$ 133,436	$ 3,944			
2361-0000	Brockway Vista at North Lake at Speed Boat Watermain*	-	12,059	-	12,059	2,397	-	9,662			
2362-0000	National Ave Water Treatment Plant Programmable Logical Carnelian Bay & Kings Beach (Golden-Rainbow-Secline)	-	30,860	-	30,860	-	30,860	-			
2264-0000	Watermains*	2,466,000	1,341	-	2,467,341	1,320,469	1,001,905	144,967			
2460-0000	Dollar Cove SR28 Watermain Crossing	250,000	-	-	250,000	-	-	250,000			
2464-0000	National Ave Water Treatment Plant Equipment End-of-Life Replacement **	150,000	-	-	150,000	-	-	150,000			
2465-0000	Trout Fire Protection Water Infrastructure**	50,000	-	-	50,000	861	-	49,139			
2470-0000	Water PS Mechnical and Electrical Improvements	70,000	-	-	70,000	-	-	70,000			
2471-0000	Water Facility Improvements	70,000	-	-	70,000	-	-	70,000			
2450-0031	Pavement Maintenance - Slurry Seal	25,000	-	-	25,000	20,088	-	4,912			
2461-0000	Carnelian Woods Service Lateral and Meter Replacement	125,000	-	-	125,000	8,306	135,799	(19,105)			
2462-0000	Smart Metering Infrastructure Improvements	20,000	-	-	20,000	-	-	20,000			
	Total Water Purchases	$ 3,226,000	$ 181,640	$ -	$ 3,407,640	$ 1,352,121	$ 1,302,000	$ 753,519	$ -		
	Recreation and Parks										
2481-0000	Joint Needs Analysis - NTPUD/TCPUD Phase III	$ 100,000	$ -		$ 100,000	$ 8,289	$ 75,178	$ 16,533		#	$ 50,000
1623-0000	Wayfinding Sign	-	11,941	-	11,941	10,524	4,651	(3,234)		G	13,169
2040-PLC	Wayfinding and Destination Signage Project * **	50,000	19,894	-	69,894	-	26,889	43,006		G	69,894
2280-WEBC	TVRA Marian Trail Webcam Completion	-	-		-		20,780	(20,780)			
2284-0000	NTEC Architectural Planning Study *	78,185	(38,624)	-	39,561	8,888	6,986	23,687			
2392-0000	Regional Park Tennis/Pickleball Court Reconstruction*	2,792,715	(791,815)	-	2,000,900	1,523,720	261,650	215,529		G	750,000
2192-0000	NTEC Emergency Generator*	275,000	11,176	-	286,176	3,147	19,162	263,867		G	188,406
2490-0000	NTEC - Furnishings, Fixtures and Building Improvements	75,000	-	-	75,000	1,354	-	73,646			
2482-0000	Park Facility Improvements	60,000	-	-	60,000	1,886	32,688	25,426			
2281-0000/1PLC	Regional Park Pam Emmerich Pine Drop Trailhead Project*	430,000	(47,566)	-	382,434	282,500	82,118	17,816		G	241,901
2450-0043	Pavement Maintenance - Slurry Seal	30,000	-	-	30,000	23,436	3,560	3,004			
2484-0000	NTRP Multi-Purpose Trail Connection (Design)	30,000	-	-	30,000	-	-	30,000			
2485-0000	Electric Vehicle Charging Station	30,000	-	-	30,000	-	-	30,000			
	Total Recreation and Parks Purchases	$ 3,950,900	$ (834,994)	$ -	$ 3,115,906	$ 1,863,744	$ 533,662	$ 718,501	$ -		
*	Project carry-over from Prior Year										
**	Multi-year encumberance - on 5 year CIP										
#	Non-grant cost reimbursement										
	Administration & Base	$ 510,000	$ -	$ -	$ 510,000	$ 40,857	$ 66,471	$ 402,672	$ -		
	Fleet	1,005,000	26,000	-	1,031,000	210,461	698,564	121,975	-		
	Wastewater	1,030,000	949,165	-	1,979,165	356,762	717,751	904,652	-		
	Water	3,226,000	181,640	-	3,407,640	1,352,121	1,302,000	753,519	-		
	Recreation and Parks	3,950,900	(834,994)	-	3,115,906	1,863,744	533,662	718,501	-		
	Total Capital Expenditures	$ 9,721,900	$ 321,811	$ -	$ 10,043,711	$ 3,823,945	$ 3,318,448	$ 2,901,318	$ -		

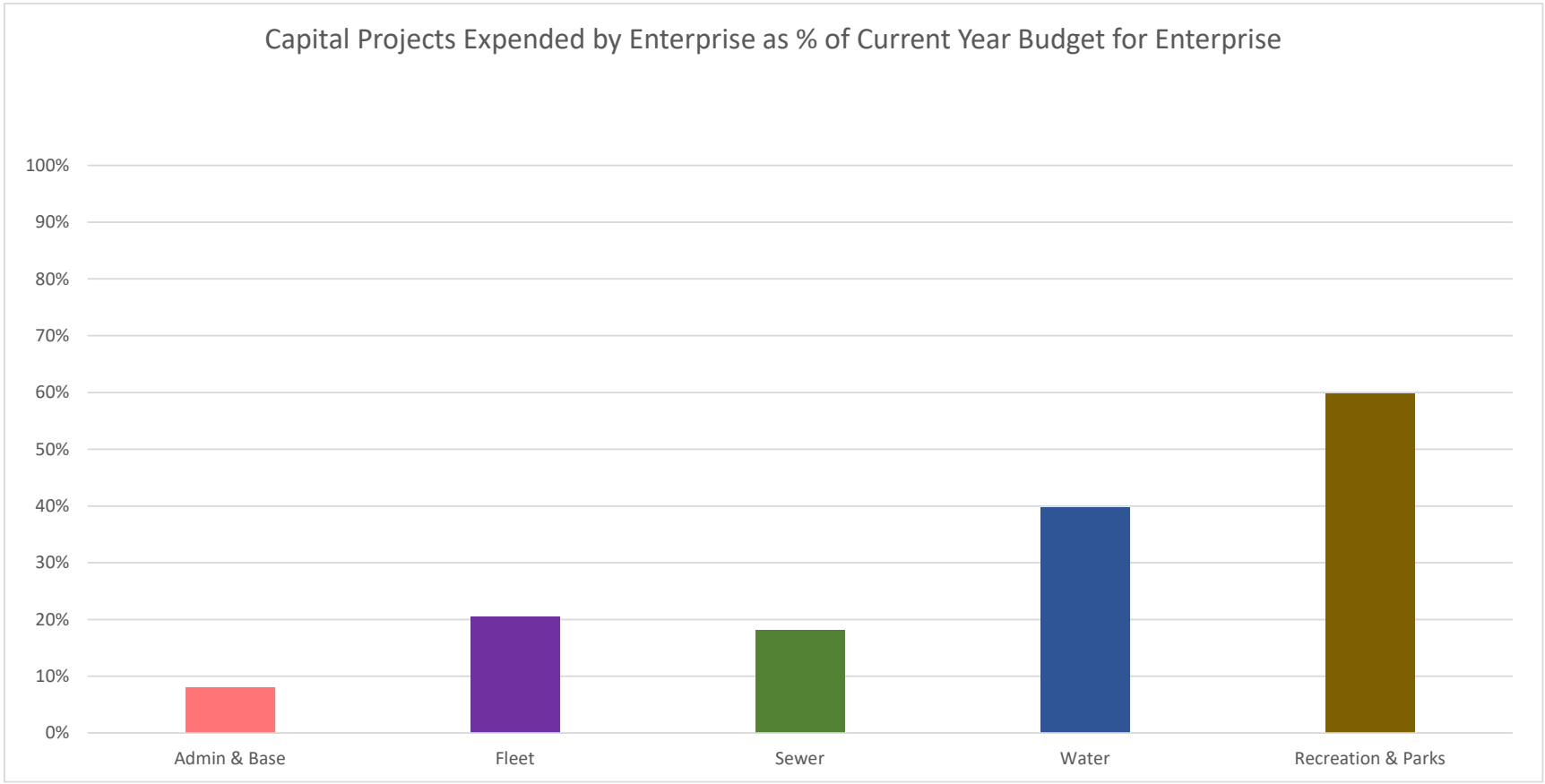

Multi-Year Capital Projects $1M and Above
9,000,000
8,000,000
7,000,000
6,000,000
5,000,000
4,000,000
3,000,000
2,000,000
1,000,000
-
Remaining
Completed
Gravity Main Rehabilitation and Replacement **
Sewage Export System Inspection/Analysis Predesign **
National Ave Water Treatment Plant Equipment End-of-Life Replacement **
Trout Fire Protection Water Infrastructure**
Carnelian Bay & Kings Beach (Golden-Rainbow-Secline) Watermains*


Multi-Year Capital Projects under $1M
600,000
500,000
400,000
300,000
200,000
100,000
-
Remaining
Completed
Administration Building Roof Improvements **
N-3, C-2, D-4 Satellite PS Improvements Project**
Wayfinding and Destination Signage Project * **



** Multi-year encumberance


FY 23-24 Capital Projects under $500,000
450,000
400,000
350,000
300,000
250,000
200,000
150,000
100,000
50,000
-
(50,000)
Remaining
Completed
Base Administration Building Improvements
Operations Office Reconfiguration
Master Plan: Corporation Yard Layout
Base Facility Detention Pond Fencing
Pavement Maintenance Plan - Engineering
Pavement Maintenance - Slurry Seal
Electric Vehicle Charging Station
Server and Network Equipment Replacement
#78 Air Compressor*
Pavement Saw Slurry Vacuum
Snow Removal MultiPurpose Tractor
Mid-Size Loader
Truck: 3/4 ton 2500HD 4x4 GMC Sierra
Truck: 3/4 ton 2500HD 4x4 GMC Sierra
Truck: 3/4 ton 2500HD 4x4 GMC Sierra
Truck: 3/4 ton 2500HD 4x4 GMC Sierra
Truck: 3/4 ton 2500HD 4x4 GMC Sierra
Truck: 3/4 ton 2500HD 4x4 GMC Sierra
Lower Lateral CIPP Rehabilitation
Sewer Force Main Improvements
Lower Lateral Replacement
Sewer Collection System Improvements
Satellite PS Rehabilitation Design
Easement Clearing (location TBD)
SCADA Infrastructure Improvements
CCTV Push Camera
Sewage Pump Station Improvements
Pavement Maintenance - Slurry Seal
Cybersecurity Assessment and Implementation...
Brockway Vista at North Lake at Speed Boat...
National Ave Water Treatment Plant...
Dollar Cove SR28 Watermain Crossing
Water PS Mechnical and Electrical Improvements
Water Facility Improvements
Pavement Maintenance - Slurry Seal
Carnelian Woods Service Lateral and Meter...
Smart Metering Infrastructure Improvements
Joint Needs Analysis - NTPUD/TCPUD Phase III
Wayfinding Sign
NTEC Architectural Planning Study *
NTEC Emergency Generator*
NTEC - Furnishings, Fixtures and Building...
Park Facility Improvements
Regional Park Pam Emmerich Pine Drop...
Pavement Maintenance - Slurry Seal
NTRP Multi-Purpose Trail Connection (Design)
Electric Vehicle Charging Station


Capital Projects Expended by Enterprise as % of Current Year Budget for Enterprise
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Admin & Base
Fleet
Sewer
Water
Recreation & Parks

Consolidated Balance Sheet
For the Period Ended September 30, 2023

	Current Month	Prior Month	FYE 2023
ASSETS			
Current Assets			
Cash & Cash Equivalents	$ 6,809,949	$ 8,022,718	$ 12,457,350
Investments	1,302,518	1,302,518	902,842
Due (To)/From Other Fund	-	-	-
Accounts Receivable	2,892,106	2,420,933	259,632
Inventory	168,443	168,443	168,443
Deposits and Prepaid Expenses	357,239	405,474	624,855
Total Current Assets	**$ 11,530,254**	**$ 12,320,085**	**$ 14,413,122**
Restricted Assets			
Cash & Cash Equivalents	$ 420,019	$ 420,019	$ 407,278
Accounts Receivable	1,293,093	1,606,326	679,277
Deposits and Prepaid Expenses	-	-	-
Total Restricted Assets	**$ 1,713,112**	**$ 2,026,345**	**$ 1,086,554**
Non-Current Assets			
Property, Plant & Equipment			
Work in Process	$ 13,237,341	$ 12,089,723	$ 9,463,304
Land	7,123,368	7,123,368	7,123,368
Property Rights	15,237	15,237	15,237
Buildings and Improvements	27,933,046	27,933,046	27,878,345
Vehicles and Equipment	8,164,962	8,164,962	8,164,962
Furniture and Office Equipment	1,937,233	1,937,233	1,937,233
Water System	39,147,924	39,147,924	39,147,924
Sewer System	41,036,492	41,036,492	41,036,492
Subtotal - Property, Plant & Equipment	138,595,603	137,447,985	134,766,866
Accumulated Depreciation	(69,449,024)	(69,186,980)	(68,685,419)
Net Property, Plant & Equipment	**$ 69,146,579**	**$ 68,261,006**	**$ 66,081,447**
DEFERRED OUTFLOWS OF RESOURCES	**$ 1,510,207**	**$ 1,510,207**	**$ 1,187,215**
TOTAL ASSETS & DEFERRED OUTFLOWS	**$ 83,900,153**	**$ 84,117,642**	**$ 82,768,338**

Consolidated Balance Sheet
For the Period Ended September 30, 2023

	Current Month	Prior Month	FYE 2023
LIABILITIES			
Current Liabilities			
Accounts Payable	$ 1,068,323	$ 1,545,373	$ 3,135,738
Deferred Revenue	491,914	514,483	560,895
Compensated Absences Payable	778,124	787,862	712,749
Accrued Liabilities	782,376	749,661	645,237
Current Portion of Long-Term Debt	400,477	400,477	385,115
	3,521,214	3,997,856	5,439,734
Current Liabilities (Payable from Restricted Assets)			
Deferred Grant Revenue	$ -	$ -	$ -
Accounts Payable	-	-	-
Total Current Liabilities	**$ 3,521,214**	**$ 3,997,856**	**$ 5,439,734**
Non-Current Liabilities			
Long-Term Debt, Net of Current Portion	$ 651,235	$ 651,235	$ 864,878
Net Pension Liability	324,699	324,699	(1,023,760)
Total Long Term Liabilities	**$ 975,934**	**$ 975,934**	**$ (158,882)**
DEFERRED INFLOWS OF RESOURCES	**$ 102,597**	**$ 102,597**	**$ 1,068,788**
NET POSITION			
Net Investment in Capital Assets (Net of Debt)	$ 68,094,867	$ 67,209,294	$ 64,831,454
Debt Services	445,936	445,936	445,936
Net Restricted Assets	1,713,112	2,026,344.63	1,086,554.49
Unrestricted	7,291,451	7,863,793	6,883,387
Current Year Income / (Loss)	1,755,041	1,495,888	3,171,367
Balance	**$ 79,300,408**	**$ 79,041,255**	**$ 76,418,699**
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCE	**$ 83,900,153**	**$ 84,117,642**	**$ 82,768,338**

Ratios	Median	NTPUD	**FYE 2023**
Days in Cash (Cash/Operating Expenses less Depreciation)	296	204	
Days of Working Capital (Reserves/Operating Expenses less Depreciation)	92	246	
Debt Ratio (Total Liabilities/Total Assets)	36%	5%	6%
Return on Assets (Net Income/Total Assets)	2.5%	3.8%	3.9%
Debt Service Coverage Ratio	1.3		

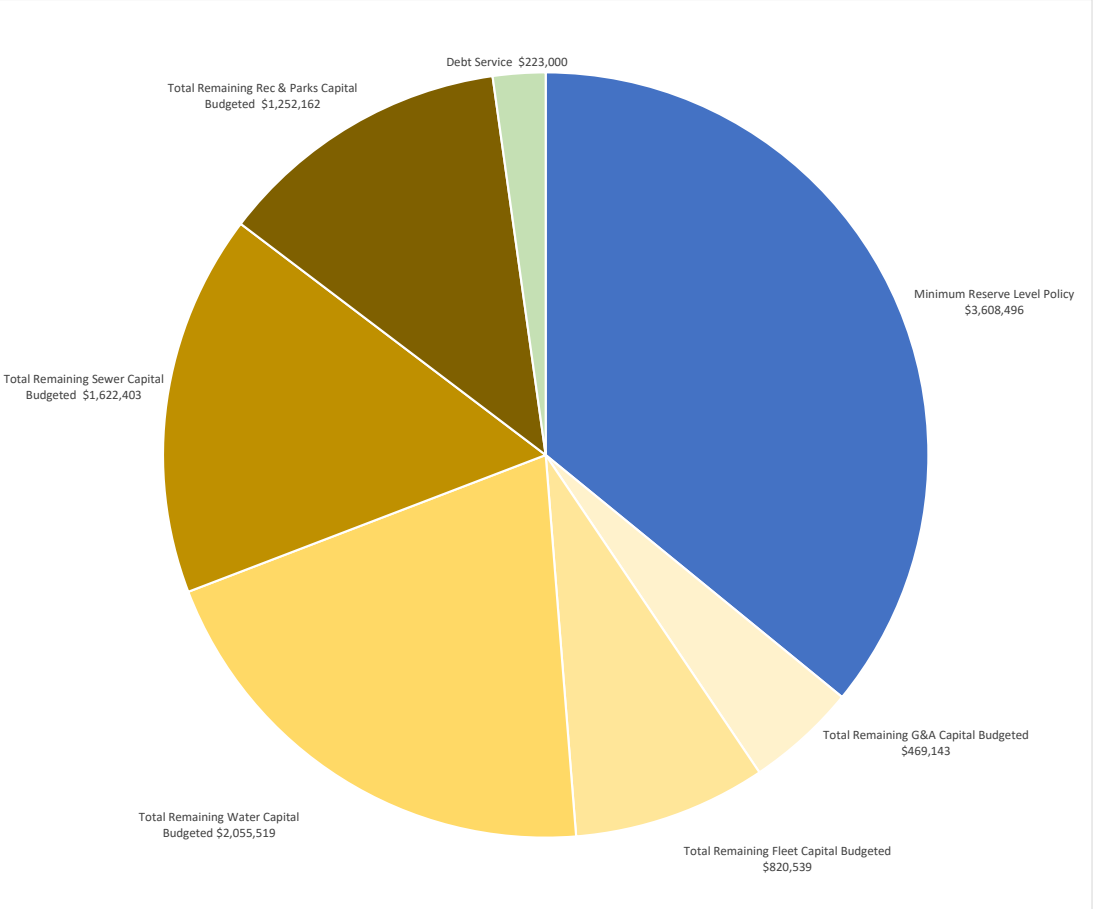
Reserves	
Unrestricted Reserves	$ 8,009,041
Minimum Reserve Level Policy	(3,260,071)
Available for Investment	**$ 4,748,969**
Additional FY 2024 EBIDA	4,175,478
Total Available	$ 8,924,447
Total Remaining FY 2024 Capital Budgeted	(6,219,766)
Debt Service	$ (223,000)
Unbudgeted	**$ 2,481,681**

NTPUD (consolidated)
Statement of Cash Flows
For the Period Ended September 30, 2023
(In Thousands)

	Current Month	Year-to Date
Operating Activities		
Net Income (Loss)	$259,153	$1,755,041
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	261,932	785,563
Net changes in operating assets and liabilities:		
(Increase)/Decrease Account Receivables	(268,008)	(1,492,848)
(Increase)/Decrease Inventories	-	-
(Increase)/Decrease Deposits & Prepaid expenses	350,284	267,616
(Increase)/Decrease Deferred Outflows	-	-
(Decrease)/Increase Payables & Accrued Liabilities	1,322,657	(1,976,124)
(Decrease)/Increase Deferred Grant Revenue	-	-
(Decrease)/Increase in Deferred Inflows	-	-
Net Cash Provided (Used) by operating activities	**1,926,017**	**(660,751)**
Investing Activities		
Change in Restricted Assets	(772,094)	(614,962)
Net Purchases of property, plant and equipment	(2,168,411)	(3,829,676)
Net Cash Provided (Used) by investing activities	**(2,940,505)**	**(4,444,637)**
Financing Activities		
Change in Capital Loan	(198,281)	(198,281)
Change in Net Pension Liability	-	-
Net Cash Provided (Used) by financing activities	(198,281)	(198,281)
Net increase/(decrease) in cash and cash equivalents	**(1,212,768)**	**(5,303,669)**
Cash and Equivalents at beginning of period	9,325,236	13,416,136
Cash and Equivalents at end of period	$8,112,467	$8,112,467

North Tahoe Public Utility District
As Of 9/30/2023

Total Reserve Funds of $8,009,040, of which $3,608,495 is Restricted as Minimum Reserve, plus remaing Budgeted EBIDA of $4,175,478 totals $12,184,518 available to meet the Capital and Minimum Reserves in the Current Year



Changes in Reserves from Prior Month	
Minimum Reserve	$ -
Debt Service	-
Future Years Capital	223,181
Capital	(1,146,327)
Total	$ (923,146)

Total Remaining Capital Budgeted is in reference to current year budget

Division Balance Sheet

For the Period Ended September 30, 2023

	Wastewater	Water	Recreation & Parks	Fleet & Equipment	General & Administrative and Base	Total
ASSETS						
Current Assets						
Cash & Cash Equivalents	$ 1	$ 445,936	$ 17,529	$ -	$ 6,346,483	$ 6,809,949
Investments	-	-	-	-	1,302,518	1,302,518
Due (To)/From Other Fund	2,976,502	2,119,768	722,102	718,660	(6,537,032)	-
Accounts Receivable	65,169	118,575	285,897	-	2,422,465	2,892,106
Inventory	168,443	-	-	-	-	168,443
Deposits and Prepaid Expenses	-	-	22,542	-	334,696	357,239
Total Current Assets	**$ 3,210,114**	**$ 2,684,280**	**$ 1,048,071**	**$ 718,660**	**$ 3,869,131**	**$ 11,530,254**
Restricted Assets						
Cash & Cash Equivalents	$ -	$ -	$ -	$ -	$ 420,019	$ 420,019
Accounts Receivable	-	27,100	1,259,993	-	6,000	1,293,093
Deposits and Prepaid Expenses	-	-	-	-	-	-
Total Restricted Assets	**$ -**	**$ 27,100**	**$ 1,259,993**	**$ -**	**$ 426,019**	**$ 1,713,112**
Non-Current Assets						
Property, Plant & Equipment						
Work in Process	$ 1,256,880	$ 8,305,344	$ 3,419,007	$ 210,461	$ 45,649	$ 13,237,341
Land	86,310	772,058	6,265,000	-	-	7,123,368
Property Rights	7,237	8,000	-	-	-	15,237
Buildings and Improvements	8,222,285	-	19,522,494	-	188,266	27,933,046
Vehicles and Equipment	5,806,355	285,750	817,577	1,255,279	-	8,164,962
Furniture and Office Equipment	925,994	35,919	843,687	-	131,633	1,937,233
Water System	-	39,147,924	-	-	-	39,147,924
Sewer System	41,036,492	-	-	-	-	41,036,492
Subtotal - Property, Plant & Equipment	57,341,554	48,554,996	30,867,765	1,465,740	365,548	138,595,603
Accumulated Depreciation	(33,928,398)	(21,556,346)	(13,236,478)	(665,310)	(62,491)	(69,449,024)
Net Property, Plant & Equipment	**$ 23,413,155**	**$ 26,998,649**	**$ 17,631,287**	**$ 800,430**	**$ 303,058**	**$ 69,146,579**
DEFERRED OUTFLOWS OF RESOURCES	**$ 60,750**	**$ 337,412**	**$ 238,372**	**$ 8,384**	**$ 865,288**	**$ 1,510,207**
TOTAL ASSETS & DEFERRED OUTFLOWS	**$ 26,684,019**	**$ 30,047,441**	**$ 20,177,723**	**$ 1,527,474**	**$ 5,463,495**	**$ 83,900,153**

Division Balance Sheet

For the Period Ended September 30, 2023

	Wastewater	Water	Recreation & Parks	Fleet & Equipment	General & Administrative and Base	Total
LIABILITIES						
Current Liabilities						
Accounts Payable	$ 86,764	$ 459,039	$ 336,166	$ 216,117	$ (29,763)	$ 1,068,323
Deferred Revenue	-	-	491,914	-	-	491,914
Compensated Absences Payable	133,393	140,514	108,362	22,088	373,767	778,124
Accrued Liabilities	-	5,602	5,949	-	770,825	782,376
Current Portion of Long-Term Debt	-	400,477	-	-	-	400,477
	220,157	1,005,632	942,390	238,205	1,114,830	3,521,214
Current Liabilities (Payable from Restricted Assets)						
Deferred Grant Revenue	$ -	$ -	$ -	$ -	$ -	$ -
Accounts Payable	-	-	-	-	-	-
Total Current Liabilities	**$ 220,157**	**$ 1,005,632**	**$ 942,390**	**$ 238,205**	**$ 1,114,830**	**$ 3,521,214**
Non-Current Liabilities						
Long-Term Debt, Net of Current Portion	$ -	$ 651,235	$ -	$ -	$ -	$ 651,235
Net Pension Liability	(54,574)	53,716	49,076	(11,143)	287,624	324,699
Total Long Term Liabilities	**$ (54,574)**	**$ 704,951**	**$ 49,076**	**$ (11,143)**	**$ 287,624**	**$ 975,934**
DEFERRED INFLOWS OF RESOURCES	**$ 24,118**	**$ 36,437**	**$ 19,130**	**$ 5,971**	**$ 16,940**	**$ 102,597**
NET POSITION						
Net Investment in Capital Assets (Net of Debt)	$ 23,413,155	$ 25,946,937	$ 17,631,287	$ 800,430	$ 303,058	$ 68,094,867
Debt Services	-	445,936	-	-	-	445,936
Net Restricted Assets	-	27,100	1,259,993	-	426,019	1,713,112
Unrestricted	2,916,499	1,251,304	(1,305,669)	350,611	4,078,705	7,291,451
Current Year Income / (Loss)	164,663	629,143	1,581,516	143,399	(763,680)	1,755,041
Balance	**$ 26,494,318**	**$ 28,300,420**	**$ 19,167,127**	**$ 1,294,441**	**$ 4,044,101**	**$ 79,300,408**
TOTAL LIABILITIES, DEFERRED INFLOWS & FUND BALANCE	**$ 26,684,019**	**$ 30,047,441**	**$ 20,177,723**	**$ 1,527,474**	**$ 5,463,495**	**$ 83,900,153**

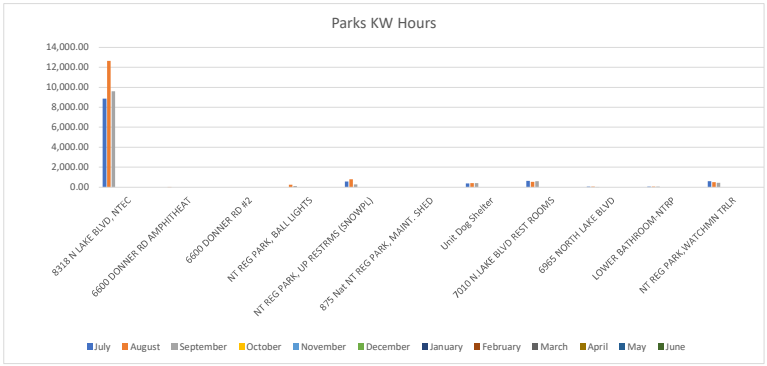
Division Balance Sheet

For the Period Ended September 30, 2023

	Wastewater	Water	Recreation & Parks	Fleet & Equipment	General & Administrative and Base	Total
Reserves						
Unrestricted Reserves	$ 2,989,957	$ 1,678,647	$ 105,681	$ 480,454	$ 2,754,301	$ 8,009,041
Minimum Reserve Level Policy	(757,651)	(777,515)	(595,282)	54,050	(1,183,673)	(3,260,071)
Available for Investment	**$ 2,232,306**	**$ 901,132**	**$ (489,601)**	**$ 534,505**	**$ 1,570,628**	**$ 4,748,969**
Additional FY 2024 EBIDA	1,117,395	2,692,915	2,444,848	513,453	(2,593,132)	4,175,478
Total Available	$ 3,349,701	$ 3,594,047	$ 1,955,247	$ 1,047,957	$ (1,022,505)	$ 8,924,447
Total Remaining FY 2024 Capital Budgeted	(1,622,403)	(2,055,519)	(1,252,162)	(820,539)	(469,143)	(6,219,766)
Debt Service		(223,000)				$ (223,000)
Unbudgeted	**$ 1,727,297**	**$ 1,315,528**	**$ 703,085**	**$ 227,418**	**$ (1,491,647)**	**$ 2,481,681**

Trended by Month
Statement of Revenues and Expenses
For the Period Ended September 30, 2023

	Income Statement	Actual July	Actual August	Actual September	Budget October	Budget November	Budget December	Budget January	Budget February	Budget March	Budget April	Budget May	Budget June	Expected Total	Budgeted Total	Variance
1	**Operations**															
2	Operating Revenue	$ 1,051,086	$ 994,186	$ 926,969	$ 940,415	$ 797,198	$ 774,290	$ 774,875	$ 787,809	$ 803,192	$ 827,477	$ 881,853	$ 972,426	$ 10,531,776	$ 10,651,843	$ (120,067)
3	Internal Revenue	11,547	16,797	11,284	12,657	23,207	17,374	9,207	11,874	12,624	10,257	15,757	9,707	162,292	153,288	9,004
4	Total Operating Revenue	$ 1,062,633	$ 1,010,983	$ 938,253	$ 953,072	$ 820,405	$ 791,664	$ 784,082	$ 799,683	$ 815,816	$ 837,734	$ 897,610	$ 982,133	$ 10,694,068	$ 10,805,131	$ (111,063)
5																
6	Salaries and Wages	$ (538,627)	$ (493,838)	$ (441,717)	$ (483,836)	$ (480,590)	$ (443,393)	$ (529,032)	$ (443,393)	$ (443,498)	$ (483,836)	$ (522,110)	$ (453,082)	$ (5,756,952)	$ (5,742,850)	$ (14,102)
7	Employee Benefits	(222,909)	(224,614)	(213,697)	(243,644)	(243,396)	(235,744)	(253,387)	(235,744)	(235,752)	(243,644)	(209,530)	(235,006)	(2,797,067)	(2,862,628)	65,561
8	Outside Services/Contractual	(132,152)	(63,194)	(122,875)	(212,076)	(101,459)	(115,023)	(131,881)	(101,397)	(86,098)	(132,046)	(91,904)	(75,332)	(1,365,437)	(1,490,340)	124,903
9	Utilities	(69,083)	(62,117)	(67,039)	(49,500)	(44,960)	(46,039)	(68,232)	(51,848)	(52,901)	(44,283)	(41,949)	(47,584)	(645,535)	(623,792)	(21,743)
10	Other Operating Expenses	(129,990)	(135,744)	(111,269)	(205,497)	(109,227)	(111,906)	(158,431)	(97,490)	(128,478)	(171,038)	(133,920)	(105,961)	(1,598,951)	(1,924,914)	325,963
11	Insurance	(31,112)	(31,277)	(31,277)	(31,072)	(31,072)	(31,072)	(31,072)	(31,072)	(31,072)	(35,023)	(35,023)	(35,023)	(385,167)	(384,721)	(446)
12	Internal Expense	(11,547)	(16,797)	(11,284)	(12,657)	(23,207)	(17,374)	(9,207)	(11,874)	(12,624)	(10,257)	(15,757)	(9,707)	(162,292)	(153,288)	(9,004)
13	Debt Service	(3,239)	(3,239)	(3,239)	(3,462)	(3,462)	(3,462)	(3,462)	(2,796)	(2,796)	(2,796)	(2,796)	(2,796)	(37,545)	(38,868)	1,323
14	Depreciation	(261,588)	(261,932)	(262,044)	(286,663)	(286,663)	(286,663)	(338,123)	(338,123)	(338,123)	(338,123)	(338,123)	(338,123)	(3,674,291)	(3,748,716)	74,425
15	Total Operating Expense	$ (1,400,247)	$ (1,292,752)	$ (1,264,441)	$ (1,528,407)	$ (1,324,036)	$ (1,290,676)	$ (1,522,827)	$ (1,313,737)	$ (1,331,342)	$ (1,461,046)	$ (1,391,112)	$ (1,302,614)	$ (16,423,237)	$ (16,970,117)	$ 546,880
16																
17	Operating Income(Loss)	$ (337,614)	$ (281,769)	$ (326,188)	$ (575,335)	$ (503,631)	$ (499,012)	$ (738,745)	$ (514,054)	$ (515,526)	$ (623,312)	$ (493,502)	$ (320,481)	$ (5,729,169)	$ (6,164,986)	$ 435,817
18																
19	Non-Operations															
20	Property Tax Revenue	$ 525,000	$ 525,000	$ 525,000	$ 525,000	$ 525,000	$ 525,000	$ 525,000	$ 525,000	$ 525,000	$ 525,000	$ 525,000	$ 525,000	$ 6,300,000	$ 6,300,000	$ -
21	Community Facilities District (CFD 94-1)	56,964	56,964	56,964	58,575	58,575	58,575	58,575	58,575	58,575	58,575	58,575	58,575	698,067	702,900	(4,833)
22	Grant Revenue	156,100	793,230	-	217,300	-	-	-	-	-	-	217,300	217,300	1,601,230	1,303,797	297,433
23	Interest	-	7,569	3,512	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	3,750	44,831	45,000	(169)
24	Other Non-Op Revenue	6,124	6,124	8,768	6,667	6,667	366,367	6,667	6,667	6,667	6,667	6,667	6,667	440,719	439,700	1,019
25	Capital Contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
26	Other Non-Op Expenses	(8,903)	(8,903)	(8,903)	(8,333)	(8,333)	(8,333)	(8,333)	(8,333)	(8,333)	(8,333)	(8,333)	(248,333)	(341,706)	(340,000)	(1,706)
27	Income(Loss)	$ 397,671	$ 1,098,215	$ 259,153	$ 227,624	$ 82,028	$ 446,347	$ (153,086)	$ 71,605	$ 70,133	$ (37,653)	$ 309,457	$ 242,478	$ 3,013,972	$ 2,286,411	$ 727,561
28																
29	Additional Funding Sources															
30	Allocation of Non-Operating Revenue	-	-	-	-	-	-	-	-	-	-	-	-	$ -	$ -	$ -
31	Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	Balance	$ 397,671	$ 1,098,215	$ 259,153	$ 227,624	$ 82,028	$ 446,347	$ (153,086)	$ 71,605	$ 70,133	$ (37,653)	$ 309,457	$ 242,478	$ 3,013,972	$ 2,286,411	$ 727,561
	Operating Income	$ (337,614)	$ (281,769)	$ (326,188)	$ (575,335)	$ (503,631)	$ (499,012)	$ (738,745)	$ (514,054)	$ (515,526)	$ (623,312)	$ (493,502)	$ (320,481)	$ (5,729,169)	$ (6,164,986)	$ 435,817
	Net Income(Loss)	$ 397,671	$ 1,098,215	$ 259,153	$ 227,624	$ 82,028	$ 446,347	$ (153,086)	$ 71,605	$ 70,133	$ (37,653)	$ 309,457	$ 242,478	$ 3,013,972	$ 2,286,411	$ 727,561
	Earnings Before Interest, Depreciation & Amortization	$ 662,498	$ 1,363,386	$ 524,436	$ 517,749	$ 372,153	$ 736,472	$ 188,499	$ 412,524	$ 411,052	$ 303,266	$ 650,376	$ 583,397	$ 6,725,808	$ 6,073,995	$ 651,813
	Operating Ratio	132%	128%	135%	160%	161%	163%	194%	164%	163%	174%	155%	133%	154%	157%	492%
	Operating Ratio - plus Tax & CFD	85%	81%	83%	99%	94%	94%	111%	95%	95%	103%	94%	83%	93%	95%	472%
	Debt Service Coverage Ratio	122.78	339.06	80.01	65.75	23.69	128.93	(44.22)	25.61	25.08	(13.47)	110.68	86.72	80.28	58.83	(549.93)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6600 DONNER RD AMPHITHEAT
6600 DONNER RD #2
NT REG PARK, BALL LIGHTS
NT REG PARK, UP RESTRMS (SNOWPL)
875 Nat NT REG PARK, MAINT. SHED
Unit Dog Shelter
7010 N LAKE BLVD REST ROOMS
6965 NORTH LAKE BLVD
LOWER BATHROOM-NTRP
NT REG PARK, WATCHMN TRLR
July
August
September
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November
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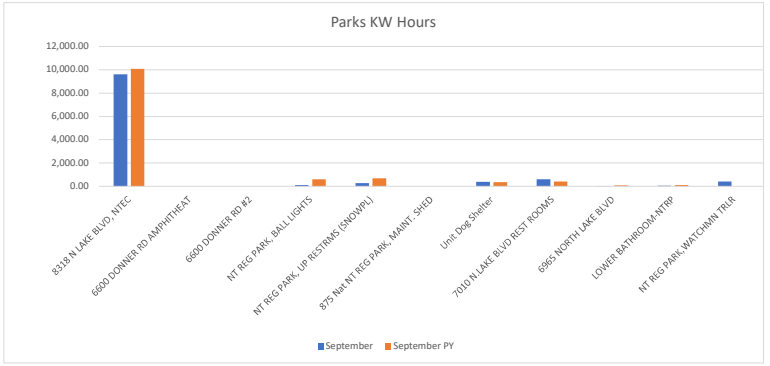
March
April
May
June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6600 DONNER RD #2
NT REG PARK, BALL LIGHTS
NT REG PARK, UP RESTRMS (SNOWPL)
875 Nat NT REG PARK, MAINT. SHED
Unit Dog Shelter
7010 N LAKE BLVD REST ROOMS
6965 NORTH LAKE BLVD
LOWER BATHROOM-NTRP
NT REG PARK, WATCHMN TRLR
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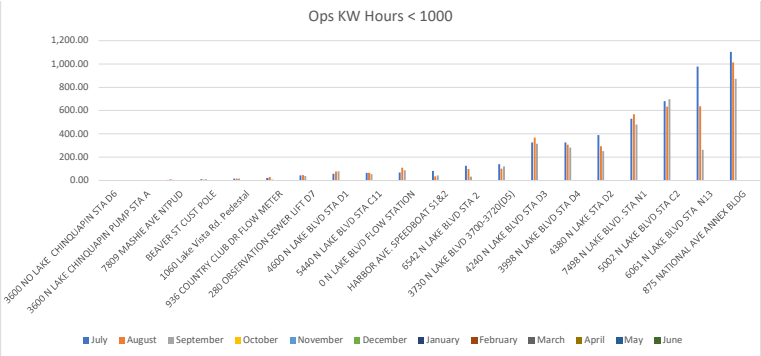
September PY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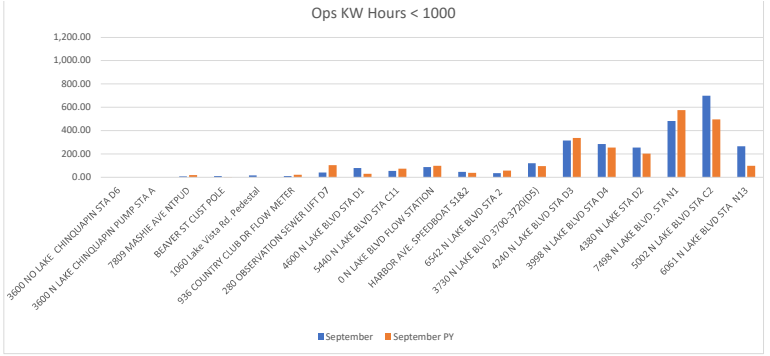
3600 N LAKE CHINQUAPIN PUMP STA A
7869 MASHIE AVE NTPUD
BEAVER ST CUST POLE
1060 Lake Vista Rd. Pedestal
936 COUNTRY CLUB DR FLOW METER
280 OBSERVATION SEWER LIFT D7
4600 N LAKE BLVD STA D1
5440 N LAKE BLVD STA C11
0 N LAKE BLVD FLOW STATION
HARBOR AVE. SPEEDBOAT S1&2
6542 N LAKE BLVD STA 2
3730 N LAKE BLVD 3700-3720(DS)
4240 N LAKE BLVD STA D3
3998 N LAKE BLVD STA D4
4380 N LAKE STA D2
7498 N LAKE BLVD. STA N1
5002 N LAKE BLVD STA C2
6061 N LAKE BLVD STA N13
875 NATIONAL AVE ANNEX BLDG
July August September October November December January February March April May June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7869 MASHIE AVE NTPUD
BEAVER ST CUST POLE
1060 Lake Vista Rd. Pedestal
936 COUNTRY CLUB DR FLOW METER
280 OBSERVATION SEWER LIFT D7
4600 N LAKE BLVD STA D1
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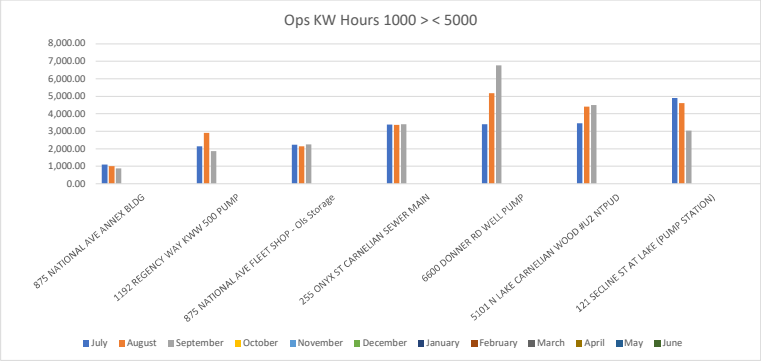
3998 N LAKE BLVD STA D4
4380 N LAKE STA D2
7498 N LAKE BLVD. STA N1
5002 N LAKE BLVD STA C2
6061 N LAKE BLVD STA N13
September September PY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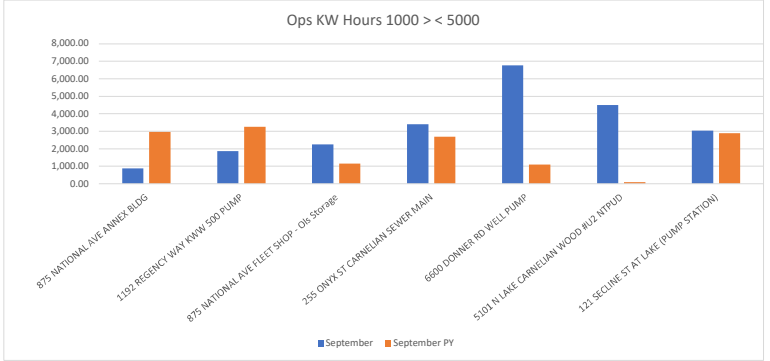
875 NATIONAL AVE ANNEX BLDG
1192 REGENCY WAY KWW 500 PUMP
875 NATIONAL AVE FLEET SHOP - Ols Storage
255 ONYX ST CARNELIAN SEWER MAIN
6600 DONNER RD WELL PUMP
5101 N LAKE CARNELIAN WOOD #U2 NTPUD
121 SECLINE ST AT LAKE (PUMP STATION)
July August September October November December January February March April May June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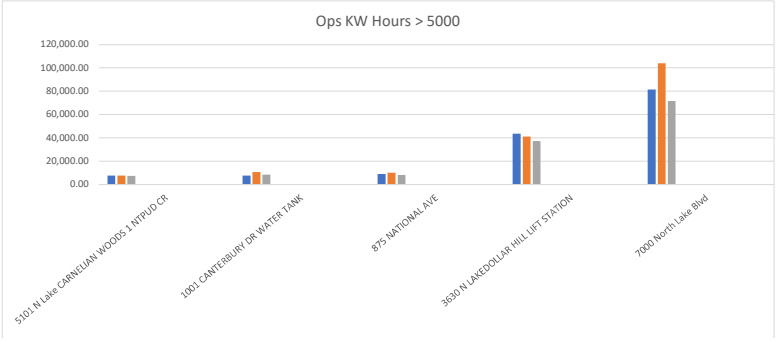
875 NATIONAL AVE ANNEX BLDG
1192 REGENCY WAY KWW 500 PUMP
875 NATIONAL AVE FLEET SHOP - Ols Storage
255 ONYX ST CARNELIAN SEWER MAIN
6600 DONNER RD WELL PUMP
5101 N LAKE CARNELIAN WOOD #U2 NTPUD
121 SECLINE ST AT LAKE (PUMP STATION)
September September PY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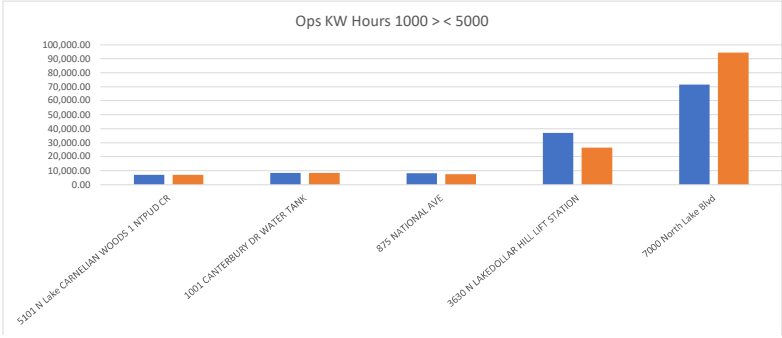
5101 N Lake CARNELIAN WOODS 1 NTPUD CR
1001 CANTERBURY DR WATER TANK
875 NATIONAL AVE
3630 N LAKEDOLLAR HILL LIFT STATION
7000 North Lake Blvd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0.00
5101 N Lake CARNELIAN WOODS 1 NTPUD CR
1001 CANTERBURY DR WATER TANK
875 NATIONAL AVE
3630 N LAKEDOLLAR HILL LIFT STATION
7000 North Lake Blvd

NORTH TAHOE
PUBLIC UTILITY DISTRICT

DATE: November 14, 2023 **ITEM:** G-3b

FROM: Finance Department

SUBJECT: Treasurer's Report – as of September 30, 2023

FISCAL ANALYSIS:

The CFO has reviewed the District's investment portfolio and has included its value within the attached Treasurer's Report.

The District's investments are governed by the Board of Directors' approved Investment Policy. While continuing to operate within this Investment Policy, the District has continued to emphasize safety.

Total bank value of cash and investments equaled $8,546,001 as of September 30, 2023. Of the total, $1,375,685 of the District's portfolio is restricted. The total of Cash and Investments decreased $1,239,240 during September.

The portfolio meets the guidelines of the Investment policy.

ATTACHMENTS: Treasurer's Report as of September 30, 2023.

REVIEW TRACKING:

Submitted By: _____
Vanetta N. Van Cleave
Chief Financial Officer

Approved By: _____
Bradley A. Johnson, P.E.
General Manager/CEO

PRESENTED BY: Vanetta N. Van Cleave, CFO

Cash and Investments

Statement Date	*Institution/Account Number*	*Market Value*	*Description*
	Bank of the West		
09/30/23	025-381186	$1,179,182	General Checking
	243-000486	56,691	Payroll
	243-000874	128,430	Utility Billing Deposit Account
	243-001708	12,060	Event Center Deposit Account
	243-004157	1,564	Parks Dept. Sweep Account
		1,377,928	Total Bank of the West
	Local Agency Investment Fund		
09/30/23	85-31-003	3,329,097	General Investment Acctount
	UBS Financial Services Inc.		
09/30/23	OG 00829 70	16,983	Cash & Cash Alternatives Balance
	"	643,390	Money Market Instruments
	"	1,313,738	Certificates of Deposit
	"	20,783	Mutual Funds
	"	461,701	U.S. Government Securities
	"	6,696	Accrued Interest
		2,463,291	Total UBS Financial Services Inc.
Total Unrestricted Cash and Investments:		**$7,170,316**	

Restricted

Statement Date	*Institution/Account Number*	*Market Value*	*Description*
	Bank of the West		
09/30/23	243-058559	$4,641	FSA
	243-058567	509,368	HRA
	245-713245	-	
	Bank of the West		
09/30/23	041-441346	445,936	NTBC - BofA Install.Payment Fund
	CalPERS 115 Trust		
09/30/23		405,542	CalPERS Prefunding of Pension Expense
	Bank of the West		
09/30/23	000-459874	10,197	TRPA C.D.'s
Total Restricted Cash and Investments:		**$1,375,685**	

Total Cash and Investments:

Total Cash and Investments:	**$8,546,001**

NORTH TAHOE
PUBLIC UTILITY DISTRICT

Committee Agenda Item 3.b.

DATE: November 14, 2023 **ITEM:** E-1

FROM: Accounting Department

SUBJECT: Approve Accounts Paid and Payable for the Period from October 10, 2023 – November 13, 2023

RECOMMENDATION:

Approve accounts paid and payable from October 10th, 2023, through November 13th, 2023.

DISCUSSION:

Pursuant to California Public Utilities Code 16116, "The Accountant … shall draw all warrants to pay demands made against the District when the demands have been first approved by a majority of the Board present at the meeting at which the demands are acted upon." The Chief Financial Officer presents the Finance Committee with both Accounts Paid (warrants or checks written) and Accounts Payable (warrants or checks to be written or demands) for its review.

FISCAL ANALYSIS:

Sufficient funds are included in the 2023-2024 Fiscal Year budget. District Staff and the Finance Committee have reviewed and recommended these accounts paid and payable as appropriate District expenditures.

ATTACHMENTS: N/A

MOTION: Approve Staff Recommendation.

REVIEW TRACKING:

Submitted By: _____
Vanetta N. Van Cleave
Chief Financial Officer

Approved By: _____
Bradley A. Johnson, P.E.
General Manager/CEO

North Tahoe Event Center

		July	August	September	October	November	December	January	February	March	April	May	June	Total
Revenue														
2024	Private	33,455	22,221	45,678	16,300	6,275	3,400	-	6,300	6,500	7,300	20,850	18,390	186,669
	Corporate	7,277	11,932	6,639	5,645	1,062	3,250	-	-	-	-	-	-	35,805
	Community	-	3,825	-	11,700	8,825	7,500	-	-	-	-	-	-	31,850
Actual Total Room Rent		40,732	37,978	52,317	33,645	16,162	14,150	-	6,300	6,500	7,300	20,850	18,390	254,323
2025	Private	6,300	-	26,900	6,300	-	-	-	-	-	-	5,000	-	44,500
	Corporate	-	-	-	-	-	-	-	-	-	-	-	-	-
	Community	-	-	-	-	-	-	-	-	-	-	-	-	-
Actual Total Room Rent		6,300	-	26,900	6,300	-	-	-	-	-	-	5,000	-	44,500
2026	Private	-	7,000	-	-	-	-	-	-	-	-	-	-	7,000
	Corporate	-	-	-	-	-	-	-	-	-	-	-	-	-
	Community	-	-	-	-	-	-	-	-	-	-	-	-	-
Actual Total Room Rent		-	7,000	-	-	-	-	-	-	-	-	-	-	7,000
# Events														
2024	Budgeted Private	10	9	10	8	1	4	2	4	1	4	7	11	71
	Budgeted Corporate	6	8	9	11	10	7	6	7	10	10	11	10	105
	Budgeted Community	5	1	2	1	3	2	-	1	4	3	5	4	31
		21	18	21	20	14	13	8	12	15	17	23	25	207
2024	Actual Private	7	5	10	3	2	1	-	1	1	2	4	4	40
	Actual Corporate	12	13	9	14	4	3	-	-	-	-	-	-	55
	Actual Community	2	2	-	5	7	7	-	-	-	-	-	-	23
		21	20	19	22	13	11	-	1	1	2	4	4	118
2025	Actual Private	1	-	6	1	-	-	-	-	-	-	1	-	9
	Actual Corporate	-	-	-	-	-	-	-	-	-	-	-	-	-
	Actual Community	-	-	-	-	-	-	-	-	-	-	-	-	-
		1	-	6	1	-	-	-	-	-	-	1	-	9
2026	Actual Private	-	1	-	-	-	-	-	-	-	-	-	-	1
	Actual Corporate	-	-	-	-	-	-	-	-	-	-	-	-	-
	Actual Community	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	1	-	-	-	-	-	-	-	-	-	-	1

			FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24	FY 24/25	FY 25/26	FY 26/27	Projected FY 23/24		
1	**Bank Balances**	Restricted											
2	Bank of the West	No	2,312,884	2,175,395	4,216,396	2,898,556	1,199,530	967,553	(5,693,714)	(10,855,141)	1,220,955		
3	Local Agency Investment Fund	No	4,033,219	5,613,161	7,646,443	8,169,123	8,773,154	3,273,154	3,273,154	3,273,154	8,773,154		
4	UBS Financial Services Inc.	No	3,603,887	3,558,779	3,078,357	1,893,171	2,437,285	2,448,367	2,448,367	2,448,367	2,416,641		
5	CalPERS 115 Trust	Yes	-	-	-	346,628	407,278	407,278	407,278	407,278	407,278		
6	Bank of the West	Yes	887,938	799,907	874,878	889,565	947,223	900,000	900,000	900,000	943,891		
7	**Beginning Balance July 1st**		10,837,927	12,147,242	15,816,074	14,197,042	13,764,470	7,996,351	1,335,084	(3,826,342)	13,761,919		
8	**Use of Funds**												
9	Payroll		(4,903,581)	(5,036,554)	(5,716,222)	(6,312,614)	(7,971,808)	(8,711,205)	(9,146,766)	(9,604,104)	(8,296,386)		
10	Benefits		(1,277,974)	(1,082,543)	(1,562,860)	(1,796,959)	(2,391,513)	(2,613,362)	(2,744,030)	(2,881,231)	(2,488,916)		
11	Debt Service		(446,052)	(445,937)	(445,935)	(445,936)	(445,937)	(445,937)	(445,937)	-	(445,937)		
12	Operating Expense		(2,958,366)	(2,534,482)	(2,997,166)	(3,585,447)	(3,628,153)	(3,744,659)	(3,856,998)	(3,972,708)	(3,635,591)		
13	Prepaid Expense		(311,066)	(789,434)	(849,827)	(375,775)	(493,154)	(576,240)	(620,433)	(667,971)	(556,212)		
14	Non-Operating Expense		(17,954)	(3,901)	-	-	(300,000)	(1,100,000)	-	-	(300,000)		
15	Inventory		(74,062)	(52,470)	(14,031)	-	-	-	-	-	-		
16	Capital		(2,503,141)	(2,175,251)	(7,396,864)	(6,910,013)	(11,853,115)	(8,035,000)	(7,430,000)	(8,295,000)	(11,262,378)		
17	Miscellaneous		9,292	472,883	(7,821)	-	-	-	-	-	-		
18	**Total Use of Funds**		**$ (12,482,904)**	**$ (11,647,690)**	**$ (18,990,726)**	**$ (19,426,744)**	**$ (27,083,679)**	**$ (25,226,402)**	**$ (24,244,164)**	**$ (25,421,015)**	**$ (26,985,419)**	**$ (98,260)**	**Lower(Higher) Spend**
19	**Source of Funds**												
20	Other Operating Reciepts		-	-	-	102,375	147,191	151,607	156,155	156,155	105,447		
21	S/W Customer Receipts		5,724,364	7,864,568	8,348,318	8,619,058	8,822,660	9,087,340	9,359,960	9,640,759	8,877,629		
22	Parks Customer Reciepts		1,070,912	866,096	1,053,981	1,385,620	1,413,386	1,455,788	1,499,461	1,544,445	1,427,188		
23	Property Tax Receipts		6,187,815	6,884,195	6,922,432	7,590,506	7,783,962	7,870,401	8,067,161	8,268,840	7,662,050		
24	Grant Receipts		270,355	92,134	1,070,714	747,896	3,128,568	-	-	-	-		
25	Other Non-Op Receipts		235,009	94,378	(50,762)	546,017	19,793	-	-	-	-		
26	Cash		303,764	(484,848)	27,010	2,701	-	-	-	-	-		
27	**Total Deposits**		**$ 13,792,219**	**$ 15,316,522**	**$ 17,371,694**	**$ 18,994,172**	**$ 21,315,560**	**$ 18,565,135**	**$ 19,082,737**	**$ 19,610,199**	**$ 18,072,315**	**$ 3,243,246**	**Higher(Lower) Deposits**
28	**Ending Balance June 30th**		**$ 12,147,242**	**$ 15,816,074**	**$ 14,197,042**	**$ 13,764,470**	**$ 7,996,351**	**$ 1,335,084**	**$ (3,826,342)**	**$ (9,637,158)**	**$ 4,848,814**	**$ 3,144,986**	**Higher(Lower) Cash Balance**
29	**Ending Balance Liquid Funds**		**$ 7,655,417**	**$ 11,457,388**	**$ 11,414,306**	**$ 10,379,961**	**$ 4,647,984**	**$ (2,013,282)**	**$ (7,174,709)**	**$ (12,985,525)**	**$ 1,532,173**		
29	90 Days Cash (Excluding Capital)		2,463,055	2,452,271	2,856,832	3,086,317	3,755,482	4,238,976	4,145,958	4,222,853	3,876,914		

Account Number	Description	Budget	1 July	2 August	3 September	4 October	5 November	6 December	7 January	8 February	9 March	10 April	11 May	12 June	YTD Total	Over(Under) Total Budget for Project
31-5030-3435	Water	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
43-4310-3435	NTRP	1,303,797	217,300	217,300	217,300	217,300	-	-	-	-	-	-	217,300	217,300	651,899	
43-4600-3435	TVRA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
51-5100-3435	NTEC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2040 - 0PLC	Wayfinding and Destination Signage Project*	98,035	-	-	-	-	-	-	-	-	-	-	-	-	-	(98,035)
2192 - FEMA	NTEC Emergency Generator	217,607	-	-	-	-	-	-	-	-	-	-	-	-	-	(217,607)
2281 - 1PLC	Regional Park Pam Emmerich Pine Drop Trailhead Pro	109,000	-	109,000	-	-	-	-	-	-	-	-	-	-	109,000	-
2281 - HCFG	Regional Park Pam Emmerich Pine Drop Trailhead Pro	129,155	-	90,330	-	-	-	-	-	-	-	-	-	-	90,330	(38,825)
2392 - PPRK	Tennis & Pickleball Courts	750,000	156,100	593,900	-	-	-	-	-	-	-	-	-	-	750,000	-
			-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Over(Under) Budget	-	(61,200)	575,930	(217,300)	(217,300)	-	-	-	-	-	-	(217,300)	(217,300)	297,431	
Unbudgeted															-	
2264 - TFWS	Tahoe Water for Fire Suppression	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Over(Under) Budget	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Budgeted Grant Revenue		1,303,797	217,300	217,300	217,300	217,300	-	-	-	-	-	-	217,300	217,300	651,899	
Total Captial Spend			156,100	793,230	-	-	-	-	-	-	-	-	-	-	949,330	
Over(Under) Planned Capital Expenditure			(61,200)	575,930	(217,300)	(217,300)	-	-	-	-	-	-	(217,300)	(217,300)	297,431	

PM #	Grantor	Name of Grant	Grant Award	7/1/2023 Remaining Award Amount	6/30/2023 Receivable / (Liability)	New Grant Award	FY 2024 Grant Revenue (Recognition)	FY 2024 Award Receipts (Payments)	FY2024 Corrections	6/30/2024 Receivable / (Liability)	Project Closure - Award Release	6/30/2023 Remaining Award Amount
1623-0000/GRNT	NLTRA	Wayfinding Signage	$ 135,000.00	$ 13,169.35	$ 25,804.79					$ 25,804.79		$ 13,169.35
2040-0PLC	Placer County	Wayfinding and Destination Signage	$ 78,000.00	$ 69,893.97	$ -					$ -		$ 69,893.97
2140-0000/PCNA	Placer County	NLT Active Rec Facility Needs Assessment	$ 75,000.00	$ 1,704.91	$ 42,285.62			$ 21,135.98		$ 21,149.64		$ 1,704.91
2192-FEMA	FEMA	NTEC Emergency Generator Mitigation	$ 225,000.00	$ 174,076.24	$ 49,778.76			$ 23,717.98		$ 26,060.78		$ 174,076.24
2192-MGMT	FEMA	NTEC Emergency Generator Mitigation	$ 15,000.00	$ 14,330.00	$ 670.00			$ 422.00		$ 248.00		$ 14,330.00
2281-1PLC	Placer County	Pam Emmerich Memorial Pinedrop	$ 109,000.00	$ 109,000.00	$ -		$ 109,000.00			$ 109,000.00		$ -
2281-HCFG	State of CA	Pam Emmerich Memorial Pinedrop	$ 132,901.00	$ 132,901.00	$ -		$ 90,329.73			$ 90,329.73		$ 42,571.27
2392-PLAC	Placer County	NTRP Tennis & Pickleball Reconstruction	$ 182,432.25	$ -	$ 182,432.25			$ 182,432.25		$ -		$ -
2392-PPRK	Placer Co Parks	NTRP Tennis & Pickleball Reconstruction	$ 750,000.00	$ 750,000.00	$ -		$ 750,000.00			$ 750,000.00		$ -
2361-PCWA	Placer Co Water Agen	Brockway Watermain & Hydrant	$ 50,000.00	$ 22,900.00	$ 27,100.00					$ 27,100.00		$ 22,900.00
2475-PCWA	Placer Co Water Agen	Agate Fulton NTPUD Water Modeling	$ 43,000.00	$ 43,000.00	$ -					$ -		$ 43,000.00
2264-TWFS	STPUD Pass Thru	Tahoe Water Fire Supression	$ 1,683,492.00	$ 447,306.76	$ 1,236,185.24		$ 447,306.76			$ 1,683,492.00		$ -
2280-PLAC	Placer County	TVRA Dredging and Marina Trail	$ 214,200.00	$ -	$ 214,200.00					$ 214,200.00		$ -
2280-TAHC	Tahoe Conservancy	TVRA Rec Area Facility Improvement	$ 130,800.00	$ -	$ 130,800.00			$ 130,800.00		$ -		$ -
2285-STPD	STPUD	Irrigation Park Upgrades	$ 66,757.63	$ -	$ (939.43)				$ 939.43	$ 0.00		$ -
2279-0000	STPUD	Customer Smart Meter Rebates	$ 6,242.37	$ 6,242.37	$ -				$ (939.43)	$ (939.43)		$ 6,242.37
			$ 3,896,825.25	$ 1,784,524.60	$ 1,908,317.23	$ -	$ 1,396,636.49	$ 358,508.21	$ -	$ 2,946,445.51		$ 387,888.11

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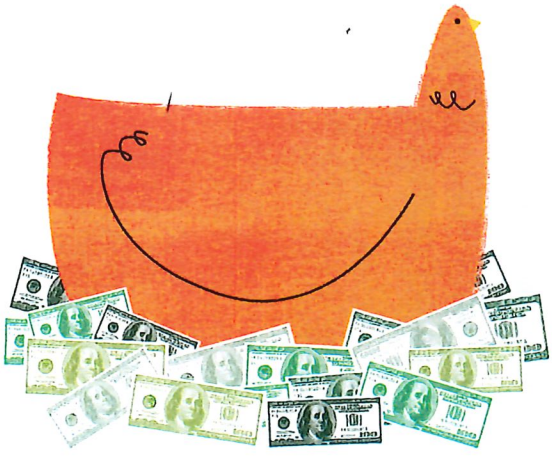
SPECIAL SECTION

Should We Rethink Reserves?

A Multimillion-Dollar Question

BY SHAYNE KAVANAGH, VINCENT REITANO, AND PETER A. JONES

While *Fund Balance Guidelines for the General Fund* is one of GFOA's most often-cited best practices, there are many opportunities for reserve optimization beyond the one-size-fits-all guidance provided in the best practice. This series of articles brings what we've learned together with university research to describe new opportunities that will help local governments get the best value from their reserve strategies.



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RESERVES VERSUS FUND BALANCE

"Fund balance" is an accounting term that describes the difference between assets and liabilities. "Reserves" is a budget and policy term that describes the fungible resources available outside of the budget for use if the resources appropriated inside of the budget are insufficient. There is an overlap between "fund balance" and "reserves," but the most important difference is that fund balance covers a broader range of resources. For example, fund balance could include prepaid inventories or receivables for delinquent taxes, neither of which is available for current spending.[1] This paper is focused on the budget and policy role of reserves.

[1] The Governmental Accounting Standards Board (GASB) provides guidance on how to classify fund balances to differentiate between amounts that are more constrained or less constrained in their potential use. You can read more about these classifications in "GASB Statement No. 54, Fund balance reporting and governmental fund type definitions," available at GASB.org.

Why We Should Rethink Reserves

It has long been thought that having substantial reserves is desirable—bigger is better. So why might we need to do some rethinking here? The reasons (which are consistent with many of those cited for GFOA's Rethinking Budgeting initiative[1]) take on special significance when applied to reserves.

An increasingly volatile and uncertain world. Reserves play a role in buffering local government from volatility; however, if volatility is increasing, we should reexamine how reserves are managed to ensure that local governments have an adequate buffer. For example, damages from natural disasters have been on the rise in recent decades. Reserves fund the response to natural disasters, and even if federal or state/provincial financial assistance is available, reserves fill the gap until assistance arrives, which can take months or even years.

Lower trust in government and experts. Local government stakeholders may be suspicious of large reserves, especially if they don't understand why the government is holding these resources instead of spending them on current services or cutting taxes. In the past, a finance officer's expert opinion, perhaps based on GFOA's best practices, might have been sufficient to justify reserves, but expert opinion may not be so readily accepted in the future.[2] Finance officers may need to provide justification for reserves that rely less on appeals to

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expertise and more on the fundamental reasons why reserves are important.

Local governments are becoming more resource constrained. Local governments are expected to maintain a sizable reserve by "industry standards" and by bond rating agencies.[3] At the same time, local governments are facing more resource constraints, especially with employee healthcare and pension costs rising. For many governments, the increases in costs have consumed revenue increases, which may soon level off. GFOA's *Fund Balance Guidelines for the General Fund* best practice recommends that—at a minimum—general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. Moody's Rating Agency looks for fund balances of more than 35 percent of annual revenue to provide a AAA rating for general obligation debt. Long-term demographic trends point toward an aging population. Though the U.S. demographic outlook is not as dire as it is for other developed countries, an aging population still doesn't bode well for local government revenues.[4] Legislative constraints also limit revenue growth. For example, there is evidence that local government revenues do not recover as quickly from setbacks like recessions as they once did because of legislative constraints.[5] (In fact, some economists believe that the long-term growth trajectory of the United States will slow; indeed, the general trend has been slowing growth since the 1970s.)

Building reserves is a use of current revenues, and governments need to weigh the opportunity costs of doing so. Is it better to provide services today or to save the money for later?

Rising costs paired with stagnating revenue growth mean that local governments need to make efficient use of resources, including reserves. Building reserves is a use of current revenues, and governments need to weigh the opportunity costs of doing so. Is it better to provide services today or to save the money for later?

None of this suggests that local government reserves should always and everywhere be lower than they are today. Instead, we should look for more and better options to provide buffers to local governments than reserves have traditionally provided. For example, are there opportunities to make more cost-effective combinations of commercial insurance and reserves? This might not always lead to a decrease in reserves; in fact, it could call for reserves to be increased as part of a high-deductible insurance strategy for some perils to reduce the total cost of risk (insurance plus reserves).

Information technology makes rethinking reserves easier. Information technologies make it easier to analyze reserve strategies and optimize the strategy to the conditions faced by the government.

[1] See "Why Do We Need to Rethink Budgeting?" at gfoa.org/materials/why-do-we-need-to-rethink-budgeting.

[2] For data on declining trust in experts, see: Cary Funk, Alec Tyson, Brian Kennedy, and Courtney Johnson, "Scientists Are Among the Most-Trusted Groups in Society," September 29, 2020, Pew Research Center.

[3] GFOA's *Fund Balance Guidelines for the General Fund* best practice recommends that—at a minimum—general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures. Moody's Rating Agency looks for fund balances of more than 35 percent of annual revenue to provide a AAA rating for general obligation debt.

[4] Michael A. Pisano, The Puzzle of the American Economy: How Changing Demographics Will Affect Our Future and Influence Our Politics (Praeger: 2017).

[5] See, for example, empirical research on state governments analyzing time to fiscal recovery following economic recessions: Christian Buerger, "The effect of economic downturns on state budgets: A counterfactual analysis of the great recession," *Applied Economic Letters*, 28(21), 2020.

Reserves: What and Why

Reserves are the liquid financial resources (typically cash and investments that can be turned into cash) that local governments do not include in the annual spending plan—resources that are held back from the budget and held in "reserve" for some other purpose. The most important purpose is to respond to significant, unplanned, and unavoidable costs or revenue losses such as a natural catastrophe or a recession. Another common purpose is as a sinking fund, or "piggy bank," for a large, nonrecurring, planned future, like purchasing a capital asset. Reserves also support a strong bond rating by signaling to investors that the local government has resources to pay back debt even with potential disruptions to its financial position.

How Do We Rethink Reserves?

We begin rethinking reserves by starting from "first principles"—that is, why do local governments have reserves in the first place? To reduce volatility and uncertainty in public finances. Uncertainty exposes a government to financial risks, so framing the reserve explicitly as a risk management tool and linking the reserve to concrete risks that decision-makers can appreciate is a great way to communicate why reserves are important. In examining the key risks that reserves guard against, we will see that there are many possible risks, and it is difficult, if not impossible, to buy commercial insurance to protect against many of them.

The risks we face

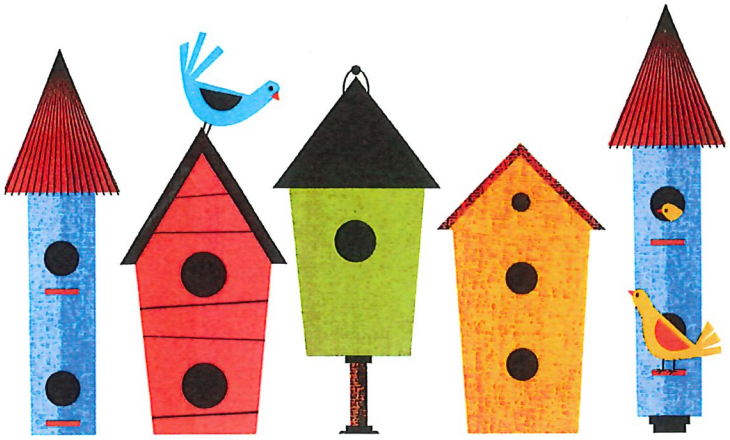
Cash flow risk is a concern, especially for governments where a major revenue source like property taxes is received only once or twice a year in large chunks, while expenditures occur evenly throughout the year. A similar problem can occur if large portions of state-shared revenue have to be authorized by the state each year through the state budget process. Delays in approving the state budget could result in delays in local government revenues. Reserves help smooth out resource availability and have important advantages over other options like tax anticipation notes, which can entail the risk of high-interest rates.

A big risk for many governments is revenue instability, with recessions being the major culprit. If a recession dramatically reduces revenue, then reserves can be used to help a government make a "soft landing." For example, in the City of Savannah, Georgia, sales tax was a large revenue source that was sensitive to the economy. The city, therefore, developed a sales tax stabilization reserve. When the Great Recession hit, the city was able to draw from the reserve and avoid layoffs.

There could be other sources of revenue instability, too. Perhaps a major revenue source is subject to changes in the political environment, as in the case of some state-shared revenue. Or a local revenue source might be subject to periodic reapproval by the voters. In one city, the potential for the closing of a major industrial employer was a risk because the city relies heavily on a local income tax.

Historically, local governments haven't consistently used reserves to offset revenue losses from a recession.[1] This might be because of state and federal government support during the last two recessions, through the American Recovery and Reinvestment Act of 2009 and the American Rescue Plan Act of 2021. While these pieces of legislation were a major help to local government fiscal health, local governments should not expect similar support in future recessions. Recovery funds require Congress to pass major legislation, and the rise of political polarization and gridlock makes this far from guaranteed. And even if the federal government offers relief, future funding might have restrictions, and it will be impossible for local governments to predict how much money they might receive. Local governments should therefore prepare to handle the impacts of recession on their own. Reserves provide another option than spending cuts.

Another major risk category is natural disasters like earthquakes, wildfires, floods, and hurricanes, which can result in urgent needs like overtime for first responders or shelter, food, and supplies for displaced families. And disaster recovery includes unforeseen expenditures like the cleanup that follows the initial devastation. Sometimes, a local government will



Rethinking is Local

Each local government will need to decide how to best apply the ideas in this article to their circumstances. For example, a local government's "reserves" are commonly associated with the general fund. Yet, many of the same ideas presented in this article could apply to other funds, like enterprise funds.

have some of its costs reimbursed by the Federal Emergency Management Agency (FEMA) and/or state agencies. If this is the case, reserves are still important to cover the non-reimbursable costs—including lost revenue, fees, and increased operating costs—while also fronting the costs until reimbursement arrives. FEMA reimbursement for natural disasters takes an average of 18 months, in GFOA's experience.

Some extreme weather events might not be declared an "emergency" by national or state government, in which case the local government may be on its own. A common example of this is an extreme snow season that causes the local government to dramatically exceed its snow removal budget. Reserves could be used to fund the overage, and the money might be replenished by surpluses in times of light snow.

Man-made disasters are also a risk. The possibility of hazardous material spills that cost a lot to clean up, for example, can have a material impact on local finances. Cyberattacks are another example of a man-made risk that might have implications for reserves. Cyber insurance policies are becoming more expensive or totally unavailable to some governments, so a government might need to raise the deductible on a commercial policy or forgo a policy altogether. In this case, the government is either partially or fully self-insuring against cyberattacks, and reserves provide the financial backing. Capital infrastructure also presents risks that reserves can help mitigate. Debt is a powerful tool for local governments to finance infrastructure acquisitions, and reserves provide assurances to creditors that the government is not at unacceptable risk of default. Reserves can also be used to pay for capital assets directly (such as pay-as-you-go funding strategies).

Other risks not covered here might fall into categories of financial/economic, health crises, security, reputational, and more. Here are a few examples from governments GFOA has worked with to analyze their risk exposure. You might think of others that are relevant to your jurisdiction.

- **Financial/economic.** For governments with large pension liabilities, a reduction in the rate of return on pension investments could increase the annually required pension payment.[2] Reserves could be used to cushion the initial shock from a reduced rate of return and consequent increase in required annual contributions, but a government will, at some point, need to realign its annual spending to accommodate increased pension costs.
- **Public health.** The COVID-19 pandemic is an extreme example of the potential financial impact of a health event. Less extreme outbreaks could still have financial impacts. For example, local governments with public health responsibilities in urban areas could face large costs from local outbreaks of serious diseases like hepatitis.
- **Public safety.** Terrorism and civil disorder can cause a spike in public safety costs. Civil disorder events could become more difficult to insure against because social media can spread civil disorder beyond a local phenomenon.[3] In other words, civil disorder in one community can easily spread to others. Insurance companies try to avoid insuring risks where this kind of "domino effect" is in play.

Recognizing that reserves are essentially a tool for risk management leads to our next point on how to rethink reserves: adjust your mental model.

Adjusting your mental model: savings versus insurance

Mental models are the ways in which we see the world, and they guide how we make decisions. If public finance officers can give decision-makers a better mental model, they will make better decisions. The traditional mental model for reserves is a savings account, and this does have advantages. First, it's easily understood by people who are not public finance experts. Second, it has a seemingly obvious parallel to the personal lives of local governments' stakeholders. This is particularly true for the "sinking fund" function of reserves, as most people have experience with building up their personal savings to pay for some consumer expenditure or personal investment (for example, education, house, and car).

But this model has disadvantages as well. First, the analogy to personal

savings as a buffer against risk might not be as powerful as it seems. Personal savings rates have been in long-term decline.[4] Most consumers also start saving *reactively*, after an adverse event has occurred (such as a recession or pandemic). Obviously, this is not a viable strategy for local government reserves.[5] Given the reactive strategy that most savers adopt, it is not surprising that most Americans are well short of the amount of personal savings that personal finance experts recommend keeping for an emergency. Given the lack of emphasis on saving for an emergency, many people may now see personal savings more as a vehicle for saving up for future purchases than as a way to manage risk.[6] There is evidence that financial managers are more likely than the average person to view their own personal savings as a tool for managing risk. This means that the "savings account" metaphor for reserves may be more powerful in the minds of financial managers than it is for other people.

Second, the savings account mental model implies that having more in your account is better, but this is not always true of local government reserves. Local governments face opportunity costs that are different from those faced by private individuals. Reserves are resources that are removed from the private economy. It can be argued that excess reserves could do better for the community if those resources were put to work in the private economy. Even if excess reserves weren't returned to the private economy, one could make a good argument that the excess amounts should be used by the government to benefit the current generation of taxpayers (the ones who provided the money to create the reserve). Further, putting aside money to offset risk creates diminishing returns.

As a simple thought experiment, imagine a person had $10,000 in their savings account to offset personal risk. This is a healthy amount, but it is not hard to imagine circumstances where it would prove insufficient. Now imagine that a similar person had $1 million in their savings account. It is much harder to imagine the circumstances where this would be insufficient. Finally, imagine that each person was given an additional $10,000. It's easy to see how the additional money would be a big help for the first person, but it would be hard to argue that the second person would experience an equal gain in risk mitigation from building their savings further. The $10,000 creates greater marginal benefit for the first person than the second. The same logic applies to government.

If the savings account mental model has important limitations, what is the alternative? We propose insurance as a new mental model. This does not necessarily replace the savings account model but does supplement it by providing a new and better perspective on some of the most important purposes of a reserve.

Insurance has an obvious parallel to people's personal lives. Given that local governments hold reserves to manage risk, insurance is an accurate analogy for reserves. Further, insurance is purchased before an adverse event occurs, much like reserves must be built up ahead of time to prepare for unpredictable adverse events.

Another advantage of insurance as a mental model is that it invites local governments to think about ways in which commercial insurance and self-insurance can work together to create an optimized risk financing strategy. Reserves are a self-insurance strategy, but commercial insurance policies (those purchased from a broker) can supplement reserves. For example, commercial insurance could be useful for protecting against low-probability but extreme-consequence events.

Using insurance as a mental model also implies that there is an optimal amount to have on hand. Non-experts can appreciate that it is possible to either over or under-insure the risks you face. Insurance also implies a point at which the "policy" should be used. Let's consider recessions as

Reserves as Insurance and the Elected Board

In a discussion with a city council about reserve strategy, one council member asked about the practical implications of spending the reserve. Using the "reserves as insurance" mental model, you would point out that lower reserves would be the equivalent of taking a lower limit (or higher deductible) on your insurance policy. The "reserves as savings account" mental model struggles with this question because of an increasingly prevalent view that savings exist to be spent.

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The savings account mental model implies that having more in your account is better, but this is not always true of local government reserves.

an example. Recessions are the most important source of financial instability for local governments, so reserves can play a crucial role in counteracting downturns in economic cycles. But there is little evidence that local governments use reserves during times of economic recessions. In the Great Recession, the 30 largest U.S. cities used their fiscal reserves, but only 25 percent of the 600 smaller cities studied drew down their reserves (the remaining cities cut spending).[7] Failure to use reserves likely caused distress to the community in the form of interruption to public services. While local governments should consider spending cuts during a revenue downturn, a strong reserve can help avoid the most damaging spending cuts.

The insurance mental model is not without its disadvantages. Insurance can be an abstract and difficult concept to grasp, even in our personal lives. This means that people sometimes don't make optimal personal decisions about insurance, just as they make suboptimal decisions about personal savings. Another disadvantage is that the analogy becomes more complicated when considering commercial insurance and intergovernmental aid. Taking these other risk management tools into account is necessary for an optimal risk management strategy, but the trade-off is additional complexity.

Developing a more comprehensive perspective

The reserves as insurance mental model addresses the risk management function of reserves well. The reserves as savings account mental model addresses the "sinking fund" function of reserves, so we do not suggest discarding the savings account mental model entirely. Rather, putting these two models together offers a more comprehensive perspective on the role of reserves (see Exhibit 1).

With better mental models in place, we are positioned to think about the actions we can take.

[1] See, for example, the following journal articles empirically examining local government expenditure stabilization: Justin Marlowe, "Fiscal slack and counter-cyclical expenditure stabilization: A first look at the local level," *Public Budgeting & Finance*, 25(3), 2005; and Win Wang and Yilin Hou, "Do local governments save and spend across budget cycles? Evidence from North Carolina," *American Review of Public Administration*, 42(2), 2012.

[2] For research examining the relationship between public pensions and reserves retained in budget stabilization funds, see Travis St. Clair, "The impact of budget stabilization funds on state pension contributions," *Public Budgeting & Finance*, 33(3), 2013.

[3] This was the view an insurance industry expert expressed at an educational event hosted by GFOA in 2022.

[4] From 1960 to the early 1990s, personal savings rates were around or above 10 percent but then sharply dropped, reaching a low of around 3 to 4 percent in 2005 to 2008. Savings increased after the 2008 Great Recession, averaging around 7.5 percent until the COVID-19 pandemic, when it jumped to historically high levels. After the pandemic, savings rates dropped dramatically, plummeting to the all-time lows of 2005 to 2008.

[5] For a few more recent examples of research analyzing government savings patterns over time, and in relation to the business cycle, see: Nathan Barrett, Jacob Fowles Peter Jones, and Vincent Reitano, "Forecast bias and fiscal slack accumulation in school districts," *American Review of Public Administration*, 49(5), 2019; and LaShonda M. Stewart, John A. Hamman, and Stephanie A. Pink-Harper, "The stabilization effect of local government savings: The case of Illinois counties," *Public Budgeting & Finance*, 38(2), 2017.

[6] For example, according to a survey conducted by Bankrate in 2021, 46 percent of Americans are saving for a specific financial goal such as a home purchase, vacation, or education, while only 28 percent are saving for an emergency fund.

[7] For examples of how to empirically analyze reserves, see: Marlowe and Wang and Hou. For a study of the 30 largest U.S. cities: "America's big cities in volatile times: Meeting fiscal challenges and preparing for the future," The Pew Charitable Trusts, 2013. For a study of 600 municipalities, see the "Fiscal slack, reserves, and rainy-day funds" chapter (by Justin Marlowe) of *Handbook of Local Government Fiscal Health* (Jones & Bartlett Learning: 2014).

EXHIBIT 1 | COMBINING THE RESERVES MODELS

Reserves as Insurance		Reserves as Savings Account		
Addresses reserve's role in guarding against risks like revenue instability, catastrophic events, and cashflow instability.	+	Addresses reserve's role in accumulating cash to pay for future costs that would not be affordable within a single year's revenue. A capital asset is an example of such a cost.	=	**Savvy Financial Strategy**
Provides a lens that encourages new and savvy ways to manage risk across the government.		Provides a lens that encourages multiyear financing strategies for large costs.		

Actions We Can Take to Rethink Reserves

Local government finance officials have a number of strategies to help them rethink reserves. In rough order of importance, they are: risk-based reserve analysis, comprehensive reserve policies, optimizing the combination of commercial insurance and self-insurance, optimizing investment strategies, pooling risk, and understanding bond ratings and reserves.

Risk-based reserve analysis

GFOA strongly recommends that local governments adopt a formal policy describing how much they will strive to maintain in their reserve fund. The question, of course, is "how much is enough?" The reserves as insurance model would say it depends on what your risks are.

The first step toward a risk-aware reserve target is to think of it as a range instead of a single point. For example, a government might decide its policy is to maintain reserves between 15 and 25 percent of annual revenue, rather than equal to 20 percent of annual revenue. A range has several advantages over a single point:

- Risks are difficult or often impossible to estimate exactly. A range expresses that a government requires a margin of error to operate within. Conversely, a single point leaves ambiguity over whether actual reserves are too high or too low. To take our example: if the government's policy was based on a single point (20 percent) and the actual reserves were at 17 percent of revenue, would that be acceptable? What if reserves were 27 percent? Would that be too high? The single-point policy is not clear about boundaries the government should stay within.[1] If the policy were based on a range, we'd know 17 percent was acceptable, but 27 percent was too much. This feature of ranges not only helps decision-makers discuss reserve strategies, but it might also help with explaining reserve strategy to the public.
- A range accommodates different risk appetites. The "right" level in reserves will be a function of the risks a government faces and of local officials' willingness to bear those risks. A range can accommodate the views of risk-averse elected officials and less risk-averse officials. They can find grounds for compromise by negotiating a floor and ceiling that accommodates different appetites for risk.
- A range better supports the ongoing management of reserves. Reserves fluctuate from year to year. If the reserve stays in range, there is little need to revisit it, whether the actual reserve is too high or low relative to the policy. If the reserve falls outside the range, it suggests a clear course of action (as in, do something to get it back in range). This helps make sure that reserves stay where they need to be to manage risks.
- A range includes a lower limit, communicating that being a good steward of the community requires a minimum amount of reserves. It also communicates that there is an upper limit on the usefulness of reserves and a point at which excess resources should be devoted to some other purpose.

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The next step in developing a risk-aware reserves policy is to analyze the risks the local government is subject to. A risk analysis can take place at varying levels of sophistication, but a qualitative or subjective risk assessment is the most accessible approach. A local government can review categories of risks, like those described earlier in this section, and then assess their exposure in each category and consider if their reserve target accommodates that exposure. GFOA has developed a simple template to facilitate this kind of review.[2]

The City of Berkeley, California, illustrates how the template can be used. The city's budget staff led its risk assessment and included participation from the Public Works, Police, and Fire departments. The city determined that the greatest exposure was "extreme events and public safety concerns," particularly earthquakes, fires, landslides, floods, hazardous material spills, and terrorism. Other important exposures included "expenditure volatility," due to upcoming large expenditure obligations that did not have a funding source, and "other funds' dependency on the general fund." The city's general fund was a backstop for other city operations funded by other sources, so the city would rely on the general fund if these operations were to encounter unplanned, unavoidable expenditures or revenue interruptions. By reviewing all the risks on GFOA's template, Berkeley determined that it faced a moderate to high level of risk, and that 25 to 35 percent of annual revenues would be reasonable to buttress the effect of routine downturns in the economy and respond quickly and decisively to major emergencies.

The advantage of a qualitative risk analysis is accessibility. Berkeley (and many other governments) have completed such an analysis within their own resources. A qualitative analysis also can be effective for acclimating the government to awareness of risk as part of its reserve strategy. Berkeley performed this analysis in 2016 to 2017, and it helped convince the city to commit to reexamining its risk exposure five years later—which the city is doing this year (using the more sophisticated chance-based approach that we'll describe later).

The disadvantage of a qualitative risk assessment is that the results are subjective. This means there is likely to be a gap between the reserve target suggested by the assessment and the optimal reserve amount, given the risks. There is no way to tell how accurate or inaccurate the subjective estimate might be, relative to the optimal amount.

The level of sophistication is to quantify risks to reach a more objective estimate. This involves looking at historical experiences, the analogous experiences of other governments, and other sources of data to estimate the potential cost of the risks the government is subject to. A quantified approach might be needed when there is controversy about the right amount in reserves.

The easiest quantified approach to risk analysis is to build a model using single numbers to represent the potential impact of risks. To estimate the risk posed by recessions, for example, we might look back at past recessions to see the losses incurred. We would see that the 2008 Great Recession represents a particularly bad recession. Let's say revenues decreased by $5 million, which would suggest that we might need a $5 million reserve to be prepared for most future recessions. Outside studies and the experiences of other local governments can also help. The

The Problem of Unknown Unknowns

A limit of any risk analysis is that you can only analyze the risks you know about, or the "known unknowns." But there's always a chance of experiencing a loss from a totally unexpected source, or the "unknown unknowns." For instance, five years ago, not many governments would have anticipated the current tightening of the cyber insurance market, which might place pressure on local governments to partially or fully self-insure cyber risks. The COVID-19 pandemic is another example of an unknown unknown.

Both examples illustrate how to deal with unknown unknowns. First, a local government should periodically update the risk analysis. Cyber risk losses have been steadily increasing across all local governments for several years, so cyber risk should have been on the radar of local governments before the current tightening of the insurance market. Second, a local government should use reserves to cover multiple purposes. Though pandemics were not considered a high risk by most local governments prior to 2019, recessions certainly were. The economic slowdown caused by the COVID-19 pandemic could be considered a kind of recession. By grouping multiple risks together into the reserve, the reserve will be more likely to withstand the addition of previously unknown risks.

Town of Bluffton, South Carolina, used a publicly available university study that calculated the per capita cost of recovering from hurricanes at different storm category levels.[3] The town applied these numbers and adjusted for inflation after the study was completed to derive a figure that it used as the target number for its emergency recovery reserves.

The GFOA report, "A Risk-Based Analysis of General Fund Reserve Requirements," describes how to perform this analysis, including how to account for the possibility of historically unprecedented events.[4] The advantage of this "single-number" approach is that many governments should be able to perform the analysis using their own resources.

The single-number approach has an important disadvantage, though. Risks, by definition, are uncertain quantities. This approach represents these uncertainties as single numbers, which obscures the full range of risk that the government faces.

One of the most important consequences of obscuring the full range of risk is revealed in the way a total reserve goal is determined. A total reserve target is the sum of potential losses from each risk a government is subject to. But because risks are uncertain numbers, the sum is not as straightforward as adding the single-number estimates of risk together. The most important potential error is dramatically overestimating the size of reserve the government needs. An explanation is best provided with a GFOA video, "Adding Risks Together: The Surprising Truth."[5] For example, imagine that a local government is subject to three types of extreme events, where there is a 5 percent chance of each occurring in a three-year period. A simple summation would lead a government to prepare for a 5 percent chance of each occurring (5 percent + 5 percent + 5 percent). But since reserves can be used to respond to any extreme event, the optimal strategy is to think about the total risk from all extreme events at once. There is a small chance (less than 1 percent) of all three events occurring within a single three-year period (5 percent x 5 percent x 5 percent).

The town of Bluffton, South Carolina arrived at a target number for its emergency recovery reserves by using a publicly available university study that calculated the per capita cost of recovering from hurricanes at different category levels.

Because risks are uncertain numbers, the sum is not as straightforward as adding the single-number estimates of risk together. The most important potential error is dramatically overestimating the size of reserve the government needs.

The way to overcome the disadvantages of the single method is to evaluate the full range of risk, rather than condensing risk down to a single number. We will call this approach "chance-based" because we can use the full range of risk to determine the chance that any given reserve level will be adequate to protect against the risks in question. GFOA has worked with several local governments to develop chance-based reserve models, also known as probabilistic (or chance-based) simulations, using Microsoft Excel and open standards for computer simulation from ProbabilityManagement.org. These projects included working with elected officials to bring the results of the simulation into policy decisions. A full explanation of what chance-based simulation is and what it looks like is best accomplished with a video from GFOA's "Risk-Savvy Thinking about Reserves" series.[6] The advantages of simulation are many, including:

- It is the best way to estimate the potential of pooling risks inside of local government. (More on this later, but suffice to say, for now that risk pooling is a time-honored and powerful strategy for reducing the cost of risk.)[7]
- It will provide the best estimate of the range of optimal reserves for addressing the risks that are included in the analysis. It also provides a clear illustration of the decreasing marginal

benefit of accumulating too much in reserves and shows the point at which the marginal benefit decreases.[8]

- The simulation can address a multiyear timeframe. This is important because it isn't easy to increase reserve levels quickly.[9]
- A simulation can include forces that influence reserves outside of risk factors. For example, the simulation could include a local government's willingness to cut its expenditures instead of using reserves. Or the simulation could address how likely it is that a local government will generate budget surpluses that build up reserves and offset losses.[10]
- Simulations can highlight the full range of risk a local government is exposed to—from risks that could be easily self-insured all the way to catastrophic risks that are impossible to fully self-insure. This helps highlight the need for strategies like preventative investments and a robust disaster response strategy.
- Chance-based simulation is the method insurance companies use to develop policies, so it has proven to be best-suited to problems of insurance.

The major disadvantage of chance-based simulation is that it is more complex than the single-number analysis method. Though chance-based simulations can be conducted in Microsoft Excel,[11] GFOA isn't aware of any local government that has conducted a simulation of reserves without outside consulting support. Also, the results are often expressed in odds and probabilities, and though odds and probabilities are essential for the best understanding of risk, they are not the first language of many people. Thus, explaining the result of the simulation can be more difficult than a single-number analysis. That said, GFOA's experience is that it can be done—especially with the help of interactive models, like those you can see in the videos cited. In fact, we have yet to meet an elected official who could not grasp the essential ideas of a chance-based analysis.

RETHINKING RESERVE CHECKPOINTS

Develop a risk-aware reserves policy

- Express your reserves policy as a range of desired reserves, with a floor and a ceiling.
- Conduct a risk analysis to get a sense of how the risks you face affect the reserves you should hold. Any of the three methods presented would provide a reasonable basis for a more informed discussion with policymakers about why reserves are necessary and how much should be kept in reserves.
- Quantification of risk offers important advantages over subjective approaches—we described both "single-number analysis" and "chance-based simulation" methods of quantification. A quantified approach might be particularly useful when there is a strong sense among decision-makers that existing reserves are too high or too low.
- The single-number analysis is more accessible to local governments than a chance-based simulation; however, a chance-based simulation is better (and how insurance companies conduct their analysis). The choice between the two depends on factors such as a government's ability to pay for outside consulting support, a need for a more rigorous analysis, and the number of risks and size of reserves in question (more/bigger risks and reserves means more potential to make the best use of funds by optimizing the size of the reserve).

Develop a comprehensive reserves policy

A reserves policy is a method to "pre-commit" the organization to wise decisions about reserves. Rather than deciding on reserves strategies in the heat of a moment when a tough decision is required, a policy can be developed when the pressure is off. That policy then provides the boundaries for decision-making when difficult decisions need to be made about reserves. A policy should address the following: 1) why reserves should be accumulated; 2) how much should be accumulated; 3) what strategies should be used for accumulation; and 4) when and for what purpose reserves can be used.

Why? To protect the local government against risks ranging from weather events like flooding, earthquakes, wildfires, and snowstorms to man-made problems like lawsuits. Citing locally relevant risks and the notion of self-insurance as part of a policy can help answer the question of why reserves are needed.

A policy should also address the "savings account" role of reserves in saving up for larger projects. Differentiating the "insurance policy" role of reserves from the "savings account" function could help decision-makers be savvier with their reserve strategies.

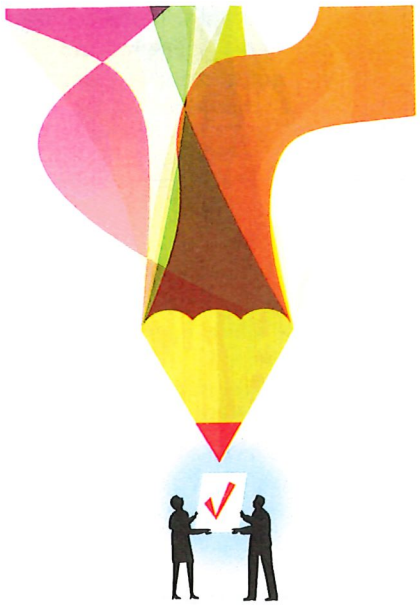
A policy can also discuss strategies to use for accumulation. This could be as formal as formulas tied to any yearly surplus or even a formal budget allocation to hold back some amount of a year's revenue for building a reserve. A policy could also allow for a less structured approach by encouraging surpluses and one-time revenue to be used to build the reserve if the government is below its target range. In fact, a government could apply some of the same risk savviness we've been discussing in these articles to its forecasting in order to estimate the size of surpluses that could be produced by a given spending plan.[12]

A policy should also address how reserves can be used—most importantly, discouraging the government from using

reserves for ongoing expenditures (such as hiring more employees). Reserves are not an ongoing resource. An exception might be made for supporting continuity of public services in the face of a revenue interruption like a recession. This would be temporary, until revenues recover or until expenditures can be restructured to be affordable under the revenues that are available.

A policy that addresses these points helps foster a better and shared understanding of reserves in relation to the maintenance of public services amid the risks the government faces.

Finance officers will also have to consider how to describe the reserve relative to the "fund balance" figures that are included in the annual financial report. Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides a series of categories of fund balance that must be reported. The finance officer can make the link between the reserve (as in, a budgetary/financial planning strategy) and fund balances (as in, an accounting mechanism). Reserves can be shown as part of the "assigned" or "committed" categories of fund balance. In this way, decision-makers can see the reserve in the financial statements and differentiate it from other forms of fund balance, especially forms that are unavailable for use as self-insurance. This might be the case with fund balances that are being put aside for spending on a future project, for example.



Finance officers could positively influence how stakeholders think about reserves by developing a comprehensive policy that describes why reserves are important to the community amid a budgetary shortfall or other contingency, the range of reserves it is prudent to maintain, and transparency on how reserves (a budgetary strategy) connect to the total fund balance available in financial reports.[13]

Optimize the combination of commercial insurance and self-insurance

Commercial insurance is a valuable complement to reserves. A useful analogue is self-insurance programs for employee healthcare, which have been shown to provide potential savings for employers, compared to commercial insurance.[14] But few governments would self-insure every last dollar of potential loss. Instead, self-insured governments often purchase "stop loss coverage," where a commercial insurance policy kicks in after a certain size of loss is reached. This spares the government the cost of covering extremely large losses and the cost of the more expensive premiums that would come with using commercial coverage for more routine losses.

A similar concept can be applied to the risks a reserve is "self-insuring" against. Reserves will be most useful for lower magnitude, higher frequency risks. Commercial insurance is most valuable when the losses from a catastrophic risk would be unaffordable.

The most straightforward example is purchasing higher-deductible insurance policies for liabilities that are commercially insured. This strategy is useful for insurance policies that have become more expensive because of market conditions. Insurance against cyberattacks is a prime example, with some governments experiencing 100 percent year-over-year increases in prices, as of mid-2023. For example, increasing costs increased the $1 million deductible with $15 million in coverage paid by Mecklenburg County, North Carolina (covering Charlotte and surrounding areas), to a $5 million deductible with $10 million in coverage.[15] The county has substantial general fund reserves, so it can "self-insure" the larger deductible and the lower limit.

Another application might be "parametric insurance." Parametric insurance policies pay out a set sum of money when a given condition comes to pass. For instance, a policy might pay out $10 million if hurricane wind speeds in the community reach 120 miles per hour.

RETHINKING RESERVE CHECKPOINTS

Develop a comprehensive reserves policy

- A reserves policy is a way to "pre-commit" the organization to wise decisions about reserves.
- A policy should address why reserves should be accumulated, how much should be accumulated, what strategies should be used for accumulation, and when and for what purpose reserves can be used.
- The finance officer should strive for transparency in how reserves (a budgetary policy) are reflected in the reporting of fund balances in the annual financial report (an accounting mechanism).

Market conditions increased the deductible and decreased the coverage of the insurance policy held by Mecklenburg County, North Carolina, to protect against cyberattacks. Due to the county's substantial general fund reserves, it can "self-insure" the larger deductible and lower limit.

Parametric policies are in wide use in many other sectors but are a relatively new instrument for local governments. Parametric policies might be most useful for catastrophic events where a local government's reserve would be stretched to respond. Of course, federal and/or state assistance is often available for these kinds of events, but the reimbursement often takes more than a year to arrive.[16] Further, some costs of a catastrophic event may not be reimbursable by the state or federal government. For instance, if the tax base is so damaged that tax revenues do not recover quickly, the funds from a parametric policy could help fill the gap. Also, parametric policies provide full coverage as soon as the policy goes into effect, while it could take years to build up enough in reserves to cover the full impact of a catastrophic event. Parametric policies can also be designed around a specific geographic area. For example, perhaps a specific area of a city is particularly vulnerable to a certain kind of hazard. A policy could be developed to provide a payout for an occurrence of that hazard in that area, allowing the local government to provide additional support to the people who live there.[17]

You can read more about parametric insurance in the GFOA report "Parametric Insurance: An Emerging Tool for Financial Risk Management."[18] The report includes case studies of local governments that have purchased parametric policies and how insurance policies complement FEMA reimbursement.

RETHINKING RESERVE CHECKPOINTS

Optimize commercial insurance combined with reserves

- Consider if you have commercial insurance policies with a higher deductible that could be self-insured by reserves. The highest potential will usually be with policies where premium prices are going up substantially.
- Consider if a parametric insurance policy could supplement reserves. Parametric insurance might be particularly useful when a government finds that it is underinsured for a catastrophic risk. This is because parametric insurance can provide additional coverage immediately, while it could take years to build an equivalent reserve.

Optimize investment strategies

Insurance companies invest the monies collected from premiums to make substantial profits.[19] A government's reserves are basically premiums collected from the community to stabilize their government services against risk. The money held in reserves will be idle most of the time, so governments can adopt savvy investment strategies for it.

A risk analysis is essential for a savvy investment strategy. A government can divide its idle funds into tranches, with each tranche representing a different likelihood of the government needing to access the money for emergency purposes. As a simple example, let's assume a government has only two investment options: 1) short-term, lower earning; and 2) long-term, higher earning, where the term of the investment is three years. Let's assume a government does a risk analysis that suggests $10 million is a good ceiling amount for its reserve, and the government has $10 million in its reserve. The risk analysis also suggests there is only a 10 percent chance that the government would need to use more than $9 million of its reserve in the next three years. Decision-makers might conclude that putting $1 million in the second investment option is worth the risk. This leaves $9 million in the shorter-term, lower-earning investments, that provides greater ability to access the cash if the need arises. Research by one financial technology firm that helps local governments determine their investable resources suggests that large gains in investment returns are possible with a more risk-savvy investment strategy like the one described above. According to data provided by the firm, returns could improve by much as 35 to 40 percent more than what most governments get currently from the resources that comprise their reserves.[20]

Our example assumes a probabilistic risk analysis, but a less rigorous risk analysis could still help reach a similar conclusion. For example, if a less rigorous analysis suggests that $10 million is

A risk analysis is essential for a savvy investment strategy. A government can divide idle funds into tranches, with each one representing a different likelihood of the government needing to access the money for emergency purposes.

the ceiling amount for reserves, then we know that amounts closer to the ceiling are far less likely to be used than the "first dollar" that comprises the reserve. Thus, a government would still have the bulk of the $10 million invested in more liquid assets, while placing a smaller amount in a less liquid, higher return asset.

Our example also reveals a potentially sticky question. The decision to invest in any combination of assets with different risk/reward profiles will, at some point, depend on the subjective appetite for risk of the decision-maker. Going back to our example, who is to say that a 10 percent chance of needing more than $9 million is the objectively correct threshold for investing the remaining $1 million in longer-term securities? Perhaps some people would be comfortable with a 15 or 20 percent chance, while others may be uncomfortable with as high as 10 percent. These decisions will have to be discussed with the relevant decision-makers to come to a consensus. GFOA's experience has been that reaching an agreement is easier when the discussion is based on an objective analysis like a risk assessment. GFOA has done this kind of analysis with its own finances and found that reaching agreement on the preferred investment strategy was not that difficult, as the risk analysis provided objective criteria and data for decision-makers.

RETHINKING RESERVE CHECKPOINTS

Optimize investment of reserve funds

- Use a risk analysis to identify tranches of funding ranging from more likely to be needed to cover unplanned, unavoidable needs to less likely. The less likely tranches may be candidates for less liquid, higher-return investments.
- Convene a discussion with the relevant decision-makers to determine the level of risk the government is willing to take on with respect to investment liquidity versus the potential need to draw on reserves.

Pool risk

Risk pooling is widely recognized and a time-honored strategy for reducing the cost of risk, and it works because of diversification. Put simply, it is unlikely that a loss event will happen to all the pool participants at the same time. For a more in-depth explanation, see GFOA's Rethinking Revenues series video, "Why Pooling Reduces the Cost of Risk."[21]

Local governments often pool risk across multiple local governments (regional insurance pools). Local governments also pool risk inside their own organizations. Let's return to our example of employee self-insurance. Local governments do not set up separate self-insurance pools for each department or for each accounting fund. All employees fall under the same self-insurance program. This saves money because the total amount needed to insure the entire organization is less than you would need if you insured each department separately. This is an example of risk not adding up the way you might think. We also explain the concept in more detail in GFOA's Rethinking Reserves series video, "Adding Risks Together: The Surprising Truth."[22]

Similarly, local governments could realize some advantages from pooling reserves. There are many opportunities to apply pooling, though these opportunities entail varying degrees of difficulty.

The first and easiest way is to make sure there are no unrealized opportunities for pooling within the general fund. For example, some governments set up one reserve for economic uncertainty (such as recessions) and another for extreme events (such as natural disasters). These two reserves could be pooled because recessions and natural disasters are unlikely to occur at the same time, so a combined reserve should be more cost-effective. The combined reserve could still be labeled as a reserve for extreme events and economic uncertainty, to make the intent clear without keeping the two reserves separate. The most accurate way to judge the potential savings is a probabilistic risk analysis. Combining reserves to make the money in the reserves

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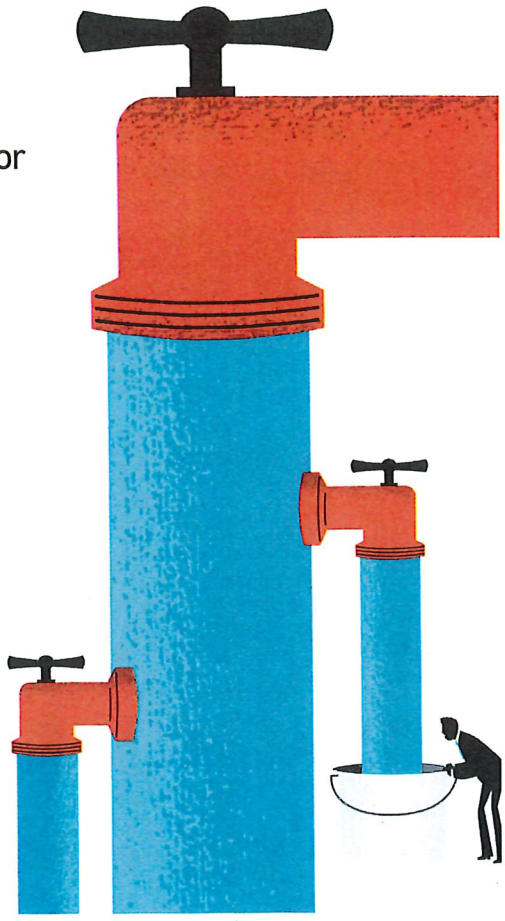
Risk pooling is widely recognized and a time-honored strategy for reducing the cost of risk, and it works because of diversification.



more fungible could improve cost-effectiveness for the same reasons we described in our employee health plan self-insurance example.

Another possibility is to define policies for emergency interfund borrowing. The idea is that the total amount reserved across the entire government could be less if each fund did not have to prepare for the most extreme circumstance but could rely on financial backup from other funds in extreme cases.[23]

An option that could present some challenges also presents large potential payoffs: pooling reserves across funds. This has a large potential payoff because the amounts involved will be large. It can be challenging because monies may be segregated into different funds for legal reasons, creating practical barriers to operating such a pool. Pooling funds will be most effective when two conditions are met: 1) the funds involved do not have legal restrictions that make pooling impractical; and 2) the risks faced by funds are not overly similar. If the risk profiles of the funds are similar, then pooling will not be of great benefit because each fund will receive a shock when a given risk happens. But if the funds have substantial differences in their risk profiles, then pooling could be quite valuable. A given risk may give a shock to one fund but not the other, and the fund that was not shocked can support the fund that was.

Many local governments may be unwittingly pooling the reserve risks of several funds. In our work with local governments, we found that an important risk for the general fund is that it is often a de facto "backstop" for other funds. If those funds run into unplanned, unavoidable emergency financial needs, then the general fund is on the hook. Rather than building up separate reserves in each fund, it may be better to formalize the current state of affairs and enhance the pooled approach by pulling in the pool of other funds that have their own reserves.

GFOA is not the only entity to advocate for the potential of pooling reserves. In Moody's November 2022 "U.S. Cities and Counties [Bond Rating] Methodology," the company introduced a government-wide evaluation of fund balance into its rating methodology. The strength of fund balances and held cash combined across all funds is worth 30 percent of the foundational score when Moody's evaluates a government's creditworthiness.[24] Moody's found that the fund balances in different funds are often flexible enough that the funds can support each other. The company believes that there is enough potential for interfund support to justify evaluating across the entire government instead of fund by fund. This marks an evolution of Moody's approach, which was focused on specific funds.

Finally, let's address regional pooling. Local governments often participate in regional insurance pools, so why not regional arrangements for the risks the reserves guard against? The reason this may not provide as much benefit as one might expect is that the types of risks the reserves guard against (for example, natural catastrophes, recessions) affect the entire region. If all members of a pool are impacted at the same time by the same risk, then a pool loses its value. Another way to think about it is that a pool *within* government brings together funds that might have different exposures. A pool between governments brings together funds (such as, multiple general funds) that have the same exposures.

RETHINKING RESERVE CHECKPOINTS

Apply risk pooling to reserves

- If you have separate reserves in the general fund for different risks, combine those reserves.
- Develop a policy for emergency interfund borrowing.
- Consider pooling reserves across funds within your government. In some cases, you may already be de facto pooling the general fund with financially weaker funds. Improve your risk portfolio by adding other strong funds to the pool.

Understand bond ratings and reserves

A rationale for holding a greater amount in reserves is that it will support a strong bond rating, which will translate to lower interest costs on the money a government borrows. Reserves play an important role in the ratings process. According to Moody's Investors Service's rating methodology, available fund balance ratio[25] is worth 20 percent of the rating. Moody's also examines liquidity ratio[26] because fund balance is an accounting term that can include assets not available for current spending. The liquidity ratio constitutes an additional 10 percent of the rating methodology. Thus, fund balance and cash together comprise 30 percent of the total ratings methodology.

First, remember that "fund balance" and "reserves" aren't the same, though they are related. Fund balance includes a wider scope of resources, so it will be a larger number than reserves. With this in mind, we can see that fund balance/cash plays an important role in the ratings method. But what is considered a good level of fund balance? Moody's "AAA" rating (the highest) is associated with fund balances exceeding 35 percent of revenues. The "AA" rating is associated with fund balances between 35 and 25 percent, and the "A" rating with 25 to 15 percent. That said, while 30 percent of ratings evaluation is made up of fund balances and cash, 70 percent is not. Further, the Moody's documentation is clear that ratings analysts will consider local factors and other idiosyncrasies to arrive at the final rating—so it is possible to have fund balances/cash below the range for a given rating yet still achieve that rating, or even a better one.

We also examined rating methodology documentation from S&P Global. Though the specifics of their method are different, the general conclusion is the same: fund balances play an important, but not decisive, role in arriving at a final rating. A greater fund balance will contribute to a higher rating, but it may not be sufficient to guarantee a higher rating. Similarly, a lower fund balance is not guaranteed to consign a local government to a lower rating. Other factors weigh more heavily, and ratings analysts have some discretion in assigning ratings based on local context.

The next question to ask is if a higher bond rating is worth the cost to obtain it? A bond rating has a quantifiable benefit, which is the interest savings available at the next-highest bond rating. To the extent that greater fund balance (and greater reserves) can move a local government from one bond rating to the next, then it is possible to measure the benefit.

Let's get a sense of the interest rate differences between bond ratings. Exhibit 1 shows the differences between interest rates (percentage points) at different bond ratings from 1993 to 2022.[27] This shows a 90 percent confidence range, which omits outliers on both the high and low side. It is notable that the midpoint (median) is closer to the low side of the range, which usually means the differences between ratings are closer to the low value than to the high value.

What are the implications of the differences in interest rates? First, let's get a sense of the differences in the total cost of bond issue due to an interest rate difference. Imagine a 30-year, $200-million bond issue at 3 percent annual interest with a rating of A. The total cost of interest over the life of the bond issue would be about $106 million. If the same bond were to be issued with a rating of AA, let's assume it would enjoy an interest rate that is better by 0.20 percent (the midpoint on our table). In that case, the total interest rate paid over the life of the bond would be about $98 million, or a difference of about $8 million. This equates to an average of about $260,000 per year. Conveniently, the midpoint for changes between ratings in the other columns on our table is roughly half or double the midpoint in Exhibit 1, so it is easy to imagine the financial benefit at other bond rating levels.

The question of whether these benefits are worth the cost of accumulating more fund balance depends on several factors, such as:

- **How much debt a government issues.** If a government issues more debt, it will get more benefit from a lower interest rate (assuming it will issue the same amount of debt no matter its rating).
- **The duration of the payback period for the debt.** A longer payback period will result in the government paying more total interest over the life of the bond, giving a lower interest rate more impact.
- **How high a bond rating would be without accumulating a large amount in reserves.** For example, Exhibit 1 shows that the interest rate benefit between AAA and AA is much smaller than A and BAA. This means that, all else being equal, a government that can improve from BAA to A by accumulating fund balance would benefit more than a government that can go from AA to AAA.
- **The opportunity costs of holding fund balances and reserves.** Fund balances/reserves are not without

EXHIBIT 2 | HISTORY OF INTEREST RATE DIFFERENCES BETWEEN BOND RATINGS, 1993-2022

Percentage point differences from going from a higher to lower rating		AAA → AA	AA → A	A → BAA
90% of the time, the difference is between these points.	Low	0.09%	0.10%	0.12%
	Mid	0.11%	0.20%	0.38%
	High	0.25%	0.62%	0.97%

← Notice that the midpoint is closer to the low side of the range. This means most of the time the differences between ratings are closer to the low value than the high value.

cost. Money held by the government is money taken out of the private economy. A less abstract opportunity cost is the public service forgone because this money isn't being spent. In a private firm, the opportunity cost of idle funds is, essentially, the rate of profit that could be made by directing the funds to a business opportunity. Unfortunately, there is not yet a widely accepted, useful way to measure the opportunity costs of idle funds in local government, so the cost of holding idle funds in local government is often underestimated.

- **Secondary benefits of a higher bond rating.** A higher bond rating might confer prestige to the local government, perhaps resulting in more trust and confidence from the public or making the locality more attractive to businesses.
- **How much additional risk coverage more reserves will buy.** This speaks to the marginal value accrued from accumulating more reserves. If the additional reserves are unlikely to be used, then the potential benefit from the standpoint of risk mitigation is low. That said, rating agencies are measuring fund balance and cash. A local government could also accumulate reserves as part of a sinking fund to pay for a special project. The monies in the sinking fund would count positively in the rating agency evaluation.

RETHINKING RESERVE CHECKPOINTS

Understand bond ratings and reserves

- Fund balances and cash are an important but not overwhelming determinant of bond ratings.
- Because accumulating and holding fund balances/cash is not without cost, governments should ask if a higher bond rating is worth the cost of holding. The cost versus benefit of a higher bond rating is a function of the amount and duration of debt the government issues, the likely improvement in interest rates available from a rating increase, the marginal improvement in risk management available from holding more reserves, and the opportunity cost of holding fund balance/cash.

Conclusion

Reserves help local governments manage risks by making resources available for unplanned, unavoidable expenditures and revenue interruptions. This makes reserves a form of self-insurance. We have advocated for local governments to treat reserves more like self-insurance, including using insurance metaphors to discuss and plan reserve strategies, using risk analysis to determine the size of the reserve, complementing reserves with commercial insurance strategies, pooling risks that reserves are used to cover, and more. This will help local governments make savvier financial decisions about how to manage risk and make their communities more prepared for a volatile and uncertain world.

Shayne Kavanagh *is senior manager of research for GFOA's Research and Consulting Center.* ***Vincent Reitano*** *is an associate professor at Western Michigan University's School of Public Affairs and Administration.* ***Peter A. Jones*** *is an associate professor at The University of Alabama at Birmingham's Department of Political Science and Public Administration.*

[1] Defining boundaries is essential to good financial public finance. See *Financial Foundations for Thriving Communities*, GFOA, May 2019.

[2] GFOA's general fund reserve calculation worksheet is available at gfoa.org/materials/general-fund-reserve-calculation-worksheet.

[3] Michael R. Boswell, Robert E. Deyle, Richard A. Smith, and E. Jay Baker, "A quantitative method for estimating probable public costs of hurricanes," *Environmental Management*, 23(3), April 1999.

[4] Shayne Kavanagh, "A Risk-Based Analysis of General Fund Reserve Requirements," GFOA, January 2013.

[5] See "Adding Risks Together: The Surprising Truth" at youtube.com/watch?v=soLvUKp8C4k. All the videos in this series are available at gfoa.org/risk-savvy-thinking-about-reserves-videos.

[6] See "About Chance Based (Probabilistic) Reserve Models" at youtube.com/watch?v=QDl2bYZ1dR4&t=25s. A series of videos about simulation is available at gfoa.org/risk-savvy-thinking-about-reserves-videos.

[7] See GFOA's Rethinking Reserves series video, "Why Pooling Reduces the Cost of Risk," at youtube.com/watch?v=lHEA9m0uoaU.

[8] To see how, watch GFOA's Rethinking Reserves video, "The Decreasing Marginal Benefit of Reserves" at youtube.com/watch?v=xjTJtP-yV5s.

[9] Watch GFOA's Rethinking Reserves video, "Multi-Year Analysis of Reserves," at youtube.com/watch?v=uZJftwcCods.

[10] The video on analyzing a multiyear time frame provides an illustration of how willingness to cut expenditures can be integrated into a simulation.

[11] Visit probabilitymanagement.org for resources on how to do this.

[12] See Shayne Kavanagh and Elizabeth Fu, "Speaking Uncertainty to Power: Risk-Aware Forecasting and Budgeting," *Government Finance Review*, April 2016, to see how one government did just that and use our mini stress test demonstration, available at gfoa.org/materials/mini-stress-test-demonstration, to conduct the same analysis featured in the article.

[13] Find GFOA's reserve policy template at gfoa.org/materials/reserve-policy-template.

[14] Shayne Kavanagh, "Smart practices for self-funded employee health insurance," *Government Finance Review*, October 2018.

[15] The county also negotiated several exclusions and limitations to the policy, which means the final price of the new policy isn't comparable to the old one.

[16] According to a sample of data obtained by GFOA, it takes 18 months, on average, for a local government to obtain FEMA reimbursement.

[17] Carolyn Kousky and Helen Wiley, "Improving the post-flood financial resilience of lower-income households through insurance," *Wharton Risk Management and Decision Process Center Issue Brief*, January 2021.

[18] Shayne Kavanagh and Elizabeth Fu, "Parametric Insurance: An Emerging Tool for Financial Risk Management," GFOA, January 2020.

[19] OpenAI's GPT 4.0 replied to an inquiry by saying "investment income accounts for about 25 to 30 percent of the profits of a typical property and casualty insurance company." Further, GPT showed that some insurance companies even derive most of their revenue from investments.

[20] Data obtained by GFOA from the firm three+one (which sells a software service that helps local governments optimize the amount of money invested in higher return instruments).

[21] The video is available at youtube.com/watch?v=lHEA9m0uoaU.

[22] The video is available at youtube.com/watch?v=soLvUKp8C4k.

[23] For more on how to develop a policy, see Shayne Kavanagh and Elizabeth Fu, "The Last Line of Financial Defense? Internal Loans in Emergency Situations," *Government Finance Review*, December 2019.

[24] Moody's separates "fund balance ratio" and "liquidity ratio," but both cover all funds. Also, the base score is a starting point, and Moody's analysts may adjust a final rating up or down based on contextual factors particular to the local government being evaluated.

[25] The formula is: Available Fund Balance + Net Current Assets/Revenue.

[26] The formula is: Unrestricted cash/revenue.

[27] Data sourced from SDC All Municipals, an online data portal from Refinitiv.

Guiding Your Selection of a Fund Balance Target

Step 1. Determine your total score from the risk factors

0	Your total score from the risk factors (calculated if you entered a score in other sheets)

Step 2. Preliminary Analysis
Compare your score from Step 1 to the guidelines below.

Your Score	*Analytical Guidance*
8 - 16	You face minimal risk to retain through reserves. Consider a target equal to the GFOA minimum recommended reserve of 16.6% of revenues/expenditures.
17-24	You face a low to moderate level of risk to retain through reserves. Consider adopting a reserve target somewhat higher than the GFOA minimum (e.g. 17-25% of revenues/expenditures). Since risk is low, do not invest excessive analytical effort in determining an exact target amount. Consider a short, informal benchmarking study with peer agencies to provide guidance.
25-31	You face a moderate to high level of risk to retain through reserves. Consider adopting a target amount of reserves significantly higher than the GFOA recommended minimum (e.g., 26 - 35%). Consider a short, informal benchmarking survey as a starting point, but then analyze your most significant risk factors to make sure they are adequately covered by what the survey suggests is reasonable.
32 - 40	You face a high level of risk to retain through reserves. Consider adopting a much higher target than the GFOA minimum (e.g., greater than 35%). Consider performing a more in-depth analysis of the risks you face to arrive at target level of reserved that provides sufficient coverage.

Step 3. Consider Impact of Government Size, Budget Practices, & Borrowing Capacity
For each driver pick which description best fits you and enter the appropriate number of points.

	Government Size
+2	We are under 50,000 in population
0	We are between 50,000 and 300,000 in population
-4	We are over 300,000 in population
	Budget Practices
-3	The budget has a formal contingency beyond what is being considered for this reserve.
-2	The budget has informal contingencies beyond what is being considered for the reserve.
0	The budget is lean and has no contingencies in it.
	Borrowing Capacity
-3	We have excellent external and internal borrowing capacity, including a good rating, little existing debt, and political will to use it.
-2	We have some external and/or internal borrowing capacity and political will could be mobilized to use it.
0	We have little or no borrowing capacity.

Step 4. Consider Impact of Commitments/Assignments, Outsider Perceptions & Political Support
Place an "X" next to each statement that applies to you.

	Commitments and Assignments
	We have commitments or assignments that designate fund balance for uses other than retaining the types of risk described in this analysis. If so, these commitments/assignments should not be included in the total reserve used to reach your target.
	Outsider Perceptions
	Rating agencies have given us a target level of reserve for getting a good rating. If so, use that target in place of or in addition to a benchmarking survey to provide guidance on starting point for your target.
	The public is likely to question reserve levels as too high. If so, be sure to document your analysis findings in the other sheets.
	Political Support
	The governing board places great weight on the policies of comparable jurisdictions. If so, conduct a benchmarking survey that includes governments the board perceives as relevant.
	The board places great weight on rating agency recommendations. If so, tie the reserve target recommendation to rating agency recommendations or standards.
	The board places great weight on GFOA recommendations. If so, use this analysis and GFOA's Best Practices to support your recommendation.

Step 5. Putting it All Together

A. Consider your adjusted risk score and re-consult the analytical guidance.

0	< Your adjusted risk score (risk score modified with results from Step 3)

B. Review results of Step 4.
Review each item you checked from Step 4 and add the advice to your analytical guidance.

C. Proceed with finalizing target
Proceed with setting a final reserve target based on analytical guidance.

Revenue Stability
Expenditure Volatility
Leverage
Liquidity
Other Funds
Growth
Capital Projects

Vulnerability to Extreme Events

1. Identify Risks

What extreme events are you at risk for?

A	
B	
C	

2. Assess Risks

What is your vulnerability to each extreme event, given past experience?

A	
B	
C	

3. Identify other risk mitigation approaches

What options do you have to avoid, reduce, or transfer the risk (i.e., manage it without reserves)

A	
B	
C	

4. Considering the above, how important for you is it to retain the risks of extreme events through reserves ?

[ ] < Enter your score here

5 **Very important.** We are subject to extreme events of severe potential magnitude which would require a quick and decisive response from our government. There are few alternative risk management approaches.

4 **Important.** We are subject to extreme events of severe potential magnitude, but our government does not have an important disaster response role and/or we have other risk management alternatives.

3 **Neutral.** We do not face an unusually high or low level of risk from extreme events.

2 **Unimportant.** We are subject to one or two types of significant extreme events and we have other risk management options.

1 **Very unimportant.** We are subject to very few, if any, potential extreme events of significant potential damage

Vulnerability to Extreme Events

1. Identify Risks

What extreme events are you at risk for?

A	Catistrophic Wildfire
B	Extreme winter
C	Earthquake/seiche wave

2. Assess Risks

What is your vulnerability to each extreme event, given past experience?

A	High impact to customer base and capital assets - low probability in any given year
B	Additional snow removal capability, roof snow removal
C	High impact to customer base and capital assets - low probability in any given year

3. Identify other risk mitigation approaches

What options do you have to avoid, reduce, or transfer the risk (i.e., manage it without reserves)

A	FEMA assistance
B	Resources in excess of budget would come from reserves but not material to the organizations sustainability
C	FEMA assistance

4. Considering the above, how important for you is it to retain the risks of extreme events through reserves ?

4 < Enter your score here

5 **Very important.** We are subject to extreme events of severe potential magnitude which would require a quick and decisive response from our government. There are few alternative risk management approaches.

4 **Important.** We are subject to extreme events of severe potential magnitude, but our government does not have an important disaster response role and/or we have other risk management alternatives.

3 **Neutral.** We do not face an unusually high or low level of risk from extreme events.

2 **Unimportant.** We are subject to one or two types of significant extreme events and we have other risk management options.

1 **Very unimportant.** We are subject to very few, if any, potential extreme events of significant potential damage

Revenue Source Stability

1. Identify Risks

What are your major revenue sources?

A	Property tax
B	Utility revenues
C	Grants

2. Assess Risks

How stable are your revenue sources?

A	Very
B	Very
C	Not consistent

3. Identify other risk mitigation approaches

What options do you have to avoid, reduce, or transfer the risk (i.e., manage it without reserves)

A	Transfer uses to utility charges and reduce Parks utilization
B	None
C	None

4. Considering the above, how important for you is it to retain the risks of revenue instability through reserves ?

2 < Enter your score here

5 **Very important.** We rely on just one or two sources of revenue, and they are unstable

4 **Important.** We rely on unstable sources for a significant portion of our revenue and/or have particular unstable payers as part of our tax base (e.g., sales tax from an industry with volatile sales)

3 **Neutral.** We do not face an unusually high or low level of risk from revenue instability

2 **Unimportant.** While some portion of our revenue base has instability, the majority of revenues are pretty stable.

1 **Very unimportant.** Our revenues are very stable and diverse.

Expenditure Volatility

1. Identify Risks

What are sources of potential expenditure spikes?

A	Infrastructure failure
B	Water/Wastewater spill damage
C	

2. Assess Risks

What is the potential cost of these spikes?

A	Millions
B	Hundreds of thousands
C	

3. Identify other risk mitigation approaches

What options do you have to avoid, reduce, or transfer the risk of these potential spikes? (i.e., manage it without reserves)

A	Asset condition assessment and prioritization of maintenance/replacement of high risk/high probability fail points
B	Insurance
C	

4. Considering the above, how important for you is it to retain the risks of expenditure spikes through reserves ?

3 < Enter your score here

5 **Very important.** There are expenditure spikes with very high potential to open a significant hole in our budget.

4 **Important.** We are subject to important potential expenditure spikes, such that we need reserves but we also have other risk mitigation approaches available.

3 **Neutral.** We do not face an unusually high or low level of risk from expenditure spikes

2 **Unimportant.** There are one or a few potential spikes but the risk of them occurring is low, the impact not great and/or we have other risk management options.

1 **Very unimportant.** We have no important risk from expenditure spikes.

Leverage

1. Identify Risks

What are major sources of leverage you are subject to?

A	One outstanding debt instrument
B	
C	

2. Assess Risks

What are the implications of leverage for the organization's financial flexibility?

A	Low balance, short life, has low impact
B	
C	

3. Identify other risk mitigation approaches

What options do you have to avoid, reduce, or transfer the risk of leverage? (i.e., manage it without reserves)

A	Final year's payment in designated reserve account
B	
C	

4. Considering the above, how important for you is it to retain the risks of expenditure spikes through reserves ?

1	< Enter your score here
5	**Very important.** We are subject to significant leverage and have no other risk management approach
4	**Important.** We are subject to significant leverage and do not have equally significant offsetting risk management approaches.
3	**Neutral.** We do not face an unusually high or low level of risk from leverage
2	**Unimportant.** We have one or two sources of leverage, but these are largely addressed with other risk management strategies.
1	**Very unimportant.** We have no important sources of leverage that aren't already managed with out reserves.

Leverage

1. Identify Risks

What are your major sources of potential intra-period cash imbalances?

A	Property tax payments are not evenly distributed during year
B	Grant revenues are billed quarterly but payment is contingent upon processing of grantor
C	

2. Assess Risks

How likely are these risks to occur and what is their potential magnitude?

A	Low risk as predetermined timing is consistent
B	Payment is low risk, but timing of payment is open to delay
C	

3. Identify other risk mitigation approaches

What options do you have to avoid, reduce, or transfer the risk of liquidity? (i.e., manage it without reserves)

A	Cash flow and capital investment management
B	Cash flow management
C	

4. Considering the above, how important for you is it to retain the risks of expenditure spikes through reserves ?

4 < Enter your score here

5 **Very important.** We have very important potential intra-period imbalances with few risk management alternatives.

4 **Important.** We have important potential intra-period imbalances, but do have some off-setting risk management alternatives.

3 **Neutral.** We do not face an unusually high or low level of risk from intra-period cash imbalances.

2 **Unimportant.** We have some minor potential intra-period cash imbalances.

1 **Very unimportant.** Our cash flows are very stable.

Other Funds Dependency

1. Identify Risks

What other funds rely on the general fund for an important part of their funding?

A	Parks & Recreation
B	Utility capital projects
C	

2. Assess Risks

How likely is it that these funds will need the general fund to "backstop" them in an emergency?

A	Very likely
B	Very likely
C	

3. Identify other risk mitigation approaches

What options do you have to avoid, reduce, or transfer the risk of other funds' dependency? (i.e., manage it without reserves)

A	Reduction in utilization would reduce costs, assess viability of capital expenditures
B	Emergency 218 study and rate absorption of risk
C	

4. Considering the above, how important for you is it to retain the risks of expenditure spikes through reserves ?

4	< Enter your score here
5	**Very important.** A number of funds rely on the general fund for backstopping, with few, if any, risk management alternatives.
4	**Important.** We have at least some funds that rely on the general fund and this includes reliance for backstopping.
3	**Neutral.** We do not face an unusually high or low level of risk from other fund dependency.
2	**Unimportant.** There are a small number of funds that rely on the general fund, and the potential for the general fund to need to backstop them is small.
1	**Very unimportant.** No other funds rely on the general fund for backstopping.

Growth

1. Identify Risks

What are potential major sources of growth in the next three to five years?

A	Increased housing density
B	Increased recreation utilization & infrastructure
C	Water system acquisition

2. Assess Risks

What is the potential for these sources of growth to cause imbalances in the revenue received from the growth and the expenditures needed to serve it?

A	Increased revenue, potential increased service personnel to support infrastructure changes
B	Increased property tax support required
C	Low

3. Identify other risk mitigation approaches

What options do you have to avoid, reduce, or transfer the risk of growth? (i.e., manage it without reserves)

A	The expense increase would proceed the revenue increase but reserves impact would not have a significant impact on reserves
B	Increased charges for programs - manage growth
C	Emergency 218 study and rate absorption of risk

4. Considering the above, how important for you is it to retain the risks of expenditure spikes through reserves ?

1	< Enter your score here

5	**Very important.** We expect significant growth with imbalances in the timing of revenues and expenditures
4	**Important.** We have some growth that will cause imbalances in the timing of revenues and expenditures.
3	**Neutral.** We do not face an unusually high or low level of risk from growth
2	**Unimportant.** We have a small potential for future growth and/or only minor potential imbalances in the timing between revenues and expenditures.
1	**Very unimportant.** We expect no growth or growth will fully pay for itself as expenditures are incurred.

Capital Projects

1. Identify Risks

What high priority capital projects don't have a funding source?

A	Water system acquisition & related system infrastructure improvements
B	District infrastructure improvements accelerated timeline due to failure
C	

2. Assess Risks

What is the likelihood that reserves will be looked to as a funding source for the project?

A	High
B	Medium
C	

3. Identify other risk mitigation approaches

What options do you have to avoid, reduce, or transfer the risk of capital projects using reserves as a funding source? (i.e., manage it without reserves)

A	Reserves, tax assessment, and debt will be considered, in addition to 218 process
B	Realignment of capital priorities, reserves, tax assessment, and debt will be considered
C	

4. Considering the above, how important for you is it to retain the risks of expenditure spikes through reserves ?

3 < Enter your score here

5 **Very important.** There are very high profile projects with out a funding source and reserves are likely to be considered as a funding source.

4 **Important.** There are at least some high profile projects where reserves may be called upon to provide at least some of the funding.

3 **Neutral.** We do not face an unusually high or low level of risk from unfunded high-priority projects

2 **Unimportant.** High priority capital projects will probably have funding sources, if they don't already.

1 **Very unimportant.** All high priority capital projects have funding sources.

Guiding Your Selection of a Fund Balance Target

Step 1. Determine your total score from the risk factors

22	Your total score from the risk factors (calculated if you entered a score in other sheets)

Step 2. Preliminary Analysis

Compare your score from Step 1 to the guidelines below.

Your Score	*Analytical Guidance*
8 - 16	You face minimal risk to retain through reserves. Consider a target equal to the GFOA minimum recommended reserve of 16.6% of revenues/expenditures.
17-24	You face a low to moderate level of risk to retain through reserves. Consider adopting a reserve target somewhat higher than the GFOA minimum (e.g. 17-25% of revenues/expenditures). Since risk is low, do not invest excessive analytical effort in determining an exact target amount. Consider a short, informal benchmarking study with peer agencies to provide guidance.
25-31	You face a moderate to high level of risk to retain through reserves. Consider adopting a target amount of reserves significantly higher than the GFOA recommended minimum (e.g., 26 - 35%). Consider a short, informal benchmarking survey as a starting point, but then analyze your most significant risk factors to make sure they are adequately covered by what the survey suggests is reasonable.
32 - 40	You face a high level of risk to retain through reserves. Consider adopting a much higher target than the GFOA minimum (e.g., greater than 35%). Consider performing a more in-depth analysis of the risks you face to arrive at target level of reserved that provides sufficient coverage.

Step 3. Consider Impact of Government Size, Budget Practices, & Borrowing Capacity

For each driver pick which description best fits you and enter the appropriate number of points.

2	**Government Size**
+2	We are under 50,000 in population
0	We are between 50,000 and 300,000 in population
-4	We are over 300,000 in population

0	**Budget Practices**
-3	The budget has a formal contingency beyond what is being considered for this reserve.
-2	The budget has informal contingencies beyond what is being considered for the reserve.
0	The budget is lean and has no contingencies in it.

-3	**Borrowing Capacity**
-3	We have excellent external and internal borrowing capacity, including a good rating, little existing debt, and political will to use it.
-2	We have some external and/or internal borrowing capacity and political will could be mobilized to use it.

0 We have little or no borrowing capacity.

Step 4. Consider Impact of Commitments/Assignments, Outsider Perceptions & Political Support
Place an "X" next to each statement that applies to you.

Commitments and Assignments

	We have commitments or assignments that designate fund balance for uses other than retaining the types of risk described in this analysis. If so, these commitments/assignments should not be included in the total reserve used to reach your target.

Outsider Perceptions

	Rating agencies have given us a target level of reserve for getting a good rating. If so, use that target in place of or in addition to a benchmarking survey to provide guidance on starting point for your target.
x	The public is likely to question reserve levels as too high. If so, be sure to document your analysis findings in the other sheets.

Political Support

x	The governing board places great weight on the policies of comparable jurisdictions. If so, conduct a benchmarking survey that includes governments the board perceives as relevant.
	The board places great weight on rating agency recommendations. If so, tie the reserve target recommendation to rating agency recommendations or standards.
x	The board places great weight on GFOA recommendations. If so, use this analysis and GFOA's Best Practices to support your recommendation.

Step 5. Putting it All Together

A. Consider your adjusted risk score and re-consult the analytical guidance.

21	< Your adjusted risk score (risk score modified with results from Step 3)

B. Review results of Step 4.
Review each item you checked from Step 4 and add the advice to your analytical guidance.

C. Proceed with finalizing target
Proceed with setting a final reserve target based on analytical guidance.

Monthly Agenda Topics

	Monthly Required	Periodic Required	Topics Requiring Recommendation to Board Required	CFO Topics for Feedback & Direction	Memos
January	Review Financial Statements – Recommendation to Full Board Review Accounts Paid & Payable – Recommendation to Full Board	Review and Discuss Adopting Resolution Establishing an Investment Policy for current year – Recommendation to Full Board Review and Discuss Accepting the Annual Independent Audit Report of the Money Purchase Pension Plan for Calendar Year 2020 Conducted by MUN CPAs – Recommendation to Full Board		Review Debt Issuance Policy Progress	
February	Review Financial Statements – Recommendation to Full Board Review Accounts Paid & Payable – Recommendation to Full Board	Annual Review Pension Plan Audit Plan (Auditor requirement)			Quarterly Review Memo
March	Review Financial Statements – Recommendation to Full Board Review Accounts Paid & Payable – Recommendation to Full Board	Review General Liability, Property, and Cyber Insurance Program for current year – Recommendation to Full Board			
April	Review Financial Statements – Recommendation to Full Board Review Accounts Paid & Payable – Recommendation to Full Board	Consider and Discuss the Approved Adjustment to Water and Sewer Rates Effective July 1, current year – Recommendation to Full Board April - June Review Proposed Fiscal Year Operating and Capital Budgets including the Publicly Available Pay Schedule – June Recommendation to Full Board			
May	Review Financial Statements – Recommendation to Full Board Review Accounts Paid & Payable – Recommendation to Full Board	April - June Review Proposed Fiscal Year Operating and Capital Budgets including the Publicly Available Pay Schedule – June Recommendation to Full Board			Quarterly Review Memo
June	Review Financial Statements – Recommendation to Full Board Review Accounts Paid & Payable – Recommendation to Full Board	April - June Review Proposed Fiscal Year Operating and Capital Budgets including the Publicly Available Pay Schedule – June Recommendation to Full Board Review and Discuss Approving the Issuance of Annual Purchase Orders to Vendors in Amounts Exceeding the General Manager's Spending Limit Authority – Recommendation to Full Board			
July	Review Financial Statements – Recommendation to Full Board Review Accounts Paid & Payable – Recommendation to Full Board	Review Annual Levy of Special Tax for Community Facilities District (CFD) 94-1 – Recommendation to Full Board Review Annual Lien Action for Delinquent and Unpaid Sewer and Water Charges – Recommendation to Full Board			July Review Sewer and Water Account Write-offs
August	Review Financial Statements – Recommendation to Full Board Review Accounts Paid & Payable – Recommendation to Full Board	Aug-Jan Annual Fiscal Audit Update - Final Recommendation to Full Board			Quarterly Review Memo

	Monthly Required	Periodic Required	Topics Requiring Recommendation to Board Required	CFO Topics for Feedback & Direction	Memos
September	Review Financial Statements – Recommendation to Full Board Review Accounts Paid & Payable – Recommendation to Full Board	Annual Unfunded Pension Liability Review - December Recommendation to Full Board Annual Pension Liability Prefunding Review - December Recommendation to Full Board	Approve Resolution 2023-13 to Approve an Amendment to the North Lake Tahoe Public Financing Authority Joint Powers Agreement – Designating Certain Officers of the Authority – Recommendation to Full Board Authorize the General Manager to Execute a One Month Contract Extension with Headwall Corporation for the Tahoe Treetop Adventure Park – Recommendation to Full Board		
October	Review Financial Statements – Recommendation to Full Board Review Accounts Paid & Payable – Recommendation to Full Board	Annual Unfunded Pension Liability Review - December Recommendation to Full Board Annual Pension Liability Prefunding Review - December Recommendation to Full Board	Review and Discuss Authorize the General Manager to Execute a Professional Services Agreement Amendment with HDR Engineering, Inc to Complete the 2023 Cost-of-Service Study – Recommendation to Full Board	Discuss California Low-Income Household Water Assistance Program (LIHWAP) Extension Discuss Bank Request for Information Review NTEC Even Projections Review and Discuss Debt Issuance Best Practices	June 30 Quarterly Review Memo
November	Review Financial Statements – Recommendation to Full Board Review Accounts Paid & Payable – Recommendation to Full Board			Review and Discuss Current Reserve Policy & GFOA Reserves Article	Quarterly Review Memo
December	Review Financial Statements – Recommendation to Full Board Review Accounts Paid & Payable – Recommendation to Full Board	Review and Discuss Accepting the Annual Independent Fiscal Audit Report for Fiscal Year 2023 Conducted by MUN CPAs – Recommendation to Full Board Annual Unfunded Pension Liability - December Recommendation to Full Board Annual Pension Liability Prefunding - December Recommendation to Full Board		Review and Discuss California CLASS Investment Option Review and Discuss Bank RFI Progress	

Parking Lot

CFO Topics for Feedback & Direction	Memos as Needed
Additional Policy Development Topics	Quarterly Review of Accounting Initiatives
	Quarterly Review of Budgeted Initiatives Progress
	Quarterly Review of Cash Flow
	Quarterly Review of Grant Revenue
	Quarterly Review of Policy Review
	Quarterly Review of Resolution of Audit Findings
	Discuss Bank Request for Information
	Review North Tahoe Event Center Event Projections

CFO Topics for Feedback & Direction	Memos as Needed