REPORT TO THE BOARD OF DIRECTORS

Board Meeting of September 12, 2023

Agenda Item No. 8. A.

AGENDA SECTION: **ACTION ITEMS**

SUBJECT: **Review and Accept the Annual Financial Report for FY 2021-22**

PREPARED BY: Elizabeth Olson

Approved By: Nicholas Schneider, General Manager

BACKGROUND

Georgetown Divide Public Utility District ("District") prepares annual financial statements in accordance with Generally Accepted Accounting Principles (GAAP). These principles provide guidance for financial reporting and state that financial information should be timely, complete, accurate, reliable, and presented fairly in all material respects. Pursuant to the California Code of Regulations, title 2, section 1131, an independent audit of the financial statements is a requirement of the Comptroller of the United States of America in accordance with the Governmental Auditing Standards. Furthermore, according to California Government Code section 26909, an audit report should be filed within twelve (12) months of the fiscal year(s) end; whereas the District has the authority to elect an annual audit, biennial audit, five (5)-year audit, or an audit conducted at specific intervals covering at least a five (5)-year period.

Historically, the District has conducted audits and reported financial statements annually. In order to maintain compliance with the District's financial reporting goals and the above-mentioned statutory requirements, the District has contracted with MAZE and Associates to administer an annual audit and provide their opinion.

DISCUSSION

The District's financial goals for providing timely, complete, accurate, and reliable financial statements that are presented fairly in all material respects include an annual audit with issued financial statements no later than 180 days after the close of the fiscal year.

For the fiscal year ending June 30, 2022, MAZE and Associates conducted their year-end audit between April and July of 2023 and provided a final audit, Annual Financial Statements for the Year Ended June 30, 2022, as of August 23, 2023.

FISCAL IMPACT

The Professional Services Agreement contract annual amount is $21,486. This amount includes the optional task of a single audit in the amount of $3,700. per year.

CEQA ASSESSMENT

This is not a CEQA project.

RECOMMENDED ACTION

Staff recommends the Board of Directors of the Georgetown Divide Public Utility District (GDPUD) adopt the attached Resolution 2023-XX approving the FY 2021-2022 Audit.

ALTERNATIVES

The Board may request (a) Request substantive changes to the Resolution for staff to implement; (b) Reject the Resolution (c) Staff recommends that the Board appoint two directors to an ad-hoc committee to finalize the audit and recommend to the Board for acceptance.

ATTACHMENTS

1. Audit FY 2021-22
2. Resolution 2023-XX

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

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GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Georgetown Divide Public Utility District
Georgetown, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major enterprise fund, and the fiduciary fund of the Georgetown Divide Public Utility District (District), California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, respective financial position of each major enterprise fund, and the fiduciary fund of the District as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 87 – *Leases*, which became effective during the year ended June 30, 2022. See Note 5 to the financial statements. The emphasis of this matter does not constitute a modification to our opinions.

Required Supplementary Information

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

Report on Summarized Comparative Information

The financial statements for the year ended June 30, 2021, were audited by other auditors whose report dated December 20, 2021, expressed an unmodified opinion on those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Maze + Associates

Pleasant Hill, California
August 16, 2023

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GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis
June 30, 2022

As management of the Georgetown Divide Public Utility District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the audited financial statements and accompanying notes that follow this section.

Financial Highlights

Total revenue for the fiscal year ending June 30, 2022 was $6,343,533, a decrease of $1,002,101 or 13.64% from the previous fiscal year. Total expenses were $8,087,976, an increase of $1,925,307 or 31.24% from the previous fiscal year. The decrease in net position was $1,744,443 for the fiscal year.

Operating revenue totaled $3,515,202 for the fiscal year ended June 30, 2022, a decrease of $415,253 or 10.57% from the previous fiscal year. Operating expenses totaled $7,840,199 an increase of $1,840,851 or 30.68% from the previous fiscal year.

Non-operating revenue was $2,828,331, a decrease of $586,848 or 17.18%. Non-operating expenses were $247,777, an increase of $84,456 or 51.71%. The remaining non-operating revenue supplements operating revenue to cover operating expenses and capital improvements.

Other significant financial activities were:

- Parshall Plume Gaging
- Completion of the 2020 Urban Water Management Plan
- Office Parking Lot Rehabilitation
- Walton Lake Generator Replacement
- Annual Canal Lining
- ALT Feasibility Study

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis, the Basic Financial Statements, and Required Supplementary Information.

The required financial statements are the Statement of Net Position at June 30, 2022; the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds for the fiscal year ended June 30, 2022; and the Statement of Cash Flows – Proprietary Funds for the fiscal year ended June 30, 2022 at the fund level. The final required financial statement is the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The financial statements also include comprehensive notes which summarize the official accounting policies of the District.

The financial statements, except for the cash flow statement, are prepared using the accrual basis of accounting, which means that revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts or payments. The cash flow statement is an exception because that statement shows the receipt and payment of cash for operating activities, non-capital financing activities, capital and related financing activities, and investing activities.

Required Financial Statements

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

All of the current fiscal year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Position.* This statement measures the District's operations over the past fiscal year and can be used to determine whether the District has successfully recovered all of its costs through its rates, fees, and other charges. The District's net position and credit worthiness can also be determined from this statement.

The primary purpose of the *Statement of Cash Flows* is to provide information about the District's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It explains where cash came from, cash usage, and the change in the cash balance during the reporting period.

Fiduciary funds are used to account for resources held for the benefit of parties outside and within the City. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government wide financial statements. *The Statement of Fiduciary Net Position* is found on pages 16-17.

Financial Analysis of the District

Has the financial condition of the District improved or deteriorated as a result of this year's operations? The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position attempts to answer this question. Net position may be a useful indicator over time as to the District's financial position. But there may be other non-economic factors that could cause a change in the District's financial situation.

Statement of Net Position

The Statement of Net Position is a snapshot in time that shows assets, liabilities, and net assets as of June 30, 2022. Net Position decreased by $1,744,443 to $18,714,224 in fiscal year 2022. Total assets and deferred outflows increased by $1,369,039 or 3.63%. This increase is attributable to an increase in capital assets, net of accumulated depreciation due to construction projects. Liabilities and deferred inflows increased by $3,113,482 to $20,412,804. The majority of the increase in liabilities is due to the implementation of the new GASB for leases. GASB 68 & OPEB contributions for pension expenses totaled $1,925,358.17. A summary of the District's Statement of Net Position is presented in Table A-1.

Table A-1
Condensed Statement of Net Position

	Fiscal Year 2022	Fiscal Year 2021	Dollar Change	Percent Change
Current Assets	$ 9,043,990	$ 8,907,928	$ 136,062	1.53%
Restricted Assets	2,439,038	1,776,459	662,579	37.30%
Capital Assets, Net of Accumulated Depreciation	26,313,397	25,692,403	620,994	2.42%
Total Assets	37,796,425	36,376,790	1,419,635	3.90%
Deferred Outflows of Resources	1,330,603	1,381,199	(50,596)	-3.66%
Total Assets and Deferred Outflows of Resources	39,127,028	37,757,989	1,369,039	3.63%
Current Liabilities	1,524,148	628,390	895,758	142.55%
Long-term Liabilities	14,162,190	16,317,414	(2,155,224)	-13.21%
Total Liabilities	15,686,338	16,945,804	(1,259,466)	-7.43%
Deferred Inflows of Resources	4,726,466	353,518	4,372,948	1236.98%
Total Liabilities and Deferred Inflows of Resources	20,412,804	17,299,322	3,113,482	18.00%
Invested in Capital Assets, Net of Related Debt	17,489,692	16,371,015	1,118,677	6.83%
Restricted Net Position for Facilities	2,542,679	2,493,266	49,413	1.98%
Unrestricted Net Position	(1,318,147)	1,594,386	(2,912,533)	-182.67%
Total Net Position	$ 18,714,224	$ 20,458,667	$ (1,744,443)	-8.53%

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position provides information on the nature and source of assets represented on the Statement of Net Position. It also shows that the expenses exceed revenue by $1,744,443. Ending net position totaled $18,714,443. Total revenues decreased by $1,002,101 in 2022 totaling $6,343,533. This decrease is attributable to a decrease in non-operating revenues, namely Other Revenue. The Statement of Revenues, Expenses, and Changes in Net Position lists the operating revenues and the non-operating revenues together and compares them to operating and non-operating expenses. Table A-2 depicts total revenues and total expenses and the resulting changes in net position.

Table A-2
Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Fiscal Year 2022	Fiscal Year 2021	Dollar Change	Percent Change
Operating Revenues	$ 3,515,202	$ 3,930,455	$ (415,253)	-10.57%
Non-operating Revenues and Contributions	2,828,331	3,415,179	(586,848)	-17.18%
Total Revenues	6,343,533	7,345,634	(1,002,101)	-13.64%
Operating Expenses	7,840,199	5,999,348	1,840,851	30.68%
Non-operating Expenses	247,777	163,321	84,456	51.71%
Total Expenses	8,087,976	6,162,669	1,925,307	31.24%
Net Income (Loss)	(1,744,443)	1,182,965	(2,927,408)	-247.46%
Beginning Net Position	20,458,667	18,969,263	1,489,404	7.85%
Restatements	-	306,439	(306,439)	
Ending Net Position	$18,714,224	$20,458,667	$ (1,744,443)	-8.53%

Operating Revenues

In a purely business environment, operating revenues are meant to cover operating expenses. The District's operating revenues are significantly less than operating expenses. Therefore, the District operates on an operating loss and requires non-operating revenue to operate. The District is unique in that it receives a significant amount of non-operating revenue in the form of property taxes. This non-operating revenue is used to offset this operating loss. Operating revenues decreased by 10.57% in 2022. The COVID-19 Pandemic and the implementation of SB 998 significantly affected operating revenues due to the moratorium on penalty fees and water termination due to non-payment totaling approximately $400,000. Operating revenues are depicted in Table A-3.

Table A-3
Condensed Operating Revenues

	Fiscal Year 2022	Fiscal Year 2021	Dollar Change	Percent Change
Water Sales - Residential (Treated Water)	$2,873,804	$3,139,700	($265,896)	-8.47%
Water Sales - Commercial	-	0	-	0.00%
Water Sales - Irrigation	388,464	395,020	(6,556)	-1.66%
Water Disposal Fees and Charges	211,263	226,129	(14,866)	-6.57%
Penalties	28,112	159,909	(131,797)	-82.42%
Connections	13,559	9,697	3,862	39.83%
Total Operating Revenues	$3,515,202	$3,930,455	($415,253)	-10.57%

Operating Expenses by Department

Total operating expenses increased $1,840,851 or 30.68% to $7,840,199. The hydroelectric activities and claims expenses are combined with the administrative activities as they are not material enough to present separately. Operating expenses are depicted in Table A-4.

Table A-4
Operating Expenses by Department

	Fiscal Year 2022	Fiscal Year 2021	Dollar Change	Percent Change
Source of Supply	$ 428,880	$ 332,810	$ 96,070	28.87%
Transmission and Distribution – Raw Water	642,832	761,268	(118,436)	-15.56%
Water Treatment	765,229	800,000	(34,771)	-4.35%
Transmission and Distribution – Treated Water	938,177	959,039	(20,862)	-2.18%
Customer Service	293,999	259,308	34,691	13.38%
Administrative, Claims Expense, and Hydroelectric	3,586,049	1,667,210	1,918,839	115.09%
Depreciation and Amortization	932,036	927,189	4,847	0.52%
On-site Wastewater Disposal Zone	252,997	292,524	(39,527)	-13.51%
Total Operating Expenses	$7,840,199	$5,999,348	$1,840,851	30.68%

Operating Revenues vs. Operating Expenses

The District's operating loss increased by $2,256,104 or 109.05% from the prior year. Table A-5 compares operating revenues to operating expenses and depicts the District's reliance on other revenue for operations.

Table A-5
Operating Revenues vs Operating Expenses

	Fiscal Year 2022	Fiscal Year 2021	Dollar Change	Percent Change
Operating Revenues	$ 3,515,202	$ 3,930,455	$ (415,253)	-10.57%
Operating Expenses	7,840,199	5,999,348	1,840,851	30.68%
Operating Loss	$(4,324,997)	$(2,068,893)	$(2,256,104)	109.05%

Non-operating Revenues and Expenses

The District's non-operating income is vital to covering operations. Interest income decreased this year due to fluctuations in market results. Property tax revenue and Capital Facility Payments increased modestly, while Lease Revenue saw a significant decrease. Lastly, there were no capital contributions related to grant reimbursements as in prior years; however, Other Revenue decreased greatly due to the one-time transfer of water to Westlands Water District in 2021. Interest payments to the State Water Resources Control Board loan for the Auburn Lake Trails Water Treatment Plant are listed as "Other" non-operating expense. Table A-6 compares non-operating revenues and expenses.

Table A-6
Non-Operating Revenues and Expenses

	Fiscal Year 2022	Fiscal Year 2021	Dollar Change	Percent Change
Property Taxes – General	$ 1,867,047	$ 1,769,095	$ 97,952	5.54%
Surcharge	663,592	662,210	1,382	0
Interest Income	30,679	7,211	23,468	3
Lease Revenue	136,621	394,809	(258,188)	(1)
SMUD Payment	-	116,443	(116,443)	(1)
Hydroelectric Royalty Payments	53,074	36,619	16,455	0
Capital Facility Payments	76,084	20,700	55,384	3
Gain on sale of asset	-	3,500	(3,500)	(1)
Other	1,234	404,592	(403,358)	(1)
Total Non-Operating Revenues	2,828,331	3,415,179	(586,848)	(0)
Capital contributions	-	-	-	1
Total Non-operating Expenses	(247,777)	(163,321)	(84,456)	1
Non-operating Income less Non-operating Expense	$ 2,580,554	$ 3,251,858	$ (671,304)	-20.64%

Capital Assets

The District's investment in capital assets for the fiscal year was $1,553,036, which includes $1,399,517 of capital improvements. The most significant investments in capital assets are:

- Annual Canal Lining in the amount of $52,948
- Pressure Regulating Valves in the amount of $103,331
- AMR and Meter Replacement in the amount of 1,374,053
- Old ALT WTP Demolition in the amount of $88,375

Additional information about District capital assets can be obtained in Note 4 of the notes to the financial statements.

Long-term Debt and Debt Administration

At June 30, 2022, the District had $14,669,155 in long-term debt, including compensated absences, net pension liability and other postemployment benefits obligations, and loan and capital leases, which is $2,154,566 less than the prior fiscal year. The District continues to perform debt administration functions previously performed by the County on the District's behalf for certain 1915 Act bonds. Additional information about District long-term debt can be obtained in Note 6 of the notes to the financial statements.

CalPERS Pension Plan

Assembly Bill 340 was recently passed by the California Legislature in an effort to reduce CalPERS pension costs in the long run. The District has participated in a CalPERS Pension Plan since February of 1972. There have been amendments to the contract with CalPERS over the years. CalPERS requires the District to be part of a small employer pool and the 2006 contract change which require payments to reduce a side fund. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS. The *Governmental Accounting Standards Board Statement No. 68 – Accounting and Financial Reporting by Employers for Pensions* established new accounting rules for reporting pension obligations effective years ending after June 15, 2013. Prior to this pension obligations were not accounted for on the balance sheet. Actuarial valuations are provided by CalPERS that support the calculation of the Net Pension Liability and related Deferred Outflows and Inflows of Resources. Net Pension liability is determined by accounting for the proportionate share of the actuarially determined total pension liability less the proportionate share of the actuarially determined fiduciary net position of the cost-sharing plan. Year over year changes to the actuarial assumptions are amortized over a fixed period and accounted for in Deferred Outflows and Inflows of Resources in order to smooth the otherwise large swings in changes. The net of all annual changes to Net Pension Liability and Deferred Inflows and Outflows of Resources are recognized in Pension Expense. At June 30, 2022, the District reported $4,184,538 in Net Pension liability, a decrease of $1,815,580 from the prior year balance of $6,000,118. Deferred Outflows of Resources were $1,330,603, down $50,596 from the prior year balance of $1,381,199. Deferred Inflows of Resources were $4,726,466, up $4,372,948 from the prior year balance of $353,518. Pension expenses were $2,651,272, an increase of $1,894,908 from the prior year amount of $756,364. Additional information about Pensions can be obtained in Note 13 of the notes to the financial statements.

Postemployment Benefits Other Than Pensions

The District has been endeavoring to fund these benefit commitments for many years. On April 11, 2006, the District adopted Ordinance 2006-01 regarding retiree health benefits implementing caps on the amount the District would pay towards these types of benefits. In Fiscal Year 2009-10 the District implemented *Governmental Accounting Standards Board Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* which required the calculation and reporting of the current obligation. Effective fiscal years ending after June 15, 2017 *Government Accounting Standards Board Statement No. 75 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* require municipalities to report a Net OPEB Liability similar to that of Net Pension Liability. A calculation of the future liability for these benefits has been prepared utilizing the alternative measurement method allowed by the statement for small employers with less than 100 participants. The estimated actuarial liability at June 30, 2022 is $1,594,921, an increase of $154,367 from the prior year balance of $1,440,554. The District has set aside $417,314 for this obligation. As the District administers this plan without a trust, the designated assets set aside for these benefits are not recognized in the notes to the financial statements. Additional information about postemployment benefits other than pensions can be obtained in Note 15 of the notes to the financial statements.

Economic Factors and Rates

The District's customer base continues to grow at a slow rate. The District completed a Water Financial Analysis in October 2017. The last water rate study performed by the District was in 2008, and the last water rate increase was in 2011. The purpose of the Analysis was to ensure the financial strength of the District, expose the need to set reserves aside for future replacement of failing components, allocate shared costs between treated water and irrigation water customers, and identify any other financial deficiencies of the District. This Analysis recommended a new rate structure and higher rates which were adopted by the Board of Directors and went into effect in January 2018. That rate structure included five years of increases that were planned to continue until 2022.

In January 2019, the Board decided to not implement the approved 2019 treated and raw water rates and held rates at the 2018 rate level. This resulted in forgoing the respective 5% and 10% increases in treated and raw water rates that were recommended by the 2017 Water Financial Analysis and adopted by the Board in 2017. Likewise, in 2020 and in 2021, the Board decided to uphold the water rate freeze and did not raise rates. Therefore, District revenues between 2019 and 2022 will never reach the level recommended by the 2017 Water Financial Analysis. Best practice is to review and update rates every three to five years, so the District should have begun reviewing rates again in early 2021.

Requests for Information

This financial report is designed to provide a general overview of the finances of the Georgetown Divide Public Utility District. After the financial report is approved by the Board of Directors, it can be found under the financial section on the District's website (gd-pud.org). Copies of the report are also provided to the El Dorado County libraries in Placerville and Georgetown. A copy will be available for review at the District office, located at 6425 Main St, Georgetown, California 95634. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the General Manager of the District, Georgetown Divide Public Utility District, P.O. Box 4240, Georgetown, California 95634-4240.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE
AS OF JUNE 30, 2022
WITH SUMMARIZED TOTALS AS OF JUNE 30, 2021

		Wastewater	Totals	
ASSETS	Water	Disposal	2022	2021
Assets:				
Current:				
Cash and investments	$7,244,536	$847,873	$8,092,409	$7,845,135
Receivables:				
Accounts	770,540	37,923	808,463	965,034
Assessments receivable	15,575		15,575	20,937
Accrued interest	12,316	1,546	13,862	6,022
Prepaid expenses	111,533	2,148	113,681	70,800
Total Current Assets	8,154,500	889,490	9,043,990	8,907,928
Noncurrent:				
Restricted:				
Cash and investments	1,595,642	205,067	1,800,709	1,747,021
Assessments receivable				29,438
Lease receivable	638,329		638,329	
Capital assets - net of accumulated depreciation	26,163,208	150,189	26,313,397	25,692,403
Total Noncurrent Assets	28,397,179	355,256	28,752,435	27,468,862
Total Assets	36,551,679	1,244,746	37,796,425	36,376,790
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	1,290,685	39,918	1,330,603	1,381,199
Total Deferred Outflows of Resources	1,290,685	39,918	1,330,603	1,381,199
Total Assets and Deferred Outflows of Resources	37,842,364	1,284,664	39,127,028	37,757,989

(Continued)

See accompanying notes to financial statements

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE
AS OF JUNE 30, 2022
WITH SUMMARIZED TOTALS AS OF JUNE 30, 2021

		Wastewater	Totals	
LIABILITIES	Water	Disposal	2022	2021
Current Liabilities:				
Accounts payable	992,285	2,431	994,716	101,082
Accrued liabilities	17,565	1,603	19,168	14,360
Accrued interest	2,299		2,299	1,333
Unearned revenues				4,308
Deposits payable	1,000		1,000	1,000
Accrued compensated absences	6,357	399	6,756	8,625
Loans and capital leases	500,209		500,209	497,682
Total Current Liabilities	1,519,715	4,433	1,524,148	628,390
Noncurrent Liabilities:				
Accrued compensated absences	55,741	3,494	59,235	53,036
Total OPEB liability	1,594,921		1,594,921	1,440,554
Net pension liability	4,059,002	125,536	4,184,538	6,000,118
Loans and capital leases	8,323,496		8,323,496	8,823,706
Total Noncurrent Liabilities	14,033,160	129,030	14,162,190	16,317,414
Total Liabilities	15,552,875	133,463	15,686,338	16,945,804
DEFERRED INFLOWS OF RESOURCES				
Pension related	3,980,305	123,102	4,103,407	353,518
Lease related	623,059		623,059	
Total Deferred Inflows of Resources	4,603,364	123,102	4,726,466	353,518
Total Liabilities and Deferred Inflows of Resources	20,156,239	256,565	20,412,804	17,299,322
NET POSITION (Note 1D)				
Net investment in capital assets	17,339,503	150,189	17,489,692	16,371,015
Restricted for new facilities	2,323,219	219,460	2,542,679	2,493,266
Unrestricted	(1,976,597)	658,450	(1,318,147)	1,594,386
Total Net Position	$17,686,125	$1,028,099	$18,714,224	$20,458,667

See accompanying notes to financial statements

GEORGETOWN DISTRICT PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022
WITH SUMMARIZED TOTALS FOR YEAR ENDED JUNE 30, 2021

	Water	Wastewater Disposal	Totals 2022	Totals 2021
OPERATING REVENUES:				
Water Sales:				
Residential	$2,873,804		$2,873,804	$3,139,700
Irrigation	388,464		388,464	395,020
Installations and connections	13,559		13,559	9,697
Waste disposal:				
Zone charges		$185,883	185,883	196,169
Design fees		3,280	3,280	5,940
Escrow Fees		22,100	22,100	24,020
Penalities	28,112		28,112	159,909
Total Operating Revenues	3,303,939	211,263	3,515,202	3,930,455
OPERATING EXPENSES:				
Source of supply	428,880		428,880	332,810
Transmission and distribution - raw water	642,832		642,832	761,268
Water treatment	765,229		765,229	800,000
Transmission and distribution - treated water	938,177		938,177	959,039
Customer service	293,999		293,999	259,308
Administrative and hydroelectric	3,526,502	59,547	3,586,049	1,667,210
On-site wastewater disposal zone		252,997	252,997	292,524
Claims expense				
Depreciation expense	907,179	24,857	932,036	927,189
Total Operating Expenses	7,502,798	337,401	7,840,199	5,999,348
NET OPERATING INCOME (LOSS)	(4,198,859)	(126,138)	(4,324,997)	(2,068,893)
NONOPERATING REVENUE (EXPENSE):				
Tax revenue - general	1,867,047		1,867,047	1,769,095
Surcharge	663,592		663,592	662,210
Interest revenue	27,870	2,809	30,679	7,211
Lease revenue	136,621		136,621	394,809
SMUD payment				116,443
Hydroelectric royalty payments	53,074		53,074	36,619
Capital facility charge	76,084		76,084	20,700
Gain (loss) on disposal of capital assets				3,500
Other revenue	1,234		1,234	404,592
Interest expense	(154,749)		(154,749)	(161,861)
Other expense	(93,028)		(93,028)	(1,460)
Nonoperating Revenue (Expenses), net	2,577,745	2,809	2,580,554	3,251,858
CHANGES IN NET POSITION	(1,621,114)	(123,329)	(1,744,443)	1,182,965
NET POSITION, BEGINNING OF YEAR	19,307,239	1,151,428	20,458,667	19,275,702
NET POSITION, END OF YEAR	$17,686,125	$1,028,099	$18,714,224	$20,458,667

See accompanying notes to financial statements

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE
FOR THE YEAR ENDED JUNE 30, 2022
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2021

	Water	Wastewater Disposal	Totals 2022	Totals 2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	$3,480,691	$211,907	$3,692,598	$3,775,851
Cash paid to suppliers for goods and services	(1,663,042)	(164,490)	(1,827,532)	(3,833,399)
Cash paid to employees for services	(1,952,741)	(86,969)	(2,039,710)	(1,920,141)
Cash Flows from Operating Activities	(135,092)	(39,552)	(174,644)	(1,977,689)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Property taxes received	1,867,047		1,867,047	1,769,095
Surcharge	663,592		663,592	662,210
Assessment receivable payments	15,575		15,575	36,558
Receipts from capacity charges	76,084		76,084	20,700
SMUD receipts				116,443
Hydroelectric royalty receipts	53,074		53,074	36,619
Other revenue	1,234		1,234	404,592
Other expenses	(163,798)		(163,798)	(1,460)
Receipts from cellular antenna rentals	136,621		136,621	394,809
Net Cash Flows from Noncapital Financing Activities	2,649,429		2,649,429	3,439,566
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Additions to utility plant and equipment	(1,549,411)	(3,625)	(1,553,036)	(637,013)
Principal payments on long-term debt	(497,683)		(497,683)	(483,395)
Interest paid on long-term debt	(153,783)		(153,783)	(162,018)
Proceeds from sale of capital assets				3,500
Cash Flows from Capital and Related Financing Activities	(2,200,877)	(3,625)	(2,204,502)	(1,278,926)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	27,870	2,809	30,679	28,382
NET CASH FLOWS	341,330	(40,368)	300,962	211,333
Cash and cash equivalents at beginning of year	8,498,848	1,093,308	9,592,156	9,380,823
Cash and cash equivalents at end of year	$8,840,178	$1,052,940	$9,893,118	$9,592,156

(Continued)

See accompanying notes to financial statements

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE
FOR THE YEAR ENDED JUNE 30, 2022
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2021

	Water	Wastewater Disposal	Totals 2022	Totals 2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	($4,198,859)	($126,138)	(4,324,997)	($2,068,893)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	907,179	24,857	932,036	927,189
(Increase) decrease in accounts receivable	155,597	644	156,241	(158,912)
(Increase) decrease in lease receivable	(638,329)		(638,329)	(68,738)
(Increase) decrease in deposits and prepaid expense	40,733		40,733	
(Increase) decrease in deferred outflow - pension	49,078	1,518	50,596	268,471
Increase (decrease) in accounts payable	892,041	470	892,511	(1,113,013)
Increase (decrease) in accrued liabilities	4,116	692	4,808	14,360
Increase (decrease) in compensated absences	3,954	376	4,330	(5,176)
Increase (decrease) in post-employment benefits	154,367		154,367	352,997
Increase (decrease) in deferred inflow - pension	3,637,393	112,496	3,749,889	(252,678)
Increase (decrease) in deferred inflow - lease	623,059		623,059	
Increase (decrease) in net pension liability	(1,761,113)	(54,467)	(1,815,580)	122,396
Increase (decrease) in unearned revenue	(4,308)		(4,308)	4,308
Cash Flows from Operating Activities	($135,092)	($39,552)	($174,644)	($1,977,689)
SCHEDULE OF NON CASH ACTIVITIES				
Adjustment to CIP				$93,538

See accompanying notes to financial statements

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2022

	Custodial Fund
ASSETS	
Cash and investments	$39,623
Receivables:	
Assessments	92,016
Accrued interest	48
Total Assets	131,687
LIABILITIES	
Accrued interest	2,372
Unearned revenues	10,630
Long-term liabilities:	
Due in one year	7,014
Due in more than one year	146,146
Total Liabilities	166,162
NET POSITION (DEFICIT)	
Held in trust for other purposes	(34,475)
Total Net Position	($34,475)

See accompanying notes to basic financial statements

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Fund
ADDITIONS	
Interest and change in fair value of investments	$98
Total Additions	98
DEDUCTIONS	
Interest expense	$8,542
Total Deductions	8,542
Change in net position	(8,444)
NET POSITION	
Beginning of year	(26,031)
End of year	($34,475)

See accompanying notes to basic financial statements

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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

The reporting entity, the Georgetown Divide Public Utility District (District), was created by the electorate, June 4, 1946, under the California Public Utility District Act of 1921. The District operates under a governing five-member Board of Directors (Board) elected at-large for four-year overlapping terms. The District's management is under the direction of the General Manager, who also serves as Clerk, and ex-officio Secretary of the Board, who is appointed by and serves at the pleasure of the Board.

B. Reporting Entity

The District's basic financial statements include the operations of all organizations for which the District's Board of Directors exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Based upon the aforementioned oversight criteria, there are no component units in this report which met the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statements Nos. 39 and 61.

The basic financial statements include the accounts of two enterprise activities provided by the District: (1) raw and treated water services, and (2) wastewater disposal services in the Auburn Lake Trails (A.L.T.) subdivision.

C. Basis of Presentation

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

The Fund Financial Statements provide information about the District's funds, including the fiduciary fund. Separate statements for each fund category – proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District maintains one fiduciary fund. The "economic resources" measurement focus and the accrual basis of accounting is used for custodial funds.

D. Major Funds and Fiduciary Fund

GASB Statement No. 34 defines major funds and requires that the District's major proprietary funds are identified and presented separately in the fund financial statements.

Major funds are defined as funds that have assets, liabilities, revenues, or expenses equal to or greater than ten percent of their fund-type total and five percent of all fund-type totals. The District may also select other funds that it believes should be presented as major funds. The District reports all its proprietary funds as major funds.

The District reported the following major proprietary funds:

Water

This fund accounts for the activities of providing raw and treated water services to the customers. Raw water service is also known as irrigation water.

Wastewater Disposal

This fund accounts for the activities of monitoring wastewater disposal of the residents of the Auburn Lake Trails subdivision. The area is also known as the On-Site Wastewater Disposal Zone. The On-Site Wastewater Disposal Zone is comprised of all the lots in the Auburn Lake Trails Subdivision, including the lots connected to the Community Disposal System.

Additionally, the District reports a fiduciary fund to account for the debt service activities for the Stewart Mine Assessment District. The District's administration of this debt is a purely custodial function.

E. Basis of Accounting

The financial statements are reported using the "economic resources' measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budget and Budgeting

Budget integration is employed as a management control device. Budgets are formally adopted by the Board of Directors and take effect the following July 1. The budgets are used as a management tool and are not a legal requirement.

G. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments (including restricted assets) with a maturity of twelve months or less when purchased to be cash equivalents.

H. Restricted Assets

These assets consist of certificates of deposit, short-term investments, and receivables which are restricted for debt service and other legal obligations.

I. Capital Assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of donation. The District capitalizes capital assets valued over $1,000 and having a useful life of at least three years. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets, which range from 30 to 100 years for the plant and pipelines and 3 to 15 years for other equipment.

J. Compensated Absences

Compensated absences including accumulated unpaid vacation, sick pay, and other employee benefits are accounted for as expenses in the year earned.

K. Property Taxes

The District receives property taxes from El Dorado County (County), which has been assigned the responsibility for assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County. The District's property taxes are levied each July 1, on the assessed values as of the prior January 1 for all real and personal property located in the District. Property sold after the assessment date (January 1) is reassessed and the amount of the supplemental property tax levied is prorated. Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31.

The District participates in the County "Teeter Plan" method of property tax distribution and thus receives 100% of the District's apportionment each fiscal year, eliminating the need for an allowance for uncollectibles. The County, in return, receives all penalties and interest on the related delinquent taxes. Under the Teeter Plan, the County remits property taxes to the District based on assessments, not on collections, according to the following schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants (AICPA), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Comparative Prior Year Financial Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

N. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

O. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position that is applicable to a future reporting period and deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period. A deferred outflow of resources has a positive effect on net position, similar to assets, and a deferred inflow of resources has a negative effect on net position, similar to liabilities. The District has certain items, which qualify for reporting as deferred outflows of resources and deferred inflows of resources.

P. Pension Plan

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

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Other Post-Employment Benefits (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense have been determined using the alternative measurement valuation method accepted by GASB Statement No. 75 for plans with fewer than 100 participants (active and inactive). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

R. New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) pronouncements were effective in fiscal year 2021-22:

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after June 15, 2021, or fiscal year 2021-22. The Statement is effective for the reporting periods beginning after June 15, 2021, or fiscal year 2021-22. As part of the implementation of this Statement, the District has accounted for a lease receivable and deferred inflow of resources. See Note 5 for more information.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the financial statements. The Statement is effective for reporting periods beginning after December 15, 2020, or fiscal year 2021-22. GASB Statement No. 89 did not have an effect on the District's fiscal year 2020-21 financial statements.

NOTE 2 – CASH AND INVESTMENTS

The cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of District debt instruments or District agreements:

Unrestricted cash and investments	$8,092,409
Restricted cash and investments	1,800,709
Cash and Investments, Statement of Net Position	9,893,118
Cash and investments, Statement of Fiduciary Net Position	39,623
Total Cash and Investments	$9,932,741

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

Cash on hand	$450
Deposits with financial institutions	2,452,255
Investments	7,480,036
Total Cash and Investments	$9,932,741

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

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency InvestmentFund (LAIF)	N/A	None	$50 million
Money Market Funds (must be Comprised of eligible securities permitted under this policy)	N/A	None	None

NOTE 2 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Money Market Funds	N/A	None	None

Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Deposits and withdrawals in governmental investment pools, such as the State of California Local Agency Investment Fund (LAIF), are made on the basis of one dollar and not fair value. Accordingly, the fair value of the District's proportionate share in this type of investment is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. Money Market Accounts are nonparticipating interest-bearing savings accounts. They are measured using a cost-based measure, not fair value, and therefore, not subject to fair value hierarchy.

C. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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

Investment Type	12 Months or less	Total
Local Agency Investment Fund	$7,428,410	$7,428,410
Held by Bond Trustee:		
Money Market Mutual Fund	51,626	51,626
Total Investments	$7,480,036	$7,480,036

NOTE 2 – CASH AND INVESTMENTS (Continued)

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Minimum Legal Rating	Total	Ratings as of Year End AAA	Not Rated
Local Agency Investment Fund	N/A	$7,428,410		$7,428,410
Held by Bond Trustee				
Money Market Mutual Fund	N/A	51,626		51,626
Total Investments		$7,480,036		$7,480,036

D. Concentration of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. Only investments with LAIF and the Money Market Funds exceed 5% or more of total District investments. The Money Market Funds are collateralized for the amount over the Federal Deposit Insurance Corporation amount or backed by United States obligations.

E. Custodial Credit Risk

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

As of June 30, 2022, $2,181,705 of the District's deposits and investments with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

NOTE 2 – CASH AND INVESTMENTS (Continued)

F. Investment in State Investment Pool

The District is a voluntary participant in LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Restricted cash and investments are identified by use as follows at June 30, 2022:

	Water	Waste Disposal	Total
Debt Service:			
Kelsey North	$121,451		$121,451
Total Debt Service Cash and investments	121,451		121,451
New Facilties:			
Capital Facility Charges:	424,518		424,518
Water Development	413,004		413,004
Auburn Lake Trails Retrofit Project	636,669		636,669
Replacement and Expansion		$205,067	205,067
Total New Facilities Cash and Investments	1,474,191	205,067	1,679,258
Total Restricted Cash Investments	$1,595,642	$205,067	$1,800,709

NOTE 3 – ASSESSMENTS RECEIVABLE

Assessments receivable to the District are construction obligations of the benefited property owners of the Kelsey North and Stewart Mine Water Assessment Districts. El Dorado County collects the special assessments semi-annually in order to pay the related projects' Department of Water Resources or United States Department of Agriculture construction debts as they mature. The assessments receivable balances at June 30, 2022, were as follows:

Water Restricted Assessments Receivable	$15,575
Fiduciary Assessments Receivable	92,016
Total Receivables	$107,591

NOTE 4 – CAPITAL ASSETS

Purchased capital assets are recorded at cost when purchased. Donated capital assets are recorded at fair value at the date of donation. Capital assets are depreciated overestimated useful lives ranging from one hundred years (Stumpy Meadows Dam) to three years (small office equipment) using the straight-line method. Capital assets at June 30, 2022, consisted of the following:

	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
Nondepreciable Capital Assets:				
Land and land right	$770,975			$770,975
Construction in progress	1,539,267	$1,399,517		2,938,784
Total nondepreciable assets	2,310,242	1,399,517		3,709,759
Capital assets, being depreciated:				
General plant equipment and facilities	1,324,715	149,596		1,474,311
Water treatment	20,315,368			20,315,368
Transmission and distribution	14,354,067	3,072		14,357,139
Auburn Lake Trails septic facilities	908,765	453	($15,015)	894,203
Source of supply	7,051,065	398		7,051,463
Total capital assets being depreciated	43,953,980	153,519	(15,015)	44,092,484
Less Accumulated Depreciation	(20,571,819)	(932,036)	15,009	(21,488,846)
Net capital assets being depreciated	23,382,161	(778,517)	(6)	22,603,638
Total capital assets, net	$25,692,403	$621,000	($6)	$26,313,397

Depreciation Allocations

Depreciation expense was charged to each fund based on their usage of the related assets. The amounts allocated to each fund was as follows:

Water	$907,179
Wastewater Disposal	24,857
Total Depreciation Expense	$932,036

NOTE 5 – LEASE RECEIVABLE

The District is a lessor for a noncancellable lease of four cell phone communications site locations. The District recognizes a lease receivable and a deferred inflow of resources.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The District recognized a $31,672 in lease revenue.

NOTE 5 – LEASE RECEIVABLE (Continued)

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

A summary of lease activities for the fiscal year ended June 30, 2022, are as follows:

Lessee	Orginal Lease Date	Expiration Date Including Options	Monthly revenue as June 30, 2022	Lease Receivable balance at June 30, 2022	Deferred Inflow of Resources at June 30, 2022
AT&T	8/9/2018	9/1/2042	$1,755	$448,343	$436,896
Cal.net	9/7/2016	9/30/2026	250	12,426	12,366
Comcast	12/1/2010	12/1/2029	7,379	144,024	140,935
PG&E	4/11/2018	7/1/2026	3,006	33,536	32,862
		Total	$12,390	$638,329	$623,059

Changes in the District's lease receivable during the year consists of the following.

	Balance July 01, 2021	Retirements	Balance June 30, 2022
Leases Receivable			
Cell Site Leases	$670,001	$31,672	$638,329
Total leases receivable	$670,001	$31,672	$638,329

NOTE 6 – LONG-TERM DEBT

Long-term liability activity for the fiscal year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Retirements	Balance June 30, 2022	Due within one year
Long-term debt:				
1989 Kelsey North Water AD 1989-1 Assessments	$178,410	($24,989)	$153,421	$25,839
2007 Walton Water Trearment Plant Filter Replacement	202,812	(20,543)	182,269	21,015
2020 Auburn Lake Trails Upgrade	8,934,203	(446,188)	8,488,015	453,355
Direct Borrowing Capital Leases:				
Verizon	5,963	(5,963)		
Total long-term debt	$9,321,388	($497,683)	$8,823,705	$500,209

A. Direct Borrowing Loans Payable

California State Water Resources Control Board (SWRCB) - Three long-term contracts have been entered into with the SWRCB to finance the construction of various water projects:

The Kelsey North Water Assessment District 1989-1 contract of $630,000 is to be repaid by semi-annual payments of $15,398. These payments, due April 1 and October 1, beginning April of 1993 and ending October 1, 2027, include interest on the outstanding note balance at 3.3712%. Payments are made from assessments collected from the Assessment District. The balance of the loan as of June 30, 2022 is $153,421.

The Walton Lake Water Treatment Plant Filter Replacement contract of $400,511 is to be repaid by semi-annual payments of $12,529. These payments, due April 1 and October 1, beginning October 2010 and ending April 1, 2030, include interest on the outstanding note balance at 2.2836%. The balance of this loan as of June 30, 2022 is $182,269.

The Auburn Lake Trails (ALT) construction loan for the Water Treatment Plant Upgrade was approved for a total contract of up to $10,000,000 is to be repaid by semi-annual payments ranging between $200,000 - $300,000. These payments, due January 1 and July 1, beginning July 2020 and ending January 1, 2039, include interest on the outstanding note balance at 1.6%. The balance of the loan as of June 30, 2022 is $8,488,015.

NOTE 6 – LONG-TERM DEBT (Continued)

Future Minimum debt service requirements for aggregate notes payable are as follows:

Fiscal Year	Principal	Interest	Total
2023	$500,209	$143,002	$643,211
2024	508,844	134,365	643,210
2025	517,659	125,550	643,211
2026	526,617	116,594	643,211
2027	535,744	107,466	643,210
2028-2032	2,622,333	403,025	3,025,358
2033-2037	2,745,182	191,600	2,936,782
2038-2039	867,117	13,911	881,034
Total	$8,823,705	$1,235,513	$10,059,227

B. Direct Borrowing Capital Leases

On November 27, 2006, the District entered into a long-term capital lease agreement with Verizon for the purpose of constructing a permanent cell tower. The first ten years of uncollected lease payments represent the cost of constructing the tower, which is owned by the District. If the lease is terminated within the first ten years, the District will owe Verizon the remaining construction cost. The first ten-year period commenced November 1, 2008. The capital lease totaled $155,731 based on discounting at 3% the monthly lease amount of $1,500. The capital lease liability is being retired using a 3% interest rate as well.

On May 22, 2016, the district entered into a long-term capital lease agreement with Santander Financing for a 2016 Ram 5500 truck costing $54,406. The payments are $1,231 per month including interest at 4.1% for 48 months. The truck was fully depreciated at June 30, 2021.

The capital lease agreement was paid off as of June 30, 2022.

NOTE 7 – COMPENSATED ABSENCES

District employees accumulate earned but unused vacation benefits which can be converted to cash at termination of employment. It is estimated that up to two weeks per employee might be liquidated with expendable, currently available financial resources in the next year.

Compensated absences activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One year
Water Fund	$58,144	$29,774	($25,820)	$62,098	$6,357
Wastewater Fund	3,517	1,995	(1,619)	3,893	399
Ending Balance	$61,661	$31,769	($27,439)	$65,991	$6,756

NOTE 8 – CUSTODIAL FUND: SPECIAL ASSESSMENT DEBT

The District acts as a custodian for the Stewart Mine Road Water Assessment District 98-1 Bonds, issued on August 24, 1999. This debt was not included in the District's accounting records because the District had no obligation for the payment of these bonds other than in a fiduciary capacity. The principal amount outstanding at June 30, 2022, and June 30, 2021, was $153,160 and $159,881, respectively.

NOTE 9 – ON-SITE WASTEWATER DISPOSAL ZONE (O.S.W.D.Z.)

During the early part of 1984, it became apparent that a proposed sewer assessment district was not going to be approved and that the assimilation alternative of combining certain lots in the Auburn Lake Trails (A.L.T.) subdivision was a possibility. By letter dated April 24, 1984, Trans America Development Corporation (TADCO) and A.L.T. property owners jointly requested the formation of an on-site wastewater disposal zone which would be monitored by the District. The O.S.W.D.Z. was formed pursuant to the authority granted under Sections 6950 et seq. of the Health and Safety Code of the State of California and became operative by board resolution on March 19, 1985. The effective date for accounting for revenues and expenses was April 1, 1985.

The purpose of the O.S.W.D.Z. is to protect the ground and surface water within the Disposal Zone boundaries in compliance with Regional Water Quality Control Board requirements. The District's responsibility is to design and inspect new on-site disposal systems and to monitor the surface and ground water quality and system performance of existing systems.

The O.S.W.D.Z. assessment revenues charged will be restricted to pay the operating costs of the O.S.W.D.Z. No unrestricted District funds can be used to pay expenses of the O.S.W.D.Z. Effective for the fiscal year ended June 30, 1998, the O.S.W.D.Z. Capital Expenditure Reserve was established. The O.S.W.D.Z. Capital Expenditure Reserve fund has had little activity over the years. The fund was inactivated May 13, 2008.

In addition to the O.S.W.D.Z., the District, by contract, has taken over operation of the Community Disposal System (C.D.S.) of 139 lots within the A.L.T. subdivision. These property owners pay additional assessments for operation and maintenance of the C.D.S. The C.D.S. Expansion Benefit Reserve was established July 1, 2000, and currently receives annual transfers in an effort to achieve the reserve level approved by the District in May 2005.

NOTE 10 – RESTRICTED BENEFIT CHARGES

This non-operating revenue is comprised of various benefit charges and interest earned on the corresponding deposits. The implementation of the Capital Facility Charges beginning on July 1, 2008, replaced the previous treatment plant, pipeline, and storage benefit charges. Pursuant to District ordinance, this revenue is restricted in special accounts which are to be used exclusively as follows:

Water development charge funds: To develop alternate sources of raw water to meet long-term District requirements.

Capital Facility Charge Fund: For maintenance and/or improvements of the treatment plants, pipeline facilities, and storage facilities.

O.S.W.D.Z./C.D.S. replacement and expansion benefit charge funds: For maintenance, improvement, and/or expansion of the community disposal system, as well as facilitating improvements in the O.S.W.D.Z.

NOTE 11 – NET POSITION

Net Position is the excess of all the District's assets over all its liabilities, regardless of fund. Net position is divided into three captions under GASB Statement No. 63. These captions apply only to net position, which are determined only at the government-wide level, proprietary funds, and fiduciary funds (trust funds only), and are described below.

Net Investment in Capital Assets

Investment in capital assets describes the portion of net position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted Net Position

Restricted net position consists of constraints placed on net position use through external creditors (such as through debt covenants), grants, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. Net position restricted for new facilities represent the net assets accumulated from restricted benefit charges imposed by District ordinances for the maintenance and expansion of facilities. Net position restricted for debt service is required by the debt agreements.

Unrestricted Net Position

The term "unrestricted" describes the portion of net position which is not restricted as to use.

The Board has designated portions of the unrestricted net position for specific operating purposes in an effort to provide for the prudent operations of the District.

Stumpy Meadows Emergency Reserve: Requirement of the contract entered into with the Department of Reclamation related to the dam at Stumpy Meadows.

Short-lived Asset Replacement: Requirement of the USDA loan for the Auburn Lake Trails Retrofit for the estimate of funds needed to be on hand to replace the existing assets with replacement lies of less than 15 years.

Capital Reserve: To provide for future estimated costs related to the replacement costs of current assets.

EPA: Environmental Protection Agency grant for Auburn Lake Trails Water Treatment Plant Retrofit.

Retiree Health: To provide for the estimated future health insurance benefits of existing retirees and current employees.

Garden Valley: For use in activities specific to the designated area.

Hydroelectric: To provide for the future estimated costs related to activities specific to the hydroelectric plant.

NOTE 11 – NET POSITION (Continued)

Restricted and unrestricted net position is identified by use as follows as of June 30, 2022:

	Water	Water Disposal	Total
Restricted Net Position:			
New Facilities:			
Water Development	$424,938		$424,938
Capital Facility Charges	1,898,281		1,898,281
C.D.S. Replacement		$41,860	41,860
C.D.S. Expansion		177,600	177,600
Total Restricted Net Position	$2,323,219	$219,460	$2,542,679
Unrestricted Net Position:			
Unrestricted Designated Net Position:			
Stumpy Meadows Emergency Reserve	$1,076,201		$1,076,201
Short-lived Asset Replacement	1,191,948		1,191,948
Capital Reserve	3,815,172		3,815,172
EPA	1,118,428		1,118,428
Retiree Health	(1,209,231)		(1,209,231)
Garden Health	109,498		109,498
Hydroelectric	894,933		894,933
Total Unrestricted Designated Net Position	6,996,949		1,971,134
Unrestricted undesignated Net Position	(8,973,546)	$658,450	(1,971,134)
Total Unrestricted Net Position	($1,976,597)	$658,450	($1,318,147)

NOTE 12 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (Authority), a public entity risk pool currently operating as a common risk carrier management and insurance program for member agencies. The purpose of the Authority is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expenses. The District pays annual premiums to the Authority for its general liability, automobile, property, fidelity coverage, and workers' compensation. The agreement for formation of the Authority provides that the Authority will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $50,000 (property), $100,000 (fidelity), and $2,000,000 (general, automobile and public official's liability) for each insured event, except for workers compensation which will reinsure for claims in excess of $2,000,000. The deductibles for the Authority do not exceed $2,500. Total premiums paid for fiscal year 2022 were $112,215.

The District continues to carry commercial insurance for employee health and life insurance. The District also carries commercial insurance for dental and optical insurance for the employees represented by Stationary Engineers, Local 39, and all new employees hired after July 11, 2006.

NOTE 13 – DEFINED BENEFIT PENSION PLAN

A. General Information About the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Local Government's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provision under the Plans are established by State statue and Local Government resolution. Cal PERS issues publicly available reports that include a full description of the pension plans regarding benefit provision, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost- of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

The Plans' provisions and benefits in effect at the measurement date, are summarized as follows:

	Miscellaneous Tier I
Hire date	Prior to January 1, 2012
Benefit formula	2.7% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	2.00% to 2.7%
Required employee contribution rates	8.00%
Required employer contribution rates	15.02%

	Miscellaneous Tier II
Hire date	Between January 1, 2012 through December 31, 2012
Benefit formula	2.7% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	2.00% to 2.7%
Required employee contribution rates	8.00%
Required employer contribution rates	13.35%

	Miscellaneous Tier III
Hire date	On or after January 1, 2013
Benefit formula	2% @ 62
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	52 - 67
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%
Required employee contribution rates	6.75%
Required employer contribution rates	7.59%

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2022, the employer contributions recognized as a reduction to the net pension liability for the Plan was $618,175.

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate shares of the net pension liability of the rate Plan of $4,184,538.

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

	Miscellaneous
Proportion - June 30, 2020	0.05515%
Proportion - June 30, 2021	0.07737%
Change - Increase (Decrease)	0.02222%

For the year ended June 30, 2022, the District recognized a total pension expense of $,2651,272 for the plan. At June 30, 2022, the District reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$666,368	
Differences between actual and expected experience	469,251	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	194,984	
Net differences between projected and actual earnings on plan investments		($3,652,880)
Adjustments due to differences in proportion		(450,527)
Total	$1,330,603	($4,103,407)

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

The $666,368 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2023	($745,494)
2024	(806,112)
2025	(878,098)
2026	(1,009,468)
Total	($3,439,172)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2021, the total pension liability was determined by rolling forward the June 30, 2019, total pension liability. The June 30, 2020, and the June 30, 2021, total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous Tier I, II, and III
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table[1]	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Change of Assumptions

No changes in assumptions.

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

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

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

Asset Class (1)	Assumed Asset Allocation	Real Return Years 1 - 10 (2)	Real Return Years 11+ (3)
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	-0.92%
Total	100%		

(1) In the CalPERS' Annual Comprehensive Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
(2) An expected inflation of 2.00% used for this period.
(3) An expected inflation of 2.92% used for this period.

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

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

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

	Discount Rate -1% 6.15%	Current Discount Rate 7.15%	Discount Rate +1% 8.15%
Risk Pool's Net Pension Liability	$6,527,628	$4,184,538	$2,247,539

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

NOTE 14 – DESCRIPTION OF DEFERRED COMPENSATION PENSION PLANS

The District has two deferred compensation plans. All amounts of compensation deferred under the plans, all property and rights purchased with these amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employees and their beneficiaries. No part of the corpus or income of the trust shall revert to employer or be used for or diverted for purposes other than for the exclusive benefit of participants and their beneficiaries.

Only employee contributions were made to the Internal Revenue Code Section 457 deferred compensation plan or the Internal Revenue Code Section 401(a) defined contribution money purchase plan for the fiscal year ended June 30, 2022. The District does not make contributions on behalf of the employees.

The District is the administrator of the plans. The International City Management Association (ICMA) Retirement Corporation holds the funds in a trust and also advises as to legality, files appropriate plan documentation, and reports the quarterly activities to each plan participant.

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Plan Description

The District provides certain health insurance benefits to retired employees in accordance with a memorandum of understanding with International Union of Operating Engineers, Stationary Engineers, Local No. 39 (Union) and Ordinance 2006-01.

For employees who retire from the District after at least twenty (20) years of service with the District and who continue health insurance through a District-sponsored health insurance plan until the age of 65, the District will contribute up to $435 per month of the health insurance premium for the retiree and/or the retiree's spouse. At the age of 65, the retiree is required to enroll in Medicare and the District will continue to contribute up to $435 per month to a Medicare supplemental plan of the retiree's or retiree spouse's choice.

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Effective February 7, 2006, the District extended the benefit described above to all new employees, as well as the employees who are part of the Union. However, the District administers a wide variety of other retirement benefits based on the plans in place when various long-term employees retired and in conjunction with Ordinance 2006-01. The benefits for the few unrepresented and management employees as of April 11, 2006, are dictated by Ordinance 2006-01 as well. None of the previous arrangements are being extended to any new employees of the District.

Employees Covered

As of the June 30, 2022, alternative measurement method valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	23
Inactive employees or beneficiaries currently receiving benefit payments	16
Total	39

Contributions

The plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the District and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the measurement date ended June 30, 2022, the District's cash contributions were $102,617, which were recognized as a reduction to the OPEB Liability.

Total OPEB Liability

The District's Total OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the total OPEB liability was determined by an alternate measurement method valuation dated June 30, 2021, that was used to determine the June 30, 2022, total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Contribution Policy	No pre-funding
Discount Rate	6.80%
Inflation	2.30%
Overall payroll growth	2.80%
Wage inflation	2.80%
Healthcare Trend	5.40%

Notes:
(1) Pre-retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website ***www.calpers.ca.gov*** under Forms and Publications.

(2) The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website ***www.calpers.ca.gov*** under Forms and Publications.

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.80 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. The District does not participate in a trust fiduciary fund.

Changes in the OPEB Liability

The changes in the Total OPEB liability for the plan are as follows:

	Increase (Decrease) Total OPEB Liability
Balance at 6/30/2021	$1,440,554
Changes Recognized for the Measurement Period:	
Service cost	22,500
Interest on the total OPEB liability	344,401
Benefit payments	(212,534)
Net changes	154,367
Balance at 6/30/2022	$1,594,921

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

Net OPEB Liability/(Asset)		
Discount Rate -1% (5.80%)	Current Discount Rate (6.80%)	Discount Rate +1% (7.80%)
$1,742,082	$1,594,921	$1,377,412

Expense Related to OPEB

For the fiscal year ended June 30, 2022, the District recognized OPEB expense of $102,617.

NOTE 16 – REVENUE LIMITATION IMPOSED BY CALIFORNIA PROPOSITION 218

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

The proposition also provides for a customer protest process when fees for services benefiting a property are proposed to be increased. The District follows this process when changes are contemplated for water sales and waste disposal zone charges.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

A. Construction Commitments

The District is contingently liable in connection with claims and contracts arising in the normal course of its activities. District management is of the opinion that the ultimate outcome of such matters will not have a significant effect on the financial position of the District.

B. Contingencies

The District has received State and Federal funds for specific purposes that are subject to review and audit by the grantor Agencies. Although such audits could generate expenditure disallowances under the term of the grants, it is believed that any required reimbursements will be immaterial.

In 2010, the District was sued over its' rights to replace a key piece of infrastructure serving the public. Both Trial and Appellate Courts have ruled in the District's favor in this lawsuit; and the California Supreme Court rejected the plaintiff's petition to hear the case. The decision upholds the District's right and obligation to maintain public infrastructure.

Compliance Order #01-09-04CO-002 was issued by the CA Dept. of Public Health on February 23, 2004, which required the District to provide surface water treatment that effectively reduces giardia cysts and viruses by 3 and 4 logs respectively, through filtration and disinfection at its Auburn Lake Trails Water Treatment Plant. Since then, regulations have added the requirement for the ALTWTP to effectively reduce cryptosporidium cysts by 2 logs. This later requirement is considered achieved when treatment requirements for giardia and viruses are being met. As of the date of these financial statements, the District is not in compliance with the Compliance Order. The ramifications of this non-compliance have not been determined but may include possible fines and penalties.

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GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Miscellaneous Plan - Cost Sharing Multiple Employer Defined Pension Plan
Last 10 Years*

Measurement Date	**2014**	**2015**	**2016 (1)**	**2017**
Proportion of the Net Pension Liability	0.16244%	0.06977%	0.06244%	0.05959%
Proportionate Share of the Net Pension Liability	$4,014,865	$4,788,730	$5,403,038	$5,909,716
Covered Payroll	$870,074	$896,800	$1,057,557	$1,190,555
Proportionate Share of the net pension liability as a percentage of covered payroll	461.44%	533.98%	510.90%	496.38%
Plan's Proportionate Share of Fiduciary Net Position as a Percentage of the Total Pension Liability	74.48%	78.40%	74.06%	73.31%

Measurement Date	**2018 (2)**	**2019**	**2020**	**2021**
Proportion of the Net Pension Liability	0.05929%	0.05736%	0.12229%	0.07737%
Proportionate Share of the Net Pension Liability	$5,712,996	$5,877,722	$6,000,118	$4,184,538
Covered Payroll	$1,281,439	$1,501,528	$1,488,996	$1,506,934
Proportionate Share of the net pension liability as a percentage of covered payroll	445.83%	391.45%	402.96%	277.69%
Plan's Proportionate Share of Fiduciary Net Position as a Percentage of the Total Pension Liability	75.26%	75.26%	75.10%	90.49%

(1) Discount rate changed from 7.5 percent to 7.65 percent.
(2) Discount rate changed from 7.65 percent to 7.15 percent.

Note: Historical information is required only for measurement periods for which GASB 68 is applicable.
Future years' information will be displayed up to 10 years as information becomes available.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
SCHEDULE OF CONTRIBUTIONS
Miscellaneous Plan - Cost Sharing Multiple Employer Defined Pension Plan
Last 10 Years*

Fiscal Year Ended June 30	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	$316,796	$484,729	$532,748	$574,408	$645,301	$690,964	$618,175	$666,368
Contributions in relation to the actuarially determined contributions	(316,796)	(484,729)	(532,748)	(574,408)	(645,301)	(690,964)	(618,175)	(666,368)
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0
Covered payroll	$896,800	$1,057,557	$1,190,555	$1,281,439	$1,501,528	$1,488,996	$1,420,519	$1,379,643
Contributions as a percentage of covered payroll	35.33%	45.83%	44.75%	44.83%	42.98%	46.40%	43.52%	48.30%
Notes to Schedule:								
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	For details, see June 30, 2018 Funding Valuation Report.
Remaining amortization period	For details, see June 30, 2018 Funding Valuation Report.
Asset valuation method	Fair Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.75% for 2015 to 2019, 2.875% for 2020, 2.625% for 2021 and 2.50% for 2022.
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020 and 2021 and 7% for 2022 pension plan investment expense, including inflation.
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019 to 2021, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

* Fiscal year 2015 was the 1st year of implementation.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
For the measurement year ending June 30
Last 10 fiscal years*

Measurement Date - June 30,	**2018**	**2019**	**2020**	**2021**	**2022**
Total OPEB Liability					
Service Cost	$19,623	$20,960	$16,297	$21,653	$22,500
Interest on total OPEB liability	33,857	139,866	103,453	112,086	344,401
Benefit payments	(76,948)	(102,248)	(86,643)	(87,181)	(212,534)
Net change in total OPEB liability	(23,468)	58,578	33,107	46,558	154,367
Total OPEB liability - beginning	1,325,779	1,302,311	1,360,889	1,393,996	1,440,554
Total OPEB liability - ending	$1,302,311	$1,360,889	$1,393,996	$1,440,554	$1,594,921
Total OPEB liability	1,302,311	1,360,889	1,393,996	1,440,554	1,594,921
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	$1,390,335	$1,468,293	$1,364,272	$1,474,325	$1,928,410
Total OPEB liability as a percentage of covered-employee payroll	93.67%	92.69%	102.18%	97.71%	82.71%

Note to Schedule: * Fiscal year 2018 was the first year of implementation.

REPORT TO THE BOARD OF DIRECTORS
BOARD MEETING OF SEPTEMBER 12, 2023
AGENDA ITEM NO. 8. B.

GDPUD

AGENDA SECTION: **ACTION ITEMS**

SUBJECT: **FISCAL YEAR 2021-2022 CAPITAL RESERVE TRANSFER**

PREPARED BY: Jessica Buckle, Office Finance Manager

APPROVED BY: Nicholas Schneider, General Manager

BACKGROUND

During March of 2016, the District adopted an Operating and Capital Available Reserve Policy. The policy provided a benchmark for appropriate available reserves and a description of circumstances when the use of reserve funds is recommended. Regarding the Operating Reserve, the policy required an amount equal to six months (180 days) of operating expenses. On November 13, 2018, the Board of Directors approved Resolution 2018-53 to establish a reserve policy and accepted recommendations on the basis for calculating those reserves. The policy established 120 days of expense (4 months, or two billing cycles) as the reserve. After FY 2019-20 year-end close in October 2020 an analysis of reserves was performed by Eide Bailly consultant Kristen West on current unaudited ending balances as of June 30, 2020. Based on guidance in District policies, reserve balances were calculated and compared to available cash to determine excess or deficit cash to cover reserves. During the October 2020 Regular Board meeting, the District's financial consultant presented an analysis of the District's reserve funds and recommended that the District maintain a water operating fund (Fund 10) balance equivalent to 180 days of operating expenses rather than 120 days due to the COVID pandemic.

DISCUSSION

Every fiscal year a fund transfer is authorized by the Board that takes funds from Fund 100 and deposits them into Reserve Fund 111. With the help of the contracted CPA, 180 days of District operating costs are calculated; this amount is considered the minimum operating amount for Fund 100, and the Board has transferred the excess to Fund 111 Capital Reserve Fund.

After FY 2021-22 year-end close in July 2023, an analysis of reserves was performed by our CPA team, LSL, and our auditors, MAZE & Associates. Reserve balances were calculated and compared to available cash to determine excess or deficit cash to cover reserves.

Based on (AUDITED) annual operating expenses of $8,087,976. Fiscal Year End 2021-2022 cash in Water Fund 100 was $2,265,134. Subtracting, the Fiscal Year 2022-2023 180-day operating budget amount of $2,724,012 from the current fund cash balance of $2,265,134 results in a -$458,878 deficit.

During the October 2020 Regular Board meeting, the District's financial consultant presented an analysis of the District's reserve funds and recommended that the District maintain a water operating fund (Fund 100) balance equivalent to 180 days of operating expenses rather than 120 days. This primarily was based on Covid, per SB998 there was a moratorium on shut-offs and penalty fees, yet the District was still required to provide water.

FISCAL IMPACT

The RCAC rate study in 2017 recommended a CIP fund balance of $5,284,478. The Capital Reserve balance at Fiscal Year 2022 End was $2,145,825, a deficit of ($2,972,221).

The recommended "transferring of funds in surplus to a 180-day budget balance" for Fiscal Year 2022 would result in a deficit of -$458,878. However, transferring funds in surplus back to a 120-day budget balance would result in a transfer of $449,126 from Fund 100 to Fund 111 which would maintain a reasonable fund balance in Fund 100 and Fund 111.

CEQA ASSESSMENT

Not a CEQA project.

RECOMMENDED ACTION

Staff recommends the Board of Directors implement option 1, the 120-day reserve. Otherwise, the Board can determine the dollar amount they want transferred from Fund 100 to Fund 111 (options 1, 2, or 3), and bring forth a modified reserve fund policy for Board approval at a later meeting, if appropriate.

Option 1: A 120-day reserve of $1,816,008 would result in a $449,126 surplus transfer to Fund 111
Option 2: A 150-day reserve of $2,270,010 would result in a -$4,876 deficit transfer from Fund 111
Option 3: A 180-day reserve of $2,724,012 would result in a -$458,878 deficit transfer from Fund 111

ALTERNATIVES

Take no action.

ATTACHMENTS

1) Resolution 2023-XX Approving Transfer of Funds from Fund 100 to Fund 111
2) GDPUD Reserve Balances Sheet

RESOLUTION NO. 2023-XX

**OF THE BOARD OF DIRECTORS OF THE
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
APPROVING THE ANNUAL TRANSFER OF FUNDS FROM FUND 100 TO FUND 111**

WHEREAS, the District conducts an annual transfer from Fund 100 to Fund 111 at year-end to provide funding for the Capital Improvement Program;

WHEREAS, the fiscal year 2021/22 budget estimated a transfer of $XXX, XXX;

WHEREAS, the year-end analysis concluded available funds to be transferred ranged from $-57,862 to $1,548,640 representing a 180-day and 120-day reserve, respectively;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT THAT $XXX, XXX, XXX BE TRANSFERRED FROM FUND 100 TO FUND 111

PASSED AND ADOPTED by the Board of Directors of the Georgetown Divide Public Utility District at a meeting of said Board held on the 12th day of September 2023, by the following vote:

AYES:

NOES:

ABSENT/ABSTAIN:

____
Mitch MacDonald President, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Attest:

____
Nicholas Schneider, Clerk, and Ex officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

CERTIFICATION

I hereby certify that the foregoing is a full, true, and correct copy of Resolution 2023-XX duly and regularly adopted by the Board of Directors of the Georgetown Divide Public Utility District, County of El Dorado, State of California, on this 12th day of September 2023.

DRAFT

____
Nicholas Schneider, Clerk, and Ex officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Reserve Balances

Year Ended June 30, 2022 (AUDITED)

		Water Fund		
		Amount	Cash Balance	Excess (Deficit)
Operating Reserve				
180 days of budgeted expenses *suggested*	$5,523,692	2,724,012	2,265,134	(458,878)
Capital Reserve				
100% annual replacement value of assets *suggested*		5,118,046	2,145,825	$ (2,972,221)
Debt Service				
Stumpy Meadows Emergency Reserve *restricted for future expenses related to Stumpy Meadows*		-	1,074,654	$ 1,074,654
SWTP SRF Loan Reserve *restricted for future expenses related to SWTP Water Treatment Plant*		701,156	701,156	$ -
		$ 8,543,214	$ 6,186,769	$ (2,356,445)

Recommendations:

1. Track activity related to debt service in Debt Service Fund
   - Establish Water Debt Service Fund
   - Consolidate Fund 121 SMER Reserve and Fund 112 SWTP Reserve and establish reserve fund balance accounts for each

2. Track activity related to capital in Water Capital Fund
   - Establish Water Capital Fund
   - Establish capital reserve fund balance account

3. Establish operating reserve fund balance account (999-0000-10106) **DONE**

4. 180 days operating reserve

5. Until updated rate study 50% or annual replacement cost (2017 rate study)

6. No current data to make recommendation per Stumpy Meadows, valuation needed

REPORT TO THE BOARD OF DIRECTORS
Board Meeting of September 12, 2023
Agenda Item No. 8. C.

GDPUD

AGENDA SECTION: **ACTION ITEMS**
SUBJECT: **APPROVAL OF VEHICLE PURCHASE**
PREPARED BY: Adam Brown, Operations Manager
Approved By: Nicholas Schneider, General Manager

BACKGROUND

The District currently has a vehicle fleet of fourteen work trucks consisting of 10 light duty, 3 medium duty, and 1 heavy duty. During 2023/2024 the budget Equipment Replacement Matrix (ERM) identified a total of four vehicles were identified for replacement which included 2 light-duty, 1 medium-duty, and 1 heavy-duty at a budget of $250,000. (Attachment 1).

Following the adoption of the ERM, further research identified challenges to vehicle purchasing that included; limited vehicle availability and the April 2023 Advanced Clean Fleet (ACF) Regulation adopted to restrict State and Local fleets purchasing options. Specifically, beginning January 1, 2024, 50-percent of annual vehicle purchases per calendar year are required to be zero-emissions. In order for the District to navigate challenges the sections below detail specific purchasing options for the 2023/2024 fiscal year.

DISCUSSION

Maintaining and operating fleet vehicles associated with District operations is an ongoing challenge due to in part the following factors:

- Size of the District which encompasses approximately 112 square miles;
- Elevation difference ranging from 1,000 feet to 4,200 feet above sea level; and
- Overall road condition and remote infrastructure;

In recent years the District has implemented various technologies including electronic work orders, asset management software, and vehicle tracking in an effort to improve overall efficiency. These technologies improve overall efficiency, but overcoming the factors listed above is not possible. Ultimately vehicles need to be replaced to ensure District customers are provided with a continuous high-quality and reliable water supply.

Navigating vehicle purchasing in a high-demand market presents a significant challenge for a small District due to small fleet size, limited redundancy, and purchasing power.

Below is a detailed purchasing options for vehicles identified to be replaced in the 2023/2024 fiscal year.

- Light Duty Vehicles (Standard Pickup) (Unit #1 and #34):
  - Government Pricing - 2023 models are available at a cost ranging from approximately $45,000 to $55,000.
- Medium Duty Vehicles (Dump or Utility Bed) (Unit #35):
  - Government Pricing – 2023 models not available and 2024 models not released.
  - Retail Pricing – 2023 limited availability. Utility bed trucks range from $83,000 to $110,000. Dump bed trucks range from $99,000 to $106,000.
- Heavy Duty Vehicles (Large Dump Truck) (Unit #17):
  - Government Pricing – 2023 models not available and 2024 models not released. Estimated pricing is $225,000 to $275,000.
  - Retail Pricing – Limited availability generally ranges from $50,000 to $200,000.

As detailed above, medium and heavy-duty vehicles are more difficult to locate for purchase in new or used condition and create a significant challenge to engage in a competitive bid process. To navigate this vehicle market staff proposes the following options for vehicle purchase.

2023/2024 Vehicle Purchasing Matrix

	Light Duty	Medium Duty	Heavy Duty
Option #1	New Competitive Bid Process. Pricing at the time of purchase presented to Directors.	New Competitive Bid Process (Sourcewell, GSA). Pricing at the time of purchase presented to Directors.	New Competitive Bid Process (Sourcewell, GSA). Pricing at time of purchase presented to Directors.
Option #2	New, pending availability. Competitive quotes from various dealerships. Authorized expenditure not to exceed $50,000.	New, pending availability. Competitive quotes from various dealerships. Authorized expenditure not to exceed $110,000.	New, pending availability. Competitive quotes from various dealerships. Authorized expenditure not to exceed $275,000.
Option #3	Used, pending availability. Competitive quotes from various dealerships. Authorized expenditure not to exceed $40,000.	Used, pending availability. Competitive quotes from various dealerships. Authorized expenditure not to exceed $100,000.	Used, pending availability. Competitive quotes from various dealerships. Authorized expenditure not to exceed $150,000.

Notes:
Light Duty Used Criteria - ≤ 5,000 miles and ≤ 2-years from current year
Medium Duty Used Criteria - ≤ 25,000 miles and ≤ 2-years from current year
High Duty Used Criteria - ≤ 250,000 miles and ≤ 7-years from current year

Light Duty Vehicle – For the 2023/2024 purchasing year it is recommended no light-duty vehicles are replaced.

Medium Duty Vehicle – For the 2023/2024 purchasing year it is recommended the purchase of a Class 5 utility truck utilizing **Option #3** if available followed by **Option #2** and a Class 5 dump truck utilizing the same methodology. If purchasing is successful, Unit #35 will be sent for surplus. Select purchasing options are included in Attachment 2.

Heavy Duty Vehicle – For the 2023/2024 purchasing year it is recommended purchase of a 10-wheeled dump truck utilizing **Option #3**, likely from an auction which will require purchasing autonomy. If purchasing is successful Unit #17 will be sent for surplus.

The goal with the *2023/2024 Vehicle Purchasing Matrix* is for Directors to direct staff with a preferable purchasing option based on duty of vehicle. These options would not be policy, but rather one-time direction by the Board for 2023/2024 vehicle purchasing.

FISCAL IMPACT

In the event all vehicles can be located and purchased, Class 5 utility bed and dump for under $200,000. Anticipate surplus of Unit #17 and Unit #35 for approximately $50,000 to account for the purchase of a $100,000 10-wheel dump truck. Total fiscal impact for the 2023/2024 vehicle purchasing expenditures would not exceed $250,000.

CEQA ASSESSMENT

This is not a CEQA project.

RECOMMENDED ACTION

Staff recommends the Board of Directors discuss and select purchasing options depending by class of a vehicle and authorize 2023/2024 vehicle purchasing.

ATTACHMENTS

1. Equipment Replacement Matrix
2. Representative Vehicle Cost

Equipment Replacement Matrix
June 2023

ID	Manufacturer	Model	Meter Type	Description	Classification	Department	Year	Current Usage	GSA Replacement Valve Calculation	Proposed Replacement Valve Calculation	Proposed Replacement Year	Total Vehicle Replacement Rating[1]
Unit #17	GMC	Top Kick	Miles	Dump Truck	Heavy Truck	Multiple	1991	94644	Replace	Replace	2023/2024	20.6
Unit #1	Chevy	C1500 4x4	Miles	Standard Pickup	Light Truck	5600 - General (Maintenance)	2004	125016	Replace	Replace	2023/2024	14
Unit #34	Chevy	C1500 4x4	Miles	Standard Pickup	Light Truck	5300 - Water Treatment	2008	121655	Replace	Replace	2023/2024	14.08
Unit #35	Chevy	C3500 4x4 Flat Bed	Miles	Flat Bed	Medium Truck	Multiple	2008	68277	Replace	Replace	2023/2024	16.23
Unit #10	Dodge	Utility 5500 4x4	Miles	Service Truck	Medium Truck	5400 - Treated Water Distribution	2016	126975	Keep	Keep	2024/2025	16.48
Unit #31	Ford	F150 4x4	Miles	Standard Pickup	Light Truck	5300 - Water Treatment	2016	112558	Replace	Replace	2024/2025	12.97
Unit #11	Ford	Utility F350 4x4	Miles	Service Truck	Medium Truck	5400 - Treated Water Distribution	2017	104223	Keep	Keep	2024/2025	15.79
Unit #2	Ford	F150	Miles	Standard Pickup	Light Truck	5100 - Source and Supply	2017	96706	Replace	Keep		13.06
Unit #32	Dodge	Ram 1500	Miles	Standard Pickup	Light Truck	Multiple	2019	63418	Keep	Keep		
Unit #4	Dodge	Ram 1500	Miles	Standard Pickup	Light Truck	6100 - Wastewater Zone	2019	77427	Replace	Keep		
Unit #9	Dodge	Ram 1500	Miles	Standard Pickup	Light Truck	5200 - Raw Water Transmission & Distribution	2019	65041	Replace	Keep		
Unit #30	Dodge	Ram 1500	Miles	Standard Pickup	Light Truck	5400 - Treated Water Distribution	2020	54625	Keep	Keep		
Unit #33	Dodge	Ram 1500	Miles	Standard Pickup	Light Truck	5200 - Raw Water Transmission & Distribution	2020	45515	Keep	Keep		
Unit #14	Dodge	Ram 1500	Miles	Standard Pickup	Light Truck	Maintenance	2021	23673	Keep	Keep		
Unit #257	Polaris	Ranger XP	Hours	UTV	N/A	5100 - Source and Supply	2019	236.4				
080	Ditch Witch	FX30	Hours	Vac Trailer	N/A	5400 - Treated Water Distribution	2015	398.1				
025	Wanco, Inc.	WLTT	Hours	Light Trailer	N/A	5400 - Treated Water Distribution	2022	15.8				
011	Miller	Trailblazer 325	Hours	Mobile Welder	N/A	Multiple	2022	32				
082	John Deere	210L	Hours	Loader	N/A	Multiple	2019	266.9				
081	John Deere	50g	Hours	Mini-Excavator	N/A	5400 - Treated Water Distribution	2016	882.6				
133	John Deere	35g	Hours	Mini-Excavator	N/A	5100/5200	2023	4				
070	Ingersoll Rand	185	Hours	Mobile Air Compres	N/A	5100/5200	2003	387.6				
052	Multiquip	MQ	Hours	Water Trailer	N/A	Multiple	2020					

GSA Minimum Vehicle Replacement Standard Parameters				District Proposed
Classification	Fuel Type	Years	Miles	Miles
Light Truck	Gas	7	65,000	100,000
Medium Truck	Diesel	10	150,000	200,000
Heavy Truck	Diesel	12	250,000	300,000

Vehicle Replacment Rating Parameters

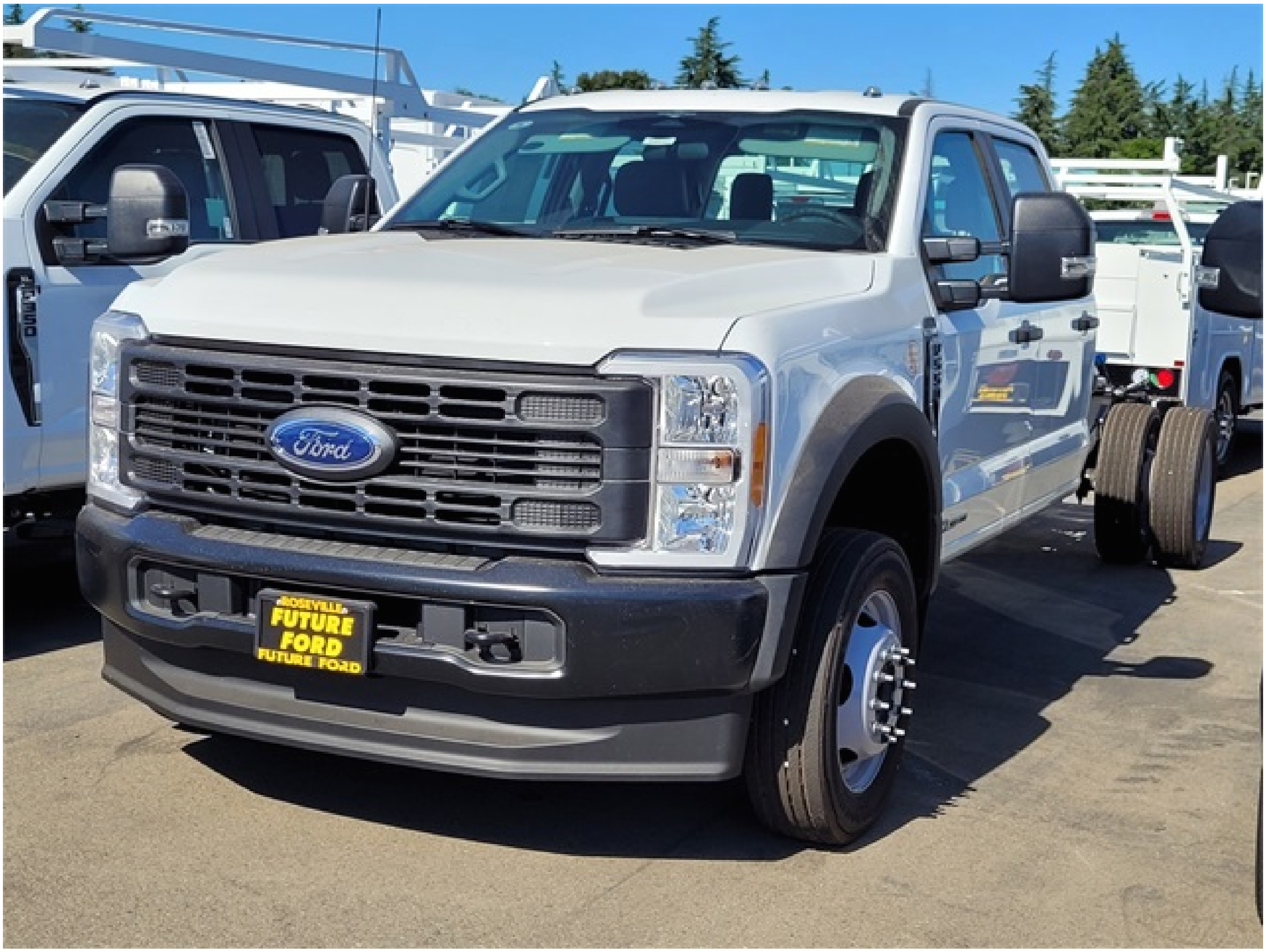
Age - Age of the Vehicle
Usage - Distance Dirven or Time Used
Maintenance & Repair Costs - Total life M&R Costs, not Including Accident Damage Repairs
Reliability - Frequency the Vehicle is in the Shop for Repairs
Type of Service - Type of Service the Vehilce Recieves
Condition - Mechanic Inspections and Estimated Condition
All values are based on a scle of 0-5, 0 being good

Notes:

[1] - Parameters and Values Generated from Asset Management Software

2023 Ford F-550 Crew Cab DRW 4x4, Cab Chassis (Stock #CV100541)

$82,010



Photos may be stock images.

Pricing Details

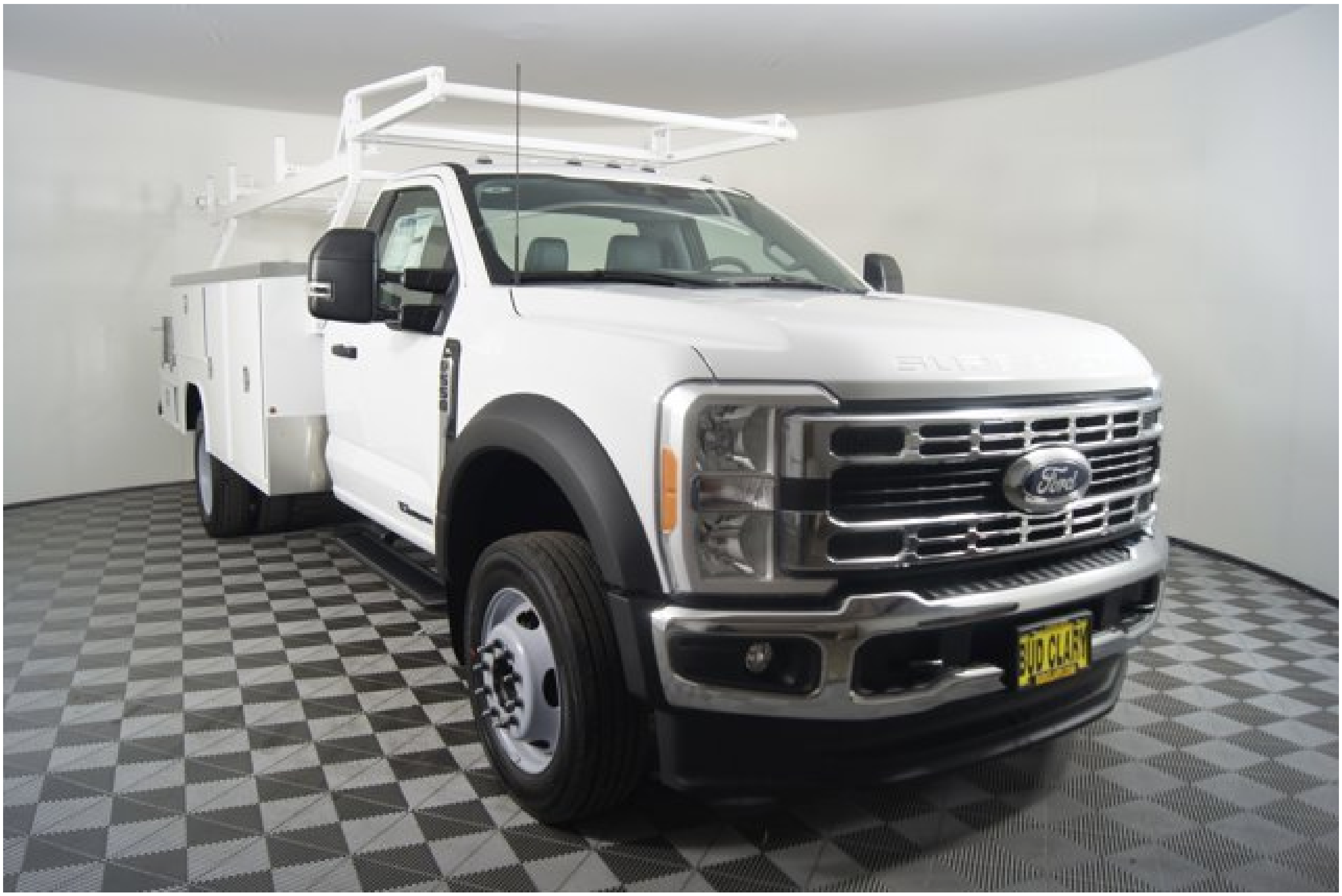
Net Price	***$82,010***

Prices exclude government fees and taxes, any finance charges, any electronic filing charges, any emissions testing charges, and an $85 dealer document processing charge.

Price above is for the bare chassis only.

2023 Ford F-550 Regular Cab DRW 4x4, Combo Body (Stock #LF23167)

$93,216



Photos may be stock images.

Pricing Details

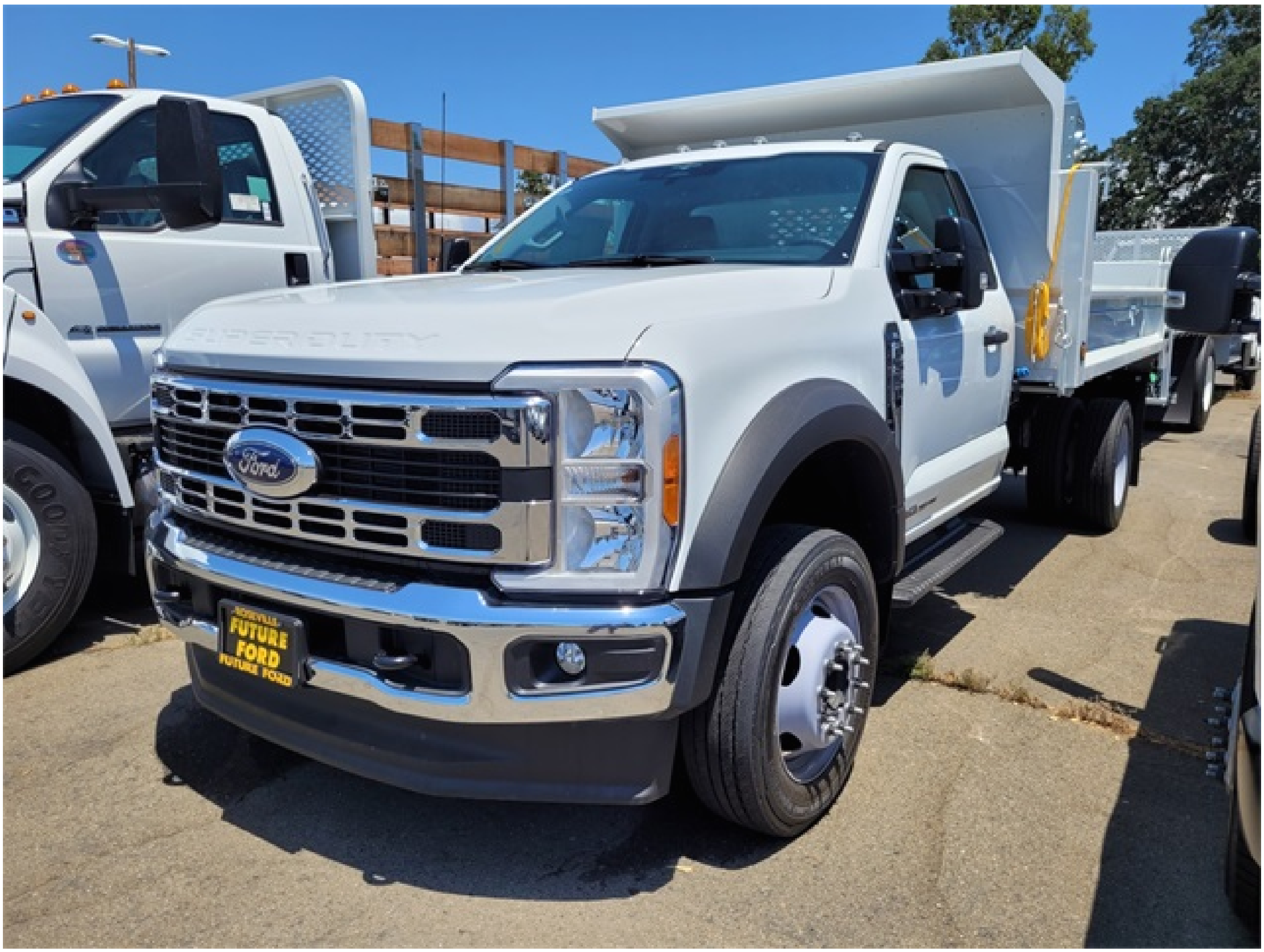
MSRP	***$93,216***

Vehicle Financing Taycor Financial

$1,754 monthly
Estimated payment for **60 months**

2023 Ford F-550 Regular Cab DRW 4x4, Scelzi Dump Truck (Stock #CV099846)

$105,935

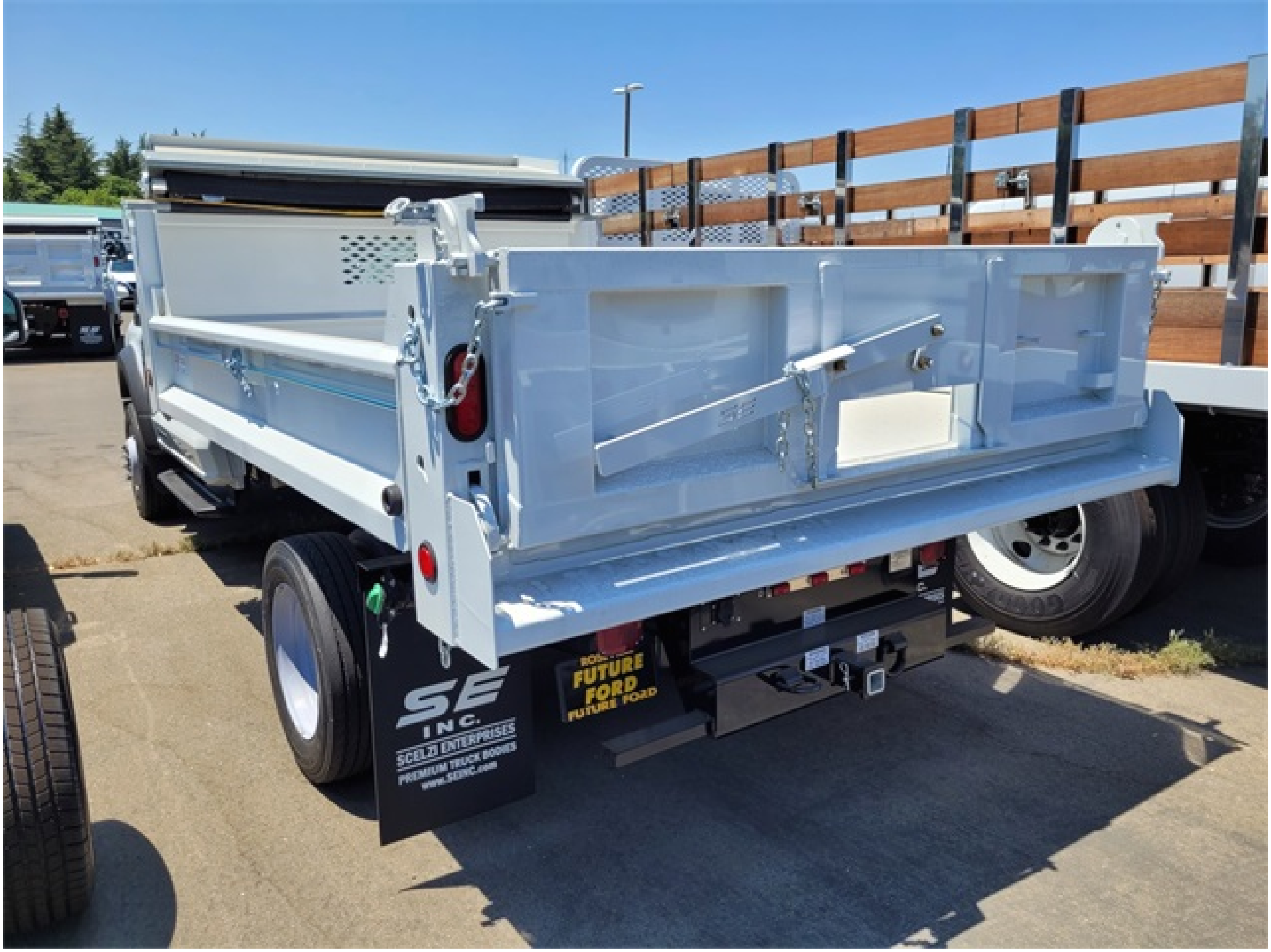


Photos may be stock images.

Pricing Details

Net Price	***$105,935***

Prices exclude government fees and taxes, any finance charges, any electronic filing charges, any emissions testing charges, and an $85 dealer document processing charge.



Photos may be stock images.

	SE INC. SCELZI TRUCK BODIES
Body Type	Dump Truck
Body Line	Dump Truck
Body Model	3-4 Dump
Alarm Manufacturer	ECCO
Alarm Description	510 Back Up Alarm
Body Material	Steel

REPORT TO THE BOARD OF DIRECTORS
Board Meeting of September 12, 2023
Agenda Item No. 8. D.

AGENDA SECTION: **ACTION ITEMS**

SUBJECT: **Formation Ad-Hoc Labor Committee for Collective Bargaining Negotiations**

PREPARED BY: Elizabeth Olson, Executive Assistant

Approved By: Nicholas Schneider, General Manager

BACKGROUND

In accordance with state law, the Georgetown Divide Public Utility District participates in labor negotiations (also known as collective bargaining) with its employee associations or bargaining units. Collective Bargaining between the District and the Unions Representing the District Employees is due to begin. The result of the negotiations processes are written agreements or contracts reached between the District and the District employee associations. These agreements are commonly referred to as Memoranda of Understanding (MOUs). The Memorandum of Understandings (MOUs) for both Local 1 and Local 39 are due for negotiation. The governing body ("Board") of the Georgetown Divide Public Utility District ("District") has the authority to create an *Ad-Hoc* Labor Negotiations Committee.

DISCUSSION

The purpose and role of the Committee is to assist with labor negotiations between Georgetown Divide Public Utility District (GDPUD) and the Unions representing District employees, Local 1 and Local 39. The Ad-Hoc labor committee will be comprised of two GDPUD Directors appointed by the Board, legal counsel, and the General Manager. The Committee will provide a forum in which negotiations may occur. The Committee will exist for a limited time frame to be disbanded once labor negotiations have been finalized with both unions and the final Memorandums of Understanding (MOUs) are signed. A copy of Resolution 2023-XX is included as Attachment 1.

FISCAL IMPACT

This action has no fiscal impact.

CEQA ASSESSMENT

Not a CEQA Project

RECOMMENDED ACTION

Staff recommends the Board of Directors of the Georgetown Divide Public Utility District (GDPUD) adopt Resolution 2023-XX directing the formation of an Ad-Hoc Labor Negotiations Committee and appoint two Directors.

ATTACHMENTS

1. Resolution 2023-XX Creating Ad-Hoc Labor Negotiations Committee

RESOLUTION NO. 2023-XX

THE BOARD OF DIRECTORS OF THE
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
ESTABLISHING THE AD-HOC LABOR NEGOTIATIONS COMMITTEE

WHEREAS, District Employee labor agreements are due for renegotiation,

WHEREAS, Board of Directors to form an *Ad-Hoc Labor Negotiations Committee* consisting of no more than two Board members;

WHEREAS, the Committee shall consist of (2) Directors appointed by the Board, (1) legal counsel and the General Manager.

WHEREAS, to best facilitate the negotiation process with labor unions the Board of Directors will establish an Ad-Hoc Labor Negotiation Committee,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT THAT:

<u>Section 1</u>. The Ad-Hoc Labor Committee shall be created as follows:

1. **Membership; Quorum**. The Committee shall be composed of two (2) members. A quorum shall consist of the total number of members currently appointed to the Committee.

2. **Selection of Committee Members**. Committee members shall be current Directors that are appointed by the Board at a Board meeting.

3. **Meetings.** The Committee shall meet as needed or requested by the Board. Meetings shall be held at the District's offices.

4. **Scope of Work.** The Committee shall be responsible for the negotiation of contracts between the public body and its employees representatives, labor unions.

5. **Dissolution.** The Committee will exist for a limited period to accomplish the task of labor negotiations through collective bargaining. The Committee will cease to exist thirty days after the Memorandums of Understanding have been signed between the parties.

PASSED AND ADOPTED by the Board of Directors of the Georgetown Divide Public Utility District at a meeting of said Board held on the 12th day of September 2023, by the following vote:

AYES:
NOES:
ABSENT/ABSTAIN:

____

Mitch MacDonald, President, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Attest:

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Nicholas Schneider, Clerk, and Ex officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

CERTIFICATION

I hereby certify that the foregoing is a full, true, and correct copy of Resolution 2023-XX duly and regularly adopted by the Board of Directors of the Georgetown Divide Public Utility District, County of El Dorado, State of California, on this 12th day of September 2023.

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Nicholas Schneider, Clerk, and Ex officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT