

December 5, 2022

Board of Directors and Management Alpine Springs County Water District Alpine Meadows, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alpine Springs County Water District for the fiscal year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 31, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Alpine Springs County Water District are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year ended June 30, 2022. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of Other Post Employment Benefit and Pension liabilities are based on actuarial studies and assumptions about future events. We evaluated the key factors and assumptions used to develop the Other Post Employment Benefit and Pension liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

1515 River Park Drive, Suite 150 Sacramento, CA 95815-4606 Tel (916) 481-2856 Fax (916) 488-4428 http://www.dhscpa.com Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosures of the District's Pension presented in Note 8 and Other Post-Employment Benefits presented in Note 9 to the financial statements and under the Required Supplementary Information section. The disclosures are based on actuarial studies and assumptions about future events that could vary significantly from actual amounts incurred in the future.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 5, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control Communications

We considered Alpine Springs County Water District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control. However, during our audit we became aware of a few matters that are opportunities for strengthening internal controls and operating efficiency. The Management Letter Memorandum that accompanies this letter summarizes the resolution of these matters.

Other Matters

We applied certain limited procedures to the management's discussion and analysis on pages 6 through 15 and the required supplementary information related to the Pension and Other Post-Employment Benefits on pages 59 through 62 of the financial statements, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of Alpine Springs County Water District Board of Directors and management of Alpine Springs County Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

DAMORE, HAMRIC & SCHNEIDER, INC.

Damore, Lanvie + Schneider Die

Certified Public Accountants

Sacramento, CA

MANAGEMENT LETTER MEMORANDUM

Page 1 of 1

Incorrect Depreciation Method

During our testing of fixed assets, we noted that the depreciation expense for one fixed asset was calculated incorrectly. The depreciation expense should be calculated using the straight-line method over the life of the asset.

We recommend management to perform a review of the depreciation schedule, including the selected depreciation method to ensure accuracy.

<u>Management's Response</u> - Per management, the asset was erroneously set up on MACRS depreciation method. The depreciation method was corrected. Further, going forward, the depreciation schedule will be reviewed by the general manager for accuracy.

<u>Credit Card Statement – Independent Approval</u>

During our testing of expenses, we noted that the credit card statements were not reviewed and approved by a Board Member. For proper segregation of duties, all employees' credit card purchases should be reviewed and approved independently. The general manager performs a review of the monthly credit card statements; however his purchases are not approved independently.

We recommend independent review and approval of all credit card purchases prior to the payment of the credit card.

<u>Management's Response</u> - Per management, the Board approves the total credit card payment. Going forward, management will ensure that the monthly statements will be reviewed and approved for payment by a Board Member.

ADJUSTING JOURNAL ENTRIES MEMORANDUM

Page 1 of 2

Account	Description	Debit	Credit	Net Income Effect
AJE 1	-			
To accrue invoice FB23735 from Carollo Eng	gineers at year-end			
5-1842	WIP Water & Wastewater Master Plan	17,200.62	0.00	
5-2010	Accounts Payable	0.00	17,200.62	
Total		17,200.62	17,200.62	0.00
AJE 2				
To record adjustment to contracted payme	ent due to NTFD			
6-2010	Accounts Payable	25,493.15	0.00	
6-5220	NTFD Contract	0.00	25,493.15	
Total		25,493.15	25,493.15	25,493.15
AJE 3				
To correct depreciation expense for fully of	depreciated asset			
2-5513	Depreciation Expense	4,394.32	0.00	
2-1850	Accumulate Depreciation	0.00	4,394.32	
3-5513	Depreciation Expense	4,394.31	0.00	
3-1850	Accumulate Depreciation	0.00	4,394.31	
4-5513	Depreciation Expense	4,394.31	0.00	
4-1850	Accumulate Depreciation	0.00	4,394.31	
5-5513	Depreciation Expense	4,394.31	0.00	
5-1850	Accumulate Depreciation	0.00	4,394.31	
Total		17,577.25	17,577.25	(17,577.25)
AJE 4				
To record GASB 75 adjustments FYE 2022				
2-2060	OPEB Liability	1,171.00	0.00	
3-2060	OPEB Liability	4,680.00	0.00	
4-2060	OPEB Liability	2,340.00	0.00	
5-2060	OPEB Liability	15,209.00	0.00	
2-2081	Deferred OPEB Inflows	1,216.00	0.00	
3-2081	Deferred OPEB Inflows	4,866.00	0.00	
4-2081	Deferred OPEB Inflows	2,433.00	0.00	
5-2081	Deferred OPEB Inflows	15,813.00	0.00	
2-1611	Deferred OPEB Outflows	0.00	1,141.00	
3-1611	Deferred OPEB Outflows	0.00	4,560.00	
4-1611	Deferred OPEB Outflows	0.00	2,280.00	
5-1611	Deferred OPEB Outflows	0.00	14,821.00	
2-5105	OPEB Expense	0.00	1,246.00	
3-5105	OPEB Expense	0.00	4,985.00	
4-5105	OPEB Expense	0.00	2,493.00	
5-5105	OPEB Expense	0.00	16,202.00	
		47,728.00	47,728.00	24,926.00

ADJUSTING JOURNAL ENTRIES MEMORANDUM

Page 2 of 2

Account	Description	Debit	Credit	Net Income Effect
AJE 5				
To record GASB 68 adjustments FY	E 2022			
2-1610	Deferred Pension Outflows	97.00	0.00	
3-1610	Deferred Pension Outflows	388.00	0.00	
4-1610	Deferred Pension Outflows	194.00	0.00	
5-1610	Deferred Pension Outflows	1,260.00	0.00	
2-2080	Deferred Pension Inflows	0.00	1,571.00	
3-2080	Deferred Pension Inflows	0.00	6,283.00	
4-2080	Deferred Pension Inflows	0.00	3,141.00	
5-2080	Deferred Pension Inflows	0.00	20,419.00	
2-2085	Net Pension Liabilities	693.00	0.00	
3-2085	Net Pension Liabilities	2,773.00	0.00	
4-2085	Net Pension Liabilities	1,386.00	0.00	
5-2085	Net Pension Liabilities	9,010.00	0.00	
2-1885	Net Pension Assets	1,419.00	0.00	
3-1885	Net Pension Assets	5,676.00	0.00	
4-1885	Net Pension Assets	2,838.00	0.00	
5-1885	Net Pension Assets	18,445.00	0.00	
2-5104	Benefits - O & M	0.00	638.00	
3-5104	Benefits - O & M	0.00	2,553.00	
4-5104	Benefits - O & M	0.00	1,277.00	
5-5104	Benefits - O & M	0.00	8,297.00	
Total		44,179.00	44,179.00	
AJE 6	fund belenne. Course mant Funds			
	fund balances- Government Funds	0.00	202.00	
3-3000	Retained Earnings	0.00	382.00	
3-1240	Due from (to) Interfund	0.00	10,877.00	
3-3005	Invest Plant & Equip	11,259.00	0.00	
6-3005	Invest Plant & Equip	9,408.00	0.00	
6-3002	Undesignated - GF	0.00	20,285.00	
6-1240	Due from (to) Interfund	10,877.00	0.00	
Total		31,544.00	31,544.00	0.00
AJE 7				
To adjust ending balance of Invest	tments in Capital assets			
5-3005	Invest Plant & Equip	77,596.00	0.00	
5-3000	Retained Earnings	0.00	77,596.00	
4-3005	Invest Plant & Equip	20,528.00	0.00	
4-3000	Retained Earnings	0.00	20,528.00	
2-3005	Invest Plant & Equip	10,301.00	0.00	
2-3000	Retained Earnings	0.00	10,301.00	
Total	Ç	108,425.00	108,425.00	
GRAND TOTAL		292,147.02	292,147.02	45,606.90



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Alpine Springs County Water District Alpine Meadows, California

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alpine Springs County Water District (District) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Alpine Springs County Water District as of June 30, 2022 and 2021, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Alpine Springs County Water 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control

relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures including 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 Alpine Springs County Water 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 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 Alpine Springs County Water District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 15 and the required supplementary information related to the pension and post-employment healthcare plans on pages 59 through 62 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.

DAMORE, HAMRIC & SCHNEIDER, INC.

Damore, Lamrie + Schneider Inc

Certified Public Accountants

Sacramento, CA

December 5, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2022

This section of the Alpine Springs County Water District's Financial Statements and Independent Auditor's Report presents management's discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2022. This analysis should be read in conjunction with the Financial Statements.

Financial Highlights

- The District's total assets exceeded total liabilities at the close of FY 2021/22 by \$5,852,980 (total net position). Of this amount, the District's unrestricted net position increased to \$629,626 from \$149,376, an increase of \$480,250. The District's total net position of \$5.85 million is composed of the capital assets of the District water supply, storage, transmission, distribution systems, sewer collection systems, land, buildings, park facilities, and equipment belonging to the District in the amount of \$5,223,354. The remaining balance of the District's net position, \$629,626, is unrestricted.
- The District's total net position increased by \$347,876 (6.3%) primarily due to an increase in cash and cash equivalents and decrease in current liabilities, specifically related to accounts payable. The District's cash increased by \$165,512 or 24% while the District's accounts payable decreased by \$293,416 (84%) due to timing of a payment to NTFPD.
- The District's total revenue from all sources including contributions for the fiscal year ended June 30, 2022 was \$2,349,842. This is an increase of 4.7% over June 30, 2021 and was attributed to an increased collection of property tax revenues as home values continued to rise, and annual rate increases.
- The District's operating revenues, consisting of service revenues from direct customer sales (i.e., water, sewer, garbage, and park user fee charges) totaled \$1,391,832. General revenues from property taxes, interest and other sources totaled \$958,010. The District had two contributions in the amount of \$47,608 for the current year which were related to park fees.
- Total District operating expenses increased this fiscal year, from \$1,988,238 to \$2,001,966. This increase was due to an increase in personnel costs and supplies.
- As of the end of fiscal year June 30, 2022, the District had no outstanding long-term debt, other than OPEB liabilities, thus no debt-related activities are reported in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2022

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's financial statements, which consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements and required supplementary information. Using the integrated approach as prescribed by GASB 34, the financial statements presented herein include all the activities of the District.

The Government-Wide Financial Statements present the financial picture of the District from the economic resources' measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. All assets and liabilities associated with the operation of the District are included in the Statement of Net Position.

The Fund Financial Statements include statements for each of the two categories of activities - governmental and business-type. The financial statements of governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The financial statements of business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities report information about the District as a whole and about its activities. These statements include all assets and liabilities of the District using the accrual basis of accounting, which is the accounting method used by most private-sector companies. All the current year's revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the District's net position and changes in them. Net position is the difference between assets and liabilities, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. Others to consider are changes in the District's property tax base and the condition of the District's infrastructure.

In the Statement of Net Position and the Statement of Activities, we separate the District's activities as follows:

Governmental Activities - The District's basic services are reported in this category, which include General Government (Fire Service) and Park Service. Property taxes, user fees, interest and other income finance these activities.

Business-Type Activities - The District charges a fee to customers to cover all or most of the cost of certain services the District provides. The District's water system, wastewater collection system and garbage services activities are reported in this category.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2022

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law. However, management has established several other funds to help it control and manage money for a particular purpose or to show that it is meeting legal responsibilities for using certain taxes, grants and other money.

Governmental Funds - The District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund statement provides a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of the results in the Governmental Fund financial statements to those in the Government-Wide financial statements are explained in the reconciliation schedule following each Governmental Fund financial statement.

Proprietary Funds - When the District charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Activities and Statement of Revenues, Expenses and Changes in Fund Net Position. Proprietary funds are also referred to as enterprise funds. The District's enterprise funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows for the Proprietary Funds.

Notes to the Financial Statements and Required Supplementary Information

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-57.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including the schedule of Other Post Employment Benefit (OPEB) Contributions, Schedule of changes in the net OPEB liability and pension liability schedules. Required supplementary information can be found on pages 59-62 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2022

Government-Wide Financial Analysis

The District's net position for governmental activities increased from \$1,202,982 to \$1,240,930 (approximately 3.2%) and business-type activities increased from \$4,302,122 to \$4,612,050 (approximately 7.2%).

Changes between the June 30, 2022 and 2021 fiscal years are explained in detail below:

Total assets and deferred outflows of resources increased by approximately \$25,000 or 0.4%.

Governmental Activities:

- Cash and investments increased by \$165,512
- Taxes receivable increased by approximately \$7,000
- Capital assets decreased by approximately \$24,000
- Net pension assets increased by \$5,676
- Deferred outflows of resources decreased by approximately \$4,000

Business-Type Activities:

- Receivables increased by \$366,273
- Capital assets decreased by \$108,425
- Deferred outflows of resources decreased by \$16,691

Total liabilities and deferred inflows or resources decreased by \$322,568 or 37.5%.

Governmental Activities:

- Accounts payable decreased by \$272,489
- Long-term liabilities decreased by \$7,452
- Deferred inflows or resources increased by \$1,417

Business-Type Activities:

- Accounts payable decreased by \$20,927
- Long-term liabilities decreased by \$29,809
- Deferred inflows or resources increased by \$5,669

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2022

Statement of Net Position

As of June 30, 2022, and June 30, 2021, the net position of the District was:

Table 1: Statement of Net Position

Assets:	Ju	ne 30, 2022	Ju	ine 30, 2021		Change in Dollars	Percentage Change
Cash, Cash Equivalents, and Certificates of Deposit Accounts and Taxes Receivable Prepaid Expenses Capital Assets, Net of Accumulated Depreciation	\$	848,039 196,164 44,328	\$	682,527 214,245 41,592	\$	165,512 18,081) 2,736	24.2% -8.4% 6.6%
Plant and Equipment Land Usage and Easement Rights Net Pension Asset		5,205,918 17,436 28,378		5,338,292 17,436	(132,374) 28,378	-2.5% 0.0%
Total Assets	\$	6,340,263	\$	6,294,092	\$	17,793	0.3%
<u>Deferred Outflows of Resources:</u>							
Deferred Pension Outflows (Note 8) Deferred OPEB Outflows (Note 9)	\$	43,042 6,572	\$	41,103 29,374	\$ (<u> </u>	1,939 22,802)	4.7% -77.6%
Total Deferred Outflows of Resources	\$	49,614	\$	70,477	<u>(</u> \$	20,863)	-29.6%
<u>Liabilities:</u>							
Current Liabilities Long-Term Liabilities	\$	82,696 374,816	\$	375,089 412,077	(\$ (_	292,393) 37,261)	-78.0% -9.0%
Total Liabilities:	\$	457,512	\$	787,166	(<u>\$</u>	329,654)	-41.9%
Deferred Inflows of Resources:							
Deferred Pension Inflows (Note 8) Deferred OPEB Inflows (Note 9)	\$	31,598 47,787	\$	184 72,115	\$ (<u> </u>	31,414 24,328)	17072.8% -33.7%
Total Deferred Inflows of Resources	\$	79,385	\$	72,299	\$	7,086	9.8%
Net Position:							
Net Investment in Capital Assets Unrestricted	\$	5,223,354 629,626	\$	5,355,728 149,376	(\$	132,374) 480,250	-2.5% 321.5%
Total Net Position	\$	5,852,980	\$	5,505,104	\$	347,876	6.3%

Per District policy, net cash assets were placed into funds that were identified for specified purposes. This includes replacement of the District's infrastructure, equipment and vehicles, and construction of new capital improvements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2022

Statement of Net Position (Continued):

Based on the GASB 68 and GASB 75 adjustments, total Deferred Outflows of \$49,614 and total Deferred Inflows of \$79,385 were recorded FYE 2022. The GASB 68 adjustments resulted in a Net Pension Asset of \$28,378 FYE 2022.

Long-term liabilities consisting of Net OPEB liability amounted to \$374,816 FYE 2022 (see Notes 8 and 9 for further information).

Change in Net Position

The following table summarizes the changes in net position for the fiscal years ended June 30, 2022 and June 30, 2021:

Table 2: Change in Net Position

	Ju	ne 30, 2022	Ju	ne 30, 2021		Change in Dollars	Percentage Change
Operating Revenues		· · · · · · · · · · · · · · · · · · ·		,			
Water	\$	776,048	\$	772,565	\$	3,483	0.5%
Sewer		319,804		309,670		10,134	3.3%
Garbage		264,161		259,352		4,809	1.9%
Park		31,819		54,581	(22,762)	-41.7%
Total Operating Revenues	\$	1,391,832	\$	1,396,168	(\$	4,336)	-0.3%
General Revenues							
Property Taxes	\$	847,350	\$	777,642	\$	69,708	9.0%
Contributions		47,608		27,166		20,442	100.0%
Interest and Other		63,052		43,882		19,170	43.7%
Total General Revenues	\$	958,010	\$	848,690	\$	109,320	12.9%
Total Revenues	\$	2,349,842	\$	2,244,858	\$	104,984	4.7%
Operating Expenses:							
General Government	\$	726,776	\$	691,999	\$	34,777	5.0%
Park		176,078		186,150	(10,072)	-5.4%
Water		725,671		715,016		10,655	1.5%
Sewer		150,120		175,920	(25,800)	-14.7%
Garbage		223,321		219,153		4,168	1.9%
Total Expenses	\$	2,001,966	\$	1,988,238	\$	13,728	0.7%
Change in Net Position	\$	347,876	\$	256,620	\$	91,256	35.6%
Net Position - Beginning of Year		5,505,104		5,248,484		256,620	4.9%
Net Position - End of Year	\$	5,852,980	\$	5,505,104	\$	347,876	6.3%

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2022

DISTRICT FUNDS

The District's Governmental Funds include a General Fund and a Park Fund. The Governmental Funds (as presented in the Balance Sheets on page 18) report a combined fund balance of \$313,286 which is an increase of \$54,358 over last year. The increase mainly resulted from the increase of property tax revenues.

The District's Proprietary Funds, also called Enterprise Funds, include a Water Fund, a Sewer Fund, and a Garbage Fund. The proprietary funds (as presented in the Statements of Net Position on page 21) reported combined fund Total Net Position of \$4,612,050, which is an increase of \$309,928 or 7.2% over last year. The increase primarily resulted from an increase in cash position building up reserves after the large outlay for the Tank four replacement CIP project.

Government Funds

- The fund balance at year-end for the District's General Fund (as presented in the Balance Sheets on page 18) was \$411,854. This was an increase of \$21,669 over last year.
- The fund balance at year-end for the District's Park Fund (as presented in the Balance Sheets on page 18) was a deficit \$98,568. This was a \$32,689 decrease over the previous year's deficit balance.

Water Fund

- The Water Fund showed an increase of \$3,483 in operating revenues over fiscal year ended June 30, 2021, with total operating revenues of \$776,048 for the fiscal year ended June 30, 2022.
- Operating expenses increased by \$10,655 resulting in net operating income of \$50,377 for the fiscal year ended June 30, 2022, a decrease of \$7,172 over fiscal year 2021.
- The decrease in the operating income was mainly due to increased personnel costs.

Sewer Fund

- The Sewer Fund showed an increase of \$10,134 in operating revenues over the previous fiscal year, with total operating revenues of \$319,804.
- Operating expenses decreased by \$25,800, with total operating expenses of \$150,120.
- The Sewer Fund showed an operating income of \$169,684, which is an increase of \$35,934 over the \$133,750 operating income for the previous fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2022

DISTRICT FUNDS (Continued):

Garbage Fund

- The Garbage Fund showed an increase of \$4,809 in operating revenues over the previous fiscal year, with total operating revenues of \$264,161 for the fiscal year ended June 30, 2022.
- Operating expenses showed an increase of \$4,168 over the previous fiscal year.
- The Garbage Fund showed an operating income of \$40,840 for the year ended June 30, 2022, compared to an operating income of \$40,199 for the previous fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the District's investment in capital assets was \$5,223,354, including water production, collection, storage, transmission and distribution systems, sewer collection systems, the park, administrative offices, operations building, and fire station. This is a decrease of \$132,374 (-2.5%) over the previous fiscal year. In fiscal year 2022, no notable equipment or infrastructure replacements, repairs, or purchases were made and, therefore, no increase in capital assets is shown.

The District had neither short- nor long-term lease obligations.

The District had a total Net OPEB Liability of \$374,816 as of June 30, 2022, compared to \$398,215 as of June 30, 2021.

GENERAL FUND BUDGETARY HIGHLIGHTS

The total actual revenues in the General Fund, as presented on page 20, were \$739,040, which is \$50,718 higher than budgeted revenues, while the total actual expenditures were \$717,371, which was \$35,712 higher than budgeted. Actual revenues exceeded expenditures by \$21,669.

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS

These factors were considered in preparing the District's budget for Fiscal Year 2022/23.

• The cost of the District's operations is expected to increase due to cost of living increases in salary and benefits, including post-retirement benefits. Maintenance cost in the water, sewer, park and building maintenance are anticipated to see a slight increase due to materials.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2022

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS (Continued):

- Revenues for services are expected to increase on an average of 4.1% compared to fiscal year 2021-22. The District is in year five of its 5-year rate schedule. Budgeted property tax revenues are expected to increase from \$768,228 in 2021-22 to \$831,558 in 2022-23, based upon estimated tax revenues provided by Placer County. The District has budgeted a \$30,000 contribution to its OPEB account.
- The FY 2022/23 budget includes increased expenditures to commission an update to its 2006 Water and Sewer Master Plan. Some of the District's assets are approaching the end of their expected life. Over the years, the District has made improvements to its water supply and storage assets. The Master Plan will evaluate the type of improvements needed in its distribution and collection systems.
- Fiscal year 2022-23 will focus on planning efforts as such no major projects are planned for implementation, the District's focus is to identify and prioritize capital projects.
- In 2021, the District entered a second 15-year contract with the North Tahoe Fire Protection District to provide fire and emergency medical services to the Alpine Meadows area. By contract 80% of the District's property tax revenues received from Placer County are used to pay for the services provided by North Tahoe Fire Protection District.
- Property tax revenues are expected to increase slightly in 2022 and 2023 as properties are sold and/or replaced with newer and larger homes.
- The projected property tax revenues budgeted for fiscal year 2022-23 year is \$831,558. This will result in a budgeted payment of \$665,246 to North Tahoe Fire Protection District for fiscal year 2022-23.
- The District's 2006 Long-range Water and Sewer Master Plan listed several projects that the District has implemented over the previous years. Some of those projects are listed below:
- Well R-1 improvements and tie into Zone 4.
- Well R-2 improvements.
- Construction of an inter tie between Zone 1 and Zone 2.
- Replacement of approximately 1,200 lineal feet of 50-year-old six-inch clay sewer main with new eight-inch PVC sewer main.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2022

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS (Continued):

- Redrill and replacement of Alpine Meadows Estates (AME) Well 1.
- Completed replacement of AME Well 1 well house, controls, and electrical service.
- Replacement of the existing 6-inch water main with an 8-inch main crossing the Truckee River.
- Repair the concrete roofs of its four reinforced concrete water storage tanks.
- Upgrade and replacement of all existing water meters.
- Replacement of undersized and end of useful life water mains.
- Rehabilitation of sewer laterals from property lines to District mains.
- The Alpine Sierra Subdivision (39 units) has received approval from the Placer County Board of Supervisors. The construction of the first phase has not been announced and is currently advertised for sale.
- A second project entitled White Wolf Subdivision (approximately 38 units) and the White Wolf Ski Lift is in process of preparing of its Environmental Impact Statement (EIR). It is anticipated that this project will take several years to go through the approval process.
- These projects will require an investment in infrastructure, which will be provided by the
 developer. In addition, each project will be required to pay water and sewer connection fees
 in exchange for the privilege of connecting to the District's existing water and sewer
 infrastructure.

Requests for Information

This financial report is designed to provide residents, taxpayers, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions about this report or requests for any additional information should be directed to:

General Manager

Joseph Mueller Phone: (530)583-2342

Fax: (530)582-0228

Email: joe@alpinesprings.org

Budget & Finance Committee

Janet Grant, Chair

Email: jgrant@alpinesprings.org

STATEMENTS OF NET POSITION

June 30, 2022 and 2021

Assets:		vernmental Activities	al Business-Type Activities		 Total 2022		Governmental Activities		Business-Type Activities	 Total 2021
Cash and Cash Equivalents Accounts Receivable Taxes Receivable	\$	848,039 49,111	\$	147,053	\$ 848,039 147,053 49,111	\$	682,527 42,247	\$	171,998	\$ 682,527 171,998 42,247
Interfund Receivable/(Payable) Prepaid Expenses	(551,057) 11,082		551,057 33,246	44,328	(159,839) 10,398		159,839 31,194	41,592
Capital Assets, Net of Accumulated Depreciation Plant and Equipment Land Usage and Easement Rights		1,002,889		4,203,029 17,436	5,205,918 17,436		1,026,838		4,311,454 17,436	5,338,292 17,436
Net Pension Asset	-	5,676		22,702	 28,378				17,130	
Total Assets	\$	1,365,740	\$	4,974,523	\$ 6,340,263	\$	1,602,171	\$	4,691,921	\$ 6,294,092
Deferred Outflows of Resources:										
Deferred Pension Outflows (Note 8) Deferred OPEB Outflows (Note 9)	\$	8,604 1,315	\$	34,438 5,257	\$ 43,042 6,572	\$	8,216 5,875	\$	32,887 23,499	\$ 41,103 29,374
Total Deferred Outflows of Resources	\$	9,919	\$	39,695	\$ 49,614	\$	14,091	\$	56,386	\$ 70,477
Liabilities:										
Current Liabilities: Accounts Payable Accrued Benefits Accrued Payroll	\$	38,777 5,112	\$	17,201 15,547 6,059	\$ 55,978 20,659 6,059	\$	311,266 5,139	\$	38,128 16,830 3,726	\$ 349,394 21,969 3,726
<u>Long-Term Liabilities:</u> Net Pension Liability (Note 8)							2,773		11,089	13,862
Net OPEB Liability (Note 9)		74,963		299,853	 374,816		79,642		318,573	 398,215
Total Liabilities	\$	118,852	\$	338,660	\$ 457,512	\$	398,820	\$	388,346	\$ 787,166
Deferred Inflows of Resources:										
Deferred Pension Inflows (Note 8) Deferred OPEB Inflows (Note 9)	\$	6,320 9,557	\$	25,278 38,230	\$ 31,598 47,787	\$	37 14,423	\$	147 57,692	\$ 184 72,115
Total Deferred Inflows of Resources	\$	15,877	\$	63,508	\$ 79,385	\$	14,460	\$	57,839	\$ 72,299
Net Position:										
Net Investment in Capital Assets Unrestricted (Deficit)	\$	1,002,889 238,041	\$	4,220,465 391,585	\$ 5,223,354 629,626	\$	1,026,838 176,144	\$ (4,328,890 26,768)	\$ 5,355,728 149,376
Total Net Position	\$	1,240,930	\$	4,612,050	\$ 5,852,980	\$	1,202,982	\$	4,302,122	\$ 5,505,104

STATEMENTS OF ACTIVITIES

For the Fiscal Years Ended June 30, 2022 and 2021

		Program	n Revenues		Expense) Revenue an anges In Net Position	d		Program	Revenues		(Expense) Revenue nanges In Net Positi	
Functions/Programs:	Expenses	Charges for Services	Contributions	Governmental Activities	Business-Type Activities	Total 2022	Expenses	Charges for Services	Contributions	Governmental Activities	Business-Type Activities	Total 2021
Primary Government: Governmental Activities:												
General Government Park	\$ 726,776 176,078	\$ 60,687 31,819	\$	(\$ 666,089) (<u>144,259</u>)	\$ (\$	666,089) 144,259)	\$ 691,999 186,150	\$ 41,382 54,581	\$	(\$ 650,617) (<u>131,569</u>)		(\$ 650,617) (<u>131,569</u>)
Total Governmental Activities	\$ 902,854	\$ 92,506	\$ 0	(\$ 810,348)	\$ 0 (\$	810,348)	\$ 878,149	\$ 95,963	\$ 0	(\$ 782,186)	\$ 0	(\$ 782,186)
Business-Type Activities: Water Sewer Garbage	\$ 725,671 150,120 223,321	\$ 776,048 319,804 264,161	\$ 31,820 15,788	\$	\$ 82,197 \$ 185,472 40,840	82,197 185,472 40,840	\$ 715,016 175,920 219,153	\$ 772,565 309,670 259,352	\$ 18,601 8,565	\$	\$ 76,150 142,315 40,199	\$ 76,150 142,315 40,199
Total Business-Type Activities	\$ 1,099,112	\$ 1,360,013	\$ 47,608	\$ 0	\$ 308,509	308,509	\$ 1,110,089	\$ 1,341,587	\$ 27,166	\$ 0	\$ 258,664	\$ 258,664
Total Primary Government	\$ 2,001,966	\$ 1,452,519	\$ 47,608	(\$ 810,348)	\$ 308,509 (\$	501,839)	\$ 1,988,238	\$ 1,437,550	\$ 27,166	(\$ 782,186)	\$ 258,664	(\$ 523,522)
	General Revenue	es:					General Revenu	es:				
	Property Taxes Interest and Ot			\$ 847,350 946	\$ 1,419	847,350 2,365	Property Taxe Interest and O			\$ 777,642 1,000	\$ 1,500	\$ 777,642 2,500
	Tota	l General Revenue	e	\$ 848,296	\$ 1,419 \$	849,715	Tot	al General Reven	ue	\$ 778,642	\$ 1,500	\$ 780,142
	Change in Net Po	osition		\$ 37,948	\$ 309,928 \$	347,876	Change in Net P	osition		(\$ 3,544)	\$ 260,164	\$ 256,620
	Net Position - Be	eginning of Year		1,202,982	4,302,122	5,505,104	Net Position - B	eginning of Year		1,206,526	4,041,958	5,248,484
	Net Position - En	d of Year		\$ 1,240,930	\$ 4,612,050 \$	5,852,980	Net Position - E	nd of Year		\$ 1,202,982	\$ 4,302,122	\$ 5,505,104

BALANCE SHEETS GOVERNMENTAL FUNDS

June 30, 2022 and 2021

						Total						Total	
Assets:	(General		Park		2022		General		Park		2021	
Cash and Cash Equivalents Taxes Receivable Prepaid Expenses	\$	848,039 49,111	\$	11,082	\$	848,039 49,111 11,082	\$	682,527 42,247	\$	10,398	\$	682,527 42,247 10,398	
Interfund Receivable/(Payable)	(446,519)	(104,538)	(551,057)	(23,323)	(136,516)	(159,839)	
Total Assets	\$	450,631	(\$	93,456)	\$	357,175	\$	701,451	(<u>\$</u>	126,118)	\$	575,333	
<u>Liabilities</u> :													
Accounts Payable	\$	38,777	\$		\$	38,777	\$	311,266	\$		\$	311,266	
Accrued Benefits				5,112		5,112	_		_	5,139		5,139	
Total Liabilities	\$	38,777	\$	5,112	\$	43,889	\$	311,266	\$	5,139	\$	316,405	
Fund Balances:													
Nonspendable	\$		\$	11,082	\$	11,082	\$		\$	10,398	\$	10,398	
Unassigned		411,854	(109,650)		302,204		390,185	(141,655)		248,530	
Total Fund Balances	\$	411,854	(\$	98,568)	\$	313,286	\$	390,185	(\$	131,257)	\$	258,928	
Total Liabilities and Fund Balances	\$	450,631	(<u>\$</u>	93,456)			\$	701,451	(\$	126,118)			
Reconciliation of the governmental funds balance sheets to the statements of net position:													
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.						1,002,889						1,026,838	
Long term Net OPEB Liability is not a current financial resource and therefore not reported						1,002,007						1,020,030	
in the governmental funds.					(74,963)					(79,642)	
Long term Net Pension Asset (Liability) is not a current financial resource and therefore not reported in the governmental funds.						5,676					(2,773)	
In governmental funds, deferred outflows and inflows of resources relating to pension and OPE because they are applicable to future periods. In the statement of net position, deferred outflows		not reporte	d										
inflows of resources are reported as follows: Deferred Outflows of Resources						9,919						14,091	
Deferred Inflows of Resources					(15,877)					(14,460)	
Total Net Position of Governmental Activities					\$	1,240,930					\$	1,202,982	

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Fiscal Years Ended June 30, 2022 and 2021

						Total						Total
Revenues:	_	General	_	Park	_	2022		General	_	Park	_	2021
Property Taxes	\$	677,880	\$	169,470	\$	847,350	\$	660,996	\$	116,646	\$	777,642
Fees Interest and Other		60,687 473		31,819 473		92,506 946		41,382 500		54,581 500		95,963 1,000
	Φ.		•		¢		Φ.		Ф.		•	,
Total Revenues	\$	739,040	\$	201,762	\$	940,802	\$	702,878	\$	171,727	<u> </u>	874,605
Expenditures:												
Current:			_	4 40 0=0	_	00 4 4 4		***		.=	_	0.50 40.5
General Government Capital Outlay	\$	717,371	\$	169,073	\$	886,444	\$	682,591	\$	176,106 2,095	\$	858,697 2,095
Capital Guilly	_		-		-		_		_		_	
Total Expenditures	\$	717,371	\$	169,073	\$	886,444	\$	682,591	\$	178,201	\$	860,792
Excess of Revenues Over/(Under) Expenditures/												
Net Change in Fund Balances	\$	21,669	\$	32,689	\$	54,358	\$	20,287	(<u>\$</u>	6,474)	\$	13,813
Net Change in Fund Balances	\$	21,669	\$	32,689	\$	54,358	\$	20,287	(\$	6,474)	\$	13,813
Fund Balances - Beginning		390,185	(131,257)		258,928		369,898	(124,783)	_	245,115
	_						_					
Fund Balances - Ending	\$	411,854	(\$	98,568)	\$	313,286	\$	390,185	(\$	131,257)	\$	258,928
Change in Fund Balances - Total Governmental Funds					\$	54,358					\$	13,813
Amounts reported for governmental activities in the statement of activities are different because:												
Long term Net OPEB Liability and Net Pension Liability change not paid out of current period resources						13,128					(2,897)
Change in Deferred Outflows of Resources related to OPEB and Pension Liabilities					(4,172)						6,427
Change in Deferred Inflows of Resources related to OPEB and Pension Liabilities					(1,417)					(220)
Governmental funds report capital outlay as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.												
Net adjustment in governmental activities capital assets (See Note 2)					(23,949)					(20,667)
Change in Net Position of Governmental Activities					\$	37,948					(\$	3,544)

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

For the Fiscal Years Ended June 30, 2022 and 2021

		2021										
	A	udgeted Amounts iginal and		Actual		Variance with Final Budget - Positive		Budgeted Amounts Original and		Actual		Variance with Final Budget - Positive
Revenues:		Final		Amounts		(Negative)		Final	_	Amounts	_	(Negative)
Taxes Interest and Other	\$	652,995 35,327	\$	677,880 61,160	\$	24,885 25,833	\$	626,488 13,860	\$	660,996 41,882	\$	34,508 28,022
Total Revenues	\$	688,322	\$	739,040	\$	50,718	\$	640,348	\$	702,878	\$	62,530
Expenditures:												
Current: General Government Professional Services Utilities and Communications Directors' Fees Office Expenses Other	\$	661,332 13,585 1,730 768 4,244	\$	705,128 9,611 1,650 670 312	(\$	43,796) 3,974 80 98 3,932	\$	622,982 14,410 1,730 384 4,204	\$	668,956 10,791 1,840 642 362	`	45,974) 3,619 110) 258) 3,842
Total General Government	\$	681,659	\$	717,371	<u>(</u> \$	35,712)	\$	643,710	\$	682,591	<u>(</u> \$	38,881)
Total Expenditures	\$	681,659	\$	717,371	(<u>\$</u>	35,712)	\$	643,710	\$	682,591	<u>(</u> \$	38,881)
Excess/(Deficiency) of Revenues Over/(Under) Expenditures/Net Change in Fund Balances	\$	6,663	\$	21,669	\$	15,006	(\$	3,362)	\$	20,287	\$	23,649
Fund Balances - Beginning		90,569	_	390,185		299,616		93,931	_	369,898	_	275,967
Fund Balances - Ending	\$	97,232	\$	411,854	\$	314,622	\$	90,569	\$	390,185	\$	299,616

STATEMENTS OF NET POSITION - PROPRIETARY FUNDS

June 30, 2022 and 2021

	Business-Type Activities - Enterprise Funds									Business-Type Activities - Enterprise Funds									
Assets:		Water		Sewer		Garbage		Total 2022		Water		Sewer		Garbage		Total 2021			
Current Assets:																			
Accounts Receivable	\$	147,053	\$		\$		\$	147,053	\$	171,998	\$		\$		\$	171,998			
Interfund Receivable/(Payable)	(1,615,860)	-	1,638,829	-	528,088	-	551,057		1,756,035)	-	1,436,825	_	479,049	-	159,839			
Prepaid Expenses	`	11,082		11,082		11,082		33,246	`	10,398		10,398		10,398		31,194			
Total Current Assets	(\$	1,457,725)	\$	1,649,911	\$	539,170	\$	731,356	(\$	1,573,639)	\$	1,447,223	\$	489,447	\$	363,031			
Noncurrent Assets:																			
Capital Assets, Net of Accumulated Depreciation																			
Plant and Equipment	\$	3,851,645	\$	305,210	\$	46,174	\$	4,203,029	\$	3,929,241	\$	325,738	\$	56,475	\$	4,311,454			
Land Usage and Easement Rights		17,436						17,436		17,436						17,436			
Net Pension Asset (Note 8)		18,445		2,838	_	1,419		22,702											
Total Noncurrent Assets	\$	3,887,526	\$	308,048	\$	47,593	\$	4,243,167	\$	3,946,677	\$	325,738	\$	56,475	\$	4,328,890			
Total Assets	\$	2,429,801	\$	1,957,959	\$	586,763	\$	4,974,523	\$	2,373,038	\$	1,772,961	\$	545,922	\$	4,691,921			
Deferred Outflows of Resources:																			
Deferred OPEB Outflows (Note 9)	\$	4.271	\$	658	\$	328	\$	5,257	\$	19,092	\$	2,938	\$	1,469	\$	23,499			
Deferred Pension Outflows (Note 8)	Ψ	27,980	Ψ	4,305	Ψ	2,153	Ψ	34,438	Ψ	26,720	Ψ	4,111	Ψ	2,056	Ψ	32,887			
Total Deferred Outflows of Resources	\$	32,251	\$	4,963	\$	2,481	\$	39,695	\$	45,812	\$	7,049	\$	3,525	\$	56,386			
Liabilities:					_														
Current Liabilities:																			
Accounts Payable	\$	17,201	\$		\$		\$	17,201	\$	38,128	\$		\$		\$	38,128			
Accrued Benefits		12,850		1,798		899		15,547		13,674		2,104		1,052		16,830			
Accrued Payroll		4,923		757		379		6,059		3,027		466		233		3,726			
Total Current Liabilities	\$	34,974	\$	2,555	\$	1,278	\$	38,807	\$	54,829	\$	2,570	\$	1,285	\$	58,684			
Noncurrent Liabilities:																			
Net OPEB Liability (Note 9)	\$	243,631	\$	37,481	\$	18,741	\$	299,853	\$	258,840	\$	39,821	\$	19,912	\$	318,573			
Net Pension Liability (Note 8)	_	,	-	,	-	,	-		-	9,010	-	1,386	_	693	-	11,089			
Total Noncurrent Liabilities	\$	243,631	\$	37,481	\$	18,741	\$	299,853	\$	267,850	\$	41,207	\$	20,605	\$	329,662			
					_														
Total Liabilities	\$	278,605	\$	40,036	\$	20,019	\$	338,660	\$	322,679	\$	43,777	\$	21,890	\$	388,346			
Deferred Inflows of Resources:														_					
Deferred Pension Inflows (Note 8)	\$	20,540	\$	3,160	\$	1,578	\$	25,278	\$	121	\$	19	\$		\$	147			
Deferred OPEB Inflows (Note 9)		31,060		4,779	_	2,391		38,230	_	46,873		7,212	_	3,607	_	57,692			
Total Deferred Inflows of Resources		51,600	_	7,939	_	3,969		63,508	_	46,994		7,231		3,614	_	57,839			
Net Position:																			
Net Investment in Capital Assets	\$	3,869,081	\$	305,210	\$	46,174		4,220,465	\$	3,946,677	\$	325,738	\$	56,475	\$	4,328,890			
Unrestricted (Deficit)	(1,737,234)	_	1,609,737	_	519,082		391,585	(1,897,500)		1,403,264		467,468	<u>(</u>	26,768)			
Total Net Position	\$	2,131,847	\$	1,914,947	\$	565,256	\$	4,612,050	\$	2,049,177	\$	1,729,002	\$	523,943	\$	4,302,122			

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION PROPRIETARY FUNDS

For the Fiscal Years Ended June 30, 2022 and 2021

		Business-Type Activities - Enterprise Funds							Business-Type Activities - Enterprise Funds							
Operating Revenues:		Water		Sewer		Garbage		Total 2022		Water		Sewer		Garbage		Total 2021
Fees	\$	776,048	\$	319,804	\$	264,161	\$	1,360,013	\$	772,565	\$	309,670	\$	259,352	\$	1,341,587
Total Operating Revenues	\$	776,048	\$	319,804	\$	264,161	\$	1,360,013	\$	772,565	\$	309,670	\$	259,352	\$	1,341,587
Operating Expenses:																
Salaries	\$	258,634	\$	39,790	\$	19,895	\$	318,319	\$	211,249	\$	32,500	\$	16,250	\$	259,999
Employee Benefits		45,632		8,262		3,283		57,177		57,083		10,200		4,269		71,552
Directors' Fees		1,650		1,650		1,650		4,950		1,840		1,840		1,840		5,520
Insurance		10,503		10,503		10,503		31,509		11,317		11,317		11,317		33,951
Building Materials and Supplies		21,844		3,102		1,178		26,124		16,787		2,148		961		19,896
Office Expenses		22,660		3,635		1,636		27,931		24,456		3,760		1,521		29,737
Professional Services		23,104		20,344		16,951		60,399		71,114		26,257		19,931		117,302
Repairs and Maintenance		9,366		1,243		622		11,231		10,240		1,497		749		12,486
Utilities and Communications		33,144		8,276		6,926		48,346		40,971		9,536		10,630		61,137
Vehicles and Fuel		3,168		487		244		3,899		3,218		495		248		3,961
Garbage Services		, , , , ,				148,168		148,168		-,				140,097		140,097
Depreciation		229,668		20,528		10,301		260,497		213,310		19,742		9,516		242,568
Federal and State Mandates		45,420		29,055		436		74,911		38,386		54,104		741		93,231
Training		433		74				507		516		270				786
OPEB Annual Funding		19,500		3,000		1,500		24,000		13,000		2,000		1,000		16,000
Other		945		171		28		1,144		1,529		254		83		1,866
	\$	725,671	\$	150,120	\$	223,321	\$	1,099,112	•	715,016	•	175,920	\$		\$	1,110,089
Total Operating Expenses	<u> </u>		-				φ								φ	
Operating Income	\$	50,377	\$	169,684	\$	40,840	\$	260,901	\$	57,549	\$	133,750	\$	40,199	\$	231,498
Non-Operating Revenues:																
Interest Revenue	\$	473	\$	473	\$	473	\$	1,419	\$	500	\$	500	\$	500	\$	1,500
			\$										-			
Total Non-Operating Income	\$	473	\$	473	\$	473	\$	1,419	\$	500	\$	500	\$	500	\$	1,500
Income/(Loss) Before Contributions	\$	50,850	\$	170,157	\$	41,313	\$	262,320	\$	58,049	\$	134,250	\$	40,699	\$	232,998
Capital Contributions - Connection Fees		31,820		15,788				47,608		18,601		8,565				27,166
			-				-	· · · · · · · · · · · · · · · · · · ·			-	· · · · · · · · · · · · · · · · · · ·	_			
Change in Net Position	\$	82,670	\$	185,945	\$	41,313	\$	309,928	\$	76,650	\$	142,815	\$	40,699	\$	260,164
Net Position - Beginning of Year	\$	2,049,177	\$	1,729,002	\$	523,943	\$	4,302,122	\$	1,972,527	\$	1,586,187	\$	483,244	\$	4,041,958
Net Position - End of Year	\$	2,131,847	\$	1,914,947	\$	565,256	\$	4,612,050	\$	2,049,177	\$	1,729,002	\$	523,943	\$	4,302,122

STATEMENTS OF CASH FLOWS PROPRIETARY FUNDS

For the Fiscal Years Ended June 30, 2022 and 2021

	Business-Type Activities - Enterprise Funds							Business-Type Activities - Enterprise Funds						
						Tota	1							Total
Cash Flows from Operating Activities:	_	Water	Sewer		Garbage	2022		Water	Sev	wer	_	Garbage		2021
Receipts from Customers and Users	\$	800,993 \$	319,804	\$	264,161 \$	1,384	,958 \$	713,875	\$ 3	809,670	\$	259,352	\$	1,282,897
Payments to Suppliers	(192,198) (77,575)	(187,376) (457	',149) (198,515)	(1	108,681)	(185,320) ((492,516)
Payments to Employees	(347,191) (54,837)	(26,569) (428	3,597) (284,058)	(45,118)	(21,729) ((350,905)
Other Operating Cash Payments	(1,650) (1,650)	(1,650) (,950) (1,840)	(1,840)	(1,840)	(5,520)
Net Cash Provided by Operating Activities	\$	259,954 \$	185,742	\$	48,566 \$	494	,262 \$	229,462	\$ 1	54,031	\$	50,463	\$	433,956
Cash Flows from Noncapital Financing Activities:														
Net Changes in Interfund Receivables/(Payables)	(\$	140,175) (\$	202,004)	(\$	49,039) (\$	39:	,218) (\$	131,415)	(\$ 1	163,097)	(\$	50,963)	(\$	345,475)
Net Cash Used by Noncapital Financing Activities	(\$	140,175) (\$	202,004)	(\$	49,039) (\$	39:	,218) (\$	131,415)	(\$ 1	163,097)	(\$	50,963)	(\$	345,475)
Cash Flows from Capital and Related Financing Activities:														
Purchase of Fixed Assets	(\$	152,072) \$		\$	(\$	152	2,072) (\$	130,600)	\$		\$	((\$	130,600)
Cost incurred on Easements							(5,078)				((5,078)
Contributed Capital - Connection Fees		31,820	15,788			47	,608	18,601		8,565	_			27,166
Net Cash Provided/(Used) by Capital and Related Financing Activities	(\$	120,252) \$	15,788	\$	(\$	5 104	<u>,464</u>) (<u>\$</u>	117,077)	\$	8,565	\$	((\$	108,512)
Cash Flows from Investing Activities:														
Decrease/(Increase) in Investments	\$	\$		\$	\$	5	\$	18,530	\$		\$		\$	18,530
Interest Income		473	473	_	473		,419	500		500	_	500		1,500
Net Cash Provided by Investing Activities	\$	473 \$	473	\$	473 \$,419 \$	19,030	\$	500	\$	500	\$	20,030
Net Increase/(Decrease) in Cash	\$	0 \$	0	\$	0 \$;	0 \$	0	\$	0	\$	0	\$	0
Cash and Cash Equivalents, Beginning of Year	_			_							_		_	
Cash and Cash Equivalents, End of Year	\$	0 \$	0	\$	0 \$;	0 \$	0	\$	0	\$	0	\$	0

STATEMENTS OF CASH FLOWS PROPRIETARY FUNDS

For the Fiscal Years Ended June 30, 2022 and 2021

Reconciliation of Operating Income to Net		Busines	s-Type Activities	s - Enterprise Fund	Business-Type Activities - Enterprise Funds				
Cash Provided by Operating Activities:		Total							Total
		Water	Sewer	Garbage	2022	Water	Sewer	Garbage	2021
Operating Income	\$	50,377 \$	169,684 \$	40,840 \$	260,901 \$	57,549 \$	133,750 \$	40,199 \$	231,498
Adjustments to Reconcile Operating Income									
to Net Cash Provided by Operating Activities:									
Depreciation		229,668	20,528	10,301	260,497	213,310	19,742	9,516	242,568
Changes in Certain Assets and Liabilities									
(Increase)/Decrease in:									
Accounts Receivable		24,945			24,945 (58,690)		(58,690)
Prepaid Expenses	(684) (684) (684) (2,052)	958	958	958	2,874
Net Pension Asset	(18,445) (2,838) (1,419) (22,702)				
Deferred Outflows of Resources		13,561	2,085	1,044	16,690 (20,885) (3,214) (1,607) (25,706)
Increase/(Decrease) in:									
Accounts Payable	(20,927)		(20,927)	19,061			19,061
Accrued Benefits	(824) (306) (153) (1,283)	5,000	770	385	6,155
Accrued Payroll		1,896	291	146	2,333	3,027	466	233	3,726
Deferred Inflows of Resources		4,606	708	355	5,669	715	110	55	880
Net OPEB Liability	(15,209) (2,340) (1,171) (18,720)	5,920	911	455	7,286
Net Pension Liability	(9,010) (1,386) (693) (11,089)	3,497	538	269	4,304
Net Cash Provided by Operating Activities	<u>\$</u>	259,954 \$	185,742 \$	48,566 \$	494,262 \$	229,462 \$	154,031 \$	50,463 \$	433,956

Schedule of Non-cash Transactions:

None.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of Alpine Springs County Water (District) conform to generally accepted accounting principles as applicable to governmental type organizations. The following is a summary of those significant policies:

A. Organization and Description of the District:

The District operates under a California state charter adopted March 25, 1963. The District provides water, sewer, garbage, fire and park services as authorized.

B. Financial Statement Presentation:

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting.

The Governmental and Enterprise fund types apply all GASB pronouncements that apply to the District.

New Accounting Pronouncements - See Note 1S for new accounting pronouncements that have been implemented in the current financial statements.

GASB Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments - Statement 34 established standards for external financial reporting for all state and local governmental entities and requires the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

 Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

B. Financial Statement Presentation (Continued):

• *Net Investment in Capital Assets (Continued)*

If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. As of June 30, 2022, and 2021, the District did not have any debt related to capital assets.

- Restricted This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. As of June 30, 2022, and 2021, the District did not have any restricted net position.
- *Unrestricted* This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

C. Basis of Accounting/Measurement Focus:

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements - The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column. Fiduciary activities of the District are not included in these statements. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

C. Basis of Accounting/Measurement Focus (Continued):

Government-Wide Financial Statements (Continued):

Accordingly, all the District's assets and liabilities, including capital assets as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in 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. The types of transactions reported as program revenues for the District are reported in two categories: 1) charges for services, and 2) operating grants and contributions.

Certain eliminations have been made as prescribed by GASB Statement No. 34 regarding interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

Governmental Fund Financial Statements - Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. These statements also reconcile and explain the differences in fund balances and changes in fund balances as presented to the net assets and changes in net assets presented in the Government-Wide financial statements. The District has presented all funds that met the qualifications of being major funds.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

C. Basis of Accounting/Measurement Focus (Continued):

Governmental Fund Financial Statements (Continued) - both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized in the period that they are assessed. The primary revenue sources, which have been treated as susceptible to accrual by the District, are property taxes. Program revenues include charges for admission into the District's seasonal park facility. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The *General fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those used to operate the District's park and those required to be accounted for in another fund.

<u>Proprietary Fund Financial Statements</u> - 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 for each major proprietary fund.

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 Fund Net Position present 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.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations 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.

The *Enterprise fund*, the District's only proprietary fund type, is used to account for those operations that are financed and operated in a manner similar to private business or where the board has decided that the determination of revenue earned, costs incurred and/or net income is necessary for management accountability. The funds included as enterprise funds are water, sewer, and garbage funds.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

D. <u>Budgets</u>:

By state law, the District's governing board must adopt a budget prior to the beginning of each fiscal year. The budget must be adopted in a properly noticed meeting.

Actual revenue and expenditures/expenses are compared to total budgeted amounts monthly and budgets by fund quarterly as a management control device for all budgeted funds. The District monitors capital expenditures by comparison to specific project appropriation accounts.

E <u>Use of Estimates</u>:

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

F. Cash, Cash Equivalents, and Investments:

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in obligations of the U.S. Treasury, state and local governments, and negotiable certificates of deposit issued by commercial banks or insured savings and loan associations.

Certificates of deposits are recorded at market value which approximates cost.

Investments in external investment pools and debt securities are valued on the basis of \$1 in the balance sheet.

G. Accounts Receivable:

The accounts receivable consists of charges for service fees and connection fees. Fees are considered to be fully collectible, since the County liens the property (at the District's request) for unpaid charges and

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

G. <u>Accounts Receivable (Continued)</u> - remits the amounts owed to the District when the lien is placed. Therefore, no allowance for uncollectible fees is provided.

H. Fixed Assets:

Fixed assets are defined by the District as assets with an initial, individual cost of \$5,000 or more with an estimated useful life in excess of one year. Fixed assets used in governmental and business-type funds of the District are recorded at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Depreciation is computed using the straight-line method over useful lives of 5 to 40 years. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are recorded as expenses. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, if applicable.

I. <u>Compensated Absences</u>:

It is the District's policy to permit employees to accumulate general leave benefits of up to 300 hours, which will be paid to the employee upon separation from the District's service.

J. Long-Term Obligations:

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment in the following fiscal year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt account group.

K. Fund Equity:

The District records reserves to indicate that a portion of the fund balance is legally segregated for a specific future use. Designated fund balances and retained earnings represent tentative management plans for future use that are subject to change.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

L. Use of Restricted/Unrestricted Net Position:

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy is to apply restricted net position first.

M. <u>Interfund Receivables and Payables:</u>

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." When present, long-term interfund loans (non-current portion) are reported as "advances to and from other funds." Interfund receivables and payables between funds are eliminated in the Statement of Net Position.

N. Medical Benefits:

The District is contracted with California Public Employees' Retirement System (CalPERS) for medical and prescription coverage to provide active and retiree health benefit services. The plan rules are in accordance with the Board of Directors' resolutions and subject to the Public Employees' Medical and Hospital Care Act (PEMHCA).

O. Pension Plan:

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For information about the Pension Plan, see Note 8.

P. Other Post-Employment Benefits Plan:

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

P. Other Post-Employment Benefits Plan (Continued) - expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. For information about the OPEB plan, see Note 9.

Q. Comparative Data:

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of change in the District's financial position and operations.

R. <u>Reclassifications</u>:

Certain amounts in fiscal year 2021 have been reclassified to conform to the fiscal year 2022 presentation.

S. <u>Accounting Pronouncements that have been Implemented in the Current</u> Financial Statements:

None relevant to the District.

T. Accounting Pronouncements recently issued but not yet effective:

Governmental Accounting Standards Board Statement No. 92 – In January 2020, the GASB issued Statement No. 92 – Omnibus 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions. The topics include but are not limited to leases, intra-entity transfers between a primary government and a post-employment benefit plan component unit, accounting for pensions and OPEB related assets, measurement of liabilities related to asset retirement obligations, and nonrecurring fair value measurements of assets or liabilities. The requirements of this Statement were originally effective for reporting periods beginning after June 15, 2021 (fiscal 2022) but have been postponed one year by GASB No. 95.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

U. Deferred Outflow/Deferred Inflow of Resources - Pension:

In addition to assets, the financial statements may report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the District's pension plan after the measurement date but before the fiscal year-end are reconciled as a deferred outflow of resources. Additional factors involved in the calculation of the District's pension expense and net pension liability include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the District's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 8 for further details related to the pension deferred outflows and inflows.

V. Deferred Outflow/Deferred Inflow of Resources - OPEB:

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. See Note 9 for further details related to the OPEB deferred outflows and inflows.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense."

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 2 <u>RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL</u> STATEMENTS:

The details of this difference for June 30, 2022 and 2021 are as follows:

		2022	2021
Capitalized Asset Expenditures	\$	\$	2,095
Depreciation Expense - Park	(14,541) (13,354)
Depreciation Expense - General Government	(9,408) (9,408)
Net change to fund balances - total governmental funds to arrive at changes in net position			
of governmental activities	(\$	23,949) (\$	20,667)

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS:

The District follows the practice of pooling investments of all funds. Interest income earned on all cash and pooled investments is allocated evenly across the Garbage, Sewer, Water, and Park funds.

Investment Policy - Pursuant to the District's investment policy, which includes certain diversification requirements, the District is allowed to invest in U.S. Government guaranteed investments; registered state warrants; bonds or treasury notes; bonds, notes or warrants of any local agency; prime commercial paper with the highest ranking issued by Moody's Investors Service or Standard & Poor's Corp.; repurchase agreements; certificates of deposit; and California Employers' Retiree Benefit Trust (CERBT).

The District maintains its bank accounts in a commercial bank, Placer County Treasurer's Investment Portfolio, and with the Local Agency Investment Fund (LAIF). The commercial bank account is collateralized with securities held by the pledging financial institution.

Funds on deposit with Placer County Treasurer and LAIF are governed by California state statute.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued):

Cash equivalents of the District subject to interest rate risk as of June 30, 2022 and 2021 are summarized as follows:

	20)22		2021				
	Carrying	Market		C	Carrying	Market		
	 Amount	Value		Amount		Value		
LAIF	\$ 424,565	\$	419,099	\$	73,187	\$	73,193	

Structured notes and asset-backed securities comprised 1.88% and 2.31% of LAIF's total portfolio for all investors as of June 30, 2022 and 2021, respectively. Fair value of a pool share was \$0.987125414 and \$1.00008297 for the same periods. The cost value of a pool share was constant at \$1.00.

The District's investment in LAIF has not been rated by a nationally recognized statistical organization.

Investment in State Investment Pool - The District's LAIF investment is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provides oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office.

Investment in County Investment Pool - The District's Placer County Treasurer's Investment Portfolio is managed and directed by Placer County Treasurer and is not registered with the Securities and Exchange Commission.

Deposits and withdrawals in governmental investment pools, such as LAIF are made on the basis of \$1 and not fair value. Accordingly, the District's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. The District does not have any investments that are subject to the fair value hierarchy as of June 30, 2022 or 2021.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued):

Interest Rate Risk – As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District also varies investment maturity dates to ensure the District is able to change investment vehicles in response to changes in interest rates.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

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 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 requires California banks and savings and loans to 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. The market value of pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. All deposits in excess of insurance from the Federal Deposit Insurance Corporation (FDIC) are collateralized with eligible securities, as described by the District's investment policy, in amounts equal to at least 110% of the District's carrying value of the deposits (demand deposits and certificates of deposit).

Cash and Investments of the District on June 30, 2022 are summarized as follows:

	Carr	ying Value
Cash and Cash Equivalents		
Bank of the West	\$	68,253
Placer County Treasurer's Investment Portfolio		355,221
Local Agency Investment Fund (LAIF)		424,565
Total Cash and Cash Equivalents	\$	848,039

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued):

As Presented on the Statement of Net Position:

Cash and Cash Equivalents \$848,039

Cash and Investments of the District on June 30, 2021 are summarized as follows:

	Carryin	ng Value
Cash and Cash Equivalents		
Bank of the West	\$	255,105
Placer County Treasurer's Investment Portfolio		354,235
Local Agency Investment Fund (LAIF)		73,187
Total Cash and Cash Equivalents	\$	682,527
As Presented on the Statement of Net Position:		
Cash and Cash Equivalents	\$	682,527

NOTE 4 PROPERTY TAXES:

Property taxes attach as an enforceable lien on property as of the first Monday in March. Property taxes are payable in two installments and are delinquent after December 10th and April 10th. The District collects its share of property taxes through the County of Placer. Property tax revenue is recognized when it is received. Adjustments are made at the end of the fiscal year to comply with the requirement of the accrual basis of accounting.

NOTE 5 LAND USAGE AND EASEMENT RIGHTS:

Conveyances of land and easement rights to the District are capitalized at their estimated value to the District at time of conveyance. The value of unused land owned by the District, currently classified as Greenbelt, is not included in this report. This land value may be determined at a later date by appraisal and would need to be adjusted back to the date of conveyance before being included as an asset on the Statement of Net Position.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 6 PLANT AND EQUIPMENT:

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

GOVERNMENTAL ACTIVITIES

W 5		Balance	Α.	J.J.;	Dalatiana		Balance
Non-Depreciable Assets:		7/1/21	A	dditions	Deletions	· —	6/30/22
Land	\$	360,436	\$		\$	\$	360,436
Playground		9,865					9,865
Park		393,526					393,526
Total Capital Assets not being Depreciated	\$	763,827	\$		\$	\$	763,827
Depreciable Assets:							
Firehouse	\$	376,338	\$		\$	\$	376,338
Fire-Related Vehicles and Equipment		343,336					343,336
Other Vehicles		32,187					32,187
Office Equipment		20,253					20,253
Maintenance Equipment		32,767					32,767
Building Improvements		89,273					89,273
Land Improvements		32,361					32,361
Park Improvements		21,728				_	21,728
Total Capital Assets being Depreciated	\$	948,243	\$		\$	\$	948,243
Accumulated Depreciation	(685,232)	(23,949)		(_	709,181)
Depreciable Assets, Net	\$	263,011	(\$	23,949)	\$	\$	239,062
Government Activities Capital Assets, Net	\$	1,026,838	(<u>\$</u>	23,949)	\$ 0	\$	1,002,889

BUSINESS-TYPE ACTIVITIES

Non-Depreciable Assets:		Balance 7/1/21		Additions		Deletions		Balance 6/30/22
Construction in Process	\$	11,300	\$	49,754	\$		\$	61,054
Total Capital Assets not being Depreciated	\$	11,300	\$	49,754	\$	0	\$	61,054
Depreciable Assets:								
Water System	\$	6,357,449	\$	102,318	\$		\$	6,459,767
Sewer System	\$	1,022,025						1,022,025
Truckee River Interceptor	\$	358,524						358,524
Alpine Springs Interceptor	\$	58,095						58,095
Inflow and Infiltration	\$	26,031						26,031
Vehicles	\$	96,562						96,562
Office Equipment	\$	60,759						60,759
Maintenance Equipment	\$	98,300						98,300
SCADA System	\$	146,548						146,548
Building Improvements	\$	267,817						267,817
Land Improvements	\$	97,083			_		_	97,083
Total Capital Assets being Depreciated	\$	8,589,193	\$	102,318	\$	0	\$	8,691,511
Accumulated Depreciation	(4,289,039)	(260,497)			(4,549,536)
Depreciable Assets, Net	\$	4,300,154	(\$	158,179)	\$	0	\$	4,141,975
Business-Type Activities Capital Assets, Net	\$	4,311,454	(\$	108,425)	\$	0	\$	4,203,029

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 6 PLANT AND EQUIPMENT (Continued):

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

GOVERNMENTAL ACTIVITIES

Non-Depreciable Assets:	 Balance 7/1/20	Ac	lditions	Deletions	Balance 6/30/21
Land Playground Park	\$ 360,436 9,865 393,526	\$		\$	\$ 360,436 9,865 393,526
Total Capital Assets not being Depreciated	\$ 763,827	\$		\$	\$ 763,827
Depreciable Assets:					
Firehouse Fire-Related Vehicles and Equipment Other Vehicles Office Equipment Maintenance Equipment Building Improvements Land Improvements Park Improvements	\$ 376,338 343,336 32,187 20,253 32,767 89,273 32,361 19,633	\$	2,095	\$	\$ 376,338 343,336 32,187 20,253 32,767 89,273 32,361 21,728
Total Capital Assets being Depreciated Accumulated Depreciation	\$ 946,148 662,470)	\$	2,095 22,762)		\$ 948,243 685,232)
Depreciable Assets, Net	\$ 283,678	(\$	20,667)	\$ 0	\$ 263,011
Government Activities Capital Assets, Net	\$ 1,047,505	(\$	20,667)	\$ 0	\$ 1,026,838

BUSINESS-TYPE ACTIVITIES

Non-Depreciable Assets:		Balance 7/1/20		Additions		Deletions		Balance 6/30/21
Construction in Process	\$	1,624,629	\$	15,433	\$	1,628,762	\$	11,300
Total Capital Assets not being Depreciated	\$	1,624,629	\$	15,433	\$	1,628,762	\$	11,300
Depreciable Assets:								
Water System	\$	4,678,719	\$	1,678,730	\$		\$	6,357,449
Sewer System		1,022,025						1,022,025
Truckee River Interceptor		358,524						358,524
Alpine Springs Interceptor		58,095						58,095
Inflow and Infiltration		26,031						26,031
Vehicles		96,562						96,562
Office Equipment		60,759						60,759
Maintenance Equipment		98,300						98,300
SCADA System		146,548						146,548
Building Improvements		267,817						267,817
Land Improvements		97,083	_		_			97,083
Total Capital Assets being Depreciated	\$	6,910,463	\$	1,678,730	\$	0	\$	8,589,193
Accumulated Depreciation	(4,046,471)	(242,568)			(4,289,039)
Depreciable Assets, Net	\$	2,863,992	\$	1,436,162	\$	0	\$	4,300,154
Business-Type Activities Capital Assets, Net	\$	4,488,621	\$	1,451,595	\$	1,628,762	\$	4,311,454

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 6 PLANT AND EQUIPMENT (Continued):

Depreciation expense for June 30, 2022 is charged to functions as follows:

Government	Busine	ss Type Activit	ies	
General Government	\$ 9,408	Water	\$	229,668
Park	14,541	Sewer		20,528
	 	Garbage		10,301
	\$ 23,949		\$	260,497

Depreciation expense for June 30, 2021 is charged to functions as follows:

Government	Activities	Busine	ss Type Activiti	es	
General Government	\$	9,408	Water	\$	213,310
Park		13,354	Sewer		19,742
			Garbage		9,516
	\$	22,762		\$	242,568

NOTE 7 RELATED PARTY TRANSACTIONS:

Because the District has entered into a joint powers agreement with others to form a separate entity to provide insurance coverage, the District has related party transactions with this entity. During the years ended June 30, 2022 and 2021, the District paid the Special District Risk Management Authority (SDRMA) \$44,748 and \$41,592 for insurance coverage, respectively. See Note 11 for more information. The total amount paid during the years ended June 30, 2022 and 2021 represented prepayment for future coverage in subsequent periods and the amounts have been reported as a component of Prepaid Expenses.

NOTE 8 DEFINED BENEFIT PENSION PLAN:

<u>Plan Description</u> - All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at www.calpers.ca.gov.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 8 DEFINED BENEFIT PENSION PLAN (Continued):

Plan Description (Continued):

The Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the Alpine Springs County Water District. The Alpine Springs County Water District's employer rate plan in the miscellaneous risk pool is the PEPRA Miscellaneous plan (PEPRA Misc.). The District does not have any rate plans in the safety risk pool.

Benefits Provided - The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect as of June 30, 2022 and 2021, are summarized as follows:

Employer rate plan PEPRA Misc. Hire date On or after January 1, 2013 Benefit formula 2.0% @ 62 Benefit vesting schedule 5 years service Benefit payments Monthly for Life Retirement age 52 Monthly benefits, as a % of eligible compensation 1% to 2.5% Required employee contribution rates 6.75% Required employer contribution rates 7.59% as of June 30, 2022 and 7.732% as of June 30, 2021

Contribution Description - Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are to 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. Contribution rates for the employer rate plans are determined through the CalPERS' annual actuarial valuation process.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 8 DEFINED BENEFIT PENSION PLAN (Continued):

Contribution Description (Continued):

Each employer rate plan's actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan's allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The District's contributions to the risk pool in the Plan for the year ended June 30, 2022 and 2021 were as follows:

	Contributions						
		2022	2021				
Miscellaneous Risk Pool	\$	25,510	\$	20,090			

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - As of June 30, 2022 and 2021, the District reported net pension liability (asset) of (\$28,378) and \$13,862, respectively, for its proportionate share of the net pension liability. The District's net pension liability for each risk pool is measured as the proportionate share of each risk pool's net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

The District's proportionate share of the net pension liability as of June 30, 2020 and 2019, the valuation dates, was calculated as follows:

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation dates June 30, 2020 and 2019. Each employer rate plan's fiduciary net position

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 8 DEFINED BENEFIT PENSION PLAN (Continued):

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued) - was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The District's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the District's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The District's proportionate share of the net pension liability as of June 30, 2021 and 2020, the measurement dates, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement dates June 30, 2021 and 2020, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at measurement dates June 30, 2021 and 2020, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2021 and 2020, was calculated by applying the District's proportionate share percentages as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2021 and 2020, to obtain each employer rate plan's total pension liability and fiduciary net position as of June 30, 2021 and 2020. Each employer rate plan's fiduciary net position was then subtracted from its total pension liability to obtain the net pension liability as of the measurement dates.

The District's proportionate share percentage of the net pension liability for each risk pool as of measurement date June 30, 2021 was as follows:

	Miscellaneous
Proportion - June 30, 2020 (Measurement Date)	0.000329%
Proportion - June 30, 2021 (Measurement Date)	(0.001495%)
Change	(0.001824%)

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 8 DEFINED BENEFIT PENSION PLAN (Continued):

<u>Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):</u>

The District's proportionate share percentage of the net pension liability for each risk pool as of measurement date June 30, 2020 was as follows:

	Miscellaneous
Proportion - June 30, 2019 (Measurement Date)	0.000212%
Proportion - June 30, 2020 (Measurement Date)	0.000329%
Change	0.000117%

For the years ended June 30, 2022 and 2021, the District recognized pension expense of \$12,745 and \$18,970, respectively. Pension expense is comprised of various elements including service cost, interest, changes in benefit terms, investment experience, and the amortization of deferred outflows and inflows of resources, which are all factors used by the actuaries in the calculation of the net pension liability.

As of June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		In	Deferred flows of esources
Pension contributions subsequent to measurement date	\$	25,510	\$	
Differences between actual and expected experience		2,831		
Net Difference between Projected and Actual Earnings on Pension Plan Investments			(31,598)
Adjustment due to Differences in Proportions		5,731		
Differences between Actual and Required Contributions		8,970		
Total	\$	43,042	(<u>\$</u>	31,598)

It should be noted that a deferred outflow of \$25,510 was related to contributions subsequent to the measurement date, and the entire amount will be recognized as a reduction in the net pension liability in the year ending June 30, 2022.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 8 DEFINED BENEFIT PENSION PLAN (Continued):

Total

<u>Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of</u> Resources Related to Pensions (Continued):

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Deferred Outflow/(Inflows) o	
Fiscal Year Ending June 30:	Re	esources
2023	\$	1,896
2024	(2,085)
2025	(5,312)
2026	(8,565)
2027		
	(\$	14,066)

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

	Deferred Outflows of Resources		Deferred Inflows of Resources	
Pension contributions subsequent to measurement date	\$	20,090	\$	
Differences between actual and expected experience		2,021		
Changes of assumptions			(184)
Net Difference between Projected and Actual Earnings on Pension Plan Investments		3,035		
Adjustment due to Differences in Proportions		6,629		
Differences between Actual and Required Contributions		9,328		
Total	\$	41,103	(<u>\$</u>	184)

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 8 DEFINED BENEFIT PENSION PLAN (Continued):

<u>Actuarial Assumptions</u> - The total pension liabilities in the June 30, 2021 actuarial valuations were determine using the following actuarial assumptions:

Miscellaneous

Valuation Date (VD)

Measurement Date (MD)

Actuarial Cost Method

June 30, 2020 and 2019

June 30, 2021 and 2020

Entry Age Normal

Actuarial Assumptions:

Discount Rate 7.15%

Inflation 2.50% as of June 30, 2021 and 2020 Measurement Dates Payroll Growth 2.75% as of June 30, 2021 and 2020 Measurement Dates

Projected Salary Increase (1) Varies By Age and Length of Service

Investment Rate of Return (2) 7.00% as of June 30, 2021 and 2020 Measurement Dates Mortality Rate Table (3) Derived using CalPERS' Membership Data for all Funds

<u>Changes of Assumptions</u> - There were no changes of assumptions for the measurement period June 30, 2021. Deferred outflows/inflows of resources for changes of assumptions presented in the financial statements represent the unamortized portion of the changes of assumptions related to prior measurement periods.

<u>Discount Rate</u> - The discount rate used to measure the total pension liability was 7.15% for the measurement periods June 30, 2021 and June 30, 2020, respectively. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2021 based on June 30, 2020 Valuations*, that can be obtained from the CalPERS website.

⁽¹⁾ Depending on age, service and type of employment

⁽²⁾ Net of pension plan investment and Administrative expenses; including inflation

⁽³⁾ The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 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) available on the CalPERS website.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 8 DEFINED BENEFIT PENSION PLAN (Continued):

Discount Rate (Continued):

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expense would have been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts.

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

In determining the long-term expected rate of return, CalPERS took into account both short- term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (60 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 the Plan. 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 8 DEFINED BENEFIT PENSION PLAN (Continued):

Discount Rate (Continued):

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

	June 30, 2022			
	New	Real Return	I	Real Return
Asset Class	Strategic	Years 1 – 10		Years 11+
	Allocation	(a)		(b)
Public Equity	50.00%	4.80%		5.98%
Global Fixed Income	28.00%	1.00%		2.62%
Inflation Sensitive	0.00%	0.77%		1.81%
Private Equity	8.00%	6.30%		7.23%
Real Estate	13.00%	3.75%		4.93%
Liquidity	1.00%	0.00%	(0.92%)
Total	100.00%			

- (a) An expected inflation of 2.00% used for this period.
- (b) An expected inflation of 2.92% used for this period.

	June 30, 2021			
	New	Real Return]	Real Return
Asset Class	Strategic	Years 1 − 10		Years 11+
	Allocation	(a)		(b)
Global Equity	50.00%	4.80%		5.98%
Global Fixed Income	28.00%	1.00%		2.62%
Inflation Sensitive	1.00%	0.00%	(0.92%)
Private Equity	0.00%	0.77%		1.81%
Real Estate	8.00%	6.30%		7.23%
Liquidity	13.00%	3.75%		4.93%
Total	100.00%			

- (a) An expected inflation of 2.00% used for this period.
- (b) An expected inflation of 2.92% used for this period.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 8 DEFINED BENEFIT PENSION PLAN (Continued):

<u>Sensitivity of the Districts' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate</u> - The following presents the District's proportionate share of the net pension liability of each risk pool as of the measurement date, calculated using the discount rate, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

At June 30, 2022, the discount rate comparison was the following:

	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(6.15%)	Rate (7.15%)	(8.15%)
District's proportionate share of net pension asset	\$ 12,478	(\$ 28,378)	(\$ 62,155)

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

	Rate - 1% 5%)	 nt Discount (7.15%)	Disc	ount Rate + 1% (8.15%)
District's proportionate share of net pension liability	\$ 44,075	\$ 13,862	<u>(</u> \$	11,104)

NOTE 9 POST-RETIREMENT HEALTHCARE BENEFITS (OPEB):

<u>Plan Description</u> – The Plan provides other post-employment benefits to qualified employees and selected officials as well as their eligible survivors and dependents. The California Employers' Retiree Benefit Trust (CERBT) is part of the Public District portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administrated by CalPERS, which acts as a common investment and administrative agent for participating public employees with the State of California. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 Q Street – Sacramento, CA 95811.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 9 POST-RETIREMENT HEALTHCARE BENEFITS (OPEB) (Continued):

<u>Employees Covered</u> - As of the June 30, 2022 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Participating Active employees	4
Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to, but not yet receiving benefits*	
	6

^{*} Information was not provided about any terminated, vested employees

<u>Contributions</u> - The annual contribution made by the District represents the retiree premium payments and additional ad-hoc contributions. For the fiscal years ended June 30, 2022 and 2021, the District's contributions were \$47,555 and \$37,564, respectively.

Net OPEB Liability - The District's net OPEB liability was measured as of June 30, 2022 and 2021; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates.

<u>Actuarial Assumptions</u> - The District's net OPEB liability was measured as of June 30, 2022 and 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2022 and 2020, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Valuation Date (VD)	June 30, 2022 and June 30, 2020
Measurement Date (MD)	June 30, 2022 and June 30, 2021
Actuarial Cost Method	Entry Age
Discount Rate/Investment Rate of Return	5.75% as of June 30, 2022 and June 2021
	Measurement Dates
Inflation	2.75%
Trend	4.00%
Payroll Growth	2.75%
Mortality Rate Table	2017 CalPERS Mortality for Miscellaneous Employees
Pre-Retirement Turnover	2017 CalPERS' Turnover for Miscellaneous Employees

⁽¹⁾ Net of expenses; Based on long-term return on plan assets

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 9 POST-RETIREMENT HEALTHCARE BENEFITS (OPEB) (Continued):

<u>Actuarial Assumptions (Continued)</u>:

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table as of June 30, 2022 and 2021:

T	α	20	\sim
June	311	- 71	,,,
June	50.	~0	'44

	Percentage of	Assumed Gross
Asset Class	Portfolio	Return
All Equities	22.00%	7.5450%
All Fixed Income	49.00%	4.2500%
Real Estate Invesmtent Trusts	8.00%	7.2500%
All Commodities	5.00%	7.5450%
Treasury Inflation Protected Securities (TIPS)	16.00%	3.0000%
	100.00%	

June 30, 2021

	Percentage of	Assumed Gross
Asset Class	Portfolio	Return
All Equities	22.00%	7.5450%
All Fixed Income	49.00%	4.2500%
Real Estate Invesmtent Trusts	8.00%	7.2500%
All Commodities	5.00%	7.5450%
Treasury Inflation Protected Securities (TIPS)	16.00%	3.0000%
	100.00%	

<u>Discount Rate</u> - The discount rate used to measure the total OPEB liability was 5.75%, net of expenses. The discount rate is based on assumed long-term rate of return on plan assets assuming 100% funding through CERBT. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, historic 29-year real rates of return were used for each asset class, along with assumed long-term inflation assumptions. The expected investment returns were offset by investment expenses of 25 basis points.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 9 POST-RETIREMENT HEALTHCARE BENEFITS (OPEB) (Continued):

<u>Changes in the OPEB Liability</u> - The changes in the net OPEB liability for the Plan are as follows for measurement periods ended June 30, 2022 and 2021:

	Increase (Decrease)											
		Total OPEB		Fiduciary Net		Net OPEB						
		Liability		Position	Li	ability/(Asset)						
		(a)		(b)	((c) = (a) - (b)						
Balance at June 30, 2021	\$	453,756	\$	55,541	\$	398,215						
Changes recognized for the measurement period:												
Service Cost	\$	14,152	\$		\$	14,152						
Interest on Total OPEB liability/ Return on FNP		25,962	(5,714)		31,676						
Changes of Assumptions												
Experience (Gains)/Losses	(21,720)			(21,720)						
Employer Contributions to Trust				30,000	(30,000)						
Employer Contributions as Benefit Payments				17,555	(17,555)						
Benefit Payments	(17,555)	(17,555)								
Administrative expense	_		(48)		48						
Net Changes	\$	839	\$	24,238	(<u>\$</u>	23,399)						
Balance at June 30, 2022	\$	454,595	\$	79,779	\$	374,816						

	Increase (Decrease)										
		Total OPEB Liability		Fiduciary Net Position	Ιi	Net OPEB ability/(Asset)					
	(a)			(b)		(c) = (a) - (b)					
Roll-back Balance at June 30, 2020	\$	420,406	\$	31,298	\$	389,108					
Changes recognized for the measurement period:											
Service Cost	\$	12,978	\$		\$	12,978					
Interest on total OPEB liability		25,087				25,087					
Changes of Assumptions		12,849				12,849					
Employer Contributions to Trust				20,000	(20,000)					
Employer Contributions as Benefit Payments				17,564	(17,564)					
Investment Gains/(Losses)				1,794	(1,794)					
Expected Investment Income				2,477	(2,477)					
Expected Benefit payments	(17,564)	(17,564)	1						
Administrative expense			(28)		28					
Net Changes	\$	33,350	\$	24,243	\$	9,107					
Balance at June 30, 2021	\$	453,756	\$	55,541	\$	398,215					

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 9 POST-RETIREMENT HEALTHCARE BENEFITS (OPEB) (Continued):

<u>Sensitivity of the Net OPEB Liability to Changes in the Discount Rate</u> - The following presents the net 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 periods ended June 30, 2022 and 2021:

			Ju	ne 30, 2022				
	1%	Decrease	Ra	te (5.75%)	1% Increase			
Net OPEB Liability	\$	433,104	\$	374,816	\$	326,287		
			Ju	ne 30, 2021				
			Curr	ent Discount				
	1%	Decrease	Ra	te (5.75%)		1% Increase		
Net OPEB Liability	\$	454,104	\$	398,215	\$	350,967		

<u>Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates</u> - The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement periods ended June 30, 2022 and 2021:

	1%	Decrease	Curi	rent Healthcare st Trend Rates (5.75%)		1% Increase		
Net OPEB Liability	\$	318,514	\$	374,816	\$	444,210		
			J	une 30, 2021				
			Curi	rent Healthcare				
			Cos	st Trend Rates				
	1%	Decrease		1% Increase				
Net OPEB Liability	\$	340,629	\$	398,215	\$	470,692		

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 9 POST-RETIREMENT HEALTHCARE BENEFITS (OPEB) (Continued):

<u>OPEB Plan Fiduciary Net Position</u> – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report issued by CalPERS and located on its website.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - For the fiscal year June 30, 2022, the District recognized OPEB expense of \$22,629 and \$22,141 as of June 30, 2022 and 2021, respectively. OPEB expense is comprised of various elements including service cost, interest on total OPEB liability, changes in benefit terms, recognized actuarial gains and losses, investment income, recognized investment gains and losses, and administrative expense, which are all factors used by the actuaries in the calculation of the net pension liability.

As of fiscal year ended June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Γ	Deferred	D	eferred				
O	outflows	I	nflows				
of 1	Resources	of Resources					
	_						
\$		(\$	30,083)				
		(17,704)				
	6,572						
\$	6,572	(\$	47,787)				
	O	 	Outflows of Resources If of I \$ (\$ (6,572				

The amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30:	Deferred Outflow/(Inflo						
2023	(\$	13,478)					
2024	(13,477)					
2025	(13,393)					
2026		385					
2027		1,781					
Thereafter		(3,033)					
Total	(\$	41,215)					

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 9 POST-RETIREMENT HEALTHCARE BENEFITS (OPEB) (Continued):

As of fiscal year ended June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Γ	eferred	Γ	eferred
	C	outflows	I	nflows
	of i	Resources	of l	Resources
Changes of Assumptions	\$	26,997	(\$	70,429)
Experience Gains and Losses		2,377		
Investment Gains and Losses			(1,686)
Total	\$	29,374	(\$	72,115)

NOTE 10 GARBAGE SERVICE:

Effective July 1, 2005, Ordinance No. 5-2005 was passed by the board of directors of the District, providing for compulsory trash collection service for all District residents. The trash collection costs are paid by the service recipients. The District has made arrangements with a California corporation to provide the trash disposal services. Trash collection fees incurred in 2022 and 2021 were \$148,168 and \$140,097, respectively, and are included as the primary component of Fees under Operating Expenses as reported on page 22.

NOTE 11 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 is a member of two joint power authorities for the operation of a common risk management and insurance program. The program covers workers' compensation, property, liability, and employee dishonesty insurance. The authorities are governed by an executive board consisting of representatives from member districts.

The executive board controls the operations of the authorities, including selection of management and approval of operating budgets. The relationship between the District and the joint power authorities is such that the authorities are not component units of the District for financial reporting purposes.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 11 RISK MANAGEMENT (Continued):

For workers' compensation insurance and for property, liability and employee dishonesty insurance, the District has joined with other special districts within the state to form the SDRMA.

The District pays estimated annual premiums to the SDRMA based upon estimated payroll classified into rate categories pursuant to the rules published by the California Workers' Compensation Insurance Rating Bureau. Actual premiums due are determined after the fiscal year end and are based upon actual payroll. The SDRMA is entitled to assess additional premiums or to refund premiums based upon the District's individual claims or loss experience. The SDRMA agrees to pay all amounts legally required by California workers' compensation laws. The amounts of settlements have not exceeded coverage provided by SDRMA for the last three fiscal years.

The District pays an annual premium to SDRMA for its property, liability, and employee dishonesty coverage. The SDRMA is entitled to assess additional premiums or refunded premiums based upon the District's individual claims or loss experience. The amounts of settlements have not exceeded coverage provided by SDRMA.

NOTE 12 PROPOSITION 218:

Proposition 218, which was approved by the voters in November 1996, provides procedures that govern increases in existing fees or the imposition of new fees by the District.

NOTE 13 COMMITMENTS:

The District has entered into contract commitments totaling \$147,500 and \$1,460,550 for fiscal years ended June 30, 2022 and 2021, respectively. As of June 30, 2022, the amount earned on the contracts was \$49,754 with a remaining balance of \$97,746. As of June 30, 2021, the amount earned on the contracts was \$1,422,462 with a remaining balance of \$38,088.

In January 2021, the District entered into a renewed contract with a local fire protection district to provide fire protection, emergency medical and related services for the District for the period commencing January 1, 2021 through December 31, 2036.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

NOTE 13 <u>COMMITMENTS (Continued)</u>:

This contract contains provisions that require the payment of property tax revenues from the District to the fire protection district according to the following schedule:

Year ending June 30, Amount

2022 – 2036 80% of gross property taxes received

The District may terminate the contract upon written notice of not less than 36 months.

NOTE 14 <u>SUBSEQUENT EVENTS:</u>

Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued.

REQUIRED	SUPPLEMI	ENTARY IN	IFORMATIO	N

SCHEDULE OF OPEB CONTRIBUTIONS

As of June 30, 2022

LAST TEN YEARS*

Schedule of OPEB Contributions:]	Fiscal Year 2022		Fiscal Year 2021		Fiscal Year 2020		Fiscal Year 2019		Fiscal Year 2018
Actuarilly Determined Contributions (ADC) **	\$	-	\$		\$		\$		\$	
Contributions in relation to the ADC	(47,555)	(37,564)	(41,699)	(9,897)	(9,516)
Contribution deficiency (excess)	(<u>\$</u>	47,555)	\$	37,564)	(<u>\$</u>	41,699)	(<u>\$</u>	9,897)	(\$	9,516)
Covered-employee payroll	\$	196,032	\$	183,082	\$	191,740	\$	205,345	\$	186,899
Contributions as a percentage of covered-employee payroll		24.26%		20.52%		21.75%		4.82%		5.09%

Notes to Schedule:

st Fiscal Year 2018 was the first year of implementation, therefore only five years are shown.

^{**}Amount was not calculated. The District's contribution was assumed to be made on an ad hoc basis.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY

As of June 30, 2022

LAST TEN YEARS*

		urement Date ne 30, 2022		leasurement Date June 30, 2021	1	Measurement Date June 30, 2020	Measurement Date June 30, 2019			Measurement Date June 30, 2018
Total OPEB Liability										
Service Cost	\$	14,152	\$	12,978	\$	12,453	\$	20,988	\$	20,426
Interest on Total OPEB Liability		25,962		25,087		22,493		27,719		16,500
Changes of assumptions				12,849		19,637	(120,739)		
Benefit payments	(17,555)	,	17,564)	(11,699)	(9,897)	(9,516)
Experience (Gains)/Losses	(21,720)			_	3,010	_			
Net Change in Total OPEB Liability	\$	839	\$	33,350	\$	45,894	(\$	81,929)	\$	27,410
Total OPEB Liability - Beginning		453,756		420,406		374,512		456,441		429,031
Total OPEB Liability - Ending (a)	\$	454,595	\$	453,756	\$	420,406	\$	374,512	\$	456,441
Plan Fiduciary Net Position										
Employer Contributions as Benefit Payments	\$	17,555	\$	17,564	\$	11,699	\$	9,897		9,516
Employer Contributions to Trust		30,000		20,000		30,000				
Interest on Total OPEB liability/ Return on FNP	(5,714)								
Expected Investment Income				2,477		899				
Actual investment income				1,794		419				
Benefit payments	(17,555)	,	17,564)	,	11,699)		9,897)	(9,516)
Administrative expense	(48)	(28)	(20)	_			
Net Change in Plan Fiduciary Net Position	\$	24,238	\$	24,243	\$	31,298	\$		\$	
Plan Fiduciary Net Position - Beginning		55,541		31,298						
Plan Fiduciary Net Position - Ending (b)	\$	79,779	\$	55,541	\$	31,298	\$		\$	
Net OPEB Liability - Ending (a) - (b)	\$	374,816	\$	398,215	\$	389,108	\$	374,512	\$	456,441
Plan fiduciary net position as a percentage of the total OPEB liability		17.55%		12.24%		7.44%		0.00%		0.00%
Covered-employee payroll	\$	196,032		183,082	\$	191,740	\$	205,345	\$	186,899
Net OPEB liability as a percentage of covered-employee payroll		191.20%		217.51%		202.94%		182.38%		244.22%

Notes to Schedule:

^{*}Fiscal year 2018 was the first year of implementing. Therefore, only five years are shown. Changes in assumptions – There were no changes in assumptions.

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

As of June 30, 2022

LAST TEN YEARS*

	N	Measurement		leasurement	Measurement		Measurement		Measurement			l easurement	M	easurement
		Date		Date		Date		Date		Date	Date			Date
	_Jı	June 30, 2021		June 30, 2020		June 30, 2019		June 30, 2018		June 30, 2017		June 30, 2016		ne 30, 2015
District's Proportion of the Net Pension Liability/(Asset)	(0.000525%)		0.000127%		0.000083%		0.000025%		0.000046%		0.000016%		0.000000%
District's Proportionate Share of the Net Pension Liability/(Asset)	(\$	28,378)	\$	13,862	\$	8,482	\$	2,372	\$	4,532	\$	544	\$	0
District's Covered Payroll	\$	235,008	\$	191,740	\$	205,345	\$	186,899	\$	199,037	\$	200,141	\$	145,933
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	(12.08%)		7.23%		4.13%		1.27%		2.28%		0.27%		N/A
District's Proportionate Share of the Fiduciary Net Position as a Percentage of the District's Total Pension Liability		109.17%		93.90%		94.82%		97.74%		92.14%		96.57%		N/A

Notes to Schedule:

Change of benefit terms – There were no changes to the benefit terms.

Changes in assumptions – There were no changes in assumptions.

*The District adopted the Plan in fiscal year 2015. There was no valuation or measurement date as of the beginning of that year. As a result, there was no pension liability available to record in that year.

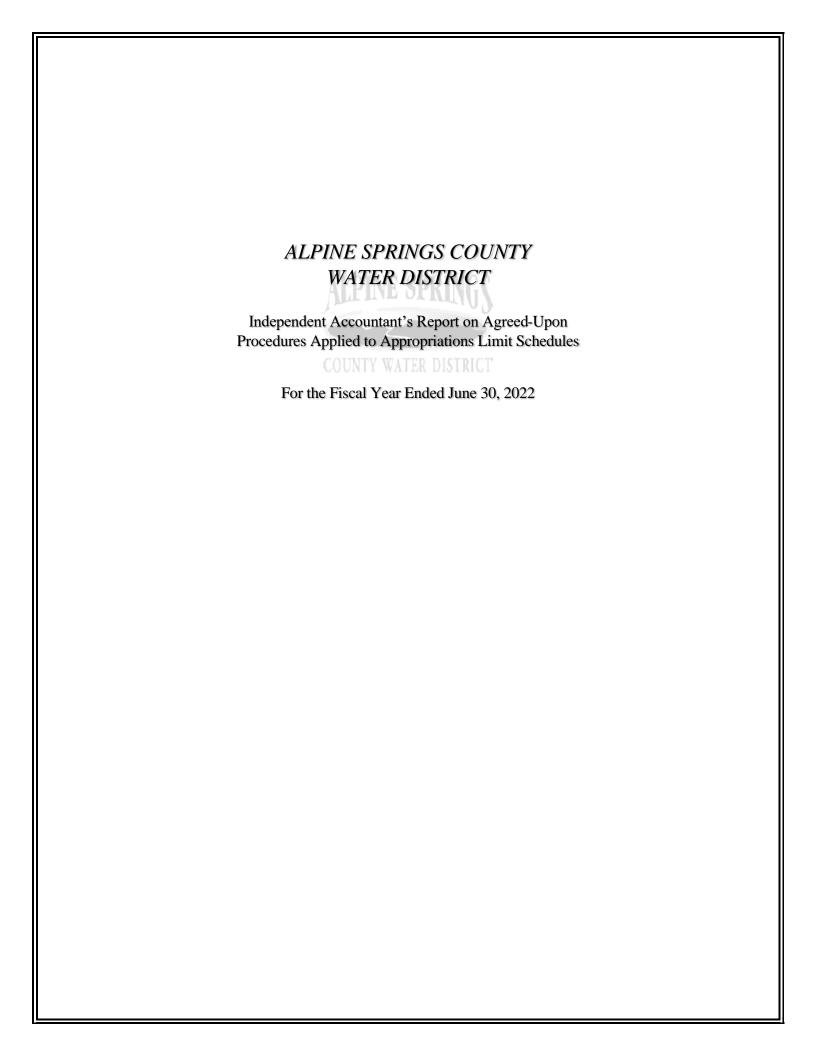
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS

As of June 30, 2022

LAST TEN YEARS*

Calculate of Decision Disar Contributions		Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year		Fiscal Year	
Schedule of Pension Plan Contributions:		2022		2021		2020		2019		2018	2017		2016		2015		
Contractually required Contribution (actuarially determined)	\$	25,510	\$	20,090	\$	13,901	\$	8,218	\$	12,222	\$	12,941	\$	11,399	\$	8,218	
Actual Contributions During the Measurement Period	(25,510)	(20,090)	(_	13,901)	(15,624)	(12,770)	(12,582)	(11,399)	(8,218)	
Contribution deficiency (excess)	\$	0	\$	0	\$	0	(\$	7,406)	(\$	548)	\$	359	\$	0	\$	0	
Covered payroll	\$	308,623	\$	235,008	\$	191,740	\$	205,345	\$	186,899	\$	200,141	\$	183,814	\$	145,933	
Contributions as a percentage of covered payroll		8.27%		8.55%		7.25%		7.61%		6.83%		6.29%		6.20%		5.63%	

^{*}Fiscal year 2015 was the first year of implementation, therefore only 8 years are shown.





INDEPENDENT ACCOUNTANT'S REPORT ON AGREED-UPON PROCEDURES APPLIED TO APPROPRIATIONS LIMIT SCHEDULES

Board of Directors Alpine Springs County Water District Alpine Meadows, California

We have performed the procedures enumerated below, which were agreed to by Alpine Springs County Water District's management on the accompanying Appropriations Limit Schedule No. 6 of Alpine Springs County Water District for the fiscal year ended June 30, 2022. Alpine Springs County Water District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting Alpine Springs County Water District in meeting the requirement of Section 1.5 of Article XIIB of the California Constitution. This report many not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

1. We obtained the completed Schedules No. 1 through No. 7 and compared the limit and annual adjustment factors included in those schedules to the limit and annual adjustment factors that were adopted by resolution of the Board of Directors. We also compared the population and inflation options included in the aforementioned schedules to those that were selected by a recorded vote of the Board of Directors.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Schedule No. 6, we added line A, last year's limit, to line E, total adjustments, and compared the resulting amount to line F, this year's limit.

Finding: No exceptions were noted as a result of our procedures.

3. We compared the current year information presented in the accompanying Appropriations Limit Schedule No. 6 to the other schedules described in No. 1 above.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Schedule No. 6 to the prior year appropriations limit adopted by the Board of Directors.

Finding: No exceptions were noted as a result of our procedures.

We were engaged by Alpine Springs County Water District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the accompanying Appropriations Limit Schedule No. 6. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of Alpine Springs County Water District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the Alpine Springs County Water District and is not intended to be and should not be used by anyone other than those specified parties.

DAMORE, HAMRIC & SCHNEIDER, INC.

Damore, Lamrie + Schneider De

Certified Public Accountants

Sacramento, CA

December 5, 2022

USER FEES VERSUS COSTS (Based on Budget)

For the Fiscal Year Ended June 30, 2022

N	1)′	Γ	F.	•

Based on the budget, no user fees exceeded costs incurred that would be considered proceeds from taxes.

CALCULATION OF PROCEEDS OF TAXES (Based on Budget)

For the Fiscal Year Ended June 30, 2022

Funds Included: Administration, General Operations & Maintenance

	roceeds of Taxes	Non-Proceeds of Taxes		Total
Revenue: Property Taxes	\$ 768,229	\$		\$ 768,229
Locally Raised: Other Income User Fees			16,636 1,346,609	16,636 1,346,609
Sub Total (For Schedule 3)	\$ 768,229	\$	1,363,245	\$ 2,131,474
Interest Earnings: (From Schedule 3)	 1,800	_	3,200	 5,000
Total Revenue: (Use for Schedule 4)	\$ 770,029	\$	1,366,445	\$ 2,136,474
Grand Total Budget	\$ 770,029	\$	1,366,445	\$ 2,136,474

INTEREST EARNINGS PRODUCED BY TAXES (Based on Budget)

For the Fiscal Year Ended June 30, 2022

		Amount	Source	
A.	Non-Interest Tax Proceeds	\$ 768,229	Schedule 2	
B.	Minus Exclusions	\$	Schedule 7	
C.	Net Invested Taxes	\$ 768,229	A-B	
D.	Total Non-Interest Budget	\$ 2,131,474	Schedule 2	
E.	Tax Proceeds as Percent of Budget	36.00%	C/D	
F.	Interest Earnings	\$ 5,000	Budget	
G.	Amount of Interest Earned from Taxes	\$ 1,800	E*F	
H.	Amount of Interest Earned from Non-Taxes	\$ 3,200	F-G	
I.	Take the results of Steps G & H			

APPROPRIATIONS SUBJECT TO LIMITATION (Based on Budget)

For the Fiscal Year Ended June 30, 2022

			Amount	Source	
A.	Proceeds of Taxes	\$	770,029	Schedule 2	
B.	Exclusions		0	Schedule 7	
C.	Appropriations Subject to Limitation	\$	770,029	A-B	
D.	Current Year Limit		1,987,852	Schedule 6	
E.	Over/(Under) Limit	(\$	1,217,823)	C-D	

SCHEDULE 5

POPULATION INCREASES

For the Fiscal Year Ended June 30, 2022

City
Population
Increase %

2021-2022 0.61%

APPROPRIATIONS LIMIT

For the Fiscal Year Ended June 30, 2022

			Amount	Source
A.	Last Year's Limit	\$	1,868,722	
B.	Adjustment Factors:			
	1 Population		1.0061	(State Finance
	2 Inflation	_	1.0573	or Assessor) (State Finance or Assessor)
			1.063750	B1*B2
C.	Annual Adjustment	\$	119,130	(B*A)-A
D.	Other Adjustments Rounding Lost Responsibility (-) Transfer to Private (-) Transfer to Fees (-)	\$		
	Assumed Responsibility (-) Sub-Total	\$		
E.	Total Adjustments	\$	119,130	C+D
F.	This Year's Limit	\$	1,987,852	A+E

EXCLUDED APPROPRIATIONS (Based on Budget)

For the Fiscal Year Ended June 30, 2022

NONE