



REPORT OF INDEPENDENT AUDITORS  
AND FINANCIAL STATEMENTS  
WITH SUPPLEMENTARY INFORMATION

**KIRKWOOD MEADOWS  
PUBLIC UTILITY DISTRICT**

June 30, 2022 and 2021

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## **Report of Independent Auditors**

The Board of Directors  
Kirkwood Meadows Public Utility District

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, and the fiduciary fund information of Kirkwood Meadows Public Utility District (the District) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the fiduciary fund information of the Kirkwood Meadows Public Utility District as of June 30, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States, and the California Code of Regulations, Title 2, Section 1131.2, *State Controller's Minimum Audit Requirements* for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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 GAAS and *Government Auditing Standards*, we

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis, budgetary comparison information, schedule of the District's proportional share of the net pension liability, schedule of contributions, and schedule of changes in total other post-employment benefits liability and related ratios 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.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kirkwood Meadows Public Utility District's financial statements as a whole. The supplementary information schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2022, on our consideration of Kirkwood Meadows Public Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kirkwood Meadows Public Utility District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Kirkwood Meadows Public Utility District's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "Moss Adams LLP", is positioned above the typed name and date.

Everett, Washington  
October 7, 2022

## Kirkwood Meadows Public Utility District Management's Discussion and Analysis

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As financial management of the Kirkwood Meadows Public Utility District (the District), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the District for the years ended June 30, 2022 and 2021. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues, provide an overview of the District's financial activity, and identify changes in the District's financial position.

Management encourages readers to consider the information presented here in conjunction with that presented within the basic financial statements. The reader should take time to read and evaluate all sections of this report, including the footnotes and other supplementary information that is provided, in addition to this management's discussion and analysis.

### Overview of the Financial Statements

This annual report includes management's discussion and analysis, the independent auditors' report, the basic financial statements (which include the notes to the financial statements), required supplementary information, and other supplemental information.

The financial statements of the District are designed to provide readers with a broad overview of the District's finances. They have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred, regardless of the timing of related cash flows. These statements offer short-term and long-term financial information about the District's activities.

The reporting entity consists of governmental funds, business-type funds, and fiduciary fund. The governmental funds consist of three departments: General and Administration, Fire, and Parks. The business-type funds have eight departments: Cable, Electric, Employee Housing, Propane, Snow Removal, Solid Waste, Water, and Wastewater.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are reported in the statement of activities and changes in net position. This statement provides a measurement of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its rates and other charges.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. This includes, but is not limited to, significant accounting policies, significant financial statement balances and activities, material risks, commitments and obligations, and subsequent events, if applicable.

# Kirkwood Meadows Public Utility District

## Management's Discussion and Analysis

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### Financial Highlights

The District's current assets remained consistent at \$5.0 million at June 30, 2021 and 2022. The District's total capital assets decreased \$2.4 million from \$66.3 million at June 30, 2021, to \$63.9 million at June 30, 2022, mainly due to depreciation and amortization.

The District's current assets increased \$0.2 million from \$4.8 million at June 30, 2020, to \$5.0 million at June 30, 2021, mainly due to increased cash reserves. The District's total capital assets decreased \$2.0 million from \$68.3 million at June 30, 2020, to \$66.3 million at June 30, 2021, mainly due to depreciation and amortization.

The District's long-term debt of business-type activities decreased \$3.2 million from \$56.5 million at June 30, 2021, to \$53.9 million at June 30, 2022, as a result of principal pay-downs.

The District's long-term debt of business-type activities decreased \$1.7 million from \$58.4 million at June 30, 2020, to \$56.5 million at June 30, 2021, as a result of principal pay-downs.

The District's total business-type activity liabilities and net position decreased \$2.4 million from \$71.1 million at June 30, 2021, to \$68.7 million at June 30, 2022. The decrease was due to the above-mentioned items pertaining to the long-term debt and capital assets. Activities and balances for governmental funds and the fiduciary fund in fiscal year 2022 remained consistent with the year ended June 30, 2021.

The District's total business-type activity liabilities and net position decreased \$2.0 million from \$73.1 million at June 30, 2020, to \$71.1 million at June 30, 2021. The decrease was due to the above-mentioned items pertaining to the long-term debt and capital assets.

The District's governmental funds capital assets increased \$0.2 million from \$0.3 million at June 30, 2020, to \$0.5 million at June 30, 2021, due mainly to the addition of a fire truck received as a contribution. The District's total liabilities and net position related governmental funds increased \$0.1 million from \$0.4 million at June 30, 2020, to \$0.5 million at June 30, 2021, due mainly to the contribution received discussed above. All other activities and balances for governmental funds and the fiduciary fund in fiscal year 2021 remained consistent with the year ended June 30, 2020.



## Kirkwood Meadows Public Utility District Management's Discussion and Analysis

### District Highlights

The condensed financial statements at June 30, 2022, 2021, and, 2020, are presented below.

### Statement of Net Position

	2022	2021	2020
Assets			
Current assets	\$ 4,994,884	\$ 4,983,307	\$ 4,782,626
Capital assets, net	63,868,321	66,253,087	68,285,488
Total assets	68,863,205	71,236,394	73,068,114
Deferred outflows of resources	470,384	562,138	597,120
Total assets and deferred outflows of resources	<u>\$ 69,333,589</u>	<u>\$ 71,798,532</u>	<u>\$ 73,665,234</u>
Liabilities			
Current liabilities	\$ 3,008,965	\$ 3,019,593	\$ 2,949,850
Noncurrent liabilities	53,514,881	56,685,887	58,362,159
Total liabilities	56,523,846	59,705,480	61,312,009
Deferred inflows of resources	865,326	519,934	62,689
Net position			
Net investment in capital assets	10,005,977	9,731,402	9,768,010
Restricted	117,042	172,509	227,156
Unrestricted	1,821,398	1,669,207	2,295,370
Total net position	11,944,417	11,573,118	12,290,536
Total liabilities, deferred inflows of resources, and net position	<u>\$ 69,333,589</u>	<u>\$ 71,798,532</u>	<u>\$ 73,665,234</u>

Total District-wide operating revenues were \$9.3 million in 2022 and \$8.8 million in 2021. Because Kirkwood is predominantly a winter ski resort, the District traditionally receives most of its revenues during the winter months. In 2022, the District's implemented a new electric rate structure with a higher base rate and lowered usage rate. The lower usage rate for the District's biggest customer, Kirkwood Mountain Resort, made it more feasible for the Resort to stay open longer, contributing to increased operating revenue.

Total District-wide operating revenues were \$8.8 million in 2021 and \$8.2 million in 2020. Because Kirkwood is predominantly a winter ski resort, the District receives most of its revenues during the winter months. In 2020, the District's biggest customer, Kirkwood Mountain Resort, also closed early due to the COVID-19 pandemic, which led to increased revenues in 2021 as the resort was open longer as compared to 2020, mainly in Commercial Revenues.

## Kirkwood Meadows Public Utility District Management's Discussion and Analysis

Total operating expenses were \$8.2 million in 2022 and \$8.6 million in 2021. The 2021/2022 winter season had 313 inches of snowfall as compared to the 2020/2021 winter, which had 222 inches of snowfall. The increase in precipitation is a factor in the increase in expenses for the 2021/2022 fiscal year.

Total operating expenses were \$8.6 million in 2021 and \$7.7 million in 2020. The 2020/2021 winter season had 222 inches of snowfall as compared to the 2019/2020 winter, which had 321 inches of snowfall. Although there was a decrease in precipitation, there was an increase in expenses for 2020/2021. In January 2021, the District changed benefit providers for Other Post-Employment Benefits (OPEB), which led to a one-time increase in the recognized OPEB expense from \$177,983 in 2020 to \$790,109 in 2021. The District also saw an increase in residential occupancy due to customers choosing to shelter in place in Kirkwood during the COVID-19 pandemic. This was also a factor in the increased total operating expense.

The summarized statement of activities for the District is presented below:

	Years Ended June 30,			Change	Change
	2022	2021	2020	2021 to 2022	2020 to 2021
<b>OPERATING REVENUES</b>					
Residential	\$ 1,802,667	\$ 2,545,416	\$ 2,225,399	\$ (742,749)	\$ 320,017
Commercial	2,193,519	3,478,970	3,396,019	(1,285,451)	82,951
Snow removal	682,626	693,445	693,190	(10,819)	255
Rental income	72,799	65,665	70,710	7,134	(5,045)
Other	613,790	671,445	645,198	(57,655)	26,247
Base rate	3,926,137	1,328,726	1,215,421	2,597,411	113,305
Total operating revenues	9,291,538	8,783,667	8,245,937	507,871	537,730
<b>OPERATING EXPENSES</b>					
Salaries and benefits	2,115,160	2,081,457	2,034,978	33,703	46,479
Operations and maintenance	1,026,211	780,834	806,534	245,377	(25,700)
Contract services	173,960	156,104	118,017	17,856	38,087
Operating expenses	609,064	674,061	689,199	(64,997)	(15,138)
OPEB expense (credit)	(57,782)	790,109	177,983	(847,891)	612,126
Pension expense (credit)	(77,861)	74,052	115,567	(151,913)	(41,515)
Depreciation	2,183,734	2,179,389	2,168,244	4,345	11,145
Amortization	385,138	385,138	384,688	-	450
General and administrative allocations	-	-	-	-	-
Power, propane, and fuel	1,798,094	1,468,755	1,165,510	329,339	303,245
Total operating expenses	8,155,718	8,589,899	7,660,720	(434,181)	929,179
Operating income	1,135,820	193,768	585,217	942,052	(391,449)
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Investment income and other	38,172	19,388	13,516	18,784	5,872
Property taxes	898,955	894,507	865,167	4,448	29,340
Interest expense	(1,694,462)	(1,776,878)	(1,841,427)	82,416	64,549
Transfers	(7,186)	(48,203)	(67,677)	41,017	19,474
Total nonoperating expenses, net	(764,521)	(911,186)	(1,030,421)	146,665	119,235
<b>NET INCOME (LOSS)</b>	371,299	(717,418)	(445,204)	1,088,717	(272,214)
<b>NET POSITION, beginning of year</b>	11,573,118	12,290,536	12,735,740	(717,418)	(445,204)
<b>NET POSITION, end of year</b>	<u>\$ 11,944,417</u>	<u>\$ 11,573,118</u>	<u>\$ 12,290,536</u>	<u>\$ 371,299</u>	<u>\$ (717,418)</u>

## Kirkwood Meadows Public Utility District Management's Discussion and Analysis

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### Capital Assets

Capital assets include proprietary fund plant assets related to providing electrical, water, and wastewater services to the District's service area customers. There are also governmental fund fixed assets related to providing fire protection services. As of June 30, 2022, the District had \$63.9 million of capital assets as compared to June 30, 2021, when the District had \$66.3 million of capital assets. The District's future capital projects include substantial improvements to the wastewater treatment plant. The budget for these improvements is estimated to be \$7.5 million over the next five years.

### Long-Term Debt

Long-term debt includes Certificates of Participation (COP), Bank of the West, and RUS Federal Financing Bank (FFB) loans. The District made principal payments during the fiscal year that caused a decrease in outstanding debt from June 30, 2021, to June 30, 2022. As of June 30, 2022, the District had \$53.5 million in long-term debt outstanding as compared to June 30, 2021, when the District had \$56.7 million in long-term debt outstanding.

### Contacting the District's Financial Management

The financial report is designed to provide readers with a general overview of the District's finances and demonstrate the District's accountability for the money it receives. Any questions about this report or requests for additional finance information can be directed to:

Kirkwood Meadows Public Utility District  
Accounting & Finance Department  
PO Box 247  
33540 Loop Road  
Kirkwood, CA 95646

**Kirkwood Meadows Public Utility District**  
**Statement of Net Position**  
**June 30, 2022**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

	Governmental Activities	Business-Type Activities	Total
<b>CURRENT ASSETS</b>			
Unrestricted cash and cash equivalents	\$ 129,400	\$ 3,721,943	\$ 3,851,343
Restricted cash and cash equivalents	-	117,042	117,042
Accounts and other receivables	5,505	517,526	523,031
Property tax receivable	56,712	-	56,712
Materials and supplies	-	288,373	288,373
Prepaid expenses	12,404	145,979	158,383
Total current assets	204,021	4,790,863	4,994,884
<b>NONCURRENT ASSETS</b>			
Capital assets, net	378,663	63,191,873	63,570,536
Construction work in progress	105,450	192,335	297,785
Total noncurrent assets	484,113	63,384,208	63,868,321
Total assets	688,134	68,175,071	68,863,205
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to OPEB	-	85,883	85,883
Deferred outflows of resources related to pensions	-	384,501	384,501
Total deferred outflows of resources	-	470,384	470,384
Total assets and deferred outflows of resources	\$ 688,134	\$ 68,645,455	\$ 69,333,589

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

<b>CURRENT LIABILITIES</b>			
Current portion of long-term debt	\$ -	\$ 2,666,157	\$ 2,666,157
Accounts payable	51,657	106,967	158,624
Accrued expenses	113,867	23,676	137,543
Deposits	14,734	31,907	46,641
Total current liabilities	180,258	2,828,707	3,008,965
<b>NONCURRENT LIABILITIES</b>			
Long-term debt, net of current portion	-	51,196,187	51,196,187
Net OPEB liability	-	1,857,523	1,857,523
Net pension liability	-	461,171	461,171
Total noncurrent liabilities	-	53,514,881	53,514,881
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to OPEB	-	434,362	434,362
Deferred inflows of resources related to pensions	-	430,964	430,964
Total deferred inflows of resources	-	865,326	865,326
<b>NET POSITION</b>			
Net investment in capital assets	484,113	9,521,864	10,005,977
Restricted	-	117,042	117,042
Unrestricted	23,763	1,797,635	1,821,398
Total net position	507,876	11,436,541	11,944,417
Total liabilities, deferred inflows of resources, and net position	\$ 688,134	\$ 68,645,455	\$ 69,333,589

**Kirkwood Meadows Public Utility District**  
**Statement of Net Position**  
**June 30, 2021**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

	Governmental Activities	Business-Type Activities	Total
<b>CURRENT ASSETS</b>			
Unrestricted cash and cash equivalents	\$ 78,834	\$ 3,805,940	\$ 3,884,774
Restricted cash and cash equivalents	-	172,509	172,509
Accounts and other receivables	2,261	501,338	503,599
Property tax receivable	60,563	-	60,563
Materials and supplies	-	220,953	220,953
Prepaid expenses	11,754	129,155	140,909
Total current assets	153,412	4,829,895	4,983,307
<b>NONCURRENT ASSETS</b>			
Capital assets, net	439,165	65,511,120	65,950,285
Construction work in progress	64,258	238,544	302,802
Total noncurrent assets	503,423	65,749,664	66,253,087
Total assets	656,835	70,579,559	71,236,394
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to OPEB	-	95,967	95,967
Deferred outflows of resources related to pensions	-	466,171	466,171
Total deferred outflows of resources	-	562,138	562,138
Total assets and deferred outflows of resources	\$ 656,835	\$ 71,141,697	\$ 71,798,532

**LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION**

<b>CURRENT LIABILITIES</b>			
Current portion of long-term debt	\$ -	\$ 2,691,473	\$ 2,691,473
Current portion capital lease obligation	-	35,809	35,809
Accounts payable	19,362	110,793	130,155
Accrued expenses	98,651	25,228	123,879
Deposits	2,340	35,937	38,277
Total current liabilities	120,353	2,899,240	3,019,593
<b>NONCURRENT LIABILITIES</b>			
Long-term debt, net of current portion	-	53,794,403	53,794,403
Net OPEB liability	-	1,857,523	1,857,523
Net pension liability	-	1,033,961	1,033,961
Total noncurrent liabilities	-	56,685,887	56,685,887
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to OPEB	-	502,232	502,232
Deferred inflows of resources related to pensions	-	17,702	17,702
Total deferred inflows of resources	-	519,934	519,934
<b>NET POSITION</b>			
Net investment in capital assets	503,423	9,227,979	9,731,402
Restricted	-	172,509	172,509
Unrestricted	33,059	1,636,148	1,669,207
Total net position	536,482	11,036,636	11,573,118
Total liabilities, deferred inflows of resources, and net position	\$ 656,835	\$ 71,141,697	\$ 71,798,532

**Kirkwood Meadows Public Utility District**  
**Statement of Activities**  
**Year Ended June 30, 2022**

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>						
General government	\$ 1,759,309	\$ -	\$ -	\$ (1,759,309)	\$ -	\$ (1,759,309)
Fire	142,100	99,842	8,294	(33,964)	-	(33,964)
Parks	13,655	-	-	(13,655)	-	(13,655)
Total governmental activities	1,915,064	99,842	8,294	(1,806,928)	-	(1,806,928)
<b>BUSINESS-TYPE ACTIVITIES</b>						
Cable	733	12,217	-	-	11,484	11,484
Electric	4,970,691	4,550,310	-	-	(420,381)	(420,381)
Employee housing	119,601	72,799	-	-	(46,802)	(46,802)
Propane	1,081,227	1,691,051	-	-	609,824	609,824
Snow removal	182,995	682,626	-	-	499,631	499,631
Solid waste	237,793	327,310	-	-	89,517	89,517
Water	402,234	617,603	-	-	215,369	215,369
Wastewater	913,535	1,224,712	-	-	311,177	311,177
Total business-type activities	7,908,809	9,178,628	-	-	1,269,819	1,269,819
Total	<u>\$ 9,823,873</u>	<u>\$ 9,278,470</u>	<u>\$ 8,294</u>	<u>(1,806,928)</u>	<u>1,269,819</u>	<u>(537,109)</u>
<b>GENERAL REVENUES</b>						
Investment income				-	2,738	2,738
Property taxes				186,181	712,774	898,955
Miscellaneous				(7,116)	21,275	14,159
				179,065	736,787	915,852
<b>TRANSFERS</b>				(258)	(7,186)	(7,444)
<b>GENERAL AND ADMINISTRATIVE ALLOCATIONS</b>				1,599,515	(1,599,515)	-
<b>CHANGE IN NET POSITION</b>				(28,606)	399,905	371,299
<b>NET POSITION, beginning of year</b>				536,482	11,036,636	11,573,118
<b>NET POSITION, end of year</b>				<u>\$ 507,876</u>	<u>\$ 11,436,541</u>	<u>\$ 11,944,417</u>

**Kirkwood Meadows Public Utility District**  
**Statement of Activities**  
**Year Ended June 30, 2021**

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>						
General government	\$ 1,688,569	\$ -	\$ -	\$ (1,688,569)	\$ -	\$ (1,688,569)
Fire	115,977	73,220	144,500	101,743	-	101,743
Parks	7,890	-	-	(7,890)	-	(7,890)
Total governmental activities	1,812,436	73,220	144,500	(1,594,716)	-	(1,594,716)
<b>BUSINESS-TYPE ACTIVITIES</b>						
Cable	1,442	10,941	-	-	9,499	9,499
Electric	5,118,728	4,299,967	-	-	(818,761)	(818,761)
Employee housing	125,259	65,665	-	-	(59,594)	(59,594)
Propane	1,398,875	1,421,781	-	-	22,906	22,906
Snow removal	471,846	693,445	-	-	221,599	221,599
Solid waste	236,265	260,669	-	-	24,404	24,404
Water	413,567	627,897	-	-	214,330	214,330
Wastewater	769,685	1,179,645	-	-	409,960	409,960
Total business-type activities	8,535,667	8,560,010	-	-	24,343	24,343
Total	<u>\$10,348,103</u>	<u>\$ 8,633,230</u>	<u>\$ 144,500</u>	<u>(1,594,716)</u>	<u>24,343</u>	<u>(1,570,373)</u>
<b>GENERAL REVENUES</b>						
Investment income				-	13,451	13,451
Property taxes				243,511	650,996	894,507
Miscellaneous				5,937	-	5,937
				<u>249,448</u>	<u>664,447</u>	<u>913,895</u>
<b>TRANSFERS</b>				<u>(12,737)</u>	<u>(48,203)</u>	<u>(60,940)</u>
<b>GENERAL AND ADMINISTRATIVE ALLOCATIONS</b>				<u>1,494,946</u>	<u>(1,494,946)</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>				136,941	(854,359)	(717,418)
<b>NET POSITION, beginning of year</b>				<u>399,541</u>	<u>11,890,995</u>	<u>12,290,536</u>
<b>NET POSITION, end of year</b>				<u>\$ 536,482</u>	<u>\$ 11,036,636</u>	<u>\$ 11,573,118</u>

**Kirkwood Meadows Public Utility District**  
**Balance Sheet – Governmental Funds**  
**June 30, 2022**

	General Fund	Total Governmental Funds
<b>ASSETS</b>		
Unrestricted cash and cash equivalents	\$ 129,400	\$ 129,400
Restricted cash and cash equivalents	-	-
Accounts and other receivables, net	5,505	5,505
Property tax accounts receivable	56,712	56,712
Prepaid expenses	12,404	12,404
	<u>204,021</u>	<u>204,021</u>
Total current assets	\$ 204,021	\$ 204,021
<b>LIABILITIES</b>		
Accounts payable	\$ 51,657	\$ 51,657
Other accrued liabilities	113,867	113,867
Deposits	14,734	14,734
	<u>180,258</u>	<u>180,258</u>
Total current liabilities	180,258	180,258
<b>FUND BALANCES</b>		
Unassigned	23,763	23,763
Restricted	-	-
	<u>23,763</u>	<u>23,763</u>
Total fund balances	23,763	23,763
Total liabilities and fund balances	\$ 204,021	
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>		
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities of \$1,145,064, net of accumulated depreciation of \$660,951, are not financial resources and, therefore, are not reported in the fund		484,113
Net position of governmental activities		\$ 507,876



**Kirkwood Meadows Public Utility District**  
**Balance Sheet – Governmental Funds**  
**June 30, 2021**

	General Fund	Total Governmental Funds
<b>ASSETS</b>		
Unrestricted cash and cash equivalents	\$ 78,834	\$ 78,834
Restricted cash and cash equivalents	-	-
Accounts and other receivables, net	2,261	2,261
Property tax accounts receivable	60,563	60,563
Prepaid expenses	11,754	11,754
	<u>153,412</u>	<u>153,412</u>
<b>Total current assets</b>	<b>\$ 153,412</b>	<b>\$ 153,412</b>
<b>LIABILITIES</b>		
Accounts payable	\$ 19,362	\$ 19,362
Other accrued liabilities	98,651	98,651
Deposits	2,340	2,340
	<u>120,353</u>	<u>120,353</u>
<b>Total current liabilities</b>	<b>120,353</b>	<b>120,353</b>
<b>FUND BALANCES</b>		
Unassigned	33,059	33,059
Restricted	-	-
	<u>33,059</u>	<u>33,059</u>
<b>Total fund balances</b>	<b>33,059</b>	<b>33,059</b>
<b>Total liabilities and fund balances</b>	<b>\$ 153,412</b>	
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>		
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities of \$1,127,059, net of accumulated depreciation of \$623,636, are not financial resources and, therefore, are not reported in the fund		<u>503,423</u>
Net position of governmental activities		<u>\$ 536,482</u>

# Kirkwood Meadows Public Utility District

## Statements of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

GENERAL FUND	Years Ended June 30,	
	2022	2021
REVENUES		
General revenues	\$ 112,910	\$ 223,657
Property taxes	186,181	243,511
Total revenues	299,091	467,168
EXPENDITURES		
General government	1,759,309	1,688,569
Public protection	142,100	115,977
Culture and recreation	13,655	7,890
Capital outlay	53,006	209,837
Total expenditures	1,968,070	2,022,273
DEFICIENCY OF REVENUES OVER EXPENDITURES	(1,668,979)	(1,555,105)
OTHER FINANCING SOURCES (USES)		
Transfers	(258)	(12,737)
General and administrative allocation out	1,771,130	1,693,508
General and administrative allocation in	(111,189)	(156,677)
Total other financing sources, net	1,659,683	1,524,094
NET CHANGE IN FUND BALANCES	(9,296)	(31,011)
FUND BALANCE, beginning of year	33,059	64,070
FUND BALANCE, end of year	\$ 23,763	\$ 33,059

# Kirkwood Meadows Public Utility District

## Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

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	Years Ended June 30,	
	2022	2021
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	<u>\$ (9,296)</u>	<u>\$ (31,011)</u>
<p>Amounts reported for governmental activities in the statement of activities and changes in net position are different because Governmental funds report capital outlays as expenditures. However, in the statement of activities and changes in net position, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.</p>		
Expenditures for capital assets	53,006	209,837
Current-year depreciation expense	<u>(72,316)</u>	<u>(41,885)</u>
	<u>(19,310)</u>	<u>167,952</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (28,606)</u>	<u>\$ 136,941</u>

# Kirkwood Meadows Public Utility District

## Statements of Net Position – Proprietary Funds

### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	June 30,	
	2022	2021
<b>CURRENT ASSETS</b>		
Unrestricted cash and cash equivalents	\$ 3,721,943	\$ 3,805,940
Restricted cash and cash equivalents	117,042	172,509
Accounts and other receivables	517,526	501,338
Materials and supplies	288,373	220,953
Prepaid expenses	145,979	129,155
Total current assets	4,790,863	4,829,895
<b>NONCURRENT ASSETS</b>		
Capital assets, net	63,191,873	65,511,120
Work in progress	192,335	238,544
Total noncurrent assets	63,384,208	65,749,664
Total assets	68,175,071	70,579,559
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to OPEB	85,883	95,967
Deferred outflows of resources related to pensions	384,501	466,171
Total deferred outflows of resources	470,384	562,138
Total assets and deferred outflows of resources	\$ 68,645,455	\$ 71,141,697

### LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

<b>CURRENT LIABILITIES</b>		
Current portion of long-term debt	\$ 2,666,157	\$ 2,691,473
Current portion capital lease obligation	-	35,809
Accounts payable	106,967	110,793
Accrued expenses	23,676	25,228
Customer deposits	31,907	35,937
Total current liabilities	2,828,707	2,899,240
<b>NONCURRENT LIABILITIES</b>		
Long-term debt, net of current portion	51,196,187	53,794,403
Net OPEB liability	1,857,523	1,857,523
Net pension liability	461,171	1,033,961
Total noncurrent liabilities	53,514,881	56,685,887
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to OPEB	434,362	502,232
Deferred inflows of resources related to pensions	430,964	17,702
Total deferred inflows of resources	865,326	519,934
Net investment in capital assets	9,521,864	9,227,979
Restricted	117,042	172,509
Unrestricted	1,797,635	1,636,148
Total net position	11,436,541	11,036,636
Total liabilities, deferred inflows of resources, and net position	\$ 68,645,455	\$ 71,141,697

**Kirkwood Meadows Public Utility District**  
**Statements of Revenues, Expenses, and Changes in Net Position –**  
**Proprietary Funds**

	Years Ended June 30,	
	2022	2021
<b>OPERATING REVENUES</b>		
Residential	\$ 1,802,667	\$ 2,545,416
Commercial	2,193,519	3,478,970
Snow removal	682,626	693,445
Rental income	72,799	65,665
Other	500,880	447,788
Base rate	3,926,137	1,328,726
Total operating revenues	9,178,628	8,560,010
<b>OPERATING EXPENSES</b>		
Salaries and benefits	992,600	1,079,397
Operations and maintenance	904,474	681,226
Contract services	60,360	70,827
Operating expenses	79,571	71,782
OPEB expense	(57,782)	790,109
Pension expense	(77,861)	74,052
Depreciation	2,129,753	2,137,503
Amortization	385,138	385,138
General and administrative allocations	1,599,515	1,494,946
Power, propane, and fuel	1,798,094	1,468,755
Total operating expenses	7,813,862	8,253,735
Operating income	1,364,766	306,275
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income and other	24,013	13,451
Property taxes	712,774	650,996
Interest expense	(1,694,462)	(1,776,878)
Transfers	(7,186)	(48,203)
Total nonoperating expenses, net	(964,861)	(1,160,634)
<b>CHANGE IN NET POSITION</b>	399,905	(854,359)
<b>NET POSITION, beginning of year</b>	11,036,636	11,890,995
<b>NET POSITION, end of year</b>	\$ 11,436,541	\$ 11,036,636

# Kirkwood Meadows Public Utility District

## Statements of Cash Flows – Proprietary Funds

	Years Ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 8,997,180	\$ 8,263,399
Payments to suppliers and governmental funds	(4,096,548)	(3,481,507)
Payments to employees	(1,142,186)	(1,168,761)
Net cash from operating activities	3,758,446	3,613,131
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from property taxes and other non-operating revenues and expenses	729,601	616,244
Net cash from noncapital financing activities	729,601	616,244
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchase of capital assets	(316,909)	(329,812)
Proceeds from long-term debt	75,000	-
Long-term debt - principal paid	(2,691,140)	(2,053,612)
RUS cushion of credit redeemed (paid)	-	92,945
Interest paid on long-term debt and capital lease	(1,694,462)	(1,776,878)
Capital lease payments	-	(34,447)
Net cash from capital and related financing activities	(4,627,511)	(4,101,804)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(139,464)	127,571
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	3,978,449	3,850,878
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 3,838,985</u>	<u>\$ 3,978,449</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 1,364,766	\$ 306,275
Adjustments to reconcile net operating income to net cash from operating activities		
Depreciation and amortization	2,514,891	2,522,641
Pension and OPEB items	(11,371)	871,006
Changes in assets and liabilities		
Accounts receivable	(16,188)	(76,215)
Materials and supplies	(67,420)	(18,299)
Prepaid expenses	(16,824)	(31,900)
Accounts payable	(3,826)	5,353
Customer deposits	(4,030)	29,663
Accrued expenses	(1,552)	4,607
Net cash from operating activities	<u>\$ 3,758,446</u>	<u>\$ 3,613,131</u>

# Kirkwood Meadows Public Utility District

## Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position – Fiduciary Fund

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	Years Ended June 30,	
	2022	2021
STATEMENT OF FIDUCIARY NET POSITION		
Assets		
Cash held by the District	\$ 933,437	\$ 853,075
Property tax receivable	16,489	93,949
Total assets	949,926	947,024
Liabilities		
Restricted liability	949,926	947,024
Fiduciary net position	\$ -	\$ -
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION		
FIDUCIARY NET POSITION, beginning of year	\$ -	\$ -
Receipts on Community Facilities District Taxes	454,904	390,866
Fund transfers to Community Facilities Districts	(454,904)	(390,866)
FIDUCIARY NET POSITION, end of year	\$ -	\$ -

# Kirkwood Meadows Public Utility District

## Notes to the Basic Financial Statements

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### Note 1 – Summary of Significant Accounting Policies

The basic financial statements of Kirkwood Meadows Public Utility District (the District) are prepared in accordance with accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board (GASB). Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Significant financial accounting and reporting policies for the District are discussed below.

**Reporting entity** – The District was formed by resolution of the Local Agency Formation Commission (LAFCO) of the County of Alpine on May 22, 1984, as a detachment from El Dorado Irrigation District in the counties of Alpine, Amador, and El Dorado. The District's formation was also pursuant to all the provisions of the Public Utility Code, Division 7, Chapter 2, and all applicable state of California election laws. The District is governed by a five-member board of directors, which is elected by the residents of the District.

The District is currently responsible for the operation of the community's propane, electric, water supply, wastewater collection and treatment facilities, solid waste management, volunteer fire department, mosquito abatement, park/recreational facilities, and snow removal. The District began providing electricity and propane services on July 22, 2011, as a result of acquiring the existing electric and propane gas systems from Mountain Utilities, LLC.

The District has created KMPUD Public Facilities Corporation, a nonprofit public benefit corporation for the purpose of financing the acquisition and construction of various public facilities, structures, and other public buildings in the District. Although legally separate from the District, the Public Facilities Corporation is a blended component unit, reported as if it were a part of the primary government because it shares substantively the same governing body in a common board of directors. The Public Facilities Corporation had no significant financial transactions in the current fiscal year.

**Government-wide financial statements** – The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary governmental activities of the District. Governmental activities are financed primarily through property taxes and charges for services. The government-wide statement of activities reflects the cost of programs and functions reduced by directly associated revenues (charges for services and operating grants) to arrive at the net revenue or expense for each program and function. Net program revenue or expense is then adjusted for general revenues to determine the change in net position for the year. Indirect expenses, such as support services and administration incurred in the general government, and other functions/activities are allocated to programs/functions that they may benefit.

Separate financial statements are provided for the governmental funds and the proprietary funds, as well as the fiduciary fund, even though the fiduciary fund is excluded from the government-wide financial statements.



## Kirkwood Meadows Public Utility District

### Notes to the Basic Financial Statements

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#### Note 1 – Summary of Significant Accounting Policies (continued)

**Measurement focus, basis of accounting, and financial statement presentation** – The government-wide financial statements are reported on the flow of economic resources measurement focus and use the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing and related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. On an accrual basis, revenue from grants, entitlements, and donations is recognized in the fiscal year in which eligibility requirements have been satisfied.

The governmental funds financial statements use a flow of current financial resources measurement focus. With this measurement focus, generally only current assets and current liabilities are included in the balance sheet. Statements of revenues, expenditures, and changes in fund balances of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balances. Revenue is determined to be measurable when the transaction amount is determinable and available when it is collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year.

The proprietary funds and the fiduciary fund are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the fund statement of net position. The total net position is segregated into net investment in capital assets, restricted, and unrestricted net position.

The fiduciary fund accounts for arrangements with the Kirkwood Meadows Public Utility District's Community Facilities District as more fully described in Note 8 to the financial statements.

**Fair value measurement** – The framework for measuring fair value provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

**Use of estimates** – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

# Kirkwood Meadows Public Utility District

## Notes to the Basic Financial Statements

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### Note 1 – Summary of Significant Accounting Policies (continued)

**Cash and cash equivalents** – Cash and cash equivalents include cash on hand, deposits with banks, and other highly liquid investments with original maturities of three months or less. The deposits in Local Agency Investment Funds (LAIF) is considered to be a cash equivalent as they can be withdrawn on demand. The District maintains its cash in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor.

**Restricted cash and cash equivalents** – Restricted cash and cash equivalents are amounts designated by a third party for a specific purpose (Note 2). Restricted cash is held for debt service purposes.

**Accounts and other receivables** – Accounts receivable primarily represent user charges for service, which are recognized as earned. The District discontinues services on delinquent accounts until payment is received; substantially all accounts are collectible. Accordingly, no allowance has been recorded. Receivables are written off when the District determines an account to be uncollectible.

**Revenue recognition** – Revenue for services provided is recognized as earned on a monthly basis based on rates established by the District's board of directors. The District records revenue billed to its customers when the meters are read at month-end. All revenues not meeting this definition are reported as nonoperating revenues.

**Interfund transactions** – During the course of operation, transactions occur between individual funds for goods provided or services rendered. Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the fund that is reimbursed. All other interfund transfers are reported as interfund allocations and eliminated in the government-wide financial statements.

**Property taxes** – The District receives property taxes from Alpine, Amador, and El Dorado Counties. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1, and become delinquent on August 31. The District has a policy to allocate property tax to departments as needed. No allowance has been deemed necessary.

**Materials and supplies** – Materials and supplies are recorded at a weighted-average cost basis.

**Capital assets** – See Note 3 for asset capitalization, depreciation, and retirement policies.

**Compensated absences** – Accumulated, unpaid compensated absences (vacation) are recorded as an expense and accrued liability when earned. Sick pay is recorded when leave is taken because such amounts do not vest to the employees; however, any excess over 160 hours is compensated at year-end. Compensated absences are included within accrued expenses on the statement of net position.

**Income taxes** – The District is exempt from federal and state income taxes; consequently, no provision for income taxes is included in the accompanying financial statements for any fund.

## Kirkwood Meadows Public Utility District

### Notes to the Basic Financial Statements

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#### Note 1 – Summary of Significant Accounting Policies (continued)

**Pensions** – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by 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.

**Other post-employment benefits (OPEB)** – For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, additions to/deductions from the OPEB fiduciary net position have been determined based on an independent actuarial valuation. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**Deferred outflows/inflows** – Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Deferred outflows and inflows of resources consist of the District's deferred inflows and outflows related to pension and OPEB plans.

**Budgets** – The board of directors annually adopts an operating budget. The operating budgets are prepared on the accrual basis. Budgetary comparison schedules have been provided for the governmental fund by department to demonstrate compliance with the budgets.

**Net position** – Net position comprises the various net earnings from operations, nonoperating revenues, expenses, and contributions of capital. Net position is classified in the following three categories:

*Net investment in capital assets* – Consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balance of any notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets offset by any unspent proceeds of these borrowings.

*Restricted* – Consists of external constraints placed on net position used by creditors, grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – Consists of all other funds that are not included in the other categories previously mentioned.

**Leases** – Issued in June 2017, GASB Statement No. 87, Leases, establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District adopted the standard effective July 1, 2020 without significant impact to its financial statements.

# Kirkwood Meadows Public Utility District

## Notes to the Basic Financial Statements

### Note 2 – Cash and Cash Equivalents

The District's cash and cash equivalents consist of the following at June 30:

	Governmental Activities 2022	Business-Type Activities 2022	Total
Cash deposits in bank demand accounts	\$ 129,400	\$ 3,040,063	\$ 3,169,463
Restricted cash	-	117,042	117,042
Deposit in LAIF	-	681,880	681,880
Total cash and cash equivalents	<u>\$ 129,400</u>	<u>\$ 3,838,985</u>	<u>\$ 3,968,385</u>
	2021		
Cash deposits in bank demand accounts	\$ 78,834	\$ 2,526,750	\$ 2,605,584
Restricted cash	-	172,509	172,509
Deposit in LAIF	-	1,279,190	1,279,190
Total cash and cash equivalents	<u>\$ 78,834</u>	<u>\$ 3,978,449</u>	<u>\$ 4,057,283</u>

Restricted cash and cash equivalents consist of the following at June 30:

	Governmental Agencies 2022	Business-Type Activities 2022	Total
COP loan funds for debt service requirements	\$ -	\$ 117,042	\$ 117,042
Total restricted cash and cash equivalents	<u>\$ -</u>	<u>\$ 117,042</u>	<u>\$ 117,042</u>
	2021		
COP loan funds for debt service requirements	\$ -	\$ 172,509	\$ 172,509
Total restricted cash and cash equivalents	<u>\$ -</u>	<u>\$ 172,509</u>	<u>\$ 172,509</u>

**Interest rate risk** – In accordance with its investment policy, the District manages its exposure to declines in fair value of its investments by limiting its deposits to the California Treasurer's LAIF.

Statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, banker's acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, the State Treasurer's Investment Fund, and deposits with banks, mutual savings banks, and savings and loan associations as provided for in the California Government Code Section 53600, Chapter 4 – Financial Affairs.

## Kirkwood Meadows Public Utility District

### Notes to the Basic Financial Statements

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#### Note 2 – Cash and Cash Equivalents (continued)

The District's has cash deposits with the LAIF, an external investment pool of the state of California. The LAIF is a voluntary program created by statute as an investment alternative for California's local governments and special districts. The enabling legislation for the LAIF is Section 16429.1 et seq. of the California Government Code. The State Treasurer's Office is audited by the Bureau of State Audits on an annual basis and the resulting opinion is posted to the State Treasurer's Office website following its publication. The Bureau of State Audits also has a continuing audit process throughout the year. All deposits and LAIF claims are audited on a daily basis by the State Controller's Office, as well as an in-house audit process involving three separate divisions.

**Custodial credit risk** – Custodial credit risk on investments is the risk that in the event of a failure of the counterparty, the District will not be able to recover the value of its deposits that are in the possession of an outside party. The District does not have an investment policy to address custodial credit risk; however, deposits are held by third-party custodians in the District's name. The deposits in LAIF are not classified in categories of credit risk. The District's funds in LAIF are invested in a diversified portfolio (of underlying investments, e.g., U.S. Treasury obligations) such that it considers the risk of material loss to be minimal. The funds held in LAIF can be withdrawn on demand; therefore, they are classified as cash equivalents on the statements of net position.

#### Note 3 – Capital Assets

Capital assets are reported in the applicable financial statements at cost. Costs include labor, materials, and related indirect costs, such as engineering, used during construction. The costs of additions, renewals, and betterments are capitalized. Projects constructed by others and contributed to the District are stated at fair value. Repairs and minor replacements are charged to operating expenses. A capitalization threshold of \$1,000 is used to report capital assets. The cost of property and removal, less salvage, is charged to accumulated depreciation when property is retired. Depreciation is computed on assets placed in service using a straight-line method over their estimated useful lives. The range of estimated useful lives by type of assets is as follows:

Buildings and improvements	10 to 40 years
Infrastructure	20 to 40 years
Machinery and equipment	5 to 15 years
Intangible plant	34 years

# Kirkwood Meadows Public Utility District

## Notes to the Basic Financial Statements

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### Note 3 – Capital Assets (continued)

A summary of the governmental funds capital assets for the years ended June 30 is as follows:

	June 30, 2021	Increases	Decreases	Transfers	June 30, 2022
Plant assets being depreciated					
Fire department	\$ 1,051,332	\$ 11,814	\$ (35,000)	\$ -	\$ 1,028,146
Parks and recreation	11,469	-	-	-	11,469
	1,062,801	11,814	(35,000)	-	1,039,615
Less accumulated depreciation	(623,636)	(72,316)	35,000	-	(660,952)
Net capital assets being depreciated	439,165	(60,502)	-	-	378,663
Construction work in progress	64,258	41,192	-	-	105,450
Capital assets, net	\$ 503,423	\$ (19,310)	\$ -	\$ -	\$ 484,113
	June 30, 2020	Increases	Decreases	Transfers	June 30, 2021
Plant assets being depreciated					
Fire department	\$ 903,019	\$ 154,239	\$ (5,926)	\$ -	\$ 1,051,332
Parks and recreation	29,834	-	(18,365)	-	11,469
	932,853	154,239	(24,291)	-	1,062,801
Less accumulated depreciation	(606,042)	(41,885)	24,291	-	(623,636)
Net capital assets being depreciated	326,811	112,354	-	-	439,165
Construction work in progress	8,660	55,598	-	-	64,258
Capital assets, net	\$ 335,471	\$ 167,952	\$ -	\$ -	\$ 503,423

## Kirkwood Meadows Public Utility District

### Notes to the Basic Financial Statements

#### Note 3 – Capital Assets (continued)

A summary of the business-type activities capital assets for the years ended June 30 is as follows:

	June 30, 2021	Increases	Decreases	Transfers/ Adjustments	June 30, 2022
Plant assets being depreciated					
Water	\$ 4,727,513	\$ 25,208	\$ -	\$ 5,951	\$ 4,758,672
Wastewater	14,068,111	41,634	(7,370)	61,841	14,164,216
Employee housing	2,070,181	7,634	-	-	2,077,815
Electric	54,844,293	41,862	(6,516)	11,903	54,891,542
Electric intangible	15,282,345	-	-	-	15,282,345
Propane	1,640,120	-	-	5,951	1,646,071
Cable	18,068	-	-	-	18,068
Snow removal	1,784,131	-	-	-	1,784,131
Solid waste	24,900	-	-	-	24,900
	94,459,662	116,338	(13,886)	85,646	94,647,760
Less accumulated depreciation	(28,948,543)	(2,521,230)	13,886	-	(31,455,887)
Net capital assets being depreciated & amortized	65,511,119	(2,404,892)	-	85,646	63,191,873
Construction work in progress	238,545	194,160	(159,020)	(81,350)	192,335
Capital assets, net	<u>\$ 65,749,664</u>	<u>\$ (2,210,732)</u>	<u>\$ (159,020)</u>	<u>\$ 4,296</u>	<u>\$ 63,384,208</u>
	June 30, 2020	Increases	Decreases	Transfers/ Adjustments	June 30, 2021
Plant assets being depreciated					
Water	\$ 4,706,539	\$ 20,974	\$ -	\$ -	\$ 4,727,513
Wastewater	14,066,838	8,520	(7,247)	-	14,068,111
Employee housing	2,065,369	6,646	(1,834)	-	2,070,181
Electric	54,699,821	14,102	(6,267)	136,637	54,844,293
Electric intangible	15,282,345	-	-	-	15,282,345
Propane	1,595,327	8,522	-	36,271	1,640,120
Cable	18,068	-	-	-	18,068
Snow removal	1,732,907	42,598	-	8,626	1,784,131
Solid waste	24,900	-	-	-	24,900
	94,192,114	101,362	(15,348)	181,534	94,459,662
Less accumulated depreciation	(26,433,726)	(2,530,165)	15,348	-	(28,948,543)
Net capital assets being depreciated	67,758,388	(2,428,803)	-	181,534	65,511,119
Construction work in progress	191,629	228,450	-	(181,534)	238,545
Capital assets, net	<u>\$ 67,950,017</u>	<u>\$ (2,200,353)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,749,664</u>

Plant in service balances presented above include non-depreciable land of \$158,000 as of June 30, 2022 and 2021.

## **Kirkwood Meadows Public Utility District**

### **Notes to the Basic Financial Statements**

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#### **Note 3 – Capital Assets (continued)**

Electric intangible plant represents amounts paid by the District to benefit from the assets owned by Pacific Gas & Electric Company (PG&E). During the year ended June 30, 2019, the District transferred certain infrastructure plant to PG&E in conjunction with an ongoing power supply agreement. The District transferred \$8.9 million from electric plant to electric intangible plant. Additionally, the District paid PG&E \$6.4 million in order to transfer the cost of ownership maintenance to PG&E. This amount has been recorded as an asset and the District is amortizing the total over a 34-year period. The District recorded related amortization of \$188,568 during the years ended June 30, 2022 and 2021.

#### **Note 4 – Long-Term Debt**

In November 2012, the District obtained a \$700,000 mortgage note through Bank of the West. This note was used to repay the prior debt and is collateralized by real property. This note bears interest at a rate of 3.98%, with principal and interest payments due monthly, maturing and repaid in November 2022. The note is secured by the purchased real estate and related rents.

On September 25, 2012, the District obtained a loan guarantee commitment from RUS. Under this commitment, RUS guaranteed a loan of \$50,000,000 from the Federal Financing Bank (FFB). The proceeds of the loan were used by the District to finance projects as described in their loan application, including the initial purchase of the electric utility and the construction of transmission lines providing power to the District from outside suppliers. The District began drawing on RUS funds during 2013 and by the end of the 2015 fiscal year had received and expended all amounts in full. Interest rates on the individual loan draws range from 0.435% to 3.592% with various maturities through 2047. Management believes the District was in compliance with all coverage ratios as outlined by the debt covenants.

In April 2013, the District issued the 2013 Tax and Enterprise Revenue Certificates of Participation loan, Series 2013 (COP loan). These funds were also obtained to repay prior debt and to complete certain capital projects. The COP loan required interest payments due quarterly at 2.0% to 4.0%, with principal due annually, maturing September 2023. The loan is secured by the future tax revenue and operating revenues of the District.

On June 3, 2014, the District obtained a loan guarantee commitment from RUS. Under this commitment, RUS guaranteed a loan of \$8,000,000 from the FFB. The proceeds of the loan were to be used by the District to finance projects as described in their loan application including the construction of transmission lines that will provide power to the District from outside suppliers. The District began drawing on these funds during 2014 and had received and expended all amounts in full by the end of the 2015 fiscal year. Interest rates on the individual loan draws range from 0.081% to 2.705% with various maturities through 2035.

On June 4, 2018, the District obtained a loan guarantee commitment from RUS. Under this commitment, RUS guaranteed a loan of \$3,765,000 from the FFB. The proceeds of the loan are to be used by the District to finance projects as described in their loan application including system extensions and additions. The District began drawing on these funds during 2019 and had received and expended all amounts in full by the end of the 2019 fiscal year. The interest rate on the loan draw is 2.956% and matures December 2052.



## Kirkwood Meadows Public Utility District

### Notes to the Basic Financial Statements

#### Note 4 – Long-Term Debt (continued)

In June 2019, the District obtained a \$172,000 mortgage note through Bank of the West. This note was used to finance the purchase of a condominium for the District and is collateralized by real property. This note bears interest at a rate of 4.60%, with principal and interest payments due monthly, maturing June 2029. The note is secured by the purchased real estate and related rents.

In September 2019, the District obtained a \$212,000 mortgage note through Bank of the West. This note was used to finance the purchase of a second condominium for the District and is collateralized by real property. This note bears interest at a rate of 4.16%, with principal and interest payments due monthly, maturing September 2029. The note is secured by the purchased real estate and related rents.

On June 24, 2022, the District obtained a loan guarantee commitment from RUS. Under this commitment, RUS guaranteed a loan of \$7,444,000 from the FFB. The proceeds of the loan are to be used by the District to finance projects as described in their loan application including the Waste Water Treatment Plant. The District began drawing on these funds during 2022. The interest rate on the loan draw is 0.95% and matures November 2025.

Long-term debt activity for the years ended June 30 is as follows:

	June 30, 2021	Increases	Decreases	June 30, 2022	Due Within One Year
Business-type activities					
RUS construction loans	\$ 54,283,491	\$ 75,000	\$ (2,031,212)	\$ 52,327,279	\$ 2,034,468
Bank of the West loans	459,353	-	(104,928)	354,425	56,689
COP loans, series 2013	1,725,000	-	(555,000)	1,170,000	575,000
Unamortized bond premium	36,395	-	(14,557)	21,838	-
Unamortized bond discount	(18,363)	-	7,165	(11,198)	-
RUS cushion of credit	-	-	-	-	-
Total business-type activities - long-term debt	<u>\$ 56,485,876</u>	<u>\$ 75,000</u>	<u>\$ (2,698,532)</u>	<u>\$ 53,862,344</u>	<u>\$ 2,666,157</u>
	June 30, 2020	Increases	Decreases	June 30, 2021	Due Within One Year
Business-type activities					
RUS construction loans	\$ 55,706,093	\$ -	\$ (1,422,602)	\$ 54,283,491	\$ 2,031,671
Bank of the West loans	560,363	-	(101,010)	459,353	104,802
COP loans, series 2013	2,255,000	-	(530,000)	1,725,000	555,000
Unamortized bond premium	50,953	-	(14,558)	36,395	-
Unamortized bond discount	(32,242)	-	13,879	(18,363)	-
RUS cushion of credit	(92,945)	-	92,945	-	-
Total business-type activities - long-term debt	<u>\$ 58,447,222</u>	<u>\$ -</u>	<u>\$ (1,961,346)</u>	<u>\$ 56,485,876</u>	<u>\$ 2,691,473</u>

## Kirkwood Meadows Public Utility District

### Notes to the Basic Financial Statements

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#### Note 4 – Long-Term Debt (continued)

As of June 30, 2022, annual debt service requirements of business-type activities to maturity are as follows:

	COP		RUS		Bank of the West	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 575,000	\$ 35,300	\$ 2,034,468	\$ 1,505,619	\$ 56,689	\$ 14,213
2024	595,000	11,900	1,373,138	1,459,266	24,847	12,847
2025	-	-	3,450,390	1,401,912	25,972	11,723
2026	-	-	2,024,399	1,321,390	27,110	10,584
2027	-	-	2,692,920	1,246,319	28,299	9,395
2028 - 2032	-	-	9,913,262	5,362,991	191,508	15,082
2033 - 2037	-	-	8,946,883	4,003,193	-	-
2038 - 2042	-	-	9,172,378	2,670,275	-	-
2043 - 2047	-	-	10,631,423	1,173,072	-	-
2048 - 2052	-	-	1,900,167	91,103	-	-
2053 - 2057	-	-	187,851	990	-	-
Grand total	<u>\$ 1,170,000</u>	<u>\$ 47,200</u>	<u>\$ 52,327,279</u>	<u>\$ 20,236,130</u>	<u>\$ 354,425</u>	<u>\$ 73,844</u>

In the current year, the District did not renew the line-of-credit agreement with Bank of the West for short-term working capital. The line provided funding up to \$400,000 at 4.25%. The District office building was pledged as collateral on this line of credit as a condition of the agreement. There were no draws or payments associated with this line of credit during 2022 or 2021 and no balance was outstanding at June 30, 2022 and 2021.

Borrowings from RUS are subject to certain financial covenants related to debt service coverage (DSC) and times interest earned ratios (TIER). Management believes they are in compliance with all debt covenants as of June 30, 2022 and 2021.

#### Note 5 – Capital Lease Obligation

The District entered into a capital lease for the purchase of a 2018 Trackless MT5 tractor during 2019 with payments through May 2022. The asset and related liability under capital lease are recorded at fair value of the asset. The fair value of the asset included in business-type activities capital assets at June 30, 2022 and 2021, was \$72,374 and \$82,713, respectively. Depreciation of the asset under capital lease is included in depreciation expense and was \$10,339 for the years ended June 30, 2022 and 2021. Accumulated depreciation of the asset under capital lease was \$31,017 and \$20,678 at June 30, 2022 and 2021, respectively. There are no remaining minimum future lease payments as of June 30, 2022.

## Kirkwood Meadows Public Utility District

### Notes to the Basic Financial Statements

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#### Note 6 – Pension and OPEB Plans

##### *General Information About the Pension Plans*

**Plan descriptions** – All qualified permanent and probationary employees are eligible to participate in cost-sharing multiple employer defined benefit pension plans (Plans) administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the CalPERS are established by state statute and local government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

In 2012, the Public Employees' Pension Reform Act (PEPRA) became law and implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013, who meet the definition of new member under PEPRA. Employees hired prior to January 1, 2013, and those new employees not meeting the PEPRA definition of new members are considered classic employees.

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

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

Hire date	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payment	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2.50%	2.00%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	9.671%	6.237%

# Kirkwood Meadows Public Utility District

## Notes to the Basic Financial Statements

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### Note 6 – Pension and OPEB Plans (continued)

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2022, the contributions recognized as part of pension expense for the Plans were as follows:

Contributions - employer	\$	131,226
Contributions - employee (paid by employer)		89,792

*Pension liabilities, pension expenses, and deferred outflows/inflows of resources related to pensions* – As of June 30, the District reported its proportionate share of the net pension liability for the plans as follows:

		<u>Proportionate Share of Net Pension Liability</u>
June 30, 2022	\$	461,171
June 30, 2021		1,033,961

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

The District’s proportionate share of the net pension liability for each Plan as of June 30, 2022 and 2021, was as follows:

	<u>Classic</u>	<u>PEPRA</u>
Proportion Total Pension Liability - June 30, 2022	0.0260000%	0.0000000%
Proportion Fiduciary Net Position - June 30, 2022	0.0261800%	0.0000000%
Proportion Total Pension Liability - June 30, 2021	0.0251400%	0.0000000%
Proportion Fiduciary Net Position - June 30, 2021	0.0251400%	0.0000000%

For the years ended June 30, 2022 and 2021, the District recognized pension (benefit) expense of \$(77,861) and \$74,036, respectively.

## Kirkwood Meadows Public Utility District

### Notes to the Basic Financial Statements

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#### Note 6 – Pension and OPEB Plans (continued)

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

	<u>2022</u>	<u>2021</u>
Deferred outflows of resources		
Pension contribution subsequent to measurement date	\$ 202,384	\$ 200,116
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	126,753	179,902
Net difference between projected and actual earnings on plan investments	<u>55,364</u>	<u>86,153</u>
	<u><u>\$ 384,501</u></u>	<u><u>\$ 466,171</u></u>
Deferred inflows of resources		
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	\$ -	\$ (10,139)
Net difference between projected and actual earnings on plan investments	<u>(430,964)</u>	<u>(7,563)</u>
	<u><u>\$ (430,964)</u></u>	<u><u>\$ (17,702)</u></u>

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

2023	\$ (77,675)
2024	(2,184)
2025	(48,847)
2026	<u>(120,141)</u>
	<u><u>\$ (248,847)</u></u>

# Kirkwood Meadows Public Utility District

## Notes to the Basic Financial Statements

### Note 6 – Pension and OPEB Plans (continued)

**Actuarial assumptions** – The total pension liabilities in the actuarial valuations were determined using the following actuarial assumptions:

	2022	2021
Valuation date	June 30, 2020	June 30, 2019
Measurement date	June 30, 2021	June 30, 2020
Actuarial cost method	Entry - Age Normal Cost Method	
Actuarial assumptions		
Discount rate	7.15%	
Inflation	2.50%	
Payroll growth	2.75%	
Projected salary increase	Varies by Entry Age and Service	
Investment rate of return	7.00% <sup>(2)</sup>	7.25% <sup>(2)</sup>
Mortality	Derived using CalPERS' Membership Data for all Funds <sup>(1)</sup>	

<sup>(1)</sup> The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

For more details on this table, please refer to the 2017 experience study report.

<sup>(2)</sup> Net of pension plan investment expenses, including inflation.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020, and June 30, 2019, valuations were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the experience study can be found on the CalPERS website.

**Discount rate** – The discount rate used to measure the total pension liability as of June 30, 2022 and 2021, was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate used is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short term (first 10 years) and the long term (11–60 years) using a building-block approach. Using the expected nominal returns for both the short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

## Kirkwood Meadows Public Utility District

### Notes to the Basic Financial Statements

#### Note 6 – Pension and OPEB Plans (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. The target allocation shown below was adopted by the CalPERS Board effective on July 1, 2018.

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

<sup>(a)</sup> An expected inflation of 2.0% used for this period

<sup>(b)</sup> An expected inflation of 2.9% used for this period

#### Sensitivity of the proportionate share of the net pension liability to changes in the discount rate –

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

	Classic
1% decrease	6.15%
Net pension liability	\$ 1,101,372
Current discount rate	7.15%
Net pension liability	\$ 461,171
1% increase	8.15%
Net pension asset	\$ (68,076)

**Pension plan fiduciary net position** – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

#### General Information About the Other Post-Employment Benefits (OPEB) Plan

**Plan description** – All qualified permanent and probationary employees are eligible to participate in cost-sharing multiple employer defined benefit health plan (the Retiree Health Plan) administered by the District. Effective January 1, 2021, the District transitioned the medical insurance provider from CalPERS Health Insurance to ACWA-JPIA. Employees at age 50 with 5 years' CalPERS service, hired before January 1, 2013, or age 52 and 5 years' service, hired after January 1, 2013, may retire directly from the District and receive a District-paid contribution toward retiree medical benefits. This benefit is equal to \$430 per month.

## Kirkwood Meadows Public Utility District

### Notes to the Basic Financial Statements

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#### Note 6 – Pension and OPEB Plans (continued)

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision, as actual results are compared to past expectations and new estimates are made about the future.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Based on the latest biennial actuarial valuation date, the significant methods and assumptions are as follows:

**Actuarial data and assumptions** – The total OPEB liability in the June 30, 2020, actuarial valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3.00%
Discount rate	2.45%
	6.00% grading down
Medical cost trend rate	to 4.00% through 2070

The discount rate was based on 20-Year Tax-Exempt Municipal Bond Yield, as required by GASB Statement No. 75.

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection. Termination rates were based on the Crocker-Sarason T5 table, without adjustment.

**OPEB liability** – As of June 30, 2022, the District's total OPEB liability for retiree healthcare was \$1,857,524. For the year ended June 30, 2022, the annual payroll of active employees covered by the plan was \$1,179,935.

The following census of membership was used in the actuarial valuation:

Active employees	12
Retired employees	<u>2</u>
	<u>14</u>



## Kirkwood Meadows Public Utility District

### Notes to the Basic Financial Statements

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#### Note 6 – Pension and OPEB Plans (continued)

The following table shows the changes in the District's total OPEB liability:

	Years Ended June 30,	
	2022	2021
Total OPEB liability - beginning	\$ 1,857,523	\$ 1,579,731
Changes recognized for the fiscal year		
Service cost	32,434	94,679
Interest on the total OPEB liability	-	51,905
Change of benefit terms	-	733,745
Difference between expected and actual experience	-	(458,015)
Changes of assumptions	-	(112,085)
Benefit payments	(32,434)	(32,437)
Net changes	-	277,792
Total OPEB liability - ending	<u>\$ 1,857,523</u>	<u>\$ 1,857,523</u>

The schedule of changes in the District's total OPEB liability and related ratios is included in the Required Supplementary Information.

**Sensitivity analysis** – The discount rate used to measure the total OPEB liability is 2.45% for 2022. The following table presents the sensitivity of total OPEB liability calculation to a 1% increase and 1% decrease in the discount rate used to measure the total OPEB liability:

1% decrease	1.45%
Total OPEB liability	\$ 2,214,623
Current discount rate	2.45%
Total OPEB liability	\$ 1,857,523
1% increase	3.45%
Total OPEB liability	\$ 1,578,259

The following table presents the sensitivity of total OPEB liability calculation to a 1% increase and a 1% decrease in the healthcare cost trend rates used to measure the total OPEB liability:

1% decrease	5.00%
Total OPEB liability	\$ 1,526,901
Current healthcare cost trend	6.00%
Total OPEB liability	\$ 1,857,523
1% increase	7.00%
Total OPEB liability	\$ 2,291,949

# Kirkwood Meadows Public Utility District

## Notes to the Basic Financial Statements

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### Note 6 – Pension and OPEB Plans (continued)

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

	2022	2021
Deferred outflows of resources		
Pension contribution subsequent to measurement date	\$ 32,435	\$ 32,435
Changes in assumptions	53,448	63,532
	<u>\$ 85,883</u>	<u>\$ 95,967</u>
Deferred inflows of resources		
Difference between expected and actual experience	\$ (348,963)	\$ (403,489)
Changes in assumptions	(85,399)	(98,743)
	<u>\$ (434,362)</u>	<u>\$ (502,232)</u>

Amounts reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized and recognized as OPEB expense as follows for the years ended June 30:

2023	\$ (57,785)
2024	(57,785)
2025	(57,785)
2026	(57,785)
2027	(57,785)
Thereafter	(91,989)
	<u>\$ (380,914)</u>

### Note 7 – 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 carries commercial insurance for risks of loss including property and liability, automobile liability, directors' and officers' liability, and employee dishonesty coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage during the current and prior fiscal years. The District self-insures for the for risk of loss from workers' compensation claims.

## Kirkwood Meadows Public Utility District

### Notes to the Basic Financial Statements

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#### Note 8 – Communities Facilities District

Community Facilities District (CFD) No. 98-1 is a legally constituted governmental activity established under the Mello-Roos Community Facilities Act of 1982 (the Act), as amended. The Act provides an alternative method for financing certain public capital facilities and services. CFD No. 98-1 was established through a special election held in May 1999 whereby the qualified electors approved the Rate and Method of Apportionment of the Special Tax and authorized the issuance of up to \$6,263,552 in bonds.

In October 1999, \$2,450,000 in long-term bonds was issued: the 1999 Series A Bonds. A second series of long-term bonds in the amount of \$3,813,552 was issued in May 2000: the 2000 Special Tax Bonds, Series B. The bond proceeds provided funds for the acquisition and construction of public sewer treatment plan improvements to serve property located within CFD No. 98-1.

The bonds are secured and payable from a pledge of the Special Taxes collected by the Counties and remitted to the District (which are remitted to the Community Facilities District) levied upon certain real property within the CFD. The proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Tax, and from amounts held in certain funds pursuant to the resolution. Neither the faith and credit nor the taxing power of the District, the CFD District, the county, the state of California, or any political subdivision of any of the foregoing is pledged to the payment of the bonds.

The bonds are not a debt of the District, CFD No. 98-1, the county, the state of California, or any political subdivisions, and neither the District, CFD No. 98-1, the county, the state, nor any of its political subdivisions is liable therefore.

#### Note 9 – Fund Balances

As of June 30, 2022 and 2021, fund balances of the governmental funds are classified as follows:

*Nonspendable* – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District did not have any nonspendable balances at June 30, 2022 or 2021.

*Restricted* – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – Amounts that can be used only for specific purposes determined by a formal action of the District. The board of directors has the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the board of directors. The District did not have any committed balances at June 30, 2022 or 2021.

## **Kirkwood Meadows Public Utility District**

### **Notes to the Basic Financial Statements**

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#### **Note 9 – Fund Balances (continued)**

*Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. This intent can be expressed by the board of directors or through the delegation of this responsibility to the General Manager. The District did not have any assigned balances at June 30, 2022 or 2021.

*Unassigned* – Consist of all amounts not included in the other classifications previously mentioned.

The District would typically use assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

#### **Note 10 – Commitments and Contingencies**

**Power supply contracts** – The District had a power purchase contract with Shell Energy North America to provide the District's power supply through December 2023.

**Legal** – The District is involved in various claims arising in the normal course of business. The District does not believe that the ultimate outcome of these matters will have a material adverse impact on its financial position or results of operations.

## **Required Supplementary Information**

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**Kirkwood Meadows Public Utility District**  
**Schedule of Revenues and Expenditures, Budget to Actual – Fire Department**  
**Year Ended June 30, 2022**

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	Budget Original and Final	Actual	Variance With Final Budget
REVENUES			
Property taxes	\$ -	\$ 154,867	\$ 154,867
Annual assessment	67,200	65,127	(2,073)
Contributions and grants	-	8,544	8,544
Other	-	34,465	34,465
Special events	-	-	-
Impact fees	-	-	-
Total revenues	67,200	263,003	195,803
EXPENDITURES			
Salaries and wages	1,116	1,865	749
Employee benefits	589	747	158
Payroll taxes	116	147	31
Fire and accident calls	33,031	47,543	14,512
Fundraising	9,772	-	(9,772)
Meetings and training	2,901	3,814	913
Outside services	-	14,053	14,053
Professional fees - other	-	368	368
Supplies and operating materials	13,896	11,453	(2,443)
Capital expenditures	48,000	53,006	5,006
General and administrative allocations	138,327	146,510	8,183
Operating expenses	8,400	8,129	(271)
Total expenditures	256,148	287,635	31,487
Excess of expenditures over revenues	\$ (188,948)	\$ (24,632)	\$ 164,316

**Kirkwood Meadows Public Utility District**  
**Schedule of Revenues and Expenditures, Budget to Actual – Fire Department**  
**Year Ended June 30, 2021**

	Budget Original and Final	Actual	Variance With Final Budget
<b>REVENUES</b>			
Property taxes	\$ -	\$ 163,119	\$ 163,119
Annual assessment	64,800	65,419	619
Contributions and grants	1,000	144,781	143,781
Other	1,200	5,374	4,174
Special events	-	-	-
Impact fees	-	2,146	2,146
Total revenues	67,000	380,839	313,839
<b>EXPENDITURES</b>			
Salaries and wages	856	6,077	5,221
Employee benefits	482	3,261	2,779
Payroll taxes	71	524	453
Fire and accident calls	31,387	40,410	9,023
Fundraising	9,286	-	(9,286)
Meetings and training	2,757	3,491	734
Outside services	-	250	250
Professional fees - other	-	278	278
Supplies and operating materials	13,204	11,035	(2,169)
Capital expenditures	38,400	209,837	171,437
General and administrative allocations	161,682	139,774	(21,908)
Operating expenses	8,366	8,765	399
Total expenditures	266,491	423,702	157,211
Excess of expenditures over revenues	\$ (199,491)	\$ (42,863)	\$ 156,628

**Kirkwood Meadows Public Utility District**  
**Schedule of Revenues and Expenditures, Budget to Actual – Parks**  
**Year Ended June 30, 2022**

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	Budget Original and Final	Actual	Variance With Final Budget
REVENUES			
Property taxes	\$ -	\$ 31,314	\$ 31,314
EXPENDITURES			
Salaries and wages	2,970	8,186	5,216
Employee benefits	1,701	4,671	2,970
Payroll taxes	351	798	447
Supplies and operating materials	1,100	-	(1,100)
Outside services employed	-	-	-
Capital expenditures	3,780	-	(3,780)
General and administrative allocations	16,666	17,652	986
Total expenditures	26,568	31,307	4,739
Excess of expenditures over revenues	\$ (26,568)	\$ 7	\$ 26,575



**Kirkwood Meadows Public Utility District**  
**Schedule of Revenues and Expenditures, Budget to Actual – Parks**  
**Year Ended June 30, 2021**

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	Budget Original and Final	Actual	Variance With Final Budget
REVENUES			
Property taxes	\$ 75,000	\$ 80,392	\$ 5,392
EXPENDITURES			
Salaries and wages	4,464	4,636	172
Employee benefits	2,637	2,568	(69)
Payroll taxes	365	686	321
Supplies and operating materials	1,100	-	(1,100)
Outside services employed	-	-	-
Capital expenditures	3,780	-	(3,780)
General and administrative allocations	18,009	16,840	(1,169)
Total expenditures	30,355	24,730	(5,625)
Excess of expenditures over revenues	\$ 44,645	\$ 55,662	\$ 11,017

# Kirkwood Meadows Public Utility District

## Schedule of the District's Proportional Share of the Net Pension Liability

### Year Ended June 30, 2022

As of June 30, 2022  
Last 10 Years\*

	2022	2021	2020	2019	2018
	Combined**	Combined**	Combined**	Combined**	Combined**
Proportion of the net pension liability	0.02618%	0.02514%	0.02549%	0.02369%	0.02219%
Proportionate share of the net pension liability	\$ 461,171	\$ 1,033,961	\$ 939,819	\$ 852,269	\$ 891,645
Covered - employee payroll	\$ 1,179,935	\$ 1,291,213	\$ 1,142,474	\$ 1,150,895	\$ 1,159,848
Proportionate share of the net pension liability as a percentage of covered employee payroll	39.08%	80.08%	82.26%	74.05%	76.88%
Plan's fiduciary net position	\$ 4,729,624	\$ 3,722,638	\$ 3,563,422	\$ 3,108,706	\$ 2,662,427
Plan fiduciary net position as a percentage of the total pension liability	90.49%	78.26%	79.13%	78.48%	74.91%
	2017	2016		2015	
	Combined**	Classic	PEPRA	Classic	PEPRA
Proportion of the net pension liability	0.02396%	0.02602%	0.00001%	0.00997%	0.00000%
Proportionate share of the net pension liability	\$ 832,171	\$ 713,811	\$ (176)	\$ 382,145	\$ 14
Covered - employee payroll	\$ 1,229,515	\$ 947,831	\$ 75,200	\$ 1,025,337	\$ 34,278
Proportionate share of the net pension liability as a percentage of covered employee payroll	67.68%	75.31%	-0.23%	37.27%	0.04%
Plan's fiduciary net position	\$ 2,381,318	\$ 2,120,478	\$ 10,133	\$ 1,994,156	\$ 69
Plan fiduciary net position as a percentage of the total pension liability	74.10%	74.82%	101.77%	76.27%	83.13%

\* Fiscal year 2015 was the first year of implementation; therefore, only eight years are shown.

\*\* In fiscal years 2017–2021, CalPERS no longer provides proportionate share of net pension liability for each of the Classic and PEPRA plans, but rather, combines them as one.

# Kirkwood Meadows Public Utility District

## Schedule of District Contributions

### Year Ended June 30, 2022

As of June 30, 2022  
Last 10 Years\*

	2022		2021		2020		2019	
	Classic	PEPRA	Classic	PEPRA	Classic	PEPRA	Classic	PEPRA
Contractually required contributions (actuarially determined)	\$ 110,273	\$ 20,953	\$ 109,271	\$ 21,277	\$ 100,619	\$ 18,335	\$ 95,704	\$ 17,013
Contributions in relation to the actuarially determined contributions	(110,273)	(20,953)	(109,271)	(21,277)	(100,619)	(18,335)	(95,704)	(17,013)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 903,877	\$ 276,058	\$ 883,997	\$ 275,179	\$ 880,497	\$ 261,977	\$ 902,140	\$ 248,755
Contributions as a percentage of covered employee payroll	12.20%	7.59%	12.36%	7.73%	11.43%	7.00%	10.61%	6.84%

  

	2018		2017		2016		2015	
	Classic	PEPRA	Classic	PEPRA	Classic	PEPRA	Classic	PEPRA
Contractually required contributions (actuarially determined)	\$ 103,189	\$ 9,057	\$ 98,528	\$ 6,243	\$ 189,845	\$ 4,492	\$ 202,264	\$ 6,559
Contributions in relation to the actuarially determined contributions	(103,189)	(9,057)	(98,528)	(6,243)	(189,845)	(4,492)	(202,264)	(6,559)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 1,021,207	\$ 138,641	\$ 1,135,171	\$ 94,344	\$ 947,831	\$ 75,200	\$ 1,025,337	\$ 34,278
Contributions as a percentage of covered employee payroll	10.10%	6.53%	8.68%	6.62%	20.03%	5.97%	19.73%	19.13%

#### Methods and assumptions used to determine contribution rates above

Single and agent employers example	Entry age normal
Amortization method	Level percentage of payroll and direct rate smoothing
Asset valuation method	Market value
Inflation	2.50%
Salary increase	Varies by entry age and service
Payroll growth	2.75%
Investment rate of return	7.00%, net of pension plan investment and administrative expenses; including inflation
Retirement age	The probabilities of retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study of the period from 1997 to 2015. Preretirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\* Fiscal year 2015 was the first year of implementation; therefore, only eight years are shown.

**Kirkwood Meadows Public Utility District**  
**Schedule of Changes in Total Other Post-Employment Benefits (OPEB) Liability**  
**and Related Ratios**  
**Year Ended June 30, 2022**

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	June 30, 2022	June 30, 2021
<b>Total OPEB Liability</b>		
Normal cost	\$ 32,434	\$ 94,679
Interest	-	51,905
Change of benefit terms	-	733,745
Difference between expected and actual experience	-	(458,015)
Changes of assumptions	-	(112,085)
Benefit payments	<u>(32,434)</u>	<u>(32,437)</u>
Total OPEB liability - beginning of year	<u>1,857,523</u>	<u>1,579,731</u>
Total OPEB liability - end of year	<u><u>\$ 1,857,523</u></u>	<u><u>\$ 1,857,523</u></u>

## **Supplemental Information**

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**Kirkwood Meadows Public Utility District**  
**Schedule of Detailed Statement of Revenues, Expenditures, and Changes in**  
**Fund Balance – Governmental Funds**  
**Year Ended June 30, 2022**

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	Fire Department	Parks & Recreation	General Government	Total
REVENUES				
General revenues	\$ 108,136	\$ -	\$ 4,774	\$ 112,910
Investment income	-	-	-	-
Grant revenues	-	-	-	-
Property taxes	154,867	31,314	-	186,181
Total revenues	263,003	31,314	4,774	299,091
EXPENDITURES				
General government	-	-	1,759,309	1,759,309
Public protection	142,100	-	-	142,100
Culture and recreation	-	13,655	-	13,655
Capital outlay	53,006	-	-	53,006
Total expenditures	195,106	13,655	1,759,309	1,968,070
Excess (deficiency) of revenues over expenses	\$ 67,897	\$ 17,659	\$ (1,754,535)	(1,668,979)
OTHER FINANCING SOURCES (USES)				
Transfers in				(258)
General and administrative allocation out				1,771,130
General and administrative allocation in				(111,189)
Total other financing sources				1,659,683
NET CHANGE IN FUND BALANCES				(9,296)
FUND BALANCE, beginning of year				33,059
FUND BALANCE, end of year				\$ 23,763

**Kirkwood Meadows Public Utility District**  
**Schedule of Detailed Statement of Revenues, Expenditures, and Changes in**  
**Fund Balance – Governmental Funds**  
**Year Ended June 30, 2021**

	Fire Department	Parks & Recreation	General Government	Total
REVENUES				
General revenues	\$ 217,720	\$ -	\$ 5,937	\$ 223,657
Investment income	-	-	-	-
Grant revenues	-	-	-	-
Property taxes	163,119	80,392	-	243,511
Total revenues	380,839	80,392	5,937	467,168
EXPENDITURES				
General government	-	-	1,688,569	1,688,569
Public protection	115,977	-	-	115,977
Culture and recreation	-	7,890	-	7,890
Capital outlay	209,837	-	-	209,837
Total expenditures	325,814	7,890	1,688,569	2,022,273
Excess (deficiency) of revenues over expenses	\$ 55,025	\$ 72,502	\$ (1,682,632)	(1,555,105)
OTHER FINANCING SOURCES (USES)				
Transfers in				(12,737)
General and administrative allocation out				1,693,508
General and administrative allocation in				(156,677)
Total other financing sources				1,524,094
NET CHANGE IN FUND BALANCES				(31,011)
FUND BALANCE, beginning of year				64,070
FUND BALANCE, end of year				\$ 33,059

**Kirkwood Meadows Public Utility District**  
**Schedule of Detailed Statement of Revenues, Expenses, and Changes in Net Position –**  
**Proprietary Funds**  
**Year Ended June 30, 2022**

	Cable	Electric	Employee Housing	Propane	Snow Removal	Solid Waste	Water	Waste- water	Total
<b>OPERATING REVENUES</b>									
Residential	\$ -	\$ 475,180	\$ -	\$ 700,811	\$ -	\$ 297,859	\$ 90,835	\$ 237,982	\$ 1,802,667
Commercial	-	888,250	-	866,668	-	27,886	86,837	323,878	2,193,519
Other	12,217	150,830	72,799	37,729	662,216	1,565	58,604	20,321	1,016,281
Interfund sales	-	182,651	-	35,601	20,410	-	480	882	240,024
Base rate	-	2,853,399	-	50,242	-	-	380,847	641,649	3,926,137
Total operating revenues	12,217	4,550,310	72,799	1,691,051	682,626	327,310	617,603	1,224,712	9,178,628
<b>OPERATING EXPENSES</b>									
Salaries and benefits	401	257,226	14,421	139,848	210,523	33,331	146,749	190,101	992,600
Operations and maintenance	-	293,788	33,008	17,392	67,272	153,981	32,615	306,418	904,474
Contract services	-	6,666	-	7,134	2,585	-	8,990	34,985	60,360
Operating expenses	-	17,648	44	1,090	14,786	-	16,170	29,833	79,571
OPEB expense	-	44,792	-	(102,886)	(122,771)	9,211	71,522	42,350	(57,782)
Pension expense	-	833	-	(85,164)	(50,285)	41,270	13,465	2,020	(77,861)
Depreciation	332	1,545,742	57,894	61,149	60,127	-	106,183	298,326	2,129,753
Amortization	-	389,949	-	(2,470)	-	-	(958)	(1,383)	385,138
General and administrative allocations	8,702	449,322	-	313,254	185,328	68,883	287,013	287,013	1,599,515
Fuel and purchased power	-	772,281	-	1,025,813	-	-	-	-	1,798,094
Total operating expenses	9,435	3,778,247	105,367	1,375,160	367,565	306,676	681,749	1,189,663	7,813,862
Operating income (loss)	\$ 2,782	\$ 772,063	\$ (32,568)	\$ 315,891	\$ 315,061	\$ 20,634	\$ (64,146)	\$ 35,049	1,364,766
<b>NONOPERATING REVENUES (EXPENSES)</b>									
Investment income and other									24,013
Property taxes									712,774
Interest expense									(1,694,462)
Transfers									(7,186)
Total nonoperating (expenses)									(964,861)
CHANGE IN NET POSITION									399,905
NET POSITION, beginning of year									11,036,636
NET POSITION, end of year									\$ 11,436,541



**Kirkwood Meadows Public Utility District**  
**Schedule of Detailed Statement of Revenues, Expenses, and Changes in Net Position –**  
**Proprietary Funds**  
**Year Ended June 30, 2021**

	Cable	Electric	Employee Housing	Propane	Snow Removal	Solid Waste	Water	Waste- water	Total
<b>OPERATING REVENUES</b>									
Residential	\$ -	\$ 1,288,027	\$ -	\$ 617,050	\$ -	\$ 236,516	\$ 107,918	\$ 295,905	\$ 2,545,416
Commercial	-	2,484,642	-	702,308	-	22,107	63,291	206,622	3,478,970
Other	10,941	115,953	65,665	22,983	632,410	2,046	42,723	11,751	904,472
Interfund sales	-	208,339	-	31,485	61,035	-	530	1,037	302,426
Base rate	-	203,006	-	47,955	-	-	413,435	664,330	1,328,726
Total operating revenues	10,941	4,299,967	65,665	1,421,781	693,445	260,669	627,897	1,179,645	8,560,010
<b>OPERATING EXPENSES</b>									
Salaries and benefits	942	226,534	20,038	187,365	291,145	31,175	130,199	191,999	1,079,397
Operations and maintenance	-	312,092	32,437	19,515	55,148	180,878	6,463	74,693	681,226
Contract services	-	19,911	-	9,018	-	2,075	15,489	24,334	70,827
Operating expenses	-	15,865	-	1,441	12,392	-	15,271	26,813	71,782
OPEB expense	-	190,749	-	258,954	74,207	22,972	115,161	128,066	790,109
Pension expense	-	25,490	-	57,482	(26,212)	(835)	12,061	6,066	74,052
Depreciation	500	1,543,207	56,974	60,864	63,045	-	109,230	303,683	2,137,503
Amortization	-	389,949	-	(2,470)	-	-	(958)	(1,383)	385,138
General and administrative allocations	7,838	400,564	-	298,175	176,408	65,567	273,197	273,197	1,494,946
Fuel and purchased power	-	689,496	-	779,259	-	-	-	-	1,468,755
Total operating expenses	9,280	3,813,857	109,449	1,669,603	646,133	301,832	676,113	1,027,468	8,253,735
Operating income (loss)	<u>\$ 1,661</u>	<u>\$ 486,110</u>	<u>\$ (43,784)</u>	<u>\$ (247,822)</u>	<u>\$ 47,312</u>	<u>\$ (41,163)</u>	<u>\$ (48,216)</u>	<u>\$ 152,177</u>	<u>306,275</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>									
Investment income and other									13,451
Property taxes									650,996
Interest expense									(1,776,878)
Transfers									(48,203)
Total nonoperating (expenses)									<u>(1,160,634)</u>
CHANGE IN NET POSITION									(854,359)
NET POSITION, beginning of year									<u>11,890,995</u>
NET POSITION, end of year									<u>\$ 11,036,636</u>

## **Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

The Board of Directors  
Kirkwood Meadows Public Utility District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and the fiduciary fund information of Kirkwood Meadows Public Utility District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Kirkwood Meadows Public Utility District's basic financial statements, and have issued our report thereon dated October 7, 2022.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Kirkwood Meadows Public Utility District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kirkwood Meadows Public Utility District's internal control. Accordingly, we do not express an opinion on the effectiveness of Kirkwood Meadows Public Utility District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Kirkwood Meadows Public Utility District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink, appearing to read "Moss Adams LLP", is positioned above the typed text.

Everett, Washington  
October 7, 2022

