

**PORTER VISTA PUBLIC UTILITY DISTRICT**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**Year Ended June 30, 2021**

# **PORTER VISTA PUBLIC UTILITY DISTRICT**

**JUNE 30, 2021**

## **BOARD OF DIRECTORS/ADMINISTRATION**

Kit Murphy	President
Richard A. Corbit	Vice-President
Lewis Sewell, Jr.	Secretary
Garold E. Lasure	Director
Jeannie Chavez	District Manager

## TABLE OF CONTENTS

	<u>Page No.</u>
<b>INDEPENDENT AUDITORS' REPORT .....</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>Statement of Net Position .....</b>	<b>4</b>
<b>Statement of Revenues, Expenses and Changes     in Fund Net Position5 .....</b>	<b>5</b>
<b>Statement of Cash Flows .....</b>	<b>6</b>
<b>Notes to Financial Statements.....</b>	<b>8</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>Schedule of Proportionate Share of the Net Pension     Liability of California Public Employees' Retirement     System – Last Ten Years .....</b>	<b>19</b>
<b>Schedule of Pension Contributions to California Public     Employees' Retirement System – Last Ten Years .....</b>	<b>20</b>



HANFORD | PORTERVILLE | TULARE | VISALIA

## M. GREEN AND COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

### **Independent Auditors' Report**

Board of Directors  
Porter Vista Public Utility District

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

##### **Opinion**

We have audited the financial statements of Porter Vista Public Utility District, as of and for the year ended June 30, 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 Porter Vista Public Utility District, as of June 30, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

##### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditors' 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 opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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.



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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, 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 schedule of the District's proportionate share of the net pension liability and schedule of the District's pension contributions 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.

Management has omitted the management's discussion and analysis section that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

*M. Green and Company CP*

Porterville, California  
March 3, 2022

---

**PORTER VISTA PUBLIC UTILITY DISTRICT**

**STATEMENT OF NET POSITION  
JUNE 30, 2021**

**PORTER VISTA PUBLIC UTILITY DISTRICT**

**STATEMENT OF NET POSITION  
JUNE 30, 2021**

**ASSETS**

**CURRENT ASSETS:**

Cash and cash investments	\$	1,797,220
Accounts receivable		13,261
Accounts receivable, other		1,573
Prepaid expenses		<u>12,814</u>

Total current assets \$ 1,824,868

**RESTRICTED ASSETS, cash and cash investments**

1,133,989

**CAPITAL ASSETS:**

Land		15,540
Other capital assets, net of depreciation		<u>870,017</u>

Total capital assets 885,557

Total assets 3,844,414

**DEFERRED OUTFLOWS OF RESOURCES**

50,407

Total assets and deferred outflows of resources \$ 3,894,821



## **LIABILITIES AND NET POSITION**

### **CURRENT LIABILITIES:**

Accounts payable	\$ 42,676	
Compensated absences	<u>13,200</u>	
Total current liabilities		\$ 55,876

### **LONG-TERM LIABILITIES:**

Net pension liability		<u>264,848</u>
Total liabilities		320,724

### **DEFERRED INFLOWS OF RESOURCES**

44,515

### **NET POSITION:**

Net investment in capital assets	885,557	
Restricted for water study	55,453	
Restricted for system expansion	1,078,536	
Unrestricted	<u>1,510,036</u>	
Total net position		<u>3,529,582</u>
Total liabilities, deferred inflows of resources and net position		<u><u>\$ 3,894,821</u></u>

See notes to financial statements.

# PORTER VISTA PUBLIC UTILITY DISTRICT

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION YEAR ENDED JUNE 30, 2021

### OPERATING REVENUES:

Customer services fees	\$	373,450
------------------------	----	---------

### OPERATING EXPENSES:

Salaries and employee benefits	\$	235,688
Communications		3,327
Insurance		23,266
Maintenance - equipment		8,531
Maintenance - collection system		34,080
Miscellaneous		5,895
Office		13,118
Professional fees		55,932
Property tax administration fee		2,794
Sewer treatment expenses		223,668
Utilities		7,472
Depreciation		93,384
		<hr/>
Total operating expenses		707,155
		<hr/>
Operating loss		(333,705)

### NONOPERATING REVENUES:

Connection fees	42,320
Subdivision fees	122
Miscellaneous income	2,290
Property tax revenues	127,745
Interest income	44,179
	<hr/>
Total nonoperating revenues	216,656
	<hr/>
Decrease in net position	(117,049)
	<hr/>
Net position, July 1, 2020	3,646,631
	<hr/>
Net position, June 30, 2021	\$ 3,529,582
	<hr/> <hr/>

See notes to financial statements.

# PORTER VISTA PUBLIC UTILITY DISTRICT

## STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2021

### CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$	369,116	
Cash payments to suppliers for goods and services		(379,924)	
Cash payments to employees for services		<u>(214,229)</u>	
Net cash used by operating activities	\$		(225,037)

### CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Property taxes received	127,745	
Interest income received	44,179	
Other income received	<u>2,412</u>	
Net cash provided by noncapital financing activities		174,336

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Connection fees collected	<u>42,320</u>	
Net cash provided by capital and related financing activities		<u>42,320</u>
Net decrease in cash and cash investments		(8,381)
Cash and cash investments, July 1, 2020		<u>2,939,590</u>
Cash and cash investments, June 30, 2021	\$	<u><u>2,931,209</u></u>

(continued)

# PORTER VISTA PUBLIC UTILITY DISTRICT

## STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2021

### RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:

Operating loss	\$	(333,705)	
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation and amortization		93,384	
(Increase) decrease in:			
Accounts receivable		(4,334)	
Prepaid expenses		(1,586)	
Deferred outflows of resources		9,700	
Increase (decrease) in:			
Accounts payable		(255)	
Accrued liabilities		(3,552)	
Deferred inflows of resources		18,254	
Pension liability		(2,943)	
Net cash used by operating activities	\$		<u><u>(225,037)</u></u>

See notes to financial statements.



# PORTER VISTA PUBLIC UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

### NOTE 1 – Summary of Significant Accounting Policies

#### Organization

The Porter Vista Public Utility District (the District) was organized under the laws of the State of California and is governed by a Board of Directors. As such, it represents an independent reporting entity not directly affiliated with other governmental units. Principal functions of the District include the collection and treatment of wastewater within the District. The District operations are conducted in accordance with the policies and procedures of the State Controller's Office, State of California and State Water Resources Control Board, State of California.

#### Reporting Entity

The District's basic financial statements include the accounts of all its operations. The District evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the District's reporting entity include whether:

- the organization is legally separate (can sue and be sued in its name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District
- exclusion of the organization would render the financial statements incomplete or misleading

Based on these criteria, the District has no component units. Additionally, the District is not a component unit of any other reporting entity as defined by the GASB statements.

#### Fund Accounting

The operations of the District are accounted for in an enterprise fund. An enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where costs (expenses, including depreciation) of providing services to the general public on a continuing basis are financed through user charges.

#### Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts of the District and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The accrual basis of accounting is required for enterprise funds and is utilized by the District. Under this method, revenues are recorded when earned and expenditures or expenses are recorded when incurred.

#### Operating and Nonoperating Revenues

Operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as property taxes and investment earnings, result from nonexchange transactions or ancillary activities.

# PORTER VISTA PUBLIC UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

#### Budgetary Procedures

The District operates under a budget prepared and approved annually by the Board of Directors. The budget is prepared on a detailed line-item basis. Revenues are budgeted by source and expenditures, or expenses are budgeted by use (salaries and employee benefits, services and supplies, other charges, fixed asset acquisitions and contingencies). Once approved, the Board of Directors may amend the adopted budget when unexpected modifications are required in estimated revenue and expenditures or expenses.

#### Cash and Cash Equivalents

For purposes of these financial statements, the District considers cash in checking, cash in money market accounts, and all other highly liquid investments with original maturities of three months or less at date of purchase to be cash and cash equivalents.

#### Allowance for Doubtful Accounts

The District considers all accounts receivable to be fully collectible. Therefore, an allowance for doubtful accounts is not reflected in these financial statements.

#### Capital Assets

Capital assets are recorded at cost and are depreciated using the straight-line method on the following estimated useful lives:

Structures, reservoirs, pumps, and other improvements	10-50 years
Office furniture, fixtures and equipment	5-10 years
Vehicles	5 years

#### Compensated Absences

Accumulated unpaid employee vacation and sick leave benefits are recognized as a liability of the District at June 30, 2021, and are calculated using the employees current pay rate.

#### Equity Classifications

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The District reports three categories of net position as follows:

*Net Investment in capital assets* – consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

# PORTER VISTA PUBLIC UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### **NOTE 1 – Summary of Significant Accounting Policies (continued)**

#### Equity Classifications (continued)

*Restricted net position* – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

*Unrestricted net position* – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

#### Nature and Purpose of Restricted Net Position

Restricted net position is an amount which is legally segregated for specific usage or commitments to outside third parties. Resources of restricted net position are used to fund these commitments before unrestricted resources. When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the policy of the District to use restricted resources first, then unrestricted resources.

#### Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. These taxes are levied from July 1 through June 30. Taxes are payable in two installments on November 1 and February 1 and are collected December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Tulare bills and collects the taxes for the District. Property tax revenues are recognized by the District when received, except at year end, an accrual is made when property taxes are received soon enough thereafter to pay liabilities of the current period.

#### Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflow of resources. This separate section for deferred outflow of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will report a separate section for deferred inflow of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.



# PORTER VISTA PUBLIC UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

#### Income Taxes

The District is a governmental agency and is not subject to income taxes.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures or expenses during the reporting period. Accordingly, actual results could differ from those estimates.

### NOTE 2 – Cash and Cash Investments

Statutes authorize districts to invest cash in obligations of the U.S. Treasury and U.S. agencies, certificates of deposit, banker's acceptances, repurchase agreements, insured money market accounts, commercial paper, county investment pools and the State Treasurer's Local Agency Investment Fund.

The Board has placed limits on District investments. District investments are limited to bank or savings and loan association accounts fully insured by the Federal Deposit Insurance Corporation or collateralized with securities held by the pledging financial institution at 110 percent of the deposits in accordance with the State of California Government Code and the Tulare County Investment Pool. No investment with a term in excess of five years may be made without express authority from the Board.

Cash and cash investments at June 30, 2021, were as follows:

Cash on hand	\$	75
Cash in bank, revolving		150
Cash in bank, general and retirement account		38,230
Cash in County Treasury		2,892,754
		<hr/>
Total cash and cash investments	\$	2,931,209
		<hr/>

Restricted and unrestricted cash and cash investments at June 30, 2021, were as follows:

Restricted	\$	1,133,989
Unrestricted		1,797,220
		<hr/>
Total cash and cash investments	\$	2,931,209
		<hr/>

The California Government Code requires California banks and savings and loan associations to collateralize a district's deposits by pledging government securities. The market value of the pledged securities must equal at least 110 percent of a district's deposits. California law also allows financial institutions to collateralize a district's deposits by pledging first trust deed mortgage notes having a value of 150 percent of a district's total deposits. The district may waive collateral requirements for deposits which are fully insured up to \$250,000 by Federal Deposit Insurance.



# PORTER VISTA PUBLIC UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### **NOTE 2 – Cash and Cash Investments (continued)**

At June 30, 2021, the carrying amount of the District's cash deposits (including amounts in checking accounts and money market accounts) was \$38,380 and the bank balance was \$29,401. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. At June 30, 2021, the entire amount of cash in bank was insured and/or collateralized (i.e., collateralized with securities held by the pledging financial institution at 110 percent of the deposits, in accordance with the State of California Government Code, deemed to be held in the District's name).

The District's investment in the Tulare County Treasury was not subject to credit risk categorization and is carried at cost which approximates fair value. All pooled funds are regulated by the California Government Code.

### **NOTE 3 – Concentration of Credit Risk**

Porter Vista Public Utility District serves the residents of Porterville, California and surrounding areas and extends credit to substantially all of its customers.

### **NOTE 4 – Capital Assets**

The following is a summary of changes in capital assets:

	Balance July 1, 2020	Additions	Balance June 30, 2021
<u>Capital assets not being depreciated:</u>			
Land	\$ 15,540	\$ -	\$ 15,540
<u>Other capital assets:</u>			
Vehicle	11,728	-	11,728
Building	310,219	-	310,219
Machinery and equipment	70,714	-	70,714
Water well	10,766	-	10,766
Sewer system	4,151,198	-	4,151,198
Total other capital assets at historical cost	4,554,625	-	4,554,625
Accumulated depreciation	(3,591,224)	(93,384)	(3,684,608)
Other capital assets, net	963,401	(93,384)	870,017
Capital assets, net	\$ 978,941	\$ (93,384)	\$ 885,557

# PORTER VISTA PUBLIC UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### **NOTE 5 – Board Designations**

At June 30, 2021, the Board has designated \$1,400,200 of unrestricted net position for future rehabilitation and/or major failure of the District's sewer collection system, capital asset acquisitions and accrued sick and vacation leave.

### **NOTE 6 – Restricted Assets/Restricted Net Position**

Connection fees are established, collected and used for development of water and sewer capacity and for expenses related to the inspection and administration of physical connections to the District's systems. As of June 30, 2021, connection fees reserved for system capacity development and major rehabilitation are reflected in these financial statements as both a restricted asset and a restricted net position.

	Water Study	Connection Fees	Totals
Balance, June 1, 2020	\$ 55,453	\$ 1,036,216	\$ 1,091,669
Additions	-	42,320	42,320
Balance, June 30, 2021	<u>\$ 55,453</u>	<u>\$ 1,078,536</u>	<u>\$ 1,133,989</u>

Augmentation funds are restricted by the Tulare County Board of Supervisors to be used to continue the water feasibility study and set forth a plan for construction of a water system, a small portion at a time. As the water system grants and loans become available, the augmentation funds will be used to cover expenses involved in preparing and processing applications for these grants and loans.

California State Water Resources Control Board prohibits the use of Connection Fees Revenue for payment of normal operating, maintenance, or repair expense. Connection fees can only be used for system expansion, major rehabilitation, and in some limited cases, for debt services. These accumulated fees are presented as both a restricted asset and as restricted net position.

### **NOTE 8 – Pension Plan**

#### General Information about the Pension Plan

##### Plan Description

Qualified employees are covered under a multiple-employer, cost-sharing defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by state statute and Local Government resolution. The benefit terms of the CalPERS plan may be amended through legislation and Public Employers' Retirement Law. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumption and membership information that can be found on the CalPERS website.



# PORTER VISTA PUBLIC UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### **NOTE 8 – Pension Plan (continued)**

#### General Information about the Pension Plan (continued)

##### Benefits Provided

CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees and beneficiaries. To be eligible for retirement the member must be at least age 50 and have a minimum of five years of credited service. If you become a member on or after January 1, 2013, you must be at least age 52. Monthly benefits are based on three factors: service credit, benefit factor and final compensation. Service credit is based on years of credited service, equal to one year of full time employment. The benefit factor, which is a percentage of pay to which the member is entitled for each year of service, is determined by their age at retirement and the retirement formula based on their membership date with each employer. There are two miscellaneous retirement formulas: 2 percent at age 60 for those hired prior to January 1, 2013, with benefit factors ranging from 1.1 percent to 2.5 percent with retirement ages of 50 to 63; 2 percent at age 62 for those hired after January 1, 2013, with benefit factors ranging from 1 percent to 2.5 percent with retirement ages of 52 to 67. Final compensation is the highest average pay rate and special compensation during any consecutive one-year or three-year period, which period is used, depends on the members' retirement formula. All members are eligible for non-duty disability benefits after ten years of service. The death benefit is one of the following: the Basic Death Benefit, the Optional Settlement 2. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

##### 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 July 1 following notice of a change in the rate. The CalPERS board retains the authority to amend contribution rates. The total plan contributions are determined through the CalPERS' periodic actuarial valuation process or by state statute. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees. For the year ended June 30, 2021, for employees hired prior to January 1, 2013, the active employee contribution rate is 7 percent of annual base pay, and the employer's contribution rate is 8.794% percent. For employees hired after January 1, 2013, the active employee contribution rate is 6.750 percent of annual base pay, and the employer's contribution rate is 7.732 percent. The District's contributions to CalPERS for the fiscal year ended June 30, 2021, were \$25,599.

##### Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2021, the District reported a net pension liability of \$264,848 for its proportionate share of the net pension liability for the Miscellaneous Plan.

# PORTER VISTA PUBLIC UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### **NOTE 8 – Pension Plan (continued)**

#### **Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020. 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 following represents the change in proportionate share of net pension liability by year (the measurement date):

Proportionate share at June 30, 2019	0.044250%
Proportionate share at June 30, 2020	<u>0.007240%</u>
Change increase	<u>-0.037010%</u>

For the year ended June 30, 2021, the District recognized pension expense of \$25,011. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 25,599	\$ -
Differences between actual and expected experience	15,737	-
Changes of assumptions	-	(2,178)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	(42,337)
Net differences between projected and actual earnings on plan investments	<u>9,072</u>	<u>-</u>
Totals	<u>\$ 50,408</u>	<u>\$ (44,515)</u>

\$25,599 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as an increase to the net position asset or reduction of the net pension liability in the fiscal year ending June 30, 2021.



# PORTER VISTA PUBLIC UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### **NOTE 8 – Pension Plan (continued)**

#### Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Measurement Period Ended June 30	Net Effect on Expense
2022	\$ (14,551)
2023	(9,057)
2024	(449)
2025	4,351
Total	<u>\$ (19,706)</u>

#### Actuarial Assumptions

	Miscellaneous Plan
Valuation Date	June 30, 2019
Measurement Date	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 (1)
Experience Study	7/1/1997 - 6/30/2015
Investment Rate of Return	7.15%
Post-Retirement Benefit Increase	Contract COLA up to 2.50% until PPPA floor on purchasing power applies, 2.50% thereafter

CalPERS uses mortality tables developed based on CalPERS specific data for all funds. The mortality table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP 2016.

# PORTER VISTA PUBLIC UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### **NOTE 8 – Pension Plan (continued)**

#### Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

##### Summary of Change of Benefits or Assumptions

There were no changes to benefit terms or plan provisions that applied to members of CalPERS.

##### Discount Rate

The discount rate used to measure the total pension liability for CalPERS was 7.15 percent. CalPERS' projection of the expected benefits and contributions were performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the CalPERS – PERF C Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at the CalPERS' website.

CalPERS utilized historical returns of all the Plan's asset classes to determine the expected compounded (geometric returns over the short-term (first 10 years) and the long-term (11-60 years)) using the building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated. 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 adjusted to account for assumed administrative expenses. The rate of return was calculated using the capital market assumptions applied to determine the discount rate.

The table below reflects long-term expected real rate of return by asset class, as follows:

Asset Class	Current Target Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
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 Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

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

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

# PORTER VISTA PUBLIC UTILITY DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

### **NOTE 8 – Pension Plan (continued)**

#### Pension Assets, Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

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

	Miscellaneous Plan
1.00% Decrease	6.15%
Net Pension Liability	\$ 422,941
Current Discount Rate	7.15%
Net Pension Liability	\$ 264,848
1.00% Increase	8.15%
Net Pension Liability	\$ 134,221

##### *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports on their website. The plan's fiduciary net position has been determined on the same basis as that used by the plan.

### **NOTE 8 – Commitments and Contingencies**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact net income. Other financial impacts could occur though such potential impacts are unknown at this time.

### **NOTE 9 – Subsequent Events**

Management has evaluated subsequent events through March 3, 2022, the date the financial statements were available to be issued and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

---

## **REQUIRED SUPPLEMENTARY INFORMATION**



# PORTER VISTA PUBLIC UTILITY DISTRICT

## SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY OF CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM- LAST TEN YEARS JUNE 30, 2021

Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2014	0.007238%	\$ 136,393	\$ 117,331	116.25%	106.00%
June 30, 2015	0.005785%	\$ 172,306	\$ 127,019	135.65%	101.00%
June 30, 2016	0.004960%	\$ 234,374	\$ 87,286	268.51%	93.47%
June 30, 2017	0.005650%	\$ 222,742	\$ 113,456	196.32%	80.07%
June 30, 2018	0.006858%	\$ 258,446	\$ 123,589	209.12%	79.11%
June 30, 2019	0.007090%	\$ 267,791	\$ 110,016	243.41%	79.89%
June 30, 2020	0.007240%	\$ 264,848	\$ 140,833	188.06%	79.89%

Notes to Schedule:

This schedule is presented to illustrate the requirement to show information for ten years. Only six years are presented because ten years of data is not yet available.

### Change in Assumptions

Measurement Date	Discount Rate	Inflation	Payroll Growth	Projected Salary Increase (1)	Experience Study	Investment Rate of Return (2)
June 30, 2014	7.50%	2.75%	3.00%	Varies	7/1/1996 - 6/30/2011	7.50%
June 30, 2015	7.65% (2)	2.75%	3.00%	Varies	7/1/1996 - 6/30/2011	7.50%
June 30, 2016	7.65% (2)	2.75%	3.00%	Varies	7/1/1996 - 6/30/2011	7.50%
June 30, 2017	7.15% (2)	2.75%	3.00%	Varies	7/1/1996 - 6/30/2011	7.50%
June 30, 2018	7.15% (2)	2.50%	2.75%	Varies	7/1/1996 - 6/30/2015	7.50%
June 30, 2019	7.15% (2)	2.50%	2.75%	Varies	7/1/1997 - 6/30/2015	7.15%
June 30, 2020	7.15% (2)	2.50%	2.75%	Varies	7/1/1997 - 6/30/2016	7.15%

(1) Depending on age, service

(2) Excludes reduction of pension plan administrative expense

CalPERS uses mortality tables developed based on CalPERS specific data for all funds. The mortality table includes 15 years of mortality improvements using Society of Actuaries Scale 90 percent of scale MP 2016.

See independent auditors' report.



# PORTER VISTA PUBLIC UTILITY DISTRICT

## SCHEDULE OF PENSION CONTRIBUTIONS TO CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM – LAST TEN YEARS JUNE 30, 2021

Fiscal Year End	Statutorily Required Contribution	Contributions in Relation to the		Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll	
		Statutorily Required Contribution	Statutorily Required Contribution			Miscellaneous	PEPRA
June 30, 2015	\$ 19,406	\$ 19,406	\$ 19,406	\$ -	\$ 127,019	6.652%	*
June 30, 2016	\$ 19,140	\$ 19,140	\$ 19,140	\$ -	\$ 87,286	6.709%	*
June 30, 2017	\$ 92,970	\$ 92,970	\$ 92,970	\$ -	\$ 113,456	7.159%	*
June 30, 2018	\$ 25,060	\$ 25,060	\$ 25,060	\$ -	\$ 123,589	7.200%	6.533%
June 30, 2019	\$ 28,859	\$ 28,859	\$ 28,859	\$ -	\$ 110,016	7.634%	6.842%
June 30, 2020	\$ 33,177	\$ 33,177	\$ 33,177	\$ -	\$ 140,833	8.081%	6.985%
June 30, 2021	\$ 25,599	\$ 25,599	\$ 25,599	\$ -	\$ 149,068	7.732%	7.732%

### Notes to the Schedule:

This schedule is presented to illustrate the requirement to show information for ten years. Only six years are presented because ten years of data is not yet available.

\*No District specific actuarial valuations performed for PEPRA prior to June 30, 2015.

### Change in Assumptions

Measurement Date	Discount Rate	Inflation	Payroll Growth	Projected Salary Increase (1)	Experience Study	Investment Rate of Return (2)
June 30, 2014	7.50%	2.75%	3.00%	Varies	7/1/1996 - 6/30/2011	7.50%
June 30, 2015	7.65% (2)	2.75%	3.00%	Varies	7/1/1996 - 6/30/2011	7.50%
June 30, 2016	7.65% (2)	2.75%	3.00%	Varies	7/1/1996 - 6/30/2011	7.50%
June 30, 2017	7.15% (2)	2.75%	3.00%	Varies	7/1/1996 - 6/30/2011	7.50%
June 30, 2018	7.15% (2)	2.50%	2.75%	Varies	7/1/1996 - 6/30/2015	7.50%
June 30, 2019	7.15% (2)	2.50%	2.75%	Varies	7/1/1997 - 6/30/2015	7.15%
June 30, 2020	7.15% (2)	2.50%	2.75%	Varies	7/1/1997 - 6/30/2016	7.15%

(1) Depending on age, service

(2) Excludes reduction of pension plan administrative expense

CalPERS uses mortality tables developed based on CalPERS specific data for all funds. The mortality table includes 15 years of mortality improvements using Society of Actuaries Scale 90 percent of scale MP 2016.

See other independent auditors' report.