Trinity Public Utilities District

Financial Statements and
Supplementary Information

June 30, 2022 and 2021

Trinity Public Utilities District

Table of Contents
June 30, 2022 and 2021

Independent Auditors' Report

To the Board of Directors of
Trinity Public Utilities District

Opinion

We have audited the accompanying financial statements of the Trinity Public Utilities District (District), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2022 and 2021, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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.

Emphasis of Matter

As discussed in Note 1, the District adopted the provisions of GASB Statement No. 87, *Leases*, effective July 1, 2021. Accordingly, the accounting changes have been retroactively applied to prior periods presented. Our opinion is not modified with respect to this matter.

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.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is 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 been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Baker Tilly US, LLP

Madison, Wisconsin
December 8, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Trinity Public Utilities District, we offer readers of the District's financial statement this narrative overview and analysis of the District's financial performance during the fiscal year ending June 30, 2022. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $27.762 million (net position). This amount may be used to meet the District's ongoing obligations to citizens and creditors.
- Total assets and deferred outflows of resources increased $7.227 million over the course of 2022. Total liabilities and deferred inflows of resources increased $5.751 million for a net increase to net position of $1.475 million.
- The District's Total operating revenue increased $0.138 million in 2022 primarily due the rate increase that went into effect February 2022 (March Bills).
- The District's total operating expenses increased by $1.561 million mainly due to increases to Power Costs $1.931 million, Operations & Maintenance expenses $0.088 million and Depreciation & Amortization $0.152 million. These increased expenses were partially offset by decreases to Customer Accounts $0.120 million and Administrative and General Expenses $0.490 million.
- The District's net non-operating expenses decreased by $0.259 million due primarily to Grant funding expected to be received as reimbursement of costs expended in connection with Federally declared disasters.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes management's discussion and analysis report, the independent auditors' report, the basic financial statements of the District and supplemental information disclosed annually to comply with continuing disclosure requirements of the 2017 Bonds. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District are designed to provide readers with a broad overview of the District's finances similar to a private-sector business. They have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (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 and long-term financial information about the District's activities.

The *Balance Sheet* includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations to the District's creditors (liabilities). It also provides a basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The *Statement of Revenues, Expenses, and Changes in Net Position* accounts for all of the current year's revenues and expenses. This statement provides information on the District's operations over the past year and could be used to determine whether the District has recovered all of its costs through its rates and other charges.

The *Statement of Cash Flows* reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities. When used with related disclosures and information in the other financial statements, the statement of cash flows should provide insight into such questions as: Where did the cash come from, what was cash used for, and what the change in the cash balance was during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to fully understand the data provided in the required financial statements. The notes to the financial statements can be found on pages 15 through 36 of this report.

Supplementary information

In addition to the required financial statements and accompanying notes, this report also presents certain supplementary information, which can be found on pages 36 to 39 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT

Over time, increases or decreases in the District's net assets are one indicator of its financial health. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, changes in state and national energy policy, changes in federal management of water and other new or modified government regulation. A summary of the District's Statement of Net Position is presented in Table I below.

BALANCE SHEET

Table I
Condensed Balance Sheet

	2022	(Restated) 2021	2020
Current and other assets	$ 4,153,301	$ 8,174,822	$ 10,027,892
Non-current assets	56,275,510	44,930,630	40,992,531
Total Assets	60,428,811	53,105,452	51,020,423
Deferred outflows of resources	2,311,941	2,408,687	2,184,538
Total Assets and Deferred Outflows of Resources	62,740,752	55,514,139	53,204,961
Current liabilities	$ 4,058,688	$ 4,092,180	$ 3,839,561
Non-current liabilities	29,304,012	24,859,160	25,000,800
Total Liabilities	33,362,700	28,951,340	28,840,361
Deferred inflows of resources	1,616,268	276,135	454,181
Total Liabilities and Deferred Inflows of Resources	34,978,968	29,227,475	29,294,542
Net position:			
Net investment in capital assets	23,977,213	19,814,991	17,410,939
Unrestricted net position	3,784,571	6,471,673	6,499,480
Total Net Position	27,761,784	26,286,664	23,910,419
Total Liabilities and Net Position	62,740,752	55,514,139	53,204,961

Total assets and deferred outflows of resources increased $7.227 million over the course of fiscal 2022. Total liabilities and deferred inflows of resources decreased $5.751 million for a net increase to net position of $1.475 million.

Changes in assets included:

- Current assets - decreased from $8.174 million to $4.153 million during the current fiscal year. This $4.021 million decrease was primarily due to a decrease to cash and cash equivalents. This decrease was mainly due to funding capital projects with current operating revenues.

- Noncurrent assets - increase of $11.345 million, due primarily to the District securing a $9.0 million bank loan. The remainder of the increase is due an increase to capital improvements and replacements (some of which are federal and state mandated) offset by depreciation expense.

Changes in liabilities included:

- Current liabilities – a net decrease in overall current liabilities of $0.033 million due decreases to accounts payable, wage accruals and construction advances. These decreases were partially offset by an increase to current debt payable.
- Noncurrent liabilities – an increase of $4.445 million primarily due to the net increase to long term debt which was partially offset by a decrease to the District's net pension liability.

While the Balance Sheet shows the change in financial position of the District, the Statement of Revenues, Expenses and Changes in Net Position shows the nature and source of these changes. A summary of the District's Changes in Net Position is presented in Table II below.

Table II
Condensed Statement of Revenues, Expenses and Changes in Net Position

	2022	(Restated) 2021	2020
Operating revenues	$ 15,183,764	$ 15,045,412	$ 12,840,600
Operating expenses	14,108,093	12,546,176	11,708,833
Operating Income	1,075,671	2,499,236	1,131,767
Non-operating revenues (expenses)	(280,637)	(539,236)	(501,292)
Capital Contributions	680,086	416,245	509,483
Changes in Net Position	**1,475,120**	**2,376,245**	**1,139,958**
Net position, beginning of the year	26,286,664	23,910,419	22,770,461
Net Position, end of the year	**$ 27,761,784**	**$ 26,286,664**	**$ 23,910,419**

CAPITAL ASSETS

As of June 30, 2022, the District had $47.625 million invested in a variety of capital assets, net of accumulated depreciation, as shown in Table III below.

Table III
Capital Assets

	2022	(Restated) 2021	2020
Distribution system	$57,744,997	$53,071,570	$49,865,272
Substations	7,687,013	7,687,013	7,537,265
Buildings & improvements	3,194,701	2,716,160	2,689,977
Vehicles, tools and other equipment	4,148,596	3,921,007	3,667,983
Intangible lease Asset	168,901	168,901	-
	72,944,208	67,564,651	63,760,497
Less accumulated depreciation and amortization	(32,922,581)	(30,360,580)	(28,207,204)
Land	1,364,088	1,364,088	1,364,088
Preliminary survey and investigation	6,239,614	6,247,057	3,819,377
Net capital assets	$47,625,329	$44,815,216	40,736,758

The District invested $5.922 million in capital improvements before depreciation in fiscal 2022.

BUDGETARY HIGHLIGHTS

The District adopts an annual operating budget that includes proposed expenses and the sources of revenue to finance them. The District's operating budget remains in effect the entire year and may be amended if realization of economic data significantly differs from assumptions used to prepare the original budget. The District's budget is prepared on a modified cash basis for cash flow and monitoring purposes and is used throughout the year to monitor the District's monthly activity on a comparative basis.

Fiscal year 2021/2022 ended with a decrease in Net Position of $4.415 million which is within $0.478 million of the amended Budget that reflected a decrease of $3.938 million. The difference between Actual and Budget is mainly due to increased Power Costs from the persistent drought.

Additional information on the District's budget comparison for fiscal year 2021/2022 can be found on page 40 of the financial statements, Supplemental Schedule of Revenues and Expenses – Budget and Actual.

LONG TERM DEBT

At the end of fiscal year 2021/2022, the District had total long-term debt outstanding of $26.746 million, including current maturities. $18.483 million is comprised of 2017 Series A Electric Revenue Bonds and $8.263 million bank loan from Umpqua Bank.

Additional information on the District's long-term debt can be found in Note 5 on pages 24 through 26 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The economic factor with the largest potential impact to the District remains the uncertainty of power acquisition costs. The largest determinant affecting power costs continues to be tied to the amount of precipitation and could swing between $1 and $3 million per year. Western Area Power Administration (Western) power charges are based on two components: 1) Power Revenue Requirements (PRR), and 2) the District's First Preference Percentage (FPP), which is based on forecasts of the District's load as a percentage of forecasted Western generation. The District pays the result of multiplying these two components. During a dry year, the District's load is not affected, but Western's generation is greatly reduced. Thus, during a dry year the PRR does not change, but the FPP increases. Consecutive dry years compound this problem.

The Federal Government's management of water is also a significant determinant affecting power costs. When water is released down the river instead of being diverted through Carr Power House, less power is generated. When less power is generated, power costs increase.

The five-year financial forecast projects a positive financial outlook for the District. However, it should be noted, that any number of events, particularly legislative or regulatory mandates, can dramatically alter the financial outlook. Nevertheless, the District is in little danger of losing its favorable comparison of rates with other California utilities. Staff expects that the total price the District's customer/owners pay for their electric service will remain among the lowest in California for many years into the future.

Trinity Public Utilities District

Balance Sheets
June 30, 2022 and 2021 (Restated)

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	$ 1,571,105	$ 5,953,059
Accounts receivable, net	1,887,500	1,980,278
Other receivables	37,964	28,135
Grant receivable	482,065	-
Prepaid expenses	7,696	8,103
Restricted cash and cash equivalents	69,786	55,247
Interest receivable, due from other governments, current portion	97,185	150,000
Total current assets	4,153,301	8,174,822
Noncurrent Assets		
Interest receivable, due to/from other governments	-	115,414
Restricted cash and cash equivalents	8,650,181	-
Preliminary survey and investigation	6,239,614	6,247,057
Capital assets:		
Land	1,364,088	1,364,088
Depreciable or amortizable capital assets	72,944,208	67,564,651
Less accumulated depreciation and amortization	(32,922,581)	(30,360,580)
Total noncurrent assets	56,275,510	44,930,630
Total assets	60,428,811	53,105,452
Deferred Outflows of Resources		
Unamortized loss on refunding	844,976	895,420
Deferred outflows related to OPEB	613,422	537,686
Deferred outflows related to pension	853,543	975,581
Total deferred outflows of resources	2,311,941	2,408,687
Total assets and deferred outflows of resources	$ 62,740,752	$ 55,514,139

See notes to financial statements

Trinity Public Utilities District

Balance Sheets
June 30, 2022 and 2021 (Restated)

	2022	2021
Liabilities		
Current Liabilities		
Accounts payable	$ 621,868	$ 970,759
Wages payable	127,365	232,429
Compensated absences payable	405,071	516,362
Retirement plan payable	10,974	33,001
Customer deposits	641,583	566,811
Construction advances	274,547	602,906
Other accrued liabilities	54,432	16,177
Accrued interest	189,640	152,375
Current portion of lease liability	5,800	5,682
Current portion of revenue bonds	975,000	955,000
Current portion of note payable	752,408	40,678
Total current liabilities	4,058,688	4,092,180
Noncurrent Liabilities		
Revenue bonds	17,508,198	18,530,252
Note payable	7,510,399	179,661
Lease liability	151,854	157,654
Net pension liability	1,356,172	3,487,206
Other postemployment benefits liability	2,777,389	2,504,387
Total noncurrent liabilities	29,304,012	24,859,160
Total liabilities	33,362,700	28,951,340
Deferred Inflows of Resources		
Deferred inflows related to OPEB	178,789	251,263
Deferred inflows related to pension	1,437,479	24,872
Total deferred inflows of resources	1,616,268	276,135
Net Position		
Net investment in capital assets	23,977,213	19,814,991
Unrestricted net position	3,784,571	6,471,673
Total net position	27,761,784	26,286,664
Total liabilities, deferred inflows of resources, and net position	$ 62,740,752	$ 55,514,139

See notes to financial statements

Trinity Public Utilities District

Statement of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2022 and 2021 (Restated)

	2022	2021
Operating Revenues		
Retail sales	$ 12,194,372	$ 12,037,216
Fees and charges	85,597	81,783
Other revenue	2,903,795	2,926,413
Total operating revenues	15,183,764	15,045,412
Operating Expenses		
Power acquisition	5,097,273	3,165,830
Operations and maintenance	4,495,730	4,407,885
Customer accounts	740,475	860,142
Administrative and general	1,212,614	1,702,795
Depreciation and amortization	2,562,001	2,409,524
Total operating expenses	14,108,093	12,546,176
Operating income	1,075,671	2,499,236
Nonoperating Revenues (Expenses)		
Investment income	27,596	21,495
Grant revenue	690,109	-
Loss on abandoned projects	(231,574)	-
Gain on sale of assets	-	79,759
Debt issuance costs	(58,600)	-
Interest expense	(708,168)	(640,490)
Total nonoperating revenues (expenses)	(280,637)	(539,236)
Capital Contributions	680,086	416,245
Change in net position	1,475,120	2,376,245
Net Position, Beginning	26,286,664	23,910,419
Net Position, Ending	$ 27,761,784	$ 26,286,664

See notes to financial statements

Trinity Public Utilities District

Statements of Cash Flows
Years Ended June 30, 2022 and 2021 (Restated)

	2022	2021
Cash Flows From Operating Activities		
Cash received from customers	$ 15,109,911	$ 15,016,801
Cash paid to suppliers	(8,982,940)	(6,329,996)
Cash paid to employees for services	(3,134,848)	(3,085,763)
Net cash flows from operating activities	2,992,123	5,601,042
Cash Flows From Noncapital and Related Financing Activities		
Principal and interest paid on note payable	(220,339)	(40,678)
Grant proceeds	208,044	-
Payments from other governments	169,358	143,638
Net cash flows from noncapital and related financing activities	157,063	102,960
Cash Flows From Capital and Related Financing Activities		
Purchases of utility plant	(5,826,310)	(6,945,832)
Contributions received for construction	351,727	699,570
Proceeds from debt issued	9,000,000	-
Debt issuance costs	(58,600)	-
Repayment of long-term debt	(1,692,193)	(920,000)
Interest paid	(667,511)	(646,302)
Net cash flows from capital and related financing activities	1,107,113	(7,812,564)
Cash Flows From Investing Activities		
Interest income	26,467	18,216
Net change in cash and cash equivalents	4,282,766	(2,090,346)
Cash and Cash Equivalents, Beginning	6,008,306	8,098,652
Cash and Cash Equivalents, Ending	$ 10,291,072	$ 6,008,306
Supplemental Disclosure of Noncash Activities		
Amortization of debt premium and gain	$ (3,390)	$ (3,388)
Loss on abandoned projects	$ (231,574)	$ -
Lease asset	$ -	$ 168,901

See notes to financial statements

	2022	2021
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 1,075,671	$ 2,499,236
Nonoperating income (expense)	(231,574)	-
Adjustments to reconcile operating income to net cash flows provided by operating activities:		
Depreciation and amortization	2,562,001	2,409,524
Change in operating assets and liabilities:		
Accounts receivable	92,778	(250,753)
Other receivable	(9,829)	12,170
Inventories	-	-
Prepaid expenses	407	1,307
Accounts payable	99,621	260,897
Accrued wages and related costs	(133,318)	116,387
Customer deposits	74,772	209,972
Post employment retirement benefit	273,002	536,335
Pension and other post employment benefits related deferrals and liabilities	(744,599)	(245,536)
Other liabilities	(66,809)	51,503
Total adjustments	2,148,026	3,101,806
Net cash provided by operating activities	$ 2,992,123	$ 5,601,042
Reconciliation of Cash and Cash Equivalents to Statement of Net Position		
Cash and cash equivalents	$ 1,571,105	$ 5,953,059
Restricted cash and cash equivalents	8,719,967	55,247
Cash and Cash Equivalents, Ending	$ 10,291,072	$ 6,008,306

See notes to financial statements

1. Summary of Significant Accounting Policies

The basic financial statements of the Trinity Public Utilities District (the District) are prepared in accordance with accounting principles generally accepted in the United States of America as applied to enterprise funds of governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the District are described below.

The District was established by general election in 1981 to provide electrical power to the Trinity County area. The District is managed by a Board of Directors.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District is presented as an enterprise fund. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business or where the governing body has decided that the determination of revenues earned, costs incurred and net income is necessary for management accountability.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In June 2017, the GASB issued Statement No. 87, *Leases*. This statement requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The standard 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 the 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, which enhances the relevance and consistency of information about the District's leasing activities. The District adopted this statement effective July 1, 2021.

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Net position is classified into three components - Net investment in capital assets, restricted net position and unrestricted net position. These classifications are defined as follows:

Net Investment in Capital Assets - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net asset component as the unspent proceeds.

Restricted Position - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less to be cash and cash equivalents.

Restricted Cash and Cash Equivalents

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current restricted cash includes the Section 125 Plan Fund. The District prefunds the plan annually based on employee elections. The District is reimbursed through biweekly payroll deductions. Current liabilities payable from these restricted assets include $69,786 and $55,247 included in accrued wages on the balance sheet as of June 30, 2022 and 2021, respectively. Noncurrent restricted cash includes unspent bond proceeds of $8,650,181 as of June 30, 2022.

Accounts Receivable

The District utilizes the allowance for doubtful accounts method with respect to its accounts receivable. The allowance was $212,855 and $190,876 at June 30, 2022 and 2021, respectively.

Grant Receivable

The District receives grant funds related to disaster relief. As of June 30, 2022 the District recorded a grant receivable of $482,065 related to disaster relief related to wildfires.

Prepaid Expenses

This represents amounts paid for future power costs.

Preliminary Survey and Investigation

The balance represents initial project engineering costs related to utility plant construction. The balance will be capitalized upon commencement of the project. Costs related to projects ultimately not considered viable will be written off.

Leases

The District records an intangible right-to-use lease asset (included in capital assets on the balance sheet) and a lease liability for all leases as defined by GASB Statement No. 87, *Leases,* with total payments over the life of the contract over $25,000. The lease assets are amortized over the term of the lease. See note 11.

Capital Assets

Capital assets are generally defined by the utility as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year.

All capital assets purchased by the District are capitalized at historical cost. Maintenance and repairs are expensed as incurred. Contributed assets are valued at their estimated acquisition value on the date contributed. Capital assets in service are depreciated or amortized using the straight-line method over the following useful lives:

	Years
Electric system assets	30
Buildings	30
Meter equipment	15
Equipment and vehicles	5

Compensated Absences Payable

Accumulated unpaid employee vacation benefits are recognized as liabilities of the District. Vacation, which is based upon the employee's length of service, may be accumulated and carried over up to a maximum of 500 hours of accrued vacation leave.

Accumulated employee compensatory time benefits are recognized as liabilities of the District. In lieu of receiving overtime pay, hourly employees may elect to accrue compensatory time. Compensatory time accrues at the rate of overtime pay foregone - for example, one hour of overtime at the double time rate of pay would be exchanged for two hours of compensatory time at the regular rate of pay. An employee's compensatory time may be accumulated and carried up to a maximum of 160 or 80 hours depending on the employee’s union agreement.

Employee sick leave benefits are not recognized as liabilities since benefits do not vest.

Construction Advances

The balance represents fees collected for future capital improvements. The fees may be refundable based on agreements with customers.

Customer Deposits

This account represents amounts deposited with the District by customers as security for payments of bills.

Deferred Outflows / Inflows of Resources

In addition to assets, the balance sheet includes a separate section for deferred outflows of resources which represent a consumption of net position that applies to future period(s), and as such will not be recognized as an outflow of resources (expense) until that future time.

In addition to liabilities, the balance sheet includes a separate section for deferred inflows of resources which represent acquisition of net position that applies to future period(s) and as such will not be recognized as an inflow of resources (revenue) until that future time.

Pension Plan

All full-time District employees are members of a risk pool of the State of California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefits pension plan. For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the CalPERS and additions to/deductions from CalPERS' 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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, the District OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Long-Term Obligations

Long-term debt and other obligations are reported as liabilities. Bond premiums are amortized over the life of the bonds using the straight-line method. Gains or losses on prior refundings are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. The balance at year-end for premiums is shown as an increase in the liability section of the balance sheet. The balance at year-end for the loss on refunding is shown as a deferred outflow of resources in the balance sheet.

Charges for Service

Billings are rendered and recorded monthly based on metered usage. The utility does accrue revenues beyond billing dates.

Current electric rates are effective February 11, 2022.

Effect of New Accounting Standards on Current Period Financial Statements

The GASB has approved the following statements:

- Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*
- Statement No. 96, *Subscription-Based Information Technology Arrangements*
- Statement No. 99, *Omnibus 2022*
- Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*
- Statement No. 101, *Compensated Absences*

When they become effective, application of these standards may restate portions of these financial statements.

Comparative Data

Certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

2. Cash and Investments

Deposits in each local and area bank are insured by the FDIC in the amount of $250,000 for time and savings accounts (including Negotiable Order of Withdrawal (NOW) accounts) and $250,000 for demand deposit accounts (interest bearing and noninterest bearing). In addition, if deposits are held in an institution outside of the state in which the government is located, insured amounts are further limited to a total of $250,000 for the combined amount of all deposit accounts.

The California Government Code sections 53600-53609 authorizes the District to invest in obligations of the United States Treasury in the form of notes, bonds, bills or instruments for which the faith and credit of the United States are pledged for payment. The District may also invest in registered treasury notes, or bonds of the State of California and commercial paper of "prime" quality as defined by California Government Codes Section 53635 and as rated by Standard and Poors Corporation or Moody's Commercial Paper Record.

The District participates in the Local Agency Investment Fund (LAIF), a voluntary program created by statute (California Government Code Section 16429). The Local Investment Advisory Board provides oversight for LAIF. Market valuation is conducted monthly and fund policies, goals and objectives are reviewed annually. All securities are purchased under Government Code Sections 16430 and 16480A and are held by a third party custodian. The District has the right to withdraw its deposited monies from LAIF upon demand. The fair value of District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio in relation to the amortized cost of that portfolio. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state agencies, floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. As of June 30, 2022 and 2021, less than 5% of LAIF's investment portfolio was invested in structured notes and other asset-backed securities. Due to the portfolio's characteristics, LAIF's exposure and the District's related exposure to credit, market and legal risk is considered minimal.

The District holds a portion of its investment funds in a Local Agency Pool Account (Pool) with Umpqua Bank. Local agency deposits in the account are collateralized with eligible securities pursuant to California Government Code Sections 53630-53686.The securities held as collateral must have a market value level of no less than 110% of the funds held in the Pool. The account funds and collateral are held by a third party custodian. The District has the right to withdraw its deposited monies from the Pool upon demand.

Pursuant to Government Code Sections 53658 and 53665, the District has an undivided security interest in the pooled securities equal to the percentage the Districts funds and accrued interest is to the total of the local agency funds on deposit in the pool.

The District has adopted an investment policy. That policy follows California Government Code Sections 53600-53609. The policy defines allowable short-term and long-term investments, maximum maturities and limits investments not issued by public agencies to a maximum of 5% per issuer diversification.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the District's deposits may not be returned to the District.

As of June 30, 2022 and 2021, the District did not have any deposits exposed to custodial credit risk.

Credit Risk

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations.

As of June 30, 2022 and 2021, the District's investments were rated as follows:

	2022		2021	
Investment Type	**Standard & Poors**	**Moody's Investors Services**	**Standard & Poors**	**Moody's Investors Services**
Dreyfus Government Cash Management Fund	AAAm	Aaa-mf	AAAm	Aaa-mf

The District also held investments in LAIF which is an external pool that is not rated.

3. Due From Other Governments

Pursuant to agreements (Project Agreements No.1 and No. 2) with Trinity County, the District provided financial support for the direction and control of Mountain Communities Healthcare District's (MCHD) operations and committed funds for operating expenses totaling $2,879,000. As of June 30, 2022 and 2021, the current outstanding principal balance due is $0. Pursuant to Project Agreement No. 2, amounts provided to MCHD accrue interest at a rate equal to the District's earnings rate on the Local Agency Investment Fund (LAIF). As of June 30, 2022 and 2021, the LAIF's rate was 0.75% and 0.33%, respectively, and accrued interest due was $97,187 and $265,414, respectively. This amount is shown on the balance sheet as interest receivable - due from other governments.

Pursuant to Project Agreement No. 2, beginning February 2006, the County commenced returning District reserves used to help MCHD carry out its obligations, by paying the District $150,000 per year, by way of increased rates for its electric services. Such payments will continue until the District's reserves, including accrued interest, are restored. As of June 30, 2022 and 2021, the District has recouped a total of $2,454,315 and $2,284,957, respectively.

Due from other governments at June 30, 2022 and 2021, are comprised of the following:

	2022	2021
Trinity County, principal	$ -	$ -
Trinity County, interest	97,187	265,414
Total due from other governments	97,187	265,414
Less current portion	(97,187)	(150,000)
Less interest receivable, due to/from other governments	-	(115,414)
Total due from other governments, long-term portion	$ -	$ -

4. Changes in Capital Assets

A summary of changes in capital assets for the years ended June 30, 2022 and 2021 is as follows:

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets not being depreciated or amortized:				
Land	$ 1,364,088	$ -	$ -	$ 1,364,088
Total capital assets not being depreciated or amortized	1,364,088	-	-	1,364,088
Capital assets being depreciated or amortized:				
Utility plant	60,758,583	4,673,427	-	65,432,010
Buildings and improvements	2,716,160	478,542	-	3,194,702
Equipment	3,921,007	227,588	-	4,148,595
Intangible lease asset	168,901	-	-	168,901
Total capital assets being depreciated or amortized	67,564,651	5,379,557	-	72,944,208
Less accumulated depreciation and amortization for:				
Utility plant	(25,525,649)	(2,055,383)	-	(27,581,032)
Buildings and improvements	(2,336,176)	(32,167)	-	(2,368,343)
Equipment	(2,493,190)	(468,769)	-	(2,961,959)
Lease asset amortization	(5,565)	(5,682)		(11,247)
Total accumulated depreciation and amortization	(30,360,580)	(2,562,001)	-	(32,922,581)
Total capital assets being depreciated or amortized, net	37,204,071	2,817,556	-	40,021,627
Net capital assets	$ 38,568,159	$ 2,817,556	$ -	$ 41,385,715

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not being depreciated or amortized:				
Land	$ 1,364,088	$ -	$ -	$ 1,364,088
Total capital assets not being depreciated or amortized	1,364,088	-	-	1,364,088
Capital assets being depreciated or amortized:				
Utility plant	57,402,537	3,356,046	-	60,758,583
Buildings and improvements	2,689,977	26,183	-	2,716,160
Equipment	3,667,983	514,736	(261,712)	3,921,007
Intangible lease asset	-	168,901	-	168,901
Total capital assets being depreciated or amortized	63,760,497	4,065,866	(261,712)	67,564,651
Less accumulated depreciation and amortization for:				
Utility plant	(23,583,129)	(1,942,520)		(25,525,649)
Buildings and improvements	(2,312,572)	(23,604)		(2,336,176)
Equipment	(2,311,503)	(443,399)	261,712	(2,493,190)
Lease asset amortization	-	(5,565)	-	(5,565)
Total accumulated depreciation and amortization	(28,207,204)	(2,415,088)	261,712	(30,360,580)
Total capital assets being depreciated or amortized, net	35,553,293	1,650,778	-	37,204,071
Net capital assets	$ 36,917,381	$ 1,650,778	$ -	$ 38,568,159

5. Long-Term Liabilities

Note Payable

2022 Note Payable

The debt was issued by the Trinity Public Utilities District under a resolution adopted by the Board of Directors of the District in the amount of $9,000,000. The debt was structured as a tax-exempt loan in parity with the 2017 electric revenue bonds. The debt is pledged with net revenues of the District as security. The debt has maturities from 2022 through 2032. The interest rate associated with the debt is 2.064%. The debt is directly placed with a third party.

Note payable debt service requirements to maturity are as follows:

Payable June 30:	Principal	Interest	Total
2023	$ 752,408	$ 170,545	$ 922,953
2024	767,938	155,015	922,953
2025	783,788	139,165	922,953
2026	799,966	122,987	922,953
2027	816,477	106,476	922,953
2028-2032	4,342,230	272,531	4,614,761
Total	$ 8,262,807	$ 966,719	$ 9,229,526

Revenue Debt

2017 Electric Revenue Bonds

The bonds were issued by the Trinity Public Utilities District under a resolution adopted by the Board of Directors of the District in the amount of $20,835,000. The bonds were structured as serial bonds for maturities 2018 through 2039. Series A bonds are tax-exempt and Series B bonds are taxable. Yields on serial bonds range from 0.97% to 3.32%. Interest rates range from 1.58% to 4%. The bonds maturing on or before April 1, 2027 are not subject to optional redemption prior to their respective stated maturity dates.

The certificates were delivered pursuant to a trust agreement, dated as of November 1, 2017, among the Bank of New York.

Revenue bonds debt service requirements to maturity are as follows:

Payable June 30:	Principal	Interest	Total
2023	$ 975,000	$ 588,013	$ 1,563,013
2024	1,020,000	549,013	1,569,013
2025	1,055,000	508,213	1,563,213
2026	1,090,000	476,563	1,566,563
2027	1,135,000	432,963	1,567,963
2028-2032	5,790,000	1,567,613	7,357,613
2033-2037	4,590,000	745,863	5,335,863
2038-2039	2,040,000	96,094	2,136,094
Total	17,695,000	$ 4,964,335	$ 22,659,335
Add premium	788,198		
Long-term debt, net	$ 26,746,005		

The District's outstanding debt noted above contains provisions that in an event of default, outstanding amounts may become immediately due and payable.

Other Long-Term Debt

USDA Rural Economic Development Loan

The agreement was executed December 15, 2016 by the District and the USDA for $400,000 as part of the Rural Economic Development Loan and Grant Program, which provides funding for rural projects through local utility organizations. The loan is payable in monthly installments of $3,390 on the last day of the month beginning February 28, 2017 at zero percent interest until paid in full, within ten years. The proceeds of this USDA loan were distributed to a local business in exchange for a note receivable with similar payment terms. In 2019, the local business paid back the note receivable in full. As of the fiscal year end, the District has made a full payment for the remaining amount of the loan to the USDA.

Long-Term Obligation Summary

Long-term obligation activity for the years ended June 30, 2022 and 2021 is as follows:

	June 30, 2021	Additions	Reductions	June 30, 2022	Due Within One Year
2022 note payable	$ -	$ 9,000,000	$ 737,193	$ 8,262,807	$ 752,408
Rural economic development loan	220,339	-	220,339	-	-
2017A Electric Revenue Bonds	18,650,000	-	955,000	17,695,000	975,000
Unamortized premiums	835,252	-	47,056	788,198	-
Net pension liability	3,487,206	-	2,131,034	1,356,172	-
Other postemployment benefits liability	2,504,387	273,002	-	2,777,389	-
Lease liability	163,336	-	5,682	157,654	5,800
Total	$ 25,860,520	$ 9,273,002	$ 4,096,304	$ 31,037,220	$ 1,733,208

	June 30, 2020	Additions	Reductions	June 30, 2021	Due Within One Year
Rural economic development loan	$ 261,017	$ -	$ 40,678	$ 220,339	$ 40,678
2017A Electric Revenue Bonds	19,570,000	-	920,000	18,650,000	955,000
Unamortized premiums	882,306	-	47,054	835,252	-
Net pension liability	3,280,103	207,103	-	3,487,206	-
Other postemployment benefits liability	1,968,052	536,335	-	2,504,387	-
Lease liability	-	163,336	-	163,336	5,682
Total	$ 25,961,478	$ 906,774	$ 1,007,732	$ 25,860,520	$ 1,001,360

6. Retirement Plans

Defined Benefit Plan

Plan Description

Effective July 4, 2004, the District elected to become a participant in the California Public Employees Retirement System (CalPERS) and began making contributions into a cost-sharing, multiple-employer public employee defined benefit pension plan (PERF C or the Plan). PERF C provides retirement and retirement disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating entities within the State of California. Benefit provisions and all other requirements are established by state statute. CalPERS funding progress information for the District has been consolidated by CalPERS with other entities in the risk pool. Therefore, this information is not available solely for the District's funding progress and has not been presented in these financial statements. Copies of CalPERS' annual financial report may be obtained from their Executive Office, 400 Q Street, Sacramento, California 95811.

Contributions

The District is required to contribute at an actuarially determined rate for their participants. Required contributions for the Plan are based on a percentage of payroll plus a contribution to the employer unfunded accrued liability (UAL) (paid either monthly or in a lump sum). Total contributions are broken down as follows for the classic members of the Plan:

	2022	2021
Employee Normal Cost Rate[1]	8.00 %	8.00 %
Employee Normal Cost Rate	14.540 %	14.729 %
Plus Annual Unfunded Accrued Liability - Prepayment Option	$ 257,312	$ -
Plus Annual Unfunded Accrued Liability – Monthly Option	$ -	$ 218,561

[1] Per agreement with the Employees' Association's, the employee's rate is paid by the employee through payroll deduction. The remaining balance is paid by the District.

Members hired after January 1, 2013, or members who were established as a CalPERS member prior to January 1, 2013 and were rehired by a different CalPERS employer after a break in service greater than six months fall under the California Public Employees' Pension Reform Act (PEPRA). Contribution rates for PEPRA members as of June 30, 2022 and 2021 are:

	2022	2021
Employee payroll deduction	6.750 %	6.750 %
Employer rate	7.590 %	7.732 %
Plus Annual Unfunded Accrued Liability – Prepayment Option	$ 1,512	$ -
Plus Annual Unfunded Accrued Liability – Monthly Option	$ -	$ 1,581

The contribution rates for plan members and the District are established, and may be amended by CalPERS. For the year ending June 30, 2022 and 2021, the District's employer contributions were $671,348 and $602,689, respectively, equal to their required contribution for the year.

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

At June 30, 2022, the District reported a net pension liability of $1,356,172 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability 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. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. 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 districts and the state, actuarially determined. At June 30, 2021, the District's proportion was 0.0714%, which was a decrease of 0.0113% from its proportion measured as of June 30, 2020.

At June 30, 2021, the District reported a net pension liability of $3,487,206 for its proportionate share of the net pension liability. The net pension liability was 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 using standard update procedures. No material changes in assumptions or benefit terms occurred between the actuarial valuation date and the measurement date. 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 districts and the state, actuarially determined. At June 30, 2020, the District's proportion was 0.0827%, which was an increase of 0.0008% from its proportion measured as of June 30, 2019.

For the years ended June 30, 2022 and 2021, the District recognized pension expense of $74,961 and $823,688, respectively.

At June 30, 2022 and 2021, 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	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Changes in assumptions	$ -	$ -	$ -	$ 24,872
Differences between expected and actual experience	152,079	-	179,797	-
Net difference between projected and actual earnings on pension plan investments	-	1,183,868	103,502	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,115	253,611	89,593	-
Employer contributions subsequent to the measurement date	671,349	-	602,689	-
Total	$ 853,543	$ 1,437,479	$ 975,581	$ 24,872

Deferred outflows related to pension resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability in the subsequent year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30:	
2023	$ (274,120)
2024	(320,155)
2025	(333,852)
2026	(327,158)
Total	$ (1,255,285)

Actuarial Assumptions. The total pension liability in the actuarial valuation used in the current and prior year was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2022	2021
Actuarial valuation date	June 30, 2020	June 30, 2019
Measurement date of net pension liability (asset)	June 30, 2021	June 30, 2020
Actuarial cost method	Entry age	Entry age
Asset valuation method	Fair market value	Fair market value
Discount rate	7.15%	7.15%
Inflation	2.50%	2.50%
Mortality rate table[1]	Derived using CalPERS' membership data for all funds	Derived using CalPERS' membership data for all funds
Post-retirement adjustments	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies

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

All other actuarial assumptions used in the June 30, 2020 and 2019 valuations were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on CalPERS' website

Long-Term Expected Return on Plan Assets. 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, the Plan took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building block approach. Using the expected nominal returns for both short term and long term, the present value of benefits 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 adjusted to account for the assumed administrative expenses.

The table below reflects long-term expected real rates of return by asset class as of June 30, 2022. The rates of return were calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

	Target Asset Allocation	Real Return Years 1-10[1]	Real Return Years 11+[2]
Asset Class:			
Global equity	50.0 %	4.80 %	5.98 %
Fixed income	28.0	1.0	2.62
Inflation assets	-	0.77	1.81
Private equity	8.0	6.30	7.23
Real estate	13.0	3.75	4.93
Liquidity	1.0	-	(0.92)

[1]An expected inflation of 2.00% used for this period.
[2]An expected inflation of 2.92% used for this period.

The table below reflects long-term expected real rates of return by asset class as of June 30, 2021. The rates of return were calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

	Target Asset Allocation	Real Return Years 1-10[1]	Real Return Years 11+[2]
Asset Class:			
Global equity	50.0 %	4.80 %	5.98 %
Fixed income	28.0	1.0	2.62
Inflation assets	-	0.77	1.81
Private equity	8.0	6.30	7.23
Real estate	13.0	3.75	4.93
Liquidity	1.0	-	(0.92)

[1]An expected inflation of 2.00% used for this period.
[2]An expected inflation of 2.92% used for this period.

Discount Rate. The discount rate used to measure the total pension liability as of June 30, 2022 and June 30, 2021 was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at actuarially required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability. The following presents the District's proportionate share of the net pension liability for June 30, 2022 and June 30, 2021 calculated using the discount rate of 7.15%, 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.

The sensitivity analysis as of June 30, 2022 and 2021 follows:

	2022		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability (asset)	$ 3,238,828	$ 1,356,172	$ (200,193)

	2021		
	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 5,568,784	$ 3,487,206	$ 1,767,263

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net positions is available in separately issued financial statements available at https://www.calpers.ca.gov/docs/forms-publications/acfr-2021.pdf

7. Postemployment Benefits Other Than Pensions (OPEB)

General Information about the OPEB Plan

Plan Description. The District provides postemployment healthcare benefits, in accordance with union agreements, to all employees who retire from the District that meet the criteria listed below:

- The sum of an employee's age and number of years of full-time service equals 75 or more, upon retiring the employee may, with carrier approval, continue participation in the District medical insurance program for the employee and the employee's family.
- Employees who are CalPERS members must be receiving benefits from CalPERS.
- The retiree must agree to pay the District any amount of insurance premium that the District does not contribute.
- When an employee who was hired prior to September 12, 2014 terminates employment with the District, is eligible and elects to continue participation in the District's medical insurance program and reaches the age of eligibility for Medicare, the employee may elect to receive a contribution from the District equal to one-third (1/3) of the amount provided in Article 26.3(b) except, however, if either the retiree or the retiree's spouse reached the age of eligibility for Medicare, but the other has not, the Districts contributions will be equal to one-half (1/2) of the amount provided for in Article 23.3(b) until both have reached the age of eligibility for Medicare. The District's contribution will be available through a qualified Health Reimbursement Account. Employees hired after September 12, 2014 will not be eligible for this contribution.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided. The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms provide for payment of $736.98 per month towards medical, prescription drug, dental and vision care premiums. The dollar amount is effective July 1, 2021 and is assumed to increase with the consumer price index. When the retiree reaches Medicare eligibility, the District contribution is reduced to 1/3 of the full amount and payment will be placed in a qualified Health Reimbursement Account.

Employees Covered by Benefit Terms. As of the actuarial valuation date, June 30, 2020, the following employees were covered by the benefit terms:

	2020
Active plan members	22
Inactive plan members of beneficiaries currently receiving benefit payments	5
Total plan members	27

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

	2022	**2021**
Actuarial valuation date	June 30, 2020	June 30, 2020
Measurement date of net pension liability (asset)	June 30, 2021	June 30, 2020
Actuarial cost method	Entry age	Entry age
Discount rate	1.92%	2.45%
Inflation	2.50%	2.50%
Mortality rate table	Based on assumptions for Public Agency Miscellaneous members published in the December 2017 CalPERS Experience Study.	Based on assumptions for Public Agency Miscellaneous members published in the December 2017 CalPERS Experience Study.
Healthcare cost trend rate	6.20% for 2021, gradually decreasing over several decades to an ultimate rate of 4.00% in 2076 and later years.	6.20% for 2021, gradually decreasing over several decades to an ultimate rate of 4.00% in 2076 and later years.
Increases in direct subsidy	Assumed to increase with healthcare trend rates. The flat dollar direct subsidy amount is assumed to increase with general inflation.	Assumed to increase with healthcare trend rates. The flat dollar direct subsidy amount is assumed to increase with general inflation.

The discount rates used were based on the Fidelity 20-Year Municipal GO AA Index.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at June 30, 2020	$ 1,968,052
Changes for the year:	
Service cost	80,664
Interest	62,706
Differences between expected and actual experience	329,383
Changes in assumptions	154,210
Benefit payments	(90,628)
Net changes	536,335
Balances at June 30, 2021	2,504,387
Changes for the year:	
Service cost	103,061
Interest	62,786
Differences between expected and actual experience	10,720
Changes in assumptions	185,905
Benefit payments	(89,470)
Net changes	273,002
Balances at June 30, 2022	$ 2,777,389

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the District, as well as what the District's total OPEB 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 discount rate:

	2022		
	1% Decrease (0.92%)	Discount Rate (1.92%)	1% Increase (2.92%)
2022 Total OPEB liability	$ 3,188,538	$ 2,777,389	$ 2,442,166

	2021		
	1% Decrease (1.45%)	Discount Rate (2.45%)	1% Increase (3.45%)
2021 Total OPEB liability	$ 2,867,097	$ 2,504,387	$ 2,207,428

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	2022		
	1% Decrease (5.2% Decreasing to 3.0%)	Healthcare Cost Trend Rates (6.2% Decreasing to 4.0%)	1% Increase (7.2% Decreasing to 5.0%)
2022 Total OPEB liability	$ 2,357,176	$ 2,777,389	$ 3,308,557

	2021		
	1% Decrease (5.2% Decreasing to 3.0%)	Healthcare Cost Trend Rates (6.2% Decreasing to 4.0%)	1% Increase (7.2% Decreasing to 5.0%)
2021 Total OPEB liability	$ 2,151,186	$ 2,504,387	$ 2,947,579

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2022 and 2021, the District recognized OPEB expense of $124,792 and $69,795, respectively.

At June 30, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 320,125	$ 92,435	$ 201,708	$ 132,566
Differences between expected and actual experience	237,264	86,354	278,787	118,697
Employer contributions subsequent to the measurement date	56,033	-	57,191	-
Total	$ 613,422	$ 178,789	$ 537,686	$ 251,263

Deferred outflows related to OPEB contributions subsequent to the measurement date reported in the table above will be recognized as a reduction of the total OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30:		
2023	$	47,257
2024		47,475
2025		85,672
2026		114,702
2027		68,093
Thereafter		15,401

9. Commitments and Contingencies

Long Term Power Supply

The District purchases all of its power from the Western Area Power Administration at cost based on a first preference right granted by Congress in the 1955 Trinity River Division Act. The 1955 Act provided for the United States Government to build the Trinity Dam and reserves, in perpetuity, the first 25% of the resulting energy generated to be sold at cost for use in, and only within, Trinity County.

Claims and Judgments

From time to time, the District is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the District's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the District's financial position or results of operations.

10. Risk Management

The District manages its exposure 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 by participating in risk pools described below.

The District participates in risk pools with the Special District Risk Management Authority (SDRMA) which provides property, liability and workers' compensation insurance to its member districts. The District pays premiums commensurate with the levels of coverage requested. The authority is governed by a board consisting of members elected from the participating districts, which control the operations of the authorities independent of any influence by the District beyond the District's representation on the governing board. The District's share of year-end assets, liabilities or fund equity is not calculated by the Joint Powers Authority.

As of July 1, 2021, the District is self-insured related to fire. No claims were paid in fiscal year 2021 or 2022. The District has not accrued for an estimated liability as of June 30, 2021 or 2022.

11. Leases

Effective July 1, 2021, the District implemented GASB Statement No. 87: *Leases,* causing a restatement of the balance sheet as of June 30, 2021. Included below is the adjustment related to the implementation of the new standard. There was no impact to net income related to this restatement.

	Previously Reported as of June 30, 2021	Adjustment	Restated as of June 30, 2021
Depreciable or amortizable capital assets	$ 67,395,750	$ 168,901	$ 67,564,651
Accumulated depreciation and amortization	(30,355,015)	(5,565)	(30,360,580)
Lease liability	-	(163,336)	(163,336)

In 2020, the District entered into an agreement of which they are the lessee to lease land for five years at a cost of $750 per month, with three automatic renewal periods of five years, where the fee will increase by 10%. The discount rate used was 2.06%. An initial lease asset and liability equal to the present value of future lease payments of $168,901 was recorded.

On June 30, 2022 the District recognized a right to use lease asset of $168,901 and a lease liability of $157,654, of which $5,800 is current. During the year, the District recorded $5,682 in amortization expense, $5,682 in principal and $3,318 in interest expense for the use of the land.

On June 30, 2021 the District recognized a right to use lease asset of $168,901 and a lease liability of $163,336, of which $5,862 is current. During the year, the District recorded $5,565 in amortization expense, $5,565 in principal and $3,435 in interest expense for the use of the land.

Principal and interest payments on the loan are as follows:

Fiscal Year Ending	Principal	Interest
2023	$ 5,921	$ 3,079
2024	6,046	2,954
2025	7,076	2,824
2026	7,230	2,670
2027	7,376	2,524
2028-2032	33,100	8,480
2033-2037	50,285	6,343
2038-2040	34,820	1,111
Total	$ 151,854	$ 29,985

12. Subsequent Event

On September 27, 2022, the District received a state grant totaling $798,000 in relation to two major storms declared a disaster by the state of California.

REQUIRED SUPPLEMENTARY INFORMATION

Trinity Public Utilities District

Schedule of Proportionate Share of the Net Pension Liability -
California Public Employees Retirement System - Perf C
Year Ended June 30, 2022

Information in the table below is presented as of the measurement date.

Fiscal Year Ending	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2022	0.0714%	$ 1,356,172	$ 2,851,245	47.56%	90%
June 30, 2021	0.0827%	3,487,206	2,380,688	146.48%	78%
June 30, 2020	0.0819%	3,280,103	2,365,828	138.65%	78%
June 30, 2019	0.0819%	3,086,793	2,317,156	133.21%	78%
June 30, 2018	0.0832%	3,277,827	2,118,031	154.76%	75%
June 30, 2017	0.0829%	2,881,546	2,148,429	134.12%	76%
June 30, 2016	0.0881%	2,415,960	1,993,596	121.19%	80%
June 30, 2015	0.0804%	2,067,193	1,992,151	103.77%	80%

Schedule of Employer Contributions
Year Ended June 30, 2022

Fiscal Year Ending	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2022	$ 671,348	$ 671,348	$ -	$ 3,016,273	22.26%
June 30, 2021	602,689	602,689	-	2,851,245	21.14%
June 30, 2020	529,563	529,563	-	2,380,688	22.24%
June 30, 2019	614,365	614,365	-	2,365,828	25.97%
June 30, 2018	555,604	555,604	-	2,317,156	23.98%
June 30, 2017	569,927	569,927	-	2,118,031	26.91%
June 30, 2016	605,773	605,773	-	2,148,429	28.20%
June 30, 2015	604,434	604,434	-	1,993,596	30.32%

See notes to requited supplementary information

1. California Public Employees Retirement System

The District is required to present the last ten fiscal years of data; however, accounting standards allow the presentation of as many years as are available until ten fiscal years are presented.

Changes in Benefit Terms

There were no changes of benefit terms that applied to all members of the Public Agency Pool.

Changes in Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 103,061	$ 80,664	$ 69,781	$ 78,375	$ 85,667
Interest	62,786	62,706	66,439	74,747	63,548
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	10,720	329,383	-	(215,726)	-
Changes of assumptions	185,905	154,210	101,672	(123,385)	(151,206)
Benefit payments	(89,470)	(90,628)	(70,796)	(68,616)	(66,192)
Net Change in Total OPEB Liability	273,002	536,335	167,096	(254,605)	(68,183)
Total OPEB Liability, Beginning	2,504,387	1,968,052	1,800,956	2,055,561	2,123,744
Total OPEB Liability, Ending	$ 2,777,389	$ 2,504,387	$ 1,968,052	$ 1,800,956	$ 2,055,561
Covered-Employee Payroll	$ 1,356,172	$ 3,487,206	$ 3,238,242	$ 2,852,514	$ 2,715,441
Total OPEB Liability as a Percentage of Covered-Employee Payroll	204.80%	71.82%	60.78%	63.14%	75.70%

Notes to Schedule

Benefit changes. In 2017, benefit terms were modified to increase copayments for prescription drugs.
In 2016, benefit terms were modified to add vision benefits.

Changes of assumptions . In 2017, expected retirement ages of general employees were adjusted to more closely reflect actual experience.
In 2016, assumed life expectancies were adjusted as a result of adopting the RP-2000 Healthy Annuitant Mortality Table.
In prior years, those assumptions were based on the 1994 Group Annuity Mortality Table.

The District implemented GASB Statement No. 75 in fiscal year 2018. Information from 2011 - 2017 is not available and this schedule will be presented on a prospective basis.
Changes in benefit terms. There were no changes of benefit terms.

Changes in Assumptions.
The following discount rates were used in the period presented above:

2022	1.92%
2021	2.45%
2020	3.13%
2019	3.62%
2018	3.56%

The following inflation rates were used in the period presented above:

2022 - 2019	2.50%
2018	2.75%

The following healthcare cost trend rates were used in the periods presented above:

2021 - 2022	6.20%
2020 - 2019	6.90%
2018	6.80%

SUPPLEMENTARY INFORMATION

Trinity Public Utilities District

Schedule of Revenues and Expenses - Budget to Actual
Year Ended June 30, 2022

	GAAP Basis	Adjustment to Budgetary Basis	Actual on Budgetary Basis	Budget	Variance Favorable (Unfavorable)
Operating Revenues					
Retail sales	$ 12,194,372	$ 68,761	$ 12,263,133	$ 12,139,476	$ 123,657
Fees and charges	85,597	(964)	84,633	41,036	43,597
Other revenue	2,903,795	(2,950)	2,900,845	2,875,100	25,745
Total operating revenues	15,183,764	64,847	15,248,611	15,055,612	192,998
Operating Expenses					
Power acquisition	5,097,273	-	5,097,273	4,693,193	404,080
Operations and maintenance	4,495,730	-	4,495,730	4,375,726	120,004
Customer accounts	740,475	(21,978)	718,497	792,399	(73,902)
Administrative and general	1,212,614	586,784	1,799,398	1,796,816	2,582
Depreciation and amortization	2,562,001	(2,562,001)	-	-	-
Total operating expenses	14,108,093	(1,997,195)	12,110,898	11,658,134	452,763
Operating income	1,075,671	2,062,042	3,137,713	3,397,478	(259,765)
Nonoperating Income (Expense)					
Investment income	27,596	15,442	12,154	71,145	(58,991)
Other income, grant income	690,109	482,065	208,044	-	208,044
Loss on abandoned projects	(231,574)	(231,574)	-	-	-
Debt issuance costs	(58,600)	-	(58,600)	-	(58,600)
Interest expense / debt service	(708,168)	1,648,221	(2,356,389)	(2,356,389)	-
Capital outlay	-	5,710,088	(5,710,088)	(5,612,929)	(97,159)
Total nonoperating revenues (expense)	(280,637)	7,624,242	(7,904,878)	(7,898,173)	(6,705)
Capital Contributions	680,086	(328,359)	351,727	563,059	(211,332)
Change in net position	$ 1,475,120	$ (5,890,559)	$ (4,415,438)	$ (3,937,636)	$ (477,802)