

Lahontan Regional Water Quality Control Board

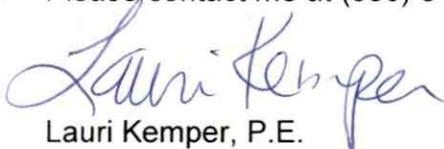
May 2, 2012

Harold J. Singer, Executive Officer
Regional Water Quality Control Board, Lahontan Region
2501 Lake Tahoe Blvd.
South Lake Tahoe, CA 96150

TRANSMITTAL OF LAHONTAN WATER BOARD PROSECUTION TEAM'S WRITTEN MATERIALS FOR CONSIDERATION OF ADMINISTRATIVE CIVIL LIABILITY COMPLAINT NO. R6T-2012-0010, ISSUED TO NORTH TAHOE PUBLIC UTILITY DISTRICT - PLACER COUNTY, W DID NO. 6SSO11110

Pursuant to the April 19, 2012 Hearing Procedures, I am submitting an original, 15 copies, and an electronic copy of the Lahontan Water Board Prosecution Team's written materials to you for the above-referenced case. Additional copies are also provided to Lauri Kemper, Andrew Tauriainen, Kimberly Niemeyer, Paul Schultz, and Neil Eskind in accordance with the Hearing Procedures.

Please contact me at (530) 542-5436 if you have any questions regarding this matter.



Lauri Kemper, P.E.
Assistant Executive Officer

Enclosure: Lahontan Water Board Prosecution Team's Written Materials

cc (w/enclosure – Send Overnight with return receipt verification):

Andrew Tauriainen/SWRCB, Office of Enforcement
Kimberly Niemeyer/SWRCB, Office of Chief Counsel
Paul Schultz, North Tahoe Public Utility District
Neil Eskind, Esq.

cc (w/o enclosure):

Kathleen McConnell, Coblenz, Patch, Duff & Bass, LLP
Steve Sweet, Tahoe Regional Planning Agency
Vickie Sandoval, Placer County Environmental Health Department
John Larson, Larson Consulting
John Walsh, Stantec Consulting Services, Inc.
Christy Leonard, Corporate Counsel, Stantec Consulting Services, Inc.
Peter K. Hackbusch, Dinter

EJT/adw/T:/_Agenda Items/2012/6-June/NTPUD/ NTPUD, Written Evidentiary Package Cover Letter, 2012-05-01 EJT
File Under: 6SSO11110

**REGIONAL WATER QUALITY CONTROL BOARD, LAHONTAN REGION
PUBLIC HEARING SCHEDULED FOR JULY 11-12, 2012**

**PROSECUTION TEAM TRANSMITTAL OF WRITTEN MATERIALS FOR
CONSIDERATION OF ADMINISTRATIVE CIVIL LIABILITY COMPLAINT NO.
R6T-2012-0010**

FOR

**NORTH TAHOE PUBLIC UTILITY DISTRICT,
PLACER COUNTY**

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SECTION I

LIST OF WITNESSES

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LIST OF WITNESSES

1. Eric J. Taxer, P.E., Water Resource Control Engineer, Regional Water Quality Control Board, Lahontan Region
2. Scott C. Ferguson, P.E., Senior Water Resource Control Engineer, Chief - Enforcement and Special Projects Unit, Regional Water Quality Control Board, Lahontan Region
3. Charles L. Curtis, P.E., Supervising Water Resource Control Engineer, Manager - Cleanup and Enforcement Division, Regional Water Quality Control Board, Lahontan Region
4. Lauri Kemper, P.E., Assistant Executive Officer, Regional Water Quality Control Board, Lahontan Region

The Prosecution Team reserves the right to call Rebuttal Witnesses to address legal argument or testimony by the Discharger.

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SECTION II

SUMMARY OF TESTIMONY

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**SUMMARY OF TESTIMONY OF ERIC J. TAXER, SCOTT C. FERGUSON,
CHARLES L. CURTIS, AND LAURI KEMPER**
(Total of 60 Minutes)

- North Tahoe Public Utility District (NTPUD) owns and operates a sanitary sewer system;
- NTPUD is enrolled for coverage under the Statewide General Waste Discharge Requirements for Sanitary Sewer Systems, State Water Board Order No. 2006-0003-DWQ;
- Evidence supporting violations of State Water Board Order No. 2006-0003-DWQ and the Lahontan Water Board's Basin Plan (discharge of raw sewage into Lake Tahoe and into a private residence, creating a nuisance);
- Testimony regarding background information about the facility, inspections of the facility, previous regulatory actions, violations, history of corrective actions, Discharger's ability to pay, enforcement options, and details of the proposed order.
- Legal authority for the Lahontan Water Board to adopt the proposed administrative liability; and
- Recommendation to the Lahontan Water Board.

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SECTION III

LIST OF EXHIBITS

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LIST OF EXHIBITS

Exhibit No.	Description of Exhibit
1	State Water Resources Control Board Order No. 2006-0003-DWQ
2	Weather Data for December 19, 2010
3	North Tahoe Public Utility District: Management's Discussion and Analysis, Financial Statements, Supplementary Information, & Independent Auditor's Report for the Fiscal Years Ended June 30, 2011 and 2010.
4	Excerpts from North Tahoe Public Utility District Main Sewer Pump Station Master Plan, July 2009 (Section 2 - Inflow and Infiltration Analysis)

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SECTION IV

EXHIBITS

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EXHIBIT NO. 1

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**STATE WATER RESOURCES CONTROL BOARD
ORDER NO. 2006-0003-DWQ**

**STATEWIDE GENERAL WASTE DISCHARGE REQUIREMENTS
FOR
SANITARY SEWER SYSTEMS**

The State Water Resources Control Board, hereinafter referred to as "State Water Board", finds that:

1. All federal and state agencies, municipalities, counties, districts, and other public entities that own or operate sanitary sewer systems greater than one mile in length that collect and/or convey untreated or partially treated wastewater to a publicly owned treatment facility in the State of California are required to comply with the terms of this Order. Such entities are hereinafter referred to as "Enrollees".
2. Sanitary sewer overflows (SSOs) are overflows from sanitary sewer systems of domestic wastewater, as well as industrial and commercial wastewater, depending on the pattern of land uses in the area served by the sanitary sewer system. SSOs often contain high levels of suspended solids, pathogenic organisms, toxic pollutants, nutrients, oxygen-demanding organic compounds, oil and grease and other pollutants. SSOs may cause a public nuisance, particularly when raw untreated wastewater is discharged to areas with high public exposure, such as streets or surface waters used for drinking, fishing, or body contact recreation. SSOs may pollute surface or ground waters, threaten public health, adversely affect aquatic life, and impair the recreational use and aesthetic enjoyment of surface waters.
3. Sanitary sewer systems experience periodic failures resulting in discharges that may affect waters of the state. There are many factors (including factors related to geology, design, construction methods and materials, age of the system, population growth, and system operation and maintenance), which affect the likelihood of an SSO. A proactive approach that requires Enrollees to ensure a system-wide operation, maintenance, and management plan is in place will reduce the number and frequency of SSOs within the state. This approach will in turn decrease the risk to human health and the environment caused by SSOs.
4. Major causes of SSOs include: grease blockages, root blockages, sewer line flood damage, manhole structure failures, vandalism, pump station mechanical failures, power outages, excessive storm or ground water inflow/infiltration, debris blockages, sanitary sewer system age and construction material failures, lack of proper operation and maintenance, insufficient capacity and contractor-caused damages. Many SSOs are preventable with adequate and appropriate facilities, source control measures and operation and maintenance of the sanitary sewer system.

SEWER SYSTEM MANAGEMENT PLANS

5. To facilitate proper funding and management of sanitary sewer systems, each Enrollee must develop and implement a system-specific Sewer System Management Plan (SSMP). To be effective, SSMPs must include provisions to provide proper and efficient management, operation, and maintenance of sanitary sewer systems, while taking into consideration risk management and cost benefit analysis. Additionally, an SSMP must contain a spill response plan that establishes standard procedures for immediate response to an SSO in a manner designed to minimize water quality impacts and potential nuisance conditions.
6. Many local public agencies in California have already developed SSMPs and implemented measures to reduce SSOs. These entities can build upon their existing efforts to establish a comprehensive SSMP consistent with this Order. Others, however, still require technical assistance and, in some cases, funding to improve sanitary sewer system operation and maintenance in order to reduce SSOs.
7. SSMP certification by technically qualified and experienced persons can provide a useful and cost-effective means for ensuring that SSMPs are developed and implemented appropriately.
8. It is the State Water Board's intent to gather additional information on the causes and sources of SSOs to augment existing information and to determine the full extent of SSOs and consequent public health and/or environmental impacts occurring in the State.
9. Both uniform SSO reporting and a centralized statewide electronic database are needed to collect information to allow the State Water Board and Regional Water Quality Control Boards (Regional Water Boards) to effectively analyze the extent of SSOs statewide and their potential impacts on beneficial uses and public health. The monitoring and reporting program required by this Order and the attached Monitoring and Reporting Program No. 2006-0003-DWQ, are necessary to assure compliance with these waste discharge requirements (WDRs).
10. Information regarding SSOs must be provided to Regional Water Boards and other regulatory agencies in a timely manner and be made available to the public in a complete, concise, and timely fashion.
11. Some Regional Water Boards have issued WDRs or WDRs that serve as National Pollution Discharge Elimination System (NPDES) permits to sanitary sewer system owners/operators within their jurisdictions. This Order establishes minimum requirements to prevent SSOs. Although it is the State Water Board's intent that this Order be the primary regulatory mechanism for sanitary sewer systems statewide, Regional Water Boards may issue more stringent or more

prescriptive WDRs for sanitary sewer systems. Upon issuance or reissuance of a Regional Water Board's WDRs for a system subject to this Order, the Regional Water Board shall coordinate its requirements with stated requirements within this Order, to identify requirements that are more stringent, to remove requirements that are less stringent than this Order, and to provide consistency in reporting.

REGULATORY CONSIDERATIONS

12. California Water Code section 13263 provides that the State Water Board may prescribe general WDRs for a category of discharges if the State Water Board finds or determines that:

- The discharges are produced by the same or similar operations;
- The discharges involve the same or similar types of waste;
- The discharges require the same or similar treatment standards; and
- The discharges are more appropriately regulated under general discharge requirements than individual discharge requirements.

This Order establishes requirements for a class of operations, facilities, and discharges that are similar throughout the state.

13. The issuance of general WDRs to the Enrollees will:

- a) Reduce the administrative burden of issuing individual WDRs to each Enrollee;
- b) Provide for a unified statewide approach for the reporting and database tracking of SSOs;
- c) Establish consistent and uniform requirements for SSMP development and implementation;
- d) Provide statewide consistency in reporting; and
- e) Facilitate consistent enforcement for violations.

14. The beneficial uses of surface waters that can be impaired by SSOs include, but are not limited to, aquatic life, drinking water supply, body contact and non-contact recreation, and aesthetics. The beneficial uses of ground water that can be impaired include, but are not limited to, drinking water and agricultural supply. Surface and ground waters throughout the state support these uses to varying degrees.

15. The implementation of requirements set forth in this Order will ensure the reasonable protection of past, present, and probable future beneficial uses of water and the prevention of nuisance. The requirements implement the water quality control plans (Basin Plans) for each region and take into account the environmental characteristics of hydrographic units within the state. Additionally, the State Water Board has considered water quality conditions that could reasonably be achieved through the coordinated control of all factors that affect

water quality in the area, costs associated with compliance with these requirements, the need for developing housing within California, and the need to develop and use recycled water.

16. The Federal Clean Water Act largely prohibits any discharge of pollutants from a point source to waters of the United States except as authorized under an NPDES permit. In general, any point source discharge of sewage effluent to waters of the United States must comply with technology-based, secondary treatment standards, at a minimum, and any more stringent requirements necessary to meet applicable water quality standards and other requirements. Hence, the unpermitted discharge of wastewater from a sanitary sewer system to waters of the United States is illegal under the Clean Water Act. In addition, many Basin Plans adopted by the Regional Water Boards contain discharge prohibitions that apply to the discharge of untreated or partially treated wastewater. Finally, the California Water Code generally prohibits the discharge of waste to land prior to the filing of any required report of waste discharge and the subsequent issuance of either WDRs or a waiver of WDRs.
17. California Water Code section 13263 requires a water board to, after any necessary hearing, prescribe requirements as to the nature of any proposed discharge, existing discharge, or material change in an existing discharge. The requirements shall, among other things, take into consideration the need to prevent nuisance.
18. California Water Code section 13050, subdivision (m), defines nuisance as anything which meets all of the following requirements:
 - a. Is injurious to health, or is indecent or offensive to the senses, or an obstruction to the free use of property, so as to interfere with the comfortable enjoyment of life or property.
 - b. Affects at the same time an entire community or neighborhood, or any considerable number of persons, although the extent of the annoyance or damage inflicted upon individuals may be unequal.
 - c. Occurs during, or as a result of, the treatment or disposal of wastes.
19. This Order is consistent with State Water Board Resolution No. 68-16 (Statement of Policy with Respect to Maintaining High Quality of Waters in California) in that the Order imposes conditions to prevent impacts to water quality, does not allow the degradation of water quality, will not unreasonably affect beneficial uses of water, and will not result in water quality less than prescribed in State Water Board or Regional Water Board plans and policies.
20. The action to adopt this General Order is exempt from the California Environmental Quality Act (Public Resources Code §21000 et seq.) because it is an action taken by a regulatory agency to assure the protection of the environment and the regulatory process involves procedures for protection of the environment. (Cal. Code Regs., tit. 14, §15308). In addition, the action to adopt

this Order is exempt from CEQA pursuant to Cal.Code Regs., title 14, §15301 to the extent that it applies to existing sanitary sewer collection systems that constitute "existing facilities" as that term is used in Section 15301, and §15302, to the extent that it results in the repair or replacement of existing systems involving negligible or no expansion of capacity.

21. The Fact Sheet, which is incorporated by reference in the Order, contains supplemental information that was also considered in establishing these requirements.
22. The State Water Board has notified all affected public agencies and all known interested persons of the intent to prescribe general WDRs that require Enrollees to develop SSMPs and to report all SSOs.
23. The State Water Board conducted a public hearing on February 8, 2006, to receive oral and written comments on the draft order. The State Water Board received and considered, at its May 2, 2006, meeting, additional public comments on substantial changes made to the proposed general WDRs following the February 8, 2006, public hearing. The State Water Board has considered all comments pertaining to the proposed general WDRs.

IT IS HEREBY ORDERED, that pursuant to California Water Code section 13263, the Enrollees, their agents, successors, and assigns, in order to meet the provisions contained in Division 7 of the California Water Code and regulations adopted hereunder, shall comply with the following:

A. DEFINITIONS

1. **Sanitary sewer overflow (SSO)** - Any overflow, spill, release, discharge or diversion of untreated or partially treated wastewater from a sanitary sewer system. SSOs include:
 - (i) Overflows or releases of untreated or partially treated wastewater that reach waters of the United States;
 - (ii) Overflows or releases of untreated or partially treated wastewater that do not reach waters of the United States; and
 - (iii) Wastewater backups into buildings and on private property that are caused by blockages or flow conditions within the publicly owned portion of a sanitary sewer system.
2. **Sanitary sewer system** - Any system of pipes, pump stations, sewer lines, or other conveyances, upstream of a wastewater treatment plant headworks used to collect and convey wastewater to the publicly owned treatment facility. Temporary storage and conveyance facilities (such as vaults, temporary piping, construction trenches, wet wells, impoundments, tanks, etc.) are considered to be part of the sanitary sewer system, and discharges into these temporary storage facilities are not considered to be SSOs.

For purposes of this Order, sanitary sewer systems include only those systems owned by public agencies that are comprised of more than one mile of pipes or sewer lines.

3. **Enrollee** - A federal or state agency, municipality, county, district, and other public entity that owns or operates a sanitary sewer system, as defined in the general WDRs, and that has submitted a complete and approved application for coverage under this Order.
4. **SSO Reporting System** – Online spill reporting system that is hosted, controlled, and maintained by the State Water Board. The web address for this site is <http://ciwqs.waterboards.ca.gov>. This online database is maintained on a secure site and is controlled by unique usernames and passwords.
5. **Untreated or partially treated wastewater** – Any volume of waste discharged from the sanitary sewer system upstream of a wastewater treatment plant headworks.
6. **Satellite collection system** – The portion, if any, of a sanitary sewer system owned or operated by a different public agency than the agency that owns and operates the wastewater treatment facility to which the sanitary sewer system is tributary.
7. **Nuisance** - California Water Code section 13050, subdivision (m), defines nuisance as anything which meets all of the following requirements:
 - a. Is injurious to health, or is indecent or offensive to the senses, or an obstruction to the free use of property, so as to interfere with the comfortable enjoyment of life or property.
 - b. Affects at the same time an entire community or neighborhood, or any considerable number of persons, although the extent of the annoyance or damage inflicted upon individuals may be unequal.
 - c. Occurs during, or as a result of, the treatment or disposal of wastes.

B. APPLICATION REQUIREMENTS

1. **Deadlines for Application** – All public agencies that currently own or operate sanitary sewer systems within the State of California must apply for coverage under the general WDRs within six (6) months of the date of adoption of the general WDRs. Additionally, public agencies that acquire or assume responsibility for operating sanitary sewer systems after the date of adoption of this Order must apply for coverage under the general WDRs at least three (3) months prior to operation of those facilities.
2. **Applications under the general WDRs** – In order to apply for coverage pursuant to the general WDRs, a legally authorized representative for each agency must submit a complete application package. Within sixty (60) days of adoption of the general WDRs, State Water Board staff will send specific instructions on how to

apply for coverage under the general WDRs to all known public agencies that own sanitary sewer systems. Agencies that do not receive notice may obtain applications and instructions online on the Water Board's website.

3. Coverage under the general WDRs – Permit coverage will be in effect once a complete application package has been submitted and approved by the State Water Board's Division of Water Quality.

C. PROHIBITIONS

1. Any SSO that results in a discharge of untreated or partially treated wastewater to waters of the United States is prohibited.
2. Any SSO that results in a discharge of untreated or partially treated wastewater that creates a nuisance as defined in California Water Code Section 13050(m) is prohibited.

D. PROVISIONS

1. The Enrollee must comply with all conditions of this Order. Any noncompliance with this Order constitutes a violation of the California Water Code and is grounds for enforcement action.
2. It is the intent of the State Water Board that sanitary sewer systems be regulated in a manner consistent with the general WDRs. Nothing in the general WDRs shall be:
 - (i) Interpreted or applied in a manner inconsistent with the Federal Clean Water Act, or supersede a more specific or more stringent state or federal requirement in an existing permit, regulation, or administrative/judicial order or Consent Decree;
 - (ii) Interpreted or applied to authorize an SSO that is illegal under either the Clean Water Act, an applicable Basin Plan prohibition or water quality standard, or the California Water Code;
 - (iii) Interpreted or applied to prohibit a Regional Water Board from issuing an individual NPDES permit or WDR, superseding this general WDR, for a sanitary sewer system, authorized under the Clean Water Act or California Water Code; or
 - (iv) Interpreted or applied to supersede any more specific or more stringent WDRs or enforcement order issued by a Regional Water Board.
3. The Enrollee shall take all feasible steps to eliminate SSOs. In the event that an SSO does occur, the Enrollee shall take all feasible steps to contain and mitigate the impacts of an SSO.
4. In the event of an SSO, the Enrollee shall take all feasible steps to prevent untreated or partially treated wastewater from discharging from storm drains into

flood control channels or waters of the United States by blocking the storm drainage system and by removing the wastewater from the storm drains.

5. All SSOs must be reported in accordance with Section G of the general WDRs.
6. In any enforcement action, the State and/or Regional Water Boards will consider the appropriate factors under the duly adopted State Water Board Enforcement Policy. And, consistent with the Enforcement Policy, the State and/or Regional Water Boards must consider the Enrollee's efforts to contain, control, and mitigate SSOs when considering the California Water Code Section 13327 factors. In assessing these factors, the State and/or Regional Water Boards will also consider whether:
 - (i) The Enrollee has complied with the requirements of this Order, including requirements for reporting and developing and implementing a SSMP;
 - (ii) The Enrollee can identify the cause or likely cause of the discharge event;
 - (iii) There were no feasible alternatives to the discharge, such as temporary storage or retention of untreated wastewater, reduction of inflow and infiltration, use of adequate backup equipment, collecting and hauling of untreated wastewater to a treatment facility, or an increase in the capacity of the system as necessary to contain the design storm event identified in the SSMP. It is inappropriate to consider the lack of feasible alternatives, if the Enrollee does not implement a periodic or continuing process to identify and correct problems.
 - (iv) The discharge was exceptional, unintentional, temporary, and caused by factors beyond the reasonable control of the Enrollee;
 - (v) The discharge could have been prevented by the exercise of reasonable control described in a certified SSMP for:
 - Proper management, operation and maintenance;
 - Adequate treatment facilities, sanitary sewer system facilities, and/or components with an appropriate design capacity, to reasonably prevent SSOs (e.g., adequately enlarging treatment or collection facilities to accommodate growth, infiltration and inflow (I/I), etc.);
 - Preventive maintenance (including cleaning and fats, oils, and grease (FOG) control);
 - Installation of adequate backup equipment; and
 - Inflow and infiltration prevention and control to the extent practicable.
 - (vi) The sanitary sewer system design capacity is appropriate to reasonably prevent SSOs.

(vii) The Enrollee took all reasonable steps to stop and mitigate the impact of the discharge as soon as possible.

7. When a sanitary sewer overflow occurs, the Enrollee shall take all feasible steps and necessary remedial actions to 1) control or limit the volume of untreated or partially treated wastewater discharged, 2) terminate the discharge, and 3) recover as much of the wastewater discharged as possible for proper disposal, including any wash down water.

The Enrollee shall implement all remedial actions to the extent they may be applicable to the discharge and not inconsistent with an emergency response plan, including the following:

- (i) Interception and rerouting of untreated or partially treated wastewater flows around the wastewater line failure;
 - (ii) Vacuum truck recovery of sanitary sewer overflows and wash down water;
 - (iii) Cleanup of debris at the overflow site;
 - (iv) System modifications to prevent another SSO at the same location;
 - (v) Adequate sampling to determine the nature and impact of the release; and
 - (vi) Adequate public notification to protect the public from exposure to the SSO.
8. The Enrollee shall properly, manage, operate, and maintain all parts of the sanitary sewer system owned or operated by the Enrollee, and shall ensure that the system operators (including employees, contractors, or other agents) are adequately trained and possess adequate knowledge, skills, and abilities.
9. The Enrollee shall allocate adequate resources for the operation, maintenance, and repair of its sanitary sewer system, by establishing a proper rate structure, accounting mechanisms, and auditing procedures to ensure an adequate measure of revenues and expenditures. These procedures must be in compliance with applicable laws and regulations and comply with generally acceptable accounting practices.
10. The Enrollee shall provide adequate capacity to convey base flows and peak flows, including flows related to wet weather events. Capacity shall meet or exceed the design criteria as defined in the Enrollee's System Evaluation and Capacity Assurance Plan for all parts of the sanitary sewer system owned or operated by the Enrollee.
11. The Enrollee shall develop and implement a written Sewer System Management Plan (SSMP) and make it available to the State and/or Regional Water Board upon request. A copy of this document must be publicly available at the Enrollee's office and/or available on the Internet. This SSMP must be approved by the Enrollee's governing board at a public meeting.

12. In accordance with the California Business and Professions Code sections 6735, 7835, and 7835.1, all engineering and geologic evaluations and judgments shall be performed by or under the direction of registered professionals competent and proficient in the fields pertinent to the required activities. Specific elements of the SSMP that require professional evaluation and judgments shall be prepared by or under the direction of appropriately qualified professionals, and shall bear the professional(s)' signature and stamp.
13. The mandatory elements of the SSMP are specified below. However, if the Enrollee believes that any element of this section is not appropriate or applicable to the Enrollee's sanitary sewer system, the SSMP program does not need to address that element. The Enrollee must justify why that element is not applicable. The SSMP must be approved by the deadlines listed in the SSMP Time Schedule below.

Sewer System Management Plan (SSMP)

- (i) **Goal:** The goal of the SSMP is to provide a plan and schedule to properly manage, operate, and maintain all parts of the sanitary sewer system. This will help reduce and prevent SSOs, as well as mitigate any SSOs that do occur.
- (ii) **Organization:** The SSMP must identify:
 - (a) The name of the responsible or authorized representative as described in Section J of this Order.
 - (b) The names and telephone numbers for management, administrative, and maintenance positions responsible for implementing specific measures in the SSMP program. The SSMP must identify lines of authority through an organization chart or similar document with a narrative explanation; and
 - (c) The chain of communication for reporting SSOs, from receipt of a complaint or other information, including the person responsible for reporting SSOs to the State and Regional Water Board and other agencies if applicable (such as County Health Officer, County Environmental Health Agency, Regional Water Board, and/or State Office of Emergency Services (OES)).
- (iii) **Legal Authority:** Each Enrollee must demonstrate, through sanitary sewer system use ordinances, service agreements, or other legally binding procedures, that it possesses the necessary legal authority to:
 - (a) Prevent illicit discharges into its sanitary sewer system (examples may include I/I, stormwater, chemical dumping, unauthorized debris and cut roots, etc.);

- (b) Require that sewers and connections be properly designed and constructed;
 - (c) Ensure access for maintenance, inspection, or repairs for portions of the lateral owned or maintained by the Public Agency;
 - (d) Limit the discharge of fats, oils, and grease and other debris that may cause blockages, and
 - (e) Enforce any violation of its sewer ordinances.
- (iv) **Operation and Maintenance Program.** The SSMP must include those elements listed below that are appropriate and applicable to the Enrollee's system:
- (a) Maintain an up-to-date map of the sanitary sewer system, showing all gravity line segments and manholes, pumping facilities, pressure pipes and valves, and applicable stormwater conveyance facilities;
 - (b) Describe routine preventive operation and maintenance activities by staff and contractors, including a system for scheduling regular maintenance and cleaning of the sanitary sewer system with more frequent cleaning and maintenance targeted at known problem areas. The Preventative Maintenance (PM) program should have a system to document scheduled and conducted activities, such as work orders;
 - (c) Develop a rehabilitation and replacement plan to identify and prioritize system deficiencies and implement short-term and long-term rehabilitation actions to address each deficiency. The program should include regular visual and TV inspections of manholes and sewer pipes, and a system for ranking the condition of sewer pipes and scheduling rehabilitation. Rehabilitation and replacement should focus on sewer pipes that are at risk of collapse or prone to more frequent blockages due to pipe defects. Finally, the rehabilitation and replacement plan should include a capital improvement plan that addresses proper management and protection of the infrastructure assets. The plan shall include a time schedule for implementing the short- and long-term plans plus a schedule for developing the funds needed for the capital improvement plan;
 - (d) Provide training on a regular basis for staff in sanitary sewer system operations and maintenance, and require contractors to be appropriately trained; and

- (e) Provide equipment and replacement part inventories, including identification of critical replacement parts.

(v) **Design and Performance Provisions:**

- (a) Design and construction standards and specifications for the installation of new sanitary sewer systems, pump stations and other appurtenances; and for the rehabilitation and repair of existing sanitary sewer systems; and
- (b) Procedures and standards for inspecting and testing the installation of new sewers, pumps, and other appurtenances and for rehabilitation and repair projects.

(vi) **Overflow Emergency Response Plan** - Each Enrollee shall develop and implement an overflow emergency response plan that identifies measures to protect public health and the environment. At a minimum, this plan must include the following:

- (a) Proper notification procedures so that the primary responders and regulatory agencies are informed of all SSOs in a timely manner;
- (b) A program to ensure an appropriate response to all overflows;
- (c) Procedures to ensure prompt notification to appropriate regulatory agencies and other potentially affected entities (e.g. health agencies, Regional Water Boards, water suppliers, etc.) of all SSOs that potentially affect public health or reach the waters of the State in accordance with the MRP. All SSOs shall be reported in accordance with this MRP, the California Water Code, other State Law, and other applicable Regional Water Board WDRs or NPDES permit requirements. The SSMP should identify the officials who will receive immediate notification;
- (d) Procedures to ensure that appropriate staff and contractor personnel are aware of and follow the Emergency Response Plan and are appropriately trained;
- (e) Procedures to address emergency operations, such as traffic and crowd control and other necessary response activities; and
- (f) A program to ensure that all reasonable steps are taken to contain and prevent the discharge of untreated and partially treated wastewater to waters of the United States and to minimize or correct any adverse impact on the environment resulting from the SSOs, including such accelerated or additional monitoring as may be necessary to determine the nature and impact of the discharge.

(vii) **FOG Control Program:** Each Enrollee shall evaluate its service area to determine whether a FOG control program is needed. If an Enrollee determines that a FOG program is not needed, the Enrollee must provide justification for why it is not needed. If FOG is found to be a problem, the Enrollee must prepare and implement a FOG source control program to reduce the amount of these substances discharged to the sanitary sewer system. This plan shall include the following as appropriate:

- (a) An implementation plan and schedule for a public education outreach program that promotes proper disposal of FOG;
- (b) A plan and schedule for the disposal of FOG generated within the sanitary sewer system service area. This may include a list of acceptable disposal facilities and/or additional facilities needed to adequately dispose of FOG generated within a sanitary sewer system service area;
- (c) The legal authority to prohibit discharges to the system and identify measures to prevent SSOs and blockages caused by FOG;
- (d) Requirements to install grease removal devices (such as traps or interceptors), design standards for the removal devices, maintenance requirements, BMP requirements, record keeping and reporting requirements;
- (e) Authority to inspect grease producing facilities, enforcement authorities, and whether the Enrollee has sufficient staff to inspect and enforce the FOG ordinance;
- (f) An identification of sanitary sewer system sections subject to FOG blockages and establishment of a cleaning maintenance schedule for each section; and
- (g) Development and implementation of source control measures for all sources of FOG discharged to the sanitary sewer system for each section identified in (f) above.

(viii) **System Evaluation and Capacity Assurance Plan:** The Enrollee shall prepare and implement a capital improvement plan (CIP) that will provide hydraulic capacity of key sanitary sewer system elements for dry weather peak flow conditions, as well as the appropriate design storm or wet weather event. At a minimum, the plan must include:

- (a) **Evaluation:** Actions needed to evaluate those portions of the sanitary sewer system that are experiencing or contributing to an SSO discharge caused by hydraulic deficiency. The evaluation must provide estimates of peak flows (including flows from SSOs

that escape from the system) associated with conditions similar to those causing overflow events, estimates of the capacity of key system components, hydraulic deficiencies (including components of the system with limiting capacity) and the major sources that contribute to the peak flows associated with overflow events;

- (b) **Design Criteria:** Where design criteria do not exist or are deficient, undertake the evaluation identified in (a) above to establish appropriate design criteria; and
 - (c) **Capacity Enhancement Measures:** The steps needed to establish a short- and long-term CIP to address identified hydraulic deficiencies, including prioritization, alternatives analysis, and schedules. The CIP may include increases in pipe size, I/I reduction programs, increases and redundancy in pumping capacity, and storage facilities. The CIP shall include an implementation schedule and shall identify sources of funding.
 - (d) **Schedule:** The Enrollee shall develop a schedule of completion dates for all portions of the capital improvement program developed in (a)-(c) above. This schedule shall be reviewed and updated consistent with the SSMP review and update requirements as described in Section D. 14.
- (ix) **Monitoring, Measurement, and Program Modifications:** The Enrollee shall:
- (a) Maintain relevant information that can be used to establish and prioritize appropriate SSMP activities;
 - (b) Monitor the implementation and, where appropriate, measure the effectiveness of each element of the SSMP;
 - (c) Assess the success of the preventative maintenance program;
 - (d) Update program elements, as appropriate, based on monitoring or performance evaluations; and
 - (e) Identify and illustrate SSO trends, including: frequency, location, and volume.
- (x) **SSMP Program Audits** - As part of the SSMP, the Enrollee shall conduct periodic internal audits, appropriate to the size of the system and the number of SSOs. At a minimum, these audits must occur every two years and a report must be prepared and kept on file. This audit shall focus on evaluating the effectiveness of the SSMP and the

Enrollee's compliance with the SSMP requirements identified in this subsection (D.13), including identification of any deficiencies in the SSMP and steps to correct them.

- (xi) **Communication Program** – The Enrollee shall communicate on a regular basis with the public on the development, implementation, and performance of its SSMP. The communication system shall provide the public the opportunity to provide input to the Enrollee as the program is developed and implemented.

The Enrollee shall also create a plan of communication with systems that are tributary and/or satellite to the Enrollee's sanitary sewer system.

14. Both the SSMP and the Enrollee's program to implement the SSMP must be certified by the Enrollee to be in compliance with the requirements set forth above and must be presented to the Enrollee's governing board for approval at a public meeting. The Enrollee shall certify that the SSMP, and subparts thereof, are in compliance with the general WDRs within the time frames identified in the time schedule provided in subsection D.15, below.

In order to complete this certification, the Enrollee's authorized representative must complete the certification portion in the Online SSO Database Questionnaire by checking the appropriate milestone box, printing and signing the automated form, and sending the form to:

State Water Resources Control Board
Division of Water Quality
Attn: SSO Program Manager
P.O. Box 100
Sacramento, CA 95812

The SSMP must be updated every five (5) years, and must include any significant program changes. Re-certification by the governing board of the Enrollee is required in accordance with D.14 when significant updates to the SSMP are made. To complete the re-certification process, the Enrollee shall enter the data in the Online SSO Database and mail the form to the State Water Board, as described above.

15. The Enrollee shall comply with these requirements according to the following schedule. This time schedule does not supersede existing requirements or time schedules associated with other permits or regulatory requirements.

Sewer System Management Plan Time Schedule

Task and Associated Section	Completion Date			
	Population > 100,000	Population between 100,000 and 10,000	Population between 10,000 and 2,500	Population < 2,500
Application for Permit Coverage Section C	6 months after WDRs Adoption			
Reporting Program Section G	6 months after WDRs Adoption ¹			
SSMP Development Plan and Schedule No specific Section	9 months after WDRs Adoption ²	12 months after WDRs Adoption ²	15 months after WDRs Adoption ²	18 months after WDRs Adoption ²
Goals and Organization Structure Section D 13 (i) & (ii)	12 months after WDRs Adoption ²		18 months after WDRs Adoption ²	
Overflow Emergency Response Program Section D 13 (vi)	24 months after WDRs Adoption ²	30 months after WDRs Adoption ²	36 months after WDRs Adoption ²	39 months after WDRs Adoption ²
Legal Authority Section D 13 (iii)				
Operation and Maintenance Program Section D 13 (iv)				
Grease Control Program Section D 13 (vii)	36 months after WDRs Adoption	39 months after WDRs Adoption	48 months after WDRs Adoption	51 months after WDRs Adoption
Design and Performance Section D 13 (v)				
System Evaluation and Capacity Assurance Plan Section D 13 (viii)				
Final SSMP, incorporating all of the SSMP requirements Section D 13				

1. In the event that by July 1, 2006 the Executive Director is able to execute a memorandum of agreement (MOA) with the California Water Environment Association (CWEA) or discharger representatives outlining a strategy and time schedule for CWEA or another entity to provide statewide training on the adopted monitoring program, SSO database electronic reporting, and SSMP development, consistent with this Order, then the schedule of Reporting Program Section G shall be replaced with the following schedule:

Reporting Program Section G	
Regional Boards 4, 8, and 9	8 months after WDRs Adoption
Regional Boards 1, 2, and 3	12 months after WDRs Adoption
Regional Boards 5, 6, and 7	16 months after WDRs Adoption

If this MOU is not executed by July 1, 2006, the reporting program time schedule will remain six (6) months for all regions and agency size categories.

2. In the event that the Executive Director executes the MOA identified in note 1 by July 1, 2006, then the deadline for this task shall be extended by six (6) months. The time schedule identified in the MOA must be consistent with the extended time schedule provided by this note. If the MOA is not executed by July 1, 2006, the six (6) month time extension will not be granted.

E. . WDRs and SSMP AVAILABILITY

1. A copy of the general WDRs and the certified SSMP shall be maintained at appropriate locations (such as the Enrollee's offices, facilities, and/or Internet homepage) and shall be available to sanitary sewer system operating and maintenance personnel at all times.

F. ENTRY AND INSPECTION

1. The Enrollee shall allow the State or Regional Water Boards or their authorized representative, upon presentation of credentials and other documents as may be required by law, to:
 - a. Enter upon the Enrollee's premises where a regulated facility or activity is located or conducted, or where records are kept under the conditions of this Order;
 - b. Have access to and copy, at reasonable times, any records that must be kept under the conditions of this Order;

- c. Inspect at reasonable times any facilities, equipment (including monitoring and control equipment), practices, or operations regulated or required under this Order; and
- d. Sample or monitor at reasonable times, for the purposes of assuring compliance with this Order or as otherwise authorized by the California Water Code, any substances or parameters at any location.

G. GENERAL MONITORING AND REPORTING REQUIREMENTS

1. The Enrollee shall furnish to the State or Regional Water Board, within a reasonable time, any information that the State or Regional Water Board may request to determine whether cause exists for modifying, revoking and reissuing, or terminating this Order. The Enrollee shall also furnish to the Executive Director of the State Water Board or Executive Officer of the applicable Regional Water Board, upon request, copies of records required to be kept by this Order.
2. The Enrollee shall comply with the attached Monitoring and Reporting Program No. 2006-0003 and future revisions thereto, as specified by the Executive Director. Monitoring results shall be reported at the intervals specified in Monitoring and Reporting Program No. 2006-0003. Unless superseded by a specific enforcement Order for a specific Enrollee, these reporting requirements are intended to replace other mandatory routine written reports associated with SSOs.
3. All Enrollees must obtain SSO Database accounts and receive a "Username" and "Password" by registering through the California Integrated Water Quality System (CIWQS). These accounts will allow controlled and secure entry into the SSO Database. Additionally, within 30 days of receiving an account and prior to recording spills into the SSO Database, all Enrollees must complete the "Collection System Questionnaire", which collects pertinent information regarding a Enrollee's collection system. The "Collection System Questionnaire" must be updated at least every 12 months.
4. Pursuant to Health and Safety Code section 5411.5, any person who, without regard to intent or negligence, causes or permits any untreated wastewater or other waste to be discharged in or on any waters of the State, or discharged in or deposited where it is, or probably will be, discharged in or on any surface waters of the State, as soon as that person has knowledge of the discharge, shall immediately notify the local health officer of the discharge. Discharges of untreated or partially treated wastewater to storm drains and drainage channels, whether man-made or natural or concrete-lined, shall be reported as required above.

Any SSO greater than 1,000 gallons discharged in or on any waters of the State, or discharged in or deposited where it is, or probably will be, discharged in or on any surface waters of the State shall also be reported to the Office of Emergency Services pursuant to California Water Code section 13271.

H. CHANGE IN OWNERSHIP

1. This Order is not transferable to any person or party, except after notice to the Executive Director. The Enrollee shall submit this notice in writing at least 30 days in advance of any proposed transfer. The notice must include a written agreement between the existing and new Enrollee containing a specific date for the transfer of this Order's responsibility and coverage between the existing Enrollee and the new Enrollee. This agreement shall include an acknowledgement that the existing Enrollee is liable for violations up to the transfer date and that the new Enrollee is liable from the transfer date forward.

I. INCOMPLETE REPORTS

1. If an Enrollee becomes aware that it failed to submit any relevant facts in any report required under this Order, the Enrollee shall promptly submit such facts or information by formally amending the report in the Online SSO Database.

J. REPORT DECLARATION

1. All applications, reports, or information shall be signed and certified as follows:
 - (i) All reports required by this Order and other information required by the State or Regional Water Board shall be signed and certified by a person designated, for a municipality, state, federal or other public agency, as either a principal executive officer or ranking elected official, or by a duly authorized representative of that person, as described in paragraph (ii) of this provision. (For purposes of electronic reporting, an electronic signature and accompanying certification, which is in compliance with the Online SSO database procedures, meet this certification requirement.)
 - (ii) An individual is a duly authorized representative only if:
 - (a) The authorization is made in writing by a person described in paragraph (i) of this provision; and
 - (b) The authorization specifies either an individual or a position having responsibility for the overall operation of the regulated facility or activity.

K. CIVIL MONETARY REMEDIES FOR DISCHARGE VIOLATIONS

1. The California Water Code provides various enforcement options, including civil monetary remedies, for violations of this Order.
2. The California Water Code also provides that any person failing or refusing to furnish technical or monitoring program reports, as required under this Order, or

falsifying any information provided in the technical or monitoring reports is subject to civil monetary penalties.

L. SEVERABILITY

1. The provisions of this Order are severable, and if any provision of this Order, or the application of any provision of this Order to any circumstance, is held invalid, the application of such provision to other circumstances, and the remainder of this Order, shall not be affected thereby.
2. This order does not convey any property rights of any sort or any exclusive privileges. The requirements prescribed herein do not authorize the commission of any act causing injury to persons or property, nor protect the Enrollee from liability under federal, state or local laws, nor create a vested right for the Enrollee to continue the waste discharge.

CERTIFICATION

The undersigned Clerk to the State Water Board does hereby certify that the foregoing is a full, true, and correct copy of general WDRs duly and regularly adopted at a meeting of the State Water Resources Control Board held on May 2, 2006.

AYE: Tam M. Doduc
Gerald D. Secundy

NO: Arthur G. Baggett

ABSENT: None

ABSTAIN: None



Song Her
Clerk to the Board

STATE WATER RESOURCES CONTROL BOARD

MONITORING AND REPORTING PROGRAM NO. 2006-0003-DWQ STATEWIDE GENERAL WASTE DISCHARGE REQUIREMENTS FOR SANITARY SEWER SYSTEMS

This Monitoring and Reporting Program (MRP) establishes monitoring, record keeping, reporting and public notification requirements for Order No. 2006-2003-DWQ, "Statewide General Waste Discharge Requirements for Sanitary Sewer Systems." Revisions to this MRP may be made at any time by the Executive Director, and may include a reduction or increase in the monitoring and reporting.

A. SANITARY SEWER OVERFLOW REPORTING

SSO Categories

1. Category 1 - All discharges of sewage resulting from a failure in the Enrollee's sanitary sewer system that:
 - A. Equal or exceed 1000 gallons, or
 - B. Result in a discharge to a drainage channel and/or surface water; or
 - C. Discharge to a storm drainpipe that was not fully captured and returned to the sanitary sewer system.
2. Category 2 – All other discharges of sewage resulting from a failure in the Enrollee's sanitary sewer system.
3. Private Lateral Sewage Discharges – Sewage discharges that are caused by blockages or other problems within a privately owned lateral.

SSO Reporting Timeframes

4. Category 1 SSOs – All SSOs that meet the above criteria for Category 1 SSOs must be reported as soon as: (1) the Enrollee has knowledge of the discharge, (2) reporting is possible, and (3) reporting can be provided without substantially impeding cleanup or other emergency measures. Initial reporting of Category 1 SSOs must be reported to the Online SSO System as soon as possible but no later than 3 business days after the Enrollee is made aware of the SSO. Minimum information that must be contained in the 3-day report must include all information identified in section 9 below, except for item 9.K. A final certified report must be completed through the Online SSO System, within 15 calendar days of the conclusion of SSO response and remediation. Additional information may be added to the certified report, in the form of an attachment, at any time.

The above reporting requirements do not preclude other emergency notification requirements and timeframes mandated by other regulatory agencies (local

County Health Officers, local Director of Environmental Health, Regional Water Boards, or Office of Emergency Services (OES)) or State law.

5. Category 2 SSOs – All SSOs that meet the above criteria for Category 2 SSOs must be reported to the Online SSO Database within 30 days after the end of the calendar month in which the SSO occurs (e.g. all SSOs occurring in the month of January must be entered into the database by March 1st).
6. Private Lateral Sewage Discharges – All sewage discharges that meet the above criteria for Private Lateral sewage discharges may be reported to the Online SSO Database based upon the Enrollee's discretion. If a Private Lateral sewage discharge is recorded in the SSO Database, the Enrollee must identify the sewage discharge as occurring and caused by a private lateral, and a responsible party (other than the Enrollee) should be identified, if known.
7. If there are no SSOs during the calendar month, the Enrollee will provide, within 30 days after the end of each calendar month, a statement through the Online SSO Database certifying that there were no SSOs for the designated month.
8. In the event that the SSO Online Database is not available, the enrollee must fax all required information to the appropriate Regional Water Board office in accordance with the time schedules identified above. In such event, the Enrollee must also enter all required information into the Online SSO Database as soon as practical.

Mandatory Information to be Included in SSO Online Reporting

All Enrollees must obtain SSO Database accounts and receive a "Username" and "Password" by registering through the California Integrated Water Quality System (CIWQS). These accounts will allow controlled and secure entry into the SSO Database. Additionally, within thirty (30) days of receiving an account and prior to recording SSOs into the SSO Database, all Enrollees must complete the "Collection System Questionnaire", which collects pertinent information regarding an Enrollee's collection system. The "Collection System Questionnaire" must be updated at least every 12 months.

At a minimum, the following mandatory information must be included prior to finalizing and certifying an SSO report for each category of SSO:

9. Category 2 SSOs:
 - A. Location of SSO by entering GPS coordinates;
 - B. Applicable Regional Water Board, i.e. identify the region in which the SSO occurred;
 - C. County where SSO occurred;
 - D. Whether or not the SSO entered a drainage channel and/or surface water;
 - E. Whether or not the SSO was discharged to a storm drain pipe that was not fully captured and returned to the sanitary sewer system;

- F. Estimated SSO volume in gallons;
- G. SSO source (manhole, cleanout, etc.);
- H. SSO cause (mainline blockage, roots, etc.);
- I. Time of SSO notification or discovery;
- J. Estimated operator arrival time;
- K. SSO destination;
- L. Estimated SSO end time; and
- M. SSO Certification. Upon SSO Certification, the SSO Database will issue a Final SSO Identification (ID) Number.

10. Private Lateral Sewage Discharges:

- A. All information listed above (if applicable and known), as well as;
- B. Identification of sewage discharge as a private lateral sewage discharge; and
- C. Responsible party contact information (if known).

11. Category 1 SSOs:

- A. All information listed for Category 2 SSOs, as well as;
- B. Estimated SSO volume that reached surface water, drainage channel, or not recovered from a storm drain;
- C. Estimated SSO amount recovered;
- D. Response and corrective action taken;
- E. If samples were taken, identify which regulatory agencies received sample results (if applicable). If no samples were taken, NA must be selected.
- F. Parameters that samples were analyzed for (if applicable);
- G. Identification of whether or not health warnings were posted;
- H. Beaches impacted (if applicable). If no beach was impacted, NA must be selected;
- I. Whether or not there is an ongoing investigation;
- J. Steps taken or planned to reduce, eliminate, and prevent reoccurrence of the overflow and a schedule of major milestones for those steps;
- K. OES control number (if applicable);
- L. Date OES was called (if applicable);
- M. Time OES was called (if applicable);
- N. Identification of whether or not County Health Officers were called;
- O. Date County Health Officer was called (if applicable); and
- P. Time County Health Officer was called (if applicable).

Reporting to Other Regulatory Agencies

These reporting requirements do not preclude an Enrollee from reporting SSOs to other regulatory agencies pursuant to California state law. These reporting requirements do not replace other Regional Water Board telephone reporting requirements for SSOs.

1. The Enrollee shall report SSOs to OES, in accordance with California Water Code Section 13271.

Office of Emergency Services
Phone (800) 852-7550

2. The Enrollee shall report SSOs to County Health officials in accordance with California Health and Safety Code Section 5410 et seq.
3. The SSO database will automatically generate an e-mail notification with customized information about the SSO upon initial reporting of the SSO and final certification for all Category 1 SSOs. E-mails will be sent to the appropriate County Health Officer and/or Environmental Health Department if the county desires this information, and the appropriate Regional Water Board.

B. Record Keeping

1. Individual SSO records shall be maintained by the Enrollee for a minimum of five years from the date of the SSO. This period may be extended when requested by a Regional Water Board Executive Officer.
3. All records shall be made available for review upon State or Regional Water Board staff's request.
4. All monitoring instruments and devices that are used by the Enrollee to fulfill the prescribed monitoring and reporting program shall be properly maintained and calibrated as necessary to ensure their continued accuracy;
5. The Enrollee shall retain records of all SSOs, such as, but not limited to and when applicable:
 - a. Record of Certified report, as submitted to the online SSO database;
 - b. All original recordings for continuous monitoring instrumentation;
 - c. Service call records and complaint logs of calls received by the Enrollee;
 - d. SSO calls;
 - e. SSO records;
 - f. Steps that have been and will be taken to prevent the SSO from recurring and a schedule to implement those steps.
 - g. Work orders, work completed, and any other maintenance records from the previous 5 years which are associated with responses and investigations of system problems related to SSOs;
 - h. A list and description of complaints from customers or others from the previous 5 years; and
 - i. Documentation of performance and implementation measures for the previous 5 years.
6. If water quality samples are required by an environmental or health regulatory agency or State law, or if voluntary monitoring is conducted by the Enrollee or its agent(s), as a result of any SSO, records of monitoring information shall include:

- a. The date, exact place, and time of sampling or measurements;
- b. The individual(s) who performed the sampling or measurements;
- c. The date(s) analyses were performed;
- d. The individual(s) who performed the analyses;
- e. The analytical technique or method used; and,
- f. The results of such analyses.

C. Certification

1. All final reports must be certified by an authorized person as required by Provision J of the Order.
2. Registration of authorized individuals, who may certify reports, will be in accordance with the CIWQS' protocols for reporting.

Monitoring and Reporting Program No. 2006-0003 will become effective on the date of adoption by the State Water Board.

CERTIFICATION

The undersigned Clerk to the Board does hereby certify that the foregoing is a full, true, and correct copy of a resolution duly and regularly adopted at a meeting of the State Water Board held on May 2, 2006.



Song Her
Clerk to the Board

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EXHIBIT NO. 2

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Eric Taxer - Re: jw*Fwd: Climate question

From: Janet Wall <janet.wall@noaa.gov>
To: Eric Taxer <ETaxer@waterboards.ca.gov>
Date: 4/26/2012 9:35 AM
Subject: Re: jw*Fwd: Climate question

No, that column includes snow as it is melted down to water equivalent precipitation.

Thanks
janet

On Thu, Apr 26, 2012 at 12:22 PM, Eric Taxer <ETaxer@waterboards.ca.gov> wrote:

Thank you, Janet.

Quick question: for the 24-hour precipitation amount of rain, melted snow, etc. Is that in addition to the amount of snow in the adjacent column?

Thanks
Eric Taxer

Eric J. Taxer, P.E.
Water Resource Control Engineer
Enforcement and Special Projects Unit
Lahontan Regional Water Quality Control Board
2501 Lake Tahoe Boulevard
South Lake Tahoe, California 96150
530-542-5434

"Whoever said nothing is impossible has obviously never tried to staple water to a tree."

-Unknown

>>> On 4/20/2012 at 6:17 AM, in message
<CANEQYE=1bkO8OjJsnHG=navKa3UXRb9Zhc3UxuRzvFLeqEr=6g@mail.gmail.com>, Janet Wall
<janet.wall@noaa.gov> wrote:

Tahoe City is the nearest reporting station. I have attached the data to this email.

Thank you,
Janet Wall/NCDC

On Fri, Apr 20, 2012 at 9:13 AM, NCDC Orders <ncdc.orders@noaa.gov> wrote:

----- Forwarded message -----

From: **Eric Taxer** <ETaxer@waterboards.ca.gov>
Date: Thu, Apr 19, 2012 at 6:10 PM
Subject: Climate question
To: ncdc.orders@noaa.gov

Hi -

I work for the State of California, Regional Water Quality Control Board. I am looking to obtain daily precipitation data for North Lake Tahoe, California for the month of December, 2010. Specifically, I need precipitation data for Carnelian Bay (Zip Code 96140) on December 18 and 19, 2010.

I am having problems trying to figure out how to get that data from your website. Is this information available? If so, could you please email it to me?

Thank you,
Eric Taxer

530-542-5434

Eric J. Taxer, P.E.

Water Resource Control Engineer

Enforcement and Special Projects Unit

Lahontan Regional Water Quality Control Board

2501 Lake Tahoe Boulevard

South Lake Tahoe, California 96150

530-542-5434

"Whoever said nothing is impossible has obviously never tried to staple water to a tree."

-Unknown

STATION TAYLOR CITY	COUNTY PLACER	STATE CA	DATE (Month & yr.) 12-20-00	PRECIPITATION	24 Hour local time	Time of Complete Observation	Standard Time in Use DST	AIR TEMPERATURE °F		WIND	EVAPORATION (Inches & hundredths)		WATER TEMP °F		ADDITIONAL DATA/REMARKS	
								At Observation	Supplemental Readings at		24 Hour	24 Hours	Ending at	Observation		
DATE	24 Hours Ending at Observation	Dry-bulb	Wet-bulb	Dew Point	Dry-bulb	Wet-bulb	Dew Point	Time of beginning	Time of ending	Time of beginning	Time of ending	Reading when Tank Filled or Amount Removed	Reading when Tank Filled or Amount Removed	24 Hours	Max.	Min.
1	15 22 27															
2	19 24 35															
3	19 33 36															
4	19 34 36															
5	15 33 35															
6	18 32 33															
7	11 24 27															
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30	13 3 12															
31	15 1 5															
Sum																
Avg.																
														Adjusted Total		

STATION NUMBER 58 03

OBSERVER *[Signature]*

U.S. DEPARTMENT OF COMMERCE
NOAA
NATIONAL WEATHER SERVICE

WS FORM B-92 (5-89)
(PRES. BY WSOM B-17)

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EXHIBIT NO. 3

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ETaxer.RB6S.RB6.SWRCB

FYs Ended 2011 and 2010.pdf
03/02/12 12:38 PM

*FY 2011/2010
REPORT
GTT*

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NORTH TAHOE PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis
Financial Statements
Supplementary Information
&
Independent Auditor's Report

For the Fiscal Years Ended June 30, 2011 and 2010

North Tahoe Public Utility District

FINANCIAL STATEMENTS

For the Fiscal Years Ended June 30, 2011 and 2010

BOARD OF DIRECTORS

S. Lane Lewis, President

John Bergmann, Vice President

Frank Mooney, Secretary

Sue Daniels, Director

Tim Ferrell, Director

MANAGEMENT

Paul Schultz, General Manager/Chief Executive Officer

Larry Marple, Chief Financial Officer

North Tahoe Public Utility District

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**DAMORE
HAMRIC &
SCHNEIDER,
INC.**

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North Tahoe Public Utility District
Tahoe Vista, California

We have audited the accompanying financial statements of the business-type activities of North Tahoe Public Utility District as of and for the years ended June 30, 2011 and 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of North Tahoe Public Utility District as of June 30, 2011 and 2010, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2011, on our consideration of the North Tahoe Public Utility District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the North Tahoe Public Utility District taken as a whole. The accompanying schedules 1- 3 are presented for purposes of additional analysis and as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The management's discussion and analysis on pages 6 through 12 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.



DAMORE, HAMRIC & SCHNEIDER, INC.
Certified Public Accountants

November 30, 2011

North Tahoe Public Utility District

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

As management of the North Tahoe Public Utility District (NTPUD), we offer readers of NTPUD's financial statements this narrative overview and analysis of NTPUD's financial performance during the fiscal year ending June 30, 2011. Please read it in conjunction with NTPUD's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS - CONSOLIDATED DISTRICT

The District's Current Assets increased \$2,363,097 from \$10,098,781 to \$12,461,878. Net Capital Assets rose from \$43,896,844 to \$47,291,242 an increase of \$3,394,398. The District's Total Assets increased by \$5,815,340 to \$61,373,331. Current Liabilities (Payable from Current Assets) increased by \$137,872 to \$1,625,576. Current Liabilities (Payable from Restricted Assets) decreased \$46,727 from \$716,329 to \$669,602. Noncurrent Liabilities increased \$3,788,372 from \$2,125,310 to \$5,913,682 reflecting a new debt issue in the amount of \$4,500,000 to fund Water department capital projects. The new debt was partially offset by the principal payment on the Water department's Certificate of Participation. Net Assets Invested in Capital Assets, Net of Related Debt decreased by \$417,448 as depreciation and related debt exceeded the addition of new Capital Assets. Restricted Net Assets increased by \$104,573 driven by the completion of capital projects. Unrestricted Net Assets which have been designated for Board Reserves increased by \$1,758,460 from \$2,875,757 to \$4,634,217. Unrestricted Net Assets which are undesignated grew by \$490,238 or 8% from \$6,425,184 to \$6,915,422.

FINANCIAL HIGHLIGHTS - SEWER FUND

Current Unrestricted Assets increased \$721,073 from \$8,584,425 to \$9,305,498. Restricted Assets increased \$186,285 from \$214,706 to \$400,991. Net Capital Assets decreased by \$452,974 from \$15,398,710 to \$14,945,736 as Accumulated Depreciation increased more than the additions to Capital Assets. The Dollar Main Generator Installation and Manhole Replacement projects contributed to the increase by adding \$278,222 and \$95,000 respectively to the sewer system while \$900,749 of Accumulated Depreciation resulted in an overall reduction in the net Capital Asset amount. Current Liabilities (Payable from Current Assets) decreased \$48,627 from \$648,121 to \$599,494. Current Liabilities (Payable from Restricted Assets) decreased by \$42,691. Noncurrent Liabilities decreased \$76,628 from \$160,310 to \$83,682. Unrestricted Net Assets increased \$773,173 from \$8,011,168 to \$8,784,341. Total Net Assets increased by \$622,330, from \$23,259,870 to \$23,882,200. Operating Revenues increased by \$52,130 from \$1,608,465 to \$1,660,595. Total Operating Expenses were \$602,385 lower than 2010. Property Tax revenue of \$3,448,170 exceeded the prior year amount by \$146,187. Investment income decreased by \$163,312. Grant revenue decreased by \$12,117 over 2010. The total Change in Net Assets for 2011 was an increase of \$622,330 a \$591,934 improvement over 2010.

North Tahoe Public Utility District

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

FINANCIAL HIGHLIGHTS - WATER FUND

Current Assets increased \$1,670,104 from \$1,089,096 to \$2,759,200. Restricted Assets increased by \$76,740. Net Capital Assets increased \$3,992,785 due primarily to three large projects; The Kings Beach Water Storage Zone 1, the 2009 Water Main Replacement Project – Kingswood and the 2009 WMRP – Carnelian Bay West projects, contributing \$1,148,295, \$1,373,941 and \$1,257,970 respectively to the water system. Current Liabilities (Payable from Current Assets) increased \$128,616 from \$735,601 to \$864,217. Current Liabilities (Payable from Restricted Assets) increased by \$121,513. Noncurrent Liabilities increased by \$3,865,000 as a net result of the issuance of a \$4,500,000 installment sale agreement and the annual principal payment on the Certificates of Participation of \$615,000. Unrestricted Net Assets increased \$1,561,488 from \$968,495 to \$2,529,983. Total Net Assets increased by \$1,624,500 bringing the new amount to \$14,554,069. Revenues grew by \$99,621. Total Operating Expenses increased \$795,039 over 2010. Interest Expense was \$37,607 lower in 2011 than in 2010.

FINANCIAL HIGHLIGHTS - RECREATION FUND

Current Assets decreased \$28,080 from \$425,260 to \$397,180. Restricted Assets decreased by \$205,180 to \$86,917. Capital Assets net of Accumulated Depreciation decreased by a net of \$145,413 to \$14,487,887. Decreases were due to depreciation of \$461,201 exceeding the new capital projects' amount of \$315,788. Increases to Capital Assets included \$288,281 of completed projects at the Tahoe Vista Recreation Area. Current Liabilities (Payable from Current Assets) increased \$57,883 from \$103,982 to \$161,865. Current Liabilities (Payable from Restricted Assets) decreased \$125,549 from \$207,466 to \$81,917. Unrestricted Net Assets decreased by \$85,963 to close at \$235,315. Total Net Assets decreased by \$311,007 from \$15,039,209 to \$14,728,202. Recreation Events and Program Revenues were \$102,478 lower than they were in 2010, at \$781,267. Total Operating Expenses decreased by \$531,401. The Recreation assessment called Community Facilities District 94-1 (CFD 94-1) brought in \$513,691 in 2011, \$10,079 more than 2010. Grant revenue was lower than 2010 by \$100,901. The \$311,007 decrease in Net Assets was \$375,950 less of a decrease than the \$686,957 decrease in 2010.

OVERVIEW OF THE FINANCIAL HIGHLIGHTS

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

North Tahoe Public Utility District

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

REQUIRED FINANCIAL STATEMENTS

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

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

The most common financial question posed to the District is "How did we do financially during 2010/2011?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Assets report information about the District's activities in a way that will help answer this question. These two statements report the net assets of the District and the changes in them. One can think of the District's Net Assets - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the District's Net Assets are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government legislation.

North Tahoe Public Utility District

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

NET ASSETS

To begin our analysis, a summary of the District's Balance Sheet is presented in Table A-1.

Table A-1
Condensed Statement of Net Assets

	FYE 6/30/2011	FYE 6/30/2010	Change in Dollars	Percent Change
Current Assets	\$ 12,461,878	\$ 10,098,781	\$ 2,363,097	23%
Restricted Assets	1,620,211	1,562,366	57,845	4%
Net Capital Assets	<u>47,291,242</u>	<u>43,896,844</u>	<u>3,394,398</u>	8%
 Total Assets	 <u>\$ 61,373,331</u>	 <u>\$ 55,557,991</u>	 <u>\$ 5,815,340</u>	 10%
Current Liabilities Unrestricted	\$ 1,625,576	\$ 1,487,704	\$ 137,872	9%
Current Liabilities Restricted	669,602	716,329	(46,727)	-7%
Long Term Liabilities	<u>5,913,682</u>	<u>2,125,310</u>	<u>3,788,372</u>	178%
 Total Liabilities	 <u>\$ 8,208,860</u>	 <u>\$ 4,329,343</u>	 <u>\$ 3,879,517</u>	 90%
Invested in Capital Assets, Net of Related Debt	\$ 40,664,223	\$ 41,081,671	(\$ 417,448)	-1%
Restricted for Capital Outlay	336,940	231,494	105,446	46%
Restricted for Debt Service	613,669	614,542	(873)	0%
Unrestricted (Designated for Board Reserves)	4,634,217	2,875,757	1,758,460	61%
Unrestricted (Undesignated)	<u>6,915,422</u>	<u>6,425,184</u>	<u>490,238</u>	8%
 Total Net Assets	 <u>\$ 53,164,471</u>	 <u>\$ 51,228,648</u>	 <u>\$ 1,935,823</u>	 4%

As can be seen from the table above, Net Assets grew by \$1,935,823 from \$51,228,648 to \$53,164,471. The makeup of Net Assets changed as amounts invested in Capital Assets decreased by \$417,448 or 1%, while amounts Unrestricted (Designated for Board Reserves) increased by \$1,758,460 or 61% and Unrestricted (Undesignated) grew by 8% or \$490,238 from \$6,425,184 to \$6,915,422.

North Tahoe Public Utility District

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

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

	FYE 6/30/2011	FYE 6/30/2010	Change in Dollars	Percent Change
Operating Revenues	\$ 6,373,902	\$ 6,324,629	\$ 49,273	1%
Operating Expenses	<u>9,674,355</u>	<u>10,013,102</u>	<u>(338,747)</u>	- 3%
Net Operating Loss	(\$ 3,300,453)	(\$ 3,688,473)	\$ 388,020	- 11%
Property Tax Revenues	\$ 3,961,861	\$ 3,805,595	\$ 156,266	4%
Other Non-Operating Revenues & Expenses	<u>1,005,281</u>	<u>606,343</u>	<u>398,938</u>	66%
Non-Operating Revenues & Expenses	<u>\$ 4,967,142</u>	<u>\$ 4,411,938</u>	<u>\$ 555,204</u>	13%
Income Before Capital Contributions	\$ 1,666,689	\$ 723,465	\$ 943,224	130%
Capital Contributions/Connection Fees	<u>269,134</u>	<u>3,254</u>	<u>265,880</u>	8171%
Change in Net Assets	\$ 1,935,823	\$ 726,719	\$ 1,209,104	166%
Beginning Net Assets	<u>51,228,648</u>	<u>50,501,929</u>	<u>726,719</u>	1%
Ending Net Assets	<u>\$ 53,164,471</u>	<u>\$ 51,228,648</u>	<u>\$ 1,935,823</u>	4%

While the Balance Sheet shows the change in financial position of net assets, the Statements of Revenues, Expenses, and Changes in Net Assets provides answers as to the nature and source of these changes. As can be seen in Table A-2 above, Revenues exceeded Expenses in both years, increasing Net Assets. The increase in Net Assets in FY 2011 was \$1,209,104 more than the increase in FY 2010 due to a decrease of \$388,020 in the Net Operating Loss, \$555,201 net increase in Non-Operating Revenue & Expenses, and a \$265,880 increase in Capital Contributions. Total Operating Revenues increased by \$49,273 while total Operating Expenses decreased by 3% or \$338,747. Property Tax (including CFD 94-1) Revenues increased by 4% or \$156,266 while Other Non-Operating Revenue & Expenses increased due largely to an increase in grant revenue of \$501,503 and an decrease in investment income of \$111,327. Capital Contributions/Connection Fees increased from \$3,254 in 2010 to \$269,134 in 2011.

North Tahoe Public Utility District

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

BUDGETARY HIGHLIGHTS

The District adopts an annual Operating Budget. The Operating Budget includes proposed expenses and the means of financing them. The District's operating budget includes the original budget and all budget adjustments approved during the year.

A 2011 budget comparison and analysis is presented in Table A-3.

Table A-3
Budgeted Summary

	Budget	Actual	Favorable (Unfavorable) Variance
Operating Revenues	\$ 6,698,434	\$ 6,373,902	(\$ 324,532)
Operating Expenses	11,411,914	9,674,355	1,737,559
Net Operating Loss	(\$ 4,713,480)	(\$ 3,300,453)	\$ 1,413,027
Property Tax Revenues	\$ 4,390,000	\$ 3,961,861	(\$ 428,139)
Other Non-Operating Revenues & Expenses	81,400	1,005,281	923,881
Non-Operating Revenues & Expenses	\$ 4,471,400	\$ 4,967,142	(\$ 495,742)
Income Before Capital Contributions	(\$ 242,080)	\$ 1,666,689	\$ 1,908,769
Capital Contributions/Connection Fees	\$ 55,000	\$ 269,134	\$ 214,134
Change in Net Assets	(\$ 187,080)	\$ 1,935,823	\$ 2,122,903

Operating Revenues of \$6,373,902 fell below the Budget of \$6,698,434 creating an unfavorable variance of \$324,532. Service Charges were \$282,279 less than budgeted. Recreation Events & Programs were under budget by \$42,253 reporting \$781,267 versus a budget of \$823,520. Property Taxes/CFD 94-1 revenues were \$428,139 less than Budgeted. Capital Contributions – Connection Fees provided \$269,134, \$214,134 more than the \$55,000 Budget. Grants were over budget by \$135,871 while Investment Income was \$94,505 under budget.

North Tahoe Public Utility District

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

CAPITAL ASSETS

Table A-4

Condensed Statement of Fixed Assets

	FYE 6/30/2011	FYE 6/30/2010	Change in Dollars	Percent Change
Fixed Assets	\$ 79,073,869	\$ 76,940,610	\$ 2,133,259	3%
Construction in Process	5,752,578	2,447,650	3,304,928	135%
	<u>\$ 84,826,447</u>	<u>\$ 79,388,260</u>	<u>\$ 5,438,187</u>	7%
Accumulated Depreciation	(37,535,205)	(35,491,416)	(2,043,789)	6%
Net Capital Assets	<u>\$ 47,291,242</u>	<u>\$ 43,896,844</u>	<u>\$ 3,394,398</u>	8%

At the end of fiscal year 2011, the District had \$47,291,242 invested in capital assets as shown in Table A-4. Fixed Assets grew by \$2,133,259 or 3%. This increase included \$567,395 of Sewer Projects, \$1,277,583 of Water Projects and \$288,281 Recreation and Park Projects. The additions included a \$910,191 for the Kings Beach Water Storage Zone 2 Lake Vista Project and \$278,222 for the Dollar Main Generator Installation Project. Construction in Process increased by \$3,304,928 and includes \$1,373,941 and \$1,257,970 for the 2009 WMRP – Kingswood and 2009 WMRP – Carnelian Bay West projects respectively. Accumulated Depreciation grew by \$2,043,789.

DISTRICT CONTACT INFORMATION

This financial report is designed to provide our customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Anyone having questions regarding this report or desiring additional information may contact Larry Marple, Chief Financial Officer, North Tahoe Public Utility District, P.O. Box 139 Tahoe Vista, CA 96148-0139 or by phone at (530) 546-4212 or by email at lmrple@ntpud.org.

North Tahoe Public Utility District

STATEMENTS OF NET ASSETS

June 30, 2011 and 2010

Liabilities:	Total 2011			Total 2010		
	Sewer	Water	Recreation	Sewer	Water	Recreation
Current Liabilities (Payable from Current Assets):						
Accounts Payable	\$ 102,124	\$ 65,994	\$ 109,358	\$ 280,476	\$ 171,716	\$ 37,689
Accrued Liabilities	419,033	160,323	52,507	631,763	401,542	66,293
Current Portion of Long-Term Debt	78,327	635,000	74,863	713,327	74,863	615,000
Total Current Liabilities (Payable from Current Assets)	\$ 599,494	\$ 864,217	\$ 161,865	\$ 1,623,576	\$ 648,121	\$ 1,053,982
Current Liabilities (Payable from Restricted Assets):						
Cash and Cash Equivalents (Book Overdraft)	\$ 86,849	\$ 500,836	\$ 9,524	\$ 660,078	\$ 129,540	\$ 407,8
Accounts Payable	86,849	500,836	72,393	660,078	129,540	407,8
Total Current Liabilities (Payable from Restricted Assets)	\$ 86,849	\$ 500,836	\$ 81,917	\$ 669,602	\$ 129,540	\$ 207,466
Total Current Liabilities	\$ 686,343	\$ 1,365,053	\$ 243,782	\$ 2,293,178	\$ 777,661	\$ 311,448
Noncurrent Liabilities:						
Long-Term Debt, Net of Current Portion	\$ 83,682	\$ 5,830,000	\$ 0	\$ 5,913,682	\$ 1,660,310	\$ 0
Total Liabilities	\$ 770,025	\$ 7,195,053	\$ 243,782	\$ 8,208,860	\$ 937,971	\$ 311,448
Net Assets						
Invested in Capital Assets, Net of Related Debt Restricted for:	\$ 14,783,717	\$ 11,392,619	\$ 14,487,887	\$ 40,664,223	\$ 15,163,537	\$ 14,633,300
Capital Outlay	314,142	17,798	5,000	336,940	85,165	84,631
Debt Service, Unrestricted	8,784,341	2,529,983	235,315	11,349,639	8,011,168	321,278
Total Net Assets	\$ 23,882,200	\$ 14,554,069	\$ 14,728,202	\$ 53,164,471	\$ 23,259,870	\$ 15,039,209

The accompanying notes are an integral part of the financial statements.

North Tahoe Public Utility District

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the Fiscal Years Ended June 30, 2011 and 2010

Operating Revenues:	Total 2011			Total 2010		
	Sewer	Water	Recreation	Sewer	Water	Recreation
Service Charges	\$ 1,660,595	\$ 3,932,040	\$ 781,267	\$ 5,592,635	\$ 1,608,465	\$ 883,745
Recreation Fees and Programs						
Total Operating Revenues	\$ 1,660,595	\$ 3,932,040	\$ 781,267	\$ 6,375,902	\$ 3,832,419	\$ 883,745
Operating Expenses:						
Direct Operating Expenses	\$ 826,906	\$ 1,698,502	\$ 1,224,389	\$ 3,749,797	\$ 1,647,977	\$ 1,758,116
Administration & General	2,768,419	996,200	116,150	3,880,769	282,000	138,000
Depreciation	900,749	681,839	461,201	2,043,789	890,655	447,025
Total Operating Expenses	\$ 4,496,074	\$ 3,376,541	\$ 1,801,740	\$ 9,674,355	\$ 3,098,439	\$ 2,333,141
Operating Income/(Loss)	\$ 2,855,479	\$ 555,499	\$ 1,020,473	\$ 3,300,453	\$ 1,250,917	\$ 1,449,396
Non-Operating Revenue/(Expense):						
Property Taxes (D.D. out)	\$ 3,448,170	\$ 513,691	\$ 513,691	\$ 3,961,861	\$ 3,301,983	\$ 503,612
Investment Income	58,116	37,368	34,327	139,811	221,428	965
Grants		836,151	135,871	972,022	12,117	236,772
Marketing Fee						15,000
Miscellaneous/Gain on Property Sale	0	31,118	31,118	31,127	13,204	11,467
Interest Expense	(12,076)	(52,322)	()	(65,398)	(90,929)	()
Fiscal Agent Fees	(55,340)	(1,400)	(5,541)	(62,281)	(48,012)	(5,371)
Total Non-Operating Revenue	\$ 3,438,879	\$ 818,797	\$ 709,466	\$ 4,967,142	\$ 3,500,720	\$ 762,439
Income (Loss) Before Contributions and Transfers	\$ 603,400	\$ 1,374,296	\$ 311,007	\$ 1,666,689	\$ 10,726	\$ 686,957
Capital Contributions - Connection Fees	137,060	132,074	269,134	1,285	1,969	3,254
Transfers In/(Out)	(118,130)	118,130	()	18,385	(18,385)	()
Change in Net Assets	\$ 622,330	\$ 1,624,500	\$ 311,007	\$ 1,935,823	\$ 30,396	\$ 686,957
Total Net Assets - Beginning	\$ 23,259,870	\$ 12,929,569	\$ 15,039,209	\$ 51,228,648	\$ 23,229,474	\$ 15,726,166
Total Net Assets - Ending	\$ 23,882,200	\$ 14,554,069	\$ 14,728,202	\$ 53,164,471	\$ 23,259,870	\$ 15,039,209

The accompanying notes are an integral part of the financial statements.

North Tahoe Public Utility District
STATEMENTS OF CASH FLOWS

For the Fiscal Years Ended June 30, 2011 and 2010

Cash Flows from Operating Activities	Total 2011			Total 2010		
	Sewer	Water	Recreation	Sewer	Water	Recreation
Receipts from Customers	\$ 1,937,765	\$ 3,864,822	\$ 986,447	\$ 6,809,034	\$ 1,398,788	\$ 911,715
Payments to Suppliers for Goods & Services	(1,747,296)	(1,911,399)	(456,978)	(4,115,673)	(1,598,973)	(1,135,234)
Payments to Employees for Services	(1,954,459)	(553,174)	(953,861)	(3,461,494)	(2,519,302)	(416,417)
Net Cash Provided (Used) by Operating Activities	\$ 1,743,990	\$ 1,400,249	\$ 424,392	\$ 768,133	\$ 2,719,487	\$ 630,933

Cash Flows from Noncapital Financing Activities	Total 2011			Total 2010		
	Sewer	Water	Recreation	Sewer	Water	Recreation
Property Taxes Collected	\$ 3,448,170	\$ -	\$ 513,691	\$ 3,961,861	\$ 3,301,983	\$ 503,612
Operating Grants Received	(-)	(-)	(-)	(-)	(-)	(-)
Transfer Occupancy Tax	(-)	(-)	(-)	(-)	(-)	(-)
Transfer From/To Other Funds	(118,130)	(118,130)	(31,118)	(18,385)	(18,385)	(15,000)
Other Non-Operating Revenues	26	(-)	(-)	(-)	(-)	(-)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ 3,330,066	\$ 118,130	\$ 544,809	\$ 3,995,005	\$ 3,345,689	\$ 530,079

Cash Flows from Capital and Related Financing Activities	Total 2011			Total 2010		
	Sewer	Water	Recreation	Sewer	Water	Recreation
Acquisition of Capital Assets	(\$ 447,777)	(\$ 4,674,624)	(\$ 315,788)	(\$ 5,438,189)	(\$ 577,977)	(\$ 41,693)
Capital Grants Received	856,151	(-)	135,871	972,022	165,061	93,447
Proceeds from Issuance of Installment Note	(-)	(-)	(-)	(-)	(-)	(-)
Principal Paid on Bonds & Notes	(73,169)	(615,000)	(-)	(688,169)	(71,545)	(-)
Interest Paid on Bonds & Notes	(12,076)	(51,322)	(-)	(63,398)	(90,929)	(-)
Fiscal Agent Fees	(55,340)	(1,400)	(5,541)	(62,281)	(48,012)	(5,377)
Contributed Capital - Connection Fees	137,060	132,074	(-)	269,134	1,285	(-)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ 451,302	\$ 123,879	\$ 185,458	\$ 512,881	\$ 696,249	\$ 46,377

Cash Flows from Investing Activities	Total 2011			Total 2010		
	Sewer	Water	Recreation	Sewer	Water	Recreation
Sale of Investments	\$ 439,583	\$ -	\$ -	\$ 439,583	\$ 152,071	\$ -
Interest on Investments	58,116	37,368	34,327	129,811	221,428	965
Net Cash Provided by Investing Activities	\$ 497,699	\$ 37,368	\$ 34,327	\$ 569,394	\$ 373,499	\$ 965
Net Increase (Decrease) in Cash	\$ 1,632,473	\$ 1,679,626	\$ 30,714	\$ 3,281,385	\$ 303,452	\$ 62,512

The accompanying notes are an integral part of the financial statements.

North Tahoe Public Utility District
STATEMENTS OF CASH FLOWS

For the Fiscal Years Ended June 30, 2011 and 2010

	Sever	Water	Recreation	Total 2011	Sever	Water	Recreation	Total 2010
Balance Forward	\$ 1,632,473	\$ 1,679,626	\$ 30,714	\$ 3,281,388	\$ 303,452	\$ 56,592	\$ 62,512	\$ 277,552
Cash & Cash Equivalents, Beginning of Year	7,532,103	1,389,384	424,916	9,166,403	7,048,651	1,352,792	487,428	8,888,871
Cash & Cash Equivalents, End of Year	\$ 8,984,576	\$ 3,069,010	\$ 394,202	\$ 12,447,788	\$ 7,352,103	\$ 1,389,584	\$ 424,916	\$ 9,166,403
Cash & Cash Equivalents as Presented on the Statement of Net Assets:								
Current Assets - Cash and Cash Equivalents	\$ 8,595,126	\$ 2,674,510	\$ 394,202	\$ 11,663,838	\$ 7,206,096	\$ 1,000,766	\$ 424,916	\$ 8,631,778
Restricted Assets - Cash and Cash Equivalents	389,450	394,500		783,950	146,007	388,618		534,625
	\$ 8,984,576	\$ 3,069,010	\$ 394,202	\$ 12,447,788	\$ 7,352,103	\$ 1,389,584	\$ 424,916	\$ 9,166,403
Reconciliation of Operating Income to Net Cash Provided/(Used) by Operating Activities:								
Operating Income/(Loss)	\$ 2,835,479	\$ 555,499	\$ 1,020,473	\$ 3,500,453	\$ 3,489,994	\$ 1,250,917	\$ 1,449,396	\$ 3,688,473
Adjustments to Reconcile Operating Loss to Net Cash Provided/(Used) by Operating Activities:								
Depreciation	900,749	681,839	461,201	2,043,789	890,655	651,525	447,025	1,989,205
Loss on Abandonment of Bike Trail Project							309,801	309,801
Changes in Certain Assets and Liabilities (Increase)/Decrease in:								
Accounts Receivable	297,173	(67,218)	205,180	435,135	(209,677)	38,966	27,973	142,738
Inventory	(8,491)	()	(2,634)	(11,125)	(15,204)	()	325	(15,529)
Prepays and Prepaid Expenses	(3,150)	()	()	(3,150)	(2,008)	()	12,465	10,457
Increase/(Decrease) in:								
Cash and Cash Equivalents (Book Overdraft)	()	()	()	()	()	()	()	()
Accounts Payable	(112,283)	131,154	139,984	158,855	152,210	32,108	2,943	187,261
Accrued Liabilities	17,491	98,975	(13,786)	102,680	(45,469)	20,525	9,581	(15,363)
Net Cash Provided/(Used) by Operating Activities	\$ 1,743,990	\$ 1,400,249	\$ 424,392	\$ 768,133	\$ 2,719,487	\$ 1,994,041	\$ 639,933	\$ 1,365,379
Noncash Transactions								
Capital and Related Financing Activities								
Acquisition of Capital Assets	\$ 447,777	\$ 4,674,624	\$ 315,788	\$ 5,438,189	\$ 577,977	\$ 1,739,905	\$ 133,623	\$ 2,451,505
Increase in Accounts Payable	()	()	()	()	()	()	()	()
Cash Used for Acquisition of Capital Assets	\$ 447,777	\$ 4,674,624	\$ 315,788	\$ 5,438,189	\$ 577,977	\$ 1,428,243	\$ 41,693	\$ 2,047,913

The accompanying notes are an integral part of the financial statements.

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the North Tahoe Public Utility District conform to generally accepted accounting principles as applied to governmental units. The following is a summary of significant policies:

- A. Organization & Description of the District - The North Tahoe Public Utility District was organized in 1948 for the principal purpose of providing sewage collection and treatment facilities for the residents of the area.

The District began providing water services in 1967 with the acquisition of the Brockway Water Company, and has since then acquired several small water companies. In 1970, the District established a department for recreational activities. Under its broad powers of service, the District also provides street lighting.

The general area of the District is located along approximately seven miles of the north shore of Lake Tahoe from the Nevada state line at Crystal Bay to the boundaries of the Tahoe City Public Utility District at Dollar Point, California.

Principles Determining Scope of Reporting Entity - The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility on financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters, scope of public service and special financing relationships.

Based on these criteria, the District (the oversight unit) has included in these financial statements the North Tahoe Building Corporation, a California nonprofit public benefit corporation. The following facts were considered in forming that conclusion. The Corporation is controlled by the same governing authority, utilizes the same management, and is financially dependent upon the District. Its operations are influenced by the District and the District is responsible for its fiscal management, budgetary control, surpluses and deficits, and provides the sole source of its revenues. The Corporation provides financing for the District's renovation of its sewer, water and recreation systems. The water system is the only debt still outstanding. Separate financial statements for the individual component unit may be obtained by contacting Larry Marple, Chief Financial Officer, North Tahoe Public Utility District, P.O. Box 139 Tahoe Vista, CA 96148-0139.

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- A. Principles Determining Scope of Reporting Entity (Continued) - One entity which is not part of the District's reporting entity but was in part created by the District for special purposes is accounted for as a jointly governed organization. Additional information regarding the District's jointly governed organization is provided in Note 11. The following is a description of the jointly owned organization in which the District participates.

The Special District Risk Management Authority (SDRMA) was created by a Joint Exercise of Powers Agreement between the North Tahoe Public Utility District and several other member Districts. The Authority is organized as a separate and distinct public entity and is governed by a Board of Directors elected by the member entities. The governing board appoints its own management and approves its own budget.

- B. Measurement Focus and Basis of Accounting - The term measurement focus is used to denote what is being measured and reported in the District's operating statement. The District is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the District is better or worse off economically as a result of events and transactions of the period.

The term "basis of accounting" is used to determine when a transaction or event is recognized on the District's operating statement. The District uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

- C. Financial Statements Presentation - The District applies all applicable GASB pronouncements (including all National Council on Governmental Accounting Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure. In addition, the District applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities.

GASB 34 establishes criteria (percentage of the assets, liabilities, revenues or expenditures/expenses) for the determination of major funds. The District reports the three major funds. The Sewer Fund is an enterprise fund that is used to account for the District's provision of sewer and related services. The Water Fund is an enterprise fund that is used to account for the District's provision of water and related services. The Recreation Fund is an enterprise fund that is used

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

to account for the District's provision of recreation related services, including the Conference Center. Interfund activity between these funds has been eliminated in the financial statement presentation.

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

- *Invested in capital assets, net of related debt* - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. 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 invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds. As of June 30, 2011, the District has debt related to capital assets of \$6,627,019.
- *Restricted* - This component of net assets consists of constraints placed on net asset 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 assets* - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

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

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

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- D. Cash - Cash for all enterprise funds is pooled, and investment earnings from savings accounts, certificates of deposit and other investments are allocated to the various funds based on their individual investment in the selected investment vehicle. For the purposes of the statement of cash flows, the District considers all cash, certificates of deposit and savings, and cash with fiscal agent (including restricted assets) with a maturity of one year or less when purchased to be cash equivalents. (See Note 2 for additional disclosures of District deposits and investments).
- E. Accounts Receivable - Service charges receivable, a component of accounts receivable, are sent to the county annually to be placed on the tax rolls for collection. Therefore, no allowance for uncollectible fees is provided.
- F. Investments - Investments in securities with readily determinable fair values, external investment pools, open-end mutual funds, and debt securities are valued at their fair values in the balance sheet. Unrealized gains and losses are included in the statement of revenues, expenses, and changes in net assets. For the fiscal years ended June 30, 2011 and 2010, fair value of the District's investments approximated cost.
- G. Inventory - Inventories are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The cost is recorded as an expense as inventory items are consumed.
- H. Capital Assets - Capital assets are stated at cost, or the appraised value at the time received in the case of gifts. Maintenance and repairs are charged to expense as incurred. Replacements which improve or extend the lives of property are capitalized. Costs of retired assets are removed from the asset accounts in the year of sale or retirement.
- I. Depreciation - Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Utility Plant	30 - 50 Years
Machinery & Equipment	5 - 15 Years
- J. Revenue Recognition - Property Taxes - Property taxes are attached as an enforceable lien on property as of March 1. Taxes are levied on November 1 and February 1 and are due and payable at that time.

Property tax revenues are recognized in the fiscal period for which they are levied and in which they become available.

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- K. Operating/Non-Operating Revenue and Expenses - Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. 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 non-operating revenues and expenses.
- L. Designations of Net Assets - Designations of Net Assets Restricted for Board Reserves are used to show the amounts within unrestricted net assets which the Board has designated for specific purposes, but are not legally restricted. The designated balances at June 30, 2011 and 2010 are as follows:

	<u>Sewer</u>	<u>Water</u>	<u>Recreation</u>	<u>Total</u>
June 30, 2011	\$ 2,146,266	\$ 2,447,531	\$ 40,420	\$ 4,634,217
June 30, 2010	\$ 1,343,420	\$ 1,491,917	\$ 40,420	\$ 2,875,757

- M. Compensated Absences - A total of 10 to 20 days vacation and 12 days of sick leave per year may be accumulated by each employee. Employees are paid between 30% and 100% of their accumulated sick leave depending upon the nature of their termination. A maximum of two times the employee's annual rate of vacation may be accumulated by each employee. The District accrues a liability for compensated absences which meet the following criteria:
1. The District's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
 2. The obligation relates to rights that vest or accumulate.
 3. Payment of the compensation is probable.
 4. The amount can be reasonably estimated.

In accordance with the above criteria, the District has accrued a liability for vacation and sick pay which has been earned but not taken by District employees. The liability for compensated absences is recorded as an accrued liability in accordance with GASB Statement 16. At June 30, 2011, the recorded liability was \$230,472, and at June 30, 2010 was \$248,004. These amounts are reported as a component of accrued liabilities payable from current assets.

- N. Budgetary Control - The Board adopts an operating budget at the beginning of each year.

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- O. Pension Plan - The District offers a pension plan to eligible employees. For more information on this plan, see Note 5.
- P. Risk Pools - The District is a member of the Special District Risk Management Authority (SDRMA) which provides workers' compensation coverage. All costs are currently recorded as operating expenses.
- Q. Interfund Transfers - The permanent reallocation of resources between funds are classified as interfund transfers.

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS:

The District follows the practice of pooling cash and investments of all funds.

Interest income earned on investments is allocated annually to the funds based on the month-end cash balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

The District invests certain operating, restricted, and pension trust funds in time certificates of deposit, and the State of California Local Agency Investment Fund (LAIF). These investments are included in cash as cash equivalents and are stated at their fair values.

- A. Deposits - Statutes allow the District to deposit excess funds with depositories under pooled collateral arrangements whereby qualified securities are pledged with the depository's trust department or an independent agent of the depository.

While these securities are pledged to protect the deposits of the District, they are not held in the District's name or by the District. In accordance with Governmental Accounting Standards Board Statement No. 3, collateral not held in the name of the District or by the District is to be classified as uncollateralized.

At June 30, 2011, the carrying amount of the District's deposits was \$4,594,662. The bank's balances were \$4,594,860. Of this amount, \$4,532,150 was covered by federal depository insurance. The remaining \$62,710 was covered by collateral equal to at least 110% of the deposit balance and held by the bank's agent or trust department in the bank's name.

At June 30, 2010, the carrying amount of the District's deposits was \$4,006,757. The bank's balances were \$4,213,595. Of this amount, \$4,011,515 was covered by federal depository insurance. The remaining \$202,080 was covered by collateral equal to at least 110% of the deposit balance and held by the bank's agent or trust department in the bank's name.

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued):

B. Investments - Statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities within the State, State Treasury, bankers' acceptances, and commercial paper of the highest ranking provided by Moody's Investors Service, Inc., or Standard and Poor's Corporation, repurchase or reverse repurchase agreements, and the State Treasurer's Investment Pool.

The investment policy set by the Directors of the District is more conservative than that set by state statute. The policy allows the District treasurer to invest in certificates of deposit, U.S. Treasury Bills, instruments guaranteed by the U.S. Government, Money Market Accounts, investment in U.S. Government securities, Placer County Investment Fund, and the LAIF.

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

Structured notes and asset-backed securities comprised 3.19% and 2.64% of LAIF's total portfolio for all investors as of June 30, 2011 and 2010, respectively. Fair value of a pool share was 1.001576470 and 1.001643776 for those same periods. The cost value of a pool share was constant at \$1.00.

	2011		2010	
	Carrying Amount	Market Value	Carrying Amount	Market Value
LAIF	\$ 7,843,602	\$ 7,855,967	\$ 4,956,258	\$ 4,964,405

Credit Risk: Investments are categorized to provide an indication of the level of risk assumed by the District. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the District's name.

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 2

CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued):

<u>June 30, 2011</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount</u>	<u>Market Value</u>
U.S. Government Securities	\$	\$	\$ 256,490		
Other Governmental Entities	602,500				
Total	<u>\$ 602,500</u>	<u>\$ 0</u>	<u>\$ 256,490</u>	<u>\$ 858,990</u>	<u>\$ 857,795</u>
<u>June 30, 2010</u>					
U.S. Government Securities	\$	\$	\$ 696,073		
Other Governmental Entities	602,500				
Total	<u>\$ 602,500</u>	<u>\$ 0</u>	<u>\$ 696,073</u>	<u>\$ 1,298,573</u>	<u>\$ 1,299,048</u>

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. A portion of the District's investments are subject to this risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by duration.

Investments of the District subject to interest rate risk on June 30, 2011 are summarized as follows:

	<u>Cost</u>	<u>Market Value</u>	<u>Maturity</u>
Certificates of Deposit	\$ 97,000	\$ 97,725	9/2011
Certificates of Deposit	97,000	98,327	1/2012
Certificates of Deposit	97,000	98,560	2/2012
Certificates of Deposit	194,000	197,402	3/2012
Certificates of Deposit	435,000	438,149	5/2012
Certificates of Deposit	345,000	347,890	6/2012
Certificates of Deposit	474,000	483,318	7/2012
Certificates of Deposit	130,000	132,360	8/2012
Certificates of Deposit	233,000	237,902	11/2012
Certificates of Deposit	209,991	214,658	2/2013
Certificates of Deposit	303,000	306,030	3/2013
Certificates of Deposit	200,913	206,810	5/2013
Certificates of Deposit	343,787	349,419	9/2013
Certificates of Deposit	291,000	304,758	1/2014
Certificates of Deposit	235,528	239,415	2/2014
U.S. Government Securities	235,000	234,831	6/2014
Certificates of Deposit	97,000	100,390	1/2015
Weighted average maturity			1/2013

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued):

Investments of the District subject to interest rate risk on June 30, 2010 are summarized as follows:

	Cost	Market Value	Maturity
Certificates of Deposit	\$ 97,000	\$ 97,510	8/2010
Certificates of Deposit	97,000	97,750	9/2010
Certificates of Deposit	185,000	187,073	1/2011
Certificates of Deposit	87,911	90,959	2/2011
Certificates of Deposit	97,000	99,255	3/2011
Certificates of Deposit	97,000	97,209	8/2011
Certificates of Deposit	97,000	101,071	9/2011
Certificates of Deposit	97,000	99,745	1/2012
Certificates of Deposit	97,000	99,790	2/2012
Certificates of Deposit	194,000	199,783	3/2012
Certificates of Deposit	328,000	329,912	5/2012
Certificates of Deposit	345,000	345,738	6/2012
Certificates of Deposit	474,000	484,145	7/2012
Certificates of Deposit	130,000	132,061	8/2012
Certificates of Deposit	233,000	236,579	11/2012
Certificates of Deposit	97,000	100,502	2/2013
Certificates of Deposit	97,000	99,979	3/2013
Certificates of Deposit	200,913	204,723	5/2013
Certificates of Deposit	103,000	104,490	9/2013
U.S. Government Securities	115,000	115,216	11/2013
Certificates of Deposit	291,000	300,840	1/2014
U.S. Government Securities	155,000	155,242	2/2014
Certificates of Deposit	97,000	98,258	1/2015
U.S. Government Securities	100,000	100,250	5/2015
U.S. Government Securities	305,000	305,668	6/2015
Weighted average maturity			11/2012

North Tahoe Public Utility District
 NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 2 CASH AND CASH EQUIVALENTS AND INVESTMENTS (Continued):

C. Classification:

<u>Summary of Cash and Investments:</u>	2011	2010
Cash Deposits	\$ 4,594,662	\$ 4,006,757
LAIIF	7,843,602	4,956,258
Investments	858,990	1,298,573
	\$ 13,297,254	\$ 10,261,588
 <u>Cash and Investments</u>		
<u>Classified in the Balance Sheet:</u>		
<u>Cash and Cash Equivalents:</u>		
Unrestricted	\$ 11,663,838	\$ 8,631,778
Restricted	783,950	534,625
Restricted (Book Overdraft)	(9,524)	(203,388)
	\$ 12,438,264	\$ 8,963,015
 <u>Investments:</u>		
Unrestricted	\$ 256,490	\$ 696,073
Restricted	602,500	602,500
	\$ 858,990	\$ 1,298,573
	\$ 13,297,254	\$ 10,261,588

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 3 ACCOUNTS RECEIVABLE:

The accounts receivable, shown as current assets, are comprised of the following:

	<u>2011</u>	<u>2010</u>
Service Charges	\$ 167,531	\$ 404,409
Taxes, Net of Allowance for Doubtful Accounts of \$267,995 and \$267,995 for 2011 and 2010, Respectively (1)	<u>93,978</u>	<u>100,755</u>
	<u>\$ 261,509</u>	<u>\$ 505,164</u>

The accounts receivable, shown as restricted assets, are comprised of the following:

	<u>2011</u>	<u>2010</u>
Interest	\$ 7,746	\$ 7,876
Grants	<u>221,016</u>	<u>412,365</u>
	<u>\$ 228,761</u>	<u>\$ 420,241</u>

Note:

(1) Includes Property Taxes Receivable under Prop 1A in the amount of \$267,995, for both 2011 and 2010. Under the provisions of Proposition 1 A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue. The state is required to repay this borrowing plus interest by June 30, 2013.

This borrowing by the State of California was recognized in the accompanying financial statements as a receivable and revenue in the fiscal year for which they were levied (fiscal year 2009-10). Management accrued an allowance for bad debts at that time of the same amount, due to the uncertainty of the State's ability to repay the loan when due.

North Tahoe Public Utility District
 NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 4

RESTRICTED ASSETS & LIABILITIES:

Restricted assets at June 30, 2011 are identified by use as follows:

<u>Restricted Assets:</u>	<u>Sewer Construction Reserves</u>	<u>Water Construction Reserves</u>	<u>Recreation Construction Reserves</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 389,450	\$ 394,500	\$ 783,950	\$ 783,950
Investments		602,500		602,500
Accounts Receivable	11,541	135,303	81,917	228,761
Deposits and Prepaid Expenses			5,000	5,000
Total Restricted Assets	\$ 400,991	\$ 1,132,303	\$ 86,917	\$ 1,620,211
<u>Current Liabilities (Payable from Restricted Assets):</u>				
Cash and Cash Equivalents (Book Overdraft)	\$ 86,849	\$ 500,836	\$ 9,524	\$ 9,524
Accounts Payable			72,393	660,078
Total Restricted Liabilities	\$ 86,849	\$ 500,836	\$ 81,917	\$ 669,602

Restricted assets at June 30, 2010 are identified by use as follows:

<u>Restricted Assets:</u>	<u>Sewer Construction Reserves</u>	<u>Water Construction Reserves</u>	<u>Recreation Construction Reserves</u>	<u>Total</u>
Cash and Cash Equivalents	\$ 146,007	\$ 388,618	\$ 534,625	\$ 534,625
Investments		602,500		602,500
Accounts Receivable	68,699	64,445	287,097	420,241
Deposits and Prepaid Expenses			5,000	5,000
Total Restricted Assets	\$ 214,706	\$ 1,055,563	\$ 292,097	\$ 1,562,366
<u>Current Liabilities (Payable from Restricted Assets):</u>				
Cash and Cash Equivalents (Book Overdraft)	\$ 129,540	\$ 379,323	\$ 203,388	\$ 203,388
Accounts Payable			4,078	512,941
Total Restricted Liabilities	\$ 129,540	\$ 379,323	\$ 207,466	\$ 716,329

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 5

PENSION PLAN:

Defined Contribution Plan:

The District had a defined contribution money purchase pension plan (the North Tahoe Public Utility District Money Purchase Pension Plan) maintained and controlled by elected employees and Board members as trustees. No other entity contributed to this plan. The last contribution to this plan was made on August 27, 2010 and the District switched to a defined benefit plan with California Public Employees' Retirement System (CalPERS). This plan was frozen and no more contributions were made during the year.

Eligibility - All employees are eligible after 1,000 hours of employment and if they are at least 21 years of age.

Contributions - The District paid a required contribution of 7% of the employees' base rate of pay and the District also contributed an additional 8% of the employees' base rate of pay. Employees are not required to contribute to the plan.

Vesting - Vesting for required employer contributions is 0% until five (5) years at which time vesting is 100%. For voluntary employee contributions, employees are 100% vested upon contribution to the plan.

Total payroll for the years ended June 30, 2011 and 2010 was \$467,700 and \$2,937,481, respectively, of which \$384,105 and \$2,403,294 was eligible for pension contributions. Total pension contributions for the fiscal years ended June 30, 2011 and 2010 were \$71,272 and \$326,908, respectively.

During the fiscal years ended June 30, 2011 and 2010, the pension plan had not invested in any of the District's securities nor did it loan any monies to the District.

Defined Benefit Plan:

Plan Description:

The North Tahoe Public Utility District's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The miscellaneous plan (Plan) is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employees within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 Q Street - Sacramento, CA 95811.

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 5 PENSION PLAN (Continued):

Funding Policy:

Active plan members are required to contribute 7% of their annual covered salary. The District makes the contributions required of District's employees on their behalf and for their account. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The employer contribution rate was 8.475% for the year ended June 30, 2011. The contribution rate was established and may be amended by CalPERS.

Annual Pension Cost:

For fiscal year ended June 30, 2011, the District's annual pension costs were \$323,598. Due to the entry into the plan during the current fiscal year, prior year comparative data is not available.

Trend Information for North Tahoe Public Utility
District's Defined Benefit Pension Plan:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/2011	\$ 323,598	100%	\$ 0

The required contribution for fiscal year 2011 was determined as part of the June 30, 2009 actuarial valuation using the entry age actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), and (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% depending on age, service and type of employment. Both (a) and (b) include an inflation component of 3.00%, payroll growth of 3.25%, and individual salary growth using a merit scale varying by duration of employment coupled with an assumed annual inflation growth of 3.00% and an annual production growth of 0.25%.

The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a 30 year period. The plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009 was 30 years.

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 5 PENSION PLAN (Continued):

Funding Status and Funding Progress:

Because the plan had less than 100 active members in the valuation as of June 30, 2009, the plan is required to participate in a risk pool. The following information pertains to the Miscellaneous 2% at 55 Risk Pool.

As of June 30, 2009, the most recent actuarial valuation date, the plan was 89.9% funded. The actuarial accrued liability for benefits was \$3.105 billion and the actuarial value of the assets was \$2.758 billion, resulting in an unfunded actuarial liability (UAAL) of \$346 million. The covered payroll (annual payroll of active employees covered under by the plan) was \$743 million, and the ratio of the UAAL to the covered payroll was 46.8%.

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 6

CAPITAL ASSETS:

The following is a summary of the capital assets at June 30, 2011:

Sewer Fund:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Capital Assets not being Depreciated:</u>				
Land	\$ 905,912	\$	\$	\$ 905,912
Construction In Progress	517,657	279,449	(399,069)	398,037
Total Capital Assets not being Depreciated	\$ 1,423,569	\$ 279,449	(\$ 399,069)	\$ 1,303,949
<u>Capital Assets being Depreciated:</u>				
Building & Improvements	\$ 2,041,791	\$	\$	\$ 2,041,791
Sewage System	26,892,155	373,222		27,265,377
Vehicles & Equipment	4,360,774	194,173		4,554,947
Furniture & Office Equipment	679,966			679,966
Total Capital Assets being Depreciated	\$ 33,974,686	\$ 567,395	\$ 0	\$ 34,542,081
<u>Less Accumulated Depreciation for:</u>				
Building & Improvements	\$ 1,002,489	\$ 52,500	\$	\$ 1,054,989
Sewage System	14,754,453	612,844		15,367,297
Vehicles & Equipment	3,632,487	207,164		3,839,651
Furniture & Office Equipment	610,116	28,241		638,357
Total Accumulated Depreciation	\$ 19,999,545	\$ 900,749	\$ 0	\$ 20,900,294
Net Capital Assets	\$ 15,398,710	(\$ 53,905)	(\$ 399,069)	\$ 14,945,736

The above amounts include \$497,192 of cost and \$335,478 of accumulated depreciation for equipment purchased under capital lease obligations.

Water Fund:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Capital Assets not being Depreciated:</u>				
Land	\$ 780,047	\$	\$	\$ 780,047
Construction In Progress	1,670,542	4,050,892	(653,851)	5,067,583
Total Capital Assets not being Depreciated	\$ 2,450,589	\$ 4,050,892	(\$ 653,851)	\$ 5,847,630
<u>Capital Assets being Depreciated:</u>				
Water System	\$ 20,496,067	\$ 1,247,568		\$ 21,743,635
Vehicles & Equipment	170,473	30,015		200,488
Furniture & Office Equipment	35,919			35,919
Total Capital Assets being Depreciated	\$ 20,702,459	\$ 1,277,583	\$	\$ 21,980,042
<u>Less Accumulated Depreciation for:</u>				
Water System	\$ 9,142,938	\$ 668,318	\$	\$ 9,811,256
Vehicles & Equipment	126,494	9,805		136,299
Furniture & Office Equipment	18,782	3,716		22,498
Total Accumulated Depreciation	\$ 9,288,214	\$ 681,839	\$	\$ 9,970,053
Net Capital Assets	\$ 15,864,834	\$ 4,646,630	(\$ 653,851)	\$ 17,857,619

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 6 CAPITAL ASSETS (Continued):

Recreation Fund:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Capital Assets not being Depreciated:</u>				
Land	\$ 7,025,000	\$	\$	\$ 7,025,000
Construction In Progress	259,451	155,596	(128,089)	286,958
	<u>\$ 7,284,451</u>	<u>\$ 155,596</u>	<u>(\$ 128,089)</u>	<u>\$ 7,311,958</u>
Total Capital Assets not being Depreciated				
	<u>\$ 7,284,451</u>	<u>\$ 155,596</u>	<u>(\$ 128,089)</u>	<u>\$ 7,311,958</u>
<u>Capital Assets being Depreciated:</u>				
Building & Improvements	\$ 12,716,496	\$ 288,281	\$	\$ 13,004,777
Vehicles & Equipment	700,982			700,982
Furniture & Office Equipment	135,028			135,028
	<u>\$ 13,552,506</u>	<u>\$ 288,281</u>	<u>\$ 0</u>	<u>\$ 13,840,787</u>
Total Capital Assets being Depreciated				
	<u>\$ 13,552,506</u>	<u>\$ 288,281</u>	<u>\$ 0</u>	<u>\$ 13,840,787</u>
<u>Less Accumulated Depreciation for:</u>				
Building & Improvements	\$ 3,935,376	\$ 440,222	\$	\$ 4,375,598
Vehicles & Equipment	640,921	20,318		661,239
Land Improvements	1,494,117			1,494,117
Furniture & Office Equipment	133,243	661		133,904
	<u>\$ 6,203,657</u>	<u>\$ 461,201</u>	<u>\$ 0</u>	<u>\$ 6,664,858</u>
Total Accumulated Depreciation				
	<u>\$ 6,203,657</u>	<u>\$ 461,201</u>	<u>\$ 0</u>	<u>\$ 6,664,858</u>
Net Capital Assets				
	<u>\$ 14,633,300</u>	<u>(\$ 17,324)</u>	<u>(\$ 128,089)</u>	<u>\$ 14,487,887</u>
<u>Total of Net Assets:</u>				
Sewer Department				\$ 14,945,736
Water Department				17,857,619
Recreation Department				<u>14,487,887</u>
				<u>\$ 47,291,242</u>

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 6 CAPITAL ASSETS (Continued):

The following is a summary of the capital assets at June 30, 2010:

Sewer Fund:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Capital Assets not being Depreciated:</u>				
Land	\$ 905,912	\$	\$	\$ 905,912
Construction In Progress	188,921	577,959	(249,223)	517,657
Total Capital Assets not being Depreciated	\$ 1,094,833	\$ 577,959	(\$ 249,223)	\$ 1,423,569
<u>Capital Assets being Depreciated:</u>				
Building & Improvements	\$ 1,984,918	\$ 56,873	\$	\$ 2,041,791
Sewage System	26,876,571	15,584		26,892,155
Vehicles & Equipment	4,321,614	169,384	(130,224)	4,360,774
Furniture & Office Equipment	672,566	7,400		679,966
Total Capital Assets being Depreciated	\$ 33,855,669	\$ 249,241	(\$ 130,224)	\$ 33,974,686
<u>Less Accumulated Depreciation for:</u>				
Building & Improvements	\$ 951,219	\$ 51,270	\$	\$ 1,002,489
Sewage System	14,146,452	608,001		14,754,453
Vehicles & Equipment	3,567,169	195,542	(130,224)	3,632,487
Furniture & Office Equipment	574,274	35,842		610,116
Total Accumulated Depreciation	\$ 19,239,114	\$ 890,655	(\$ 130,224)	\$ 19,999,545
Net Capital Assets	\$ 15,711,388	(\$ 63,455)	(\$ 249,223)	\$ 15,398,710

The above amounts include \$497,192 of cost and \$193,424 of accumulated depreciation for equipment purchased under capital lease obligations.

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 6 CAPITAL ASSETS (Continued):

Water Fund:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Capital Assets not being Depreciated:</u>				
Land	\$ 780,047	\$	\$	\$ 780,047
Construction In Progress	240,146	1,651,356	(220,960)	1,670,542
Total Capital Assets not being Depreciated	<u>\$ 1,020,193</u>	<u>\$ 1,651,356</u>	<u>(\$ 220,960)</u>	<u>\$ 2,450,589</u>
<u>Capital Assets being Depreciated:</u>				
Water System	\$ 20,232,047	\$ 264,020		\$ 20,496,067
Vehicles & Equipment	124,984	45,489		170,473
Furniture & Office Equipment	35,919			35,919
Total Capital Assets being Depreciated	<u>\$ 20,392,950</u>	<u>\$ 309,509</u>	<u>\$</u>	<u>\$ 20,702,459</u>
<u>Less Accumulated Depreciation for:</u>				
Water System	\$ 8,499,956	\$ 642,982	\$	\$ 9,142,938
Vehicles & Equipment	122,083	4,411		126,494
Furniture & Office Equipment	14,650	4,132		18,782
Total Accumulated Depreciation	<u>\$ 8,636,689</u>	<u>\$ 651,525</u>	<u>\$</u>	<u>\$ 9,288,214</u>
Net Capital Assets	<u>\$ 12,776,454</u>	<u>\$ 1,309,340</u>	<u>(\$ 220,960)</u>	<u>\$ 13,864,834</u>

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 6 CAPITAL ASSETS (Continued):

Recreation Fund:

	Beginning Balance	Additions	Deletions	Ending Balance
<u>Capital Assets not being Depreciated:</u>				
Land	\$ 7,025,000	\$	\$	\$ 7,025,000
Construction In Progress	422,658	186,063	(349,270)	259,451
Total Capital Assets not being Depreciated	\$ 7,447,658	\$ 186,063	(\$ 349,270)	\$ 7,284,451
<u>Capital Assets being Depreciated:</u>				
Building & Improvements	\$ 12,686,912	\$ 29,584	\$	\$ 12,716,496
Vehicles & Equipment	700,982			700,982
Furniture & Office Equipment	135,028			135,028
Total Capital Assets being Depreciated	\$ 13,522,922	\$ 29,584	\$ 0	\$ 13,552,506
<u>Less Accumulated Depreciation for:</u>				
Building & Improvements	\$ 3,511,080	\$ 424,296	\$	\$ 3,935,376
Vehicles & Equipment	620,227	20,694		640,921
Land Improvements	1,494,117			1,494,117
Furniture & Office Equipment	131,208	2,035		133,243
Total Accumulated Depreciation	\$ 5,756,632	\$ 447,025	\$ 0	\$ 6,203,657
Net Capital Assets	\$ 15,213,948	(\$ 231,378)	(\$ 349,270)	\$ 14,633,300
<u>Total of Net Assets:</u>				
Sewer Department				\$ 15,398,710
Water Department				13,864,834
Recreation Department				14,633,300
				<u>\$ 43,896,844</u>

NOTE 7 LONG-TERM DEBT:

A. Certificates of Participation:

A summary of long-term liability activity for the year ended is as follows. Additional detailed information on the Certificates of Participation is noted below the summary.

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
June 30, 2011					
Certificates of Participation	\$ 2,580,000	\$ 0	(\$ 615,000)	\$ 1,965,000	\$ 635,000
June 30, 2010					
Certificates of Participation	\$ 3,185,000	\$ 0	(\$ 605,000)	\$ 2,580,000	\$ 615,000

Future annual principal payments range from \$635,000 to 675,000 with interest rates of 2.95% to 3.35%, beginning February 1, 2011. Final payment is due February 1, 2014.

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 7 LONG-TERM DEBT (Continued):

The Certificates represent undivided fractional interests in lease payments due under a Lease-Purchase Agreement pursuant to which the District is leasing the Projects from the North Tahoe Building Corporation.

The District has covenanted in the Lease-Purchase Agreement that it will take such action as may be necessary to include lease payments in its annual budgets and to make the necessary annual appropriations. The obligation of the District to make lease payments does not constitute an obligation of the District for which the District is obligated to levy or pledge any form of taxation. Neither the Certificates nor the obligation of the District to make lease payments under the Lease-Purchase Agreement constitutes a debt of the District, the State of California or any of its political subdivisions within the meaning of any constitutional or statutory debt limitations or restrictions.

Interest due with respect to the Certificates is payable semi-annually on February 1 and August 1 (Water System Project).

B. Installment Note:

On September 1, 2010, the District entered into an installment sale agreement (the "Agreement") for \$4.5 million to finance the construction of certain capital facilities related to the District's water acquisition, storage and distribution system consisting primarily of a water storage tank and appurtenances. The Agreement's interest rate is 3.95% and is payable semi-annually. Principal repayment begins in August 2013 and concludes on February 1, 2026.

A summary of long-term liability activity for the year ended is as follows.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
June 30, 2011					
Installment Note	\$ 0	\$ 4,500,000	\$ 0	\$ 4,500,000	\$ 0

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 7 LONG-TERM DEBT (Continued):

C. Capital Lease Obligations:

1. Federal Signal Leasing

The District has a capital lease for equipment with Federal Signal Leasing. Annual payments are \$49,823 and include interest at 5.07%. Final payment is due February 2013. \$ 92,550

2. Municipal Finance Corporation

The District has a capital lease for equipment with Municipal Finance Corporation. Annual payments are \$35,422 and include interest at 4.00%. Final payment is due March 2013. 69,469

\$ 162,019

The assets under capital leases are included with fixed assets and are being depreciated over their estimated useful lives.

D. Summary of Long Term Debt:

Total Debt

Certificates of Participation	\$ 1,965,000
Installment Note	4,500,000
Capital Lease Obligations	<u>162,019</u>
Total Debt	<u>\$ 6,627,019</u>

Interest Expense:

Total interested expense was \$206,611 and \$90,929 for 2011 and 2010, respectively. For the year 2011, \$141,213 was capitalized and \$65,398 was expensed.

North Tahoe Public Utility District
 NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 7 LONG-TERM DEBT (Continued):

E. Debt Service Requirements:

Debt service requirements of long term debt as summarized as follows:

June 30	Capital Lease Obligations	Certificates of Participation	Installment Note	Total Principal	Interest	Total Debt Service
2012	\$ 78,337	\$ 635,000	\$	\$ 713,337	\$ 247,916	\$ 961,253
2013	83,682	655,000		738,682	224,595	963,277
2014		675,000	270,834	945,834	197,715	1,143,549
2015			281,638	281,638	164,298	445,936
2016			292,872	292,872	153,064	445,936
Thereafter			3,654,656	3,654,656	804,702	4,459,358
Total Debt	\$ 162,019	\$ 1,965,000	\$ 4,500,000	\$ 6,627,019	\$ 1,792,290	\$ 8,419,309
Less: Current Portion	(78,337)	(635,000)		(713,337)	(247,916)	(961,253)
Total Long Term Debt, Net of Current Portion	<u>\$ 83,682</u>	<u>\$ 1,330,000</u>	<u>\$ 4,500,000</u>	<u>\$ 5,913,682</u>	<u>\$ 1,544,374</u>	<u>\$ 7,458,056</u>

NOTE 8 COMMITMENTS AND CONTINGENCIES:

Construction Commitments:

The District has entered into design and construction commitments totaling \$7,732,764 and \$4,972,489 for fiscal years ended June 30, 2011 and 2010, respectively. As of June 30, 2011, the amount earned on the contracts was \$6,503,278 with a remaining balance of \$1,229,486. As of June 30, 2010, the amount earned on the contracts was \$519,179, with a remaining balance of \$4,210,652.

Litigation:

Various claims and lawsuits were pending against the District during the year. It is the opinion of management and the District's attorney that the District's risk exposure will not have a material effect on the financial statements.

Other:

On December 19, 2010, a sewage overflow occurred within the District's service area. As a result, the District could be subject to civil liability and costs associated with cleanup, remediation and preventative measures. The District has submitted its report to the County for review. As of the date the financial statements were available to be issued, no response had been received. At this time, Management is uncertain whether the report will be accepted, and, therefore, is unable to estimate any financial impact to the District at this time.

North Tahoe Public Utility District

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 9 VOTER LEGISLATION:

Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase and extend assessments and fees. Any new, increased, or extended assessments and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these assessments and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the District's ability to finance the services for which assessments and fees are imposed may be significantly impaired. At this time, it is uncertain how Proposition 218 will affect the District's ability to maintain or increase the revenue it receives from assessments and fees.

NOTE 10 OPERATING LEASES:

The District leases office equipment. The terms of the leases run through the fiscal year ending June 30, 2014, with both monthly and quarterly payments.

Minimum annual lease payments are as follows:

Year Ending June 30,	
2012	26,184
2013	26,184
2014	<u>26,183</u>
Total	<u>\$ 78,551</u>

Payments under the lease agreements during the fiscal year ended June 30, 2011 were \$38,787.

NOTE 11 RELATED PARTY TRANSACTIONS:

The District has entered into a joint powers agreement with others to form a separate entity to provide insurance coverage. As a result, the District has related party transactions with SDRMA. During the years ended June 30, 2011 and 2010, the District paid the SDRMA \$209,418 and \$214,936, respectively, for workers' compensation insurance coverage.

SUPPLEMENTARY INFORMATION

COMPARISON OF BUDGET TO ACTUAL

June 30, 2011 and 2010

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Favorable (Unfavorable) Variance With Budget
<u>Revenues:</u>				
Service Charges	\$ 5,464,700	\$ 5,874,914	\$ 5,592,635	(\$ 282,279)
Recreation Events & Programs	875,370	823,520	781,267	(42,253)
Property Taxes/CFD 94-1	4,390,000	4,390,000	3,961,861	(428,139)
Investment Income	250,000	250,000	129,811	(120,189)
Grants			972,022	972,022
Miscellaneous/Gain on Property Sale			31,127	31,127
Capital Contributions - Connection Fees		55,000	269,134	214,134
	<u>\$ 10,980,070</u>	<u>\$ 11,393,434</u>	<u>\$ 11,737,857</u>	<u>\$ 344,423</u>
<u>Expenses:</u>				
Direct Operating Expenses	\$ 811,027	\$ 4,484,672	\$ 3,749,797	\$ 734,875
Administration & General	3,534,078	4,952,242	3,880,769	1,071,473
Depreciation	1,975,000	1,975,000	2,043,789	(68,789)
Interest Expense	96,400	96,400	65,398	31,002
Fiscal Agent Fees	72,200	72,200	62,281	9,919
	<u>\$ 6,488,705</u>	<u>\$ 11,580,514</u>	<u>\$ 9,802,034</u>	<u>\$ 1,778,480</u>
Total Favorable Variance	<u>\$ 4,491,365</u>	<u>(\$ 187,080)</u>	<u>\$ 1,935,823</u>	<u>\$ 2,122,903</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2011

Pass-Through Grantor/Program	Federal CFDA Number	Pass-Through Entity Identifying Number	2010-2011 Federal Expenditures
Passed through South Tahoe Public Utility District:			
USDA, US Forest Service -			
Cooperative Fire Program :			
Lake Tahoe Community Fire Prevention Partnership and Fire Protection Project	10.664	09-DG-11052012-258	\$ 266,880
Lake Tahoe Community Fire Prevention Partnership and Fire Protection Project	10.664	10-DG-11052012-090	<u>563,904</u>
Total Federal Awards			<u>\$ 830,784</u>

Note to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the North Tahoe Public Utility District and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended June 30, 2011

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the basic financial statements of North Tahoe Public Utility District.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. During the audit, no material weaknesses were identified in the internal control over financial reporting.

No instances of noncompliance material to the financial statements of North Tahoe Public Utility District were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal award program are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Controls Over Compliance in Accordance with OMB Circular A-133.
5. During the audit, no material weaknesses were identified in the internal control over the major program.
6. The auditor's report on compliance for the major federal award program for North Tahoe Public Utility District expresses an unqualified opinion.
7. There were no audit findings relative to the major federal award program for North Tahoe Public Utility District that are required to be reported in accordance with section 510(a) of Circular A-133.
8. The program tested as a major program was:

CFDA Number
10.664

Name of Federal Program
Cooperative Fire Program

9. The threshold for distinguishing Types A and B programs was \$300,000.
10. Auditee qualified as a low-risk auditee? yes no

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Fiscal Year Ended June 30, 2011

D. STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS

None

**DAMORE
HAMRIC &
SCHNEIDER,
INC.**

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
North Tahoe Public Utility District
Tahoe Vista, California

We have audited the financial statements of the business-type activities of the North Tahoe Public Utility District as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered North Tahoe Public Utility District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the North Tahoe Public Utility District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the North Tahoe Public Utility District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the North Tahoe Public Utility District in a separate letter dated November 30, 2011.

This report is intended solely for the information and use of the management, the Board of Directors, others within the District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



DAMORE, HAMRIC & SCHNEIDER, INC.
Certified Public Accountants

November 30, 2011

**DAMORE
HAMRIC &
SCHNEIDER,
INC.**

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
North Tahoe Public Utility District
Tahoe Vista, California

Compliance

We have audited the compliance of North Tahoe Public Utility District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2011. North Tahoe Public Utility District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of North Tahoe Public Utility District's management. Our responsibility is to express an opinion on North Tahoe Public Utility District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about North Tahoe Public Utility District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of North Tahoe Public Utility District's compliance with those requirements.

In our opinion, North Tahoe Public Utility District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended November 30, 2011.

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Internal Control Over Compliance

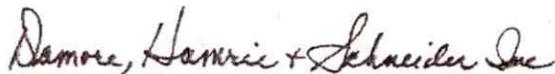
The management of North Tahoe Public Utility District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered North Tahoe Public Utility District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted certain matters that we reported to management of the North Tahoe Public Utility District in a separate letter dated November 30, 2011.

This report is intended solely for the information and use of the management, the Board of Directors, others within the District, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



DAMORE, HAMRIC & SCHNEIDER, INC.
Certified Public Accountants

November 30, 2011

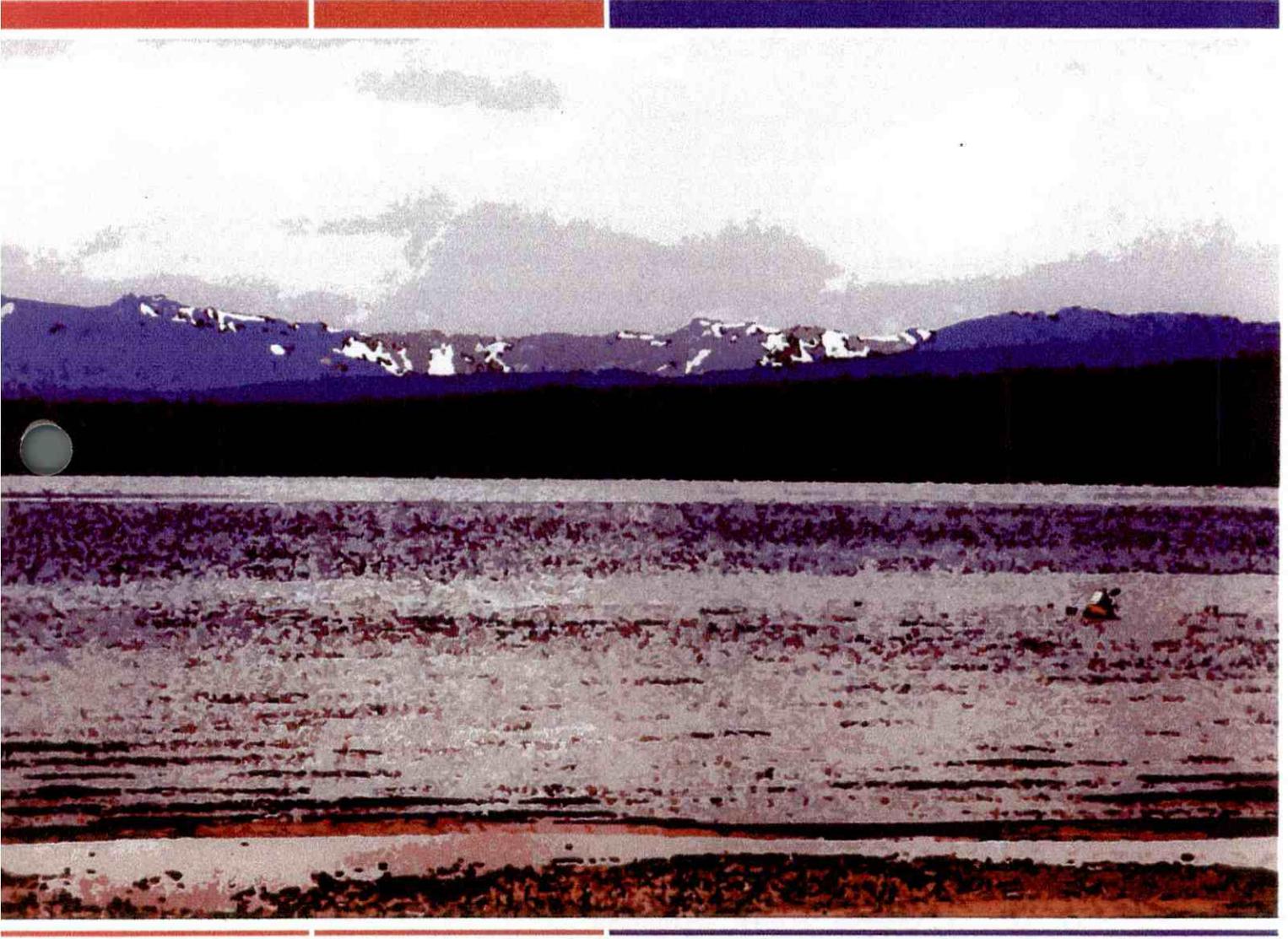
EXHIBIT NO. 4

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North Tahoe Public Utility District Main Sewer Pump Station Master Plan

An engineering analysis of the District's four main sewer pump stations with recommendations to cost-effectively implement the District's mission of protecting the community's public health and water quality in Lake Tahoe.

July 2009



Project No. 180101130

Prepared for:

North Tahoe Public Utility District
375 National Avenue
P.O. Box 139
Tahoe Vista, California 96148



Prepared by:

Stantec Consulting Inc.
6980 Sierra Center Parkway
Suite 100
Reno, Nevada 89511



Section 2 – Inflow and Infiltration Analysis

2.1 Introduction

Inflow is storm water and other surface waters that enter the sanitary sewer system via direct connections. Infiltration is groundwater that enters the sanitary sewer system through defects in sewer pipes or manholes. Defects can be caused by improper construction techniques or material specification, inadequate maintenance or natural events such as earthquakes or intrusion by roots, for example. Inflow and infiltration (I/I) is often called “clear water” to distinguish it from normal sanitary sewage flows in the collection system.

The percentage share of sewage pumped by the District's main sewer pump stations attributable to I/I is substantial, and resolving I/I problems should result in significant cost savings from reduced pumped volume. With the exception of the Kings Beach grid area, the I/I analysis conducted as part of this Master Plan looked at each of the District's four sewersheds as a whole, thus pinpoint locations of I/I problems areas have not been identified. A more detailed analysis is recommended to identify the locations most susceptible to I/I.

The following data sets were used for calculation of I/I:

- *Flow Monitoring Data for Wet and Dry Weather* -The average daily flow rate by wet and dry weather monitoring period were compared. In addition, for the wet weather data, minimum night time flow rates were compared with average daily flow rates.
- *Rain Gage Data* - Rain gage data was collected for the wet weather period. The rain gage was located at the District's office on National Avenue.
- *District Water Utility Billing Data* – Five years of District water utility billing data were analyzed to determine, by month, the average daily water use per connection. The water use per connection was compared with sewage production per connection, as determined from T-TSA billing data.

2.2 Flow Monitoring Data for Wet and Dry Weather

2.2.1 Comparison of Average Daily Flow Rate for Wet and Dry Weather

Memorial Day weekend and Labor Day weekend are assumed to mark the beginning and end, respectively, of the peak tourist season at Lake Tahoe. Therefore, to isolate the flow contribution of I/I from that attributed to tourists and part-time residents, it was desirable to compare wet and dry weather flow monitoring values for a time period of similar length during and outside of the peak tourist season. In general, 16-day periods were compared, from a Saturday to a Sunday, to include three weekend monitoring periods.

To establish an estimate of I/I by sewershed, a comparison of average daily flow rate was performed for the two periods. *Table 2.1* provides a comparison of wet weather (Period 1) and dry weather (Period 2) average daily flow rate to estimate the percentage of flow attributed to I/I for each sewershed during the wet weather flow monitoring period.

TABLE 2.1

Inflow and Infiltration Calculation Comparing Wet versus Dry Weather Flow Monitoring
Main Sewer Pump Station Master Plan

Sewershed	Secline (Kings Beach Grid) Site #5	National Site #3	Carnelian Site #2	Dollar Site #1
Manhole ID No.	SB-1-66	SB-1-66	SF-1-82	SH-1-161
Period 1 (May 3 – 18, 2008) ¹				
Wet Weather Average Daily Flow Rate (gpm)	77.8	130.3	8.2	572.9
Period 2 (Sep 27 – Oct 12, 2008)				
Dry Weather Average Daily Flow Rate (gpm)	50.0	73.6	35.4	340.3
Wet Weather Average Daily Flow Rate Attributed to I/I (percent)	36%	44%	²	41%

Source: SFE Global and Stantec Consulting

Notes: ¹ Carnelian and National, data were not available before May 8, so Period 1 extended from May 8 to May 23 in order to capture 16 days of flow. Therefore, only two weekends of data were available for Carnelian and National for Period 1.

² The Carnelian sewershed has the highest number of non-residents, and possibly the highest commercial to residential ratio, so occupancy patterns could have masked the wet versus dry patterns. For this reason, for the Carnelian sewershed an I/I flow rate could not be determined using this method.

As shown in *Table 2.1*, the wet weather average daily flow rate attributed to I/I ranged from 36% to 44%. The highest flow rate attributed to I/I was for the National sewershed. This may indicate higher groundwater levels at National. Other causes could be older pipes in the collection system, and a large number of untested service laterals in this area. The average daily flow rate measured for Carnelian during the dry season was approximately five times that measured during the wet season. This indicates that occupancy patterns and commercial usage could have masked the wet versus dry patterns for the Carnelian sewershed.

2.2.2 Day versus Night Flow Rate Checks

Another method used for estimating the contribution of I/I to total flow rate was to analyze the difference between night time and day time flow rates. The Kings Beach, National and Carnelian monitoring sites were evaluated. Dollar was excluded from the analysis because the flow monitoring site captured contributing flows from the three upstream main pump stations.

For each monitoring site, the minimum night time flow rate was compared to the average daily flow rate to determine a percent flow contribution from I/I for each day of the wet weather monitoring period before the Memorial Day weekend. An average percent contribution from I/I was then calculated for each collection area. The results are summarized in *Table 2.2*.

TABLE 2.2
Inflow and Infiltration Calculation using Day Time versus Night Time Flow Rates
Main Sewer Pump Station Master Plan

Sewershed	Secline (Kings Beach Grid) Site #5	National Site #3	Carnelian Site #2
Manhole ID No.	SB-1-66	SB-1-66	SF-1-82
Period 1 (May 3 – 18, 2008) ¹			
Night Time Average Flow Rate (gpm)	39.36	75.37	3.26
Average Daily Flow Rate (gpm)	73.56	130.30	8.16
Wet Weather Average Daily Flow Rate Attributed to I/I (percent)	53%	58%	39%

Source: SFE Global and Stantec Consulting

Note: ¹ Carnelian and National, data were not available before May 8, so Period 1 extended from May 8 to May 23 in order to capture 16 days of flow. Therefore, only two weekends of data were available for Carnelian and National for Period 1.

As shown in *Table 2.2*, the calculated I/I values using day versus night flow rates were larger than those calculated by comparing wet and dry weather flow monitoring results. The I/I analysis for Carnelian using the method comparing gross wet and dry weather flow monitoring was inconclusive; however, using the day versus night flow rate comparison method, an I/I value was able to be calculated for Carnelian (39%). This indicates that the higher flows measured for Carnelian during the dry weather monitoring period can likely be attributed to an increase in occupancy during late summer and early fall.

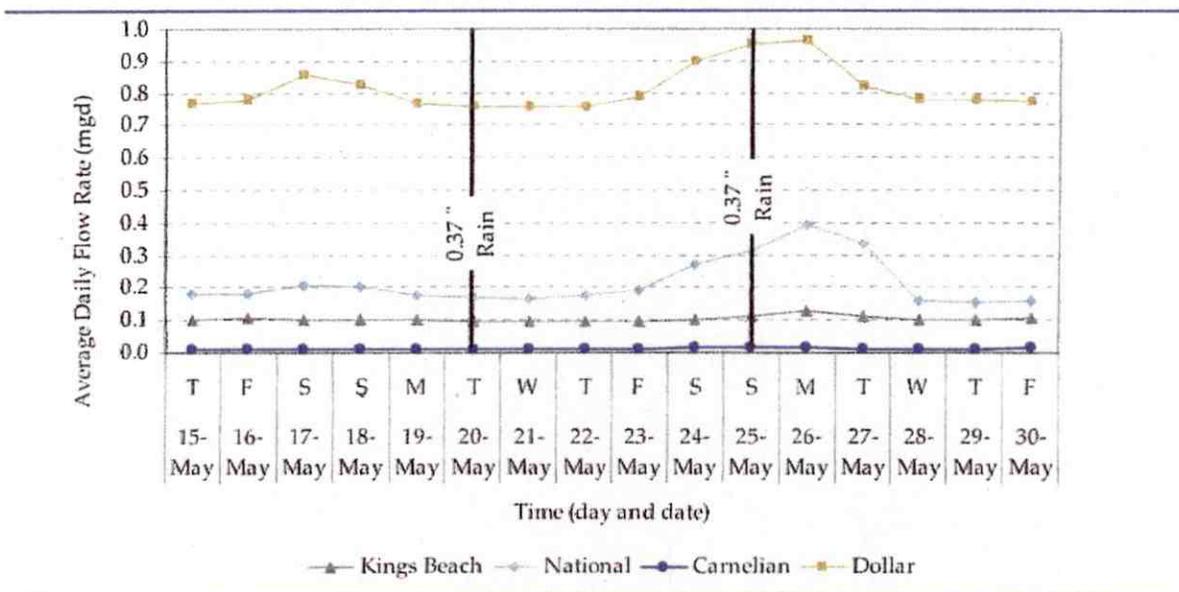
It is likely that the average night flows shown in *Table 2.2* are not solely from I/I, but are a combination of both I/I and sanitary sewer flows. Thus, while the I/I calculation method presented in this section provides additional verification

that the District facilities are conveying a substantial amount of clear water, it will be assumed for master planning purposes the I/I calculated by comparing wet and dry weather flow monitoring is closer to the true value for the Secline and National sewersheds.

2.2.3 Determination of Inflow versus Infiltration

Rain gage data was analyzed in an attempt to isolate the contribution of inflow from infiltration. Precipitation was measured with a HOBO RG3 rain gage, with an accuracy of $\pm 1.0\%$ for up to one inch per hour. The greatest storm events recorded were on May 20 and May 25: 0.37 inches each day. The May 20 storm occurred on a Tuesday; a day of the week when part-time residents are at a minimum. An increase in recorded flow around this date could be attributed to stormwater inflow to the sewer system rather than infiltration. The May 25 storm occurred over the Memorial Day weekend, a peak tourist visitation time period, so an increase in flow could be expected as well as inflow due to the storm event. *Figure 2.1* shows the average daily flow rate at the Kings Beach, National, Carmelian and Dollar monitoring sites from May 15 to May 30, which includes the five day period before and after the storm events. As explained in Section 1.1, the Dollar site captured the flows from nearly all of the District service area, while National and Carmelian only captured flows from a portion of each respective sewershed.

FIGURE 2.1
Average Daily Flow Rate by Sewershed During the Wet Weather Storm Events
Main Sewer Pump Station Master Plan



Source: SFE Global and Stantec Consulting

From *Figure 2.1* it can be observed that, in general, sanitary flows increase during the weekend and during holiday periods and return to normal levels mid-week. For the May 20 rain event which occurred on a Tuesday, no significant increase in sanitary flows after the storm was detected, indicating that infiltration, rather than inflow, provides the majority of additional flows to the sanitary sewer collection system for minor storm events. An increase in flow rate was observed at each monitoring site for the Sunday, May 25 storm event, but this can be attributed to the influx of tourists for the holiday weekend because the flows at the Kings Beach, National and Dollar monitoring sites peaked on the following day, Memorial Day, after the storm. Additional flow monitoring data during larger rainfall events is needed to be more conclusive regarding the comparison of inflow and infiltration to sanitary sewer flow in the District collection system.

2.3 District Water Utility Billing Data

The District water service area overlaps with a portion of the District sewer service area, as shown in *Figure 1.2* in Section 1.4.

The District water utility billing database was analyzed for the years 2004 through 2008 (data from pre-2004 was not utilized due to data gaps) to determine a monthly average daily water use per connection. All connections shown in the database for each year were included in the calculation, including those with null values for water use (approximately 3% of the total connections). These analyzed values are presented graphically in *Figure 2.2*. For comparison purposes, the sewage flow rate per connection as determined from T-TSA flow meter data for the years 2004 through 2008 is presented in *Figure 2.3*. The total number of sewer connections was determined from the District's 2008 sewer billing data base and based upon input from District staff. The number of sewer connections from 2004 through 2008 is shown in *Table 2.3*.

TABLE 2.3
 Number of Sewer Connections, 2004-2008
 Main Sewer Pump Station Master Plan

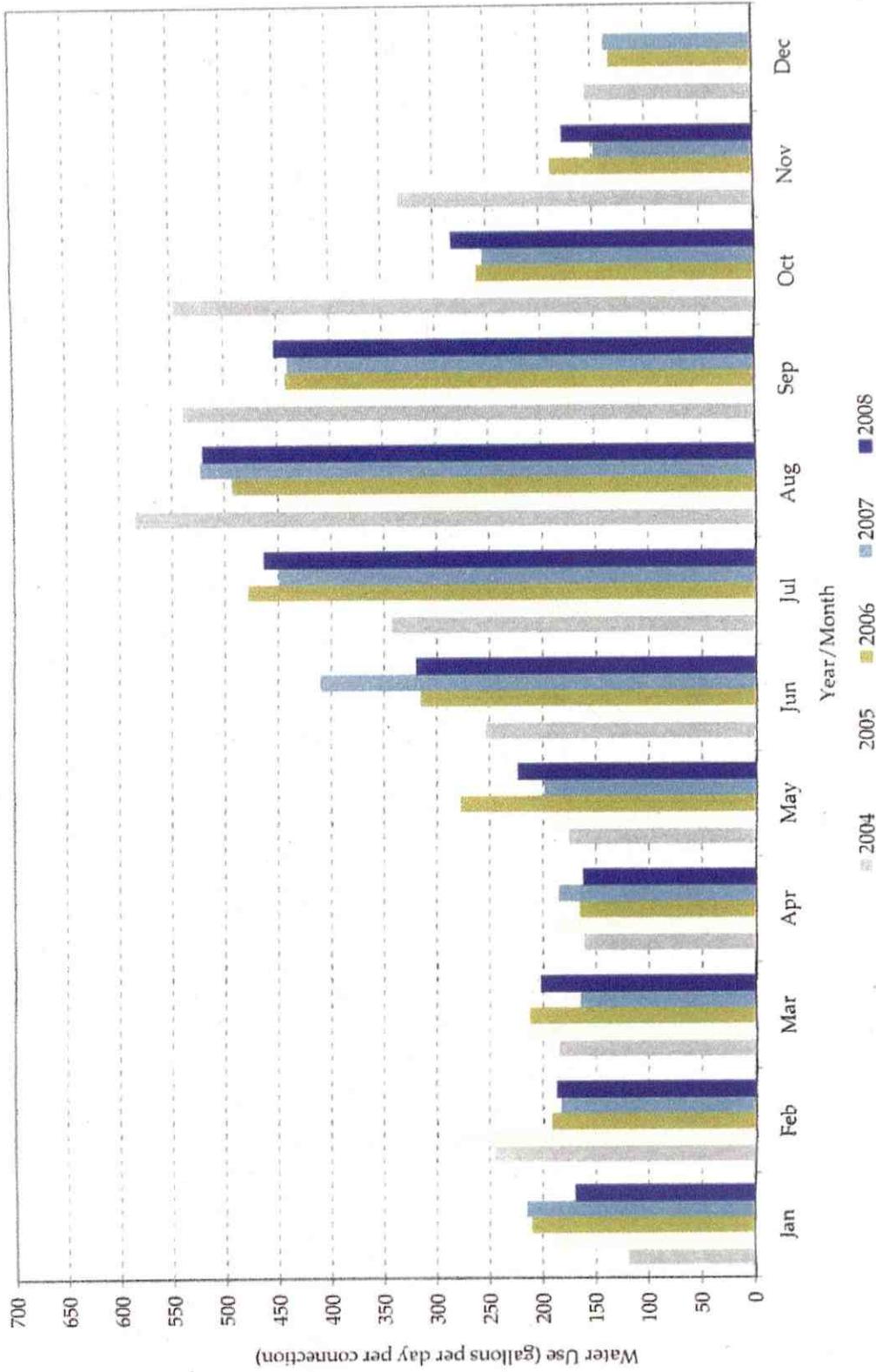
Year	Number of Sewer Connections
2004	5,137
2005	5,166
2006	5,197
2007	5,214
2008	5,223

Source: North Tahoe Public Utility District

The 2004-2008 average daily water use and sewage production per connection, by month, are compared graphically in *Figure 2.4*.

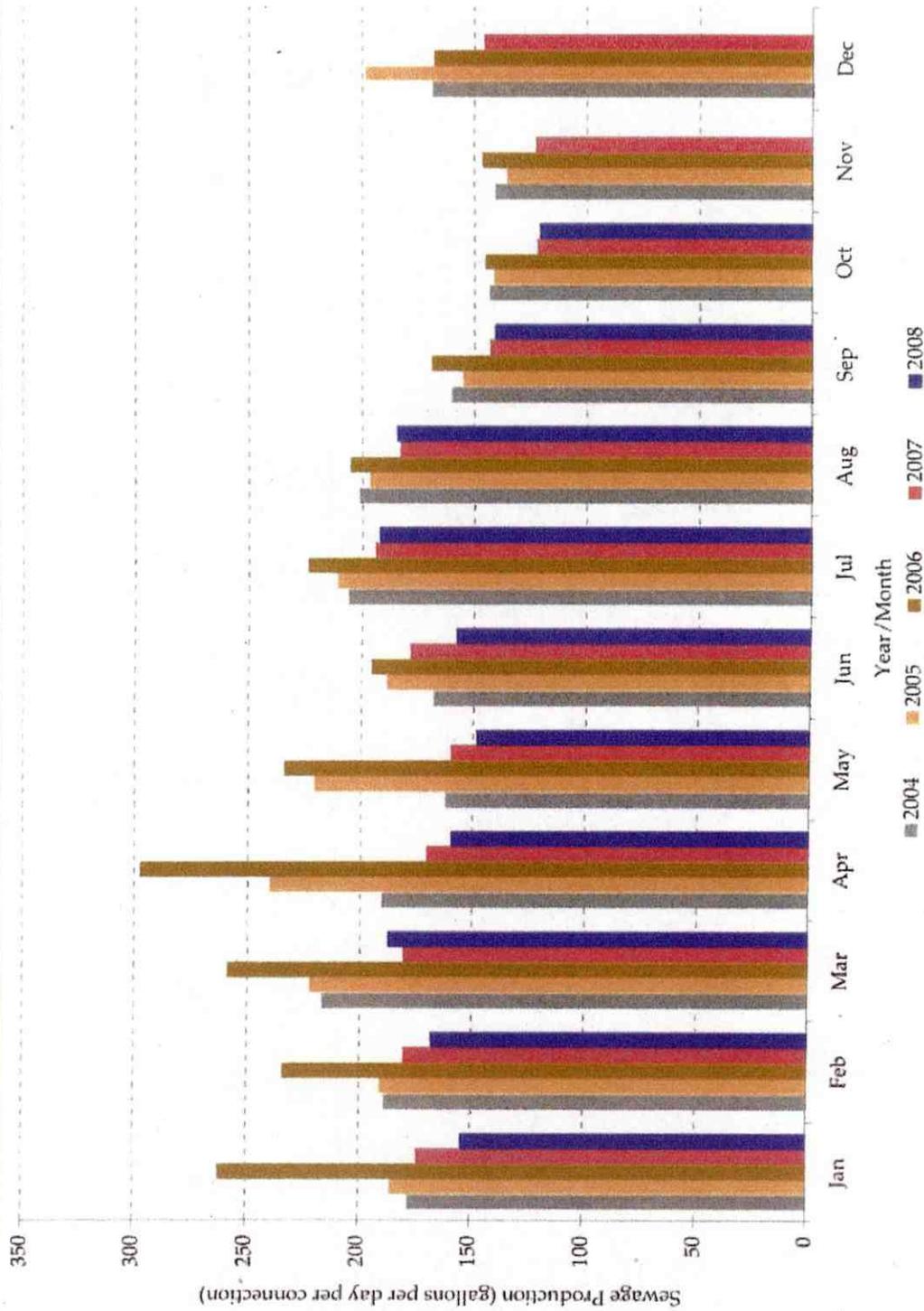
Peak months for average daily water use per connection are August-September, which correspond to high irrigation and tourism demands (*Figure 2.2*). Sewage production peaks from January to April, corresponding to winter tourism and I/I (*Figure 2.3*). During 2004-2008, four months exhibited, on average, greater sewage production than water use: December, January, March and April, indicating that I/I is most likely occurring during these months (*Figure 2.4*). However, for some of these years, February also appears to exhibit greater sewage production than water use.

FIGURE 2.2
 Five Year Average Daily Water Use by Month, Years 2004-2008
 Main Sewer Pump Station Master Plan



Source: North Tahoe Public Utility District
 Technical Memorandum 2

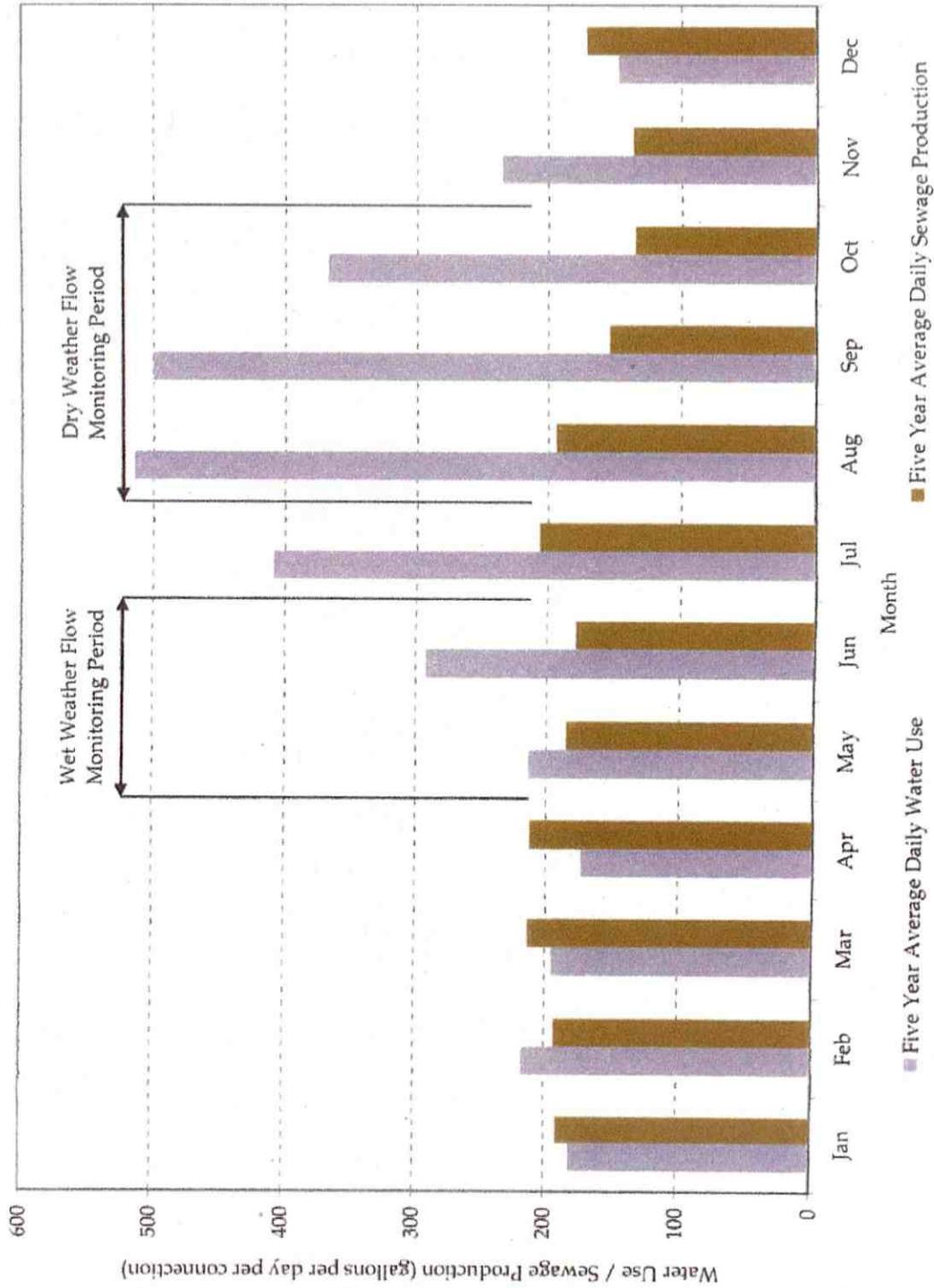
FIGURE 2.3
Five Year Average Daily Sewage Production by Month, Years 2004-2008
Main Sewer Pump Station Master Plan



Source: Tahoe-Truckee Sanitation Agency
 Note: The data were not available for November and December 2008.

Technical Memorandum 2

FIGURE 2.4
 Five Year Comparison of Average Daily Water Use and Sewage Production by Month, Years 2004-2008
 Main Sewer Pump Station Master Plan



Source: North Tahoe Public Utility District, Tahoe-Truckee Sanitation Agency

Technical Memorandum 2

2.4 Conclusions

Based upon the analyses discussed in this section, the values presented in *Table 2.4* represent the approximate percentage of wet weather flow rate attributed to I/I by flow monitoring site.

The percentage for the Kings Beach Grid is the lowest at 36%, but Kings Beach also has a high percentage of full time residents, which potentially masks some of the effects of I/I. Looking at the District service area as a whole (represented by the Dollar flow monitoring site), approximately 41% of the average daily wet weather flow rate before Memorial Day can be attributed to I/I.

TABLE 2.4

Inflow and Infiltration as a Percentage of Wet Weather Flow Rates
Main Sewer Pump Station Master Plan

	Flow Monitoring Location			
	<i>Secline (Kings Beach Grid)</i>	<i>National</i>	<i>Carnelian</i>	<i>Dollar</i>
Wet Weather Flow Rate Attributed to I/I (percent)	36%	44%	39%	41%

Source: Stantec Consulting

Section 3 – Summary

The North Tahoe Public Utility District service area experiences I/I and is subject to fluctuating sewage loads based upon increased demands during the peak tourist season. In designing the pump station improvements, three flow rate conditions are important to quantify: the average flow condition, the peak flow condition, and the flood flow condition. Each of these conditions was analyzed and presented in this Technical Memorandum.

Flow monitoring was performed during the wet and dry seasons of 2008 in order to capture average and peak flow rates resulting from I/I due to high groundwater conditions as well as from tourism. The flow monitoring data were utilized, along with parcel data from the Placer County Assessor's Parcel Base and flow rate data from the T-TSA Dollar Hill flow meter, to calculate current average daily flow rates and peak hour flow rates for each of the four main pump stations (Section 1.3).

In general, flow rates during the wet season were higher than during the dry season. The reason for this pattern is two-fold: the wet weather flow monitoring captured a majority of clear water due to I/I, and much of the dry weather flow monitoring occurred at the tail end of the peak tourist season during a time when I/I was reduced to negligible levels.

USGS information for estimated flood flows in the Lake Tahoe Basin was used to help identify the peak flood event for the District service area. District log records from the January 1 and 2,

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SECTION V

LIST OF DOCUMENTS INCLUDED BY REFERENCE

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LIST OF DOCUMENTS INCLUDED BY REFERENCE

1. Water Quality Control Plan for the Lahontan Region (Basin Plan). Located at Lahontan Regional Water Board South Lake Tahoe office.
2. California Water Code
3. California Code of Regulations
4. Water Board Files for North Tahoe Public Utility District. Located at Lahontan Regional Water Board South Lake Tahoe office.
5. State Water Resources Control Board, Water Quality Enforcement Policy, Effective May 20, 2010. Located at Lahontan Regional Water Board South Lake Tahoe office.
6. North Tahoe Public Utility District's Complete Spill Report (including Appendices) Titled, "Investigation and Report on the Cause, Extent, and Responsibility for the Electrical Failure and Subsequent Sewage Overflow on December 19, 2010 at and Near the North Tahoe Public Utility District Dollar Hill Pump Station, Placer County, California," Dated March 21, 2011. Located in the Lahontan Regional Water Board Files for North Tahoe Public Utility District, South Lake Tahoe office.
7. North Tahoe Public Utility District's Management's Discussion and Analysis, Financial Statements, Supplementary Information, & Independent Auditor's Report For the Fiscal Years Ended June 30, 2006 through Present. Located in the Lahontan Regional Water Board Files for North Tahoe Public Utility District, South Lake Tahoe office.
8. North Tahoe Public Utility District's Annual Budgets, Adopted from 2008 (Fiscal Year 2008-2009) Through Present (Fiscal Year 2011-2012). Located in the Lahontan Regional Water Board Files for North Tahoe Public Utility District, South Lake Tahoe office.