

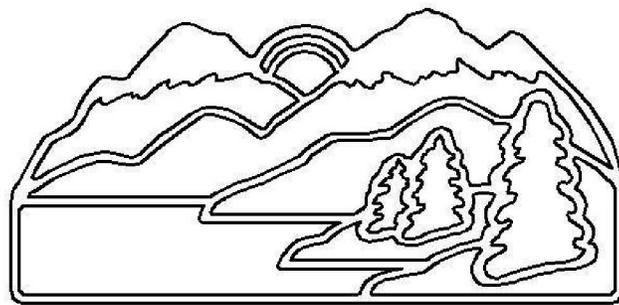
**Tahoe City
Public Utility District**

Tahoe City, California

**Comprehensive
Annual Financial Report
For the Year Ended
December 31, 2019
With
Independent Auditor's Report**

Prepared by the Accounting Department

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Mission Statement

*The Mission of the Tahoe City Public Utility District
is to serve the people, our community, and its environment.*

It is our responsibility to provide safe and reliable water service, sewer service for the protection of public health, and parks and recreation services to enhance quality of life. It is our commitment to accomplish these and other tasks within the scope of the Public Utility District Act, as amended, in a sound fiscal manner.

Tahoe City Public Utility District Board of Directors



(Left to right Dan Wilkins, Gail Scoville, Scott Zumwalt, John Pang, Judy Friedman)

Vision Statement

Building a healthy mountain community through
our passion for public service

Strategic Planning

Below are the over-arching core values that guide our approach to all services and activities in the District.



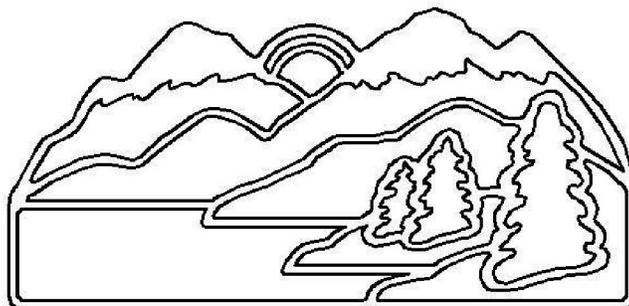
Sean Barclay, General Manager

- **Service** – We extend our passion for service to all we encounter, and consider the following as our “customers”; rate payers, fellow team members, contractors, Board of Directors, agencies, taxpayers, visitors and the entire community we serve.
- **Professionalism** – We are a team of professionals that take pride in always doing what is right. We value our role as financial stewards and are dedicated to serving our community in the most efficient, effective and safe manner.
- **Teamwork** – We put team success first and work to promote cooperation and commitment within the District to fulfill our mission and serve our community. We believe that together we achieve more.
- **Initiative** – We are committed to the pursuit of excellence and believe that innovation, learning and growth are critical to that pursuit. We all act like owners and take personal responsibility for the District’s success.
- **Communication** – We value relationships in all areas and believe that communication is fundamental to the success of our team, our “customers” and our community.

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INTRODUCTORY SECTION
Letter of Transmittal

June 8, 2020

To the Board of Directors of Tahoe City Public Utility District and to our Tax and Rate Payers:

The Tahoe City Public Utility District (TCPUD) staff submit to you the Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2019. The purpose of the CAFR is to communicate the fiscal condition of the TCPUD by presenting an assessment of TCPUD's financial condition, describing TCPUD's services and infrastructure replacement projects, discussing current issues, and outlining financial trends and demographic trend information. Three major sections are contained within the CAFR and present introductory, financial, and statistical information about TCPUD.

State law requires local governments to publish, within six months of the close of each fiscal year, a complete set of audited financial statements. The CAFR is published to fulfill that requirement for the fiscal year ended December 31, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this CAFR, and is based upon a comprehensive framework of internal control established for this purpose. As the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Mann, Urrutia, Nelson, Certified Public Accountants & Associates, LLP, has issued an unmodified ("clean") opinion on the TCPUD's financial statements for the year ended December 31, 2019. The independent auditor's report is located at the front of the financial section of this CAFR.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Tahoe City Public Utility District

The TCPUD was founded in 1938 to provide basic governmental needs for the residents of Tahoe City that were deficient at the time. Established under the State of California's Public Utility District Act, Public Utilities Code sections 15501-18055, TCPUD is the oldest local government in the Tahoe Basin. The founders of TCPUD chose a form of government that could provide multiple types of services, and today TCPUD provides sewer collection and conveyance; water production and distribution; and parks, community facilities, and recreation services within the entire TCPUD service area.

The boundaries of the TCPUD service area lie within unincorporated areas of Placer and El Dorado Counties, extending from Emerald Bay to Dollar Hill, and along the Truckee River to the Nevada County line. The service area is large, encompassing over 31 square miles. Within the TCPUD service area, water service is provided in eight separate systems and serves approximately three-quarters of the homes and businesses.

Water customers - 5,715

Sewer customers - 7,711

Parks and Recreation customers - over 1,000,000 annually

TCPUD operates and maintains 23 miles of bike trails, 11 local parks, 1 golf course with summer and winter activities, 4 beaches, one boat launching facility, one campground, and the Tahoe City downtown sidewalks. In addition, the TCPUD sponsors numerous recreation programs, operates the Fairway Community Center, and rents community buildings for the benefit of residents and visitors.

TCPUD is governed by a five person elected Board of Directors that establish policies and set direction for TCPUD. The Board appoints a General Manager who oversees the day to day operations, and when necessary, forms special citizen advisory committees to address complicated issues requiring more community outreach or focused study. Under the direction of General Manager, Sean Barclay, 52 full time employees and 60 seasonal employees serve in four major departments: Utilities, which includes water and sewer operations; Parks & Recreation; Engineering, which also includes technical services and geographical information systems; and Governance & Administrative Services (G&AS). TCPUD is on a calendar-year (January 1 - December 31) budget cycle and each year the Board of Directors adopts an annual operating and capital budget. Services are provided through the collection of property tax, rates and user fees, grants, and interest income.

The TCPUD Public Facilities Financing Corporation is deemed to be a blended component unit of TCPUD and has a December 31 year-end. No assets, liabilities, or activity was reported as of and for the year ended December 31, 2019. For additional information see notes to the financial statements (note 1. A Reporting Entity).

Year in Review

With the acquisition of several private water systems in 2018, general increases in operating expenses and significant long-term capital infrastructure investment needs, the Board of Directors and staff initiated the development of a formal Long-Term Financial Plan (LTFP) to ensure continued financial sustainability into the future. TCPUD formally began a LTFP planning process in May of 2018 with the establishment of an Ad-Hoc Committee and selected a consultant to lead TCPUD through the process. TCPUD desires to achieve three (3) main goals through a comprehensive and thorough process and the development of a Final LTFP document. These include, 1) to ensure TCPUD is financially prepared to fulfill its Mission; 2) to accomplish the Strategic Initiatives as identified in TCPUD's Strategic Plan 2016-2019 (found on the TCPUD website at www.tcpud.org/about-us); and 3) to develop

an essential governance and management tool. The LTFFP will become one of the key components of TCPUD's overall organizational Strategic Plan.

During the year, the bulk of the LTFFP involved reviewing, amending and adopting a number of different financial policies. The District made significant progress amending and adopting the following TCPUD financial policies in 2019:

- No. 2005 Long-Term Financial Planning – new policy
- No. 2025 Water System Acquisition Policy – amended policy
- No. 2040 Debt Management Policy – new policy
- No. 2045 Property Tax Revenue Policy – new policy
- No. 2050 Establishing Water and Sewer Rates and Fees Policy – new policy

TCPUD's current five-year Rate Study 2014-2019 was set to expire at the end of 2019. TCPUD selected HDR Engineering, Inc. (HDR) to provide services for an updated five-year rate study because HDR has successfully provided rate study services for TCPUD in 2009 and 2014 and are highly qualified and knowledgeable of TCPUD's operations. The updated Comprehensive Water & Sewer Rate Study (Study) prepared by HDR was adopted by the Board in November 2019. The Study's philosophical approach is to maintain a unified water system across TCPUD's entire service area that equitably distributes the cost of current and future system needs, achieves the highest service standards, and provides all customers with the benefit of an economy of scale for the operation, maintenance, and infrastructure investments. This unified approach created a challenge with water customers in the Tahoe Cedars and Madden Creek Water Systems acquired by TCPUD in January 2018. At the time of the acquisition, customers in these two water systems were paying substantially lower water rates than current TCPUD water rates and needed to be transitioned to the current TCPUD water rates over time. The TCPUD Board directed staff to fund this difference with annual property tax revenues. By using annual property tax revenues, the District's existing water customers are not funding the costs from water rates during the transition period.

TCPUD operates over 300 miles of sewer and water lines, 22 sewer pump stations, 6 booster pump stations, 15 water storage tanks, 14 water wells, and 1 temporary surface water treatment plant. Capital infrastructure investments are needed throughout the service area, including significant improvements to the aging and failing infrastructure associated with the acquisition of three private water systems in January 2018; Timberland, Tahoe Cedars, and Madden Creek.

Funding for future capital improvements will be evaluated as part of the TCPUD's LTFFP process as current water and sewer rate revenue will not be sufficient to cover the full utility capital infrastructure needs. Possible additional funding sources include property tax, grants, financing, and special assessments.

Early in 2019, TCPUD Dollar/Edgewater sewer main, located on the shore of Lake Tahoe, sustained a major break due to extreme weather conditions. These weather conditions including high winds, heavy snows and abnormally cold temperatures complicated and

delayed repair of the sewer line due to unsafe working conditions. Until the repair could be safely completed, TCPUD's dedicated utility crew worked for over 30 days to maintain 24-7, on-site coverage to monitor and prevent sewage spilling into Lake Tahoe. As weather conditions improved, the sewer main was safely and successfully repaired in early March 2019 at a cost of \$393,600.

TCPUD, acting as the California Environmental Quality Act (CEQA) lead agency, continues to support the Tahoe Cross-Country Lodge Replacement and Expansion Project (Project). TCPUD works closely with the Tahoe Cross-Country Ski Education Association, the Project applicant and current concessionaire of the existing lodge, to prepare the Environmental Impact Report for CEQA compliance. The purpose of the Project is to reconstruct a new lodge by re-using and re-purposing the historic Schilling residence in an effort to better serve year-round recreation activities and services. The Project will address existing operational deficiencies relative to circulation and parking, storage, staff facilities and community space. The Project will better accommodate existing and projected recreation demands and improve the quality of the recreation user experience through construction of the new lodge. The planned use of the new lodge is for continued public enjoyment of winter Nordic skiing and summer hiking and biking activities, as well as to serve as an environmental education resource and provide enhanced community space. Additional uses, as determined by TCPUD, may also be proposed.

TCPUD continues its work with Kila Tahoe, LLC., the developer of the Tahoe City Lodge project adjacent to the Tahoe City Golf Course (TCGC). This project is an important redevelopment effort in the Tahoe City commercial core. TCPUD, through partnership with the TCGC oversight committee, helps to facilitate the project by providing for the use of certain development rights from the TCGC property. The TCGC property was acquired by TCPUD and several partner agencies in 2012 who collectively executed a Memorandum of Understanding to outline each partner's respective goals and responsibilities relative to their financial contributions. An agreement executed between TCPUD and Kila Tahoe, LLC ensure progress towards achieving the individual partners' goals for financial contribution. Work will continue in 2020 as the project continues to move forward.

Considerable progress has also been made on the TCPUD West Lake Tahoe Regional Water Treatment Plant, designed to provide a permanent, year round surface water treatment plant. The new water treatment plant will replace the temporary seasonal treatment plant located at Chambers Landing. This critical project will provide a reliable, drought-resistant, and safe drinking water source and provide increased water for fire suppression to the communities along the west shore of Lake Tahoe. Construction is scheduled to begin in 2021.

In 2018, TCPUD began negotiating a land transfer with the California Department of Fish and Wildlife for the Lake Forest boat ramp and campground parcels. TCPUD currently operates both facilities under a Right of Entry permit and will assume fee title ownership following the land transfer which is anticipated to occur by June of 2020. Ownership of

these parcels will create operational efficiencies for TCPUD and contribute to the asset inventory.

In continuation of on-going efforts to build on a strong organizational culture, mid-way through 2019, TCPUD established a Culture Team made up of a cross-functional and diverse group of employees. The work of the volunteer Culture Team is centered on developing employee recognition programs and developing opportunities to encourage employee engagement. The Culture Team was initially tasked with reviewing a newly drafted TCPUD Vision Statement and creating a work plan that identifies staff engagement opportunities and activities that improve staff relationships. New team members will rotate onto the Team on staggered 2 and 3 year terms.

Finally, the current Memorandum of Understanding Between TCPUD and International Union of Operating Engineers, Stationary Engineers, Local 39 Covering Engineering, Parks and Recreation (MOU) classified employees expired at the end of 2019. Through a collaborative and good faith bargaining process, TCPUD and the Union successfully negotiated a 2020-2023 MOU adopted by the Board in November 2019. Details on the MOU can be found at www.tcpud.org/your-district/human-resources, select Employment Contracts.

Financial Information

TCPUD's overall financial position improved in 2019 as net position government-wide at year end totaled \$95,809,003 increasing by \$5,535,724 or 6.1%. The increase in net position is a combination of current year operations and property tax coming in greater than budget. The Governmental Activities contributed \$3,469,009 to the increase in government-wide net position due to increases in revenue largely from interest income and property tax and reduced capital outlay over last year. Business-Type Activities contributed \$2,066,715 to the overall net position due to revenue up of 3.7% due to rate increases offset by increased personnel cost.

General Fund unassigned fund balance increased \$4,785,891, for many of the same reasons as stated above for Governmental Activities.

A more detailed discussion of the government-wide financial information and operating results for the governmental activities, business activities and major funds, including the General Fund, is provided in the MD&A portion of the Financial Section of the CAFR.

Strategic Plan and Initiatives

TCPUD's 2016-2019 Strategic Plan was adopted by the Board of Directors on May 20, 2016 and is revisited each year in conjunction with the budget cycle. The Strategic Plan focuses on providing governmental excellence in leadership, efficiency, and service. Sustainability is also a priority area for TCPUD as it continues to adapt to a dramatically evolving community and region.

Some of the external influences which play a significant role in prioritizing TCPUD workloads and community impacts include: County and Regional planning efforts; significant demographic changes; unemployment rates; workforce housing shortages; other agencies' projects; expanding community expectations; technological changes and opportunities; growing regulatory requirements; State requirements on small water systems; and climate change adaptation.

The Strategic Plan also focuses on addressing internal issues that are affecting delivery of services and including: staffing levels and workload capacity; financial impacts from growing employee benefit costs; workforce training and development needs; administrative building and site constraints; and succession planning for Board and management staff.

The following strategic initiatives guide TCPUD's annual goal-setting:

Initiative 1 - Provide Exceptional District Management & Governance

Initiative 2 - Ensure Safe and Sustainable Water and Sewer Services for all District Taxpayers

Initiative 3 - Provide Sustainable, Customer Responsive, Recreation and Leisure Opportunities

Initiative 4 - Maintain a High Performing Team of Professional Staff

Initiative 5 - Protect and Improve District Infrastructure

Initiative 6 - Ensure District's Long-Term Financial Sustainability

Initiative 7 - Maintain Proactive Leadership with Community and Agency Partners

The Strategic Plan will be reviewed and updated in 2020.

Local Economy

Within TCPUD's service area, located on the north shore of Lake Tahoe, California in unincorporated areas of both Placer and El Dorado Counties, the economy is largely dependent on tourism that is centered on summer and winter recreational activities. Lake Tahoe is recognized as one of the most beautiful regions in the world and is home to the largest alpine lake in North America, offering a unique environment unrivaled anywhere else. The pristine beauty of Lake Tahoe draws upwards of fifteen million visitors annually from around the world. The region offers both visitors and residents countless activities including snow skiing, snowboarding, hiking, biking, golfing, water skiing and boating, gaming and other non-human powered recreation. The region's economy is closely tied to the Sacramento/San Francisco Bay Area economies due to its proximity to those areas.

Lake Tahoe is one of the most regulated regions in the United States. As development of the region grew, conservationists over many years lobbied for environmental protection for Lake Tahoe. The Tahoe Regional Planning Agency (TRPA) was formed in 1969 through a bi-state compact between California and Nevada that mandates TRPA to protect the environment of the Lake Tahoe Basin. TCPUD closely monitors and abides by all TRPA

rules and regulations, which directly impact the cost of services. By regularly reviewing revenue sources and commissioning water and sewer rate studies every five years, TCPUD continues to produce sustainable financial results in this highly regulated environment.

Property tax is a stable revenue source for TCPUD and accounts for 34.7% of all revenue sources as a result of increases to current 2019/2020 assessed real property values for Placer and El Dorado Counties. Property tax revenue is up 8.4%, or \$629,038 compared to 2018.

Placer County collects a transient occupancy tax (TOT) which is a rental tax paid by guests visiting lodging accommodations such as hotels, motels, and short-term rentals. The collection of TOT is an indicator of visitors coming to the Lake Tahoe's North and West Shores and is used to help fund infrastructure projects that benefit the region from which the TOT was collected. TOT collections over the last five year period indicate a 71.5% growth rate and corresponds to increasing occupancy rates in the region. TCPUD has been able to use TOT funds for important infrastructure projects such as the Truckee River Trail Reconstruction and Renewal Project in the amount of \$1.4 million in 2018. In 2019, \$103,328 of TOT and Placer County funds were used for Commons Beach Power Pedestal, Bike Trail Repair Stations, Truckee River Trail Pavement and Winter Trail Snow Removal. Due to the recent outbreak of COVID-19, it is anticipated that regional TOT receipts will drop significantly; however, the amount of decrease is unknown at this time.

TCPUD continues to have difficulty recruiting and filling seasonal positions due to Tahoe's lack of available housing coupled with inflated prices of homes and rental units. TCPUD's Human Resources Department continues to work diligently on new and creative ways to advertise TCPUD as the premier employer in the area.

Though California has recovered from the most severe drought on record, it left the entire Sierra Mountains with over a million dead and dying trees. While the drought ended March 2019, a dry January and February 2020 perpetuates drought concerns for other California areas, including the threat of wildfire. The 2018 California wildfire season was the deadliest and most destructive on record in California. Although the State's 2019 wildfire season was relatively quiet as compared to prior seasons, wildfire still poses a real concern to local communities in the Tahoe Basin. In tandem with TCPUD's emergency action plans, TCPUD continues to search for grants that would offset the cost of critical infrastructure protection, including hazardous tree removal currently threatening life and property within our community.

Looking Forward

With the onset of the Novel Coronavirus (COVID-19) in early March 2020, TCPUD took aggressive action to protect the health and safety of its employees and community. The TCPUD immediately closed its administrative building, community facilities, and parks and implemented an essential staff work plan by March 19, 2020. The TCPUD has continued to work diligently to design and implement additional safety protocols and have rigorously followed those protocols and guidance from health officials for all services and programs provided by TCPUD.

TCPUD management participates in weekly North Lake Tahoe-Truckee Stakeholder Meetings that focus on emerging COVID-19 issues and challenges and prepares TCPUD to be at the forefront of addressing issues and challenges effecting its employees and community.

Amid COVID-19, TCPUD will continue its commitment towards accountability and transparency while keeping TCPUD's Core Values of Service, Professionalism, Teamwork, Initiative, and Communication at the forefront.

With the acquisition of three new water systems and key personnel retirements in the next three years; hiring, succession planning, and capital planning continue to be the major focus of the 2020 budgeting process and strategic planning. The 2020 budget process will focus on personnel and capital infrastructure to address:

- Increasing pension and other post-employment benefit costs
- A 36% increase in TCPUD water customer base
- Increased capital improvement program projections over the five years, focused on \$20,756,713 in investments for the three private water systems purchased in 2018
- An estimated \$12,261,762 in the five-year capital plan to complete work on the West Lake Tahoe Regional Water Treatment Plant.

TCPUD will continue making substantial progress leading to the adoption of TCPUD's first LTFP. This is important as it will result in an essential governance and management tool for TCPUD and become one of the key components in the overall organizational strategic plan. The LTFP will set forth an annual process to ensure long-term financial sustainability while providing a consistent level of service. By establishing an annual process, the following goals will be achieved: Achieving long-term financial sustainability; Maintaining financial flexibility to meet needs of the TCPUD's constituents; ensuring sufficient resources are available to provide programs and maintain service levels; communicating regularly to constituents about potential risks to on-going operations; and identifying changes in expenditure or revenue structures needed to deliver services or meet the strategic goals adopted by the Board

Adopting and executing the LTFP is critical step in the preparation of the large five-year capital plan, estimated at \$75,861,670. Critical water infrastructure improvements make up 63.8%, or \$48,425,136, of the five-year plan. The remaining \$27,436,534 budgeted in the five-year capital plan is for sewer, parks, recreation, G&AS and fleet/equipment capital and will likely be funded through rates, property tax, and grants.

Another important outcome of the LTFP will be a formalized budget forecast with additional financial policies that reflect the Board's goals related to setting reserve levels and addressing the rising cost of pension and other post-employment benefits.

The preparation and adoption of the updated water and sewer rate study in 2019 forecasted water and sewer rate growth for the next five years for all water and sewer customers. The purpose of the updated study was to ensure that the rates and rate structure for water and

sewer services are adequate to provide high quality service, to secure the ongoing financial stability and viability of the systems, and to ensure the costs of operating and maintaining the systems are allocated equitably among the various classes of users. TCPUD is also actively pursuing a funding agreement with State Water Board's State Revolving Fund Program to fund the West Lake Tahoe Regional Water Treatment Plant Project.

Providing extraordinary customer service and maintaining the Transparency Certificate of Excellence from the Special District Leadership Foundation is a commitment TCPUD will maintain into the future. This Certificate mandates implementation of the "best practices" in local government. Achieving this distinction sends a clear message that TCPUD is committed to engaging the public and creating greater awareness of TCPUD's activities by remaining financially transparent and accessible.

Community involvement is critical to TCPUD's success. Continuing to engage in dialogue and collaboration with our community, local agencies, Placer County, and the State is important now, more than ever, during the COVID-19 pandemic emergency, and will strengthen these important relationships. TCPUD remains involved in weekly regional COVID-19 meetings, community projects such as the CA FLAP SR89 (Fanny Bridge) project and regional workforce housing. A joint project with North Tahoe Public Utility District to engage with the local community and complete an active recreation facility and programming needs assessment will get underway in 2020. Additionally, TCPUD will continue to work with the developer, Kila Tahoe, LLC., on the Tahoe City Lodge project and support the Tahoe Cross Country Ski Education Association for development of the Tahoe Cross-Country Lodge Replacement and Expansion Project.

Acknowledgements

The preparation of this CAFR would not have been possible without the skill, effort, and dedication of the entire staff of the Accounting Department and other key TCPUD staff members particularly in light of the COVID-19 pandemic emergency. We wish to thank all TCPUD departments for their assistance in providing the data necessary to prepare this CAFR. We want to thank Mann, Urrutia and Nelson, our independent auditors, for their professionalism and assistance in performing this year-end financial audit. Credit also is due to the Board of Directors for their unfailing support to maintain the highest standards of professionalism in the management of the Tahoe City Public Utility District's finances during the COVID-19 pandemic emergency.

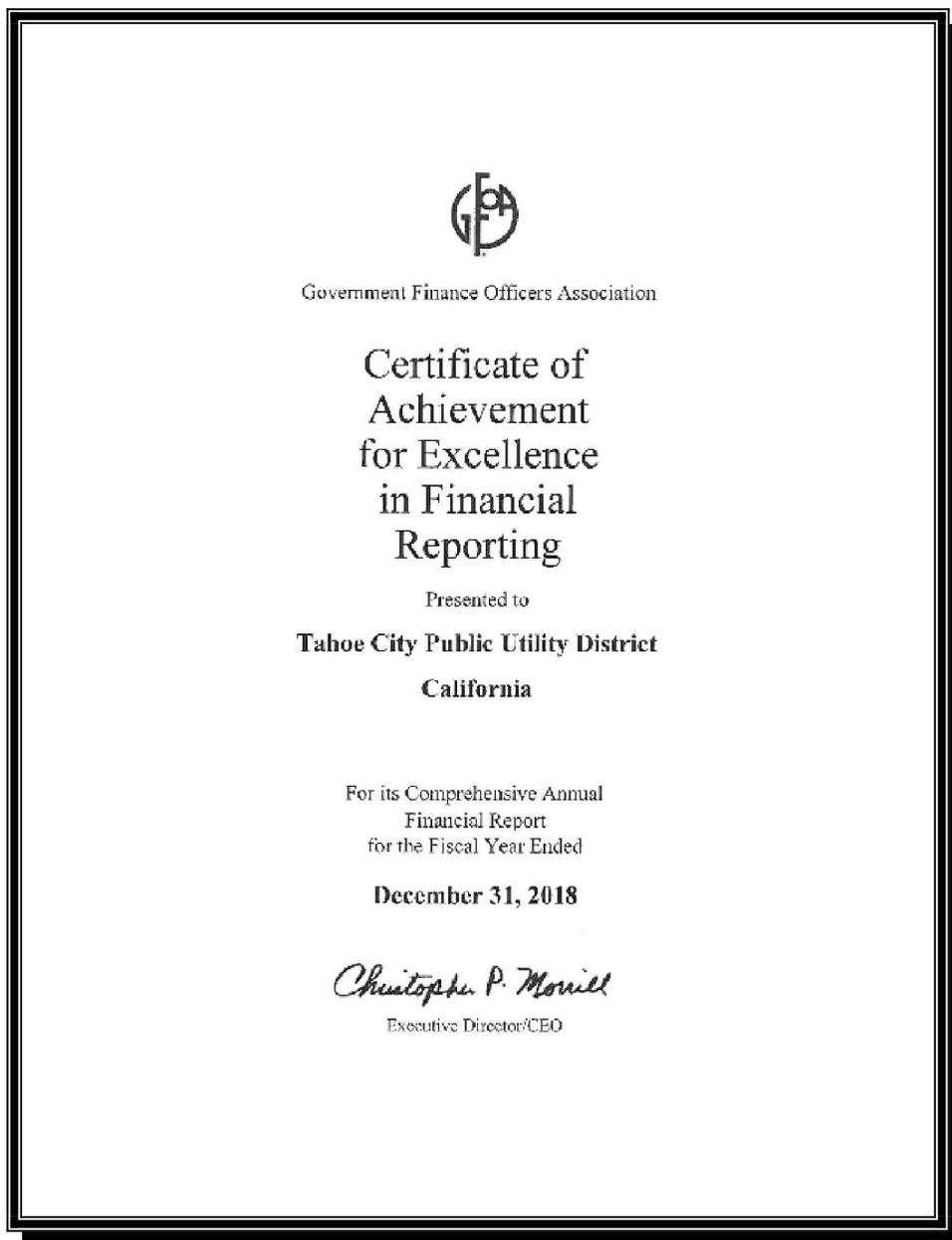
Respectfully submitted,


Sean Barclay
General Manager

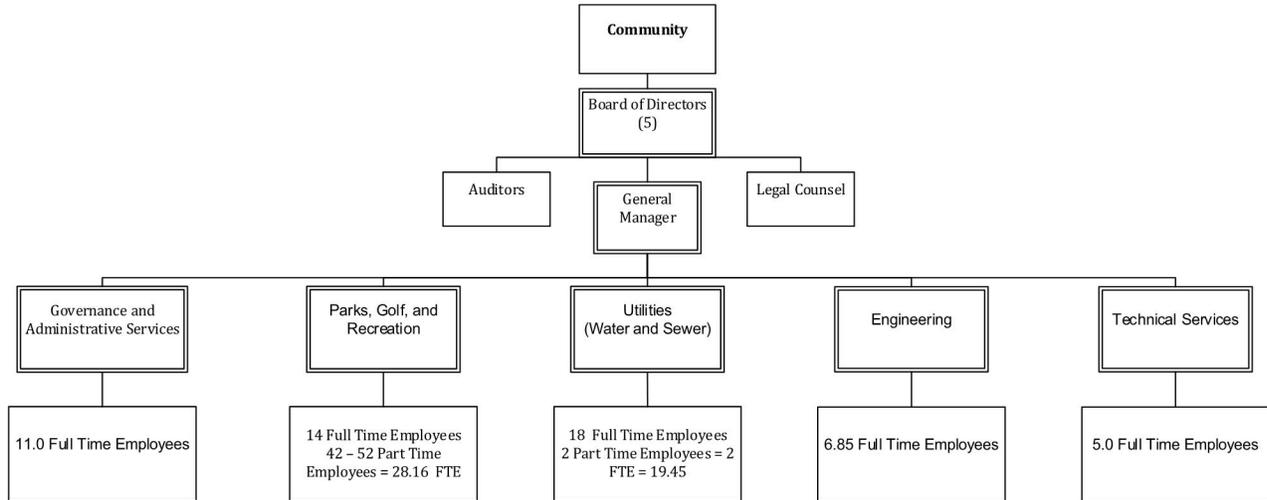

Ramona Cruz
Chief Financial Officer/Treasurer

GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tahoe City Public Utility District for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2018. This was the first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.



TCPUD Wide Organizational Chart



List of Elected and Appointed Officials

Elected Officials

Board President	Dan Wilkins	Term 2019-2020
Vice President	Scott Zumwalt	Term 2016-2020
Board of Director	Judy Friedman	Term 2016-2020
Board of Director	John Pang	Term 2018-2022
Board of Director	Gail Scoville	Term 2018-2022

Appointed Officials

General Manager	Sean Barclay
Treasurer/Accountant	Ramona Cruz
District Clerk	Terri Viehmann



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tahoe City Public Utility District
Tahoe City, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Tahoe City Public Utility District (TCPUD) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the TCPUD's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Tahoe City Public Utility District, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules relating to the net pension liability, schedules relating to the net other post-employment benefits liability, and budgetary comparison information on pages 14–30 and 82-85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of

the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Tahoe City Public Utility District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2020, on our consideration of the Tahoe City Public Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tahoe City Public Utility District's internal control over financial reporting and compliance.

Sacramento, California
June 8, 2020

Management Discussion and Analysis

The management discussion and analysis (MD&A) of the Tahoe City Public Utility District's financial performance provides an overview of TCPUD's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to assess the TCPUD's financial performance as a whole. Therefore, it should be read in conjunction with the TCPUD's financial statements and notes to the financial statements to enhance understanding of the TCPUD's financial performance.

Financial Highlights

- In 2018 the TCPUD purchased three private water systems: Tahoe Cedars, Madder Creek and Timberland. The purchase of these three private water system created goodwill of \$4,907,830 that will be amortized over 20 years. Impairment to goodwill is tested each year by assessing the ability to charge fees.
- During the year \$641,399, \$4,713,963 and \$1,822,419 was invested in parks & recreation, water and sewer infrastructure and equipment respectively totaling \$7,177,781.
- Water and sewer service and inspection fees were \$6,496,585 and \$5,041,094 respectively.
- Water service and inspection fees are up \$233,424, 3.6% due to normal annual rate increases. Water base and tiered rates are at the full Proposition 218 rates for 2019 for existing customers in place prior the 2018 purchase of three private water systems whose rates are on a different schedule.
- The three private water systems saw a 10% in water rates as their current rates are substantially lower than TCPUD current water rates. A water rate transition plan was developed during the 2019 water and sewer rate study and will be implemented January 1, 2020.
- Sewer service and inspection fees are up \$184,768, 3.8% due to normal rate increases. 2019 sewer base rates were rolled back 2.7% from the full Proposition 218 rates.
- Property tax revenue is \$8,085,520, page 36, up \$576,039, 7.7% from the previous year.
- During the fiscal year, the TCPUD recognized \$419,002 in operating grants and contributions, down -\$15,710, -3.6%.
- During the fiscal year, the TCPUD recognized \$243,518, in capital grants and other contribution, down \$1,426,951, -586.0%. The grant money was used for parks and water infrastructure. Future capital grant funding is expected to remain low.
- Net Position: The total assets and deferred outflows of resources of TCPUD exceed its total liabilities and deferred inflows of resources at the close of the Fiscal Year (FY) by \$95,809,003, and (net position). Of this amount, \$20,719,248 is unrestricted, \$65,000 is restricted for specific purpose, and \$75,024,755 is net investment in capital assets.
- Changes in Net Position: TCPUD's total net position increased \$5,535,724 or 6.1 % during the fiscal year. Consisting of Governmental Activities increasing by \$3,469,009 and Business-Type Activities by \$2,066,715.
- Governmental Funds: At December 31, 2019, TCPUD's governmental funds reported a combined ending fund balance of \$19,092,816, an increase of \$4,785,891 from prior year. Approximately 92.8% of the fund balance is unassigned, or \$17,713,818, and is available for spending at the government's discretion.
- Long-Term Liabilities: TCPUD's total long-term debt decreased by \$337,609. All scheduled debt payments were made on time.
- Change in net pension liability and related accounts:
 - Net pension liability increased by \$882,090
 - Deferred outflows of resources decreased by \$109,587

Management Discussion and Analysis, continued

- Deferred inflows of resources decreased by \$24,826
- Change in other post-employment liability and relate accounts:
 - Net Other Post Employment liability increased by \$300,329
 - Deferred outflows of resources increased by \$194,959
 - Deferred inflows of resources decreased by \$238,532
- General Fund: At December 31, 2019, unassigned fund balance of the General Fund was \$17,713,818. This represents an increase of \$4,708,721 or 36.2% from prior year. Unassigned fund balance includes \$1,144,345 or 6.5% for the General Fund budget stabilization as required by TCPUD's financial policy.

Overview of the Financial Statements

The discussion and analysis provided here is intended to serve as an introduction to the TCPUD basic financial statements. The TCPUD's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements and a Statistical Section.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the TCPUD finances in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the TCPUD's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the TCPUD is improving or deteriorating.

The *statement of activities* presents information showing how the TCPUD's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and or earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the TCPUD that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the TCPUD include general government, parks and recreation, and debt service fund. The business-type activities of the TCPUD include water and sewer operations, engineering and technical services.

The government-wide financial statements can be found on pages 34 through 36 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The TCPUD, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the TCPUD can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However; unlike

Management Discussion and Analysis, continued

the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The TCPUD maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The TCPUD adopts an annual budget for its general fund. A budgetary comparison statement has been provided on page 81 for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 38-41 of this report.

Proprietary Funds. The TCPUD maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The TCPUD uses enterprises funds to account for its water, sewer, technical services, and engineering departments.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail and can be found on pages 41-44.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements begins on pages 45 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the TCPUD's progress in funding its obligation to provide pension benefits and Other Post-Employment Benefits (OPEB) to its employees. Required supplementary information begins on page 82 of this report.

Government-wide Overall Financial Analysis

The Statement of Net Position combines and consolidates TCPUD's governmental funds' current financial resources (short-term spendable resources) with capital assets, long-term obligation, and other long-term assets and liabilities. The Statement of Net Position also presents the enterprise fund. As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the TCPUD, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$ 95,809,003 at the close of the most recent fiscal year.

By far, the largest portion of the TCPUD's net position (78.3%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt used to acquire those assets. The TCPUD uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the TCPUD investment in capital assets is reported net of related debt, it should be noted

Management Discussion and Analysis, continued

that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. TCPUD has pledged \$365,446 for 2019 debt payments from property tax revenue.

Other considerations, such as changes in the condition of the TCPUD's extensive water, sewer and park facilities infrastructure, the funding status of employee benefit plans, and growth in property tax revenues versus service commitments, must also be considered when assessing the overall financial health of the TCPUD.

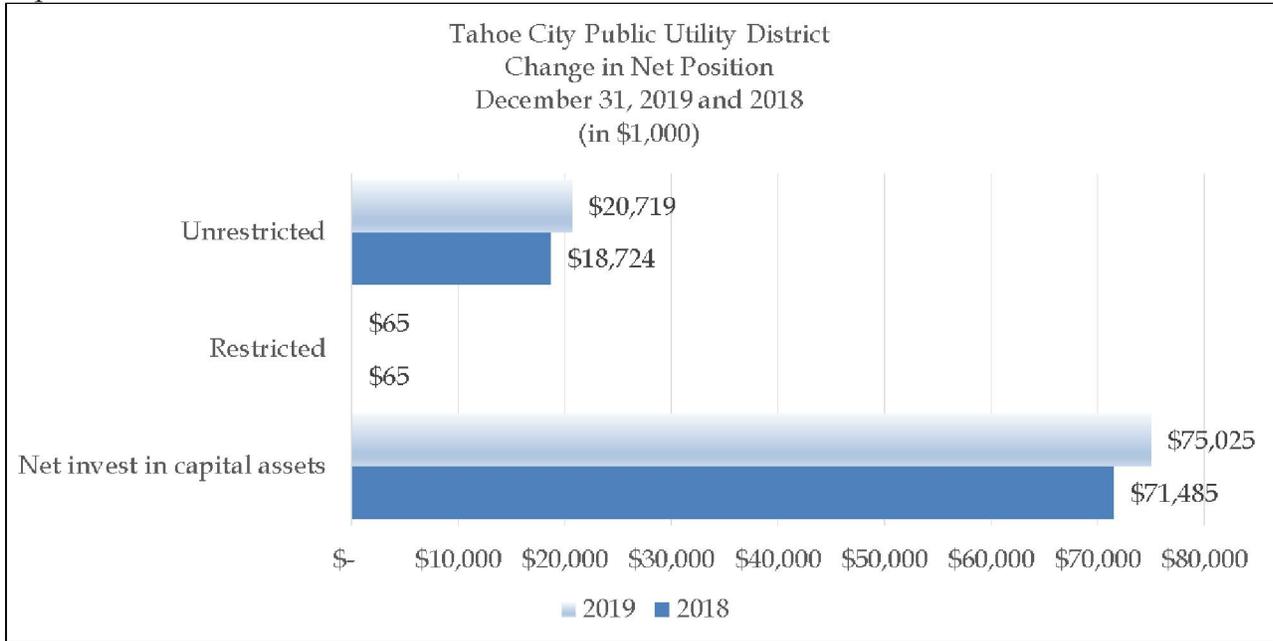
The Statement of Net Position is presented below in a condensed form for purposes of this analysis.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Cash and investments	\$ 14,556,109	\$ 10,037,538	\$ 9,767,027	\$ 10,614,088	\$ 24,323,136	\$ 20,651,626
Cash and investments – restricted	18,413	12,955	-	-	18,413	12,955
Receivables	4,736,054	4,606,549	633,338	638,556	5,369,392	5,245,105
Other current assets	213,728	136,715	688,343	701,842	902,071	838,557
Total current assets	19,524,304	14,793,757	11,088,708	11,954,486	30,613,012	26,748,243
Investments – restricted	13,800	13,800	51,277	51,277	65,077	65,077
Facility upgrade receivables	-	-	29,665	624,165	29,665	624,165
Net capital assets	28,183,163	29,586,233	48,037,298	43,178,935	76,220,461	72,765,168
Total assets	47,721,267	44,393,790	59,206,948	55,808,863	106,928,215	100,202,653
Deferred outflows of resources	1,013,542	979,703	6,482,729	6,676,588	7,496,271	7,656,291
Liabilities:						
Payables and accruals	589,570	659,840	1,535,926	936,971	2,125,496	1,596,811
Unearned revenue	44,385	26,772	-	97,932	44,385	124,704
Long-term debt – current	118,949	294,113	44,617	43,496	163,566	337,609
Total current liabilities	752,904	980,725	1,580,543	1,078,399	2,333,447	2,059,124
Long-term debt - noncurrent	1,032,140	1,151,089	-	44,617	1,032,140	1,195,706
Net Pension Liability	4,459,670	4,233,856	7,225,148	6,568,872	11,684,818	10,802,728
Net other post employment benefit	612,157	516,814	1,497,020	1,292,034	2,109,177	1,808,848
Total liabilities	6,856,871	6,882,484	10,302,711	8,983,922	17,159,582	15,866,406
Deferred inflows of resources	504,134	586,214	951,767	1,133,045	1,455,901	1,719,259
Net position:						
Net Investment in capital assets	27,032,074	28,305,788	47,992,681	43,178,935	75,024,755	71,484,723
Restricted	13,800	13,800	51,200	51,200	65,000	65,000
Unrestricted	14,327,930	9,585,207	6,391,318	9,138,349	20,719,248	18,723,556
Total net position	\$ 41,373,804	\$ 37,904,795	\$ 54,435,199	\$ 52,368,484	\$ 95,809,003	\$ 90,273,279

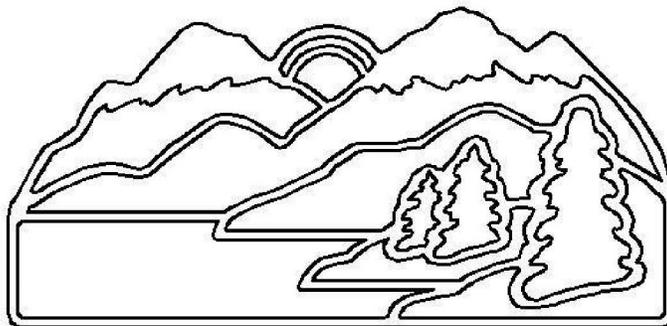
At the end of FY 2019, TCPUD reported positive net positions in all of its governmental and business-type activities. At year-end 88.2% of TCPUD's business activities' net position was invested in capital assets while for government activities this category amounted to 65.3%. The following chart demonstrates the relationship of net investment in capital assets, unrestricted, and restricted as component of net position.

Management Discussion and Analysis, continued

The Statement of Activities and Changes in Net Position focuses on both the gross and net cost of various functions making up the TCPUD's governmental and business-type services, which are supported by charges for services, grants and contributions, property taxes and other revenues. This statement summarizes and simplifies the user's analysis of the total costs and tax subsidy levels of the services offered by the TCPUD. All information is prepared on an accrual basis using the economic resources measurement focus. The TCPUD first calculated and recorded accumulated depreciation for its governmental activities as of January 1, 2004 and has included depreciation expense in the 2019 information.



TCPUD's overall current net position increased by \$5,535,724, greater than the previous year by \$586,657 or 11.9%. For an overall discussion on the increases and decreases is found in the sections for governmental activities and business-type activities.



Management Discussion and Analysis, continued

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Program Revenues:						
Parks charges for services	\$ 880,155	\$ 769,218	\$ -	\$ -	\$ 880,155	\$ 769,218
Rec. charges for services	353,116	338,586	-	-	353,116	338,586
Water revenue	-	-	6,880,247	6,442,160	6,880,247	6,442,160
Sewer revenue	-	-	5,166,673	4,972,602	5,166,673	4,972,602
Operating grants and contributions	418,801	428,612	201	6,100	419,002	434,712
Capital grants and contributions	193,518	1,443,556	50,000	226,913	243,518	1,670,469
Total program revenues	1,845,590	2,979,972	12,097,121	11,647,775	13,942,711	14,627,747
Expenses:						
Parks - direct expenses	5,727,396	5,616,942	-	-	5,727,396	5,616,942
Recreation - direct expense	910,607	936,950	-	-	910,607	936,950
Water - direct expense	-	-	5,201,916	4,890,159	5,201,916	4,890,159
Sewer-direct expense	-	-	3,914,020	3,164,077	3,914,020	3,164,077
Interest on long-term debt	24,798	39,375	2,116	3,295	26,914	42,670
Indirect expenses	85,314	98,986	1,157,636	832,739	1,242,950	931,725
Total expenses	6,748,115	6,692,253	10,275,688	8,890,270	17,023,803	15,582,523
Net revenue (expense)	(4,902,525)	(3,712,281)	1,821,433	2,757,505	(3,081,092)	(954,776)
General Revenues:						
Property taxes	8,062,703	7,435,199	22,817	24,283	8,085,520	7,459,482
Investment earnings	308,831	225,163	222,465	196,592	531,296	421,755
Total general revenues	8,371,534	7,660,362	245,282	220,875	8,616,816	7,881,237
Change in net position	3,469,009	3,948,081	2,066,715	2,978,380	5,535,724	6,926,461
Net Position - Beginning	37,904,795	34,525,929	52,368,484	50,798,283	90,273,279	85,324,212
Prior period restatement	-	(569,215)	-	(1,408,179)	-	(1,977,394)
Net Position - restated	37,904,795	33,956,714	52,368,484	49,390,104	90,273,279	83,346,818
Net Position - Ending	\$41,373,804	\$37,904,795	\$54,435,199	\$52,368,484	\$95,809,003	\$90,273,279

Governmental Activities. Governmental activities consist of parks, golf course, winter sports park and recreation operations, which are paid for by property taxes, user fees, capital and operating grants, and donations. It is important to understand that capital grants are included as revenues in the year earned based on project design and construction expenditures and may far exceed depreciation expense in a particular year. Due to the restricted nature of these grants, this cash is not available for general operations. Depreciation expense on the related long-lived assets will be presented over many future years, while all of the capital grant revenue was recognized during design and construction.

During the current fiscal year, net position for governmental activities increased \$3,469,009 from the prior fiscal year for an ending balance of \$41,373,804. The increase is primarily a result of increased property tax and increased parks charges for services from last year offset by decreased capital grant revenues and increased operational cost for parks, recreation, golf operations and personnel expense.

Business-type Activities. Business-type activities reflect private sector-type operations, such as water and sewer services and the related engineering and technical service departments. User fees

Management Discussion and Analysis, continued

are charged to cover all or most of the costs of operation, including depreciation. The TCPUD covers cash operating costs with user fees and can subsidize capital expenditures with a portion of general property tax transfers from the governmental operation due to the low customer density of its service area and the high costs of environmental compliance in the Lake Tahoe Basin. In 2019, no general property tax transfers occurred.

For the TCPUD's business-type activities, net position increased by \$2,066,715 from the prior year for an ending balance of \$54,435,199. The increase in net position is a result of water and sewer rate increases to cover operations and capital, declining capital grant revenue and impacts of pension expense.

For the year, total net position increased by \$5,535,724 as a result of operations.

	Changes in Net Position		Total
	Governmental Activities	Business-type Activities	
Beginning net position	37,904,795	52,368,484	90,273,279
Add change in net position	3,469,009	2,066,715	5,535,724
Net position - Ending	\$ 41,373,804	\$ 54,435,199	\$ 95,809,003

Financial Analysis of Governmental Funds

Governmental Funds. The focus of the TCPUD *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the TCPUD's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of a government's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the TCPUD itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the TCPUD Board of Directors.

At December 31, 2019, the TCPUD's governmental funds reported combined fund balances of \$19,092,816, an increase of \$4,785,891 or 33.5 % in comparison with the prior year. This increase is the result of increased property tax from previous year and reduced capital expenditures. Approximately 92.8% of fund balance constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is: 1) not in spendable form \$213,728, 2) restricted form \$641, and 3) assigned for particular purposes \$1,164,629. The general fund is the chief operating fund of the TCPUD.

Management Discussion and Analysis, continued

General Fund Budgetary Highlights

The following table shows the variances to budget:

	Budget	Actual Amounts	Variance to Budget Positive (Negative)
Revenues:			
Fees	\$ 688,864	\$ 692,482	\$ 3,618
Property taxes	7,097,385	7,743,253	645,868
Interest	69,996	308,821	238,825
Grants	641,123	143,751	(497,372)
Other	632,494	1,008,826	376,332
Total revenues	\$ 9,129,862	\$ 9,897,133	\$ 767,271

The Parks and Recreation total revenue is better to budget by \$767,271 as shown above. Property tax collection exceeded budget by \$645,868 attributable to a conservative budget, rising assessed values and Proposition 8 catch-ups. Grant revenue was negative to budget by \$497,372 which bears a direct relationship to the reclassification of maintenance service agreement fees to other revenue which is greater to budget by \$376,332.

	Budget	Actual Amounts	Variance to Budget Positive (Negative)
Expenditures			
Current:			
Public works - Parks	\$ 3,605,082	\$ 3,308,613	\$ 296,469
Recreation	972,299	797,419	174,880
Other operating	694,431	384,368	310,063
Capital outlay	3,322,395	641,399	2,680,996
Total expenditures	\$ 8,594,207	\$ 5,131,799	\$ 3,462,408

Overall, Parks and Recreation direct and capital outlay expenses were \$3,462,408 less to budget due to personnel cost, repairs and maintenance expenses and allocated administrative overhead less to budget. Also, less spending on capital outlay projects such as Tahoe City Golf Course & Winter Sports Maintenance Facility Replacement Project, Administrative Facility Improvements Project and Camp Skylandia Day Lodge Project in the amount of \$2,680,996 was the largest contributor to the better to budget outcome.

Management Discussion and Analysis, continued

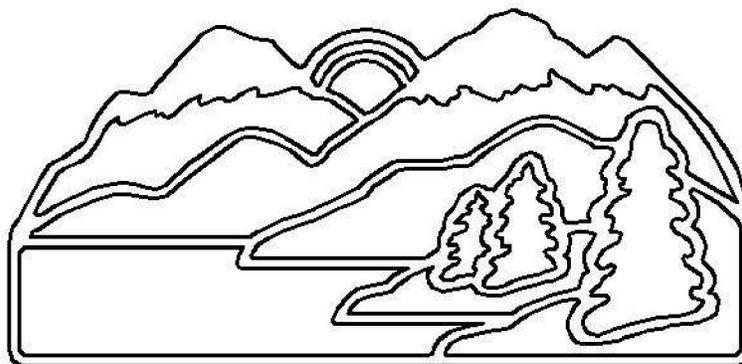
Capital Assets and Debt Administration

Capital Assets. The TCPUD investment in capital assets for its governmental and business-type activities as of December 31, 2019 amounts to \$76,220,461 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, and park facilities. The total net increase in capital assets for the current fiscal year was approximately 4.7 %.

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 5,401,592	\$ 5,401,592	\$ 42,957	\$ 42,957	\$ 5,444,549	\$ 5,444,549
Facilities	19,513,980	20,724,360	39,786,358	35,791,549	59,300,338	56,515,909
Office building and equipment	2,605,105	2,800,558	3,111,815	3,145,538	5,716,920	5,946,096
Vehicles	248,725	210,594	1,675,701	1,305,422	1,924,426	1,516,016
Construction in progress	413,761	449,129	3,420,467	2,893,469	3,834,228	3,342,598
Total capital assets, net	<u>\$ 28,183,163</u>	<u>\$ 29,586,233</u>	<u>\$ 48,037,298</u>	<u>\$ 43,178,935</u>	<u>\$ 76,220,461</u>	<u>\$ 72,765,168</u>

During 2019, the TCPUD spent \$7,177,781 on capital items for the benefit of the community. The significant projects included in the \$7,177,781 were: the Tahoe City Well Bunker Replacement Project, Madder Creek Water Interconnection Project, Timberland Interconnection & Distribution Improvement Project, West Lake Tahoe Regional Water Treatment Plant, Dollar/Edgewater Sewer Line Replacement Project, Glenridge Sewer Station Generator Building Project and various vehicles & equipment purchases.

Additional information on capital assets can be found in the notes to the financial statements (see note 4. Capital Assets).



Management Discussion and Analysis, continued

The following table presents the TCPUD's more significant capital additions during 2018 and 2019:

	Additions to Capital Assets	
	2018	2019
Governmental Activities		
Marie Sluchak Playground	\$ 94,042	\$ 1,079
Administrative Facility Improvements	-	55,782
Sugar Pine to Meeks Bay Bike Trail	-	165,878
Truckee River Bike Trail Overlay	1,706,082	8,815
Connors Field Lighting Replacement	385,723	-
TCGC Ice Rink	623	-
TGCG BMP Improvements	719,160	-
TCGC/WSP Drainage	121,560	32,785
TCGC/WSP Maintenance Facility Replacement	124,060	106,239
Vehicles and Equipment	424,236	222,681
Other projects	23,177	48,140
Total governmental activities	3,598,663	641,399
Water Activities		
Bunker Water Tank Replacement	2,603,618	353,952
Madden Creek Water Interconnection	58,853	1,128,572
Madden Creek System Upgrades	59,341	8,780
Manzanita Water Line Replacement	7,191	-
Mid-Sierra Water Co. Acquisition	285,802	-
Rubicon Tank No. 1 Interior Coating	10,642	-
Rubicon Tank No. 2 & 3 Interior Coating	-	7,404
Tahoe Cedars Water Interconnection	1,362,139	-
Tahoe Cedars Water System Upgrades	140,277	51,419
Tahoe City Main Emergency Water Supply	335	244
Timberland Interconnection & Distribution Improvements	63,878	2,097,088
Timberland Water System Upgrades	88,986	32,883
Timberland Water Co Acquisition	67	-
Vehicles, Mobile Equipment, Equipment	244,216	97,623
West Lake Tahoe Regional Water Treatment Plant	53,220	974,593
Other Projects	1,170	(38,594)
Total Water Activities	4,979,735	4,713,963
Sewer Activities		
Dollar/Edgewater Sewer Line Replacement	116	397,382
Dollar/Edgewater Backup Power	20,177	257,014
Glenridge Sewer Station Generator Building	88,825	490,210
Hwy 89 Pump Station Generator Replacement	36,818	-
John Cain Sewer Replacement	203,812	-
Lonely Gulch Pump Station Generator Replacement	29,755	14,591
Pump Upgrades	106,589	32,090
Tahoe City Residential Sewer System Rehabilitation	56,815	31,356
Vehicles, mobile equipment, equipment	255,055	545,230
West Shore Export Crossing Repair	(7,718)	21,991
Other projects	85,525	32,556
Total Sewer activities	875,769	1,822,419
Total TCPUD	\$ 9,454,167	\$ 7,177,781

Management Discussion and Analysis, continued

In prior years, TCPUD has been able to secure significant capital grants to improve environmental protection and public access to Lake Tahoe when it did not have its own funding to advance these projects. Thus, the TCPUD was able to proceed with projects such as Commons Beach, various phases of an off-highway bike and pedestrian trail link through Tahoe City known as the Lakeside Trail, the Upper Sequoia bike trail crossing, the WCB Lake Forest Boat Ramp, the Truckee River Outlet Park Plaza, Heritage Plaza, and acquisition of a new mobile stage. Other projects such as the Homewood Bike Trail, to address one mile of unsafe bike route, completed construction October 2016 and funded by a large portion of grant money. In 2018, the Truckee River Bike Trail Overlay project was completed and largely funded by TOT funds in the amount of \$1,623,981. TCPUD continues to aggressively pursue grant and TOT funds for parks projects benefiting the community at large. In 2019, \$110,297 in capital grants funds were used for Madden Creek Interconnection Project, Truckee River Trail Pavement and Commons Beach Power Pedestal.

Beginning in 2005 the TCPUD was able to fund an increased level of water and sewer capital projects including a new Highlands water tank, a new Harbor Master sewer pump station, the installation of residential water meters, Lake Forest Water System Replacement, acquired and improved the Tahoma Meadows Mutual Water Company, and a number of water line replacements. During this period it became apparent to the TCPUD that a more significant level of water and sewer capital projects would be necessary going forward to meet ever more stringent regulatory requirements and maintain service levels. This led the Board of Directors to address water and sewer rates and their adequacy to fund critical capital into the future.

HDR Engineering, Inc. (HDR) was retained by the TCPUD in 2009 to perform TCPUD's first 2009-2013 water and sewer rate study and subsequently hired and completed TCPUD's 2014-2019 and 2020-2024 water and sewer rate studies.

The philosophical approach of TCPUD is to maintain a unified sewer and water system across our entire service area that equitably distributes the cost of current and future system needs, achieves the highest service standards, and provides all our customers with the benefit of an economy of scale for the operation, maintenance, and infrastructure investments in our sewer and water system district-wide.

As part of the 2020-2024 rate study, HDR also assisted in the development of a rate transition plan for the recently acquired private water systems - Timberland, Tahoe Cedars and Madden Creek. Given the timing of improvements, and current rate levels, Timberland customers will transition to the District's adopted rates on January 1, 2020. The Tahoe Cedars and Madden Creek systems currently have rates that are significantly less than the District's current rate levels. Given this, the District Board determined a rate transition plan was necessary to minimize impacts to these customers. The rate study developed a rate transition plan for these customers so that rates would smoothly adjust until equalizing to the District's proposed rates in 2024. The Board authorized staff to fund the difference in the rates through annual property tax revenue transferred to the water fund. In this way, existing customer rate revenue will not provide funding for the transition of the Tahoe Cedars and Madden Creek customers.

In all cases significant capital upgrades will be required to bring these private water systems into compliance with TCPUD standards. The three private water systems acquired in 2018 are important components of the water rate study and presents challenges such transitioning new water customers to current rates; addressing unmetered customers; and addressing the \$33.6 million in identified water capital improvements related to the three water systems.

Management Discussion and Analysis, continued

The TCPUD anticipates it will need to finance a portion of these replacement and rehabilitation costs in the near-term, and secure additional revenue streams such as a special assessment to affective water customers. Also, work continues on the West Lake Tahoe Regional Water Treatment Plant. Breaking ground on this project will be in 2021. TCPUD staff is actively working on a State Revolving Fund loan to fund this project and continues to pursue grant funds.

At December 31, 2019 the TCPUD utilized \$52,059,450 of gross depreciable capital assets at historical cost, consisting primarily of recreational facilities, in its Governmental Activities, and \$92,705,885 of gross depreciable capital assets at historical cost, consisting primarily of water and sewer plants, in its Business-type Activities. TCPUD's minimum capital, rolling stock, budget stabilization and property tax reserve-water for Business-type Activities are \$3,591,044; \$281,800; \$1,577,889; and \$1,267,735 respectively for a total of \$6,718,468.

The Board of Directors committed to annually review actual capital and operating costs, and grant funding and revenues versus the assumptions in the rate study before finalizing rates each year.

The five-year capital plan for 2020-2024 is \$75,861,670 of which \$4,829,540 in capital grants are identified but not yet secured. The capital five-year capital plan calls for \$48,425,136 for water, \$13,385,171 for sewer, \$10,957,163 for Parks and Recreation, \$2,218,200 for Governance and Administrative Services and \$876,000 for TCPUD vehicles. The water and sewer rate structure, grant funding, property tax and some level of capital financing make this level of capital improvements possible. The LTFP is critical to the capital planning process and will be used to identify levels of capital funding and possible financing opportunities on a project by project basis.

Long-term Debt. At the end of the current fiscal year, the TCPUD had total bonded debt outstanding of \$1,151,089 backed by the full faith and credit of the government. In 2019 the TCPUD paid off the \$2.3 million of pension refunding bond which bonds proceeds were rolled into a multi-agency risk pool in addition to the unfunded liabilities of the risk pool. (see note 6. Long-term Debt).

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$1,151,089	\$ 1,267,932	\$ -	\$ -	\$1,151,089	\$1,267,932
Special assessment bonds with governmental commitments	-	12,513	44,617	88,113	44,617	100,626
Pension related debt	-	164,757	-	-	-	164,757
Total long-term debt	\$1,151,089	\$ 1,445,202	\$ 44,617	\$ 88,113	\$1,195,706	\$1,533,315

In 2020 significant work on the LTFP will occur, with an emphasis on capital project prioritization and potential financing options. A Debt Management Policy Number 2040 was adopted by the Board to facility potential financing.

Customers or owners of several private water companies seeking acquisition continue to approach TCPUD to purchase their water systems for a variety of reasons. It is often difficult for these systems to obtain financing for upgrades due to their small size. TCPUD will use its borrowing capacity in the near future and over the next decade to finance upgrades to water systems it acquires and be

Management Discussion and Analysis, continued

repaid by either special assessments from these new water customers or property tax and continue to seek grant funding.

The Governmental Accounting Standards Board (GASB) issued its Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* ("GASB 68"), with new pension reporting requirements for employers. GASB also issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68* ("GASB 71"), to clarify the transition year provisions of GASB 68. TCPUD implemented both GASB statements in 2017 and the 2019 net pension liability of \$11,684,818 has been recorded to the Government Wide Statement of Net Position.

The Governmental Accounting Standards Board (GASB) issued its Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB*. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. In 2018, TCPUD has implemented both GASB statements and the 2019 net OPEB liability of \$2,109,177 has been recorded the Government Wide Statement of Net Position.

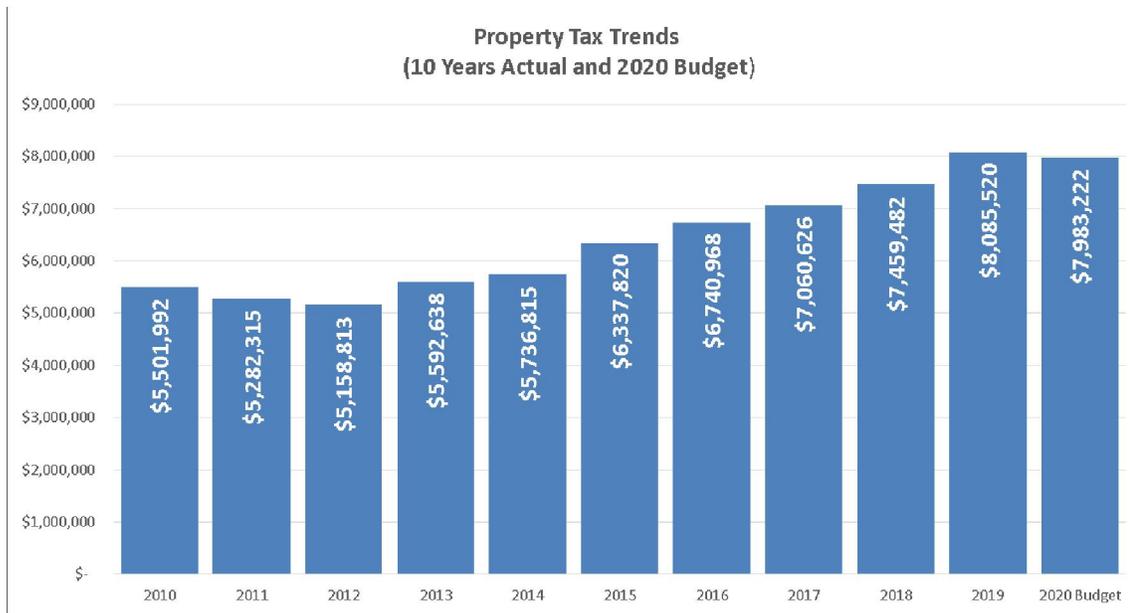
On November 15, 2019, the Board of Directors adopted a new Memorandum of Understanding covering classified employees with the International Union of Operating Engineers, Stationary Engineers, and Local 39 covering the period January 1, 2020 - December 31, 2023.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect TCPUD and were considered in developing the 2020 fiscal year budget:

- Property tax revenue continues to be a stable revenue source for TCPUD and is its largest single source of revenue making up 35.1% or \$7,983,222 of the 2020 Budget less capital grants. This revenue source continues to grow annually due to growth in assessed values. Under California property tax law, assessed value growth is capped at 2%, however; when real estate is sold, it is assessed for the new owner based on the purchase price. Also, when market values drop below the Proposition 13 assessed values much like what we saw in 2008, property tax will also decline since property tax is based on assessed values. When property values recover, property tax collections are higher due to triggering Proposition 8 catch-up provisions. The rise in the 2015 actuals is a result of unbudgeted pass-through related to the dissolution of the Resource Development Agencies and Proposition 8 catch-ups, up to the maximum of the 2% cap for Proposition 13 assessed levels. The last ten years of actual property tax collected has seen an average increase of 4.3%. The 2020 budget is \$102,298 less than 2019 actuals due to conservative budgeting. During the 2019 water and sewer rate study the Board of Directors approved a water rate transition plan for Tahoe Cedars and Madden Creek customers beginning January 1, 2020 through December 31, 2024 using property tax to make up the difference between the transition rate and the TCPUD Proposition 218 water rate. In 2020, the property tax estimated to be transferred to the Water Fund is \$727,680. The following Property Tax Trends bar graph show the last 10 years of actual property tax collection and the 2020 budget.

Management Discussion and Analysis, continued



- Water and sewer base rate revenues are a stable source of income and combined makes up 64.9% of TCPUD’s operating revenue excluding grants and 88.6% of water and sewer operating revenue. Due to TCPUD’s widely fluctuating population, TCPUD’s rate model relies mostly on the base rate to support operations unlike metropolitan areas. Other areas of the state with stable year-round populations can depend on collecting more of their fixed costs through their consumption rates, as customer usage characteristics are more uniform and predictable. Within TCPUD, over 70% of our homes are not occupied year-round. However, we must be staffed and able to provide water service to our customers whenever they arrive. In addition, we must operate our water system to provide full fire protection whether a residence is occupied or not. In areas such as Tahoe, widely fluctuating occupancies can leave a water system unable to support itself if too much of the revenue is dependent on the consumption rate.
- California may be back in drought due to lack of major rain or snow event since late December 2019 and above average temperatures. On May 31, 2018, Governor Brown signed two bills which build on the ongoing efforts to make water conservation a California way of life. Senate Bill 606 Herzberg and AB 1668 Friedman emphasize efficiency and strengthening exiting water supplies. SB 606 and AB 1668 establish guideline for efficient water use and a frame work for the implementation and oversight of the new standards which must be in place by 2022. The two bills strengthen the state’s water resiliency in the face of future droughts with provisions that include:
 - Establishing an indoor per person water use goal of 55 gallons per day until 2025, 52.6 gallons from 2025 to 2030, and 50 gallons beginning in 2030; and
 - Requiring both urban and agricultural water suppliers to set annual water budgets and prepare for drought.

TCPUD’s ground water supplies are adequate to meet all demands now and into the future. Metering of water services has resulted in a significant reduction in total system water demands, as have intensive conversation efforts. Continued investments in water conservation, smart metering, leak detection and water loss tracking will continue to reinforce TCPUD’s commitment to conservation and position it to meet future standards.

Management Discussion and Analysis, continued

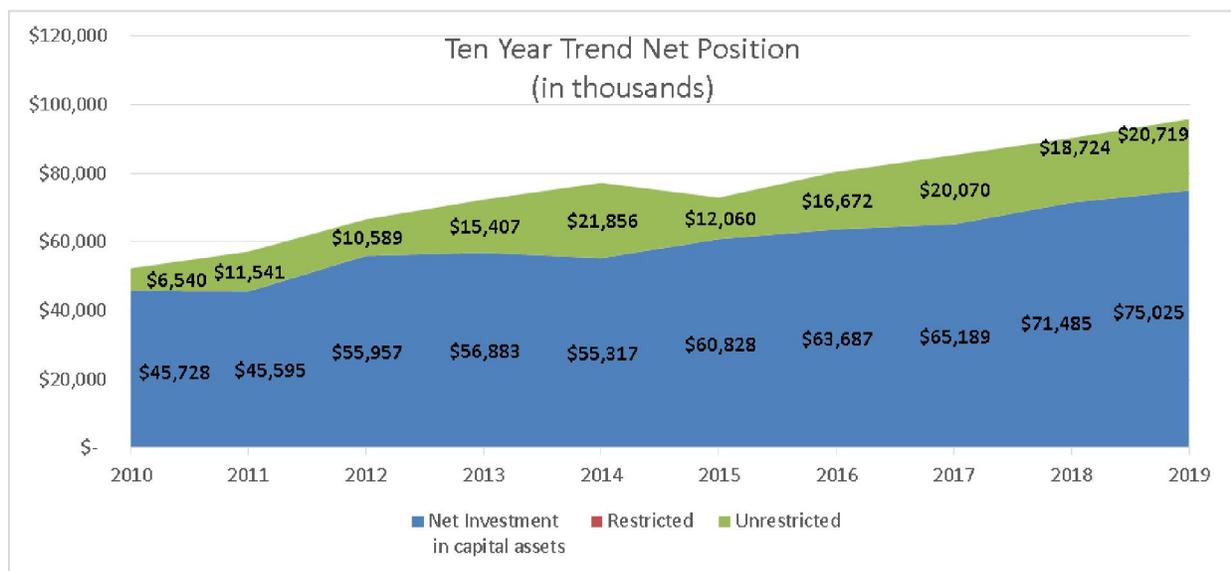
- Lessons learned from the drought, TCPUD's budget reflects the new normal of reduced consumption revenue. Consumption revenue represents 18.6% of TCPUD's water operating revenue.
- TCPUD staff continue to work with our partners to support and advocate for legislation that recognizes firefighting infrastructure as a critical component to address drought and climate change adaptation. These legislatively enacted funding mechanisms could support improvement and/or replacement of the TCPUD's water delivery and storage infrastructure.
- Personnel cost make up 76.8 % of TCPUD's direct operating budget, excluding depreciation, and every effort is made to control cost by working with the employees and their union. Toward the end of 2019, TCPUD entered into union negotiations and successfully negotiated a four-year agreement. Preparing for the negotiations TCPUD performed a compensation study and used the study to negotiate a 6.0% salary range adjustment. Other results of the negotiations included; Classic employee contributing 2.0% toward CalPERS normal cost in addition to the employee 8.0% contribution, the elimination of general leave cash outs other than for emergency, health insurance waiver based on lowest cost insurance, employees opting PERS Select receive funding into Health Reimbursement Account in amount equal to one-half of annual difference between Select and Choice health plan saving, vision benefit increased to \$500 annually, providing classified employees a cell phone allowance, post-retirement medical benefits increased for inflation and minor changes and clean up to the memorandum of understanding . The MOU will expire at the end of 2023. TCPUD will begin preparing for union negotiations in 2022.
- Rising pension cost remains in the forefront of planning. At the end of 2016, CalPERS announced that it will be lowering the discount rate by a half a percent over the next three years. This decision means higher pension contributions for the TCPUD beginning July 1, 2018. In 2020 TCPUD will be examining and considering a sustainable pension funding policy to address this rising cost through TCPUD's LTFP process.
- Other Post Employment Benefit (OPEB) cost much like pension face similar challenges such as rising health care cost and a rising retiree population. In 2020, TCPUD will be examining and considering a sustainable OPEB funding policy to address this rising cost through TCPUD's LTFP process.
- Workforce housing challenges is gaining visibility at a regional level in the North Tahoe, Truckee, and the surrounding areas and TCPUD will remain engaged in the process. Lead by the Tahoe Truckee Community Foundation, a regional workforce housing needs assessment was prepared and served as the springboard for other activities and reports addressing the workforce housing issues. TCPUD has made a commitment to help fund this effort and has authorized the General Manager and assigned a Board Member to participate at the Council and subcommittee levels.
- The TCPUD's 2020 budget was adopted by the Board of Directors on November 15, 2019 by Resolution 19-27.
- The 2020 TCPUD budgeted operating revenues, excluding property tax and grant revenue, are increasing 6.4% or \$863,239 over the 2019 budget.

Management Discussion and Analysis, continued

- Water revenue is up \$600,398 or 9.1% due to annual rate increase set to Proposition 218 rates established in the 2019 Rate Study and a rate transition plan for Tahoe Cedars and Madden Creek water systems established.
- Sewer revenue is up \$335,425 or 6.6% due to annual rate increase set to Proposition 218 rates established in the 2019 Rate Study.
- Parks, Recreation and Golf revenues are up slightly, \$61,489 or 4.0%
- Property tax revenue budget on budget is increasing \$555,777 or 7.5%.
- The adopted TCPUD 2020 budget direct operating expense (excluding depreciation) totals \$12,851,544 which represents a -0.5% decrease or \$65,668 decrease over the 2019 operating budget.
 - Personnel cost which included one new position for the Recreation department represents 76.8% of the annual direct operating budget less depreciation.
- The 2020 Capital Plan of \$13,716,350 is up 21.3% or \$2,412,595 from the prior year 2019 Capital Plan. Water capital is up \$3,517,419 budget to budget due to water systems upgrade projects directly related to the purchase of three private water systems early 2018.
- The coronavirus (COVID-19) outbreak officially a pandemic as of March 11, 2020 has prompted global health concerns. TCPUD quickly took action to take proactive measures to protect staff, to ensure continuation of essential sewer and water services, and to do its part for the community to help slow the spread of the virus. COVID-19 Risk Minimization and Response Plans were quickly put in place. Though, the ultimate financial impact and duration cannot be estimated at this time, TCPUD is positioned to respond and extended assistance if needed to its customer base.

Summary

The TCPUD's overall financial health continues to improve over the last ten years. Fiscal year 2015 saw a decline in unrestricted-net position due to the implementation of GASB 68 as did 2018 due to implementing GASB Statement No. 75. Currently, 2019 fiscal year shows net position overall increasing year on year.

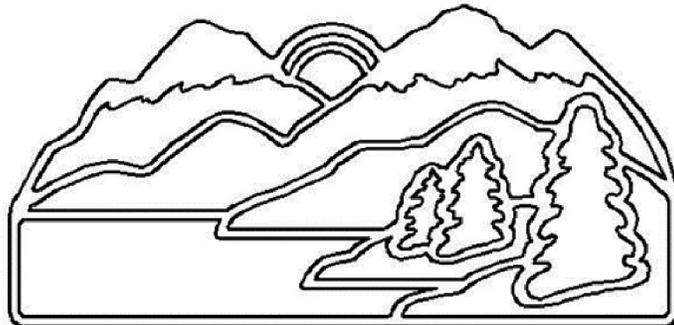


Management Discussion and Analysis, continued

Net investment in capital assets increased \$3,540,032 or 5.0% due to paying down related debt and continuing to invest in infrastructure, vehicles and equipment.

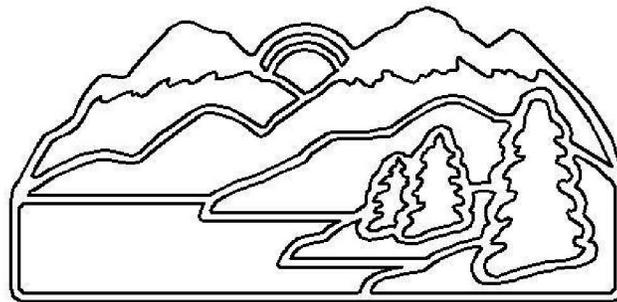
Requests for Information

The TCPUD's financial statements are designed to present users (citizens, taxpayers, customers, vendors and creditors) with a general overview of the TCPUD's finances and to demonstrate financial accountability. If you have questions about this report or need additional financial information, please contact the TCPUD's Chief Financial Officer / Treasurer at 221 Fairway Drive, P.O. Box 5249, Tahoe City, California 96145 or call 530-583-3796.



Basic Financial Statements

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Government-Wide Financial Statements

- Statement of Net Position
- Statement of Activities

Tahoe City Public Utility District
Statement of Net Position
December 31, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 14,556,109	\$ 9,767,027	\$ 24,323,136
Restricted cash and investments	18,413	-	18,413
Receivables:			
Accounts	-	573,220	573,220
Interest	-	9,836	9,836
Taxes	4,308,322	-	4,308,322
Grants	347,183	56,418	403,601
Other	84,424	1,614	86,038
Allowance for Doubtful Accounts	(3,875)	(7,750)	(11,625)
Inventories	36,340	290,252	326,592
Prepaid items and other assets	177,388	398,091	575,479
Total current assets	19,524,304	11,088,708	30,613,012
Noncurrent assets:			
Restricted cash and investments	13,800	51,277	65,077
Facility improvement receivables	-	29,665	29,665
Capital assets:			
Non-depreciable	5,815,353	3,463,424	9,278,777
Depreciable, net	22,367,810	44,573,874	66,941,684
Total capital assets, net	28,183,163	48,037,298	76,220,461
Total noncurrent assets	28,196,963	48,118,240	76,315,203
Total assets	47,721,267	59,206,948	106,928,215
DEFERRED OUTFLOWS OF RESOURCES			
Changes in the net pension liability	823,969	1,613,413	2,437,382
Changes in other post retirement benefits liability	189,573	452,269	641,842
Net goodwill	-	4,417,047	4,417,047
Total deferred outflows of resources	1,013,542	6,482,729	7,496,271

Tahoe City Public Utility District
Statement of Net Position - Continued
December 31, 2019

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	121,467	962,389	1,083,856
Accrued payroll and benefits payable	35,297	137,758	173,055
Employee medical reimbursement payable	103,225	-	103,225
Interest payable	5,188	-	5,188
Deposits payable	35,200	169,121	204,321
Other liabilities	105,714	92,126	197,840
Unearned revenue	44,385	-	44,385
Compensated absences-due within one year	183,479	174,532	358,011
Long-term liabilities-due within one year	118,949	44,617	163,566
Total current liabilities	752,904	1,580,543	2,333,447
Noncurrent liabilities:			
Long-term liabilities-due in more than one year	1,032,140	-	1,032,140
Net pension liability	4,459,670	7,225,148	11,684,818
Net other post employment benefit liability	612,157	1,497,020	2,109,177
Total liabilities	6,856,871	10,302,711	17,159,582
DEFERRED INFLOWS OF RESOURCES			
Changes in the net pension liability	358,835	562,016	920,851
Changes in other post retirement benefits liability	145,299	389,751	535,050
Total deferred inflows of resources	504,134	951,767	1,455,901
NET POSITION			
Net Investment in capital assets	27,032,074	47,992,681	75,024,755
Restricted for:			
Guarantee permit and payment performance	13,800	51,200	65,000
Unrestricted	14,327,930	6,391,318	20,719,248
Total net position	\$ 41,373,804	\$ 54,435,199	\$ 95,809,003

The notes to the financial statements are an integral part of this statement.

Tahoe City Public Utility District
Statement of Activities and Changes in Net Position
For the year ended December 31, 2019

Functions / Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Position		
	Direct Expenses	Indirect Expenses	Charges for Services	Operating	Capital	Total	Governmental Activities	Business-Type Activities	Total
				Grants and Contributions	Grants and Contributions				
Primary Government:									
Governmental activities:									
Public works - Parks	\$ 5,727,396	\$ 81,771	\$ 880,155	\$ 379,378	\$ 193,518	\$ 1,453,051	\$ (4,356,116)	\$ -	\$ (4,356,116)
Recreation	910,607	3,543	353,116	39,423	-	392,539	(521,611)	-	(521,611)
Interest on long-term debt (unallocated)	-	24,798	-	-	-	-	(24,798)	-	(24,798)
Total governmental activities	6,638,003	110,112	1,233,271	418,801	193,518	1,845,590	(4,902,525)	-	(4,902,525)
Business-type activities:									
Water	5,201,916	817,888	6,880,247	201	50,000	6,930,448	-	910,644	910,644
Sewer	3,914,020	341,864	5,166,673	-	-	5,166,673	-	910,789	910,789
Total business-type activities	9,115,936	1,159,752	12,046,920	201	50,000	12,097,121	-	1,821,433	1,821,433
Total primary government	\$ 15,753,939	\$ 1,269,864	\$ 13,280,191	\$ 419,002	\$ 243,518	\$ 13,942,711	(4,902,525)	1,821,433	(3,081,092)
General Revenues:									
Property taxes							8,062,703	22,817	8,085,520
Investment earnings							308,831	222,465	531,296
Total general revenues							8,371,534	245,282	8,616,816
Change in net position							3,469,009	2,066,715	5,535,724
Net Position - Beginning							37,904,795	52,368,484	90,273,279
Net position - Ending							\$ 41,373,804	\$ 54,435,199	\$ 95,809,003

The notes to the financial statements are an integral part of this statement.

Fund Financial Statements

- Governmental Funds
 - Balance Sheet
 - Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position of Governmental Activities
 - Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds
 - Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Funds to the Statement of Activities

- Proprietary Funds
 - Statement of Net Position
 - Statement of Revenues, Expenses and Changes in Net Position
 - Statement of Cash Flows

Tahoe City Public Utility District
Balance Sheet – Governmental Funds
December 31, 2019

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash	\$ 14,556,496	\$ (387)	\$ 14,556,109
Restricted cash	32,213	-	32,213
Receivables:			
Accounts			
Taxes	4,308,322	-	4,308,322
Grants	347,183	-	347,183
Other	83,396	1,028	84,424
Allowance for Doubtful Accounts	(3,875)	-	(3,875)
Inventory	36,340	-	36,340
Prepaid items and other assets	177,388	-	177,388
Total assets	\$ 19,537,463	\$ 641	\$ 19,538,104
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 121,467	\$ -	\$ 121,467
Accrued payroll and benefits payable	35,297	-	35,297
Employee medical reimbursement payable	103,225	-	103,225
Deposits payable	35,200	-	35,200
Other liabilities	105,714	-	105,714
Unearned revenue	44,385	-	44,385
Total liabilities	445,288	-	445,288
Fund Balances:			
Non-Spendable	213,728	-	213,728
Restricted			
Special assessment debt	-	641	641
Assigned			
Long-term equipment and capital replacement	1,164,629	-	1,164,629
Unassigned fund balance			
General Fund	17,713,818	-	17,713,818
Total fund balances	19,092,175	641	19,092,816
Total liabilities and fund balances	\$ 19,537,463	\$ 641	\$ 19,538,104

The notes to the financial statements are an integral part of this statement.

Tahoe City Public Utility District
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position of Governmental Activities
 December 31, 2019

Total Fund Balances - Governmental Funds	<u>\$ 19,092,816</u>
Amounts reported for governmental activities in the Statement of Net Position were different	
Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Capital assets were adjusted as follows:	
Non-depreciable	5,815,353
Depreciable, net	<u>22,367,810</u>
Total capital assets, net	<u>28,183,163</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.	<u>(5,188)</u>
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.	
Compensated absences - due within one year	(183,479)
Long-term debt - due within one year	(118,949)
Long-term debt - due in more than one year	<u>(1,032,140)</u>
Total long-term liabilities	<u>(1,334,568)</u>
Long-term net pension liability, which is based on GASB 68 reporting requirements, is not due and payable in the current period and therefore is not reported in the governmental funds.	
Net pension liability	(4,459,670)
Deferred outflows, related to pension expense	823,969
Deferred inflows, related to pension expense	<u>(358,835)</u>
Total long-term net pension liability	<u>(3,994,536)</u>
Long-term net other post employee benefits liability, which is based on GASB 75 reporting requirements, is not due and payable in the current period and therefore is not reported in the governmental funds.	
Net other post employee benefits liability	(612,157)
Deferred outflows, related to other post employee benefits expense	189,573
Deferred inflows, related to other post employee benefits expense	<u>(145,299)</u>
Total long-term net other post employee benefits liability	<u>(567,883)</u>
Total Net Position of Governmental Activities	<u>\$ 41,373,804</u>

The notes to the financial statements are an integral part of this statement.

Tahoe City Public Utility District
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended December 31, 2019

	General	Debt Service	Total Governmental Funds
REVENUES:			
Fees	\$ 692,482	\$ -	\$ 692,482
Property taxes	7,743,253	319,450	8,062,703
Interest	308,821	10	308,831
Grants	143,751	-	143,751
Other	1,008,826	531	1,009,357
Total revenues	9,897,133	319,991	10,217,124
EXPENDITURES:			
Current:			
Public works - Parks	3,308,613	-	3,308,613
Recreation	797,419	-	797,419
Other operating	384,368	-	384,368
Capital outlay	641,399	-	641,399
Debt service:			
Principal	-	294,113	294,113
Interest	-	25,721	25,721
Total expenditures	5,131,799	319,834	5,451,633
REVENUES OVER EXPENDITURES	4,765,334	157	4,765,491
OTHER FINANCING SOURCES (USES):			
Proceeds from the sale of assets	20,400	-	20,400
Total other financing sources (uses)	20,400	-	20,400
Net change in fund balances	4,785,734	157	4,785,891
FUND BALANCES:			
Beginning of year	14,306,441	484	14,306,925
End of year	\$ 19,092,175	\$ 641	\$ 19,092,816

The notes to the financial statements are an integral part of this statement.

Tahoe City Public Utility District
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balance of the Governmental Funds
 to the Statement of Activities
 For the year ended December 31, 2019

Net Change in Fund Balances - Governmental Funds \$ 4,785,891

Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period. 641,401

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds. (2,044,471)

Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position. 294,113

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	(3,610)
Change in accrued interest	923
Increase of pension expense based on GASB 68 adjustments	(247,512)
Decrease of OPEB expense based on GASB 75 adjustments	42,274

Change in Net Position of Governmental Activities \$ 3,469,009

The notes to the financial statements are an integral part of this statement.

Tahoe City Public Utility District
Statement of Net Position – Proprietary Funds
December 31, 2019

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
ASSETS			
Current assets:			
Cash and investments	\$ 2,396,447	\$ 7,370,580	\$ 9,767,027
Receivables:			
Accounts	317,409	255,811	573,220
Grants	55,365	1,053.00	56,418
Interest	9,836	-	9,836
Other	807	807	1,614
Allowance for Doubtful Accounts	(3,875)	(3,875)	(7,750)
Inventories	232,904	57,348	290,252
Prepaid items and other assets	227,599	170,492	398,091
Total current assets	<u>3,236,492</u>	<u>7,852,216</u>	<u>11,088,708</u>
Noncurrent assets:			
Restricted cash and investments	48,277	3,000	51,277
Facility improvement receivables	24,991	4,674	29,665
Capital assets:			
Non-depreciable assets	3,212,938	250,486	3,463,424
Depreciable assets, net	31,925,315	12,648,559	44,573,874
Total capital assets, net	<u>35,138,253</u>	<u>12,899,045</u>	<u>48,037,298</u>
Total noncurrent assets	<u>35,211,521</u>	<u>12,906,719</u>	<u>48,118,240</u>
Total assets	<u>38,448,013</u>	<u>20,758,935</u>	<u>59,206,948</u>
DEFERRED OUTFLOWS OF RESOURCES			
Changes in the net pension liability	904,699	708,714	1,613,413
Changes in other post retirement benefits liability	226,135	226,134	452,269
Net goodwill	4,417,047	-	4,417,047
Total deferred outflows of resources	<u>5,547,881</u>	<u>934,848</u>	<u>6,482,729</u>
LIABILITIES			
Current liabilities:			
Accounts payable	813,275	149,114	962,389
Accrued payroll and benefits payable	71,631	66,127	137,758
Deposits payable	96,233	72,888	169,121
Other liabilities	52,428	39,698	92,126
Compensated absences	86,176	88,356	174,532
Long-term debt - due within one year	44,617	-	44,617
Total current liabilities	<u>1,164,360</u>	<u>416,183</u>	<u>1,580,543</u>
Noncurrent liabilities:			
Net pension liability	4,267,988	2,957,160	7,225,148
Net other post employment benefit liability	748,509	748,511	1,497,020
Total noncurrent liabilities	<u>5,016,497</u>	<u>3,705,671</u>	<u>8,722,168</u>
Total liabilities	<u>6,180,857</u>	<u>4,121,854</u>	<u>10,302,711</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in the net pension liability	328,174	233,842	562,016
Changes in other post retirement benefits liability	194,876	194,875	389,751
Total Deferred inflows of resources	<u>523,050</u>	<u>428,717</u>	<u>951,767</u>
NET POSITION			
Net Investment in capital assets	35,093,636	12,899,045	47,992,681
Restricted for:			
Guarantees of permit performance	50,700	500	51,200
Unrestricted	2,147,651	4,243,667	6,391,318
Total net position	<u>\$ 37,291,987</u>	<u>\$ 17,143,212</u>	<u>\$ 54,435,199</u>

The notes to the financial statements are an integral part of this statement.

Tahoe City Public Utility District
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
For the year ended December 31, 2019

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
OPERATING REVENUES:			
Service and inspection fees	\$ 6,496,585	\$ 5,041,094	\$ 11,537,679
Connection fees	38,928	9,440	48,368
Penalties and discounts	51,400	41,572	92,972
Grant revenue	201	-	201
Other	264,956	64,397	329,353
Total operating revenues	6,852,070	5,156,503	12,008,573
OPERATING EXPENSES:			
Personnel	2,446,370	2,203,941	4,650,311
Operations	2,144,645	1,512,269	3,656,914
Depreciation	1,181,283	539,673	1,720,956
Total operating expenses	5,772,298	4,255,883	10,028,181
OPERATING INCOME	1,079,772	900,620	1,980,392
NONOPERATING REVENUES (EXPENSES):			
Property taxes	22,817	-	22,817
Interest income	76,568	145,897	222,465
Gain on disposal	28,378	10,170	38,548
Amortization	(245,391)	-	(245,391)
Interest expense	(2,116)	-	(2,116)
Total nonoperating revenues (expenses)	(119,744)	156,067	36,323
INCOME BEFORE CAPITAL CONTRIBUTIONS	960,028	1,056,687	2,016,715
Capital contributions	50,000	-	50,000
Change in net position	1,010,028	1,056,687	2,066,715
NET POSITION:			
Net Position - Beginning	36,281,959	16,086,525	52,368,484
Total net position	\$ 37,291,987	\$ 17,143,212	\$ 54,435,199

The notes to the financial statements are an integral part of this statement.

Tahoe City Public Utility District
Statement of Cash Flows – Proprietary Funds
For the year ended December 31, 2019

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 7,363,749	\$ 5,061,201	\$ 12,424,950
Payments to suppliers	(1,439,458)	(1,418,056)	(2,857,514)
Payments to employees	(2,099,654)	(1,897,837)	(3,997,491)
Other receipts	(121,802)	-	(121,802)
Net cash provided by operating activities	3,702,835	1,745,308	5,448,143
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Property taxes received	22,817	-	22,817
Net cash provided by noncapital financing activities	22,817	-	22,817
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(4,771,579)	(1,832,589)	(6,604,168)
Proceeds from sales of capital assets	53,228	10,170	63,398
Grants received	50,000	-	50,000
Principal payments on long-term debt	(43,496)	-	(43,496)
Interest paid on long-term debt	(2,116)	-	(2,116)
Net cash used by capital and related financing activities	(4,713,963)	(1,822,419)	(6,536,382)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	72,464	145,897	218,361
Net cash provided by investing activities	72,464	145,897	218,361
Net increase (decrease) in cash and cash equivalents	(915,847)	68,786	(847,061)
CASH AND CASH EQUIVALENTS			
Beginning of year	3,360,571	7,304,794	10,665,365
End of year	\$ 2,444,724	\$ 7,373,580	\$ 9,818,304
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	2,396,447	7,370,580	\$ 9,767,027
Restricted cash and cash equivalents	48,277	3,000	51,277
Total cash and cash equivalents	\$ 2,444,724	\$ 7,373,580	\$ 9,818,304
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 1,079,772	\$ 900,620	\$ 1,980,392
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,181,283	539,673	1,720,956
Changes in assets and liabilities:			
(Increase) Decrease in:			
Accounts receivable	25,089	16,889	41,978
Grants receivable	(37,815)	(1,053)	(38,868)
Other receivable	(721)	7,333	6,612
Allowance for doubtful accounts	(200)	(200)	(400)
Facilities improvement receivables	573,727	20,773	594,500
Inventories	3,648	(699)	2,949
Prepaid items and other assets	11,041	(491)	10,550
Net Change in deferred outflows and inflows	(113,016)	(119,795)	(232,811)
Increase (Decrease) in:			
Accounts payable	690,498	93,808	784,306
Accrued payroll and benefits	(4,177)	19,199	15,022
Deposits payable	10,996	(139,044)	(128,048)
Net change in other liabilities	(83,267)	1,595	(81,672)
Net pension liability, OPEB and other liabilities	465,914	395,348	861,262
Compensated absences	(2,005)	11,352	9,347
Net cash provided by operating activities	\$ 3,702,835	\$ 1,745,308	\$ 5,448,143

The notes to the financial statements are an integral part of this statement.

Notes to the Basic Financial Statements

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Tahoe City Public Utility District (TCPUD) was incorporated on December 20, 1938 as a California Special District and is governed by an elected Board of Directors (Board) consisting of five members. The TCPUD's administrative functions are controlled by an appointed TCPUD general manager. The TCPUD provides the following services to the community: water and sewer services, recreation programs, maintenance of parks, golf, winter sports park, beaches, bike trails, sidewalks and street lighting, and use of community buildings.

A. Reporting Entity

The financial reporting entity consists of the TCPUD (the primary government) and its component unit, discussed below. Component units are legally separate organizations for which the Board of Directors is financially accountable, or other organizations whose nature and significant relationship with the TCPUD are such that exclusion would cause the TCPUD's financial statements to be misleading or incomplete.

As required by Generally Accepted Accounting Principles (GAAP), these basic financial statements present the TCPUD and its component unit for which the TCPUD is considered to be financially accountable. The TCPUD had no discretely presented component units. Blended component units, although legally separate entities are, in substance, part of the TCPUD's operations and data from these units are combined with data of the TCPUD. The following entity is deemed to be a blended component unit:

The Tahoe City Public Utility District Public Facilities Financing Corporation (Corporation) was formed on January 29, 1993 as a nonprofit public benefit corporation to provide assistance to the TCPUD by financing the acquisition, construction and installation of public facilities, to acquire real and personal property on behalf of the TCPUD, and to borrow the necessary funds to pay the cost of such activities including refinancing. The Corporation is controlled by the TCPUD and has the same governing body as the TCPUD, which also performs all accounting and administrative functions for the Corporation. The Corporation has a December 31 year-end and had no assets, liabilities, or activity as of and for the year ended December 31, 2019.

B. Basis of Accounting and Measurement Focus

The TCPUD's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States. The Government Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Government-Wide Financial Statements

The TCPUD's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities.

The Government-Wide Financial Statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the TCPUD's assets and deferred outflows of resources and liabilities and deferred inflows of resources, including

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

capital assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions reported as program revenues for the TCPUD are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. The following interfund activities have been eliminated:

- Due to/from
- Transfers in/out

The TCPUD applies all applicable GASB pronouncements (including all National Council on Governmental Accounting (NCGA) Statements and Interpretations currently in effect).

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all governmental funds. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the Government-Wide Financial Statements. The TCPUD has presented all funds as major funds.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recorded when received in cash, except that revenues subject to accrual (generally received up to 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the TCPUD, are property tax, grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows for the proprietary funds.

The TCPUD has two propriety funds that are enterprise funds which accounts for the TCPUD's water and sewer activities and supporting engineering and technical services functions.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and deferred outflows of resources and liabilities and deferred inflows of resources (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the water and sewer operations and supporting engineering and technical functions of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Use of Restricted/Unrestricted Resources

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

Description of TCPUD Funds

The TCPUD reported all its funds as major funds in the accompanying financial statements as follows:

Governmental Funds:

The General Fund - The General Fund is used for all general revenues and the related expenditures of the TCPUD not specifically levied or collected for other TCPUD funds. The general fund accounts for all financial resources of a governmental unit which are not accounted for in another fund.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Debt Service Fund - This fund accounts for resources accumulated to pay principal and interest due on the TCPUD's general long-term debt associated with equipment and facilities financed by the TCPUD.

Proprietary Funds:

Water Enterprise Fund - This fund accounts for the operation, maintenance, and development of the TCPUD's water production and distribution system, and supporting engineering functions.

Sewer Enterprise Fund - This fund accounts for the operation, maintenance, and development of the TCPUD's sewage collection and transportation system, and supporting engineering functions.

C. Cash, Cash Equivalents and Investments

The TCPUD's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as cash and investments.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The TCPUD participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to change in interest rates.

The TCPUD is also a voluntary participant in the Placer County Investment Fund (County Pool) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the County. The TCPUD reports its investment in the County Pool at the fair value

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents and Investments, Continued

amount provided by the County. The investment of money on deposit is limited to those investments specified by California Government Code Section 53601 and 53635. Included in the County Pool's investment portfolio are US Treasury Notes, Obligations issued by agencies of the United States Government, LAIF, Corporate Notes, Commercial Paper, collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

For purposes of the statement of cash flows of the proprietary funds types, cash and cash equivalents include all investments, as the TCPUD operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

D. Restricted Cash and Investments

Restricted cash and investments are comprised of certificates of deposit which guarantee performance of construction permit provisions and an employee medical reimbursement account for which the TCPUD acts as trustee.

E. Inventory and Prepaid Items

Inventories are valued at cost using the first-in /first-out (FIFO) method and consist of supplies used in the maintenance of water and sewer lines, sidewalk fixtures, benches, and conservation kits. Change in the inventory balances are reported as a direct adjustment to the water, sewer, and parks expenditures.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

F. Capital Assets

The TCPUD defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Costs include direct labor and benefits, outside services, and materials and transportation. Interest incurred in the enterprise fund during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method: the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The TCPUD has assigned the useful lives listed below to capital assets:

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Capital Assets, Continued

	<u>Useful Lives</u>
Water and sewer plant	10-50
Recreational facilities	10-20
Building	40
Equipment	3-20
Vehicles	5-13

G. Interest Payable

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for governmental fund activities and business-type activities.

In the fund financial statements, propriety fund types recognize interest payable when the liability is incurred. Governmental funds recognize interest expense when paid.

H. Unearned Revenue

In the Government-Wide Financial Statements and Proprietary Fund Financial Statements, unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are grants received but not yet earned, prepaid charges for services, and principal and interest received in advance from property taxpayers for debt service requirements.

In the Fund Financial Statements, unearned revenue is recorded when revenue has not yet been earned or when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. At December 31, 2019, all deferred revenues in the Fund Financial Statements represent revenues that were not earned at year-end. Therefore, all of the deferred revenues in the Fund Financial Statements were reported as unearned revenue in the Government-Wide Financial Statements.

I. Deferred Outflows/Inflows of Resources

The TCPUD applies the provision of GASB Statement no. 63, *Financial Reporting of Deferred Outflow of Resources, Deferred Inflows of Resources and Net Position*. The statement requires that the difference between assets, deferred outflow of resources, liabilities, and deferred inflow of resources be reported as net position. The impact of deferred outflow of resources and deferred inflow of resources on net position are explained in the following paragraphs.

As of December 31, 2019, the TCPUD has three items reported as deferred outflow of resources. The first two items are the deferred outflow of resources related to pension and OPEB in the amount of \$2,437,382 and \$641,842, respectively. These amounts include the pension contributions made after the measurement date of the net pension liability, differences between expected and

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Deferred Outflows/Inflows of Resources, Continued

actual experience for both pension and OPEB, change in assumptions for both pension and OPEB, net difference between projected and actual earnings on pension plan investments, an adjustment due to differences in proportions for pension, and difference between the employer's contributions and the employer's proportionate share of contributions for pension. Refer to Notes 10 and 11 for additional information. The third item relates to the deferred outflow of resource of \$4,417,047 at December 31, 2019. This amount relates to the 2018 purchase of three private companies in the amount of \$5,145,000 and represents the difference in the market value of the assets of the three private water companies purchase price, net of amortization. The deferred outflow of resources on the purchase are amortized over 20 years.

As of December 31, 2019, the TCPUD has two items reported as deferred inflow of resources. The two items are the deferred inflow of resources related to pension and OPEB in the amount of \$920,851 and \$535,050 respectively. These amounts include the differences between expected and actual experience for both pension and OPEB, change in assumptions for both pension and OPEB, net difference between projected and actual earnings on pension plan investments, an adjustment due to differences in proportions for pension, and difference between the employer's contributions and the employer's proportionate share of contributions for pension. Refer to Notes 10 and 11 for additional information.

J. Long-Term Liabilities

Government-Wide and Proprietary Fund Financial Statements - Long-term liabilities and other long-term obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts, as well as bond insurance, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs (other than bond insurance) are expensed as incurred.

Governmental Fund Financial Statements - The fund financial statements do not present long-term liabilities but they are presented in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, whether or not withheld from the actual net proceeds received, are reported as debt service expenditures.

K. Compensated Absences

Compensated absences comprise portions of vacation leave which are accrued as earned but not yet used by TCPUD employees. Compensated absences expense is charged to the various departments as the expense is incurred. The liability for compensated absences incurred in the proprietary fund is recorded in the fund and in the business-type activities of the government-

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Compensated Absences, Continued

wide financial statements. The liability incurred by governmental funds is recorded as part of governmental activities in the government-wide financial statements as these liabilities are not current and are not recorded in the funds. The General Fund is used to liquidate the liability for compensated absences of the governmental funds.

L. Property Tax

Placer and El Dorado Counties assess properties and bill, collect, and distribute property taxes to the TCPUD. Secured and unsecured property taxes are levied on August 31 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the TCPUD in the year they are assessed provided they become available as defined above.

M. Pensions

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

N. Other Post Employment Benefit

For the purpose of measuring the net OPEB liability (asset) and deferred outflows / inflows of resources related to OPEB, and OPEB expense (income), information about the fiduciary net position of the TCPUD's plan (Plan) additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investment are reported at fair value.

O. Net Position

Government-Wide Financial Statements

In the Government-Wide Financial Statements, net position is classified in the following categories:

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Net Position, Continued

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted Net Position - This amount is all net positions that do not meet the definition of "net investment in capital assets" or "restricted net position" as defined above.

Fund Financial Statements

Fund balance is defined as the difference between assets and liabilities.

The TCPUD's Board adopted Resolution 11-39 for the Classification of the Fund Balances as required by GASB No. 54 and adoption of the General Fund Reserve Policy.

Nonspendable - amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact. Examples of nonspendable fund balances include inventory and prepaid items.

Restricted fund balances - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balances - amounts that can only be used for specific purposes determined by formal action of TCPUD's highest level of decision-making authority (the Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period. An ordinance or resolution adopted by the Board of Directors is considered an equally binding constraint of formal action.

Assigned fund balances - amounts that are constrained by the TCPUD's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. The Board of Directors makes the final decision on assigned fund balance.

Unassigned fund balances - the residual classification for the TCPUD's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, or if the fund has a deficit fund balance.

P. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. Use of Estimates, Continued

assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

Q. Current Government Accounting Standard Board Statements Implementation

Effective January 1, 2019, the TCPUD implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 83

In November 2016, GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. An Asset Retirement Obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. As TCPUD does not have any AROs, adoption of this standard did not have an impact on TCPUD’s financial statements.

Government Accounting Standards Board Statement No. 88

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related To Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. Adoption of this standard did not have a significant impact on the TCPUD's financial statements.

Government Accounting Standards Board Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests*. The purpose of this statement is to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The new standard clarifies the differences between a majority equity interests reported as an investment and majority equity interests reported as a component unit of the governmental entity. Adoption of this standard did not have a significant impact on the TCPUD's financial statements. These statements are not effective until January 1, 2020 or later. The TCPUD has not determined the effects on the financial statements.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

R. Future Government Accounting Standard Board Statements, Continued

Government Accounting Standards Board Statement No. 84

In January of 2017, GASB issued Statement 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. As TCPUD does not have any fiduciary activities, adoption of this standard did not have an impact on TCPUD's financial statements. Application of this statement is effective for the TCPUD's fiscal year ending December 31, 2020.

Government Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract.

It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The TCPUD has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the TCPUD's fiscal year ending December 31, 2022.

Government Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires interest costs incurred before the end of a construction period to be recorded as an expenditure in the applicable period. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The TCPUD has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the TCPUD's fiscal year ending December 31, 2021.

Government Accounting Standards Board Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

R. Future Government Accounting Standard Board Statements, Continued

standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issues and arrangements associated with conduit debt obligations; and improving required note disclosures. TCPUD has not determine what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the TCPUD's fiscal year ending December 31, 2022.

2. CASH AND INVESTMENTS

The TCPUD pools cash from all sources and all funds, except Restricted Cash, so that it can be invested at the maximum yield, consistent with safety and liquidity, while allowing individual funds to make expenditures at any time.

Investment income is allocated among funds on the basis of average month-end cash and investment balances of the respective funds.

Cash and investments maturing in three months or less at the time of purchase are considered to be cash and cash equivalents for purposes of measuring cash flows.

A. Cash Deposits

The carrying amounts of the TCPUD's operating cash balance is \$447,743 at December 31, 2019. Bank balances were \$899,268, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the TCPUD's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the TCPUD's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the TCPUD's name.

The fair value of pledged securities must equal at least 110% of the cash deposits. California law also allows institutions to secure TCPUD deposits by pledging first trust deed mortgage notes having a value of 150% of the TCPUD's total cash deposits. This collateral is held by the institution but is considered to be held in the TCPUD's name and places the TCPUD ahead of general creditors of the institution. The TCPUD has waived collateral requirements for the portion of deposits covered by federal deposit insurance.

B. Investments

Under the provisions of the TCPUD's investment policy, and in accordance with California Government Code, the following investments are authorized:

- United States Treasury Bills, Bonds, and Notes
- Obligations issued by Agencies of the United States Government

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

2. CASH AND INVESTMENTS, Continued

B. Investments, Continued

- Certificate of Deposit and other evidences of deposit at banks and savings and loan associations
- California Local Agency Investment Fund
- Placer County Treasury Investment Pool Fund

The TCPUD is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California.

The TCPUD's investments with LAIF at December 31, 2019, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations), small business loans, or credit card receivables.

As of December 31, 2019, the TCPUD had \$3,432,185 invested with LAIF and \$20,441,886 invested with the Placer County Treasurer. LAIF had invested 2.79% of the pool investment funds in Structured Notes and Asset-Backed Securities. Fair value of LAIF and Placer County was calculated by applying a factor of 1.001770298 to total investments held by both. At December 31, 2019, the LAIF and Placer County Treasurer balance did not reflect an amortized cost of \$23,916 which approximates the fair market value.

The TCPUD categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The TCPUD does not have any investments that are measured using Level 3 inputs.

The following tables set forth by level, within the fair value hierarchy, the TCPUD's assets at fair value as of December 31, 2019.

C. Summary of Cash & Investments

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$65,077	\$ -	\$ 65,077
Total assets at fair value	\$ -	\$65,077	\$ -	\$ 65,077

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

2. CASH AND INVESTMENTS, Continued

C. Summary of Cash & Investments, Continued

The following is a summary of cash and investments at December 31, 2019:

	Government-Wide Statement of Net Assets		
	Governmental Activities	Business-Type Activities	Total
Operating cash deposits	\$ (387)	\$ 448,130	\$ 447,743
Imprest and other	1,022	300	1,322
Investments	14,555,474	9,318,597	23,874,071
Total cash and investments	14,556,109	9,767,027	24,323,136
Current - Restricted cash and investments	18,413	-	18,413
Noncurrent-Restricted cash and investments	13,800	51,277	65,077
Total All	<u>\$ 14,588,322</u>	<u>\$ 9,818,304</u>	<u>\$ 24,406,626</u>

D. Risks

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the TCPUD's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At December 31, 2019, the total amount of the TCPUD's investments and restricted investments was deposited with LAIF and Placer County Treasurer Investment Pool which is available to the TCPUD on demand or invested in bank certificates of deposit maturing in less than one year. As a result, the TCPUD was not significantly exposed to interest rate risk.

Credit Risk. At December 31, 2019, the TCPUD's investments in LAIF and Placer County Treasurer were not rated. The fair value of the TCPUD asset held in LAIF and Placer County Treasurer is materially equivalent to the value of the pool shares.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the TCPUD will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the TCPUD's securities is held by a third-party custodian.

E. Restricted Cash and Investments

Restricted cash and investments for the TCPUD amounted to \$83,490. This amount breaks out as follows: \$65,077 was invested in certificates of deposit as required by agreements with the Tahoe Regional Planning Agency and the California Water Quality Control Board.

The certificates of deposit cannot be released from restricted status without the approval of the listed agencies. The remainder of the funds, in the amount of \$18,413, was in the TCPUD's Section 125 medical reimbursement account which is restricted for the sole use of the TCPUD's employees.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

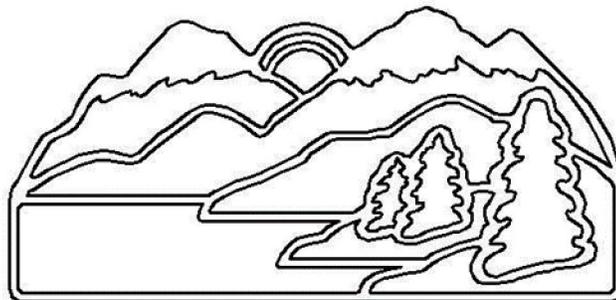
3. INTERFUND TRANSACTIONS

A. *Due to/due from other funds*

There were no short term interfund loans between funds at December 31, 2019.

B. *Transfers In and Out*

Transfers out to the Water and Sewer Enterprise fund are primarily to provide funding for current year capital projects and designate additional reserves for future capital projects. In 2019 there were no transfers to the Water and Sewer Enterprise fund.



Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019

4. CAPITAL ASSETS

A. Government-Wide Financial Statements

At December 31, 2019, the TCPUD's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Non-depreciable assets:			
Land	\$ 5,401,592	\$ 42,957	\$ 5,444,549
Construction in progress	413,761	3,420,467	3,834,228
Total non-depreciable assets	<u>5,815,353</u>	<u>3,463,424</u>	<u>9,278,777</u>
Depreciable assets:			
Water and sewer plant	-	83,614,868	83,614,868
Recreational facilities	45,541,585	-	45,541,585
Office building and equipment	5,905,173	6,644,664	12,549,837
Vehicles	612,691	2,449,353	3,062,044
Total depreciable assets	<u>52,059,449</u>	<u>92,708,885</u>	<u>144,768,334</u>
Less accumulated depreciation:			
Water and sewer plant	-	(43,828,510)	(43,828,510)
Recreational facilities	(26,027,605)	-	(26,027,605)
Office building and equipment	(3,300,068)	(3,532,849)	(6,832,917)
Vehicles	(363,966)	(773,652)	(1,137,618)
Total accumulated depreciation	<u>(29,691,639)</u>	<u>(48,135,011)</u>	<u>(77,826,650)</u>
Net depreciable assets	<u>22,367,810</u>	<u>44,573,874</u>	<u>66,941,684</u>
Total capital assets, net	<u><u>\$ 28,183,163</u></u>	<u><u>\$ 48,037,298</u></u>	<u><u>\$ 76,220,461</u></u>

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

4. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

The following is a summary of changes in the capital assets for governmental activities during the fiscal year:

Governmental Activities	Balance as of January 1, 2019	Additions	Retirements	Transfers/ Reclassifications	Balance as of December 31, 2019
Capital assets, not being depreciated:					
Land	\$ 5,401,592	\$ -	\$ -	\$ -	\$ 5,401,592
Construction in progress	449,129	418,719	-	(454,087)	413,761
Total capital assets, not being depreciated	5,850,721	418,719	-	(454,087)	5,815,353
Capital assets, being depreciated:					
Recreational facilities	45,079,654	7,845	-	454,087	45,541,586
Office building and equipment	5,770,041	135,132	-	-	5,905,173
Vehicles	567,654	79,705	(34,668)	-	612,691
Total capital assets, being depreciated	51,417,349	222,682	(34,668)	454,087	52,059,450
Less accumulated depreciation for:					
Recreational facilities	(24,355,294)	(1,672,312)	-	-	(26,027,606)
Office building and equipment	(2,969,483)	(330,585)	-	-	(3,300,068)
Vehicles	(357,060)	(41,574)	34,668	-	(363,966)
Total accumulated depreciation	(27,681,837)	(2,044,471)	34,668	-	(29,691,640)
Net capital assets being depreciated	23,735,512	(1,821,789)	-	454,087	22,367,810
Governmental activities capital assets, net	\$ 29,586,233	(1,403,070)	\$ -	\$ -	\$ 28,183,163

Depreciation expense for capital assets during the year ended December 31, 2019 was charged to the different activities as follows:

Public works - parks	\$ 1,961,507
Recreation	82,964
Total	<u>\$ 2,044,471</u>

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019

4. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

The following is a summary of changes in the capital assets for business-type activities during the fiscal year:

Business-Type Activities	Balance as of January 1, 2018	Additions	Retirements	Transfers/ Reclassifications	Balance as of December 31, 2019
Capital assets, not being depreciated:					
Land	\$ 42,957	\$ -	\$ -	\$ -	\$ 42,957
Construction in progress	2,893,469	5,961,318	-	(5,434,320)	3,420,467
Total capital assets, not being depreciated	2,936,426	5,961,318	-	(5,434,320)	3,463,424
Capital assets, being depreciated:					
Water and sewer plant	78,334,380	-	(82,012)	5,362,500	83,614,868
Office building and equipment	6,506,396	79,259	(12,811)	71,820	6,644,664
Vehicles	1,921,603	563,592	(35,842)	-	2,449,353
Total capital assets, being depreciated	86,762,379	642,851	(130,665)	5,434,320	92,708,885
Less accumulated depreciation for:					
Water and sewer plant	(42,542,831)	(1,342,841)	57,162.00	-	(43,828,510)
Office building and equipment	(3,360,858)	(184,802)	12,811.00	-	(3,532,849)
Vehicles	(616,181)	(193,313)	35,842.00	-	(773,652)
Total accumulated depreciation	(46,519,870)	(1,720,956)	105,815.00	-	(48,135,011)
Net capital assets being depreciated	40,242,509	(1,078,105)	(24,850.00)	5,434,320	44,573,874
Business-type activities capital assets, net	\$ 43,178,935	\$ 4,883,213	\$ (24,850)	\$ -	\$ 48,037,298

Depreciation expense for capital assets for December 31, 2019 was charged to the different activities as follows:

Water	\$ 1,181,283
Sewer	539,673
Total	\$ 1,720,956

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

5. UNEARNED REVENUE

Government-Wide Financial Statements

At December 31, 2019, there were no differences between unearned revenues in the Government-Wide Financial Statements and the Fund Financial Statements. All amounts represent revenues that had been collected or billed, but not yet earned, as follows:

	Governmental Activities <u>Governmental Funds</u> General Fund
Golf Deferred Revenue	\$ 24,200
Sidewalk principal and interest	6,685
Deferred Misc	13,500
Total	\$ 44,385

6. LONG TERM LIABILITIES

The following is a summary of long-term liabilities transactions for the year ended December 31, 2019:

	Maturity Date	Interest Rate	Balance January 1, 2019	Additions	Retirements	Balance December 31, 2019	Current Portion	Due in More than One Year
Governmental Activities								
State Water Resources Control Board	2028	1.80%	1,267,932	-	116,843	1,151,089	118,949	1,032,140
Total Governmental activities			<u>\$ 1,267,932</u>	<u>\$ -</u>	<u>\$ 116,843</u>	<u>\$ 1,151,089</u>	<u>\$ 118,949</u>	<u>\$ 1,032,140</u>
Business-Type Activities								
2001 Refunding Bonds								
Series C	2021	6.05%	\$ 88,113	-	\$ 43,496	\$ 44,617	\$ 44,617	\$ -
Total Business-type activities			<u>\$ 88,113</u>	<u>\$ -</u>	<u>\$ 43,496</u>	<u>\$ 44,617</u>	<u>\$ 44,617</u>	<u>\$ -</u>

Future principal and interest payments on all long-term liabilities were as follows at December 31, 2019:

For the Year Ending 12/31	Governmental Activities		Business-Type Activities	
	State Water Resources Control Bd.		2001 Refunding Bonds Series C	
	Principal	Interest	Principal	Interest
2020	118,949	20,754	44,617	632
2021	121,094	18,609	-	-
2022	123,277	16,426	-	-
2023	125,500	14,203	-	-
2024	127,763	11,941	-	-
2025-2028	534,506	24,308	-	-
	<u>\$ 1,151,089</u>	<u>\$ 106,241</u>	<u>\$ 44,617</u>	<u>\$ 632</u>

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

6. LONG TERM LIABILITIES, Continued

Governmental Activities

State Water Resources Control Board (State Revolving Fund) Financing – The TCPUD signed Installment Sales Agreement No. C-06-4779-110 with the California State Water Resources Control Board (SWRCB) on March 21, 2008 for the partial financing of the Harbor Master Sewer Pump Station in Tahoe City. During 2008, the TCPUD received a total of \$2,328,382 in reimbursement of construction costs incurred on the new sewer pump station. The TCPUD selected the SWRCB’s zero interest option, which required a local cost matching of \$465,688 and obligates the TCPUD to pay a total of \$2,794,070 over the 20 year term of financing. The TCPUD will make 20 annual payments of \$139,703 through September 30, 2028 resulting in an effective interest rate of 1.803%. The source of principal and interest payments for this loan is general property tax revenues.

Business-Type Activities

2001 Refunding Bonds, Series A, B and C – On December 27, 2001, the TCPUD issued \$179,730, \$878,624 and \$602,994 of the 2001 Refunding Bonds, Series A, B and C, respectively, with an initial interest of 5.75%, to refund State Loans 4, 5 and 6. Only Series C of the 2011 Refunds Bonds remain outstanding. The interest rate for Series C adjusts every five years to a rate equal to 115% of the Five Year Advance Fixed Rate as quoted on such date by the Seattle Federal Home Loan Bank. The TCPUD is obligated to levy ad valorem taxes or other revenues, without limitation as to rate or amount upon certain property subject to taxation within the TCPUD for the payment of interest and principal of the 2001 Limited Obligation Refunding Bonds. The principal and interest payments are payable semi-annually on July 1 and January 1.

7. PLEDGES OF FUTURE REVENUES

The TCPUD has pledged future general property tax revenues to the repayment of the loans listed below:

	Annual Principal & Interest	Percentage of 2019 General Property Tax Pledged
Governmental Activities		
Pension Refunding Bonds	\$ 167,263	2.1%
Sidewalk Improvement Bonds	12,867	0.2%
State Water Resources Control Board	139,704	1.7%
2001 Refunding Bonds Series C	45,612	0.6%
Unpledged General Property Tax Revenues	7,720,074	95.5%
Total 2019 General Property Tax Revenues	\$ 8,085,520	100.0%

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

7. PLEDGES OF FUTURE REVENUES, Continued

The Sidewalk Improvement Bonds and Series C 2001 Refunding Bonds are payable from specific voter approved ad valorem property tax assessments.

The Series C 2001 Refunding Bonds are partially payable from supplemental user fees from water customers in a certain area. The series C 2001 Refunding Bonds constitute absolute and unconditional obligation of the TCPUD payable from all available funds of the TCPUD, including ad valorem assessments collectible through El Dorado and Placer Counties in the same manner as permitted for State Loans 4, 5, and 6 (which these bonds refunded); provided, however, no specific source of revenues or other funds of the TCPUD are pledged other than such ad valorem assessments, nor is the TCPUD obligated to levy or pledge any form of taxation to make payments of principal and interest on the Bonds.

8. COMPENSATED ABSENCES

Compensated absences balances and activity for the year ended December 31, 2019 were as follows:

	Balance			Balance		Due within
	January 1, 2019	Additions	Retirements	December 31, 2019	One Year	
Governmental Activities	\$ 179,869	\$ 107,728	\$ (104,118)	\$ 183,479	\$ 183,479	
Business-Type Activities	165,185	370,357	(361,010)	174,532	174,532	
Total	\$ 345,054	\$ 478,085	\$ (465,128)	\$ 358,011	\$ 358,011	

The General Fund is used to liquidate the majority of the liability for compensated absences recorded in governmental activities, and the Water and Sewer fund is used to liquidate the liabilities recorded in business-type activities. All of the compensated absences balances represent vacation and compensated time that are due within one year.

9. FUND BALANCES / NET POSITION

The TCPUD's Board adopted Resolution 11-39 for the Classification of the Fund Balances as required by Governmental Accounting Standards Board 54 and adoption of the General Fund Reserve Policy.

The following General Fund balance at December 31, 2019 is as follows. Non-spendable consists of prepaid items and inventory. The TCPUD has assigned \$1,034,429 for capital reserve and \$130,200 for rolling stock in the General Fund for the long-term replacement of capital assets within the TCPUD Parks and Recreation.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

9. FUND BALANCES / NET POSITION, Continued

Non-Spendable	\$ 213,728
Assigned	
Capital Reserve - capital	1,034,429
Capital Reserve - rolling stock	130,200
Unassigned fund balance	<u>17,713,818</u>
Total Fund Balance General Fund	<u><u>\$ 19,092,175</u></u>

The TCPUD designated the unrestricted net position of the proprietary funds at December 31, 2019 as follows:

Designated for:	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Minimum Capital Reserve	\$ 1,689,903	\$ 1,901,141	\$ 3,591,044
Rolling Stock	140,900	140,900	281,800
Budget Stabilization	842,295	735,594	1,577,889
Property Tax Reserve - Water	1,267,735	-	1,267,735
Total designated net position - proprietary activities	<u>3,940,833</u>	<u>2,777,635</u>	<u>6,718,468</u>
Undesignated	<u>(1,793,182)</u>	<u>1,466,032</u>	<u>(327,150)</u>
Total unrestricted net position proprietary fund	<u><u>\$ 2,147,651</u></u>	<u><u>\$ 4,243,667</u></u>	<u><u>\$ 6,391,318</u></u>

10. PENSION PLANS

General Information about the Pension Plans

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

The Plan consists of a miscellaneous pool and a safety pool (referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the TCPUD. The TCPUD's employer rate plans in the miscellaneous risk pool include the Miscellaneous plan (Classic) and the Miscellaneous PEPRA plan (PEPRA). The TCPUD does not have any rate plans in the safety risk pool.

Benefits Provided – The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

10. PENSION PLANS, Continued

statutorily reduced benefits. The 2.7% at 55 Miscellaneous Plan is closed to new entrants PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at December 31, 2019 are summarized below:

Hire Date	Miscellaneous	
	Prior to January 1, 2013	After December 31, 2012
	Classic	PEPRA
Benefit Formula	2.7 % @ 55	2.0 % @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50-55	52-62
Monthly Benefits , a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required Employee Contribution Rates 2018/2019	8.00%	6.25%
Required Employee Contribution Rates 2019/2020	8.00%	6.75%
Required Employer Contribution Rates 2018/2019	12.212%	6.842%
Required Employer Contribution Rates 2019/2020	13.182%	6.985%

Funding Policy

The plan requires employee contributions equal to some percentage of the employees' annual covered salary. During fiscal 2019 the employee paid 100% of the employee's contribution. Before 2015 and pursuant to labor contracts beginning July 1, 2011 employees began making a contribution of 1% towards the 8.0% employee contribution portion of the pension plan. Effective January 1, 2012 and each year thereafter, the employee's deduction toward the employee portion of the pension contribution increased by an amount equal to 75% COLA applied for the same year until such time the employee is paying the entire employee contribution. Beginning with 2015 employees were paying the full employee contribution.

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS' annual actuarial valuation process. Each employer rate plan's actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan's allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The TCPUD is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The TCPUD's contributions to the risk pools in the Plan for the year ended December 31, 2019, were as follows:

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

10. PENSION PLANS, Continued

	<u>Contributions</u>
Contributions - Employer	\$ 1,175,446
Contributions - Employee	\$ 446,767

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

As of December 31, 2019, the TCPUD reported a net pension liability for its proportionate share of the net pension liability of the plan of \$11,684,818.

	<u>Proportionate Share of Net Pension Liability</u>
Beginning net pension liability, January 1, 2019	\$ 10,802,728
Pension expense	2,229,933
Employer contribution	(1,263,082)
Net new deferred inflows / outflows	(84,761)
	<u>\$ 11,684,818</u>

In determining the TCPUD's proportionate share, the TCPUD's rate plan included in the Plan were assigned to Miscellaneous risk pool. Estimates of the total pension liability and the fiduciary net position were determined for the individual rate plan and risk pool as of the valuation date, June 30, 2018. The TCPUD rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The TCPUD's proportionate share percentage for the risk pool at the valuation date was calculated by dividing the TCPUD's net pension liability for its rate plan within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The TCPUD's proportionate share of the net pension liability as of June 30, 2019, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2019, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2019, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2019, was calculated by applying Tahoe City Public Utility District's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2019, to obtain the total pension liability and fiduciary net position as of June 30, 2019.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019

10. PENSION PLANS, Continued

The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The TCPUD's proportionate share of the net pension liability as of June 30, 2019 and June 30, 2018 was as follows:

	Miscellaneous Risk Pool
Proportion at valuation date – June 30, 2018	0.28664%
Proportion at measurement date – June 30, 2019	0.29179%
Change – increase (decrease)	<u>0.00515%</u>

For the year ended December 31, 2019 the TCPUD recognized pension expense of \$2,229,933. At December 31, 2019 the TCPUD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of Assumptions	\$ 557,186	\$ 197,518
Differences between expected and actual experience	811,560	62,879
Net Difference between projected and actual earnings on plan investments	-	204,287
Differences between Actual Contributions vs. Proportionate Share of Contribution	-	350,598
Change in employer's proportion	122,412	105,569
Pension Contributions Made Subsequent to the Measurement Date	946,224	-
	<u>\$ 2,437,382</u>	<u>\$ 920,851</u>

The \$946,224 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31	Amount
2020	\$ 664,116
2021	(213,640)
2022	78,551
2023	41,280
	<u>\$ 570,307</u>

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

10. PENSION PLANS, Continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase ⁽¹⁾	Varies by Entry Age & Length of Service
Investment Rate of Return ⁽²⁾	7.15% net of pension plan investment and administrative expenses
Mortality ⁽³⁾	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies

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

(2) Net of Pension Plan Investment and Administrative Expense; includes inflation

(3) CalPERS developed the mortality table used based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale MP-2016. For more details on this table, please refer to the 2017 experience study report.

Allocation Amongst TCPUD Funds

The net pension liability has been allocated to the TCPUD's enterprise funds based on their relative five year average annual pensionable wages.

Change of Assumptions

For the measurement period June 30, 2019, there were no changes of assumptions. For the measurement period June 30, 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. For the measurement period June 30, 2017, the accounting discount rates was lowered from 7.65 percent to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2019 based on June 30, 2018 Valuations, that can be obtained from the CalPERS website.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

10. PENSION PLANS, Continued

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.15% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 0 basis points. An investment return excluding administrative expenses would have been 7.15%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability.

CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed their methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

10. PENSION PLANS, Continued

Asset Class (a)	Assumed		
	Asset Allocation	Real Return Years 1- 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%
Total	100.00%		

(a) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation rate of 2.00% used for this period

(c) An expected inflation rate of 2.92% used for this period

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

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

	Discount Rate -1 % (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1 % (8.15%)
Plan's Net Pension Liability / (Asset)	\$ 17,356,479	\$ 11,684,818	\$ 7,003,263

Pension Plan Fiduciary Net Position

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

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - TCPUD administers a single-employer defined benefit healthcare plan (the Retiree Health Plan) which provides lifetime fixed monthly payments for a portion of medical premiums and full dental and vision coverage for eligible retirees and their dependents. The majority of participants are covered through the TCPUD's CalPERS group health insurance plan, and all receive benefits from the TCPUD's self-administered dental and vision plans. Benefit provisions are established through negotiations between the TCPUD and the International Union of Operating Engineers, Stationary Engineers, Local No. 39 (Union) representing classified employees and an informal bargaining group representing managers, supervisors, and professional employees. The Retiree Health Plan does not issue a publicly available financial report.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Employees covered – As of the December 31, 2017 actuarial valuation, the following current and former employees covered by the benefit terms under the plan as follows:

Inactive employees or beneficiaries currently receiving benefit payments	30
Active employees	51
Total	81

Methods and Assumptions -The TCPUD’s net OPEB liability was measured as of December 31, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2017 based on the following actuarial methods and assumptions.

Valuation Date	December 31, 2017
Measurement Period	December 31, 2017 to December 2018
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	6.90% as of December 31, 2018 & 7.28% December 31, 2017 net of plan investment expense and including inflation
Discount rate	6.90% as of December 31, 2018 & 7.28% December 31, 2017
Participants Valued	Only current active employees, retired participants and covered dependents are valued. No future entrants are considered in this valuation
Salary Increase	3.25 % per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years
Assumed Wage Inflation	3.0% per year; used as a component of assumed salary increases
General Inflation	2.75% per year
Healthcare Cost Trend Rates	Medical plan premiums, benefit caps, and age-related claims costs are assumed to increase once each year. The increases over the prior year's levels are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2018	Actual	2022	6.00%
2019	7.50%	2023	5.50%
2020	7.00%	2024	5.00%
2021	6.50%	2025 & later	5.00%

Mortality rates Mortality rates used were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008, then projected using MacLeod Watts Scale 2017 applied generationally.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Contributions – The TCPUD is to fully fund the annual required contributions, which is determine by an actuary. Contribution requirements are also negotiated between the TCPUD, the Union, and the informal bargaining group. The TCPUD currently contributes monthly maximums toward medical premiums of \$634.85 for a retiree with 2 or more dependents, \$496.84 for a retiree with 1 dependent, and \$248.42 for an individual retiree. The TCPUD pays the full cost of dental and vision benefits for eligible retirees and their dependents. Employees with less than 20 years of TCPUD service at retirement receive fractions of the monthly maximums for medical premiums described above based on years of service. During 2019, the TCPUD paid \$161,882 toward retiree medical premiums and \$30,577 for retiree dental and vision claims, which amounted to \$192,459, as contributions to OPEB. TCPUD also placed \$90,917 into the CERBT, to be applied towards the OPEB obligation and estimated implied subsidy was \$23,334. This provided for \$306,710 as total contributions in 2019 to OPEB.

Discount Rate – GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. The TCPUD prefunds its OPEB liability at 100% or more of the Actuarially Determined Contribution each year. The discount rate used to measure the total OPEB liability was 6.90%.

Recognition of Deferred Outflows and Deferred Inflow of Resources - Gains and losses related to changes of total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of Assumptions	\$ 130,488	\$ 535,050
Differences between expected and actual experience	86,073	-
Net Difference between projected and actual earnings on plan investments	118,571	-
Deferred Contributions	306,710	-
	<u>\$ 641,842</u>	<u>\$ 535,050</u>

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

Year Ended December 31	Amount
2020	\$ (58,183)
2021	(58,183)
2022	(58,185)
2023	(30,022)
2024	(1,558)
Thereafter	6,213
	<u>\$ (199,918)</u>

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

OPEB Expense – For the fiscal year ended December 31, 2019, the TCPUD recognized OPEB expense of \$173,548.

Changes in the net OPEB liability – The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(c) = (a) - (b)
Beginning	\$ 3,545,253	\$ 1,736,405	\$ 1,808,848
Service cost	104,217	-	104,217
Interest	256,859	-	256,859
Contributions - employer	-	340,557	(340,557)
Net investment income	-	(123,850)	123,850
Administrative Expense	-	(617)	617
Difference between expected and actual experience	-	-	-
Changes of assumptions	155,343	-	155,343
Benefit payments	(242,377)	(242,377)	-
Ending	<u>\$ 3,819,295</u>	<u>\$ 1,710,118</u>	<u>\$ 2,109,177</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - Sensitivity of the Net OPEB Liability of the TCPUD if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended December 31, 2018:

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net OPEB liability	\$ 2,574,271	\$ 2,109,177	\$ 1,721,901

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates - The following represents the net OPEB liability of the TCPUD if it were calculated using health care cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended December 31, 2018:

	Current Trend -1%	Current Trend	Current Trend +1%
Plan's Net OPEB liability	\$ 1,646,591	\$ 2,109,177	\$ 2,674,373

12. RISK MANAGEMENT

The TCPUD is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA-JPIA) for the operation of common risk management and insurance programs. The program covers workers' compensation, property, liability, errors and omissions and public employee dishonesty insurance. The ACWA-JPIA is governed by an Executive Board consisting of

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019

12. RISK MANAGEMENT, Continued

representatives from member districts. The Executive Board controls the operations of the ACWA-JPIA, including selection of management and approval of operating budgets.

The following is a summary of financial information for ACWA-JPIA as of the latest date for which such audited information is available:

	<u>September 30, 2019</u>	<u>September 30, 2018</u>
Total assets	\$ 212,099,851	\$ 188,344,217
Deferred outflows	553,790	1,098,315
Total liabilities	112,046,920	100,820,701
Deferred inflows	1,672,219	2,156,227
Total net position	98,934,502	86,465,604
Total operating revenues	173,647,293	176,044,304
Total operating expenses	169,356,246	165,196,299
Total nonoperating revenues	8,177,851	294,925
Change in net position	12,468,898	11,142,930

The TCPUD is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The TCPUD is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA).

JPIA is an intergovernmental risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The TCPUD participated in the Self-Insurance Programs of as follows:

- General, Automobile, Employment Practices & Public Officials’ Liability. Broad coverage against third-party claims for TCPUD, its directors, employees and volunteers. Covered up to the following limits: the JPIA pools for first \$5 million and purchases excess coverage with limit up to \$55 million with aggregated policy limits.
- Property Loss: Covered up to replacement value with a \$5,000 deductible per occurrence on scheduled buildings, fixed equipment and contents, actual cash value on scheduled mobile equipment with a \$2,500 deductible per occurrence and actual cash value on scheduled vehicles with a \$2,500 deductible per occurrence. JPIA is self-insured up to \$100,000 per loss and has purchased re-insurance coverage up to a \$500,000,000 limit per occurrence. Scheduled fixed equipment is covered for Accidental Mechanical Breakdown up to sub-limit of \$100,000,000 with deductible \$25,000 to \$50,000 depending on type of equipment.
- Workers’ Compensation: Covered for statutory limits, and Employer’s Liability is covered up to \$2,000,000 per accident and \$2,000,000 per disease. JPIA is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2019**

12. RISK MANAGEMENT, Continued

- **Cyber Liability:** Including Cyber Security up to \$3,000,000 per occurrence and \$5,000,000 Aggregate Limit. Cyber Liability Deductible varies from \$10,000 to \$50,000 depending on District Revenue.
- **Employee Dishonesty/Crime Supplement:** Covered up to \$100,000 per occurrence with a \$1,000 deductible for employee dishonesty, forgery or alteration and computer fraud. The program covers all employees, the Board of Directors, and the Treasurer.
- **Earthquake and Flood Group Purchase - Difference In Conditions Policy -** Covered up to \$25,000,000 for scheduled values, subject to minimum \$25,000 deductible.

The ACWA-JPIA is self-sustaining through member premiums, and in the event of significant claims may increase deposit requirements from its members. The TCPUD would be required to pay these amounts prior to terminating participation in JPIA. During fiscal year 2019, the TCPUD did not significantly reduce its insurance coverage from the prior year. Furthermore, settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the TCPUD's insurance coverage during the year ended December 31, 2019.

13. CONTINGENCIES AND LITIGATION

From time to time, the TCPUD is involved in litigation, claims and assessments incidental to its operations. Further, the TCPUD may be advised of unasserted possible claims and assessments that may be probable of assertion. As a general policy, the TCPUD defends matters in which it is a named defendant and, for insurable losses, maintains insurance to protect against adverse judgments, claims or assessments. In the opinion of the TCPUD, although the adequacy of existing insurance coverage or the outcome of legal proceedings cannot be predicted with certainty, the ultimate liability associated with any claims or litigation in which the TCPUD is currently involved will not materially affect the TCPUD's financial condition.

14. NON RECOGNIZED SUBSEQUENT EVENTS

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it as a pandemic as of March 11, 2020. The operations and business results of the TCPUD could potentially be adversely affected by this global pandemic. The extent to which the coronavirus may impact business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. The TCPUD has not included any contingencies in the financial statements specific to this issue.

15. COMMITMENTS

The TCPUD has entered into contracts for construction with remaining commitments of approximately \$79,002 at December 31, 2019.

Required Supplementary Information

Tahoe City Public Utility District
Required Supplementary Information
For the year ended December 31, 2019

Budgets and Budgetary Accounting

The General Fund is the only governmental fund that has an appropriated annual budget. The TCPUD follows these procedures in establishing the budgetary data reflected in the basic financial statements:

1. The General Manager submits to the Board of Directors a proposed budget for the fiscal year beginning January 1. The budget includes proposed expenditures and the means of financing them.
2. The Board of Directors reviews the proposed budget at specially scheduled meetings which are open to the public. The Board of Directors also conducts a public hearing on the proposed budget to obtain comments from interested citizens.
3. Prior to January 1, the budget is legally adopted through a passage of a Board Resolution.
4. Actual revenues and expenditures are compared to budgeted amounts monthly as a management control device for all budgeted funds. The TCPUD monitors capital expenditures by comparison with specific project appropriation accounts. Expenditures cannot legally exceed appropriations by fund.
5. The budgets are prepared on a basis consistent with Generally Accepted Accounting Principles and the accounting for each fund.
6. Budgetary controls are set at a Fund level-The General Manager shall have authority to move budgeted amounts among the expenditure categories of salary and benefits, maintenance and operations, and capital expenditures.
7. Budgetary controls authorization-The Board of Directors shall retain sole authority for budgeting new capital projects, authorizing new permanent salaried positions, movement of authorization among funds, and the use of undesignated net position and unassigned fund balance.

Tahoe City Public Utility District
 Required Supplementary Information
 For the year ended December 31, 2019

Budgetary Comparison Schedule – General Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Fees	\$ 688,864	\$ 688,864	\$ 692,482	\$ 3,618
Property taxes	7,097,385	7,097,385	7,743,253	645,868
Interest	69,996	69,996	308,821	238,825
Grants	641,123	641,123	143,751	(497,372)
Other	632,494	632,494	1,008,826	376,332
Total revenues	9,129,862	9,129,862	9,897,133	767,271
EXPENDITURES:				
Current:				
Public works - Parks	3,605,082	3,605,082	3,308,613	296,469
Recreation	972,299	972,299	797,419	174,880
Other operating	694,431	694,431	384,368	310,063
Capital outlay	3,322,395	3,322,395	641,399	2,680,996
Total expenditures	8,594,207	8,594,207	5,131,799	3,462,408
REVENUES OVER EXPENDITURES	535,655	535,655	4,765,334	4,229,679
OTHER FINANCING SOURCES (USES):				
Proceeds from sales of asset	360	360	20,400	20,040
Total other financing sources (uses)	360	360	20,400	20,040
Net change in fund balance	\$ 536,015	\$ 536,015	4,785,734	\$ 4,249,719
FUND BALANCES:				
Beginning of year			14,306,441	
End of year			<u>\$ 19,092,175</u>	

Tahoe City Public Utility District
 Required Supplementary Information
 For the year ended December 31, 2019
 Last Ten Years ^(a)

Schedule of the TCPUD's Proportionate Share of the Net Pension Liability

Schedule of the Tahoe City Public Utility District's Proportionate Share of the Net Pension Liability
 As of December 31, 2019
 Last Ten Years ^(a)

Measurement Year Ending June 30: ^(a)	2014	2015	2016	2017	2018	2019
Proportion of the Net Pension Liability/(Asset)	0.091120%	0.109590%	0.110080%	0.277980%	0.286640%	0.291790%
Proportionate Share of the Net Pension Liability/(Asset)	\$5,670,115	\$7,522,250	\$9,525,374	\$10,958,295	\$10,802,729	\$11,684,818
Covered Payroll ^(b)	\$3,359,516	\$3,596,691	\$3,836,308	\$4,092,908	\$4,204,479	\$5,210,552
Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	168.78%	209.14%	248.30%	267.74%	254.39%	224.25%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%	77.67%	72.81%	71.59%	72.79%	72.29%
Aggregate Employer Contributions ^{(c)(d)}	\$750,135	\$905,102	\$949,673	\$1,044,645	\$1,100,764	\$1,263,082

Notes to Schedule:

(a) GASB 68 requires historical information only for the measurement periods for which GASB 68 is applicable.

(b) Covered Payroll presented above uses pensionable earnings provided by the employer as its basis. However, GASB 68 defines covered payroll as the total payroll of employees with pensions from the pension plan. Accordingly, if pensionable earnings are different from total earning for covered payroll, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculated the required payroll-related ratios.

(c) The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions uses the plan's proportion of fiduciary net position multiplied by the total employer contribution amount as its basis, as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

(d) GASB 68 does not require that we display this data for employers participating in cost-sharing plans, but we show it here because we use it in the calculation of the Plan's pension expense.

(e) Changes in Assumptions - In 2019, there were no changes in assumptions. In 2018, the demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was lowered from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense).

Tahoe City Public Utility District
 Required Supplementary Information
 For the year ended December 31, 2019
 Last Ten Years ^(a)

Schedule of Contributions – CalPERS Pension Plan

Schedule of the Tahoe City Public Utility District’s Pension Plan Contributions
 December 31, 2019
 Last Ten Years ^(a)

Fiscal year ending December 31: ^(a)	2014	2015	2016	2017	2018	2019
Actuarially Determined Contributions ^(b)	\$ 517,089	\$ 904,952	\$ 949,673	\$ 799,269	\$ 933,302	\$1,010,743
Actual Contributions	(517,089)	(542,906)	(703,529)	(799,269)	(862,196)	(1,175,446)
Contribution Deficiency (Excess)	\$ -	\$ 362,046	\$ 246,144	\$ -	\$ 71,106	\$ (164,703)
Covered Payroll ^(c)	\$ 3,289,595	\$ 3,588,162	\$ 3,962,012	\$ 3,988,868	\$4,246,526	\$5,210,552
Contributions as a Percentage of Covered Payroll ^(c)	15.72%	15.13%	17.76%	20.04%	20.30%	19.40%

Notes to Schedule:

(a) GASB 68 requires historical information only for the measurement periods for which GASB 68 is applicable.

(b) GASB 68 assumes that employers contribute an amount equal to the actuarially determined contribution. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contribution. CalPERS determined that employer obligations referred to as “side funds” do not conform to the circumstances described in the paragraph 120 of GASB 68, therefore CalPERS does not consider them separately financed specific liabilities.

(c) Covered Payroll presented above uses pensionable earnings provided by the employer as its base. However, GASB 68 defines covered payroll as the total payroll of employees with pensions from the pension plan. Accordingly, if pensionable earnings are different from total earnings for covered-employees, the employer should display the payroll based on total earnings for the covered group in the footnotes, and recalculate the required payroll-related ratios.

Tahoe City Public Utility District
 Required Supplementary Information
 For the year ended December 31, 2019
 Last Ten Years*

Schedule of Changes in the Net OPEB Liability and Related Ratios

Total OPEB Liability	2018	2019
Service cost	\$ 104,472	\$ 104,217
Interest	293,808	256,859
Change of benefit terms	-	-
Difference between expected and actual experience	126,579	-
Changes in assumptions	(786,838)	155,343
Benefit payments	(248,242)	(242,377)
Net change in total OPEB liability	(510,221)	274,042
Total OPEB liability, beginning	4,055,474	3,545,253
Total OPEB liability, ending (a)	<u>\$ 3,545,253</u>	<u>\$ 3,819,295</u>
 Plan Fiduciary Net Position		
Contribution - employer	\$ 351,447	\$ 340,557
Net investment income	245,573	(123,850)
Benefit payments	(248,242)	(242,377)
Administrative Expense		(617)
Net change in plan fiduciary net position	348,778	(26,287)
Plan fiduciary net position - beginning	1,387,627	1,736,405
Plan fiduciary net position - ending (b)	<u>\$ 1,736,405</u>	<u>\$ 1,710,118</u>
Net OPEB liability - ending (a) - (b)	<u>\$ 1,808,848</u>	<u>\$ 2,109,177</u>
Covered Payroll	\$ 4,136,867	\$ 4,263,542
Net OPEB liability as a percentage of covered payroll	43.73%	49.47%

Notes to Schedule:

Changes in Assumptions - The discount rate was changed from 7.28% (net of administrative expense) to 6.90% for the measurement period ended December 31, 2018.

* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB liability. However, since this is the second year of implementation, only two years are currently available. Additional years' information will be displayed as it becomes available.

Tahoe City Public Utility District
 Required Supplementary Information
 For the year ended December 31, 2019
 Last Ten Years*

Schedule of Contributions - OPEB

	2018	2019
Actuarially Determined Contributions (ADC)	\$ 337,850	\$ 278,168
Contributions in relation to the ADC	<u>(340,557)</u>	<u>(306,710)</u>
Contribution deficiency (excess)	<u>\$ (2,707)</u>	<u>\$ (28,542)</u>
 Covered Payroll	 \$ 4,263,542	 \$ 4,768,493
 Contributions as a percentage of covered payroll	 7.99%	 6.43%

* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB liability. However, since this is the second year of implementation, only two years are currently available. Additional years' information will be displayed as it becomes available.

STATISTICAL SECTION

This part of the TCPUD's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the TCPUD's overall financial health.

Contents Page

Financial Trends 87-91

These schedules contain trend information to help the reader understand how the TCPUD's financial performance and well-being have changed over time.

Revenue Capacity 92-94

These schedules contain information to help assess the TCPUD's most significant local revenue source—property tax, water, sewer, and capital grants.

Demographic and Economic Information 95-98

These schedules offer demographic and economic indicators to help understand the environment within which the TCPUD's financial activities take place.

Operating Information 99-106

These schedules contain service and infrastructure data to help the reader understand how the information in the TCPUD's financial report relates to the services the TCPUD provides and the activities it performs.

Net Position by Component

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tahoe City Public Utility District										
Net Position by Component										
Last Ten Years										
(accrual basis of accounting)										
Governmental activities										
Net Investment in capital assets	\$ 27,032,074	\$ 28,305,788	\$ 26,571,841	\$ 27,344,369	\$ 25,488,414	\$ 23,012,867	\$ 25,572,951	\$ 26,113,468	\$ 18,769,956	\$ 18,810,323
Restricted	13,800	13,800	13,800	-	-	-	-	-	-	-
Unrestricted	14,327,930	9,585,207	7,940,288	4,073,347	5,842,369	8,826,600	3,149,351	349,651	1,642,768	1,122,150
Total governmental activities net position	\$ 41,373,804	\$ 37,904,795	\$ 34,525,929	\$ 31,417,716	\$ 31,330,783	\$ 31,839,467	\$ 28,722,302	\$ 26,463,119	\$ 20,412,724	\$ 19,932,473
Business-type activities										
Net Investment in capital assets	\$ 47,992,681	\$ 43,178,935	\$ 38,617,239	\$ 36,342,147	\$ 35,339,690	\$ 32,303,799	\$ 31,310,220	\$ 29,843,861	\$ 26,824,951	\$ 26,917,470
Restricted	51,200	51,200	51,200	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Unrestricted	6,391,318	9,138,349	12,129,844	12,598,329	6,217,735	13,029,529	12,257,558	10,239,603	9,898,703	5,417,876
Total business-type activities net position	\$ 54,435,199	\$ 52,368,484	\$ 50,798,283	\$ 49,005,476	\$ 41,622,425	\$ 45,398,328	\$ 43,632,778	\$ 40,148,464	\$ 36,788,654	\$ 32,400,346
Primary Government										
Net Investment in capital assets	75,024,755	71,484,723	65,189,080	63,686,516	60,828,104	55,316,666	56,883,171	55,957,329	45,594,907	45,727,793
Restricted	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Unrestricted	20,719,248	18,723,556	20,070,132	16,671,676	12,060,104	21,856,129	15,406,909	10,589,254	11,541,471	6,540,026
Total primary government net position	\$ 95,809,003	\$ 90,273,279	\$ 85,324,212	\$ 80,423,192	\$ 72,953,208	\$ 77,237,795	\$ 72,355,080	\$ 66,611,583	\$ 57,201,378	\$ 52,332,819

Business-Type Activities Change in Net Position

Tahoe City Public Utility District
Business-Type Activities
Change in Net Position
Last Ten Years
(accrual basis of accounting)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Charges for services:										
Water	\$ 6,880,247	\$ 6,442,160	\$ 4,982,871	\$ 4,509,106	\$ 4,200,135	\$ 4,261,947	\$ 4,479,654	\$ 4,062,675	\$ 3,801,695	\$ 3,569,139
Sewer	5,166,673	4,972,602	4,680,507	4,418,035	4,433,925	4,146,065	3,920,035	3,645,909	3,264,923	2,874,137
Operating grants and contributions	201	6,100	191,742	3,991	44,028	-	-	239,547	314,735	61,218
Capital grants and contributions	50,000	226,913	161,868	211,035	237,620	202,026	1,572,553	2,035,785	400,000	541,489
Property taxes	22,817	24,283	23,929	23,290	23,287	23,287	23,287	19,951	44,526	64,457
Investment earnings	222,465	196,592	233,590	148,549	118,439	104,797	104,964	70,904	36,632	27,086
Transfers				5,508,259	-	-	-	-	3,242,422	1,950,000
Total program revenues	12,342,403	11,868,650	10,274,507	14,822,265	9,057,434	8,738,122	10,100,493	10,074,771	11,104,933	9,087,526
Expenses:										
Water - direct expenses	5,201,916	4,890,159	4,667,549	3,918,289	3,971,701	3,215,001	3,060,475	2,624,423	2,679,086	2,734,394
Sewer- direct expenses	3,914,020	3,164,077	3,703,846	3,470,484	2,895,256	2,575,524	2,519,612	2,552,374	2,705,614	2,471,935
Indirect expenses	1,159,752	836,034	792	50,439	(314,768)	1,182,049	1,116,164	1,538,164	1,331,925	1,215,621
Total expenses	10,275,688	8,890,270	8,372,187	7,439,212	6,552,189	6,972,574	6,696,251	6,714,961	6,716,625	6,421,950
Change in net position	2,066,715	2,978,380	1,902,320	7,383,053	2,505,245	1,765,548	3,404,242	3,359,810	4,388,308	2,665,576
Net Position	52,368,484	50,798,283	49,005,476	41,622,423	45,398,326	43,632,778	40,148,464	36,788,654	32,400,346	29,734,770
Prior period restatement	-	(1,408,179)	(109,513)	-	(6,281,148)	-	80,072	-	-	-
Net Position - Beginning	52,368,484	49,390,104	48,895,963	41,622,423	39,117,178	43,632,778	40,228,536	36,788,654	32,400,346	29,734,770
Net Position - Ending	\$ 54,435,199	\$ 52,368,484	\$ 50,798,283	\$ 49,005,476	\$ 41,622,423	\$ 45,398,326	\$ 43,632,778	\$ 40,148,464	\$ 36,788,654	\$ 32,400,346

Governmental Activities Change in Net Position

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tahoe City Public Utility District										
Governmental Activities										
Change in Net Position										
Last Ten Years										
(accrual basis of accounting)										
Charges for services:										
Public works-Parks	\$ 880,155	\$ 769,218	\$ 733,871	\$ 349,343	\$ 318,032	\$ 312,132	\$ 357,766	\$ 326,429	\$ 238,060	\$ 242,854
Recreation	353,116	338,586	275,719	295,913	290,265	316,671	320,432	275,449	266,806	224,850
Operating grants and contributions	418,801	428,612	374,748	394,768	349,078	334,610	305,861	367,184	374,326	297,996
Capital grants and contributions	193,518	1,443,556	134,616	2,585,198	373,169	968,622	257,535	4,346,031	2,194,414	1,157,357
Property taxes	8,062,703	7,435,199	7,036,697	6,717,678	6,314,533	5,713,528	5,569,351	5,249,163	5,114,287	5,217,858
Investment earnings	308,831	225,163	123,975	120,327	88,257	51,736	(1,790)	(268)	5,356	6,153
Transfers				(5,508,259)					(3,242,422)	(1,950,000)
Total program revenues	10,217,124	10,640,334	8,679,626	4,954,968	7,733,334	7,697,299	6,809,155	10,563,988	4,950,827	5,197,068
Expenses:										
Public works-Parks direct expenses	5,727,396	5,616,942	4,815,967	3,957,048	3,788,125	3,605,113	3,538,594	2,890,323	2,913,881	2,740,442
Recreation - direct expenses	910,607	936,950	731,763	735,527	691,660	686,566	658,660	655,346	698,488	598,192
Indirect expenses	110,112	138,361	133,196	175,459	(16,861)	288,455	352,718	967,924	858,207	797,073
Total expenses	6,748,115	6,692,253	5,680,926	4,868,034	4,462,924	4,580,134	4,549,972	4,513,593	4,470,576	4,135,707
Change in net position	3,469,009	3,948,081	2,998,700	86,934	3,270,410	3,117,165	2,259,183	6,050,395	480,251	1,061,361
Net Position	37,904,795	34,525,929	31,417,716	31,330,782	31,839,467	28,722,302	26,463,119	20,412,724	19,932,473	18,871,112
Prior period restatement	-	(569,215)	109,513	-	(3,779,095)	-	-	-	-	-
Net Position - Beginning	37,904,795	33,956,714	31,527,229	31,330,782	28,060,372	28,722,302	26,463,119	20,412,724	19,932,473	18,871,112
Net Position - Ending	\$ 41,373,804	\$ 37,904,795	\$ 34,525,929	\$ 31,417,716	\$ 31,330,782	\$ 31,839,467	\$ 28,722,302	\$ 26,463,119	\$ 20,412,724	\$ 19,932,473

Changes in Fund Balance of the Governmental Funds

Tahoe City Public Utility District
Changes in Fund Balances of Governmental Funds
Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Fees	\$ 692,482	\$ 664,259	\$ 537,394	\$ 410,153	\$ 442,891	\$ 571,485	\$ 520,240	\$ 559,633	\$ 498,272	\$ 465,063
Property taxes	8,062,703	7,435,199	7,036,697	6,717,678	6,314,533	5,713,528	5,569,351	5,249,163	5,114,287	5,217,858
Interest	308,831	225,163	123,975	120,327	88,211	51,736	(2,487)	(268)	5,356	6,153
Grants	143,751	1,848,360	509,364	2,718,957	706,453	1,289,217	551,250	4,713,215	2,469,981	1,228,833
Other	1,009,357	467,365	486,034	521,582	224,359	53,933	170,501	92,208	98,828	45,520
Total Revenues	10,217,124	10,640,346	8,693,464	10,488,697	7,776,447	7,679,899	6,808,855	10,613,951	8,186,724	6,963,427
Expenditures										
Current:										
Public works - Parks	3,308,613	2,989,372	2,938,775	2,333,481	2,310,189	2,085,922	2,017,398	1,885,281	2,091,189	1,891,425
Recreation	797,419	867,647	654,036	672,401	651,605	640,271	624,534	844,912	729,913	695,214
Other operating	384,368	98,985	86,651	103,784	109,790	163,378	201,516	164,734	121,859	90,389
Capital outlay	641,399	3,598,664	754,939	3,230,849	1,115,993	1,407,588	545,633	6,092,228	2,825,246	1,161,257
Debt service:										
Principal	294,113	447,007	672,749	648,609	625,403	639,848	796,035	908,088	760,017	612,652
Interest	25,721	40,550	63,143	87,393	110,940	129,892	156,576	197,035	181,381	162,156
Total expenditures	5,451,633	8,042,225	5,170,293	7,076,517	4,923,920	5,066,899	4,341,692	10,092,278	6,709,605	4,613,093
Revenues over expenditures	4,765,491	2,598,121	3,523,171	3,412,180	2,852,527	2,613,000	2,467,163	521,673	1,477,119	2,350,334
Other Financing Sources (Uses)										
Proceeds from the sale of assets	20,400	-	11,250	-	-	17,400	300	300	6,525	2,641
Proceeds from bonds	-	-	-	-	-	-	-	-	2,280,000	-
Transfers out to other funds	-	-	-	(5,508,259)	-	-	-	-	(3,242,422)	(1,950,000)
Total other financing sources (uses)	20,400	-	11,250	(5,508,259)	-	17,400	300	300	(955,897)	(1,947,359)
Net change in fund balances	4,785,891	2,598,121	3,534,421	(2,096,079)	2,852,527	2,630,400	2,467,463	521,973	521,222	402,975
Fund Balances										
Fund Balance - Beginning	14,306,925	11,708,804	8,174,383	10,270,462	7,417,935	4,787,535	2,320,072	1,798,099	1,276,877	873,902
End of year	\$ 19,092,816	\$ 14,306,925	\$ 11,708,804	\$ 8,174,383	\$ 10,270,462	\$ 7,417,935	\$ 4,787,535	\$ 2,320,072	\$ 1,798,099	\$ 1,276,877
Debt Service as a Percentage of Noncapital Expenditures	6.65%	10.97%	16.67%	19.14%	19.34%	21.04%	25.09%	27.63%	24.24%	22.45%

Fund Balance of General Fund

Tahoe City Public Utility District
Fund Balances of General Fund
Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Fund										
Nonspendable	\$ 213,728	\$ 136,715	\$ 172,113	\$ 153,770	\$ 168,226	\$ 93,903	\$ 28,811	\$ 65,553	\$ 45,268	\$ 41,354
Committed					-					
Assigned	1,164,629	1,164,629	1,164,629	1,164,629	964,493	770,962	450,000	450,000	450,000	450,000
Unassigned	17,713,818	13,005,097	10,371,710	6,855,637	9,137,397	6,552,781	4,308,435	1,804,519	1,302,831	785,523
Total general fund	\$ 19,092,175	\$ 14,306,441	\$ 11,708,452	\$ 8,174,036	\$ 10,270,116	\$ 7,417,646	\$ 4,787,246	\$ 2,320,072	\$ 1,798,099	\$ 1,276,877

Property Tax Uses

Tahoe City Public Utility District
Property Tax Uses
Last Ten Fiscal Years (unaudited)

Fiscal Year	Parks		Recreation		Golf Course		Debt Service		Reserves / Capital Expenditures		Total	
		% Change Inc. (Dec.)		% Change Inc. (Dec.)	Property	% Change Inc. (Dec.)		% Change Inc. (Dec.)		% Change Inc. (Dec.)		% Change Inc. (Dec.)
2010	\$ 1,414,956	9.7%	\$ 408,705	-6.2%	n/a	0%	\$ 819,476	-4.6%	\$ 2,619,389	-9.6%	\$ 5,262,526	-4.0%
2011	\$ 1,533,522	8.4%	\$ 380,080	-7.0%	n/a	0%	\$ 966,637	18.0%	\$ 2,259,286	-13.7%	\$ 5,139,525	-2.3%
2012	\$ 1,247,270	-18.7%	\$ 503,378	32.4%	\$ 25,293	0%	\$ 1,112,040	15.0%	\$ 2,381,131	5.4%	\$ 5,269,112	2.5%
2013	\$ 1,297,872	4.1%	\$ 285,373	-43.3%	\$ 91,530	262%	\$ 961,632	-13.5%	\$ 2,956,231	24.2%	\$ 5,592,638	6.1%
2014	\$ 1,376,581	6.1%	\$ 317,206	11.2%	\$ 100,568	10%	\$ 779,012	-19.0%	\$ 3,163,448	7.0%	\$ 5,736,815	2.6%
2015	\$ 1,469,973	6.8%	\$ 331,410	4.5%	\$ 175,510	75%	\$ 745,865	-4.3%	\$ 3,615,062	14.3%	\$ 6,337,820	10.5%
2016	\$ 1,331,901	-9.4%	\$ 312,040	-5.8%	\$ 344,221	96%	\$ 745,777	0.0%	\$ 4,040,790	11.8%	\$ 6,774,729	6.9%
2017	\$ 1,261,408	-5.3%	\$ 353,146	13.2%	\$ 591,544	72%	\$ 746,402	0.1%	\$ 4,108,126	1.7%	\$ 7,060,626	4.2%
2018	\$ 1,316,481	4.4%	\$ 386,847	9.5%	\$ 530,921	-10%	\$ 498,622	-33.2%	\$ 4,726,611	15.1%	\$ 7,459,482	5.6%
2019	\$ 1,317,097	0.0%	\$ 404,883	4.7%	\$ 732,511	38%	\$ 342,267	-31.4%	\$ 5,288,762	11.9%	\$ 8,085,520	8.4%

General Fund User Fees and Grants

Tahoe City Public Utility District General Fund User Fees and Grants Last Ten Fiscal Years (unaudited)

Fiscal Year	Fees for Service Parks	Grants for Parks	Maintenance		Fees for Service Rec	Grants for Rec	Total
			Services Revenue for Parks	Fees for Service Golf Property			
2010	\$ 245,755	\$ 230,679	n/a	n/a	\$ 264,712	\$ 21,798	\$ 762,943
2011	\$ 294,608	\$ 264,243	n/a	n/a	\$ 302,423	\$ 11,324	\$ 872,598
2012	\$ 303,501	\$ 287,005	n/a	\$ 22,210	\$ 312,355	\$ 29,179	\$ 954,250
2013	\$ 318,224	\$ 284,499	n/a	\$ 22,180	\$ 317,335	\$ 18,729	\$ 960,967
2014	\$ 268,813	\$ 306,621	n/a	\$ 21,628	\$ 304,200	\$ 13,974	\$ 915,236
2015	\$ 317,870	\$ 314,474	n/a	\$ 28,030	\$ 290,234	\$ 20,836	\$ 971,443
2016	\$ 335,828	\$ 329,817	n/a	\$ 25,470	\$ 295,913	\$ 64,441	\$ 1,051,469
2017	\$ 367,142	\$ 349,577	n/a	\$ 366,729	\$ 275,719	\$ 25,171	\$ 1,384,338
2018	\$ 317,907	\$ 367,776	n/a	\$ 456,287	\$ 338,561	\$ 42,624	\$ 1,523,154
2019	\$ 371,450	\$ 44,031	\$ 334,816	\$ 508,704	\$ 353,115	\$ 39,423	\$ 1,651,540

TCPUD acquired the golf course in 2012 but was operated by a concessionaire. In 2016 TCPUD assumed the operation of the golf course property and restated golf revenue separate from parks revenue.

TCPUD changed method of accounting for Maintenance Services Revenue in 2019 - previously recorded as Grant Revenue

Ten Largest Customers

Tahoe City Public Utility District Ten Largest Customers Current Year and 2014

2019			2014		
Customer	Total Revenue	Rank	Customer	Total Revenue	Rank
Tahoe Truckee Unified School District	\$ 68,564	1	Tahoe Truckee Unified School District	\$ 68,943	1
Homewood Village Resort	\$ 26,324	2	Homewood Village Resort	\$ 32,749	2
Channel Lumber Co / Boatworks Mall	\$ 22,048	3	North Tahoe PUD	\$ 20,565	3
US Dept of Agriculture / Meeks Fire-Barracks	\$ 21,985	4	US Dept of Agriculture / Meeks Fire-Barracks	\$ 17,057	4
North Tahoe PUD	\$ 20,354	5	Houghton-Berry, Meganne	\$ 16,930	5
Safeway Inc.	\$ 16,988	6	Channel Lumber Co / Boatworks Mall	\$ 15,404	6
State of Ca / Sugar Pine Point Park	\$ 16,927	7	Save Mart Supermarkets	\$ 14,188	7
Laurel Inn Associates Inc.	\$ 13,370	8	SDC Tahoe City LLC	\$ 12,465	8
Save Mart Supermarkets	\$ 12,787	9	NLT 955 LLC	\$ 11,720	9
Everything Is Rosie Inc.	\$ 12,564	10	Tahoe Lodging LLC	\$ 10,723	10

Sources: Tahoe City Public Utility District Accounting Department. Excludes TCPUD Owned Facility Water Use

Change in Assessed Value

Tahoe City Public Utility District
 Change in Assessed Value
 Excludes Airplane Valuations
 Last Ten Fiscal Years (unaudited)

Fiscal Year	Placer County		El Dorado County	
	Amount	% Change	Amount	% Change
2010/2011	\$ 3,051,254,116	-1.95%	\$ 732,614,803	-4.62%
2011/2012	\$ 3,048,547,806	-0.09%	\$ 741,840,985	1.26%
2012/2013	\$ 3,079,321,196	1.01%	\$ 753,402,523	1.56%
2013/2014	\$ 3,172,915,589	3.04%	\$ 805,564,963	6.92%
2014/2015	\$ 3,269,931,584	3.06%	\$ 871,792,785	8.22%
2015/2016	\$ 3,613,932,093	10.52%	\$ 943,137,812	8.18%
2016/2017	\$ 3,699,976,391	2.38%	\$ 991,180,172	5.09%
2017/2018	\$ 3,864,245,853	4.44%	\$1,040,463,983	4.97%
2018/2019	\$ 4,027,472,074	4.22%	\$1,112,925,301	6.96%
2019/2020	\$ 4,294,179,030	6.62%	\$1,149,479,810	3.28%

Source: Placer County Assessed Valuation and Tax Rates (Excludes Airplane Valuations) and County of El Dorado Assessed value by Agency

Change in School Enrollment

Tahoe City Public Utility District Change in School Enrollment Last Ten Fiscal Years (unaudited)

Fiscal Year	Tahoe Lake Elementary School		North Tahoe Middle School		North Tahoe High School	
	Number of Students	% Change	Number of Students	% Change	Number of Students	% Change
2010/2011	251	-14.92%	508	6.05%	334	-5.65%
2011/2012	255	1.59%	513	0.98%	320	-4.19%
2012/2013	330	29.41%	424	-17.35%	303	-5.31%
2013/2014	322	-2.42%	406	-4.25%	326	7.59%
2014/2015	321	-0.31%	422	3.94%	325	-0.31%
2015/2016	303	-5.61%	430	1.90%	362	11.38%
2016/2017	279	-7.92%	446	3.72%	398	9.94%
2017/2018	257	-7.89%	458	2.69%	408	2.51%
2018/2019	246	-4.28%	494	7.86%	428	4.90%
2019/2020	224	-8.94%	499	1.01%	426	-0.47%

Source: California Department of Education

Source: <https://www.cde.ca.gov/sdprofile/details.aspx?cds=31669446094502>

Placer County Collections

Tahoe City Public Utility District
Placer County Collections
For the year ended June 30

FY Year	Transportation Occupancy Tax (District 5) Collected
2018-2019	\$ 21,611,151
2017-2018	\$ 18,569,544
2016-2017	\$ 18,323,453
2015-2016	\$ 16,533,131
2014-2015	\$ 12,603,558
2013-2014	\$ 11,992,238
2012-2013	\$ 11,701,279
2011-2012	\$ 10,191,876
2010-2011	\$ 10,504,078
2009-2010	n/a

*Source: North Lake Tahoe Resort
Association and Placer County Website*

Demographic Statistics

TAHOE CITY PUBLIC UTILITY DISTRICT Demographic Statistics Tahoe City Public Utility District, Placer County and El Dorado County

Year	District Workforce (actual FTEs)	Placer County Population	El Dorado County Population	Median Household Income		Unemployment Rate	
				Income (Placer Co)	Income (El Dorado Co)	Placer County	El Dorado County
2019	64.98	403,711	193,227	Not Available ⁽⁶⁾	Not Available ⁽⁶⁾	3.1%	3.5%
2018	59.75	395,978	190,018	\$89,175	\$81,869	3.2%	3.7%
2017	56.62	389,387	188,185	\$81,366	\$78,464	3.8%	4.4%
2016	54.32	383,598	185,147	\$85,326	\$75,100	4.4%	5.1%
2015	51.28	376,508	183,684	\$76,203	\$75,575	5.0%	5.7%
2014	49.88	371,264	182,540	\$75,689	\$70,235	6.3%	7.0%
2013	49.59	368,059	181,408	\$73,643	\$63,002	7.7%	8.5%
2012	48.14	363,837	180,599	\$69,521	\$68,446	9.4%	10.2%
2011	47.88	359,648	180,717	\$69,581	\$61,970	10.8%	11.7%
2010	45.65	354,198	181,187	\$68,330	\$65,201	11.6%	12.2%

Source: (1) Tahoe City Public Utility District HR Depart Workforce based on FTEs

(2) Populations derived from State of California Department of Finance

(3) MHI derived from Federal Reserve Bank of St. Louis

(4) Unemployment derived from Federal Reserve Bank of St. Louis

(5) To be released September 2020

TAHOE CITY PUBLIC UTILITY DISTRICT
Full Time Staffing Levels*
Last Ten Fiscal Years (unaudited)

	Actuals									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Utilities (water and sewer)	17.85	15.94	15.34	14.93	13.88	14.31	14.00	14.00	14.00	13.00
Governance and Administrative Services	10.43	9.09	8.96	9.20	9.17	9.17	9.00	10.00	10.00	9.00
Engineering	5.52	4.89	4.31	3.74	5.63	5.08	4.00	4.00	3.00	3.00
Technical Services	4.99	4.91	6.06	6.02	4.00	4.00	4.00	4.00	4.00	4.00
Parks and Recreation Administration	1.00	1.00	0.87	1.04	1.00	1.00	1.00	2.00	2.00	2.00
Parks	8.32	7.16	7.23	6.08	6.22	6.44	5.00	5.00	5.00	5.00
Recreation	3.02	3.10	1.35	2.09	2.00	2.00	2.00	2.00	2.00	2.00
Golf	0.73	1.14	1.83	0.06	0.00	0.00	0.00	0.00	0.00	0.00
Total	51.86	47.23	45.95	43.16	41.90	42.00	39.00	41.00	40.00	38.00

*Excludes Board Members

Source: Tahoe City Public Utility District Accounting Dept.

Budgeted Full Time Equivalents

TAHOE CITY PUBLIC UTILITY DISTRICT
 Budgeted Full Time Equivalents
 Last Seven Fiscal Years (unaudited)

	Budget						
	2020	2019	2018	2017	2016	2015	2014
Water	10.13	10.16	9.26	7.72	8.03	7.30	7.26
Sewer	9.32	9.84	8.74	8.64	8.33	7.58	7.55
Engineering	3.00	2.89	3.00	2.00	3.70	3.73	3.26
Technical Services/GIS	5.00	4.95	5.40	5.55	4.00	4.03	3.80
Projects	3.85	3.96	1.85	1.90	1.72	1.90	2.50
Parks	13.19	13.29	12.95	12.14	12.31	12.29	12.23
Recreation	8.80	9.12	8.27	7.07	6.95	6.92	6.94
Golf Course/Winter Sports Park	6.17	6.78	7.44	0.00	0.00	0.00	0.00
Governance and Administrative Service	11.00	11.05	10.60	10.17	9.92	9.57	9.60
Total	70.46	72.04	67.51	55.19	54.96	53.32	53.14

Notes: 2018 was the first full fiscal year of golf course/winter sports park operation by TCPUD.
 2013 was the first year budgeted FTEs were reported

Source: Tahoe City Public Utility District Accounting Dept.

Operating Indicators by Function

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tahoe City Public Utility District										
Operating Indicators by Function										
Last Ten Years										
Utilities:										
Water Production (million gallons)	374.4	387.2	386.8	351.8	329.0	413.7	470.8	482.7	415.7	456.5
Sewer Flows (million gallons)	295.5	249.4	362.9	220.6	176.8	200.3	238.1	258.3	314.6	256.2
Lineal feet of sewer mains televised	158,365	215,900	118,800	142,558	119,015	68,913	170,942	207,204	175,197	95,000
Lineal feet of sewer mains cleaned	333,598	316,800	230,736	298,015	252,854	440,013	287,084	483,856	409,260	422,000
Technical Services:										
Permits Issued - New	11	17	13	15	15	16	11	6	5	12
Permits Issued - Remodel	118	135	112	150	141	132	144	138	93	106
Number of Sewer Air Tests	291	315	330	314	297	326	304	310	251	221
Escrow Clearances Processed	195	197	224	204	204	219	240	202	169	150
Plan Checks Completed	155	193	151	188	161	169	144	140	88	108
Parks:										
Miles of trails Maintained	24	23	23	23	22	22	22	19	19	19
Number of Facility Rentals ¹	262	172	226	229	246	179	154	173	150	174
Recreation:										
Numbers enrolled in Youth Programs ²	564	396	552	605	1080	970	1246	643	1123	1180
Numbers enrolled in Adult Programs ³	196	239	95	95	147	178	113	158	154	139
Number of camp enrollees ⁴	1277	1184	909	1018	796	733	708	649	731	647

¹ Facility Rentals include Fairway Community Center, Tahoe Community Center, Highlands Community Center, Rideout, Commons Beach, Lake Forest Beach, Skylandia Park, Murie Shachak Park, Kilner Park and Heritage Plaza. Excludes ball fields or trails.

² Youth Programs Include: All Rideout classes, contract classes, youth sports, snow days, RAP, Night out at Rideout, swim lessons, and swim team.

Numbers were re-defined in 2016 to include only enrollment numbers as opposed to participant numbers.

³ Adult Programs Include: Adult Sports, Sailing, Puppy Training, and yoga. Numbers were re-defined beginning 2016 to include enrollment as opposed to participant numbers.

⁴ Camps Include: Skylandia, Sailing, Specialty Camps, Spring Break Camp, Ski Skate Camp, winter/holiday camps, explorers adventure.

User Statistics

Tahoe City Public Utility District
User Statistics, Last Ten Fiscal Years
Total number of users (unaudited)

Program	Unit of Measurement	Actuals									
		2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Water	Customers	5,720	5,711	4,167	4,167	4,168	4,173	4,188	4,088	4,088	3,980
Sewer	Customers	7,721	7,702	7,689	7,674	7,665	7,645	7,636	7,636	7,636	7,504
Camp Skylandia	Enrolled Campers	1,277	1,184	909	1,018	796	733	708	649	731	647
Concerts at Commons Beach	Individual Attendees	28,500*	21,500*	24,500*	23,000*	16,550*	15,525*	20,550*	23,200*	26,050*	19,095*
Tahoe City Golf Course	Rounds Played	11,800	9,489	8,545	10,228	12,832	9,974	11,637	11,060	n/a	n/a
Lake Forest Boat Ramp	Boats Launched	5,391	5,309	5,529	6,860	5,280	5,005	4,476	4,532	4,030	4,946
Bike Trails-Summer Usage	Users	377,016**	278,208**	252,080**	277,196**	304,612**	484,932	361,192	371,404	364,044	344,172

Source: Tahoe City Public Utility District

* estimated

** one less survey location - estimated

n/a - data not available

Tahoe City Public Utility District
Water and Sewer Base Rates
Last Ten Fiscal Years (unaudited)

Year	Residential		Commercial		Commercial		
	Water Base Rate .75" meter	Monthly	Water Base Rate .75" meter	Monthly	Residential Sewer Base Rate	Monthly	Hotel Room w/ Kitchen - per room
2010	\$50.00		\$61.00		\$26.48		\$10.78
2011	\$52.00		\$63.00		\$29.13		\$11.86
2012	\$55.00		\$67.00		\$31.75		\$12.93
2013	\$55.00		\$67.00		\$34.61		\$14.09
2014	\$55.00		\$67.00		\$36.34		\$14.79
2015	\$59.00		\$71.00		\$38.41		\$15.63
2016	\$62.50		\$75.25		\$38.41		\$15.63
2017	\$66.25		\$79.75		\$39.95		\$16.26
2018	\$70.25		\$84.50		\$42.92		\$17.46
2019	\$74.50		\$89.50		\$44.14		\$17.96

Water and Sewer Base Rates

Rates adjusted January 1. Prior to 2015, rates were adjusted at April 1 of each year.

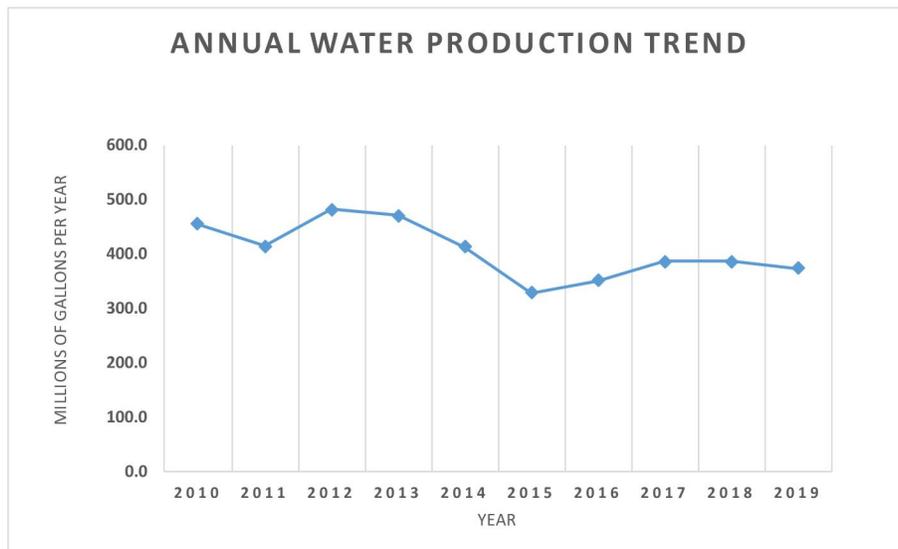
Source: Tahoe City Public Utility District

Water Production

Tahoe City Public Utility District
Water Production
Last Ten Years
(In million gallons)

Monthly Production	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Jan	26.0	24.0	22.5	26.8	19.2	21.3	19.0	23.3	18.2	22.5
Feb	21.3	18.9	15.4	17.8	16.4	14.2	15.9	21.9	14.0	16.7
Mar	21.6	16.7	15.0	16.5	13.7	12.6	12.5	18.1	14.3	14.4
April	15.6	15.3	14.3	17.7	16.8	15.0	12.9	16.1	14.1	14.0
May	24.3	23.3	50.1	42.7	38.2	26.3	20.0	17.5	23.2	17.1
June	47.5	38.3	64.9	66.1	57.7	37.8	42.9	47.4	46.3	35.8
July	95.2	85.9	95.0	78.1	72.3	53.0	62.8	68.7	67.6	66.4
Aug	74.8	70.6	73.1	79.8	63.6	51.5	60.3	64.3	68.0	68.1
Sept	60.9	56.9	55.2	49.5	56.4	42.1	48.7	51.3	60.0	59.2
Oct	35.5	34.4	41.2	41.5	31.9	26.6	29.9	31.4	33.1	32.5
Nov	15.9	14.2	16.2	12.9	14.2	12.7	12.1	12.8	17.3	13.8
Dec	17.8	17.2	19.7	21.4	13.4	16.0	14.8	14.2	11.2	14.0
Annual Totals	456.5	415.8	482.7	470.8	413.7	329.1	351.8	386.8	387.3	374.5
Average Monthly Water Production	38.0	34.6	40.2	39.2	34.5	27.4	29.3	32.2	32.3	31.2

Source: Tahoe City Public Utility District Water Department

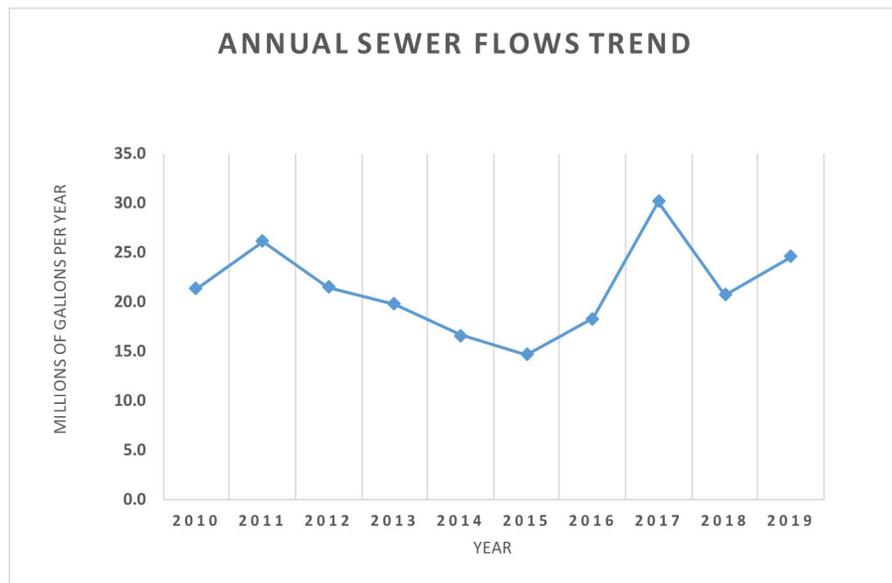


Sewer Flows

Tahoe City Public Utility District
Sewer Flows
Last Ten Years
(In million gallons)

Monthly Sewer Flows	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Jan	19.8	23.8	18.5	22.1	15.2	14.5	18.2	30.6	18.3	21.0
Feb	18.9	20.0	18.3	19.3	20.0	14.8	20.2	51.4	15.8	21.7
Mar	18.7	27.4	23.9	22.6	17.3	12.8	26.0	44.9	23.9	28.5
April	20.1	37.9	23.7	18.6	14.4	11.7	21.5	50.2	30.5	37.0
May	22.2	37.2	20.6	18.7	15.1	13.1	16.8	38.0	22.2	33.5
June	22.4	32.2	21.2	20.4	16.8	14.5	17.1	25.1	21.8	26.8
July	30.2	35.3	29.9	30.1	25.3	22.6	23.4	30.2	29.0	31.8
Aug	26.7	29.8	27.3	26.4	22.8	19.7	18.6	24.4	23.9	26.1
Sept	18.6	20.8	19.6	17.4	14.0	14.1	13.5	17.8	18.4	20.0
Oct	16.8	16.7	15.6	13.8	11.8	11.6	11.9	15.1	14.1	15.0
Nov	14.8	15.1	15.5	12.4	11.2	11.1	11.1	17.0	14.1	15.0
Dec	27.0	18.5	24.4	16.2	16.5	16.4	22.2	18.2	17.5	19.1
Annual Totals	256.2	314.6	258.3	238.1	200.3	176.8	220.6	362.9	249.5	295.5
Average Monthly Sewer Flows	21.4	26.2	21.5	19.8	16.7	14.7	18.4	30.2	20.8	24.6

Source: Tahoe City Public Utility Sewer Department



Outstanding Debt by Debt Type

Outstanding Debt by Debt Type

Governmental Activities											
	2019	2018	2017	2016	2015	2014	2013	2012	2011		
General Obligation Bonds	\$ 1,151,089	\$ 1,267,932	\$ 1,382,705	\$ 1,735,848	\$ 2,076,980	\$ 2,406,555	\$ 2,761,765	\$ 3,283,910	\$ 3,928,430		
Special assessment bonds with governmental commitments	\$ -	\$ 12,513	\$ 25,026	\$ 37,539	\$ 50,052	\$ 62,566	\$ 75,079	\$ 87,592	\$ 100,105		
Pension related debt	-	164,757	484,478	791,571	1,086,535	1,369,850	1,641,975	1,903,353	2,154,407		
Total long-term debt	\$ 1,151,089	\$ 1,445,202	\$ 1,892,209	\$ 2,564,958	\$ 3,213,567	\$ 3,838,971	\$ 4,478,819	\$ 5,274,855	\$ 6,182,942		
Business-type Activities											
	2019	2018	2017	2016	2015	2014	2013	2012	2011		
Special assessment bonds with governmental commitments	\$ 44,617	\$ 88,113	\$ 130,794	\$ 172,678	\$ 213,778	\$ 254,109	\$ 293,685	\$ 332,521	\$ 367,318		
Total long-term debt	\$ 44,617	\$ 88,113	\$ 130,794	\$ 172,678	\$ 213,778	\$ 254,109	\$ 293,685	\$ 332,521	\$ 367,318		
Total											
General Obligation Bonds	\$ 1,151,089	\$ 1,267,932	\$ 1,382,705	\$ 1,735,848	\$ 2,076,980	\$ 2,406,555	\$ 2,761,765	\$ 3,283,910	\$ 3,928,430		
Special assessment bonds with governmental commitments	\$ 44,617	\$ 100,626	\$ 155,820	\$ 210,217	\$ 263,830	\$ 316,675	\$ 368,764	\$ 420,113	\$ 467,423		
Pension related debt	\$ -	\$ 164,757	\$ 484,478	\$ 791,571	\$ 1,086,535	\$ 1,369,850	\$ 1,641,975	\$ 1,903,353	\$ 2,154,407		
Total long-term debt	\$ 1,195,706	\$ 1,533,315	\$ 2,023,003	\$ 2,737,636	\$ 3,427,345	\$ 4,093,080	\$ 4,772,504	\$ 5,607,376	\$ 6,550,260		

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