

**Tahoe City
Public Utility District**

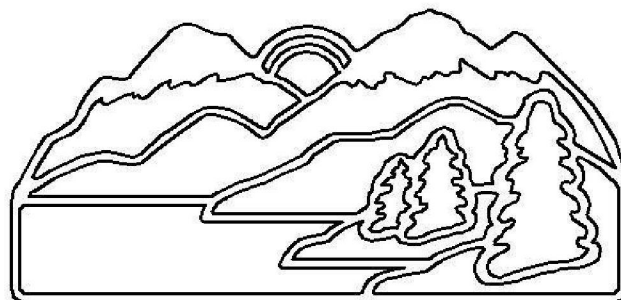
Tahoe City, California

**Comprehensive
Annual Financial Report
For the Year Ended
December 31, 2020
With
Independent Auditor's Report**

"Together We Achieve More"

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



Top row, left to right Gail Scoville, Board President and John Pang, Vice-President
Bottom row left to right Board of Directors Dan Wilkins, Judy Friedman, and Ellie Beals

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.



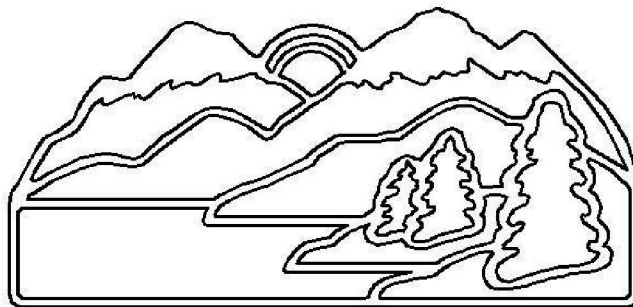
Sean Barclay, General Manager

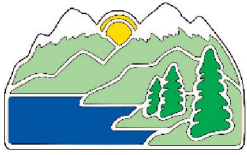
- **Service** – We extend our passion for service to all we encounter, and consider the following as our “customers”; rate payers, fellow team members, contractors, Board of Directors, agencies, taxpayers, visitors and the entire community we serve.
- **Professionalism** – We are a team of professionals 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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TAHOE CITY PUBLIC UTILITY DISTRICT

INTRODUCTORY SECTION

Letter of Transmittal

BOARD OF DIRECTORS

Gail Scoville
John Pang
Dan Wilkins
Judy Friedman
Ellie Beals

GENERAL MANAGER

Sean Barclay

June 8, 2021

To the Board of Directors of the 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 (ACFR) for the year ended December 31, 2020. The purpose of the ACFR is to communicate the financial condition of the TCPUD by presenting an assessment of TCPUD's financial condition, a description of TCPUD's services and infrastructure replacement projects, a discussion of current issues, and an outline of financial trends and demographic trend information. Three major sections are contained within the ACFR 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 ACFR is published to fulfill that requirement for the fiscal year ended December 31, 2020.

Management assumes full responsibility for the completeness and reliability of the information contained in this ACFR, and it 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, 2020. The independent auditor's report is located at the front of the financial section of this ACFR.

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 on the north and west shore of Lake Tahoe 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 through eight separate systems and serves approximately three-quarters of the homes and businesses. Our current customer and visitor population is as follows:

Water customers – 5,733

Sewer customers – 7,732

Parks and Recreation customers and visitors - approximately 3.0 million

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, 55 full time employees, 60 seasonal employees, and 10 interns 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. All 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 were reported as of and for the year ended December 31, 2020. For additional information see notes to the financial statements (note 1. A Reporting Entity).

Local Economy

Within TCPUD's service area, 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 one of the largest alpine lakes in North America, offering a unique environment unrivaled anywhere else. The pristine beauty of Lake Tahoe draws upwards of twenty million visitors annually from around the world. During 2020, North Lake Tahoe data shows approximately 3.5 million visitors. 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 and operation 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.

Stay Home Orders issued in 2020, due to the COVID-19 pandemic, required California residents to remain at home unless working in an "essential" job or shopping for essential needs. These orders directly and negatively impacted local business. Hotels, motels, retail, and entertainment businesses were required to reduce capacity or close entirely leading to layoffs, and they ultimately struggled to remain in business. The unemployment rate in California at the end of 2020 was 9.3%, compared to 3.9% in 2019. Similarly, the Sunnyside/Tahoe City unemployment rate was 9.6% at the end of 2020, compared to 3.5% at the end of 2019. Occupancy rates dropped 57.3% year-over-year and the 6 month forecast projected a 31.2% overall drop. Conference revenue also dropped 69.49% in Placer County.

Given 2020's record low mortgage rates and partially in response to remote work mandated by the pandemic, the Reno-Tahoe area saw a rise in home sales. Year-over-year shows a 33.0% increase in home sales at Lake Tahoe's North Shore. Anecdotally, this increase seems to be attributed to a surge in telecommuting, prompted by COVID-19, as more people began working from remote locations. Specifically, the region saw an increase of home buyers from the San Francisco Bay area purchasing property in Tahoe and telecommuting to their workplace elsewhere.

The increase in home sales also triggered a change in ownership that generated a new base year value equal to the current fair market value. This translated into higher real property assessments, thereby increasing property tax revenue. TCPUD receives a portion of this property tax revenue which is a stable revenue source and accounts for on average, around 35.6% of all TCPUD revenue. Newly passed Proposition 19, effective February 16, 2021, has consequences for all real property and allows eligible individuals to transfer their property tax assessment to a new home. It's too early to predict the impacts.

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 a portion of it 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 indicated

growth, however with the impacts of the pandemic, it is expected the overall 2020 TOT collections will be down as indicated by the drop in occupancy rates. 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; the Commons Beach Power Pedestal Project, Bike Trail Repair Stations, and Winter Trail Snow Removal in 2019 in the amount of \$20,305; and the Bike Trail Repair Stations Project, Bike Trail Signage, and Winter Trail Snow Removal in 2020 the amount of \$38,575.

Affordable housing is a critical issue in the North Tahoe-Truckee region. TCPUD's General Manager actively participates in quarterly meetings run by the Mountain Housing Council of Tahoe Truckee (MHC), a project of the Tahoe Truckee Community Foundation, established in 2017 that brought together 28 diverse partners to accelerate solutions to the region's local housing issues. One of MHC's goal is to build on the needs identified in the 2016 Truckee North Tahoe Regional Workforce Housing Needs Assessment and tackle the unique and pressing challenges of housing in the North Tahoe-Truckee region, including availability, variety, and affordability.

Responding to affordable housing at the state level, Governor Gavin Newsom signed Executive Order N-06-19 on January 15, 2019, which directs the Department of General Services (DGS) and the Department of Housing and Community Development (HCD) to identify excess state-owned land for the development of affordable housing to address the shortage of housing in California. Most recently, the Town of Truckee approved the development of 192 affordable housing units. Also, Placer County is actively working on creative solutions to address the creation of and access to affordable housing.

The lack of available affordable housing, coupled with inflated prices of homes and rental units, presents recruiting and employee retention challenges. TCPUD 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 in 2017, it left the entire Sierra Mountains with over a million dead and dying trees. While the drought ended March 2017, the 2020 La Nina conditions brought a drier than normal Lake Tahoe winter. Predictions for the 2020-21 winter was cooler and drier than normal, with below normal snow levels. California's 2020 wildfire season was record setting and there are concerns that the lack of precipitation during the winter of 2020-2021 could result in another significant wildfire season in 2021. Wildfire poses a serious threat to local communities in the Tahoe Basin. In tandem with TCPUD's emergency action plans, TCPUD continues to search for grants and other funding opportunities to bolster critical infrastructure protection, including the storage and delivery of water for firefighting and hazardous tree removal currently threatening life and property within our community.

Year in Review

TCPUD's Vision Statement "building a healthy mountain community through our passion for public service" appropriately conveys TCPUD's desire to provide responsive and exceptional services.

As the COVID-19 pandemic rapidly progressed across the Country, TCPUD staff took early action and developed the COVID-19 Risk Minimization and Response Plan (Plan) in order to ensure the District's ability to continue to provide essential water and sewer services to our community, to protect the safety and health of our dedicated employees, and to do our part for our community to help slow the spread of the virus. The Plan addressed in-office protocol, separated field crews and allowed the majority of office staff to work remotely in an effort to keep employees safe.

The TCPUD Board recognized the financial impacts to our community and also took immediate action, in line with local public agencies, by temporarily suspending penalties/interest for delinquent payments and reminding customers of the TCPUD's "No Shut-off for Non-payment" policy. As the year and the pandemic continued to progress, the Board approved a commercial sewer rate relief program providing three months of 50% rate relief to all commercial sewer customers. Nearing year-end and with local businesses still experiencing financial impacts, the Board extended the commercial sewer rate relief program for another three months into early 2021.

Despite these unprecedented and uncertain times, TCPUD continued to provide essential water and sewer services without interruption and safe parks and recreation activities as allowed. COVID-19 changed the way people recreated outdoors and required TCPUD to respond to and accommodate our community and visitors seeking outdoor activities. Our Tahoe City Golf Course and Lake Forest Boat Ramp experienced record attendance while our recreation programs came to a virtual halt. Youth recreation programs such as camps, sailing, and golf, eventually opened at a reduced capacity as state-wide mandates lessened. Other 2020 priorities and projects continued to move forward as detailed in the following list. Note the list is not all inclusive:

- TCPUD began negotiating a land transfer with the California Department of Fish and Wildlife in 2018 for the Lake Forest boat ramp and campground property. The land transfer, comprised of 2 parcels totaling approximately 8 acres of land, was successfully completed in 2020. TCPUD now operates and owns both facilities under a fee title ownership. Ownership of these parcels will create operational efficiencies for TCPUD and contribute to the asset inventory. This property offers public access to Lake Tahoe via the boat ramp, parking, restrooms and 20 campsites within walking distance of the Lake. The TCPUD has maintained and operated this property for over 40 years.
- TCPUD purchased the 401 West Lake Boulevard Property, formerly home to the Tahoe Maritime Museum and Tahoe Tree Company. This iconic property consists

of approximately 11 acres and features a two-story log building and a park-like setting with gardens and a gazebo. In the short-term, TCPUD will relocate its Recreation Center and staff office to the building, and focus on developing the long-term vision over the course of the next several years.

- TCPUD completed the Timberland Water System Improvement Project following its acquisition in 2018. Over a two-year period, new water mains and service laterals replaced existing aged infrastructure, in addition to the installation of 131 new water meters and 22 fire hydrants. Together, these improvements will prevent leaks and conserve water, improve fire hydrant coverage, and increase water flow rate to the benefit of the community for years to come.
- TCPUD completed the Dollar Edgewater Sewer Line Project Phase II & III. This project is a continuation of sewer main improvements and stabilization along this vulnerable and sensitive alignment in the shore zone of Lake Tahoe.
- TCPUD Park and Recreation Department responded with patience and resilience as a new way of serving the community's recreation needs were dictated by changing COVID-19 operating standards. Signage, garbage removal, sanitation schedules, virtual and reduced programming, and record breaking visitation at many of the parks facilities were met with professionalism in service to our community.
- TCPUD completed Phase I of the North Lake Tahoe Active Recreation Facilities Assessment (Assessment). The Assessment is a collaborative, multi-phased project initiated by the TCPUD and North Tahoe PUD to identify our community's demographics, needs, interests and attitudes concerning active recreation programming and facilities. Phase I of the Assessment, conducted June – September 2020, included community listening sessions, stakeholder workshops, and online surveys to solicit input early in the process to inform the scope of Phase II. The community articulated a strong desire to build a multi-use recreation and aquatic center that would serve communities from both Districts. Phase II will begin in 2021 and will inventory existing facilities, identify new facilities and potential locations, as well as exploring potential capital and operating funding mechanisms and preparing conceptual models associated with operation and maintenance of new facilities.

Financial Information

TCPUD's overall financial position improved in 2020 as net position government-wide at year end totaled \$104,171,287, an increase of \$8,362,281 or 8.7%. The increase in net position is a combination of current year operations and property tax revenue. The Governmental Activities contributed \$1,527,332 to the increase in government-wide net position due to increases in revenue largely from interest income and property tax revenue. Business-Type Activities contributed \$6,834,949 to the overall net position due to operations, including a

one-time transfer of undesignated cash in the amount of \$3,500,000 to the water business-type activities from the governmental activities.

General Fund unassigned fund balance decreased by \$4,836,398 largely due to the one-time transfer of undesignated cash to the Water Fund and capital outlay exceeding current property tax collections.

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 ACFR.

Relevant financial policies

The TCPUD Board adopted a comprehensive set of financial policies in 2020. During the year, the following policies were adopted and/or amended: Technical Consultant Selection Policy; Disposal of Surplus Property Policy; General Fund Reserve Policy; and Enterprise Funds Unrestricted Net Position and Reserves Policy. The reserve policies for the General Fund and Enterprise Funds reestablished reserve thresholds to be adjusted annually and added new categories to provide financial stability, mitigate unanticipated financial events, and provide for future capital purchases and projects. As a result of the reserve policies and the Board's actions, reserve levels increased as of January 1, 2021.

Strategic Plan, Long-term Financial Planning, and 2021 District Priorities

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. Financial sustainability is also a priority area for TCPUD as it continues to adapt to a dramatically evolving community and region.

An update to the Strategic Plan began in earnest in 2020 and sets out five strategic focus areas to be adopted by the Board in 2021. The seven current Strategic Initiatives are combined into the following five Strategic Focus Areas:

- Safe and Sustainable Water and Sewer Services
- Outstanding Recreation and Leisure Opportunities
- Long-Term Financial Sustainability
- Infrastructure and Property – Protection & Improvement
- Governance, Management and Organizational Health

TCPUD will continue to make substantial progress on the TCPUD's first Long-term Financial Plan document (LTFP) leading to its adoption by the end of 2021. 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 implementing an annual process, the following goals will be established: 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 TCPUD Board.

The Strategic Plan and the LTFP will position TCPUD to appropriately address critical infrastructure improvements, the rising cost of pension and other post-employment benefits and their related unfunded liabilities. Another important outcome of the LTFP will be a formalized budget forecast with additional financial policies that reflect the TCPUD Board's goals. Additionally, beginning in 2023, negotiations will begin between TCPUD and International Union of Operating Engineers, Stationary Engineers, Local 39 Covering Engineering, Parks and Recreation (MOU) classified employees. Early planning will be key to a successful process.

Updating TCPUD's current five-year 2019 Rate Study 2020-2024 (Study) is already under discussion due to the large water infrastructure planning underway. It's likely that the next Study will follow the same philosophical approach to maintaining a unified water system across TCPUD's entire service area that equitably distributes the cost of current and future system improvement 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. In 2020, this unified approach addressed challenges 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. A transition schedule was implemented to equalize their water rates 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 TCPUD's existing water customers are not funding the costs from water rates during the transition period.

The 2021 District priorities include the following, note the list is not all inclusive:

- Complete the Long-term Financial Plan (LTFP) as mentioned above.
- Develop a water infrastructure funding strategy and pursue appropriate funding and/or financing opportunities. TCPUD operates over 101 miles of water mains, 15 water storage tanks, 14 water wells, 655 fire hydrants, 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 Tahoe Cedars and Madden Creek water systems acquired in January 2018.

- The West Lake Tahoe Regional Water Treatment Plant, designed to provide a permanent, year round surface 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. Financing from the California Drinking Water State Revolving Fund (SFR) will be secured in 2021.
- Work with the State Water Board, to secure TCPUD's surface water rights through the approval of submitted petitions for change and extension of time.
- North Lake Tahoe Active Recreation Facilities Assessment Phase II will be a consultant driven process to evaluate existing and projected use patterns, conduct site analysis, and develop conceptual designs and cost estimates.
- Create community space at our newly acquired facility at 401 West Lake Blvd.
- TCPUD, as lead agency under the California Environmental Quality Act (CEQA), continues to support the Tahoe Cross-Country Lodge Replacement and Expansion Project (Project). TCPUD has worked 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 repurposing the historic Schilling residence in an effort to better serve year-round recreation activities and services. 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, collectively acquired by TCPUD and several partner agencies in 2012. Work will continue in 2021 as the project continues to move forward.
- Continue to serve our community by participating on the Mountain Housing Council to develop solutions to local, affordable housing as mentioned in the Local Economy section above.
- Continue efforts to build a strong organizational culture through the Culture Team made up of a cross-functional and diverse group of employees. The Culture Team will continue their work on developing employee recognition programs and

developing opportunities to encourage employee engagement. New team members will rotate onto the Team on staggered 2 and 3 year terms.

- Continue to monitor and evaluate impacts from COVID-19 from an operational, staffing, and community level and quickly and appropriately respond.

It worth noting that external influences also play a significant role in prioritizing TCPUD workloads and community impacts, these 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.

Looking Forward

Though the effects of the COVID-19 pandemic caused a temporary change in how TCPUD conducts business, it also revealed TCPUD's character as an organization as the pandemic constantly tested TCPUD during this unusually challenging year. Amid COVID-19, TCPUD continued its commitment towards accountability and transparency while keeping Core Values of Service, Professionalism, Teamwork, Initiative, and Communication at the forefront. TCPUD is confident it will achieve its vision of "building a healthy mountain community through our passion for public service", and in spite of all of the recent and forthcoming challenges, TCPUD will preserve and succeed.

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 the community, local agencies, Placer County, and the State is important now, more than ever, during the COVID-19 pandemic emergency, and TCPUD will continue to strengthen these important relationships. TCPUD remains involved in weekly regional COVID-19 meetings, and community projects such as the CA FLAP SR89 (Fanny Bridge) project and regional workforce housing.

Acknowledgements

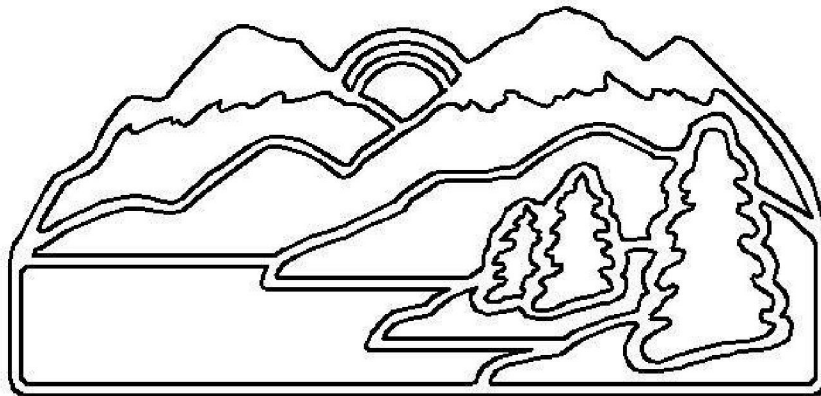
The preparation of this ACFR would not have been possible without the skill, effort, and dedication of the entire staff of the Accounting Department and other key TCPUD staff members particularly in light of the COVID-19 pandemic emergency. Thank you to all the departments for their assistance in providing the data necessary to prepare this ACFR. Thank you Mann, Urrutia and Nelson, TCPUD's 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,

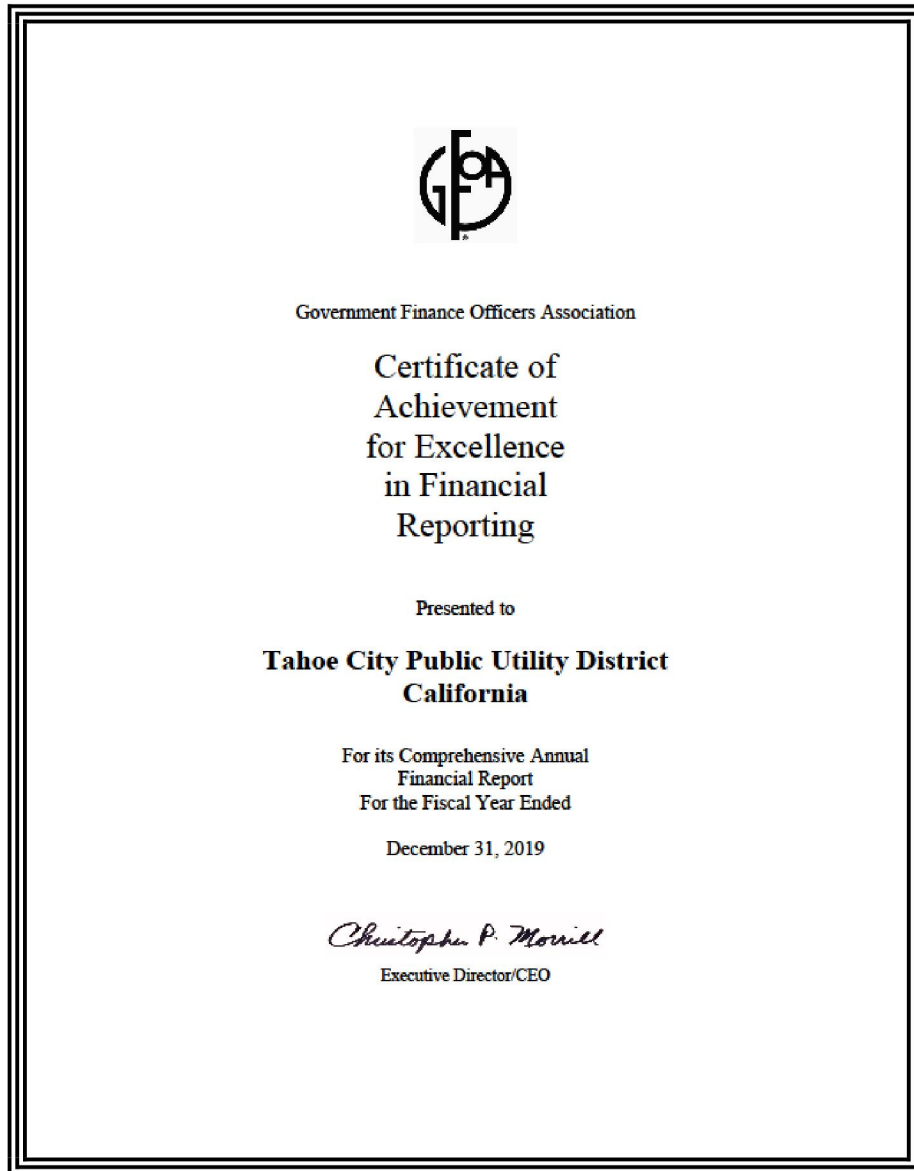

Sean Barclay
General Manager


Ramona Cruz
Chief Financial Officer/Treasurer

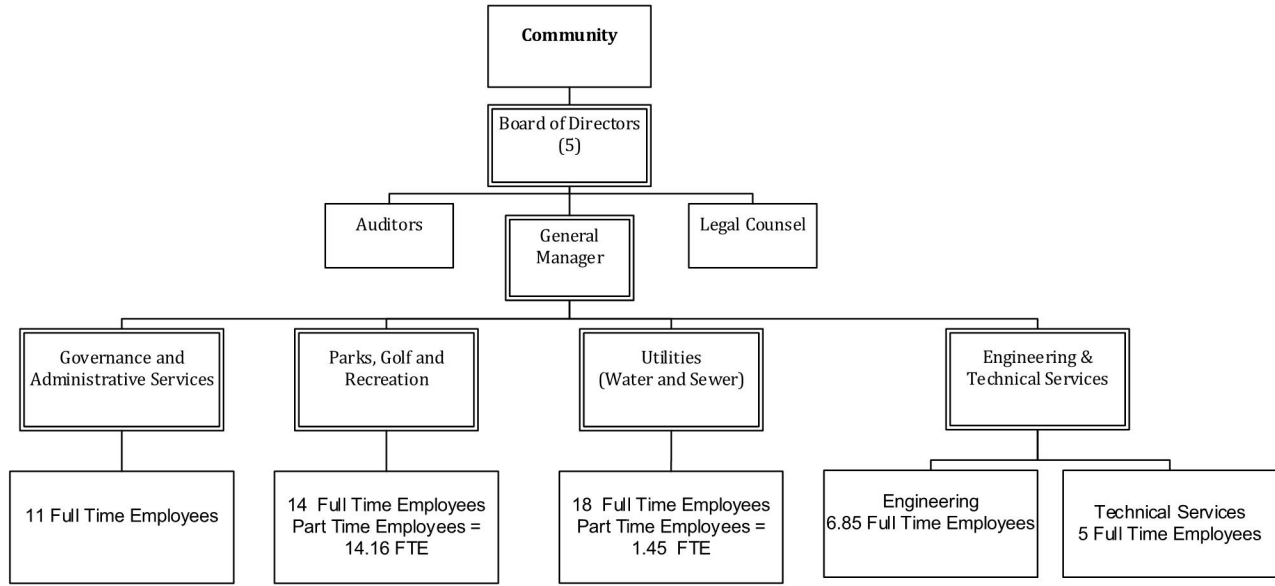


GFOA Certificate of Achievement for Excellence in Financial Reporting

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 (ACFR) for the fiscal year ended December 31, 2019. This was the fourth 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	Gail Scoville	Term 2018-2022
Vice President	John Pang	Term 2018-2022
Board of Director	Judy Friedman	Term 2020-2024
Board of Director	Dan Wilkins	Term 2020-2024
Board of Director	Ellie Beals	Term 2020-2024

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 of the Tahoe City Public Utility District (the District) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Tahoe City Public Utility District'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 Tahoe City Public Utility District as of December 31, 2020, 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, budgetary comparison schedules, schedules relating to the net pension liability and net other post-employment benefits liability as listed in the table of contents 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 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, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Tahoe City Public Utility District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tahoe City Public Utility District's internal control over financial reporting and compliance.

Mamm, Unutia, Molson CPA's

Sacramento, California
June 8, 2021

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, 2020. 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

- Amortization of goodwill is \$245,391. The purchase of these three private water systems in 2018 created goodwill of \$4,907,830 that will be amortized over the remaining 17 years. Impairment to goodwill is tested each year by assessing the ability to charge fees.
- COVID-19 expenses totaled \$126,182 for all TCPUD operations.
- During the year \$6,168,018, \$3,151,675 and \$1,226,804 was invested in parks & recreation, water and sewer infrastructure and equipment respectively totaling \$10,546,497.
- Water and sewer service and inspection fees were \$7,437,833 and \$5,219,009 respectively. Water service and inspection fees are up \$941,248 or 14.5% due to normal annual rate increases in line with the full 2021 Proposition 218 rates, Timberland customers at the full Proposition 218 rates, and Tahoe Cedars and Madden Creek increases as customers transition to full Proposition 218 rates by 2024.
- The Tahoe Cedars customers are largely unmetered and their unmetered rate saw a 21.9% rate increase as their current rates are substantially lower than TCPUD 2021 current water rates. During the 2019 water and sewer rate study, a water rate transition plan was put in place for Tahoe Cedars and Madden Creek customers and implemented January 1, 2020. Reaching the full Proposition rates will take place in 2024.
- Though Madden Creek customer rates are substantially lower, their unmetered rate remained unchanged; allowing Tahoe Cedars to catch up and, beginning in 2021, both will be on the same rate structure.
- Sewer service and inspection fees are up \$177,915, 3.5% due to normal rate increases.
- Property tax revenue is \$8,316,386, up \$280,866 or 3.5% from the previous year.
- During the fiscal year, the TCPUD recognized \$42,446 in operating grants and contributions, down \$9,007 or 26.26%.
- During the fiscal year, the TCPUD recognized \$116,612, in capital grants and other contribution, down \$126,906 or 52.1%. 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 exceeded its total liabilities and deferred inflows of resources at the close of the fiscal year by \$104,171,284. Of this amount, \$19,970,055 is unrestricted, \$65,000 is restricted for specific purpose, and \$84,136,229 is net investment in capital assets.
- Changes in Net Position: TCPUD's total net position increased \$8,362,281 or 8.7% during the fiscal year. Consisting of Governmental Activities increasing by \$1,527,332 and Business-Type Activities increasing by \$6,834,949.
- Governmental Funds: At December 31, 2020, TCPUD's governmental funds reported a combined ending fund balance of \$14,269,013, a decrease of \$4,823,803 from prior year. Approximately 90.2% of the fund balance is unassigned, or \$12,877,420, and is available for spending at the government's discretion.
- Long-Term Liabilities: TCPUD's total long-term debt decreased by \$163,566. All scheduled debt payments were made on time.

Management Discussion and Analysis, continued

- Change in net pension liability and related accounts:
 - Net pension liability increased by \$868,335.
 - Deferred outflows of resources decreased by \$98,077.
 - Deferred inflows of resources decreased by \$454,197.
- Change in other post-employment liability and related accounts:
 - Net Other Post Employment liability increased by \$1,422,192.
 - Deferred outflows of resources increased by \$1,313,581.
 - Deferred inflows of resources decreased by \$19,662.
- General Fund: At December 31, 2020, unassigned fund balance of the General Fund was \$12,877,420. This represents a decrease of \$4,836,389 or 27.36% from prior year. Unassigned fund balance includes \$1,153,741 or 9.0% 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's 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's 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 36 through 38 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.

Management Discussion and Analysis, continued

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 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 84 for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 40-43 of this report.

Proprietary Funds. The TCPUD maintains two proprietary funds. *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 44-46.

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 page 47 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 \$ 104,171,284 at the close of the most recent fiscal year.

By far, the largest portion of the TCPUD's net position (80.8%) 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

Management Discussion and Analysis, continued

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 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 pledged \$184,928 for 2020 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.

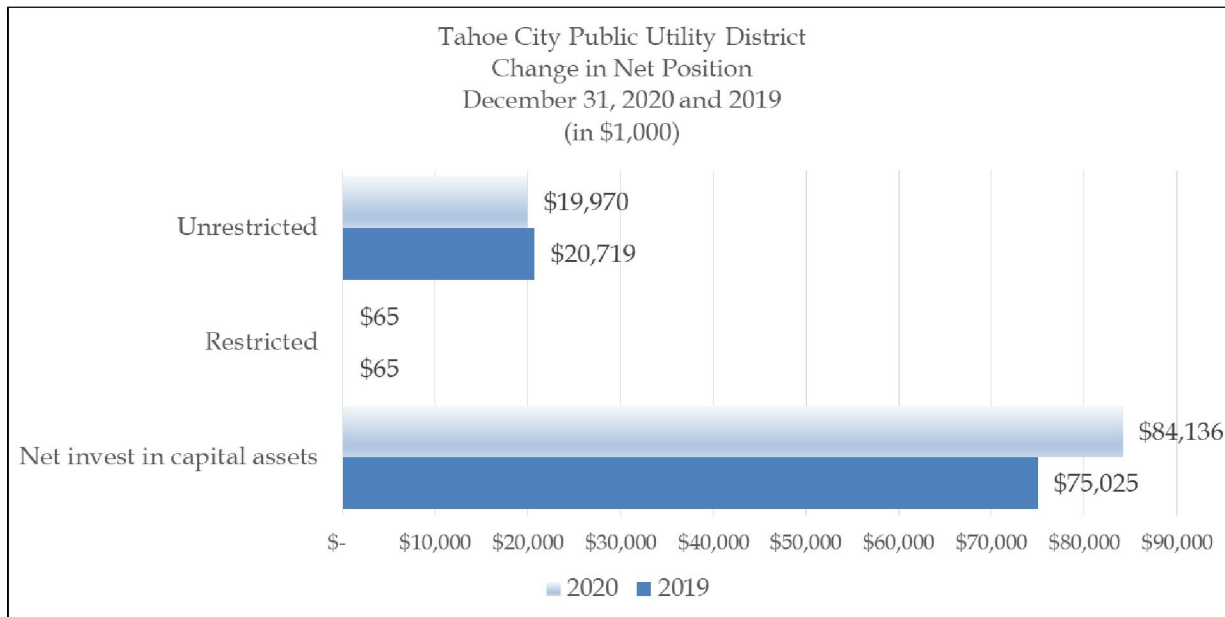
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets:						
Cash and investments	\$ 9,700,175	\$ 14,556,109	\$ 14,698,535	\$ 9,767,027	\$ 24,398,710	\$ 24,323,136
Cash and investments – restricted	41,934	18,413	-	-	41,934	18,413
Receivables	4,971,949	4,736,054	690,673	633,338	5,662,622	5,369,392
Other current assets	226,964	213,728	727,319	688,343	954,283	902,071
Total current assets	14,941,022	19,524,304	16,116,527	11,088,708	31,057,549	30,613,012
Restricted cash and investments	13,800	13,800	51,277	51,277	65,077	65,077
Facility upgrade receivables	-	-	90,792	29,665	90,792	29,665
Net capital assets	34,596,638	28,183,163	50,571,730	48,037,298	85,168,368	76,220,461
Total assets	49,551,460	47,721,267	66,830,326	59,206,948	116,381,786	106,928,215
Deferred outflows of resources	1,412,366	1,013,542	7,054,018	6,482,729	8,466,384	7,496,271
Liabilities:						
Payables and accruals	641,847	589,570	1,400,633	1,535,926	2,042,480	2,125,496
Unearned revenue	48,614	44,385	-	-	48,614	44,385
Long-term debt – current	328,365	118,949	282,817	44,617	611,182	163,566
Total current liabilities	1,018,826	752,904	1,683,450	1,580,543	2,702,276	2,333,447
Long-term debt - noncurrent	911,046	1,032,140	-	-	911,046	1,032,140
Net Pension Liability	4,680,227	4,459,670	7,872,926	7,225,148	12,553,153	11,684,818
Net other post employment benefit	1,070,929	612,157	2,460,440	1,497,020	3,531,369	2,109,177
Total liabilities	7,681,028	6,856,871	12,016,816	10,302,711	19,697,844	17,159,582
Deferred inflows of resources	381,662	504,134	597,380	951,767	979,042	1,455,901
Net position:						
Net Investment in capital assets	34,596,638	27,032,074	49,539,591	47,992,681	84,136,229	75,024,755
Restricted	13,800	13,800	51,200	51,200	65,000	65,000
Unrestricted	8,290,698	14,327,930	11,679,357	6,391,318	19,970,055	20,719,248
Total net position	\$ 42,901,136	\$ 41,373,804	\$ 61,270,148	\$ 54,435,199	\$ 104,171,284	\$ 95,809,003

At the end of fiscal year 2020, TCPUD reported positive net positions in all of its governmental and business-type activities. At year-end 80.9% of TCPUD's business activities' net position was invested in capital assets; for government activities this category amounted to 80.6%. The

Management Discussion and Analysis, continued

following chart demonstrates the relationship of net investment in capital assets, unrestricted, and restricted as component of net position.

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 2020 information.



TCPUD’s overall current net position increased by \$8,362,281; greater than the previous year by \$2,826,557 or 51.0%. An overall discussion of 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	
	2020	2019	2020	2019	2020	2019
Program Revenues:						
Parks charges for services	\$ 1,049,819	\$ 880,155	\$ -	\$ -	\$ 1,049,819	\$ 880,155
Rec. charges for services	84,960	353,116	-	-	84,960	353,116
Water revenue	-	-	7,642,523	6,880,247	7,642,523	6,880,247
Sewer revenue	-	-	5,321,027	5,166,673	5,321,027	5,166,673
Operating grants and contributions	386,285	418,801	-	201	386,285	419,002
Capital grants and contributions	2,333,921	193,518	97,637	50,000	2,431,558	243,518
Total program revenues	3,854,985	1,845,590	13,061,187	12,097,121	16,916,172	13,942,711
Expenses:						
Parks - direct expenses	5,602,432	5,727,396	-	-	5,602,432	5,727,396
Recreation - direct expense	732,041	910,607	-	-	732,041	910,607
Water - direct expense	-	-	6,429,200	5,201,916	6,429,200	5,201,916
Sewer-direct expense	-	-	3,831,739	3,914,020	3,831,739	3,914,020
Interest on long-term debt	20,217	24,798	902	2,116	21,119	26,914
Indirect expenses	103,194	85,314	458,032	1,157,636	561,226	1,242,950
Total expenses	6,457,884	6,748,115	10,719,873	10,275,688	17,177,757	17,023,803
Net revenue (expense)	(2,602,899)	(4,902,525)	2,341,314	1,821,433	(261,585)	(3,081,092)
General Revenues:						
Property taxes	7,452,235	8,062,703	864,151	22,817	8,316,386	8,085,520
Investment earnings	177,996	308,831	129,484	222,465	307,480	531,296
Total general revenues before transfers	7,630,231	8,371,534	993,635	245,282	8,623,866	8,616,816
Transfers	(3,500,000)	-	3,500,000	-	-	-
Total general revenues	4,130,231	8,371,534	4,493,635	245,282	8,623,866	8,616,816
Change in net position	1,527,332	3,469,009	6,834,949	2,066,715	8,362,281	5,535,724
Net Position - Beginning	41,373,804	37,904,795	54,435,199	52,368,484	95,809,003	90,273,279
Net Position - Ending	\$42,901,136	\$41,373,804	\$61,270,148	\$54,435,199	\$ 104,171,284	\$95,809,003

Governmental Activities. Governmental activities consist of parks, golf course, winter sports park, and recreation operations; which are supported 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 \$1,527,332 from the prior fiscal year for an ending balance of \$42,901,136. The increase is primarily a result of a land transfer of the Lake Forest Fishing Access parcels from the California Department of Fish and Wildlife in the amount of \$2,250,000 recorded as capital contribution, increased revenue at the Tahoe City Golf Course and Lake Forest Boat Ramp due to COVID-19, reduced operating expense netted against increasing pension and other post-employment benefits, and a one-time transfer of \$3,500,000 out of undesignated cash from the governmental operations to the water business-type activities.

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

Management Discussion and Analysis, continued

fees 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 fund 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 2020, \$3,500,000 of property tax was transferred from governmental operation to the water business-type activities to fund capital expenditures and reserves.

For the TCPUD's business-type activities, net position increased by \$6,834,949 from the prior year for an ending balance of \$61,270,148. The increase in net position is a result of water and sewer rate increases and water consumption revenue to cover operations and capital, capital grant revenue netted against impacts of increasing pension, and other post-employment benefit expenses.

For the year, total net position increased by \$8,362,281 as a result of operations.

	Government Wide Change in Net Position		
	Governmental Activities	Business-type Activities	Total
	Beginning net position	41,373,804	54,435,199
Add change in net position	1,527,332	6,834,949	8,362,281
Net position - Ending	\$ 42,901,136	\$ 61,270,148	\$ 104,171,284

Financial Analysis of Governmental Funds

Governmental Funds. The focus of the TCPUD's *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, 2020, the TCPUD's governmental funds reported combined fund balances of \$14,269,013, a decrease of \$4,823,803 or 25.3% in comparison with the prior year. This decrease is largely the result a one-time transfer of \$3,500,000 of undesignated cash from the General Fund to the Water Fund, capital outlay of \$6,168,018 which included the unbudgeted purchase of the 401 West Lake Boulevard property. Reduced fees and grant revenue was offset by reduced operating expenses. Approximately 90.2% 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 \$226,964, and 2) 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:

	<u>2020 Budget</u>	<u>2020 Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
REVENUES:			
Fees	\$ 694,567	\$ 547,018	\$ (147,549)
Property taxes	7,092,548	7,312,531	219,983
Interest	175,000	177,996	2,996
Grants	205,315	61,421	(143,894)
Other	949,680	985,187	35,507
Total revenues	<u>\$ 9,117,110</u>	<u>\$ 9,084,153</u>	<u>\$ (32,957)</u>

The Parks and Recreation total revenue is down to budget by \$32,957. Fees are down by \$147,549 due to recreation program cancellations offset by increased golf and boating fees due to COVID-19. Property tax collection exceeded budget by \$219,983 attributable to a conservative budget, rising assessed values, and Proposition 8 catch-ups. Grant revenue was negative to budget by \$143,894 which bears a direct relationship to cost offsets.

	<u>2020 Budget</u>	<u>2020 Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
EXPENDITURES:			
Current:			
Public works - Parks	\$ 3,586,599	\$ 3,392,981	\$ 193,618
Recreation	1,028,363	630,074	398,289
Other operating	649,158	228,242	420,916
Capital outlay	2,419,833	6,168,018	(3,748,185)
Total expenditures	<u>\$ 7,683,953</u>	<u>\$ 10,419,315</u>	<u>\$ (2,735,362)</u>

Overall, Parks and Recreation direct and capital outlay expenses were \$2,735,362 greater than budget largely to the unbudgeted purchase of 401 West Lake Boulevard in the amount of \$4,700,000 offset by other delayed capital outlay expenditures. Other expenditures were better to budget due to less facilities maintenance due to closures and other delayed operational projects due to COVID-19.

Capital Assets and Debt Administration

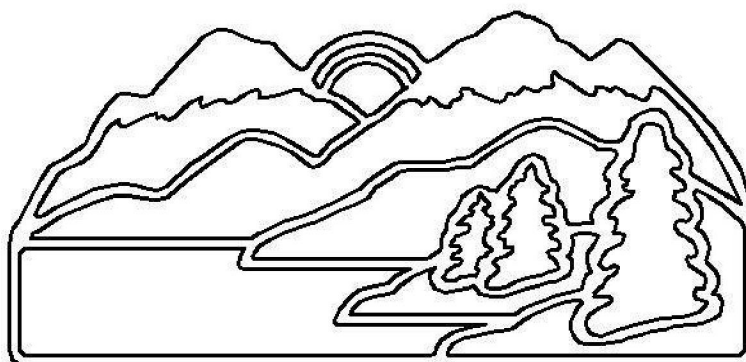
Capital Assets. The TCPUD investment in capital assets for its governmental and business-type activities as of December 31, 2020 amounts to \$84,136,229 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, and park facilities. The total net increase in capital assets for the current fiscal year was approximately 11.7%.

Management Discussion and Analysis, continued

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Land	\$ 10,583,119	\$ 5,401,592	\$ 42,957	\$ 42,957	\$ 10,626,076	\$ 5,444,549
Facilities	20,038,294	19,513,980	39,988,480	39,786,358	60,026,774	59,300,338
Office building and equipment	2,323,874	2,605,105	3,512,771	3,111,815	5,836,645	5,716,920
Vehicles	250,359	248,725	1,682,723	1,675,701	1,933,082	1,924,426
Construction in progress	1,400,992	413,761	5,344,799	3,420,467	6,745,791	3,834,228
Total capital assets, net	<u>\$ 34,596,638</u>	<u>\$ 28,183,163</u>	<u>\$ 50,571,730</u>	<u>\$ 48,037,298</u>	<u>\$ 85,168,368</u>	<u>\$ 76,220,461</u>

During 2020, the TCPUD spent \$10,546,497 on capital items for the benefit of the community. The significant projects included in the \$10,546,497 were: 401 West Lake Boulevard land and building, the Tahoe City Golf Course/Winter Sports Park Maintenance Building, Timberland Interconnection & Distribution Improvement Project, West Lake Tahoe Regional Water Treatment Plant, Dollar/Edgewater Sewer Line Replacement Project, and various vehicle & 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 2019 and 2020:

	Additions to Capital Assets	
	2019	2020
Governmental Activities		
Marie Sluchak Playground	\$ 1,079	\$ 35,560
Administrative Facility Improvements	55,782	74,846
Sugar Pine to Meeks Bay Bike Trail	165,878	19,000
Truckee River Bike Trail Overlay	8,815	-
401 West Lake Blvd Purchase	-	4,805,709
401 West Lake Blvd Improvements	-	39,508
TCGC/WSP Drainage	32,785	21,795
TCGC/WSP Maintenance Facility Replacement	106,239	1,096,634
Vehicles and Equipment	222,681	46,360
Other projects	48,140	28,606
Total governmental activities	641,399	6,168,018
Water Activities		
Bunker Water Tank Replacement	353,952	-
Madden Creek Water Interconnection	1,128,572	48,975
Madden Creek System Upgrades	8,780	13,844
Rubicon Tank No. 2 & 3 Interior Coating	7,404	-
Tahoe Cedars Water System Upgrades	51,419	112,161
Tahoe Cedars Distribution Phase 2	-	19,710
Tahoe City Main Emergency Water Supply	244	-
Timberland Interconnection & Distribution Improvements	2,097,088	1,307,659
Timberland Water System Upgrades	32,883	10,653
Vehicles, Mobile Equipment, Equipment	97,623	74,404
West Lake Tahoe Regional Water Treatment Plant	974,593	1,538,501
Other Projects	(38,594)	25,768
Total Water Activities	4,713,963	3,151,675
Sewer Activities		
Dollar/Edgewater Sewer Line Replacement	397,382	654,785
Dollar/Edgewater Backup Power	257,014	34,539
Glenridge Sewer Station Generator Building	490,210	(15,170)
Bay Vista Generator Install	-	88,020
Tahoma Generator Install	-	48,573
Lonely Gulch Pump Station Generator Replacement	14,591	43,143
Pump Upgrades	32,090	1,486
Tahoe City Residential Sewer System Rehabilitation	31,356	5,255
Replacement RTUs	-	74,436
Transfer Switch Replacement	-	28,268
Line Replacement / Slipling, Manhole Rehabilitation	-	52,493
Vehicles, mobile equipment, equipment	545,230	178,320
West Shore Export Crossing Repair	21,991	-
Other projects	32,556	32,656
Total Sewer activities	1,822,419	1,226,804
Total TCPUD	\$ 7,177,781	\$ 10,546,497

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 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, completed construction October 2016 in order to address one mile of unsafe bike route, was largely funded by 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 2020, \$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 was 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 TCPUD 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 private water systems acquired in 2018 - Timberland, Tahoe Cedars, and Madden Creek. Given the timing of improvements, and current rate levels, Timberland customers transitioned 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 Proposition 218 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.

At the end of 2020, \$1,420,097 has been spent on the Timberland water system improvement project bringing the system into compliance with TCPUD standards. The remaining two water systems, Tahoe Cedars and Madden Creek, will require significant investment to bring them into compliance with TCPUD standards. These two remaining private water systems acquired in 2018 are important components of the water rate study and presented challenges such as transitioning new water customers to current rates; addressing unmetered customers; and addressing the \$48.0 million in identified water capital improvements related to these two remaining 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 affected water customers. Also, work continues on the West Lake Tahoe Regional Water Treatment Plant. Breaking ground on this project will be in 2022. TCPUD staff is actively working on a State Revolving Fund (SRF) loan to fund this project and continues to pursue grant funds. The SRF loan will be approved early 2021.

At December 31, 2020 the TCPUD utilized \$54,271,368 of gross depreciable capital assets at historical cost, consisting primarily of recreational facilities, in its Governmental Activities; and \$95,163,032 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 water 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 2021-2025 is \$70,319,672 of which \$4,850,540 in capital grants are identified but not yet secured. The capital five-year capital plan calls for \$40,185,739 for water, \$16,049,264 for sewer, \$10,565,139 for Parks and Recreation, \$2,275,500 for Governance and Administrative Services and \$1,244,000 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 debt outstanding of \$1,032,140 backed by the full faith and credit of the government. In 2020 the TCPUD paid off the \$602,994 of the 2001 Refunding Bond, Series C. (see note 6. Long-term Debt).

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$1,032,140	\$ 1,151,089	\$ -	\$ -	\$1,032,140	\$1,151,089
Special assessment bonds with governmental commitments	-	-	-	44,617	-	44,617
Total long-term debt	\$1,032,140	\$ 1,151,089	\$ -	\$ 44,617	\$1,032,140	\$1,195,706

Work on the LTFP began in earnest and will be completed in 2021 with an emphasis on infrastructure project prioritization and potential financing options. The Debt Management Policy Number 2040 provides guidelines for the structure of debt issuance, adherence to laws and regulations, and the commitment to a long-term financial planning process.

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 may use its borrowing capacity in the near future and over the next decade to finance upgrades to water systems it acquires and be repaid by either special assessments from these new water customers or property tax and continued

Management Discussion and Analysis, continued

grant funding as available. Per the District's Water System Acquisition Policy Number 2025, TCPUD intends to continue to assess and respond to the changing water needs in the community and provide for the equitable future use of property tax. In these circumstance, property tax may be used with Board approval.

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 2020 net pension liability of \$12,553,153 has been recorded to the Government Wide Statement of Net Position.

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 implemented both GASB statements and the 2020 net OPEB liability of \$3,531,369 has been recorded to the Government Wide Statement of Net Position.

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

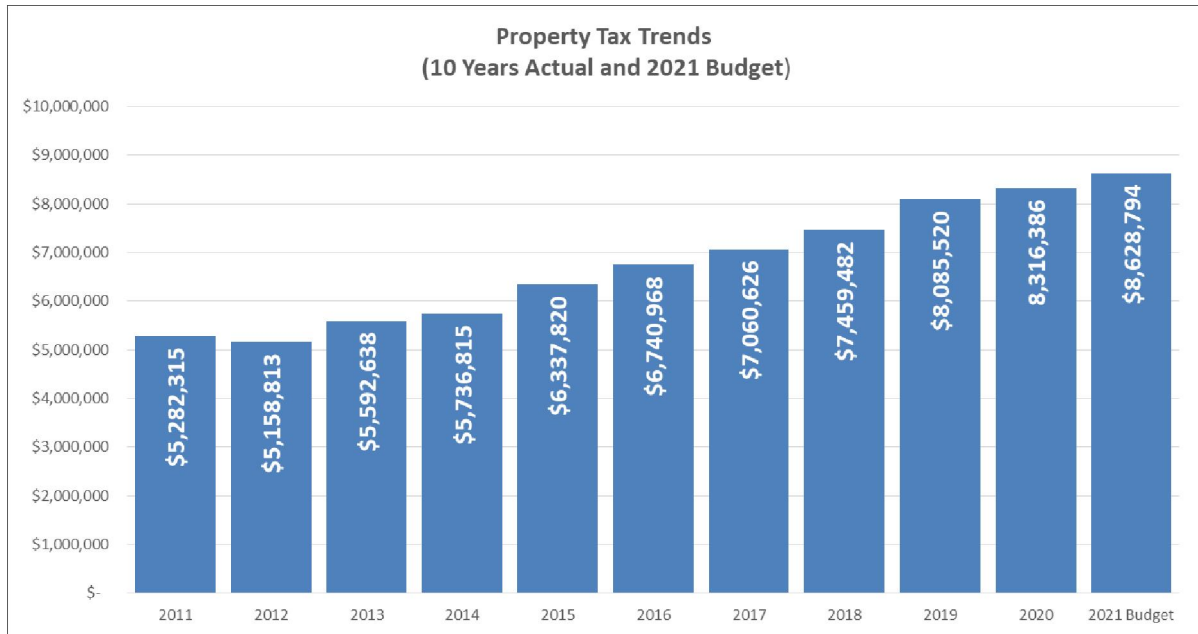
Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect TCPUD and were considered in developing the 2021 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 35.5% or \$8,628,794 of the 2021 Budget less capital grants and bond proceeds. 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 base, which is typically market value or purchase price. To the contrary, when market values drop below the Proposition 13 assessed values, much like what we saw in 2008, property tax will also decline as assessed values drop. 2020 saw an increase in regional home sales triggered by COVID-19 due to people remotely working and relocating from outside the area to the Tahoe-Truckee area. It's expected that this trend will continue through most of 2021 resetting the assessed values at a higher base. In times of recession and lower property values, a drop in property tax revenue in out years can be expected and home sales during a recession can trigger Proposition 8 catch-up provisions. Also, the impacts of Proposition 19, The Home Protection for Seniors, Severely Disabled, Families, and Victims or Wildfire or Natural Disasters Act, effective February 16, 2021, is unknown. In short, it allows eligible homeowners to transfer their property tax assessment to a new home and will impact property tax revenue. 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 2021 budget is

Management Discussion and Analysis, continued

\$312,408 greater than 2020 actuals in line with expected increases. 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 use for the transition plan was \$752,113 and the 2021 budget is \$555,228. To provide relief to TCPUD's businesses impacted by the COVID-19 global pandemic, the Board approved a Commercial Sewer Rate relief program allocating \$89,387 from property tax to fund the program. The following Property Tax Trends bar graph shows the last 10 years of actual property tax collection and the 2020 budget.



- Water and sewer base rate revenues are a stable source of income and, combined, makes up 78.3% of TCPUD's operating revenue and 88.7% 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 is anticipating drought conditions due to lack of major rain or snow during the 2020/2021 winter season 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. The two bills strengthen the state's water resiliency in the face of future droughts with provisions that include:

Management Discussion and Analysis, continued

- AB 1668: By June 30, 2022, State Water Resource Control Board and Division of Water Resources to establish standards and performance measures to achieve 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
 - SB 606: By November 1, 2023 requires both urban retail and agricultural water suppliers to set annual urban water use objectives and prepare plans 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 conservation 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.
- TCPUD's budget reflects the new normal of reduced consumption revenue. Consumption revenue represents 17.6% 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 costs make up 69.2% of TCPUD's direct operating budget, excluding depreciation, and every effort is made to control cost by working with the employees and their union/bargaining group. 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: CalPERS Classic employees contribute 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 savings, 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 MOU. The MOU will expire at the end of 2023. TCPUD will begin preparing for union negotiations in 2022.
 - Rising pension costs 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 and forward. It's also anticipated that CalPERS will be lowering the discount rate again in the next three years. TCPUD will be examining and considering a sustainable pension funding policy to address this rising cost through TCPUD's Strategic Planning process.
 - Other Post Employment Benefit (OPEB) costs, much like pension, face similar challenges such as rising health care costs and a rising retiree population. TCPUD will be examining and considering a sustainable OPEB funding policy to address this rising cost through TCPUD's Strategic Planning process.

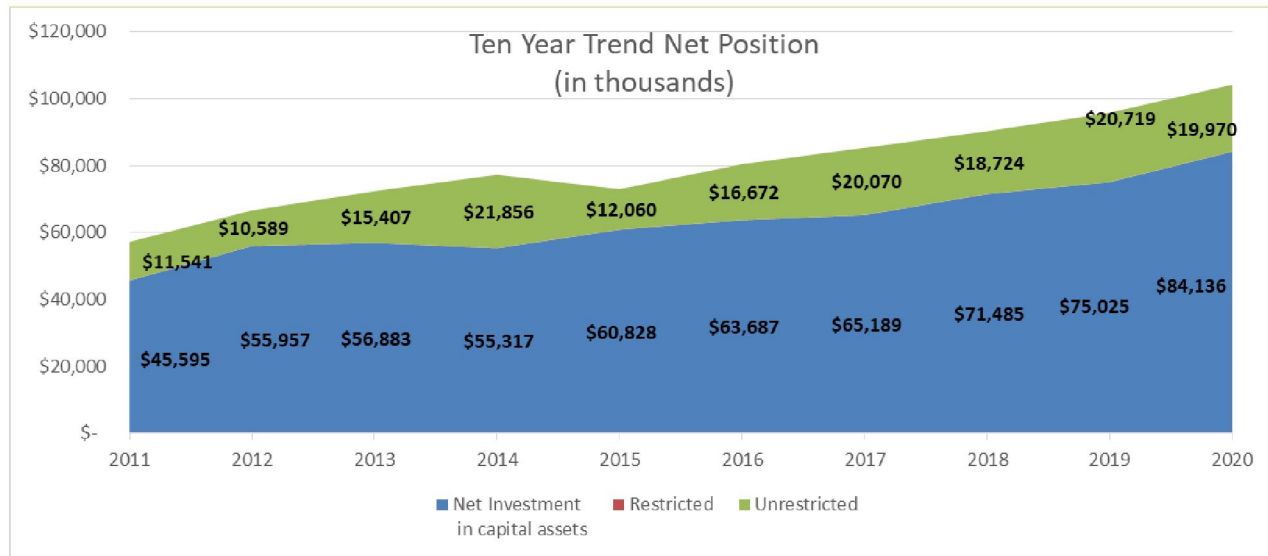
Management Discussion and Analysis, continued

- Workforce housing challenges are gaining visibility at a regional level in the North Tahoe, Truckee, and surrounding areas and TCPUD will remain engaged in the process. Led 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 on the Council and at subcommittee levels.
- The TCPUD's 2021 budget was adopted by the Board of Directors on November 20, 2020 by Resolution 20-18.
- The 2021 TCPUD budgeted operating revenues, excluding property tax and grant revenue, are increasing 7.9% or \$1,680,370 over the 2020 budget.
 - Water revenue is up \$681,248 or 9.5% 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.
 - Sewer revenue is up \$321,836 or 6.0% due to annual rate increase set to Proposition 218 rates established in the 2019 Rate Study.
 - Parks, Recreation and Golf revenues are up \$125,236 or 7.6% largely due to expected increased golf rounds as a result of individuals looking for outside activities due to COVID-19.
- Property tax revenue budget on budget is increasing \$645,572 or 8.1% and is more in line with assessed property value increases.
- The adopted TCPUD 2021 budget direct operating expense by category (excluding depreciation) totals \$15,219,740 which represents an 8.2% increase or \$1,147,855 increase over the 2020 operating budget.
 - Personnel cost, which included one new position for the Utilities department, represents 57.4% of the annual increase.
 - 401 West Lake Boulevard direct operating costs are \$184,564.
 - COVID-19 direct operating costs are \$93,500.
 - Adjusting for increased operational cost for 401 West Lake Boulevard and COVID-19, direct operating cost are budgeted to increase by 6.2% versus the 8.2% mentioned above.
- The 2021 Capital Plan of \$13,111,276 is down 4.41% or \$605,072 from the prior year 2020 Capital Plan.
- The COVID-19 outbreak, officially categorized a pandemic as of March 11, 2020, has prompted global health concerns. TCPUD swiftly took proactive measures to protect staff, to ensure continuation of essential sewer and water services, and to do its part within 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 extend assistance as needed to its customer base. The 2021 budget includes \$93,500 for related COVID-19 expenses.

Management Discussion and Analysis, continued

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 fiscal year 2018 due to implementation of GASB Statement No. 75. Currently, 2020 fiscal year shows net position overall increasing year on year.



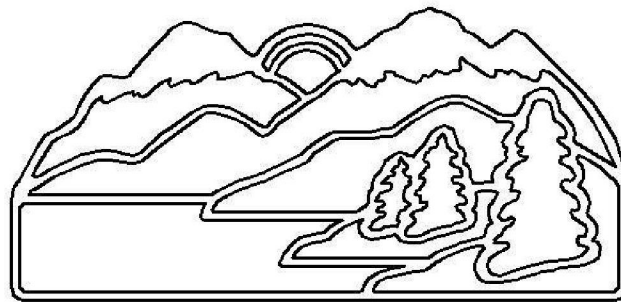
Net investment in capital assets increased \$9,111,474 or 12.1% due to paying down related debt, the purchase of 401 West Lake Boulevard, golf course/ winter sports park maintenance building, water infrastructure, and other investments in infrastructure, vehicles, and equipment.

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, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 9,700,175	\$ 14,698,535	\$ 24,398,710
Restricted cash and investments	41,934	-	41,934
Receivables:			
Accounts	-	592,323	592,323
Interest	-	107	107
Taxes	4,525,853	-	4,525,853
Grants	40,726	101,906	142,632
Other	409,079	28,037	437,116
Allowance for Doubtful Accounts	(3,709)	(7,418)	(11,127)
Inventories	35,099	301,459	336,558
Prepaid items and other assets	191,865	395,440	587,305
Total current assets	14,941,022	16,110,389	31,051,411
Noncurrent assets:			
Restricted cash and investments	13,800	51,277	65,077
Facility improvement receivables	-	96,930	96,930
Capital assets:			
Non-depreciable	11,984,111	5,387,756	17,371,867
Depreciable, net	22,612,527	45,183,974	67,796,501
Total capital assets, net	34,596,638	50,571,730	85,168,368
Total noncurrent assets	34,610,438	50,719,937	85,330,375
Total assets	49,551,460	66,830,326	116,381,786
DEFERRED OUTFLOWS OF RESOURCES			
Changes in the net pension liability	799,057	1,540,248	2,339,305
Changes in other post retirement benefits liability	613,309	1,342,114	1,955,423
Net goodwill	-	4,171,656	4,171,656
Total deferred outflows of resources	1,412,366	7,054,018	8,466,384

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

Tahoe City Public Utility District
Statement of Net Position - Continued
December 31, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	246,515	964,817	1,211,332
Accrued payroll and benefits payable	34,987	125,001	159,988
Employee medical reimbursement payable	204,921	-	204,921
Interest payable	4,652	-	4,652
Deposits payable	47,578	186,597	234,175
Other liabilities	103,194	124,218	227,412
Unearned revenue	48,614	-	48,614
Compensated absences-due within one year	207,271	282,817	490,088
Long-term liabilities-due within one year	121,094	-	121,094
Total current liabilities	1,018,826	1,683,450	2,702,276
Noncurrent liabilities:			
Long-term liabilities-due in more than one year	911,046	-	911,046
Net pension liability	4,680,227	7,872,926	12,553,153
Net other post employment benefit liability	1,070,929	2,460,440	3,531,369
Total liabilities	7,681,028	12,016,816	19,697,844
DEFERRED INFLOWS OF RESOURCES			
Changes in the net pension liability	242,706	220,948	463,654
Changes in other post retirement benefits liability	138,956	376,432	515,388
Total deferred inflows of resources	381,662	597,380	979,042
NET POSITION			
Net Investment in capital assets	34,596,638	49,539,591	84,136,229
Restricted for:			
Guarantee permit and payment performance	13,800	51,200	65,000
Unrestricted	8,290,698	11,679,357	19,970,055
Total net position	\$ 42,901,136	\$ 61,270,148	\$ 104,171,284

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, 2020

Functions / Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
Primary Government:									
Governmental activities:									
Public works - Parks	\$ 5,602,432	\$ 89,779	\$ 1,393,658	\$ 32,158	\$ 2,333,921	\$ 3,759,737	\$ (1,932,474)	\$ -	\$ (1,932,474)
Recreation	732,041	13,415	84,960	10,288	-	95,248	(650,208)	-	(650,208)
Interest on long-term debt (unallocated)	-	20,217	-	-	-	-	(20,217)	-	(20,217)
Total governmental activities	6,334,473	123,411	1,478,618	42,446	2,333,921	3,854,985	(2,602,899)	-	(2,602,899)
Business-type activities:									
Water	6,429,200	458,032	7,642,524	-	71,449	7,713,973	-	826,741	826,741
Sewer	3,831,739	902	5,321,027	-	26,187	5,347,214	-	1,514,573	1,514,573
Total business-type activities	10,260,939	458,934	12,963,551	-	97,636	13,061,187	-	2,341,314	2,341,314
Total primary government	\$ 16,595,412	\$ 582,345	\$ 14,442,169	\$ 42,446	\$ 2,431,557	\$ 16,916,172	(2,602,899)	2,341,314	(261,585)
General Revenues:									
Property taxes							7,452,235	864,151	8,316,386
Investment earnings							177,996	129,484	307,480
Transfers from to other funds							(3,500,000)	3,500,000	-
Total general revenues							4,130,231	4,493,635	8,623,866
Change in net position							1,527,332	6,834,949	8,362,281
Net Position - Beginning							41,373,804	54,435,199	95,809,003
Net position - Ending							\$ 42,901,136	\$ 61,270,148	\$ 104,171,284

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, 2020

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash	\$ 9,700,175	\$ -	\$ 9,700,175
Restricted cash	55,734	-	55,734
Receivables:			
Taxes	4,525,853	-	4,525,853
Grants	40,726	-	40,726
Other	409,079	-	409,079
Allowance for Doubtful Accounts	(3,709)	-	(3,709)
Inventory	35,099	-	35,099
Prepaid items and other assets	191,865	-	191,865
Total assets	\$ 14,954,822	\$ -	\$ 14,954,822
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 246,515	\$ -	\$ 246,515
Accrued payroll and benefits payable	34,987	-	34,987
Employee medical reimbursement payable	204,921	-	204,921
Deposits payable	47,578	-	47,578
Other liabilities	103,194	-	103,194
Unearned revenue	48,614	-	48,614
Total liabilities	685,809	-	685,809
Fund Balances:			
Non-Spendable	226,964	-	226,964
Assigned			
Long-term equipment and capital replacement	1,164,629	-	1,164,629
Unassigned fund balance			
General Fund	12,877,420	-	12,877,420
Total fund balances	14,269,013	-	14,269,013
Total liabilities and fund balances	\$ 14,954,822	\$ -	\$ 14,954,822

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, 2020

Total Fund Balances - Governmental Funds \$ 14,269,013

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

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	11,984,111
Depreciable, net	22,612,527
Total capital assets, net	34,596,638

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. (4,652)

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	(207,271)
Long-term debt - due within one year	(121,094)
Long-term debt - due in more than one year	(911,046)
Total long-term liabilities	(1,239,411)

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	(4,680,227)
Deferred outflows, related to pension expense	799,057
Deferred inflows, related to pension expense	(242,706)
Total long-term net pension liability	(4,123,876)

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	(1,070,929)
Deferred outflows, related to other post employee benefits expense	613,309
Deferred inflows, related to other post employee benefits expense	(138,956)
Total long-term net other post employee benefits liability	(596,576)

Total Net Position of Governmental Activities \$ 42,901,136

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, 2020

	General	Debt Service	Total Governmental Funds
REVENUES:			
Fees	\$ 547,018	\$ -	\$ 547,018
Property taxes	7,312,531	139,704	7,452,235
Interest	177,996	-	177,996
Grants	61,421	-	61,421
Other	985,187	(641)	984,546
Total revenues	<u>9,084,153</u>	<u>139,063</u>	<u>9,223,216</u>
EXPENDITURES:			
Current:			
Public works - Parks	3,392,981	-	3,392,981
Recreation	630,074	-	630,074
Other operating	228,242	-	228,242
Capital outlay	6,168,018	-	6,168,018
Debt service:			
Principal	-	118,950	118,950
Interest	-	20,754	20,754
Total expenditures	<u>10,419,315</u>	<u>139,704</u>	<u>10,559,019</u>
REVENUES OVER EXPENDITURES	<u>(1,335,162)</u>	<u>(641)</u>	<u>(1,335,803)</u>
OTHER FINANCING SOURCES (USES):			
Proceeds from the sale of assets	12,000	-	12,000
Transfers out to other funds	(3,500,000)	-	(3,500,000)
Total other financing sources (uses)	<u>(3,488,000)</u>	<u>-</u>	<u>(3,488,000)</u>
Net change in fund balances	<u>(4,823,162)</u>	<u>(641)</u>	<u>(4,823,803)</u>
FUND BALANCES:			
Beginning of year	<u>19,092,175</u>	<u>641</u>	<u>19,092,816</u>
End of year	<u>\$ 14,269,013</u>	<u>\$ -</u>	<u>\$ 14,269,013</u>

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, 2020

Net Change in Fund Balances - Governmental Funds \$ (4,823,803)

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

Contributed capital was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, contributed capital was not reported as income in the Governmental Funds. 2,250,000

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. 6,168,018

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. (2,004,544)

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. 118,950

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	(23,792)
Change in accrued interest	537
Increase of pension expense based on GASB 68 adjustments	(129,341)
Increase of OPEB expense based on GASB 75 adjustments	(28,693)
	(28,693)

Change in Net Position of Governmental Activities \$ 1,527,332

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, 2020

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
ASSETS			
Current assets:			
Cash and investments	\$ 5,851,963	\$ 8,846,572	\$ 14,698,535
Receivables:			
Accounts	348,307	244,016	592,323
Grants	75,718	26,188.00	101,906
Interest	107	-	107
Other	26,525	1,512	28,037
Allowance for Doubtful Accounts	(3,709)	(3,709)	(7,418)
Inventories	245,974	55,485	301,459
Prepaid items and other assets	234,484	160,956	395,440
Total current assets	<u>6,779,369</u>	<u>9,331,020</u>	<u>16,110,389</u>
Noncurrent assets:			
Restricted cash and investments	40,777	10,500	51,277
Facility improvement receivables	30,420	66,510	96,930
Capital assets:			
Non-depreciable assets	4,835,205	552,551	5,387,756
Depreciable assets, net	32,201,236	12,982,738	45,183,974
Total capital assets, net	<u>37,036,441</u>	<u>13,535,289</u>	<u>50,571,730</u>
Total noncurrent assets	<u>37,107,638</u>	<u>13,612,299</u>	<u>50,719,937</u>
Total assets	<u>43,887,007</u>	<u>22,943,319</u>	<u>66,830,326</u>
DEFERRED OUTFLOWS OF RESOURCES			
Changes in the net pension liability	862,231	678,017	1,540,248
Changes in other post retirement benefits liability	671,057	671,057	1,342,114
Net goodwill	4,171,656	-	4,171,656
Total deferred outflows of resources	<u>5,704,944</u>	<u>1,349,074</u>	<u>7,054,018</u>
LIABILITIES			
Current liabilities:			
Accounts payable	553,747	411,070	964,817
Accrued payroll and benefits payable	77,464	47,537	125,001
Deposits payable	102,025	84,572	186,597
Other liabilities	57,420	66,798	124,218
Compensated absences	160,972	121,845	282,817
Total current liabilities	<u>951,628</u>	<u>731,822</u>	<u>1,683,450</u>
Noncurrent liabilities:			
Net pension liability	4,643,977	3,228,949	7,872,926
Net other post employment benefit liability	1,230,219	1,230,221	2,460,440
Total noncurrent liabilities	<u>5,874,196</u>	<u>4,459,170</u>	<u>10,333,366</u>
Total liabilities	<u>6,825,824</u>	<u>5,190,992</u>	<u>12,016,816</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in the net pension liability	130,208	90,740	220,948
Changes in other post retirement benefits liability	188,216	188,216	376,432
Total Deferred inflows of resources	<u>318,424</u>	<u>278,956</u>	<u>597,380</u>
NET POSITION			
Net Investment in capital assets	37,036,442	12,503,149	49,539,591
Restricted for:			
Guarantees of permit performance	50,700	500	51,200
Unrestricted	5,360,561	6,318,796	11,679,357
Total net position	<u>42,447,703</u>	<u>\$ 18,822,445</u>	<u>\$ 61,270,148</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, 2020

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
OPERATING REVENUES:			
Service and inspection fees	\$ 7,437,833	\$ 5,219,009	\$ 12,656,842
Connection fees	51,325	25,165	76,490
Property tax for operations	752,113	89,387	841,500
Penalties and discounts	35,747	25,792	61,539
Other	117,618	51,061	168,679
Total operating revenues	8,394,636	5,410,414	13,805,050
OPERATING EXPENSES:			
Personnel	2,163,143	1,343,192	3,506,335
Operations	3,224,297	1,898,888	5,123,185
Depreciation	1,253,486	590,560	1,844,046
Total operating expenses	6,640,926	3,832,640	10,473,566
OPERATING INCOME	1,753,710	1,577,774	3,331,484
NONOPERATING REVENUES (EXPENSES):			
Property taxes for Debt Service	22,651	-	22,651
Interest income	54,213	75,271	129,484
Amortization	(245,391)	-	(245,391)
Interest expense	(915)	-	(915)
Total nonoperating revenues (expenses)	(169,442)	75,271	(94,171)
INCOME BEFORE CAPITAL CONTRIBUTIONS	1,584,268	1,653,045	3,237,313
Capital contributions	71,448	26,188	97,636
Transfers in from other funds	3,500,000	-	3,500,000
Change in net position	5,155,716	1,679,233	6,834,949
NET POSITION:			
Net Position - Beginning	37,291,987	17,143,212	54,435,199
Beginning of year	37,291,987	17,143,212	54,435,199
Total net position	\$ 42,447,703	\$ 18,822,445	\$ 61,270,148

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, 2020

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 8,317,864	\$ 5,346,051	\$ 13,663,915
Payments to suppliers	(3,498,788)	(1,598,433)	(5,097,221)
Payments to employees	(1,831,895)	(1,138,781)	(2,970,676)
Net cash provided by operating activities	2,987,181	2,608,837	5,596,018
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Property taxes received	22,651	-	22,651
Transfers in	3,500,000	-	3,500,000
Net cash provided by noncapital financing activities	3,522,651	-	3,522,651
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(3,151,675)	(1,226,804)	(4,378,479)
Grants received	71,449	26,188	97,637
Principal payments on long-term debt	(44,617)	-	(44,617)
Interest paid on long-term debt	(915)	-	(915)
Net cash used by capital and related financing activities	(3,125,758)	(1,200,616)	(4,326,374)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	63,942	75,271	139,213
Net cash provided by investing activities	63,942	75,271	139,213
Net increase in cash and cash equivalents	3,448,016	1,483,492	4,931,508
CASH AND CASH EQUIVALENTS			
Beginning of year	2,444,724	7,373,580	9,818,304
End of year	<u>\$ 5,892,740</u>	<u>\$ 8,857,072</u>	<u>\$ 14,749,812</u>
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	5,851,963	8,846,572	\$ 14,698,535
Restricted cash and cash equivalents	40,777	10,500	51,277
Total cash and cash equivalents	<u>\$ 5,892,740</u>	<u>\$ 8,857,072</u>	<u>\$ 14,749,812</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 1,753,710	\$ 1,577,774	\$ 3,331,484
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,253,486	590,560	1,844,046
Changes in assets and liabilities:			
(Increase) Decrease in:			
Accounts receivable	(30,898)	11,795	(19,103)
Grants receivable	(20,353)	(25,135)	(45,488)
Other receivable	(25,718)	(705)	(26,423)
Allowance for doubtful accounts	(166)	(166)	(332)
Facilities improvement receivables	(5,429)	(61,836)	(67,265)
Inventories	(13,070)	1,863	(11,207)
Prepaid items and other assets	(6,885)	9,536	2,651
Net Change in deferred outflows and inflows	(607,080)	(563,987)	(1,171,067)
Increase (Decrease) in:			
Accounts payable	(259,528)	261,956	2,428
Accrued payroll and benefits	5,833	(18,590)	(12,757)
Deposits payable	5,792	11,684	17,476
Net change in other liabilities	4,992	27,100	32,092
Net pension liability, OPEB and other liabilities	857,699	753,499	1,611,198
Compensated absences	74,796	33,489	108,285
Net cash provided by operating activities	<u>\$ 2,987,181</u>	<u>\$ 2,608,837</u>	<u>\$ 5,596,018</u>

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, 2020

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, 2020.

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, 2020

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, 2020**

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, 2020

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, 2020

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, 2020

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, 2020, 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, 2020, 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 \$2,339,305 and \$1,955,423, respectively. These amounts include the pension contributions made after the measurement date of the net pension liability, differences between expected and actual experience for both pension and OPEB, change in assumptions for both

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Deferred Outflows/Inflows of Resources, Continued

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 \$4,171,656 at December 31, 2020. 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, 2020, 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 \$463,654 and \$515,388 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, 2020**

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, 2020

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.

Fund Balance Flow Assumptions: On occasion, the TCPUD has outlays for which both restricted and unrestricted amounts (i.e., total committed, unassigned and assigned fund balance) could be used. When such an outlay occurs, the TCPUD considers unrestricted fund balance depleted before restricted fund balance. When an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the TCPUD considers

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Net Position, Continued

committed amounts to be reduced first, followed by assigned amounts, and then unassigned amounts.

Fund Balance Policies: The TCPUD Board fund balance commitments by adoption of a resolution. Assigned fund balances are established by the TCPUD Board by Resolution (such as for equipment and future capital).

As of December 31, 2020, there was no restricted funds.

As December 31, 2020, assigned fund balances in the following governmental funds included equipment and capital replacements.

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 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, 2020, the TCPUD implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 84

In January 2017, GASB issued Statement No. 84, Fiduciary Activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. 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. The District adopted this accounting guidance for its December 31, 2020 year-end. There was no significant impact to the District's financial statements as a result of adoption.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. *Current Government Accounting Standard Board Statements Implementation, Continued*

Government Accounting Standards Board Statement No. 90

In August 2018, GASB issued Statement No. 90, Majority Equity Interests - an amendment of GASB Statements No. 14 and 61. The primary objectives of this Statement are 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. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The District adopted this accounting guidance for its December 31, 2020 year-end. There was no significant impact to the District's financial statements as a result of adoption.

R. *Future Government Accounting Standard Board Statements*

These statements are not effective until January 1, 2021 or later. The District has not determined the effects on the financial statements.

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 District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District'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 establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. 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.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

R. Future Government Accounting Standard Board Statements, Continued

The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District'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

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

Government Accounting Standards Board Statement No. 92

In January 2020, GASB issued Statement No. 92, Omnibus 2020. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending December 31, 2022.

Government Accounting Standards Board Statement No. 93

In March 2020, GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The primary objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). The District has not determined what impact, if any, this pronouncement will have on the financial statements. The removal of LIBOR as an appropriate benchmark interest rate is effective for the District's fiscal year ending December 31, 2022. All other requirements of this statement are effective for the District's fiscal year ending December 31, 2021.

Government Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

R. Future Government Accounting Standard Board Statements, Continued

conveying control of the right to operate or use a nonfinancial assets, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the District's fiscal year ending December 31, 2023.

Government Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the District's fiscal year ending December 31, 2023.

Government Accounting Standards Board Statement No. 97

In June 2020, GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a partial component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or

OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to the accounting and financial reporting for Section 457 plans are effective for the District's fiscal year ending December 31, 2022.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

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 \$724,673 at December 31, 2020. Bank balances were \$1,005,156, 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
- 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, 2020, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

2. CASH AND INVESTMENTS, continued

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, 2020, the TCPUD had \$3,824,589 invested with LAIF and \$19,847,948 invested with the Placer County Treasurer. LAIF had invested 1.37% 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 1.002271318 to total investments held by both. At December 31, 2020, the LAIF and Placer County Treasurer balance did not reflect an amortized cost of \$24,322 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, 2020.

B. 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

The following is a summary of cash and investments at December 31, 2020:

	Government-Wide Statement of Net Assets		
	Governmental Activities	Business-Type Activities	Total
Operating cash deposits	\$ -	\$ 724,673	\$ 724,673
Imprest and other	1,200	300	1,500
Investments	9,698,975	13,973,562	23,672,537
Total cash and investments	9,700,175	14,698,535	24,398,710
Current - Restricted cash and investments	41,934	-	41,934
Noncurrent-Restricted cash and investments	13,800	51,277	65,077
Total All	\$ 9,755,909	\$ 14,749,812	\$ 24,505,721

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020**

2. CASH AND INVESTMENTS, continued

C. 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, 2020, 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, 2020, 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.

D. Restricted Cash and Investments

Restricted cash and investments for the TCPUD amounted to \$107,011. 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 \$41,934, was in the TCPUD's Section 125 medical reimbursement account which is restricted for the sole use of the TCPUD's employees.

3. INTERFUND TRANSACTIONS

A. Due to/due from other funds

There were no short term interfund loans between funds at December 31, 2020.

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 2020 there was one transfer to the Water fund, in the amount of \$3,500,000, from the General Fund.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

4. CAPITAL ASSETS

A. Government-Wide Financial Statements

At December 31, 2020, the TCPUD's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 10,583,119	\$ 42,957	\$ 10,626,076
Construction in progress	1,400,992	5,344,799	6,745,791
Total non-depreciable assets	<u>11,984,111</u>	<u>5,387,756</u>	<u>17,371,867</u>
Depreciable assets:			
Water and sewer plant	-	85,256,424	85,256,424
Recreational facilities	47,724,486	-	47,724,486
Office building and equipment	5,887,832	7,232,831	13,120,663
Vehicles	659,050	2,673,777	3,332,827
Total depreciable assets	<u>54,271,368</u>	<u>95,163,032</u>	<u>149,434,400</u>
Less accumulated depreciation:			
Water and sewer plant	-	(45,267,944)	(45,267,944)
Recreational facilities	(27,686,192)	-	(27,686,192)
Office building and equipment	(3,563,958)	(3,720,060)	(7,284,018)
Vehicles	(408,691)	(991,054)	(1,399,745)
Total accumulated depreciation	<u>(31,658,841)</u>	<u>(49,979,058)</u>	<u>(81,637,899)</u>
Net depreciable assets	<u>22,612,527</u>	<u>45,183,974</u>	<u>67,796,501</u>
Total capital assets, net	<u><u>\$ 34,596,638</u></u>	<u><u>\$ 50,571,730</u></u>	<u><u>\$ 85,168,368</u></u>

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

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, 2020	Additions	Retirements	Transfers/ Reclassifications	Balance as of December 31, 2020
Capital assets, not being depreciated:					
Land	\$ 5,401,592	\$ 5,175,304	\$ -	\$ 6,223	\$ 10,583,119
Construction in progress	413,761	3,196,355	-	(2,209,124)	1,400,992
Total capital assets, not being depreciated	5,815,353	8,371,659	-	(2,202,901)	11,984,111
Capital assets, being depreciated:					
Recreational facilities	45,541,586		-	2,182,900	47,724,486
Office building and equipment	5,905,174		(37,343)	20,001	5,887,832
Vehicles	612,691	46,359		-	659,050
Total capital assets, being depreciated	52,059,451	46,359	(37,343)	2,202,901	54,271,368
Less accumulated depreciation for:					
Recreational facilities	(26,027,606)	(1,658,586)	-	-	(27,686,192)
Office building and equipment	(3,300,068)	(301,233)	37,343	-	(3,563,958)
Vehicles	(363,966)	(44,725)	-	-	(408,691)
Total accumulated depreciation	(29,691,640)	(2,004,544)	37,343	-	(31,658,841)
Net capital assets being depreciated	22,367,811	(1,958,185)	-	2,202,901	22,612,527
Governmental activities capital assets, net	\$ 28,183,164	\$ 6,413,474	\$ -	\$ -	\$ 34,596,638

Depreciation expense for capital assets during the year ended December 31, 2020 was charged to the different activities as follows:

Public works - parks	\$ 1,928,993
Recreation	75,551
Total	<u>\$ 2,004,544</u>

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

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, 2020	Additions	Retirements	Transfers/ Reclassifications	Balance as of December 31, 2020
Capital assets, not being depreciated:					
Land	\$ 42,957	\$ -	\$ -	\$ -	\$ 42,957
Construction in progress	3,420,467	4,125,382	-	(2,201,050)	5,344,799
Total capital assets, not being depreciated	3,463,424	4,125,382	-	(2,201,050)	5,387,756
Capital assets, being depreciated:					
Water and sewer plant	83,614,868	-	-	1,641,556	85,256,424
Office building and equipment	6,644,664	28,673	-	559,494	7,232,831
Vehicles	2,449,353	224,424	-	-	2,673,777
Total capital assets, being depreciated	92,708,885	253,097	-	2,201,050	95,163,032
Less accumulated depreciation for:					
Water and sewer plant	(43,828,510)	(1,439,434)	-	-	(45,267,944)
Office building and equipment	(3,532,850)	(187,210)	-	-	(3,720,060)
Vehicles	(773,652)	(217,402)	-	-	(991,054)
Total accumulated depreciation	(48,135,012)	(1,844,046)	-	-	(49,979,058)
Net capital assets being depreciated	44,573,873	(1,590,949)	-	2,201,050	45,183,974
Business-type activities capital assets, net	\$ 48,037,297	\$ 2,534,433	\$ -	\$ -	\$ 50,571,730

Depreciation expense for capital assets for December 31, 2020 was charged to the different activities as follows:

Water	\$ 1,253,486
Sewer	590,560
Total	\$ 1,844,046

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020**

5. UNEARNED REVENUE

Government-Wide Financial Statements

At December 31, 2020, 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
	Governmental Funds
	General Fund
Golf Deferred Revenue	\$ 28,280
Sidewalk principal and interest	6,834
Deferred Misc.	13,500
Total	\$ 48,614

6. LONG TERM LIABILITIES

The following is a summary of long-term liabilities transactions for the year ended December 31, 2020:

	Maturity Date	Interest Rate	Balance January 1, 2020	Additions	Retirements	Balance December 31, 2020	Current Portion	Due in More than One Year
Governmental Activities								
State Water Resources Control Board	2028	1.80%	1,151,089	-	118,949	\$ 1,032,140	121,094	911,046
Total Governmental activities			\$ 1,151,089	\$ -	\$ 118,949	\$ 1,032,140	\$ 121,094	\$ 911,046
Business-Type Activities								
2001 Refunding Bonds								
Series C	2020	6.05%	\$ 44,617	-	\$ 44,617	\$ -	\$ -	\$ -
Total Business-type activities			\$ 44,617	\$ -	\$ 44,617	\$ -	\$ -	\$ -

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020**

6. LONG TERM LIABILITIES, Continued

Future principal and interest payments on all long-term liabilities were as follows at December 31, 2020:

For the Year Ending 12/31	Governmental Activities	
	State Water Resources Control Board	
	Principal	Interest
2021	121,094	18,609
2022	123,277	16,426
2023	125,500	14,203
2024	127,763	11,941
2025	130,066	9,637
2026-2028	404,440	14,671
	<u>\$ 1,032,140</u>	<u>\$ 85,487</u>

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.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020**

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 2020 General Property Tax Pledged
Governmental Activities		
State Water Resources Control Board	\$ 139,704	1.7%
2001 Refunding Bonds Series C	45,224	0.5%
Unpledged General Property Tax Revenues	<u>8,131,458</u>	<u>97.8%</u>
Total 2020 General Property Tax Revenues	<u>\$ 8,316,386</u>	<u>100.0%</u>

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, 2020 were as follows:

	Balance January 1, 2020	Additions	Retirements	Balance December 31, 2020	Due within One Year
Governmental Activities	\$ 183,479	\$ 134,168	\$ (110,376)	\$ 207,271	\$ 207,271
Business-Type Activities	<u>174,532</u>	<u>355,556</u>	<u>(247,271)</u>	<u>282,817</u>	<u>282,817</u>
Total	<u>\$ 358,011</u>	<u>\$ 489,724</u>	<u>\$ (357,647)</u>	<u>\$ 490,088</u>	<u>\$ 490,088</u>

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.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020**

9. FUND BALANCES / NET POSITION, Continued

The following General Fund balance at December 31, 2020 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.

General Fund Balance

Non-Spendable	\$ 226,964
Assigned	
Capital Reserve - capital	1,034,429
Capital Reserve - rolling stock	130,200
Unassigned fund balance	<u>12,877,420</u>
Total Fund Balance General Fund	<u><u>\$ 14,269,013</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	1,419,728	3,541,161	4,960,889
Total unrestricted net position proprietary fund	<u><u>\$ 5,360,561</u></u>	<u><u>\$ 6,318,796</u></u>	<u><u>\$ 11,679,357</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

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

10. PENSION PLANS, Continued

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 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, 2020 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 2019/2020	8.00%	6.75%
Required Employee Contribution Rates 2020/2021	8.00%	6.75%
Required Employer Contribution Rates 2019/2020*	33.863%	7.370%
Required Employer Contribution Rates 2020/2021*	38.253%	8.096%

*The employer contribution rate is the sum of the Plan's normal contribution rate plus the employer unfunded accrued liability contribution amount.

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

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

10. PENSION PLANS, Continued

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, 2020, were as follows:

	<u>Contributions</u>
Contributions - Employer	\$ 1,333,187
Contributions - Employee	\$ 448,191

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

As of December 31, 2020, the TCPUD reported a net pension liability for its proportionate share of the net pension liability of the plan of \$12,553,153.

	<u>Proportionate Share of Net Pension Liability</u>
Beginning net pension liability, January 1, 2020	\$ 10,802,728
Pension expense	2,802,910
Employer contribution	(1,411,605)
Net new deferred inflows / outflows	359,120
	<u>\$ 12,553,153</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, 2019. 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.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

10. PENSION PLANS, Continued

The TCPUD's proportionate share of the net pension liability as of June 30, 2020, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2020, 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, 2020, 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, 2020, to obtain the total pension liability and fiduciary net position as of June 30, 2020. 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, 2020 and June 30, 2019 was as follows:

	Miscellaneous Risk Pool
Proportion at measurement date – June 30, 2019	0.29179%
Proportion at measurement date – June 30, 2020	0.29760%
Change – increase (decrease)	<u>0.00581%</u>

For the year ended December 31, 2020 the TCPUD recognized pension expense of \$1,588,951. At December 31, 2020 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	\$ -	\$ 89,534
Differences between expected and actual experience	646,901	-
Net Difference between projected and actual earnings on plan investments	372,911	-
Differences between Actual Contributions vs. Proportionate Share of Contribution	-	327,201
Change in employer's proportion	239,756	46,919
Pension Contributions Made Subsequent to the Measurement Date	1,079,737	-
	<u>\$ 2,339,305</u>	<u>\$ 463,654</u>

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020**

10. PENSION PLANS, Continued

The \$1,079,737 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, 2021. 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
2021	\$ 25,283
2022	321,267
2023	270,506
2024	178,858
	\$ 795,914

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
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.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020**

10. PENSION PLANS, Continued

Change of Assumptions

For the measurement period June 30, 2020, there were no changes of assumptions. For the measurement period June 30, 2019, 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, 2020 based on June 30, 2019 Valuations, that can be obtained from the CalPERS website.

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.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
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10. PENSION PLANS, Continued

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.

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)	\$ 18,429,049	\$ 12,553,153	\$ 7,698,911

Pension Plan Fiduciary Net Position

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

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020**

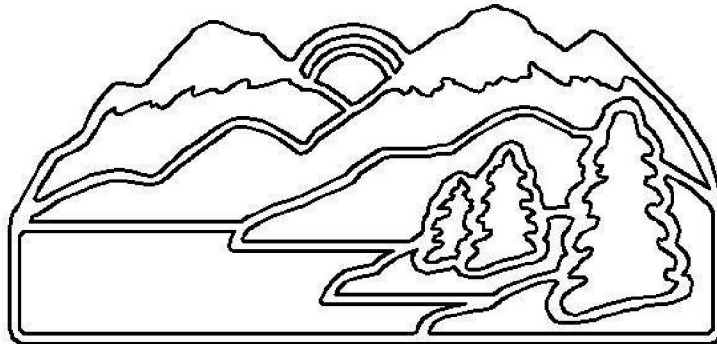
11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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.

Employees covered - As of the December 31, 2019 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	33
Active employees	<u>58</u>
Total	<u>91</u>

Methods and Assumptions -The TCPUD's net OPEB liability was measured as of December 31, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2019 based on the following actuarial methods and assumptions.



**Tahoe City Public Utility District
Notes to the Basic Financial Statements
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11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Valuation Date	December 31, 2019
Measurement Period	December 31, 2018 to December 2019
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	6.75% as of December 31, 2019 & 7.28% December 31, 2017 net of plan investment expense and including inflation
Discount rate	6.85% as of December 31, 2019 & 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	3.00 % 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	2.50% 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
2020	Actual	2027-46	5.30%
2021	5.40%	2047	5.20%
2022	5.30%	2048-49	5.10%
2023-26	5.20%	2050-53	5.00%

Mortality rates Assumed mortality, termination, and retirement rates were updated from those used in the prior valuation to those provided in the 2017 experience study report of CalPERS.

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 \$823.31 for a retiree with 2 or more dependents, \$644.33 for a retiree with 1 dependent, and \$322.16 for an individual retiree increased annually by the same percentage as the Public Employees' Medical and Hospital Care Act minimum employer health premium contribution. 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 2020, the TCPUD paid \$208,223 toward retiree medical premiums and \$34,948 for retiree dental and vision claims, which amounted to \$243,171, as contributions to OPEB. TCPUD also placed \$45,812 into the CERBT, to be applied towards the OPEB obligation and estimated implied subsidy was \$22,483. This provided for \$311,466 as total contributions in 2020 to OPEB.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

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 6.85%.

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	\$ 1,168,586	\$ 409,156
Differences between expected and actual experience	475,371	-
Net Difference between projected and actual earnings on plan investments	-	106,232
Deferred Contributions	311,466	-
	<u>\$ 1,955,423</u>	<u>\$ 515,388</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
2021	\$ 140,844
2022	140,842
2023	169,005
2024	197,469
2025	255,790
Thereafter	224,619
	<u>\$ 1,128,569</u>

OPEB Expense – For the fiscal year ended December 31, 2020, the TCPUD recognized OPEB expense of \$400,415.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Beginning	\$ 3,819,295	\$ 1,710,118	\$ 2,109,177
Service cost	116,154	-	116,154
Interest	264,101	-	264,101
Contributions - employer	-	306,710	(306,710)
Net investment income	-	373,870	(373,870)
Administrative Expense	-	(436)	436
Difference between expected and actual experience	478,967	-	478,967
Changes of assumptions	1,243,114	-	1,243,114
Benefit payments	(215,793)	(215,793)	-
Ending	<u>\$ 5,705,838</u>	<u>\$ 2,174,469</u>	<u>\$ 3,531,369</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, 2019:

	Discount Rate -1% (5.85%)	Current Discount Rate (6.85%)	Discount Rate + 1% (7.85%)
Plan's Net OPEB liability	\$ 4,299,957	\$ 3,531,369	\$ 2,896,666

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, 2019:

	Current Trend -1%	Current Trend	Current Trend +1%
Plan's Net OPEB liability	\$ 2,834,093	\$ 3,531,369	\$ 4,388,638

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

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020

12. RISK MANAGEMENT, Continued

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, 2020</u>	<u>September 30, 2019</u>
Total assets	\$ 237,525,073	\$ 212,099,851
Deferred outflows	1,054,750	553,790
Total liabilities	113,075,164	112,046,920
Deferred inflows	1,817,452	1,672,219
Total net position	123,687,207	98,934,502
Total operating revenues	189,130,318	173,647,293
Total operating expenses	172,886,738	169,356,246
Total nonoperating revenues	8,509,125	8,177,851
Change in net position	24,752,705	12,468,898

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 \$2,500 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.
- 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 Total Scheduled Values.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2020**

12. RISK MANAGEMENT, Continued

- 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 2020, 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, 2020.

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.

The World Health Organization declared the worldwide COVID-19 outbreak a public health emergency on January 30, 2020 and officially declared it as a pandemic as of March 11, 2020. Management has performed an evaluation of certain financial statement line items such as investments, accounts receivable, accounts payable, and accrued expenses to determine whether valuation or impairment adjustments should be made. Management has determined that the amounts reported on the financial statements are properly valued as of December 31, 2020. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to the financial condition of the District.

14. COMMITMENTS

The TCPUD has entered into contracts for construction with remaining commitments of approximately \$1,451,589 at December 31, 2020.

15. SUBSEQUENT EVENT

The TCPUD has entered into a Construction Installment Sale Agreement with The California State Water Resources Control Board to fund construction of the West Lake Tahoe Regional Water Treatment Plant in an amount not to exceed \$13,622,000.

Required Supplementary Information

Tahoe City Public Utility District
Required Supplementary Information
For the year ended December 31, 2020

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, 2020

Budgetary Comparison Schedule - General Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Fees	\$ 694,567	\$ 694,567	\$ 547,018	\$ (147,549)
Property taxes	7,092,548	7,092,548	7,312,531	219,983
Interest	175,000	175,000	177,996	2,996
Grants	205,315	205,315	61,421	(143,894)
Other	949,680	949,680	985,187	35,507
Total revenues	<u>9,117,110</u>	<u>9,117,110</u>	<u>9,084,153</u>	<u>(32,957)</u>
EXPENDITURES:				
Current:				
Public works - Parks	3,586,599	3,586,599	3,392,981	193,618
Recreation	1,028,363	1,028,363	630,074	398,289
Other operating	649,158	649,158	228,242	420,916
Capital outlay	2,419,833	2,419,833	6,168,018	(3,748,185)
Total expenditures	<u>7,683,953</u>	<u>7,683,953</u>	<u>10,419,315</u>	<u>(2,735,362)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,433,157</u>	<u>1,433,157</u>	<u>(1,335,162)</u>	<u>(2,768,319)</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sales of asset	360	360	12,000	11,640
Transfers out to other funds	(3,500,000)	(3,500,000)	(3,500,000)	-
Total other financing sources (uses)	<u>(3,499,640)</u>	<u>(3,499,640)</u>	<u>(3,488,000)</u>	<u>11,640</u>
Net change in fund balance	<u>\$ (2,066,483)</u>	<u>\$ (2,066,483)</u>	<u>(4,823,162)</u>	<u>\$ (2,756,679)</u>
FUND BALANCES:				
Beginning of year			19,092,175	
End of year			<u>\$ 14,269,013</u>	

Tahoe City Public Utility District
 Required Supplementary Information
 For the year ended December 31, 2020
 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, 2020

Last Ten Years^(a)

Measurement Year Ending June 30: ^(b)	2014	2015	2016	2017	2018	2019	2020
Proportion of the Net Pension Liability/(Asset)	0.091120%	0.109590%	0.110080%	0.277980%	0.286640%	0.291790%	0.297600%
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	\$12,553,153
Covered Payroll ^(b)	\$3,359,516	\$3,596,691	\$3,836,308	\$4,092,908	\$4,204,479	\$5,210,552	\$5,879,580
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%	213.50%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%
Aggregate Employer Contributions ^{(c)(d)}	\$750,135	\$905,102	\$949,673	\$1,044,645	\$1,100,764	\$1,263,082	\$1,411,605

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 earnings 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 2020, 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, 2020
 Last Ten Years ^(a)

Schedule of Contributions – CalPERS Pension Plan

Schedule of the Tahoe City Public Utility District's Pension Plan Contributions

December 31, 2020

Last Ten Years ^(a)

Fiscal year ending December 31: ^(b)	2014	2015	2016	2017	2018	2019	2020
Actuarially Determined Contributions ^(b)	\$ 517,089	\$ 904,952	\$ 949,673	\$ 799,269	\$ 933,302	\$1,010,743	\$ 1,197,927
Actual Contributions	(517,089)	(542,906)	(703,529)	(799,269)	(862,196)	(1,175,446)	(1,333,187)
Contribution Deficiency (Excess)	\$ -	\$ 362,046	\$ 246,144	\$ -	\$ 71,106	\$ (164,703)	\$ (135,260)
Covered Payroll ^(c)	\$ 3,289,595	\$ 3,588,162	\$ 3,962,012	\$ 3,988,868	\$4,246,526	\$4,766,829	\$ 5,155,864
Contributions as a Percentage of Covered Payroll ^(c)	15.72%	15.13%	17.76%	20.04%	20.30%	19.40%	20.37%

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, 2020
 Last Ten Years*

Schedule of Changes in the Net OPEB Liability and Related Ratios

Total OPEB Liability	2018	2019	2020
Service cost	\$ 104,472	\$ 104,217	\$ 116,154
Interest	293,808	256,859	264,101
Change of benefit terms	-	-	-
Difference between expected and actual experience	126,579	-	478,967
Changes in assumptions	(786,838)	155,343	1,243,114
Benefit payments	(248,242)	(242,377)	(215,793)
Net change in total OPEB liability	(510,221)	274,042	1,886,543
Total OPEB liability, beginning	4,055,474	3,545,253	3,819,295
Total OPEB liability, ending (a)	\$ 3,545,253	\$ 3,819,295	\$ 5,705,838
Plan Fiduciary Net Position			
Contribution - employer	\$ 351,447	\$ 340,557	\$ 306,710
Net investment income	245,573	(123,850)	373,870
Benefit payments	(248,242)	(242,377)	(215,793)
Administrative Expense		(617)	(436)
Net change in plan fiduciary net position	348,778	(26,287)	464,351
Plan fiduciary net position - beginning	1,387,627	1,736,405	1,710,118
Plan fiduciary net position - ending (b)	\$ 1,736,405	\$ 1,710,118	\$ 2,174,469
Net OPEB liability - ending (a) - (b)	\$ 1,808,848	\$ 2,109,177	\$ 3,531,369
Covered Payroll	\$ 4,136,867	\$ 4,263,542	\$ 4,768,493
Net OPEB liability as a percentage of covered payroll	43.73%	49.47%	74.06%

Notes to Schedule:

Changes in Assumptions - The discount rate was changed from 6.90% (net of administrative expense) to 6.85% for the measurement period ended December 31, 2019.

* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB liability. However, since this is the third year of implementation, only three 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, 2020
 Last Ten Years*

Schedule of Contributions - OPEB

	2018	2019	2020
Actuarially Determined Contributions (ADC)	\$ 337,850	\$ 278,168	\$ 280,921
Contributions in relation to the ADC	(340,557)	(306,710)	(311,466)
Contribution deficiency (excess)	<u>\$ (2,707)</u>	<u>\$ (28,542)</u>	<u>\$ (30,545)</u>
Covered Payroll	\$ 4,263,542	\$ 4,768,493	\$ 5,020,628
Contributions as a percentage of covered payroll	7.99%	6.43%	6.20%

* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB liability. However, since this is the third year of implementation, only three 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 91-95

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 96-98

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 99-103

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

Operating Information 104-110

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

	Tahoe City Public Utility District									
	Net Position by Component									
	Last Ten Years (accrual basis of accounting)									
	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net Investment										
in capital assets	\$ 34,596,638	\$ 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
Restricted	13,800	13,800	13,800	13,800	-	-	-	-	-	-
Unrestricted	8,290,698	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
Total governmental activities net position	\$ 42,901,136	\$ 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
Business-type activities										
Net Investment										
in capital assets	\$ 49,539,591	\$ 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
Restricted	51,200	51,200	51,200	51,200	65,000	65,000	65,000	65,000	65,000	65,000
Unrestricted	11,679,357	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
Total business-type activities net position	\$ 61,270,148	\$ 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
Primary Government										
Net Investment										
in capital assets	84,136,229	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
Restricted	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Unrestricted	19,970,055	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
Total primary government net position	\$ 104,171,284	\$ 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

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Charges for services:										
Water	\$ 7,642,523	\$ 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
Sewer	5,321,027	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
Operating grants and contributions	-	201	6,100	191,742	3,991	44,028	-	-	239,547	314,735
Capital grants and contributions	97,637	50,000	226,913	161,868	211,035	237,620	202,026	1,572,553	2,035,785	400,000
Property taxes	864,151	22,817	24,283	23,929	23,290	23,287	23,287	23,287	19,951	44,526
Investment earnings	129,484	222,465	196,592	233,590	148,549	118,439	104,797	104,964	70,904	36,632
Transfers	3,500,000	-	-	-	5,508,259	-	-	-	-	3,242,422
Total program revenues	17,554,822	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
Expenses:										
Water - direct expenses	6,429,200	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
Sewer - direct expenses	3,831,739	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
Indirect expenses	458,934	1,159,752	836,034	792	50,439	(314,768)	1,182,049	1,116,164	1,538,164	1,331,925
Total expenses	10,719,873	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
Change in net position	6,834,949	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
Net Position	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
Prior period restatement	-	-	(1,408,179)	(109,513)	-	(6,281,148)	-	80,072	-	-
Net Position - Beginning	54,435,199	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
Net Position - Ending	\$ 61,270,148	\$ 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

Governmental Activities Change in Net Position

Tahoe City Public Utility District Governmental Activities Change in Net Position Last Ten Years (accrual basis of accounting)		Fiscal Year																		
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011									
Charges for services:																				
Public works-Parks	\$	1,043,819	\$	880,155	\$	769,218	\$	733,871	\$	349,343	\$	318,032	\$	312,132	\$	357,766	\$	326,429	\$	238,060
Recreation		78,960		353,116		338,586		275,719		295,913		290,265		316,671		320,432		275,449		266,806
Operating grants and contributions		386,285		418,801		428,612		374,748		394,768		349,078		334,610		305,861		367,184		374,326
Capital grants and contributions		2,333,921		193,518		1,443,556		134,616		2,585,198		373,169		968,622		257,535		4,346,031		2,194,414
Property taxes		7,452,235		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
Investment earnings		177,996		308,831		225,163		123,975		88,257		51,736		(1,790)		(268)		5,356		5,356
Transfers		(3,500,000)						(5,508,259)												(3,242,422)
Total program revenues		7,973,216		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
Expenses:																				
Public works-Parks direct expenses		5,602,432		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
Recreation - direct expenses		732,041		910,607		936,950		731,763		735,527		691,660		686,566		658,660		655,346		698,488
Indirect expenses		111,411		110,112		138,361		133,196		175,459		(16,861)		288,455		352,718		967,924		858,207
Total expenses		6,445,884		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
Change in net position		1,527,332		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
Net Position		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
Prior period restatement		-		(569,215)		109,513		(3,779,095)		-		-		-		-		-		-
Net Position - Beginning		41,373,804		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
Net Position - Ending		\$ 42,901,136		\$ 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

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Revenues										
Fees	\$ 547,018	\$ 692,482	\$ 664,259	\$ 537,394	\$ 410,153	\$ 442,891	\$ 571,485	\$ 520,240	\$ 559,633	\$ 498,272
Property taxes	7,452,235	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
Interest	177,996	308,831	225,163	123,975	120,327	88,211	51,736	(2,487)	(268)	5,356
Grants	61,421	143,751	1,848,360	509,364	2,718,957	706,453	1,289,217	551,250	4,713,215	2,469,981
Other	984,546	1,009,357	467,365	486,034	521,582	224,359	53,933	170,501	92,208	98,828
Total Revenues	9,223,216	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
Expenditures										
Current:										
Public works - Parks	3,392,981	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
Recreation	630,074	797,419	867,647	654,036	672,401	651,605	640,271	624,534	844,912	729,913
Other operating	228,242	384,368	98,985	86,651	103,784	109,790	163,378	201,516	164,734	121,859
Capital outlay	6,168,018	641,399	3,598,664	754,939	3,230,849	1,115,993	1,407,588	545,633	6,092,228	2,825,246
Debt service:										
Principal	118,950	294,113	447,007	672,749	648,609	625,403	639,848	796,035	908,088	760,017
Interest	20,754	25,721	40,550	63,143	87,393	110,940	129,892	156,576	197,035	181,381
Total expenditures	10,559,019	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
Revenues over expenditures	(1,335,803)	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
Other Financing Sources (Uses)										
Proceeds from the sale of assets	12,000	20,400	-	11,250	-	-	17,400	300	300	6,525
Proceeds from bonds	-	-	-	-	-	-	-	-	-	2,280,000
Transfers out to other funds	(3,500,000)	-	-	-	(5,508,259)	-	-	-	-	(3,242,422)
Total other financing sources (uses)	(3,488,000)	20,400	-	11,250	(5,508,259)	-	17,400	300	300	(955,897)
Net change in fund balances	(4,823,803)	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
Fund Balances										
Fund Balance - Beginning	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
End of year	\$ 14,269,013	\$ 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
Debt Service as a Percentage of Noncapital Expenditures	3.18%	6.65%	10.97%	16.67%	19.14%	19.34%	21.04%	25.09%	27.63%	24.24%

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Fund										
Nonspendable	\$ 226,964	\$ 213,728	\$ 136,715	\$ 172,113	\$ 153,770	\$ 168,226	\$ 93,903	\$ 28,811	\$ 65,553	\$ 45,268
Committed						-				
Assigned	1,164,629	1,164,629	1,164,629	1,164,629	1,164,629	964,493	770,962	450,000	450,000	450,000
Unassigned	12,877,420	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
Total general fund	\$ 14,269,013	\$ 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

Property Tax Uses

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

Fiscal Year	Parks		Recreation		Golf Course		Water		Sewer		Debt Service		Reserves / Capital Expenditures		Total	
	Amount	% Change Inc. (Dec.)	Amount	% Change Inc. (Dec.)	Amount	% Change Inc. (Dec.)	Amount	% Change Inc. (Dec.)	Amount	% Change Inc. (Dec.)	Amount	% Change Inc. (Dec.)	Amount	% Change Inc. (Dec.)	Amount	% Change Inc. (Dec.)
2011	\$1,533,522	8.4%	\$380,080	-12.7%	\$-	0.0%	\$-	0.0%	\$-	0.0%	\$966,637	12.5%	\$2,259,286	-22.0%	\$5,139,525	-6.2%
2012	\$1,247,270	-18.7%	\$503,378	32.4%	\$25,293	0.0%	\$-	0.0%	\$-	0.0%	\$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	261.9%	\$-	0.0%	\$-	0.0%	\$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	9.9%	\$-	0.0%	\$-	0.0%	\$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	74.5%	\$-	0.0%	\$-	0.0%	\$745,865	-4.3%	\$3,615,062	14.3%	\$6,337,820	10.5%
2016	\$1,438,291	-9.4%	\$312,040	-5.8%	\$204,071	16.3%	\$-	0.0%	\$-	0.0%	\$745,777	0.0%	\$4,040,790	11.8%	\$6,740,969	6.4%
2017	\$1,261,408	-12.3%	\$353,146	13.2%	\$591,544	189.9%	\$-	0.0%	\$-	0.0%	\$746,402	0.1%	\$4,108,126	1.7%	\$7,060,626	4.7%
2018	\$1,316,481	4.4%	\$386,847	9.5%	\$530,921	-10.2%	\$-	0.0%	\$-	0.0%	\$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	38.0%	\$-	0.0%	\$-	0.0%	\$342,267	-31.4%	\$5,288,762	11.9%	\$8,085,520	8.4%
2020	\$1,239,015	-5.9%	\$540,504	33.5%	\$733,832	0.2%	\$752,113	100.0%	\$89,387	100.0%	\$162,355	-52.6%	\$4,799,180	-9.3%	\$8,316,386	2.9%

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			
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
2020	\$ 219,100	\$ 32,125	\$ 343,839	\$ 725,035	\$ 79,280	\$ 10,288	\$ 1,409,667

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 2015

2020			2015		
Customer	Total Revenue	Rank	Customer	Total Revenue	Rank
TTUSD	\$ 87,165.82	1	TTUSD	\$ 58,204.32	1
HOMWOOD VILLAGE RESORT	\$ 41,697.95	2	TAHOE CITY PUD	\$ 43,815.83	2
US DEPT OF AGRICULTURE	\$ 36,925.98	3	HOMWOOD VILLAGE RESORT	\$ 24,585.93	3
STEPHEN & JANICE HAMILL	\$ 23,133.69	4	NORTH TAHOE PUD	\$ 17,725.50	4
STATE OF CALIFORNIA	\$ 22,646.09	5	US DEPT OF AGRICULTURE	\$ 16,133.75	5
NORTH TAHOE PUD	\$ 20,053.32	6	BOATWORKS AT TAHOE LLC	\$ 15,604.03	6
BOATWORKS AT TAHOE LLC	\$ 19,383.74	7	SAVE MART SUPERMARKETS	\$ 13,419.15	7
SAFEWAY INC	\$ 18,336.63	8	SDC TAHOE CITY LLC	\$ 10,423.08	8
TAHOE YACHT HARBOR LLC	\$ 17,159.05	9	MEGANNE HOUGHTON-BERRY	\$ 9,913.12	9
HOMWOOD VILLAGE RESORT	\$ 17,146.46	10	TAHOE LODGING LLC dba AMERICAS BEST VALUE INN	\$ 9,765.82	10

Sources: Tahoe City Public Utility District Accounting Department. Excludes TCPLUD 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
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%
2020/2021	\$ 4,510,912,202	5.05%	\$1,209,559,779	5.23%

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
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%
2020/2021	241	7.59%	471	-5.61%	448	5.16%

Source: California Department of Education

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

Placer County Transportation Occupancy Tax Collections

Tahoe City Public Utility District
Transportation Occupancy Tax
Placer County District 5 Collections
For the year ended June 30

<u>FY Year</u>	<u>Collections*</u>
2019-2020	\$ 18,598,237
2018-2019	\$ 21,702,875
2017-2018	\$ 18,576,627
2016-2017	\$ 18,324,586
2015-2016	\$ 16,018,078
2014-2015	\$ 12,145,811
2013-2014	\$ 11,586,799
2012-2013	\$ 11,338,282
2011-2012	\$ 10,191,876
2010-2011	\$10,504,078

Source: North Lake Tahoe Resort Association and Placer County Website

**Annual collection amounts will change due to a variety of factors such as lagging reporting and delinquent collections.*

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 Placer County	Unemployment Rate El Dorado County
				(Placer Co)	(El Dorado Co)		
2020	67.42	397,469	192,012	Not Available ⁽⁵⁾	Not Available ⁽⁵⁾	7.3%	8.3%
2019	64.98	403,711	193,227	\$97,668	\$86,202	3.2%	3.6%
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%

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 2021

Actual Full Time Staffing Levels

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

	Actuals									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Utilities (water and sewer)	18.89	17.85	15.94	15.34	14.93	13.88	14.31	14.00	14.00	14.00
Governance and Administrative Services	11.19	10.43	9.09	8.96	9.20	9.17	9.17	9.00	10.00	10.00
Engineering	5.99	5.52	4.89	4.31	3.74	5.63	5.08	4.00	4.00	3.00
Technical Services	5.02	4.99	4.91	6.06	6.02	4.00	4.00	4.00	4.00	4.00
Parks and Recreation Administration	1.04	1.00	1.00	0.87	1.04	1.00	1.00	1.00	2.00	2.00
Parks	8.47	8.32	7.16	7.23	6.08	6.22	6.44	5.00	5.00	5.00
Recreation	4.14	3.02	3.10	1.35	2.09	2.00	2.00	2.00	2.00	2.00
Golf	0.75	0.73	1.14	1.83	0.06	0.00	0.00	0.00	0.00	0.00
Total	55.49	51.86	47.23	45.95	43.16	41.90	42.00	39.00	41.00	40.00

*Exclude: *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										
	2020	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) ⁶	585.7	531.0	558.7	386.8	351.8	329.0	413.7	470.8	482.7	415.7	456.5
Sewer Flows (million gallons)	260.5	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	143,765	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	370,096	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	11	17	13	15	15	16	11	6	5	12
Permits Issued - Remodel	98	118	135	112	150	141	132	144	138	93	106
Number of Sewer Air Tests	373	291	315	330	314	297	326	304	310	251	221
Escrow Clearances Processed	276	195	197	224	204	204	219	240	202	169	150
Plan Checks Completed	143	155	193	151	188	161	169	144	140	88	108
Parks:											
Miles of trails Maintained	24	24	23	23	23	22	22	22	19	19	19
Number of Facility Rentals ¹	0	262	172	226	229	246	179	154	173	150	174
Recreation:											
Numbers enrolled in Youth Programs ²	97	564	396	552	605	1080	970	1246	643	1123	1180
Numbers enrolled in Adult Programs ³	0	196	239	95	95	147	178	113	158	154	139
Number of camp enrollees ⁴	0	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, Marie Sluchak Park, Kilner Park and Heritage Plaza. Excludes ball fields or trails. 2020 facility closures due to COVID-19.

² Youth Programs Include: All Rideout classes, contract classes, youth sports, snow days, RAP, Night out at Rideout, swim lessons, and swim team. 2020 programs cancelled due to COVID-19. 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. 2020 programs cancelled due to COVID-19. 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. 2020 camps closed due to COVID-19. Increase in 2018 due to purchase of three water systems in January 2018

User Statistics

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

Program	Unit of Measurement	Actuals									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Water	Customers	5,733	5,720	5,711	4,167	4,167	4,168	4,173	4,188	4,088	4,088
Sewer	Customers	7,732	7,721	7,702	7,689	7,674	7,665	7,645	7,636	7,636	7,636
Camp Skylandia	Enrolled Campers ⁽¹⁾	228	1,012	1,184	909	1,018	796	733	708	649	731
Concerts at Commons Beach	Individual Attendees ⁽²⁾	0	28,500	21,500	24,500	23,000	16,550	15,525	20,550	23,200	26,050
Tahoe City Golf Course	Rounds Played ⁽³⁾	25,015	11,800	9,489	8,545	10,228	12,832	9,974	11,637	11,060	n/a
Lake Forest Boat Ramp	Boats Launched	7,691	5,391	5,309	5,529	6,860	5,280	5,005	4,476	4,532	4,030
Bike Trails-Summer Usage	Users ⁽⁴⁾	tbp	377,016	278,208	252,080	277,196	304,612	484,932	361,192	371,404	364,044
Winter Sports Park (WSP)	Users ⁽⁵⁾ ⁽⁶⁾	10,153	9,716	9,894	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Source: Tahoe City Public Utility District

- ⁽¹⁾ 2020 summer activity cancelled due to COVID-19
- ⁽²⁾ 2020s summer activity cancelled due to COVID-19 / prior years estimated
- ⁽³⁾ 2020 increased usage due to individuals looking for outdoor activity due to COVID-19
- ⁽⁴⁾ Bike trail usage based on estimates per annual survey. 2020 usage data delayed due to COVID-19
2019-2015 one less survey location - estimated
- ⁽⁵⁾ WSP first season of operation is 2017/2018. Season crosses fiscal year.
Usage reported for the season ending March of the current year.
- ⁽⁶⁾ Totals do not include season pass holders as they were not tracked; Reporting daily visits only.
n/a - data not available / or no operations
tbp - to be provided at a later date

Water and Sewer Base Rates

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

Year	Residential	Commercial	Residential	Commercial	Hotel Room w/ Kitchen - per room
	Monthly Water Base Rate .75" meter	Monthly Water Base Rate .75" meter	Monthly Sewer Base Rate	Monthly Sewer Base Rate	Monthly Sewer Base Rate
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	
2020	\$79.31	\$79.31	\$46.79	\$19.04	

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

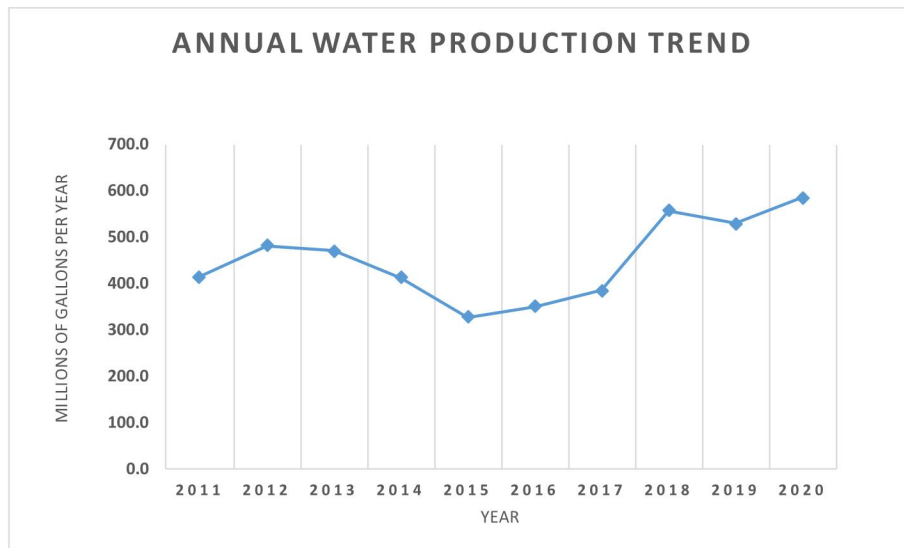
Source: Tahoe City Public Utility District

Water Production

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

Monthly Production	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Jan	24.0	22.5	26.8	19.2	21.3	19.0	23.3	30.4	34.7	29.8
Feb	18.9	15.4	17.8	16.4	14.2	15.9	21.9	24.3	24.4	24.0
Mar	16.7	15.0	16.5	13.7	12.6	12.5	18.1	24.7	22.1	22.3
April	15.3	14.3	17.7	16.8	15.0	12.9	16.1	23.0	20.9	17.7
May	23.3	50.1	42.7	38.2	26.3	20.0	17.5	32.9	24.3	43.2
June	38.3	64.9	66.1	57.7	37.8	42.9	47.4	64.5	52.0	72.7
July	85.9	95.0	78.1	72.3	53.0	62.8	68.7	90.4	94.6	86.9
Aug	70.6	73.1	79.8	63.6	51.5	60.3	64.3	94.8	88.7	93.4
Sept	56.9	55.2	49.5	56.4	42.1	48.7	51.3	84.4	81.7	84.8
Oct	34.4	41.2	41.5	31.9	26.6	29.9	31.4	44.3	42.1	62.1
Nov	14.2	16.2	12.9	14.2	12.7	12.1	12.8	23.8	21.1	25.9
Dec	17.2	19.7	21.4	13.4	16.0	14.8	14.2	21.4	24.4	22.8
Annual Totals	415.8	482.7	470.8	413.7	329.1	351.8	386.8	558.7	531.0	585.7
Average Monthly Water Production	34.6	40.2	39.2	34.5	27.4	29.3	32.2	46.6	44.2	48.8

Source: Tahoe City Public Utility District Water Department
Increase in 2018 due to purchase of three water systems in January 2018

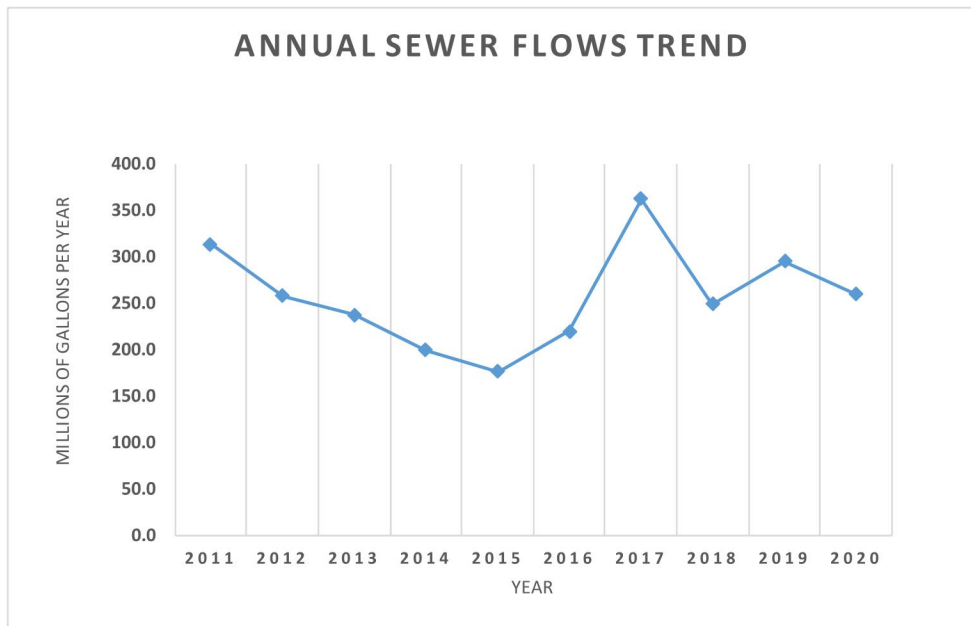


Sewer Flows

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

Monthly Sewer Flows	2011	2012	2013	2014	2015	2016	2017	2018	2019
Jan	23.8	18.5	22.1	15.2	14.5	18.2	30.6	18.3	21.0
Feb	20.0	18.3	19.3	20.0	14.8	20.2	51.4	15.8	21.7
Mar	27.4	23.9	22.6	17.3	12.8	26.0	44.9	23.9	28.5
April	37.9	23.7	18.6	14.4	11.7	21.5	50.2	30.5	37.0
May	37.2	20.6	18.7	15.1	13.1	16.8	38.0	22.2	33.5
June	32.2	21.2	20.4	16.8	14.5	17.1	25.1	21.8	26.8
July	35.3	29.9	30.1	25.3	22.6	23.4	30.2	29.0	31.8
Aug	29.8	27.3	26.4	22.8	19.7	18.6	24.4	23.9	26.1
Sept	20.8	19.6	17.4	14.0	14.1	13.5	17.8	18.4	20.0
Oct	16.7	15.6	13.8	11.8	11.6	11.9	15.1	14.1	15.0
Nov	15.1	15.5	12.4	11.2	11.1	11.1	17.0	14.1	15.0
Dec	18.5	24.4	16.2	16.5	16.4	22.2	18.2	17.5	19.1
Annual Totals	314.6	258.3	238.1	200.3	176.8	220.6	362.9	249.5	295.5
Average Monthly Sewer Flows	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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	
General Obligation Bonds	\$ 1,032,140	\$ 1,151,089	\$ 1,267,932	\$ 1,382,705	\$ 1,735,848	\$ 2,076,980	\$ 2,406,555	\$ 2,761,765	\$ 3,283,910	
Special assessment bonds with governmental commitments	\$ -	\$ -	\$ 12,513	\$ 25,026	\$ 37,539	\$ 50,052	\$ 62,566	\$ 75,079	\$ 87,592	
Pension related debt	\$ -	\$ -	\$ 164,757	\$ 484,478	\$ 791,571	\$ 1,086,535	\$ 1,369,850	\$ 1,641,975	\$ 1,903,353	
Total long-term debt	\$ 1,032,140	\$ 1,151,089	\$ 1,445,202	\$ 1,892,209	\$ 2,564,958	\$ 3,213,567	\$ 3,838,971	\$ 4,478,819	\$ 5,274,855	
Business-type Activities										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	
Special assessment bonds with governmental commitments	\$ -	\$ 44,617	\$ 88,113	\$ 130,794	\$ 172,678	\$ 213,778	\$ 254,109	\$ 293,685	\$ 332,521	
Total long-term debt	\$ -	\$ 44,617	\$ 88,113	\$ 130,794	\$ 172,678	\$ 213,778	\$ 254,109	\$ 293,685	\$ 332,521	
Total										
General Obligation Bonds	\$ 1,151,089	\$ 1,151,089	\$ 1,267,932	\$ 1,382,705	\$ 1,735,848	\$ 2,076,980	\$ 2,406,555	\$ 2,761,765	\$ 3,283,910	
Special assessment bonds with governmental commitments	\$ -	\$ 44,617	\$ 100,626	\$ 155,820	\$ 210,217	\$ 263,830	\$ 316,675	\$ 368,764	\$ 420,113	
Pension related debt	\$ -	\$ -	\$ 164,757	\$ 484,478	\$ 791,571	\$ 1,086,535	\$ 1,369,850	\$ 1,641,975	\$ 1,903,353	
Total long-term debt	\$ 1,151,089	\$ 1,195,706	\$ 1,533,315	\$ 2,023,003	\$ 2,737,636	\$ 3,427,345	\$ 4,093,080	\$ 4,772,504	\$ 5,607,376	