

TAHOE CITY PUBLIC UTILITY DISTRICT

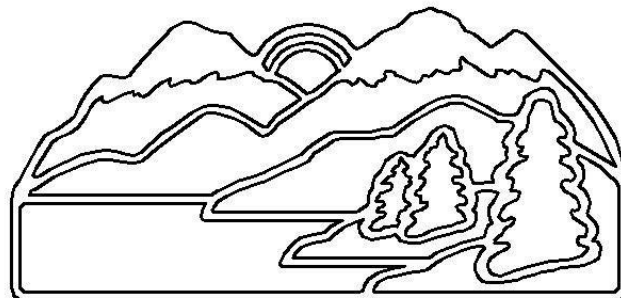
TAHOE CITY, CALIFORNIA

Annual Comprehensive Financial
Report for the Year Ended
December 31, 2022 With
Independent Auditor's Report

We value relationships in all areas and believe that communication is fundamental to the success of our team, our "customers" and our community.

Prepared by the Accounting Department

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Mission Statement

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

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

Tahoe City Public Utility District Board of Directors



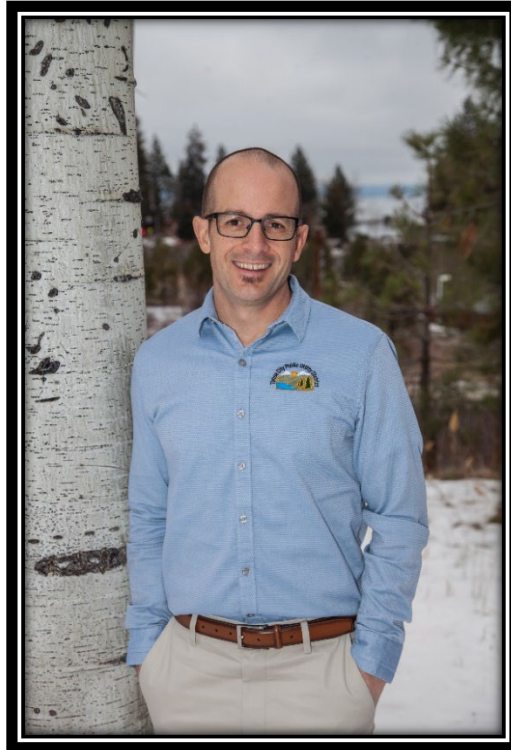
Left to right
Judy Friedman, John Pang, Ellie Beals (Vice President)
Gail Scoville, Dan Wilkins (Board President)

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.



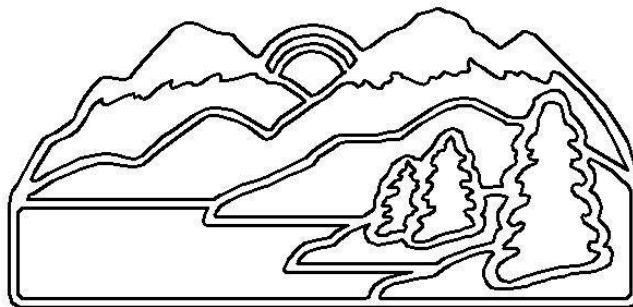
Sean Barclay, General Manager

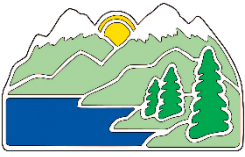
- **Service** - We extend our passion for service to all we encounter, and consider the following as our “customers”; rate payers, fellow team members, contractors, Board of Directors, agencies, taxpayers, visitors and the entire community we serve.
- **Professionalism** - We are a team of professionals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

BOARD OF DIRECTORS

John Pang
Dan Wilkins
Ellie Beals
Judy Friedman
Gail Scoville

June 14, 2023

GENERAL MANAGER

Sean Barclay

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

The Tahoe City Public Utility District (TCPUD) staff submit to you the Annual Comprehensive Financial Report (ACFR) for the year ended December 31, 2022. 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, 2022.

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 a narrative of financial trends and demographic trend information. Three major sections are contained within the ACFR and include introductory, financial, and statistical information about TCPUD.

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 controls established for this purpose. As the cost of internal controls 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, 2022. 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 compliments 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 west 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:

Sewer and Water customers - 5,754

Sewer only customers - 2,017

Parks and Recreation customers and visitors - approximately 3.0 million annually

TCPUD owns and/or operates and maintains a number of parks amenities including: 23 miles of bike trails, 11 local parks, 1 golf course with summer and winter activities, 4 beaches, 3 community centers, one boat launching facility, one campground, and the Tahoe City downtown sidewalks. In addition, the TCPUD sponsors numerous adult and youth recreation programs, and provides rental space and/or concessions at its community centers, as well as various parks and beaches, 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 conducts the District's business through Board meetings, committee meetings, and ad hoc meetings as needed.

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, 61 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. TCPUD is on a calendar-year (January 1 - December 31) budget cycle. In November of each year, the Board of Directors adopts three (3) annual operating and capital budgets for the governmental funds and the proprietary funds which include the water fund and sewer fund. The legal level of budgetary control is set at a fund level and the General Manager has authority to move budgeted amounts among the expenditure categories of salary and benefits, maintenance and operations, and capital expenditures. The Board retains sole authority for budgeting new capital projects, authorizing new permanent salaried positions, movement of funds among various funds, and using undesignated net position and unassigned fund balance. All services are provided through the collection of property tax, water and sewer rates, 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, 2022. For additional information see notes to the financial statements (note 1. A Reporting Entity).

Water and Sewer Operations

Water and sewer operations are funded through user base rates and consumption charges, other income, and grant revenue when available. TCPUD base charge is stable, since 100% of customers pay base rates for water and sewer services. Water base charges represent approximately 80% of revenue from water customers with the remainder coming from actual water usage (consumption) which is charged out to water customers based on a tiered structure. This structure closely represents TCPUD's actual fixed and variable cost structure. Water revenues from usage in 2022 are 17.3% of the total revenue collected from TCPUD's water customers.

All water customers are metered except for water customers served by the Tahoe Cedars and Madden Creek water systems (formerly owned by Mid-Sierra Water Utility) which TCPUD purchased in 2018 as part of a west shore regionalization plan to consolidate water systems along the west shore and improve drinking water reliability and infrastructure for firefighting. The TCPUD immediately began operating and investing in both water systems, which are actively failing. The TCPUD Board of Directors adopted Master Plans for both water systems in February 2021, which recommended full reconstruction of the existing water systems and includes metering all connections. A state mandate requires water systems to be completely metered by 2025; however, an exemption exist which extends meters installation for these two systems to 2028, 10 years after TCPUD purchased them.

The Water's Fund overall financial position improved in 2022 as the net position at year end totaled \$53,122,333, an increase of \$8,496,305 or 19.0%. The increase in net position is a combination of grants and a transfer from the General Fund.

Sewer charges are approximately 99.0% of sewer's operating revenue and represents a very stable source of revenue to fund sewer operations. Sewer charges are broken out into two categories: residential and commercial. Residential charges represent 82.9% of all sewer charge revenue. The Sewer's Fund overall financial position improved in 2022 as the net position at year end totaled \$22,828,102, an increase of \$2,932,532 or 14.7%. The increase in net position is a result of the current year operations; revenue increases and expenses coming in favorable to budget.

General Fund Operations

General Fund operations include parks, golf, winter sports parks, recreation, and facility rental activities. The General Fund primary source of revenue comes from property tax, which equals 77.5% of operating revenue or \$9,221,370, net of capital of grants. The increase in home sales, and subsequent change in ownership, 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. Other revenue sources include season pass sales, rental activities, maintenance service agreements, various grants and other revenue.

The General Fund's fund balance increased by \$4,839,347 largely due to increased property tax revenues.

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 fifteen million visitors annually from around the world. North Lake Tahoe data has recorded approximately 3 million annual visitors to the area. 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 maintain fiscal stability in this highly regulated environment.

The economy experienced many job losses from the Covid-19 pandemic, and while employment is slowly recovering, many businesses still face a declining labor pool due to the lack of affordable housing in the Tahoe-Truckee region. The unemployment rate in California at the end 2022 was 4.1%, compared to 6.5% in 2021. Similarly, Placer County unemployment rate was 3.1% at the end of 2022, compared to 7.5% at the end of 2021. Hotel and rental occupancy rates remain flat year on year, at 52.7%.

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. TCPUD has used TOT funds for important infrastructure projects for many years. TOT collections over the last five-year period indicated growth, and while the impacts of the pandemic saw a dip in fiscal year 2019-2020, or -14.9%, in fiscal year 2020-2021 and fiscal year 2021-2022, TOT grew year on year 22.4% and 27.37% respectively.

Year in Review

Throughout 2022, TCPUD maintained its COVID-19 protocols and updated its COVID Plan in accordance with the Department of Public Health and Cal OSHA mandates. TCPUD addressed in-office and field protocols and allowed many office staff to work remotely to keep employees safe. COVID-19 impacted the ways 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 increased attendance and our recreational programs reported record breaking numbers in our youth and adult 2022 programs. Additionally, TCPUD continued to provide essential water and sewer services without interruption and maintained safe parks and recreation activities.

During 2022, affordable housing accelerated as a top critical issue in the North Tahoe-Truckee region and due to the lack of available affordable housing, coupled with rising prices of homes and rental units, presented recruiting and employee retention challenges. TCPUD will continue to work diligently on new and creative ways to advertise TCPUD as the premier employer in the area and remains engaged with other agencies on this critical issue.

The 2022/2023 winter across the Sierra Nevada recorded the deepest snowpack since 1952 and brought measured improvement in California's water supplies from a year ago offering relief to drought conditions. Governor Gavin Newsom in late March 2023, lifted many of the emergency drought measures. In spite of record snowpack, wildfire still remains a concern and California continues to experience longer wildfire seasons as a direct result of climate change. The 2021 California fire season was the second worst fire season on record behind only the 2020 wildfire season which was record setting. Wildfire poses a serious threat to local communities in the Tahoe Basin.

TCPUD maintains emergency action plans that are currently being updated prior to the beginning of the 2023 wildfire season. TCPUD also 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 around TCPUD critical infrastructure to protect life and property within our community.

The following outlines the major 2022 Strategic Plan and Operational Priorities in-progress or accomplished during the year:

- Pursued legislative advocacy for TCPUD initiatives. This initiative is on-going and has resulted in a measurable increase in understanding and support of water infrastructure for fire suppression projects.
- Actively monitored and pursued supplemental funding opportunities to offset the use of utility rate revenue and property tax revenue. This initiative is a high priority, and TCPUD routinely submits funding applications to support a variety of projects that address drought mitigation, climate resilience, and investment in critical infrastructure. Grant funds secured in 2022 were over \$663,000.
- Succession planning and organization development begin in earnest and will continue into mid-2023.
- Two presentations addressing Long-Term Financial Planning (LTFF) were given to the Board during the year focusing on:
 - A financial forecasting analysis for the District's 10-Year capital project priorities in the Water Fund and General Fund (Parks & Recreation) areas.
 - Long-Term Financial Planning - Authorization of a Tahoe Cedars & Madden Creek Water System Reconstruction Strategy
- Construction on the West Lake Tahoe Regional Water Treatment Plant project continued into 2022. This project is designed to provide a permanent, drought-resistant, year-round water supply from Lake Tahoe. Once operational, the project will provide reliable drinking water to approximately 1,900 connections and improve water capacity for fire suppression purposes.
- Phase 1 of the SMART meter replacement project was initiated and included the replacement of nearly 800 water meters in 3 separate neighborhoods. When completed, TCPUD will have installed approximately 3,500 meters to detect and respond more efficiently to water leaks.
- Amended the California Drinking Water State Revolving Fund (SFR) for the WLTRWTP secured in 2021 from \$12 million to \$20 million.
- Substantial work completed on Phase 2 of the North Lake Tahoe Active Recreation Assessment.

Relevant financial policies

The TCPUD Board has adopted a comprehensive set of financial policies which provide prudent guidance and stewardship of TCPUD financial resources. Based on the reserve policies for the General Fund and Enterprise Funds, the Board annually adjusts the reserve balances to ensure financial stability, mitigate unanticipated financial events, and provide for future capital purchases and projects. During the year the Board adopted Financial Policy No. 2080 Interfund Loan and by Resolution No. 22-37 adopted Delegating Authority to the General Manager rescinding and replacing Resolution No 94-68. Also, during the year, the Board of Director's Policy Manual, updated, an important policy document that outlines the roles and responsibilities of the Board of Directors. The financial policies can be found on TCPUD website: www.tcpud.org/finance.

Strategic Planning, Long-term Financial Planning, and 2023 District Priorities

The TCPUD 2022-2026 Strategic Plan is revisited each year in conjunction with the annual 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.

The 2023 District strategic and operational priorities include the following, note the list is not all inclusive:

- Actively monitor and pursue supplemental funding opportunities to offset the use of utility rate revenue and property tax revenue.
- Begin negotiations between TCPUD and International Union of Operating Engineers, Stationary Engineers, Local 39 Covering Engineering, Parks and Recreation (MOU) classified employees.
- Begin an Infrastructure Improvement Charge Rate Study for the customers of the Tahoe Cedars and Madden Creek water systems (formerly owned by Mid-Sierra Water Utility)
- The WLTRWTP construction project, as mentioned above, continues in 2023 and is estimated for completion in 2024.
- Continued 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.
- Complete Phase II of the North Lake Tahoe Active Recreation Facilities Assessment as discussed above.
- 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.
- Implement multi-factor authentication and a password management solution.

It is 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.

TCPUD will continue to make substantial progress on TCPUD's Long-term Financial Plan document (LTFP) leading to its adoption by the end of 2023. 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, ensuring an annual process to evaluate long-term financial sustainability while providing a consistent level of service.

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.

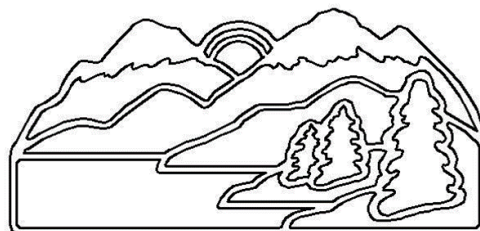
Acknowledgements

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. 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.

Respectfully submitted,


Sean Barclay
General Manager


Ramona Cruz
Chief Financial Officer/Treasurer



GFOA Certificate of Achievement for Excellence in Financial Reporting

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 annual comprehensive financial report for the fiscal year ended December 31, 2021. This was the fifth 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 annual comprehensive 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 annual comprehensive 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.



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Tahoe City Public Utility District
California**

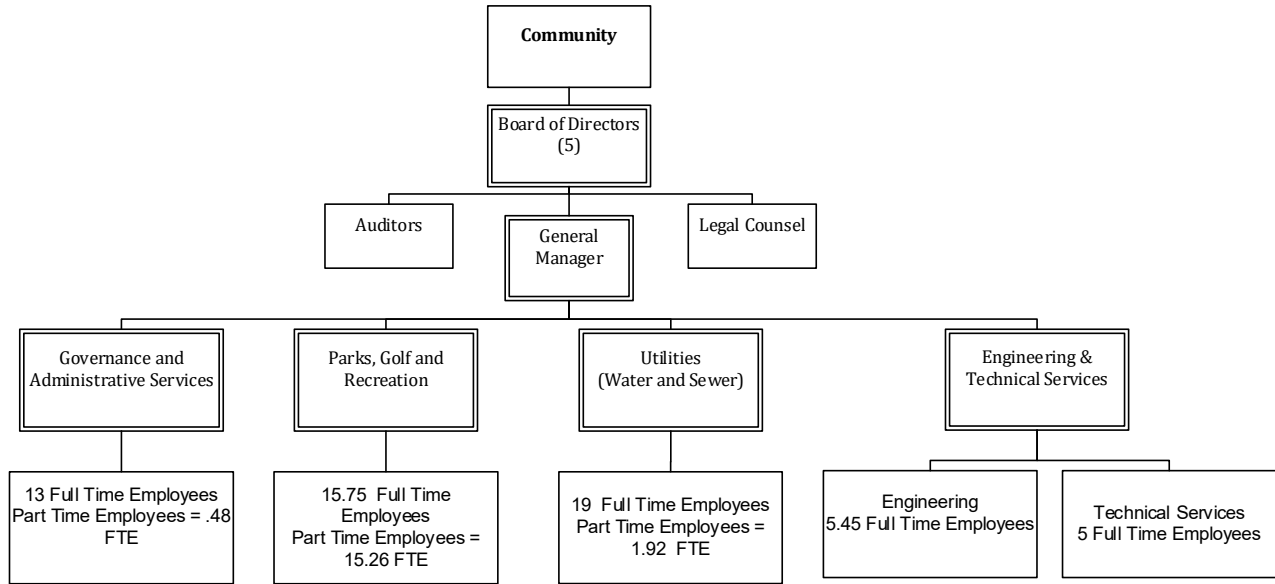
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morrill

Executive Director/CEO

TCPUD Wide Organizational Chart



List of Elected and Appointed Officials

Elected Officials

President	Dan Wilkins	Term 2020-2024
Vice President	Ellie Beals	Term 2020-2024
Board of Director	Judy Friedman	Term 2020-2024
Board of Director	Gail Scoville	Term 2022-2026
Board of Director	John Pang	Term 2022-2026

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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Tahoe City Public Utility District (the District) as of and for the year ended December 31, 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Tahoe City Public Utility District, as of December 31, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Districts' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2023, on our consideration of the 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 the 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 District's internal control over financial reporting and compliance.

Mam, Montia Nelson CPA's

Sacramento, California
June 14, 2023

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, 2022. The intent of this discussion and analysis is to assess the TCPUD's financial performance. 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

Government-Wide

- Property tax revenue for the year is \$9,754,786, up \$874,917 or 9.9% over last year largely due to increased assessed values and Redevelopment Agency pass-through payments.
- COVID-19 district wide expenses totaled \$17,090, dropping substantially from prior years.
- Long-term liabilities are up \$2,808,520 or 75.8%
- Change in net pension liability and related accounts:
 - Net pension liability increased by \$6,555,244.
 - Deferred outflows of resources increased by \$3,619,408.
 - Deferred inflows of resources decreased by \$5,867,247.
- Change in other post-employment liability and related accounts:
 - Net Other Post Employment liability increased by \$161,709.
 - Deferred outflows of resources increased by \$208,747.
 - Deferred inflows of resources increased by \$4,331.
- Change in lease related activities and related accounts:
 - Lease receivable increased by \$420,781.
 - Lease payable increased by \$38,063.
 - Deferred inflows of resources increased by \$412,660.
- Ending Government-Wide Net Position is \$126,251,341, up by \$16,152,558 or 14.7%.
 - Governmental Activities up by \$4,723,721.
 - Business-Type Activities up by \$11,428,837.

General Fund

- Resolution No. 20-02 amended the General Fund budget by \$236,042 for two new full-time parks operations positions.
- General fund balance is \$22,192,552, up from last year by \$4,839,374 or 27.9%.
 - Non-spendable is up \$34,683 or 13.3%
 - Assigned is up \$6,704,523 or 245.6%
 - Unassigned fund balance is down from last year by \$1,899,859 or 13.2%.
- During the year \$882,483 was invested in infrastructure and equipment.
- \$2,964,087 of property tax was used to support parks, golf and recreation operations and is less than budget by \$1,084,400 and up by \$225,114 from last year.
- Parks and Recreation revenues are \$2,393,265, greater than budget by \$314,116 and up \$495,403 from last year.
- Interest income for the year is \$231,489, greater than budget by \$199,485 and up from last year by \$193,333.
- Parks, Golf and Recreation actual expenditures, excluding capital outlay, are \$5,371,453, less than budget by \$1,161,345 and greater than last year by \$336,230.

Management Discussion and Analysis continued

- General Fund transferred \$866,133 to the Water Fund to fully fund the water system acquisition & infrastructure improvement property tax reserve to \$3,000,000.

Water Enterprise Fund

- Water net position increased by \$8,496,305.
 - Net investment in capital assets increased by \$4,586,187
 - Unrestricted increased by \$3,910,118.
- During the year \$8,982,799 was invested in water infrastructure and equipment.
- Water revenue excluding capital grants, interest income and property tax is \$8,760,593, greater than budget by \$61,535 and up from last year by \$442,815.
- \$376,484 in property tax was used for Tahoe Cedars and Madden Creek rate transition plan.
- Capital grant revenue of \$4,441,224 was recorded and \$1,595,230 in grant receivables are due and outstanding.
- State Revolving Fund (SRF) loan proceeds received during the year is \$4,951,696 and \$736,448 in other receivables remain outstanding in connection with SRF loan proceeds.
- Water expenses excluding depreciation, amortization, GASB 68 expense and GASB 75 expense are \$5,722,941 up compared to budget by \$115,588 and greater from last year by \$727,573.
- Amortization of goodwill is \$245,391; purchase of three private water systems in 2018 created goodwill of \$3,680,873 that will be amortized over the remaining 15 years; goodwill impairment is tested each year by assessing the ability to charge fees.
- The Water Fund received \$866,133 in a transfer from the General Fund to fully fund the water system acquisition & infrastructure improvement property tax reserve to \$3,000,000.

Sewer Fund

- Sewer net position increased by \$2,932,532.
 - Net investment in capital assets increased by \$2,061,838.
 - Unrestricted increased by \$870,694.
- During the year \$1,816,491 was invested in sewer infrastructure and equipment.
- Sewer revenue excluding grants, interest revenue and property tax is \$6,059,723, greater to budget by \$45,496 and up from last year by \$416,302.
- Sewer expenses excluding depreciation, GASB 68 expense and GASB 78 expense is \$3,483,153 down from budget by \$736,830 and greater than last year by \$118,491.

Debt Service

- Governmental long-term debt decreased by \$123,277 and all scheduled debt payments were made on time.

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 the 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.

Management Discussion and Analysis continued

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 32 through 34 of this report.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike 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 86 for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 36-39 of this report.

Proprietary Funds. The TCPUD maintains two enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Management Discussion and Analysis continued

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 40-42.

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 begin on page 44 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 85 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 \$ 126,251,341 at the close of the most recent fiscal year.

By far, the largest portion of the TCPUD's net position (73.9%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, right-to-use-equipment, vehicles, and infrastructure), less any related outstanding debt and lease liability used to acquire those assets. The TCPUD uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the TCPUD investment in capital assets is reported net of related debt, it should be noted 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 \$156,933 for 2022 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 can be found on page 32 and is presented on the following page in a condensed form for the purposes of this analysis.

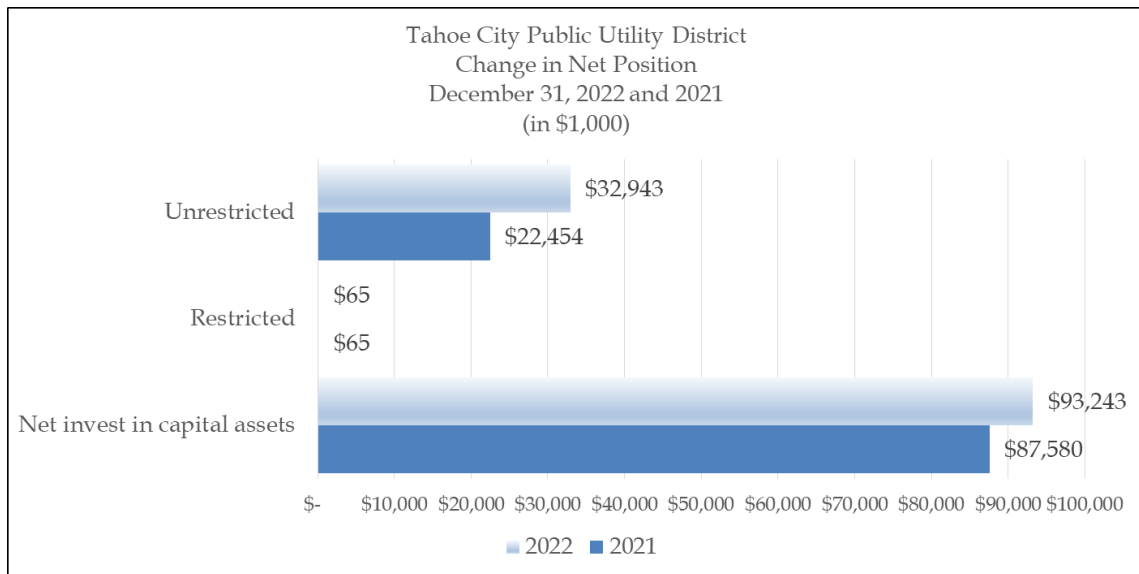
Management Discussion and Analysis continued

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets:						
Cash and investments	\$ 16,517,828	\$ 12,124,954	\$ 17,599,162	\$ 13,671,306	\$ 34,116,990	\$ 25,796,260
Cash and investments – restricted	347,877	310,530	-	-	347,877	310,530
Receivables	6,206,041	5,606,919	3,483,184	3,631,483	9,689,225	9,238,402
Other current assets	294,778	260,095	842,870	800,690	1,137,648	1,060,785
Total current assets	23,366,524	18,302,498	21,925,216	18,103,479	45,291,740	36,405,977
Restricted cash and investments	13,800	13,800	482,664	203,108	496,464	216,908
Facility upgrade receivables	-	-	32,719	45,947	32,719	45,947
Net capital assets	33,669,883	34,695,857	65,740,587	56,932,318	99,410,470	91,628,175
Total assets	57,050,207	53,012,155	88,181,186	75,284,852	145,231,393	128,297,007
Deferred outflows of resources	2,409,660	1,387,867	9,301,656	6,740,685	11,711,316	8,128,552
Liabilities:						
Payables and accruals	1,051,972	919,578	2,338,700	2,032,139	3,390,672	2,951,717
Unearned revenue	109,658	47,621	-	-	109,658	47,621
Long-term lease – current	17,571	-	-	-	17,571	-
Long-term debt – current	125,500	334,894	-	-	125,500	334,894
Total current liabilities	1,304,701	1,302,093	2,338,700	2,032,139	3,643,401	3,334,232
Long-term debt - noncurrent	662,269	787,769	5,688,184	2,794,450	6,350,453	3,582,219
Lease liabilities - noncurrent	20,492	-	-	-	20,492	-
Net Pension liability	5,242,609	3,512,025	9,337,873	4,513,213	14,580,482	8,025,238
Net other post employment benefit	1,108,258	1,056,921	2,541,398	2,431,026	3,649,656	3,487,947
Total liabilities	8,338,329	6,658,808	19,906,155	11,770,828	28,244,484	18,429,636
Deferred inflows of resources	820,632	2,164,029	1,626,252	5,733,111	2,446,884	7,897,140
Net position:						
Net Investment in capital assets	33,621,825	34,607,266	59,621,017	52,972,992	93,242,842	87,580,258
Restricted	13,800	13,800	51,200	51,200	65,000	65,000
Unrestricted	16,665,281	10,956,119	16,278,218	11,497,406	32,943,499	22,453,525
Total net position	\$ 50,300,906	\$ 45,577,185	\$ 75,950,435	\$ 64,521,598	\$ 126,251,341	\$ 110,098,783

At the end of fiscal year 2022, TCPUD reported positive net positions in all its governmental and business-type activities. At year-end 78.5% of TCPUD's business activities' net position was invested in capital assets; for government activities this category amounted to 66.8%. The 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 2022 information.

Management Discussion and Analysis continued



TCPUD's overall current net position increased by \$16,152,558; greater than the previous year by \$10,225,059 or 172.5%. An overall discussion of the increases and decreases is found in the sections for governmental activities and business-type activities. The Statement of Activities can be found on page 34 and is presented below in a condensed form for the purposes of this analysis.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Program Revenues:						
Parks charges for services	\$ 1,897,727	\$ 1,636,096	\$ -	\$ -	\$ 1,897,727	\$ 1,636,096
Rec. charges for services	480,278	273,632	-	-	480,278	273,632
Water revenue	-	-	8,765,589	8,317,778	8,765,589	8,317,778
Sewer revenue	-	-	6,098,798	5,643,421	6,098,798	5,643,421
Operating grants and contributions	61,362	22,274	-	233,177	61,362	255,451
Capital grants and contributions	63,650	23,566	4,441,224	758,090	4,504,874	781,656
Total program revenues	2,503,017	1,955,568	19,305,611	14,952,466	21,808,628	16,908,034
Expenses:						
Parks - direct expenses	5,243,973	6,112,865	-	-	5,243,973	6,112,865
Recreation - direct expense	1,019,729	1,013,467	-	-	1,019,729	1,013,467
Water - direct expense	-	-	5,748,620	7,365,186	5,748,620	7,365,186
Sewer-direct expense	-	-	3,255,910	4,768,607	3,255,910	4,768,607
Interest on long-term debt	15,882	18,064	34,457	-	50,339	18,064
Indirect expenses	226,141	398,716	250,921	256,178	477,062	654,894
Total expenses	6,505,725	7,543,112	9,289,908	12,389,971	15,795,633	19,933,083
Net revenue (expense)	(4,002,708)	(5,587,544)	10,015,703	2,562,495	6,012,995	(3,025,049)
General Revenues:						
Property taxes	9,361,073	8,225,437	393,713	654,432	9,754,786	8,879,869
Investment earnings	231,489	38,156	153,288	34,523	384,777	72,679
Total general revenues before transfers	9,592,562	8,263,593	547,001	688,955	10,139,563	8,952,548
Transfers	(866,133)	-	866,133	-	-	-
Total general revenues	8,726,429	8,263,593	1,413,134	688,955	10,139,563	8,952,548
Change in net position	4,723,721	2,676,049	11,428,837	3,251,450	16,152,558	5,927,499
Net Position - Beginning	45,577,185	42,901,136	64,521,598	61,270,148	110,098,783	104,171,284
Net Position - Ending	\$50,300,906	\$45,577,185	\$75,950,435	\$64,521,598	\$ 126,251,341	\$ 110,098,783

Management Discussion and Analysis continued

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 the capital grant revenue was recognized during design and construction. During the current fiscal year, net position for governmental activities increased \$4,723,721 from the prior fiscal year for an ending balance of \$50,300,906. The increase is primarily a result of property tax revenue due to assessed value increases, Lake Forest Boat Ramp fees and season passes, and recreation program fees greater than last year as a result of COVID-19 positively impacting outdoor recreational activities. Direct expenses are up overall to last year due to park activities and recreation programs ramping up to full operation, normal annual personal increases, and the addition of two new full-time parks staff.

Business-type Activities. Business-type activities reflect private sector-type operations, such as water and sewer services and the related Engineering and Technical Service departments. User fees are charges that cover all or most of the costs of operation, including depreciation. The TCPUD covers cash operating costs with user fees and charges and has 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 2022, \$866,133 in property tax was transferred from governmental operation to the water business-type activities to fully fund the Water System Acquisition & Infrastructure Improvement Property Tax Reserve to \$3,000,000. Also, \$376,485 in property tax was used and planned for in the rate transaction plan for Tahoe Cedars and Madden Creek water systems.

For TCPUD's business-type activities, net position increased by \$11,428,837 from the prior year for an ending balance of \$75,950,435. The increase in net position is a result of water and sewer annual rate increases, capital grant revenue for the West Lake Tahoe Regional Water Treatment Plant project and a transfer in from the governmental operations as mentioned above. For the year, total net position increased by \$16,152,558 for the reasons stated above. The change in net position can be found on page 34 and is presented below in a condensed form.

	Government Wide		
	Change in Net Position		
	Governmental Activities	Business-type Activities	Total
Beginning net position	\$ 45,577,185	\$ 64,521,598	\$ 110,098,783
Add change in net position	4,723,721	11,428,837	16,152,558
Net position - Ending	\$ 50,300,906	\$ 75,950,435	\$ 126,251,341

Financial Analysis of 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 TCPUD's financing requirements. 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.

Management Discussion and Analysis continued

At December 31, 2022, the TCPUD's governmental funds reported combined fund balances of \$22,192,552, an increase of \$4,839,347 or 27.9% in comparison with the prior year. This is a result of revenues exceeding last year's actuals by \$710,790 which included recreation program fees, Lake Forest Boat Ramp daily fees and season passes, golf season passes, and interest income. Property tax revenue also contributed to the increase in fund balance by exceeding last year's actuals by \$1,135,635. Current expenditures were \$336,230 greater than last year's actual which include normal personnel increases, two new full-time parks positions, and special projects down to last year's actuals. 2022 capital outlay of \$882,483, was \$1,077,561 less than last year. During the year, \$866,133 was transferred to the water fund, as mentioned earlier.

Approximately 56.2% 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 \$294,778, and 2) \$13,800 restricted for various projects, 3) assigned \$46,736 for particular purposes, and \$9,387,382 for long-term equipment and capital replacement purposes. The general fund is the chief operating fund of the TCPUD.

General Fund Budgetary Highlights

The following table shows the variances of actuals to budget. The revenue and expenditures budget comparison schedule can be found on page 85.

	<u>2022 Budget</u>	<u>2022 Actuals</u>	Variance with Final Budget - Positive (Negative)
REVENUES:			
Fees	\$ 819,080	\$ 1,031,894	\$ 212,814
Property taxes	7,928,091	9,221,370	1,293,279
Interest	32,004	231,489	199,485
Grants	589,091	73,906	(515,185)
Other	1,238,211	1,354,320	116,109
Total revenues	<u>\$ 10,606,477</u>	<u>\$ 11,912,979</u>	<u>\$ 1,306,502</u>

The Parks and Recreation total revenue is favorable to budget by \$1,306,502 for the reasons discussed earlier. Property tax revenue is a substantial portion of the favorable to budget variance. The Grants unfavorable to budget is due to capital grants not secured therefore the capital outlay expenditure was not made.

	<u>2022 Budget</u>	<u>2022 Actuals</u>	Variance with Final Budget - Positive (Negative)
EXPENDITURES:			
Current:			
Public works - Parks	\$ 4,993,162	\$ 4,157,433	\$ 835,729
Recreation	1,134,476	1,060,329	74,147
Other operating	405,160	153,691	251,469
Capital outlay	4,328,436	882,483	3,445,953
Total expenditures	<u>\$ 10,861,234</u>	<u>\$ 6,253,936</u>	<u>\$ 4,607,298</u>

Overall, parks and recreation direct and capital outlay expenditures were \$4,607,298 favorable to budget largely due to underspending in capital outlay as a result of reduced spending on the Tahoe

Management Discussion and Analysis continued

City Community Center Building Occupancy Conversion project. Current parks and recreation expenditures were under budget in most categories and other operating was also under budget due to project recovery being favorable to budget.

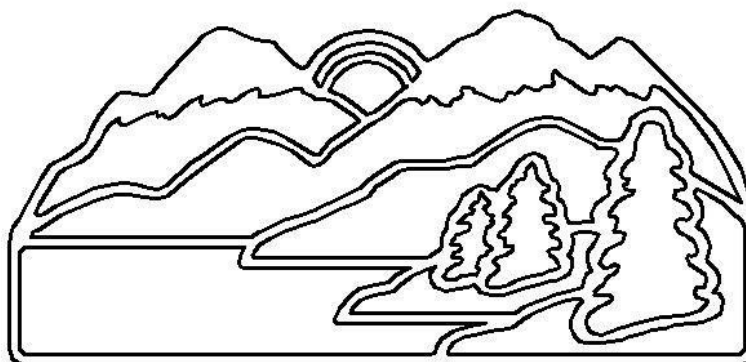
Capital Assets and Debt Administration

Capital Assets. The TCPUD investment in capital assets for its governmental and business-type activities as of December 31, 2022, amounts to \$99,410,470 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, and parking facilities. The total net increase in capital assets for the current fiscal year was approximately 8.5%.

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 10,583,119	\$ 10,583,119	\$ 42,957	\$ 42,957	\$ 10,626,076	\$ 10,626,076
Facilities	19,567,603	20,787,090	42,799,165	39,739,527	62,366,768	60,526,617
Right-to-use leased equipment	38,545	-	-	-	38,545	-
Office building and equipment	2,211,977	2,354,125	3,647,074	3,882,171	5,859,051	6,236,296
Vehicles	303,269	268,371	1,483,052	1,639,729	1,786,321	1,908,100
Construction in progress	965,370	703,152	17,768,339	11,627,934	18,733,709	12,331,086
Total capital assets, net	\$ 33,669,883	\$ 34,695,857	\$ 65,740,587	\$ 56,932,318	\$ 99,410,470	\$ 91,628,175

During 2022, the TCPUD spent \$11,681,773 on capital items for the benefit of the community. The significant projects included in this amount were: West Lake Tahoe Regional Water Treatment Plant, Madden Creek Water Interconnection Phase II, Smart Meter Replacement, Sewer Pump Station Improvements, Emergency Bypass Pump Stations, 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 2021 and 2022:

	Additions to Capital Assets	
	2021	2022
Governmental Activities		
TCGC/WSP Drainage	\$ 10,752	\$ -
TCGC/WSP Maintenance Facility Replacement	603,821	4,487
Tahoe City Community Center Building Improvements*	578,934	57,544
TCCC-2022 Parks Office Remodel	-	54,752
LFBR Restroom Replacement	-	70,041
Air Handler Unit Replacements	-	268,652
West Shore Trail Rehab Project	-	68,301
Vehicles and Equipment	114,165	184,393
Other projects	-	174,314
Total governmental activities	1,960,044	882,483
Water Activities		
West Lake Tahoe Regional Water Treatment Plant	4,534,699	7,492,771
Madden Creek Water Interconnection	1,924,493	706,863
Madden Creek System Upgrades	2,788	-
Timberland Water System Upgrades	7,955	-
Timberland Interconnection & Distribution Improvements	41,323	-
Replace Telemetry RTUs - Water	85,874	50,165
West Shore Storage Augmentation	77,287	169,265
HWY 28 Conductor Crossing	-	64,364
Smart Meter Replacement Program	-	400,429
Vehicles, Mobile Equipment, Equipment	127,347	40,221
Other Projects	26,201	58,720
Total Water Activities	7,328,599	8,982,799
Sewer Activities		
Tahoe City Residential Sewer System Rehabilitation # 3	136,935	360,202
Dollar/Edgewater Sewer Line Replacement	186,257	124,940
Line Replacement / Slipling, Manhole Rehabilitation	25,080	172,339
Emergency Bypass Pump Stations	51,440	446,147
Dollar/Edgewater Backup Power	2,086	-
Bay Vista Generator Install	60,385	-
McKinney Swr Pump Stn	-	151,385
SPS Storage Improvements	75,742	456,419
Lonely Gulch Pump Station Generator Replacement	4,155	-
Sewer Pump Station Improvements Various	-	-
Vehicles, mobile equipment, equipment	252,568	40,221
Other projects	306	64,837
Total Sewer activities	957,222	1,816,491
Total TCPUD	\$ 10,245,865	\$ 11,681,773

* Formerly 401 West Lake Blvd.

Long-term financial planning has allowed TCPUD to identify critical capital projects funding strategies. 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. The TCPUD embarked on its first five-year water and sewer rate study in 2008 which established rates to fund operations and vital capital. TCPUD also adopted Financial

Management Discussion and Analysis continued

Policy No. 2050 Establish Water and Sewer Rates and Fees which establishes the approaches necessary to set water and sewer rates.

HDR Engineering, Inc. (HDR) was retained by the TCPUD to perform its water and sewer rate studies for the 2009-2013, 2014-2019, and 2020-2024 water and sewer rate studies and now HDR has been retained to perform the 2025-2029. 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.

During 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.

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 funding 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. Given the timing of improvements, and current rate levels, Timberland customers transitioned to the District's adopted rates on January 1, 2020.

Tahoe Cedars and Madden Creek water systems are important components of the 2025-2029 water rate study. In February 2021, the Board of Directors adopted the Tahoe Cedars and Madden Creek Water Systems Master Plans, which recommended the full reconstruction of both systems and estimated the present-value costs of this reconstruction at \$44 million. TCPUD anticipates it will need to finance a portion of the cost of reconstruction and secure additional revenue streams such as an improvement infrastructure charge to affected water customers and use of property tax revenue. At the April 2023 Board meeting, the Board authorized staff and HDR to conduct a cost-of-service analysis/rate study for an infrastructure improvement charge for the customers of Tahoe Cedars and Madden Creek. During the annual budget process, the Board of Directors reviews actual capital, operating costs, and revenues to the assumptions in the rate study before finalizing rates each year.

Substantial work continues on the West Lake Tahoe Regional Water Treatment Plant (WLTRWTP) and in 2022, \$7,492,771 was spent on this project. The total budgeted cost is estimated at \$27 million. The TCPUD has secured a \$20 million State Revolving Fund (SRF) loan to fund the WLTRWTP and \$5.5 million in grant funding.

Long-term financial planning also allowed TCPUD to step back and evaluate the governmental assets and identified a strategic initiative to complete a parks & facilities infrastructure asset value and replacement strategy. Capital project work continues on various governmental assets such as the 221 Fairway Administration Offices, park's facilities, and vehicles and equipment totaling \$882,483 in 2022.

TCPUD is actively monitoring and pursuing supplemental funding opportunities to offset the use of utility rate revenue and property tax revenue. This initiative is a high priority, and TCPUD routinely submits funding applications to support a variety of projects that address drought mitigation, climate resilience, and investment in critical infrastructure. Grant funds secured in 2022 were over \$663,000 for various capital projects.

At December 31, 2022, the TCPUD utilized \$57,493,461 of gross depreciable capital assets at historical cost, consisting primarily of recreational facilities, in its Governmental Activities; and

Management Discussion and Analysis continued

\$101,731,289 of gross depreciable capital assets at historical cost, consisting primarily of water and sewer plants, in its Business-type Activities.

TCPUD’s reserve policies require an annual analysis to set reserve balances for the year. The reserves were updated in 2022. The Governmental Fund reserve balances were set for the Operating Reserves, Fleet & Equipment Reserves, Infrastructure Capital Replacement Reserves, and the Priority Project Capital Reserves at \$1,472,889, \$365,955, \$8,021,373, and \$1,000,000, respectively. Similarly, Business-type Activities reserve balances were set for the Operating Reserves, Fleet & Equipment Reserves, Infrastructure Capital Replacement Reserves, and the Water System Acquisition & Infrastructure Improvement Property Tax Reserve at \$2,406,254 \$905,011, \$8,973,840, and \$3,000,000, respectively.

The five-year capital plan for 2023-2027 is \$99,674,425, of which \$2,699,823 in grants is secured and a SRF borrowing secured for the WLRRWTP. The five-year capital plan calls for \$51,751,570 for water, \$25,312,971 for sewer, \$19,893,683 for Parks and Recreation, \$279,000 for Governance and Administrative Services and \$2,437,200 for TCPUD vehicles. The water and sewer rate structure, capital infrastructure charge, grant funding, property tax and some level of capital financing make this level of capital improvements possible.

Long-term Debt. At the end of the current fiscal year, the TCPUD had total debt outstanding of \$6,514,016 backed by the full faith and credit of the government. Additional information on long-term debt can be found in the notes to the financial statements (See Note 6. Long-Term Liabilities).

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
	State Revolving Loan	\$ 787,769	\$ 911,046	\$5,688,184	\$2,794,450	\$6,475,953
Lease liabilities	38,063	-	-	-	38,063	-
Total long-term debt	\$ 825,832	\$ 911,046	\$5,688,184	\$2,794,450	\$6,514,016	\$3,705,496

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.

There are several private water companies located on the west shore of Tahoe that from time to time, their owners or customers, 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 or a capital infrastructure charge from these new water customers or property tax and 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 circumstances, 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.

Management Discussion and Analysis continued

TCPUD implemented both GASB statements in 2017 and the 2022 net pension liability of \$14,580,482 has been recorded to the Government Wide Statement of Net Position.

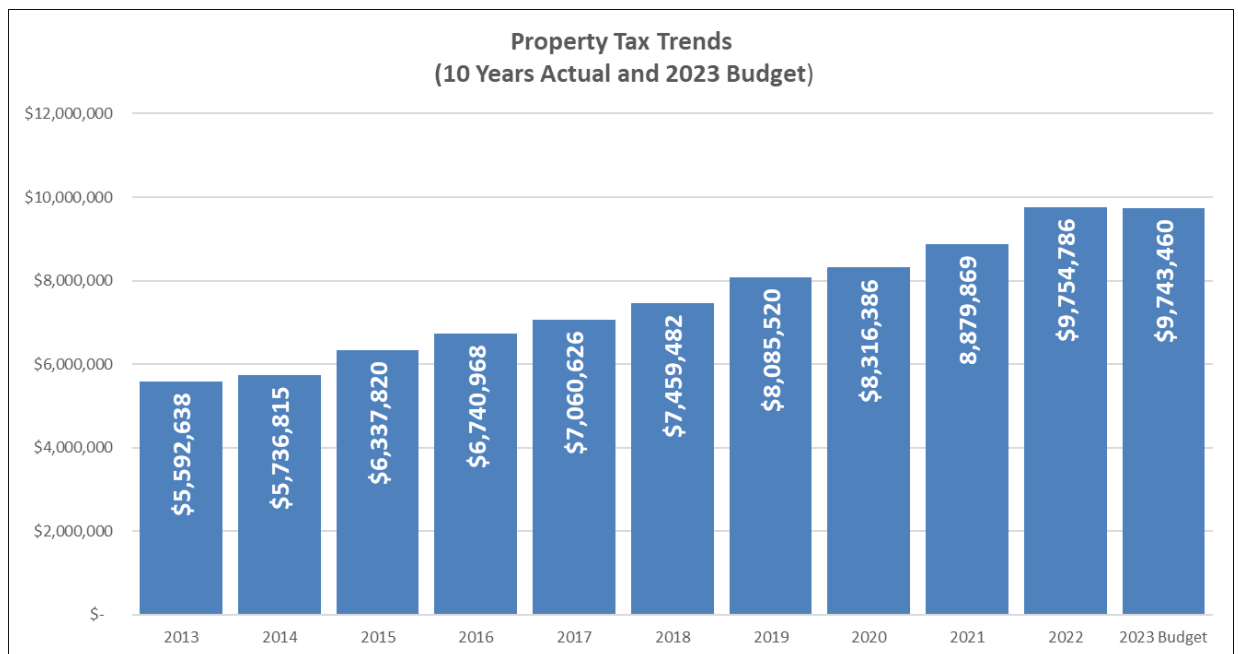
GASB issued its Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 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 2022 net OPEB liability of \$3,649,656 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 2023 fiscal year budget:

- Property tax revenue is a stable revenue source for TCPUD and is TCPUD’s largest single source of revenue making up 34.4% or \$9,743,460 of the 2023 Budget net of capital grants. This revenue source continues to grow annually due to growth in assessed values. Under California property tax law, assessed value growth is capped at 2%, however; when real estate is sold, it is assessed for the new owner base, which is typically market value or purchase price. The following Property Tax Trends bar graph shows the last 10 years of actual property tax collection and the 2023 budget.



- Water and sewer base rate revenues are a stable source of income. Due to TCPUD’s widely fluctuating population, TCPUD’s rate model relies mostly on the base rate to support operations, unlike metropolitan areas. Water base revenue makes up 80.7% of water’s

Management Discussion and Analysis continued

operating revenue and consumption 15.8%. 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. Sewer base rate revenues are 99.8% of operating revenue.

- The current state of the drought in California has dramatically improved from last year as a result of the 2022/23 winter reporting one of the deepest snowpacks since 1952. In response to the significant precipitation and improved water conditions statewide, on March 24, 2023, Governor Newsom issued Executive Order N-5-23 rescinding portions of the previous drought based Executive Orders.
- 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 guidelines for efficient water use and a framework 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:
 - AB 1668: In 2022, The State Water Resource Control Board and Division of Water Resources established standards and performance measures to achieve an indoor per person water use goal of 55 gallons per day until 2025, 47.0 gallons from 2025 to 2030, and 42.0 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. The 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 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.
- On November 18, 2022, the Board adopted the 2023 operating and capital budgets for the Water Fund, Sewer Fund, and Government Funds, by adopting Resolution Numbers 22-42, 22-41, and 21-43, respectively. Approximate resources to accomplish TCPUD's Strategic Priorities and 2023 Operational Priorities have been included in the 2023 budget plan. See the Transmittal Letter for additional information. TCPUD 2023 budget adoptions resulted in the following budget on budget changes:
 - Water Fund
 - Water base rates approved to Proposition 218 rates resulting in revenues up 4.3% or \$312,379.
 - Personnel cost up 8.8% or \$166,763.
 - Operating expenses (excluding depreciation) up 8.9% or \$119,795.
 - Capital expenditures were down -1.2% or \$146,446.

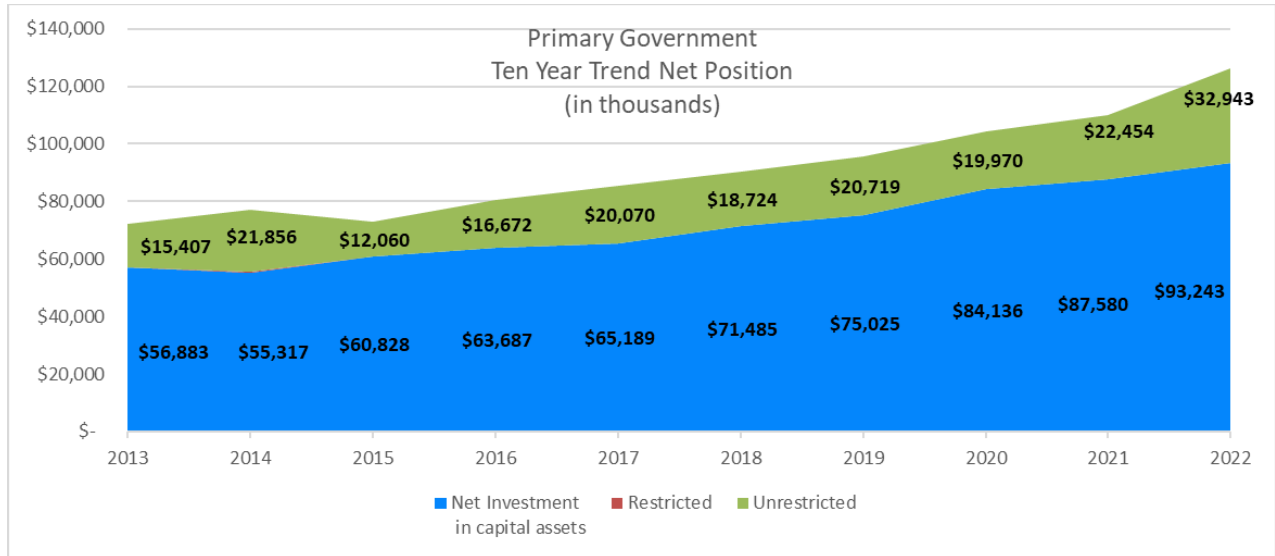
Management Discussion and Analysis continued

- Sewer Fund
 - Sewer charges approved to Proposition 218 rates resulting in revenues up 4.7% or \$281,145.
 - Personnel cost up 12.8% or \$222,073.
 - Operating expenses (excluding depreciation) up 8.0% or \$58,983.
 - Capital expenditures up 52.4% or \$1,824,348.
- Governmental Funds
 - Revenues up 35.1% or \$728,778.
 - Personnel cost up 8.5% or \$247,124.
 - Operating expenses up 5.9% or \$120,276.
 - Capital expenditures down 20.9% or \$905,174.
- District-wide personnel costs make up 69.1% of TCPUD's direct operating budget, excluding depreciation and allocations. TCPUD works closely with the employees and their union/bargaining group and toward the end of 2019, TCPUD entered union negotiations and successfully negotiated a four-year agreement. The MOU will expire at the end of 2023.
- Toward the end of 2021, CalPERS completed the Asset Liability Management (ALM) process. The ALM process runs on a 4-year process and concluded in November 2021, resulting in the CalPERS Board of Administration holding the current discount rate of 6.8% and adopted new actuarial assumptions. The 6.8% will apply to fiscal years 2023-24. In April 2023, TCPUD adopted a Financial Policy 2020 Pension Fundings intended to provide reasonable assurance that the associated pension costs will be funded in a sustainable manner.
- An Other Post Employment Benefit (OPEB) policy will be developed in 2023 intended to provide reasonable assurance that the associated OPEB costs will be funded in a sustainable manner.
- TCPUD's challenges to find employees is primarily due to the housing issues facing the North Tahoe, Truckee region. Workforce housing challenges continue to be at the forefront at a regional level in the North Tahoe, Truckee, and surrounding areas and TCPUD will remain engaged in the process.

Summary

The TCPUD's overall financial health has continued 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, 2022 fiscal year shows net position overall increasing year on year.

Management Discussion and Analysis continued

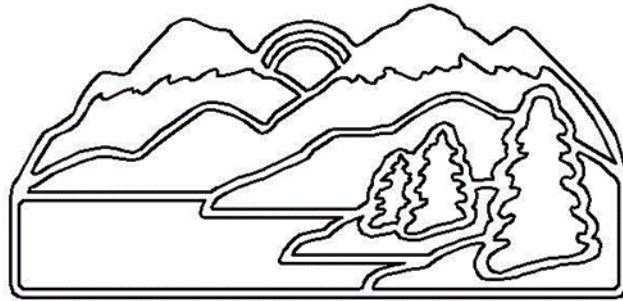


Net investment in capital assets increased \$5,662,584 or 6.1% largely due to various ongoing capital projects such as the WLTRWTP, Madden Creek Water Interconnection, Smart Meter Replacement Program, Emergency Bypass Pump Station, other various infrastructure projects, and vehicles and equipment purchases.

Requests for Information

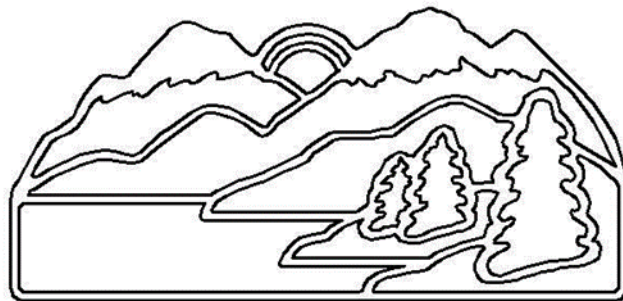
The TCPUD's financial statements are designed to present users (citizens, taxpayers, customers, vendors, and creditors) with a general overview of the TCPUD's finances and to demonstrate financial accountability. If you have questions about this report or need additional financial information, please 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.

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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, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 16,517,828	\$ 17,599,162	\$ 34,116,990
Restricted cash and investments	347,877	-	347,877
Receivables:			
Accounts	-	915,126	915,126
Interest	59,427	13,358	72,785
Taxes	5,434,889	-	5,434,889
Grants	50,254	1,595,230	1,645,484
Lease	208,750	212,031	420,781
Other	456,063	762,280	1,218,343
Allowance for doubtful accounts	(3,342)	(6,684)	(10,026)
Inventories	46,154	347,416	393,570
Prepaid items and other assets	248,624	495,454	744,078
Total current assets	23,366,524	21,933,373	45,299,897
Noncurrent assets:			
Restricted cash and investments	13,800	482,664	496,464
Facility improvement receivables	-	24,793	24,793
Capital assets:			
Non-depreciable	11,548,489	17,811,296	29,359,785
Depreciable, net	22,121,394	47,929,291	70,050,685
Total capital assets, net	33,669,883	65,740,587	99,410,470
Total noncurrent assets	33,683,683	66,248,044	99,931,727
Total assets	57,050,207	88,181,417	145,231,624
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	1,733,329	4,143,011	5,876,340
Other post employment benefit related	676,331	1,477,772	2,154,103
Net goodwill	-	3,680,873	3,680,873
Total deferred outflows of resources	2,409,660	9,301,656	11,711,316

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, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	263,463	983,973	1,247,436
Accrued payroll and benefits payable	56,391	160,889	217,280
Employee medical reimbursement payable	357,563	-	357,563
Interest payable	3,561	-	3,561
Deposits payable	64,585	282,635	347,220
Other liabilities	131,931	538,800	670,731
Unearned revenue	109,658	-	109,658
Compensated absences-due within one year	174,478	372,634	547,112
Long-term lease-due within one year	17,571	-	17,571
Long-term liabilities-due within one year	125,500	-	125,500
Total current liabilities	1,304,701	2,338,931	3,643,632
Noncurrent liabilities:			
Long-term liabilities-due in more than one year	662,269	5,688,184	6,350,453
Lease liabilities	20,492	-	20,492
Net pension liability	5,242,609	9,337,873	14,580,482
Net other post employment benefit liability	1,108,258	2,541,398	3,649,656
Total non-current liabilities	7,033,628	17,567,455	24,601,083
Total liabilities	8,338,329	19,906,386	28,244,715
DEFERRED INFLOWS OF RESOURCES			
Pension related	488,617	1,064,627	1,553,244
Other post employment benefit related	127,834	353,146	480,980
Lease related	204,181	208,479	412,660
Total deferred inflows of resources	820,632	1,626,252	2,446,884
NET POSITION			
Net investment in capital assets	33,621,825	59,621,017	93,242,842
Restricted for:			
Guarantee permit and payment performance	13,800	51,200	65,000
Unrestricted	16,665,281	16,278,218	32,943,499
Total net position	\$ 50,300,906	\$ 75,950,435	\$ 126,251,341

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

Statement of Activities

Tahoe City Public Utility District
Statement of Activities
For the year ended December 31, 2022

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	\$ 5,243,973	\$ 206,144	\$ 1,897,727	\$ 23,227	\$ 63,650	\$ 1,984,604	\$ (3,465,513)	\$ -	\$ (3,465,513)
Recreation	1,019,729	19,997	480,278	38,135	-	518,413	(521,313)	-	(521,313)
Interest on long-term debt (unallocated)	-	15,882	-	-	-	-	(15,882)	-	(15,882)
Total governmental activities	6,263,702	242,023	2,378,005	61,362	63,650	2,503,017	(4,002,708)	-	(4,002,708)
Business-type activities:									
Water	5,748,620	281,673	8,765,589	-	4,441,224	13,206,813	-	7,176,520	7,176,520
Sewer	3,255,910	3,705	6,098,798	-	-	6,098,798	-	2,839,183	2,839,183
Total business-type activities	9,004,530	285,378	14,864,387	-	4,441,224	19,305,611	-	10,015,703	10,015,703
Total primary government	\$ 15,268,232	\$ 527,401	\$ 17,242,392	\$ 61,362	\$ 4,504,874	\$ 21,808,628	(4,002,708)	10,015,703	6,012,995
General Revenues and Transfers:									
Property taxes							9,361,073	393,713	9,754,786
Investment earnings							231,489	153,288	384,777
Transfers (from) to other funds							(866,133)	866,133	-
Total general revenues and transfers							8,726,429	1,413,134	10,139,563
Change in net position							4,723,721	11,428,837	16,152,558
Net position - Beginning							45,577,185	64,521,598	110,098,783
Net position - Ending							\$ 50,300,906	\$ 75,950,435	\$ 126,251,341

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, 2022

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash	\$ 16,517,828	\$ -	\$ 16,517,828
Restricted cash	361,677	-	361,677
Receivables:			
Interest	59,427	-	59,427
Taxes	5,434,889	-	5,434,889
Grants	50,254	-	50,254
Lease	208,750	-	208,750
Other	456,063	-	456,063
Allowance for doubtful accounts	(3,342)	-	(3,342)
Inventory	46,154	-	46,154
Prepaid items and other assets	248,624	-	248,624
Total assets	\$ 23,380,324	\$ -	\$ 23,380,324
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 263,463	\$ -	\$ 263,463
Accrued payroll and benefits payable	56,391	-	56,391
Employee medical reimbursement payable	357,563	-	357,563
Deposits payable	64,585	-	64,585
Other liabilities	131,931	-	131,931
Unearned revenue	109,658	-	109,658
Total liabilities	983,591	-	983,591
DEFERRED INFLOWS OF RESOURCES			
Lease related	204,181	-	204,181
Total deferred inflows of resources	204,181	-	204,181
Fund Balances:			
Non-spendable	294,778	-	294,778
Restricted	13,800	-	13,800
Assigned			
Long-term equipment and capital replacement	9,387,328	-	9,387,328
Contributions - projects	46,736	-	46,736
Unassigned fund balance			
General Fund	12,449,910	-	12,449,910
Total fund balances	22,192,552	-	22,192,552
Total liabilities and fund balances	\$ 23,380,324	\$ -	\$ 23,380,324

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, 2022

Total Fund Balances - Governmental Funds	\$ 22,192,552
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Non-depreciable	11,548,489
Depreciable, net	22,121,394
Total capital assets, net	<u>33,669,883</u>
Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet.	<u>(3,561)</u>
Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.	
Compensated absences - due within one year	(174,478)
Long-term debt - due within one year	(143,071)
Long-term debt - due in more than one year	(662,269)
Lease payable - due in more than one year	(20,492)
Total long-term liabilities	<u>(1,000,310)</u>
Long-term net pension liability, which is based on GASB 68 reporting requirements, is not due and payable in the current period and therefore is not reported in the governmental funds.	
Net pension liability	(5,242,609)
Deferred outflows, related to pension expense	1,733,329
Deferred inflows, related to pension expense	(488,617)
Total long-term net pension liability	<u>(3,997,897)</u>
Long-term net other post employee benefits liability, which is based on GASB 75 reporting requirements, is not due and payable in the current period and therefore is not reported in the governmental funds.	
Net other post employee benefits liability	(1,108,258)
Deferred outflows, related to other post employee benefits expense	676,331
Deferred inflows, related to other post employee benefits expense	(127,834)
Total long-term net other post employee benefits liability	<u>(559,761)</u>
Total Net Position of Governmental Activities	\$ <u>50,300,906</u>

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

Tahoe City Public Utility District
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended December 31, 2022

	General	Debt Service	Total Governmental Funds
REVENUES:			
Fees	\$ 1,028,688	\$ -	\$ 1,028,688
Property taxes	9,221,370	139,703	9,361,073
Interest	231,489	-	231,489
Grants	73,906	-	73,906
Other	1,357,526	-	1,357,526
Total revenues	11,912,979	139,703	12,052,682
EXPENDITURES:			
Current:			
Public works - Parks	4,157,433	-	4,157,433
Recreation	1,060,329	-	1,060,329
Other operating	153,691	-	153,691
Capital outlay	882,483	-	882,483
Debt service:			
Principal	-	123,277	123,277
Interest	-	16,426	16,426
Total expenditures	6,253,936	139,703	6,393,639
REVENUES OVER EXPENDITURES	5,659,043	-	5,659,043
OTHER FINANCING SOURCES (USES):			
Proceeds from the sale of assets	46,437	-	46,437
Transfers out to other funds	(866,133)	-	(866,133)
Total other financing sources (uses)	(819,696)	-	(819,696)
Net change in fund balances	4,839,347	-	4,839,347
FUND BALANCES:			
Beginning of year	17,353,205	-	17,353,205
End of year	<u>\$ 22,192,552</u>	<u>\$ -</u>	<u>\$ 22,192,552</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, 2022

Net Change in Fund Balances - Governmental Funds \$ 4,839,347

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

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. 882,483

Governmental funds do not report leased assets. However, in the Government-Wide Statement of Activities, the leased assets was allocated over their estimated useful lives as amortization expense. 54,937

Disposal on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, not reported in the Governmental Funds. (3,541)

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. (1,943,461)

Amortization expense on leased capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, amortization expense was not reported as expenditures in the Governmental Funds. (16,392)

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. 123,277

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	37,139
Change in accrued interest	545
Change in pension expense based on GASB 68 adjustments	773,893
Change in OPEB expense based on GASB 75 adjustments	13,557
Change in lease expense based on GASB 87 adjustments	(38,063)

Change in Net Position of Governmental Activities \$ 4,723,721

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, 2022

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
ASSETS			
Current assets:			
Cash and investments	\$ 6,689,255	\$ 10,909,907	\$ 17,599,162
Receivables:			
Accounts	573,994	341,132	915,126
Grants	1,595,230	-	1,595,230
Interest	13,358	-	13,358
Lease	212,031		212,031
Other	754,354	7,926	762,280
Allowance for doubtful accounts	(3,342)	(3,342)	(6,684)
Inventories	291,198	56,218	347,416
Prepaid items and other assets	301,786	193,668	495,454
Total current assets	<u>10,427,864</u>	<u>11,505,509</u>	<u>21,933,373</u>
Noncurrent assets:			
Restricted cash and investments	472,164	10,500	482,664
Facility improvement receivables	23,448	1,345	24,793
Capital assets:			
Non-depreciable assets	16,928,267	883,029	17,811,296
Depreciable assets, net	33,800,740	14,128,551	47,929,291
Total capital assets, net	<u>50,729,007</u>	<u>15,011,580</u>	<u>65,740,587</u>
Total noncurrent assets	<u>51,224,619</u>	<u>15,023,425</u>	<u>66,248,044</u>
Total assets	<u>61,652,483</u>	<u>26,528,934</u>	<u>88,181,417</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	2,368,761	1,774,250	4,143,011
Other post employment benefit related	738,886	738,886	1,477,772
Net goodwill	3,680,873	-	3,680,873
Total deferred outflows of resources	<u>6,788,520</u>	<u>2,513,136</u>	<u>9,301,656</u>
LIABILITIES			
Current liabilities:			
Accounts payable	859,068	124,905	983,973
Accrued payroll and benefits payable	93,391	67,498	160,889
Deposits payable	192,062	90,573	282,635
Other liabilities	497,665	41,135	538,800
Compensated absences	223,270	149,364	372,634
Total current liabilities	<u>1,865,456</u>	<u>473,475</u>	<u>2,338,931</u>
Noncurrent liabilities:			
Net pension liability	5,494,036	3,843,837	9,337,873
Net other post employment benefit liability	1,270,698	1,270,700	2,541,398
Long-term debt - due in more than one year	5,688,184	-	5,688,184
Total noncurrent liabilities	<u>12,452,918</u>	<u>5,114,537</u>	<u>17,567,455</u>
Total liabilities	<u>14,318,374</u>	<u>5,588,012</u>	<u>19,906,386</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	615,244	449,383	1,064,627
Other post employment benefit related	176,573	176,573	353,146
Lease related	208,479	-	208,479
Total deferred inflows of resources	<u>1,000,296</u>	<u>625,956</u>	<u>1,626,252</u>
NET POSITION			
Net investment in capital assets	44,609,437	15,011,580	59,621,017
Restricted for:			
Guarantees of permit performance	50,700	500	51,200
Unrestricted	8,462,196	7,816,022	16,278,218
Total net position	<u>\$ 53,122,333</u>	<u>\$ 22,828,102</u>	<u>\$ 75,950,435</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, 2022

	Proprietary Funds		Total Proprietary Funds
	Water Fund	Sewer Fund	
OPERATING REVENUES:			
Service and inspection fees	\$ 8,482,987	\$ 5,976,867	\$ 14,459,854
Connection fees	37,100	17,000	54,100
Property tax for operations	376,484	-	376,484
Penalties and discounts	71,940	51,156	123,096
Other	159,242	39,455	198,697
Total operating revenues	9,127,753	6,084,478	15,212,231
OPERATING EXPENSES:			
Personnel	835,098	471,811	1,306,909
Operations	3,595,023	2,127,104	5,722,127
Depreciation	1,320,323	660,699	1,981,022
Total operating expenses	5,750,444	3,259,614	9,010,058
OPERATING INCOME	3,377,309	2,824,864	6,202,173
NONOPERATING REVENUES (EXPENSES):			
Property taxes for Debt Service	17,229	-	17,229
Interest income	59,939	93,349	153,288
Gain on disposal	14,319	14,319	28,638
Amortization	(245,391)	-	(245,391)
Interest expense	(34,457)	-	(34,457)
Total nonoperating revenues (expenses)	(188,361)	107,668	(80,693)
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS:			
	3,188,948	2,932,532	6,121,480
Capital grants	4,441,224	-	4,441,224
Transfers in from other funds	866,133	-	866,133
Change in net position	8,496,305	2,932,532	11,428,837
NET POSITION:			
Net position - Beginning	44,626,028	19,895,570	64,521,598
Net position - ending	\$ 53,122,333	\$ 22,828,102	\$ 75,950,435

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, 2022

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 8,631,286	\$ 6,117,282	\$ 14,748,568
Receipts from property tax used for operations	376,484	-	376,484
Payments to suppliers	(3,431,369)	(2,133,491)	(5,564,860)
Payments to employees	(2,013,467)	(1,373,228)	(3,386,695)
Net cash provided by operating activities	3,562,934	2,610,563	6,173,497
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	866,133	-	866,133
Net cash provided by noncapital financing activities	866,133	-	866,133
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(8,982,799)	(1,816,491)	(10,799,290)
Proceeds from SRF loan	4,951,696	-	4,951,696
Receipts from property tax used for debt service payment	17,229	-	17,229
Proceeds from sales of capital assets	19,319	19,319	38,638
Grants received	2,853,200	-	2,853,200
Interest paid on long-term debt	(34,457)	-	(34,457)
Net cash used by capital and related financing activities	(1,175,812)	(1,797,172)	(2,972,984)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	47,417	93,349	140,766
Net cash provided by investing activities	47,417	93,349	140,766
Net increase (decrease) in cash and cash equivalents	3,300,672	906,740	4,207,412
CASH AND CASH EQUIVALENTS			
Beginning of year	3,860,747	10,013,667	13,874,414
End of year	<u>\$ 7,161,419</u>	<u>\$ 10,920,407</u>	<u>\$ 18,081,826</u>
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	6,689,255	10,909,907	17,599,162
Restricted cash and cash equivalents	472,164	10,500	482,664
Total cash and cash equivalents	\$ 7,161,419	\$ 10,920,407	\$ 18,081,826
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	3,377,309	2,824,864	6,202,173
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,320,323	660,699	1,981,022
Changes in assets and liabilities:			
(Increase) Decrease in:			
Accounts receivable	(125,726)	609	(125,117)
Grants receivable	-	26,188	26,188
Lease receivable	(212,031)	-	(212,031)
Other receivable	1,977	(7,926)	(5,949)
Allowance for doubtful accounts	(183)	(183)	(366)
Facilities improvement receivables	3,570	17,584	21,154
Inventories	5,555	(11,451)	(5,896)
Prepaid items and other assets	(42,061)	5,777	(36,284)
Net change in deferred outflows and inflows	(3,902,597)	(3,010,624)	(6,913,221)
Increase (Decrease) in:			
Accounts payable	478,172	4,400	482,572
Accrued payroll and benefits	13,749	2,553	16,302
Deposits payable	379	(3,468)	(3,089)
Net change in other liabilities	(274,460)	(5,113)	(279,573)
Net pension liability, OPEB and other liabilities	2,847,721	2,087,311	4,935,032
Compensated absences	71,237	19,343	90,580
Net cash provided by operating activities	\$ 3,562,934	\$ 2,610,563	\$ 6,173,497

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, 2022**

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), basic financial statements present the TCPUD and its component unit for which the TCPUD is 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, 2022.

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 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, 2022**

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 those 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. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

claims and judgment, postemployment benefits are recognized later base on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the TCPUD the right to use leased assets, are reported as expenditures in governmental fund. Issuance of long-term debt and financing through leases are reported as other financing sources.

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:

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

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.

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

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents and Investments, Continued

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 California Cooperative Liquid Assets Securities System (California CLASS) a Joint Powers Authority investment pool as set forth in Sect. 53601(p) of the California Government Code. The Prime portfolio is a stable \$1.00 Net Asset Value investment that is rated AAAM by Standard & Poor's. It offers safety, daily liquidity, and a competitive yield to California public agency participants. California CLASS is governed by a Board of Trustees composed of public agency officials.

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 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 fund 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, an escrow account for security deposits in lieu of retention, 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.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Capital Assets

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets with an initial 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.

As the TCPUD constructs or acquires capital assets, they are capitalized and reported at historical cost (except for intangible right-to-use asset, the measurement of which is discussed in note 1 (O). 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.

Land and construction in progress are not depreciated. Tangible and intangible capital assets are depreciated/amortized 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:

	<u>Useful Lives</u>
Water and sewer plan	10 - 50
Recreational facilities	10 - 20
Building	40
Right-to-use equipment	3 - 20
Equipment	3 - 20
Vehicles	5 - 13

G. Interest Payable

In the Government-Wide Financial Statements, interest payable on long-term debt and right-to-use equipment 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.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 and prepaid charges for services.

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, 2022, all deferred revenues in the Fund Financial Statements represent revenues that were not earned at year-end. Therefore, all 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, 2022, 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 \$5,876,340 and \$2,154,103, 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 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 \$3,680,873 related to goodwill at December 31, 2022. 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 of which 15 years is remaining.

As of December 31, 2022, the TCPUD has three items reported as deferred inflow of resources. The first two items are the deferred inflow of resources related to pension and OPEB in the amount of \$1,553,244 and \$480,980, 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. The third item relates to the right-to-use for leased assets for \$412,660.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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-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.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 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 and fully liquidated by the General Fund and Proprietary Funds. 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 and fully liquidated by the General Fund and Proprietary Funds. Investments are reported at fair value.

O. Leases

Lessee: The TCPUD is a lessee for noncancellable leases of equipment. The TCPUD recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. TCPUD recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, TCPUD initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how TCPUD determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- TCPUD uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the TCPUD generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments.

TCPUD monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Leases, Continued

Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

Lessor: TCPUD is a lessor for noncancellable leases of land. TCPUD recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, TCPUD initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. Key estimates and judgments include how TCPUD determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- TCPUD uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. The lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

TCPUD monitors changes in circumstances that would require remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

P. Net Position and Fund Balance

Government-Wide Financial Statements

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

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 and deferred inflows of resources.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. Net Position and Fund Balance, Continued

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 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 fleet & equipment, infrastructure capital replacement, and priority project capital).

As of December 31, 2022, there were restricted funds in the amount of \$13,800 for various projects.

As December 31, 2022, assigned fund balances in the governmental funds included fleet & equipment, infrastructure capital replacement, priority project capital, and contributions for projects.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. 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.

R. Current Government Accounting Standard Board Statements Implementation

Effective January 1, 2022, the TCPUD implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, Leases. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The TCPUD adopted this accounting guidance for its December 31, 2022, year-end. See Notes 1(O) and 12 for additional details.

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 adopted this accounting guidance for its December 31, 2022, year-end. There was no impact to the District's financial position as a result of adoption.

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

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

R. Current Government Accounting Standard Board Statements Implementation, Continued

consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The District adopted this accounting guidance for its December 31, 2022, year-end. There was no impact to the District's financial position as a result of adoption.

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). There was no significant financial impact to the District as a result of implementation.

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 adopted this accounting guidance for its December 31, 2022, year-end. There was no impact to the District's financial position as a result of adoption.

S. Future Government Accounting Standard Board Statements

These statements are not effective until January 1, 2023, or later. The District has not determined the effects on the financial statements.

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 conveying control of the right to operate or use of nonfinancial assets, such as infrastructure or

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

S. Future Government Accounting Standard Board Statements Implementation, Continued

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. 99

In April 2022, GASB issued Statement No. 99, Omnibus 2022. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for guarantees. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to leases, PPPs and SBITAs are effective for the District's fiscal year ending December 31, 2023, and the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the District's fiscal year ending December 31, 2024.

Government Accounting Standards Board Statement No. 100

In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the District's fiscal year ending December 31, 2024.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

S. Future Government Accounting Standard Board Statements Implementation, Continued

Government Accounting Standards Board Statement No. 101

In June 2022, GASB issued Statement No. 101, Compensated Absences. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for the District's fiscal year ending December 31, 2024.

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 the purposes of measuring cash flows.

A. Cash Deposits

The carrying amounts of the TCPUD's operating cash balance is \$278,234 at December 31, 2022. Bank balances were \$789,189, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the TCPUD's name as discussed below.

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

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

B. Investments

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

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

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

2. CASH AND INVESTMENTS, Continued

B. Investments

- Certificate of Deposit and other evidence of deposit at banks and savings and loan associations
- California Local Agency Investment Fund (LAIF)
- Placer County Treasury Investment Pool Fund
- California Cooperative Liquid Assets Securities System (CA Class)

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, 2022, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

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

As of December 31, 2022, the TCPUD had \$7,463,054 invested with LAIF, \$1,467,019 invested with the Placer County Treasurer, and \$24,907,383 with CA Class. LAIF had invested 2.29% of the pool investment funds in medium-term and short-term Structured Notes and Asset-Backed Securities. Fair value of LAIF and Placer County was calculated by applying a factor of 0.981389258 to total investments held by both. At December 31, 2022, the LAIF, CA Class, and Placer County Treasurer balance did not reflect an amortized cost of \$33,208 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 1 or 3 inputs.

Following is a description of the valuation methodologies used to estimate the fair value of investments. There have been no changes in the valuation techniques used at December 31, 2022. The Certificates of deposit classified in level 2 are valued using broker quotes that utilize observable market inputs.

The following tables set forth by level, within the fair value hierarchy, the TCPUD's assets at fair value as of December 31, 2022.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022

2. CASH AND INVESTMENTS, Continued

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, 2022:

	Government-Wide Statement of Net Assets		
	Governmental Activities	Business-Type Activities	Total
Operating cash deposits	\$ -	\$ 278,234	\$ 278,234
Imprest and other	1,000	300	1,300
Investments	16,516,828	17,320,628	33,837,456
Total cash and investments	16,517,828	17,599,162	34,116,990
Current - Restricted cash and investments	347,877	-	347,877
Noncurrent-Restricted cash and investments	13,800	482,664	496,464
Total All	\$ 16,879,505	\$ 18,081,826	\$ 34,961,331

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, 2022, the total amount of the TCPUD's investments and restricted investments was deposited with LAIF, CA Class, 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, 2022, 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. California CLASS PRIME is rated by S&P Global Ratings. The current rating is AAAM.

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 are held by a third-party custodian. California CLASS is an external investment pool and therefore is not subject to custodial credit risk; therefore, investment in the pool is exempt from the reporting requirement.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

2. CASH AND INVESTMENTS, Continued

D. Restricted Cash and Investments

Restricted cash and investments for the TCPUD amounted to \$844,341. 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. \$431,387 was held in escrow by the Bank of Marin as a substitute for retention required to be withheld by TCPUD pursuant to the construction contract entered into with Thompson Builder Corporation, contractor for the West Lake Tahoe Regional Water Treatment Plant project. The remainder of the restricted cash of \$47,016 and \$300,861 respectively, were in the TCPUD's Section 125 medical reimbursement account and the Health Reimbursement Arrangement account, which are restricted for the sole use of the TCPUD's employees.

3. INTERFUND TRANSACTIONS

A. Due to/due from other funds and Interfund Loans

There were no short term interfund loans between funds at December 31, 2022.

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 2022 the General Fund transferred \$866,133 to the Water Fund.

	Transfers in from other funds
	Water Enterprise Fund
General Fund transfer out	\$ 866,133
	\$ 866,133

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022

4. CAPITAL ASSETS

A. Government-Wide Financial Statements

At December 31, 2022, 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	965,370	17,768,339	18,733,709
Total non-depreciable assets	<u>11,548,489</u>	<u>17,811,296</u>	<u>29,359,785</u>
Depreciable assets:			
Water and sewer plant	-	91,047,944	91,047,944
Recreational facilities	50,398,175	-	50,398,175
Right-to-use leased equipment	54,937	-	54,937
Office building and equipment	6,326,919	7,831,882	14,158,801
Vehicles	713,430	2,851,463	3,564,893
Total depreciable assets	<u>57,493,461</u>	<u>101,731,289</u>	<u>159,224,750</u>
Less accumulated depreciation:			
Water and sewer plant	-	(48,248,779)	(48,248,779)
Recreational facilities	(30,830,572)	-	(30,830,572)
Right-to-use leased equipment	(16,392)	-	(16,392)
Office building and equipment	(4,114,942)	(4,184,808)	(8,299,750)
Vehicles	(410,161)	(1,368,411)	(1,778,572)
Total accumulated depreciation	<u>(35,372,067)</u>	<u>(53,801,998)</u>	<u>(89,174,065)</u>
Net depreciable assets	<u>22,121,394</u>	<u>47,929,291</u>	<u>70,050,685</u>
Total capital assets, net	<u>\$ 33,669,883</u>	<u>\$ 65,740,587</u>	<u>\$ 99,410,470</u>

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022

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, 2022	Additions	Retirements	Transfers/ Reclassifications	Balance as of December 31, 2022
Capital assets, not being depreciated:					
Land	\$ 10,583,119	\$ -	\$ -	\$ -	\$ 10,583,119
Construction in progress	703,152	698,091	-	(435,873)	965,370
Total capital assets, not being depreciated	<u>11,286,271</u>	<u>698,091</u>	<u>-</u>	<u>(435,873)</u>	<u>11,548,489</u>
Capital assets, being depreciated:					
Recreational facilities	50,000,780	16,274	-	381,121	50,398,175
Right-to-use leased equipment	-	54,937	-	-	54,937
Office building and equipment	6,195,750	81,682	(5,265)	54,752	6,326,919
Vehicles	706,545	86,436	(79,551)	-	713,430
Total capital assets, being depreciated	<u>56,903,075</u>	<u>239,329</u>	<u>(84,816)</u>	<u>435,873</u>	<u>57,493,461</u>
Less accumulated depreciation for:					
Recreational facilities	(29,213,690)	(1,616,882)	-	-	(30,830,572)
Right-to-use leased equipment	-	(16,392)	-	-	(16,392)
Office building and equipment	(3,841,625)	(276,081)	2,764	-	(4,114,942)
Vehicles	(438,174)	(50,498)	78,511	-	(410,161)
Total accumulated depreciation	<u>(33,493,489)</u>	<u>(1,959,853)</u>	<u>81,275</u>	<u>-</u>	<u>(35,372,067)</u>
Net capital assets being depreciated	<u>23,409,586</u>	<u>(1,720,524)</u>	<u>(3,541)</u>	<u>435,873</u>	<u>22,121,394</u>
Governmental activities capital assets, net	<u>\$ 34,695,857</u>	<u>\$ (1,022,433)</u>	<u>\$ (3,541)</u>	<u>\$ -</u>	<u>\$ 33,669,883</u>

Depreciation / amortization expense for the governmental activities capital assets during the year ended December 31, 2022, was charged to the different activities as follows:

Public works - parks	\$ 1,861,412
Recreation	82,049
Right-to-use leased equipment - parks	16,392
Total	<u>\$ 1,959,853</u>

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022

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, 2022	Additions	Retirements	Transfers/ Reclassifications	Balance as of December 31, 2022
Capital assets, not being depreciated:					
Land	\$ 42,957	\$ -	\$ -	\$ -	\$ 42,957
Construction in progress	11,627,934	10,718,901	-	(4,578,496)	17,768,339
Total capital assets, not being depreciated	11,670,891	10,718,901	-	(4,578,496)	17,811,296
Capital assets, being depreciated:					
Water and sewer plant	86,477,021	(52)	-	4,570,975	91,047,944
Office building and equipment	7,824,361	-	-	7,521	7,831,882
Vehicles	2,829,479	80,440	(58,456)	-	2,851,463
Total capital assets, being depreciated	97,130,861	80,388	(58,456)	4,578,496	101,731,289
Less accumulated depreciation for:					
Water and sewer plant	(46,737,494)	(1,511,285)	-	-	(48,248,779)
Office building and equipment	(3,942,190)	(242,618)	-	-	(4,184,808)
Vehicles	(1,189,750)	(227,119)	48,458	-	(1,368,411)
Total accumulated depreciation	(51,869,434)	(1,981,022)	48,458	-	(53,801,998)
Net capital assets being depreciated	45,261,427	(1,900,634)	(9,998)	4,578,496	47,929,291
Business-type activities capital assets, net	\$ 56,932,318	\$ 8,818,267	\$ (9,998)	\$ -	\$ 65,740,587

Depreciation expense for capital assets for December 31, 2022, was charged to the different activities as follows:

Water	\$ 1,320,323
Sewer	660,699
Total	\$ 1,981,022

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

5. UNEARNED REVENUE

Government-Wide Financial Statements

At December 31, 2022, there were no differences between unearned revenues in the Government-Wide Financial Statements and the Fund Financial Statements. All amounts represent revenues that had been collected or billed, but not yet earned, as follows:

	Governmental Activities <u>Governmental Funds</u> General Fund
Golf deferred revenue	\$ 88,560
Sidewalk deferred revenue	11,098
Indoor play structure	10,000
Total	<u><u>\$ 109,658</u></u>

6. LONG TERM LIABILITIES

The following is a summary of long-term liabilities transactions for the year ended December 31, 2022:

	Maturity Date	Interest Rate	Balance January 1, 2022	Additions	Retirements	Balance December 31, 2022	Current Portion	Due in More than One Year
Governmental Activities								
State Water Resources Control Board	2028	1.80%	\$ 911,046	\$ -	\$ (123,277)	\$ 787,769	\$ 125,500	\$ 662,269
Lease liabilities	2026	Various	-	38,063	-	38,063	17,571	20,492
Total Governmental activities			<u>\$ 911,046</u>	<u>\$ 38,063</u>	<u>\$ (123,277)</u>	<u>\$ 825,832</u>	<u>\$ 143,071</u>	<u>\$ 682,761</u>
Business-Type Activities								
State Water Resources Control Board	2043	1.20%	\$ 2,794,450	\$ 2,893,734	\$ -	\$ 5,688,184	\$ -	\$ 5,688,184
Total Business-type activities			<u>\$ 2,794,450</u>	<u>\$ 2,893,734</u>	<u>\$ -</u>	<u>\$ 5,688,184</u>	<u>\$ -</u>	<u>\$ 5,688,184</u>

Future principal and interest payments on governmental activity long-term liabilities are as follows at December 31, 2022:

For the Year Ending 12/31	Governmental Activities			
	State Water Resources Control Board		Lease liability	
	Principal	Interest	Principal	Interest
2023	\$ 125,500	\$ 14,203	\$ 17,571	\$ 1,248
2024	127,763	11,941	18,317	502
2025	130,066	9,637	1,739	9
2026	132,411	7,292	436	1
2027	134,799	4,905	-	-
2028	137,230	2,474	-	-
	<u>\$ 787,769</u>	<u>\$ 50,452</u>	<u>\$ 38,063</u>	<u>\$ 1,760</u>

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022

6. LONG TERM LIABILITIES, Continued

Governmental Activities

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

Yamaha Motor Finance Corporation - TCPUD entered into a lease as lessee for the use of golf carts with Yamaha Motor Finance Corporation. As of December 31, 2022, the value of the lease liability is \$32,443. TCPUD is required to make monthly fixed payments of \$2,134. The lease has an interest rate of 4.6000%.

Mail Finance - TCPUD entered into a lease as Lessee for the use of a postage machine with Mail Finance. As of December 31, 2022, the value of the lease liability is \$5,620. TCPUD is required to make quarterly fixed payments of \$437. The lease has an interest rate of 0.6020%.

Business-Type Activities

State Water Resources Control Board (State Revolving Fund) Financing - The TCPUD signed a \$12,000,000 Construction Installment Sales Agreement 00000000002002021 (agreement) for Project No. 3110011-005C with the California State Water Resources Control Board (SWRCB) on April 19, 2021, for the partial financing of the West Lake Tahoe Regional Water Treatment Plant (the Project) located in Tahoma, on the west shore of Lake Tahoe. Subsequently, on July 17, 2022, Amendment No. 1 to the agreement was approved to \$19,677,000 as a result of rising construction cost. During 2022, the TCPUD prepared and submitted reimbursement requests in the amount of \$2,893,734 to the SWRCB for reimbursable construction cost for the Project bringing the total reimbursement request at the end of 2022 to \$5,688,184. The Project's construction period is expected to extend to the end of 2024 and debt service payments to begin in 2025. Annual interest only payments will be made by TCPUD until the Project is substantially completed and the final reimbursement request has been made. Following completed construction of the project, TCPUD will make 20 annual debt service payments which will be determined upon the final reimbursement request at an effective interest rate of 1.20%. The source of principal and interest payments for this loan is water rate revenue and general property tax revenues.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

7. PLEDGES OF FUTURE REVENUES

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

	Annual Principal & Interest	Percentage of 2022 General Property Tax Pledged
Governmental Activities		
State Water Resources Control Board - Installment Sales Agreement No. C-06-4779-110	\$ 139,704	1.4%
State Water Resources Control Board - Construction Installment Sales Agreement 00000000002002021	17,229	0.2%
Unpledged General Property Tax Revenues	<u>9,597,854</u>	<u>98.4%</u>
Total 2021 General Property Tax Revenues	<u><u>\$ 9,754,787</u></u>	<u><u>100.0%</u></u>

8. COMPENSATED ABSENCES

Compensated absences balances and activity for the year ended December 31, 2022, were as follows:

	Balance			Balance	
	<u>January 1, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2022</u>	<u>Due within One Year</u>
Governmental Activities	\$ 211,617	\$ 142,211	\$ (179,350)	\$ 174,478	\$ 174,478
Business-Type Activities	<u>282,054</u>	<u>507,764</u>	<u>(417,184)</u>	<u>372,634</u>	<u>372,634</u>
Total	<u><u>\$ 493,671</u></u>	<u><u>\$ 649,975</u></u>	<u><u>\$ (596,534)</u></u>	<u><u>\$ 547,112</u></u>	<u><u>\$ 547,112</u></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 funds are used to liquidate the liabilities recorded in business-type activities. All the compensated absences balances represent vacation that is due within one year.

9. FUND BALANCES / NET POSITION

The TCPUD's Board adopted Resolution 11-39, later amended by General Fund Reserve Policy Number 2010 for the Classification of the Fund Balances as required by Governmental Accounting Standards Board 54 and setting of the General Fund Reserve Policy.

The following General Fund balance at December 31, 2022 is as follows. Non-spendable consists of \$294,778 for prepaid items and inventory. Assigned balances consist of \$8,021,373 for infrastructure capital replacement, \$1,000,000 for priority capital projects, \$365,955 for fleet and equipment replacement, and \$46,736 contribution for projects within the TCPUD Parks and Recreation.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

9. FUND BALANCES / NET POSITION, Continued

General Fund Balance

Non-Spendable	\$ 294,778
Restricted	13,800
Assigned	
Fleet & equipment replacement reserves	365,955
Infrastructure capital replacement reserves	8,021,373
Priority project capital reserves	1,000,000
Contributions - projects	46,736
Unassigned fund balance	<u>12,449,910</u>
Total Fund Balance General Fund	<u><u>\$ 22,192,552</u></u>

The TCPUD Board adopted Enterprise Funds Unrestricted Net Position and Reserves Policy Number 2015. At December 31, 2022, the Board designated the unrestricted net position of the proprietary funds as follows:

Designated for:	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating reserve	\$ 1,364,233	\$ 1,042,021	\$ 2,406,254
Fleet & equipment replacement reserves	309,400	595,611	905,011
Infrastructure capital replacement reserves	2,464,876	6,508,964	8,973,840
Water system acquisition & infrastructure improvement property tax reserve	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>
Total designated net position - proprietary activities	7,138,509	8,146,596	15,285,105
Undesignated	1,323,687	(330,574)	993,113
Total unrestricted net position proprietary fund	<u><u>\$ 8,462,196</u></u>	<u><u>\$ 7,816,022</u></u>	<u><u>\$ 16,278,218</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 Annual Comprehensive Financial Report, which is available online at www.calpers.ca.gov.

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

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

10. PENSION PLANS, Continued

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, 2022 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 2021/2022	8.00%	6.75%
Required Employee Contribution Rates 2021/2022	8.00%	6.75%
Required Employer Contribution Rates 2021/2022*	41.850%	7.90%
Required Employer Contribution Rates 2022/2023*	45.760%	7.97%

*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 year 2022 the employee paid 100% of the employee’s contribution beginning with 2015. Pursuant to the labor contract, beginning January 1, 2020, Classic Members agreed to contribute 2.0% of salary, in addition to the employee contribution rate of 8%, toward their normal costs.

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

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

10. PENSION PLANS, Continued

rate and the contribution rate of employees. The TCPUD's contributions to the risk pools in the Plan for the year ended December 31, 2022, were as follows:

	<u>Contributions</u>
Contributions - Employer	\$ 1,656,595
Contributions - Employee	\$ 534,770

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

As of December 31, 2022, the TCPUD reported a net pension liability for its proportionate share of the net pension liability of the plan of \$14,580,482.

	<u>Proportionate Share of Net Pension Liability</u>
Beginning net pension liability, January 1, 2021	\$ 8,025,238
Pension expense	(1,091,295)
Employer contribution	(1,840,116)
Net new deferred inflows / outflows	9,486,655
	<u>\$ 14,580,482</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, 2021. The TCPUD rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The TCPUD's proportionate share percentage for the risk pool at the valuation date was calculated by dividing the TCPUD's net pension liability for its rate plan within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The TCPUD's proportionate share of the net pension liability as of June 30, 2022, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2022, 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, 2022, 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, 2022, was calculated by applying Tahoe City Public Utility District's proportionate share percentage as of the valuation date (described

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

10. PENSION PLANS, Continued

above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2022, to obtain the total pension liability and fiduciary net position as of June 30, 2022. 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, 2022, and June 30, 2021, was as follows:

	Miscellaneous Risk Pool
Proportion at measurement date - June 30, 2021	0.42265%
Proportion at measurement date - June 30, 2022	0.31160%
Change - increase (decrease)	<u>-0.11105%</u>

For the year ended December 31, 2022, the TCPUD recognized pension credit of (\$1,558,758). At December 31, 2022 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	\$ 1,494,075	\$ -
Differences between expected and actual experience	292,805	196,108
Net Difference between projected and actual earnings on pension plan investments	2,670,757	-
Differences between Actual Contributions vs. Proportionate Share of Contribution	-	339,254
Change in employer's proportion	46,049	1,017,882
Pension Contributions Made Subsequent to the Measurement Date	1,372,654	-
	<u>\$ 5,876,340</u>	<u>\$ 1,553,244</u>

The \$1,372,654 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, 2023. 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
2023	\$ 590,764
2024	481,093
2025	245,058
2026	1,633,527
	<u>\$ 2,950,442</u>

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

10. PENSION PLANS, Continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2021, actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Projected Salary Increase ⁽¹⁾	Varies by Entry Age & Length of Service
Investment Rate of Return ⁽²⁾	6.90% 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 2.30% 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 2021 experience study report

Allocation Amongst TCPUD Funds

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

Change of Assumptions

Effective with the June 30, 2021, valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90% and the inflation rate decreased from 2.5% to 2.3%. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 6.90% discount rate is adequate, and the

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

10. PENSION PLANS, Continued

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, 2022, based on June 30, 2021, 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 6.90% 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 6.90%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability.

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

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

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

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

The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

10. PENSION PLANS, Continued

Asset Class	Assumed	
	Asset Allocation	Real Return Years (a) (b)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-basked Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	<u>100.00%</u>	

(a) An expected price inflation rate of 2.30% used for this period

(b) Figures are based on the 2021-22 Asset Liability Management study

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% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability / (Asset)	\$ 21,403,947	\$ 14,580,482	\$ 8,966,464

Pension Plan Fiduciary Net Position

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

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - TCPUD administers a single-employer defined benefit healthcare plan (the Retiree Health Plan) which provides lifetime fixed monthly payments for a portion of medical premiums and full dental and vision coverage for eligible retirees and their dependents. The majority of participants are covered through the TCPUD's CalPERS group health insurance plan, and all receive benefits from the TCPUD's self-administered dental and vision plans. Benefit provisions are established through negotiations between the TCPUD and the International Union of Operating Engineers, Stationary

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

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, 2021, 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	39
Active employees	59
Total	98

Methods and Assumptions -The TCPUD’s net OPEB liability was measured as of December 31, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2022, based on the following actuarial methods and assumptions.

Valuation Date	December 31, 2021
Fiscal Year End	December 31, 2022
Measurement Period	January 1, 2021 to December 31, 2021
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	6.10% as net of plan investment expense and trust administrative expenses
Discount rate	6.10%
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 and claims costs by age are assumed to increase once each year. Increases over the prior year's levels were derived using the Getzen model and are assumed to be effective on the dates shown below:

Effective January 1	Premium Increase	Effective January 1	Premium Increase
2022	Actual	2028-2029	5.00%
2023	5.80%	2030-2038	5.00%
2024	5.60%	2039	4.90%
2025	5.40%	2040-2043	4.80%
2026-2027	5.20%	2044-2049	4.70%

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

Change of Assumptions

Effective with the December 31, 2022, OPEB valuation report (2021 measurement date), the discount rate was reduced from 6.85% to 6.10% and the inflation rate remained at 2.5%. In addition, demographic actuarial assumptions used are based on the 2017 experience study of CalPERS using data from 1997 to 2015, except for a different basis used to project future mortality improvement.

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 \$882.54 for a retiree with 2 or more dependents, \$690.68 for a retiree with 1 dependent, and \$345.34 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 2022, the TCPUD paid \$234,494 toward retiree medical premiums and \$40,408 for retiree dental and vision claims, which amounted to \$274,902, as contributions to OPEB. TCPUD also placed \$284,734 into the CERBT, to be applied towards the OPEB obligation and estimated implied subsidy was \$46,601. This provided for \$606,237 as total contributions in 2022 to OPEB.

Discount Rate - GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. The TCPUD prefunds its OPEB liability at 100% or more of the Actuarially Determined Contribution each year. The discount rate used to measure the total OPEB liability was 6.10%.

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	\$ 1,105,762	\$ 157,368
Differences between expected and actual experience	391,340	-
Net Difference between projected and actual earnings on plan investments	50,764	323,612
Deferred contributions	606,237	-
	<u>\$ 2,154,103</u>	<u>\$ 480,980</u>

Tahoe City Public Utility District
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11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

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	Amount
December 31	
2023	\$ 186,786
2024	215,250
2025	273,573
2026	271,178
2027	80,604
Thereafter	39,495
	<u>\$ 1,066,886</u>

OPEB Expense - For the fiscal year ended December 31, 2022, the TCPUD recognized OPEB expense of \$563,529.

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Changes during the Period:	(a)	(b)	(c) = (a) - (b)
Beginning	\$ 6,001,524	\$ 2,513,577	\$ 3,487,947
Service cost	173,118	-	173,118
Interest cost	412,713	-	412,713
Expected investment income	-	182,299	(182,299)
Contributions - employer	-	596,084	(596,084)
Investment expense	-	170,233	(170,233)
Administrative Expense	-	(1,374)	1,374
Plan experience	112,668	-	112,668
Changes of assumptions	410,452	-	410,452
Benefit payments	(299,266)	(299,266)	-
Ending	<u>\$ 6,811,209</u>	<u>\$ 3,161,553</u>	<u>\$ 3,649,656</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, 2021:

	Discount Rate -1% (5.10%)	Current Discount Rate (6.10%)	Discount Rate + 1% (7.10%)
Plan's Net OPEB liability	\$ 4,599,208	\$ 3,649,656	\$ 2,869,283

Tahoe City Public Utility District
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11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

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, 2021:

	Current Trend -1%	Current Trend	Current Trend +1%
Plan's Net OPEB liability	\$ 2,801,642	\$ 3,649,656	\$ 4,695,534

12. LEASES

For the year ended December 31, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the 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.

Lease receivable

The TCPUD Government-Wide Statement of Net Position is reporting lease receivable of \$420,781 and Deferred Inflow of resources of \$412,660 at December 31, 2022. For 2022, the Government-Wide Statement of Activities is reporting lease revenue of \$112,979 and interest revenue of \$4,331 related to lease payment received.

The following is a summary of lease activity for the TCPUD Government - Wide activities during the fiscal year:

Lease	Governmental Activities			
	Receivable	Deferred Inflow	Revenue	Interest Revenue
Tahoe Tree Company	\$ 116,149	\$ 113,733	\$ 40,141	\$ 809
Green Envy	84,517	83,282	29,394	590
Tahoe Mountain Air Sports-Bells' Landing	6,584	5,668	14,072	37
Café Zeon	1,500	1,498	5,991	11
Total Governmental Activities	<u>208,750</u>	<u>204,181</u>	<u>89,598</u>	<u>1,447</u>
Lease	Business-Type Activities			
	Receivable	Deferred Inflow	Revenue	Interest Revenue
Sprint Cell Tower	212,031	208,479	23,381	2,884
Total Business-Type Activities	<u>212,031</u>	<u>208,479</u>	<u>23,381</u>	<u>2,884</u>
Total Government-Wide Activities	<u>\$ 420,781</u>	<u>\$ 412,660</u>	<u>\$ 112,979</u>	<u>\$ 4,331</u>

Tahoe Tree Company – TCPUD entered into a lease as Lessor for the use of land owned by TCPUD. As of December 31,2022, the value of the lease receivable is \$116,149. The lessee is required to make monthly fixed payments of \$3,178. The lease has an interest rate of 0.6020%. The value of the deferred

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022

12. LEASES, Continued

inflow of resources as of December 31,2022, was \$113,733, and TCPUD recognized lease revenue and interest revenue of \$40,141 and \$809 during the fiscal year.

Green Envy - TCPUD entered into a lease as Lessor for the use of land owned by TCPUD. December 31,2022, the value of the lease receivable is \$84,517. The lessee is required to make monthly fixed payments of \$2,383. The lease has an interest rate of 0.6020%. The value of the deferred inflow of resources as of December 31,2022, was \$83,282, and TCPUD recognized lease revenue and interest revenue of \$29,394 and \$590 during the fiscal year.

Tahoe Mountain Air Sports-Bells' Landing - TCPUD entered into a lease as Lessor for the use of land owned by TCPUD. As of December 31,2022, the value of the lease receivable is \$6,584. The lessee is required to make semi-annual fixed payments of \$6,593. The lease has an interest rate of 0.2580%. The value of the deferred inflow of resources as of December 31,2022, was \$5,668, and TCPUD recognized lease revenue and interest revenue of \$14,072 and \$37 during the fiscal year.

Café Zenon -TCPUD entered into a lease as Lessor for the right to use space owned by TCPUD. An initial lease receivable was recorded in the amount of \$7,488. As of December 31,2022, the value of the lease receivable is \$1,500. The lessee is required to make monthly fixed payments of \$500. The lease has an interest rate of 0.2580%. The value of the deferred inflow of resources as of December 31,2022, was \$1,498, and Tahoe City Public Utility District, CA recognized lease revenue and interest revenue of \$5,991 and \$11 during the fiscal year.

Sprint - TCPUD entered into a lease as Lessor for the right to use space owned by TCPUD. An initial lease receivable was recorded in the amount of \$231,861. As of December 31,2022, the value of the lease receivable is \$212,031. The lessee is required to make monthly fixed payments of \$2,074. The lease has an interest rate of 1.3050%. The value of the deferred inflow of resources as of December 31, 2022, was \$208,479, and TCPUD recognized lease revenue of \$23,381 during the fiscal year.

At December 31, 2022, future minimum lease payment due to TCPUD are as follows:

Year ending December, 31	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 76,950	\$ 1,028	\$ 77,978
2024	71,035	598	71,633
2025	60,765	168	60,933
	<u>208,750</u>	<u>1,794</u>	<u>210,544</u>
Year ending December, 31	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2023	19,835	2,649	22,484
2024	20,095	2,388	22,483
2025	20,359	2,124	22,483
2026	21,041	1,857	22,898
2027	25,909	1,551	27,460
2028-2031	104,792	2,758	107,551
	<u>212,031</u>	<u>13,327</u>	<u>225,359</u>
Total Government-Wide	<u>\$ 420,781</u>	<u>\$ 15,121</u>	<u>\$ 435,903</u>

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

12. LEASES, Continued

Lease Liabilities

TCPUD entered into a lease as Lessee for the use of golf carts with Yamaha Motor Finance Corporation. As of December 31,2022, the value of the lease liability is \$32,443. TCPUD is required to make monthly fixed payments of \$2,134. The lease has an interest rate of 4.6000%. The value of the right-to-use asset as of December 31,2022, of \$47,599 with accumulated amortization of \$14,671 is included with Vehicles on the Lease Class activities table found below.

TCPUD entered into a lease as Lessee for the use of a postage machine with Mail Finance. As of December 31,2022, the value of the lease liability is \$5,620. TCPUD is required to make quarterly fixed payments of \$437. The lease has an interest rate of 0.6020%. The value of the right-to-use asset as of December 31,2022, of \$7,338 with accumulated amortization of \$1,721 is included with Equipment on the Lease Class activities table found below.

<u>Equipment</u>	<u>Governmental Activities</u>	
	<u>Lease Asset Value</u>	<u>Liability</u>
Golf carts	\$ 47,599	\$ 32,443
Postage Machine	7,338	5,620
Total Governmental Activities	<u>\$ 54,937</u>	<u>\$ 38,063</u>

The annual lease payment schedule for the lease liabilities is as follows:

<u>Year ending December 31</u>	<u>Governmental Activities</u>		
	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2023	\$ 17,571	\$ 1,248	\$ 18,819
2024	18,318	502	18,820
2025	1,738	9	1,747
2026	436	1	437
	<u>\$ 38,063</u>	<u>\$ 1,760</u>	<u>\$ 39,823</u>

13. 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, 2022

13. 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, 2022</u>	<u>September 30, 2021</u>
Total assets	\$ 246,615,214	\$ 271,770,359
Deferred outflows	6,108,562	1,189,142
Total liabilities	137,126,606	123,558,690
Deferred inflows	2,813,249	(409,721)
Total net position	112,783,921	149,810,532
Total operating revenues	209,690,228	189,317,732
Total operating expenses	212,646,028	174,760,456
Total nonoperating revenues	(34,070,811)	11,566,049
Change in net position	(37,026,611)	26,123,325

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 the 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 \$10,000 deductible per occurrence on scheduled buildings, fixed equipment and contents, actual cash value on scheduled mobile equipment with a \$2,500 deductible per occurrence and actual cash value on scheduled vehicles with a \$2,500 deductible per occurrence. JPIA is self-insured up to \$100,000 per loss and has purchased re-insurance coverage up to a \$500,000,000 limit per occurrence. Scheduled fixed equipment is covered for Accidental Mechanical Breakdown up to sub-limit of \$100,000,000 with deductible \$25,000 to \$50,000 depending on type of equipment.
- Workers' Compensation: Covered for statutory limits, and Employer's Liability is covered up to \$2,000,000 per accident and \$2,000,000 per disease. JPIA is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.
- Cyber Liability: Including Cyber Security coverage includes breach response cost, up to \$2,000,000 Aggregate Limit with sub-limits. Cyber Liability Deductible is \$100,000.

**Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2022**

13. 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 deductible of 2.5% of value for Earthquake and minimum \$25,000 deductible for flood.

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 2022, 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, 2022.

14. 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.

15. COMMITMENTS

The TCPUD has entered into contracts for construction with remaining commitments of approximately \$6,804,036 at December 31, 2022.

Required Supplementary Information

**Tahoe City Public Utility District
Required Supplementary Information
For the year ended December 31, 2022**

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, 2022**

Budgetary Comparison Schedule – General Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Fees	\$ 819,080	\$ 819,080	\$ 1,028,688	\$ 209,608
Property taxes	7,928,091	7,928,091	9,221,370	1,293,279
Interest	32,004	32,004	231,489	199,485
Grants	589,091	589,091	73,906	(515,185)
Other	1,238,211	1,238,211	1,357,526	119,315
Total revenues	10,606,477	10,606,477	11,912,979	1,306,502
EXPENDITURES:				
Current:				
Public works - Parks	4,757,121	4,993,162	4,157,433	835,729
Recreation	1,134,476	1,134,476	1,060,329	74,147
Other operating	405,160	405,160	153,691	251,469
Capital outlay	4,328,436	4,328,436	882,483	3,445,953
Total expenditures	10,625,193	10,861,234	6,253,936	4,607,298
REVENUES OVER (UNDER) EXPENDITURES	(18,716)	(254,757)	5,659,043	5,913,800
OTHER FINANCING SOURCES (USES):				
Proceeds from sales of asset	360	360	46,437	46,077
Transfers out to other funds	-	-	(866,133)	(866,133)
Total other financing sources (uses)	360	360	(819,696)	(820,056)
Net change in fund balance	\$ (18,356)	\$ (254,397)	4,839,347	\$ 5,093,744
FUND BALANCES:				
Beginning of year			17,353,205	
End of year			<u>\$ 22,192,552</u>	

**Tahoe City Public Utility District
Required Supplementary Information
For the year ended December 31, 2022
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, 2022
Last Ten Years^(a)

Measurement Year Ending June 30: ^(a)	2014	2015	2016	2017	2018	2019	2020	2021	2022
Proportion of the Net Pension Liability/(Asset)	0.091120%	0.109590%	0.110080%	0.277980%	0.286640%	0.291790%	0.297600%	0.422650%	0.311160%
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	\$8,025,238	\$14,580,482
Covered Payroll ^(b)	\$3,359,516	\$3,596,691	\$3,836,308	\$4,092,908	\$4,204,479	\$5,210,552	\$5,879,580	\$6,081,263	\$5,156,740
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%	131.97%	282.75%
Plan's 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%	88.30%	76.70%
Aggregate Employer Contributions ^{(c)(d)}	\$750,135	\$905,102	\$949,673	\$1,044,645	\$1,100,764	\$1,263,082	\$1,411,605	\$1,502,968	\$1,840,116

Notes to Schedule:

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

(b) Covered Payroll presented above uses pensionable earnings provided by the employer as its basis. However, GASB 68 defines covered payroll as the total payroll of employees with pensions from the pension plan. Accordingly, if pensionable earnings are different from total earning for covered payroll, the employer should display in the disclosure footnote 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 2022, the discount rate changed to 6.90%. In 2021, 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, 2021
 Last Ten Years ^(a)**

Schedule of Contributions – CalPERS Pension Plan

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

December 31, 2022

Last Ten Years^(a)

Fiscal year ending December 31: ^(a)	2014	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially Determined Contributions ^(b)	\$ 517,089	\$ 560,406	\$ 703,529	\$ 799,269	\$ 862,196	\$1,010,743	\$ 1,197,927	\$ 1,507,350	\$ 1,656,595
Actual Contributions	(517,089)	(560,406)	(703,529)	(799,269)	(862,196)	(1,010,743)	(1,197,927)	(1,507,350)	(1,656,595)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll ^(c)	\$ 3,289,595	\$ 3,588,162	\$ 3,962,012	\$ 3,988,868	\$4,246,526	\$4,766,829	\$ 5,155,864	\$ 5,456,661	\$ 6,083,175
Contributions as a Percentage of Covered Payroll ^(c)	15.72%	15.13%	17.76%	20.04%	20.30%	19.40%	23.23%	27.62%	27.23%

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, 2022
Last Ten Years***

Schedule of Changes in the Net OPEB Liability and Related Ratios

Total OPEB Liability	2018	2019	2020	2021	2022
Service cost	\$ 104,472	\$ 104,217	\$ 116,154	\$ 168,076	\$ 173,118
Interest	293,808	256,859	264,101	393,264	412,713
Change of benefit terms	-	-	-	-	-
Plan experience	126,579	-	478,967	-	112,668
Changes in assumptions	(786,838)	155,343	1,243,114	-	410,452
Benefit payments	(248,242)	(242,377)	(215,793)	(265,654)	(299,266)
Net change in total OPEB liability	(510,221)	274,042	1,886,543	295,686	809,685
Total OPEB liability, beginning	4,055,474	3,545,253	3,819,295	5,705,838	6,001,524
Total OPEB liability, ending (a)	\$ 3,545,253	\$ 3,819,295	\$ 5,705,838	\$ 6,001,524	\$ 6,811,209
Plan Fiduciary Net Position					
Contribution - employer	\$ 351,447	\$ 340,557	\$ 306,710	\$ 311,466	\$ 596,084
Net investment income	245,573	(123,850)	373,870	294,362	352,532
Benefit payments	(248,242)	(242,377)	(215,793)	(265,654)	(299,266)
Administrative Expense		(617)	(436)	(1,066)	(1,374)
Net change in plan fiduciary net position	348,778	(26,287)	464,351	339,108	647,976
Plan fiduciary net position - beginning	1,387,627	1,736,405	1,710,118	2,174,469	2,513,577
Plan fiduciary net position - ending (b)	\$ 1,736,405	\$ 1,710,118	\$ 2,174,469	\$ 2,513,577	\$ 3,161,553
Net OPEB liability - ending (a) - (b)	\$ 1,808,848	\$ 2,109,177	\$ 3,531,369	\$ 3,487,947	\$ 3,649,656
Covered Payroll	\$ 4,136,867	\$ 4,263,542	\$ 4,768,493	\$ 5,020,628	\$ 5,780,994
Net OPEB liability as a percentage of covered payroll	43.73%	49.47%	74.06%	69.47%	63.13%

Notes to Schedule:

Changes in Assumptions - The discount rate was changed from 6.85% (net of administrative expense) to 6.10% for the measurement period ended December 31, 2021.

* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB liability. However, since this is the fifth year of implementation, only five 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, 2022
 Last Ten Years***

Schedule of Contributions - OPEB

	2018	2019	2020	2021	2022
Actuarially Determined Contributions (ADC)	\$ 337,850	\$ 278,168	\$ 280,921	\$ 551,739	\$ 557,405
Contributions in relation to the ADC	(340,557)	(306,710)	(311,466)	(596,084)	(606,237)
Contribution deficiency (excess)	<u>\$ (2,707)</u>	<u>\$ (28,542)</u>	<u>\$ (30,545)</u>	<u>\$ (44,345)</u>	<u>\$ (48,832)</u>
Covered Payroll	\$ 4,263,542	\$ 4,768,493	\$ 5,020,628	\$ 5,780,994	\$ 6,024,256
Contributions as a percentage of covered payroll	7.99%	6.43%	6.20%	10.31%	10.06%

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

STATISTICAL SECTION

This part of the TCPUD's annual comprehensive 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.

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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
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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	99-102
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These schedules offer demographic and economic indicators to help understand the environment within which the TCPUD's financial activities take place.

Operating Information	103-110
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These schedules contain service and infrastructure data to help the reader understand how the information in the TCPUD's financial report relates to the services the TCPUD provides and the activities it performs.

Net Position by Component

		Fiscal Year										
		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	
Tahoe City Public Utility District												
Net Position by Component												
Last Ten Years												
(accrual basis of accounting)												
Governmental activities												
Net investment in capital assets	\$ 33,621,825	\$ 34,607,266	\$ 34,596,638	\$ 27,032,074	\$ 28,305,788	\$ 26,571,841	\$ 27,344,369	\$ 25,488,414	\$ 23,012,867	\$ 25,572,951		
Restricted	13,800	13,800	13,800	13,800	13,800	13,800	-	-	-	-		
Unrestricted	16,665,281	10,956,119	8,290,698	14,327,930	9,585,207	7,940,288	4,073,347	5,842,369	8,826,600	3,149,351		
Total governmental activities net position	50,300,906	45,577,185	42,901,136	41,373,804	37,904,795	34,525,929	31,417,716	31,330,783	31,839,467	28,722,302		
Business-type activities												
Net investment in capital assets	59,621,017	52,972,992	49,539,591	47,992,681	43,178,935	38,617,239	36,342,147	35,339,690	32,303,799	31,310,220		
Restricted	51,200	51,200	51,200	51,200	51,200	51,200	65,000	65,000	65,000	65,000		
Unrestricted	16,278,218	11,497,406	11,679,357	6,391,318	9,138,349	12,129,844	12,598,329	6,217,735	13,029,529	12,257,558		
Total business-type activities net position	75,950,435	64,521,598	61,270,148	54,435,199	52,368,484	50,798,283	49,005,476	41,622,425	45,398,328	43,632,778		
Primary Government												
Net investment in capital assets	93,242,842	87,580,258	84,136,229	75,024,755	71,484,723	65,189,080	63,686,516	\$ 60,828,104	\$ 55,316,666	\$ 56,883,171		
Restricted	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000		
Unrestricted	32,943,499	22,453,525	19,970,055	20,719,248	18,723,556	20,070,132	16,671,676	12,060,104	21,856,129	15,406,909		
Total primary government net position	\$ 126,251,341	\$ 110,098,783	\$ 104,171,284	\$ 95,809,003	\$ 90,273,279	\$ 85,324,212	\$ 80,423,192	\$ 72,953,208	\$ 77,237,795	\$ 72,355,080		

Business-Type Activities Change in Net Position

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Tahoe City Public Utility District										
Business-Type Activities										
Change in Net Position										
Last Ten Years										
(accrual basis of accounting)										
Revenues:										
Water - Fees	\$ 8,765,589	\$ 8,317,778	\$ 7,642,523	\$ 6,880,247	\$ 6,442,160	\$ 4,982,871	\$ 4,509,106	\$ 4,200,135	\$ 4,261,947	\$ 4,479,654
Sewer - Fees	6,098,798	5,643,421	5,321,027	5,166,673	4,972,602	4,680,507	4,418,035	4,433,925	4,146,065	3,920,035
Operating grants and contributions	-	233,177	-	201	6,100	191,742	3,991	44,028	-	-
Capital grants and contributions	4,441,224	758,090	97,637	50,000	226,913	161,868	211,035	237,620	202,026	1,572,553
Property taxes	393,713	654,432	864,151	22,817	24,283	23,929	23,290	23,287	23,287	23,287
Investment earnings	153,288	34,523	129,484	222,465	196,592	233,590	148,549	118,439	104,797	104,964
Transfers	866,133	-	3,500,000	-	-	-	5,508,259	-	-	-
Total revenues	20,718,745	15,641,421	17,554,822	12,342,403	11,868,650	10,274,507	14,822,265	9,057,434	8,738,122	10,100,493
Expenses:										
Water - direct expenses	5,748,620	7,365,186	6,429,200	5,201,916	4,890,159	4,667,549	3,918,289	3,971,701	3,215,001	3,060,475
Sewer - direct expenses	3,255,910	4,768,607	3,831,739	3,914,020	3,164,077	3,703,846	3,470,484	2,895,256	2,575,524	2,519,612
Indirect expenses	285,378	256,178	458,934	1,159,752	836,034	792	50,439	(314,768)	1,182,049	1,116,164
Total expenses	9,289,908	12,389,971	10,719,873	10,275,688	8,890,270	8,372,187	7,439,212	6,552,189	6,972,574	6,696,251
Change in net position	11,428,837	3,251,450	6,834,949	2,066,715	2,978,380	1,902,320	7,383,053	2,505,245	1,765,548	3,404,242
Net Position - Beginning	64,521,598	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
Prior period restatement	-	-	-	-	(1,408,179)	(109,513)	-	(6,281,148)	-	80,072
Net Position - Beginning	64,521,598	61,270,148	54,435,199	52,368,484	49,390,104	48,895,963	41,622,423	39,117,178	43,632,778	40,228,536
Net Position - Ending	\$ 75,950,435	\$ 64,521,598	\$ 61,270,148	\$ 54,435,199	\$ 52,368,484	\$ 50,798,283	\$ 49,005,476	\$ 41,622,423	\$ 45,398,326	\$ 43,632,778

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues:										
Public works-Parks	\$ 1,897,727	\$ 1,636,096	\$ 1,043,819	\$ 880,155	\$ 769,218	\$ 733,871	\$ 349,343	\$ 318,032	\$ 312,132	\$ 357,766
Recreation	480,278	273,632	78,960	353,116	338,586	275,719	295,913	290,265	316,671	320,432
Operating grants and contributions	61,362	22,274	386,285	418,801	428,612	374,748	394,768	349,078	334,610	305,861
Capital grants and contributions	63,650	23,566	2,333,921	193,518	1,443,556	134,616	2,585,198	373,169	968,622	257,535
Property taxes	9,361,073	8,225,437	7,452,235	8,062,703	7,435,199	7,036,697	6,717,678	6,314,533	5,713,528	5,569,351
Investment earnings	231,489	38,156	177,996	308,831	225,163	123,975	120,327	88,257	51,736	(1,790)
Transfers	(866,133)	-	(3,500,000)	-	-	-	(5,508,259)	-	-	-
Total revenues	11,229,446	10,219,161	7,973,216	10,217,124	10,640,334	8,679,626	4,954,968	7,733,334	7,697,299	6,809,155
Expenses:										
Public works-Parks direct expenses	5,243,973	6,112,865	5,602,432	5,727,396	5,616,942	4,815,967	3,957,048	3,788,125	3,605,113	3,538,594
Recreation - direct expenses	1,019,729	1,013,467	732,041	910,607	936,950	731,763	735,527	691,660	686,566	658,660
Indirect expenses	242,023	416,780	111,411	110,112	138,361	133,196	175,459	(16,861)	288,455	352,718
Total expenses	6,505,725	7,543,112	6,445,884	6,748,115	6,692,253	5,680,926	4,868,034	4,462,924	4,580,134	4,549,972
Change in net position	4,723,721	2,676,049	1,527,332	3,469,009	3,948,081	2,998,700	86,934	3,270,410	3,117,165	2,259,183
Net Position - Beginning	45,577,185	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
Prior period restatement	-	-	-	-	(569,215)	109,513	-	(3,779,095)	-	-
Net Position - Beginning	45,577,185	42,901,136	41,373,804	37,904,795	33,956,714	31,527,229	31,330,782	28,060,372	28,722,302	26,463,119
Net Position - Ending	\$ 50,300,906	\$ 45,577,185	\$ 42,901,136	\$ 41,373,804	\$ 37,904,795	\$ 34,525,929	\$ 31,417,716	\$ 31,330,782	\$ 31,839,467	\$ 28,722,302

Changes in Fund Balance of the Governmental Funds

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Fees	\$ 1,028,688	\$ 773,344	\$ 547,018	\$ 692,482	\$ 664,259	\$ 537,394	\$ 410,153	\$ 442,891	\$ 571,485	\$ 520,240
Property taxes	9,361,073	8,225,439	7,452,235	8,062,703	7,435,199	7,036,697	6,717,678	6,314,533	5,713,528	5,569,351
Interest	231,489	38,156	177,996	308,831	225,163	123,975	120,327	88,211	51,736	(2,487)
Grants	73,906	23,299	61,421	143,751	1,848,360	509,364	2,718,957	706,453	1,289,217	551,250
Other	1,357,526	1,146,020	984,546	1,009,357	467,365	486,034	521,582	224,359	53,933	170,501
Total revenues	12,052,682	10,206,258	9,223,216	10,217,124	10,640,346	8,693,464	10,488,697	7,776,447	7,679,899	6,808,855
Expenditures										
Current:										
Public works - Parks	4,157,433	3,785,278	3,392,981	3,308,613	2,989,372	2,938,775	2,333,481	2,310,189	2,085,922	2,017,398
Recreation	1,060,329	851,563	630,074	797,419	867,647	654,036	672,401	651,605	640,271	624,534
Other operating	153,691	398,382	228,242	384,368	98,985	86,651	103,784	109,790	163,378	201,516
Capital outlay	882,483	1,960,044	6,168,018	641,399	3,598,664	754,939	3,230,849	1,115,993	1,407,588	545,633
Debt service:										
Principal	123,277	121,094	118,950	294,113	447,007	672,749	648,609	625,403	639,848	796,035
Interest	16,426	18,610	20,754	25,721	40,550	63,143	87,393	110,940	129,892	156,576
Total expenditures	6,393,639	7,134,971	10,559,019	5,451,633	8,042,225	5,170,293	7,076,517	4,923,920	5,066,899	4,341,692
Revenues over expenditures	5,659,043	3,071,287	(1,335,803)	4,765,491	2,598,121	3,523,171	3,412,180	2,852,527	2,613,000	2,467,163
Other Financing Sources (Uses)										
Proceeds from the sale of assets	46,437	12,905	12,000	20,400	-	11,250	-	-	17,400	300
Transfers out to other funds	(866,133)	-	(3,500,000)	-	-	-	(5,508,259)	-	-	-
Total other financing sources (uses)	(819,696)	12,905	(3,488,000)	20,400	-	11,250	(5,508,259)	-	17,400	300
Net change in fund balances	4,839,347	3,084,192	(4,823,803)	4,785,891	2,598,121	3,534,421	(2,096,079)	2,852,527	2,630,400	2,467,463
Fund Balances										
Fund Balance - Beginning	17,353,205	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
End of year	\$ 22,192,552	\$ 17,353,205	\$ 14,269,013	\$ 19,092,816	\$ 14,306,925	\$ 11,708,804	\$ 8,174,383	\$ 10,270,462	\$ 7,417,935	\$ 4,787,535
Debt Service as a Percentage of Noncapital Expenditures	2.53%	2.70%	3.18%	6.65%	10.97%	16.67%	19.14%	19.34%	21.04%	25.09%

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund	\$ 294,778	\$ 260,095	\$ 226,964	\$ 213,728	\$ 136,715	\$ 172,113	\$ 153,770	\$ 168,226	\$ 93,903	\$ 28,811
Nonspendable	13,800	13,800	13,800	13,800	13,800	13,800	-	-	-	-
Restricted	9,434,064	2,729,541	1,164,629	1,164,629	1,164,629	1,164,629	1,164,629	964,493	770,962	450,000
Assigned	12,449,910	14,349,769	12,863,620	17,700,018	12,991,297	10,357,910	6,855,637	9,137,397	6,552,781	4,308,435
Unassigned	22,192,552	17,353,205	14,269,013	19,092,175	14,306,441	11,708,452	8,174,036	10,270,116	7,417,646	4,787,246
Total general fund	\$ 294,778	\$ 260,095	\$ 226,964	\$ 213,728	\$ 136,715	\$ 172,113	\$ 153,770	\$ 168,226	\$ 93,903	\$ 28,811

Property Tax Uses

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

Fiscal Year	Parks		% Change		Recreation		% Change		Golf Course		% Change		Water Fund		% Change		Sewer Fund		% Change		Debt Service		% Change		Reserves / Capital Expenditures		% Change	
	Inc. (Dec.)	%	Inc. (Dec.)	%	Inc. (Dec.)	%	Inc. (Dec.)	%	Inc. (Dec.)	%	Inc. (Dec.)	%	Inc. (Dec.)	%	Inc. (Dec.)	%	Inc. (Dec.)	%	Inc. (Dec.)	%	Inc. (Dec.)	%	Inc. (Dec.)	%	Total	%	Inc. (Dec.)	%
2013	\$ 1,297,872	4.1%	\$ 285,373	-43.3%	\$ 91,530	-43.3%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 961,632	-13.5%	\$ 2,956,231	24.2%	\$ 5,592,638	6.1%	\$ 5,592,638	6.1%
2014	\$ 1,376,581	6.1%	\$ 317,206	11.2%	\$ 100,568	11.2%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 779,012	-19.0%	\$ 3,163,448	7.0%	\$ 5,736,815	2.6%	\$ 5,736,815	2.6%
2015	\$ 1,469,973	6.8%	\$ 331,410	4.5%	\$ 175,510	4.5%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 745,865	-4.3%	\$ 3,615,062	14.3%	\$ 6,337,820	10.5%	\$ 6,337,820	10.5%
2016	\$ 1,438,291	-9.4%	\$ 312,040	-5.8%	\$ 204,071	-5.8%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 745,777	0.0%	\$ 4,040,790	11.8%	\$ 6,740,969	6.4%	\$ 6,740,969	6.4%
2017	\$ 1,261,408	-12.3%	\$ 353,146	13.2%	\$ 591,544	13.2%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 746,402	0.1%	\$ 4,108,126	1.7%	\$ 7,060,626	4.7%	\$ 7,060,626	4.7%
2018	\$ 1,316,481	4.4%	\$ 386,847	9.5%	\$ 530,921	9.5%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 498,622	-33.2%	\$ 4,726,611	15.1%	\$ 7,459,482	5.6%	\$ 7,459,482	5.6%
2019	\$ 1,317,097	0.0%	\$ 404,883	4.7%	\$ 732,511	4.7%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 342,267	-31.4%	\$ 5,288,762	11.9%	\$ 8,085,520	8.4%	\$ 8,085,520	8.4%
2020	\$ 1,239,015	-5.9%	\$ 540,504	33.5%	\$ 733,832	33.5%	\$ 752,113	100.0%	\$ 89,387	100.0%	\$ 162,355	-52.6%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 162,355	-52.6%	\$ 4,799,180	-9.3%	\$ 8,316,386	2.9%	\$ 8,316,386	2.9%
2021	\$ 1,087,001	-12.3%	\$ 579,061	7.1%	\$ 1,072,912	7.1%	\$ 561,664	-25.3%	\$ 92,768	3.8%	\$ 139,704	-14.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 139,704	-14.0%	\$ 5,346,762	11.4%	\$ 8,879,870	6.8%	\$ 8,879,870	6.8%
2022	\$ 1,440,117	32.5%	\$ 573,812	-0.9%	\$ 950,158	-0.9%	\$ 376,484	-33.0%	\$ -	-100.0%	\$ 156,932	12.3%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 156,932	12.3%	\$ 6,257,283	17.0%	\$ 9,754,787	9.9%	\$ 9,754,787	9.9%

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		Grants for Parks		Maintenance Services Revenue for Parks		Fees for Service Golf Property		Grants for Golf		Fees for Service Rec		Total
	Parks		Parks		Parks		Property		Golf		Rec		
2013	\$ 318,224	\$	284,499	\$	n/a	\$	22,180	\$	-	\$	317,335	\$	960,967
2014	\$ 268,813	\$	306,621	\$	n/a	\$	21,628	\$	-	\$	304,200	\$	915,236
2015	\$ 317,870	\$	314,474	\$	n/a	\$	28,030	\$	-	\$	290,234	\$	971,443
2016	\$ 335,828	\$	329,817	\$	n/a	\$	25,470	\$	-	\$	295,913	\$	1,051,469
2017	\$ 367,142	\$	349,577	\$	n/a	\$	366,729	\$	-	\$	275,719	\$	1,384,338
2018	\$ 317,907	\$	367,776	\$	n/a	\$	456,287	\$	-	\$	338,561	\$	1,523,154
2019	\$ 371,450	\$	44,031	\$	334,816	\$	508,704	\$	-	\$	353,115	\$	1,651,540
2020	\$ 219,100	\$	32,125	\$	364,469	\$	725,035	\$	-	\$	79,280	\$	1,430,297
2021	\$ 530,100	\$	-	\$	364,469	\$	730,793	\$	-	\$	271,460	\$	1,897,863
2022	\$ 535,415	\$	20,021	\$	470,947	\$	880,365	\$	-	\$	448,381	\$	2,393,264

TCPUD acquired the golf course in 2012 and 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 2017

2022			2017		
Customer	Total Revenue	Rank	Customer	Total Revenue	Rank
TTUSD	\$ 76,363.47	1	TTUSD	\$ 56,668.40	1
HOMWOOD VILLAGE RESORT	\$ 39,414.62	2	NORTH TAHOE PUD	\$ 23,533.20	2
US DEPT OF AGRICULTURE	\$ 39,091.57	3	US DEPT OF AGRICULTURE	\$ 19,976.93	3
STATE OF CALIFORNIA	\$ 30,409.22	4	HOMWOOD VILLAGE RESORT	\$ 15,619.35	4
HOMWOOD VILLAGE RESORT	\$ 27,985.22	5	BOATWORKS AT TAHOE LLC	\$ 15,381.26	5
TAHOE PARK WATER COMPANY	\$ 23,174.48	6	MEGANNE HOUGHTON-BERRY	\$ 11,951.48	6
BOATWORKS AT TAHOE LLC	\$ 22,346.45	7	GBRE NORTH LAKE BLVD LLC	\$ 11,334.39	7
NORTH TAHOE PUD	\$ 17,339.64	8	SAFEWAY INC	\$ 11,167.11	8
FULL CIRCLE REAL ESTATE LLC	\$ 15,994.72	9	SAVE MART SUPERMARKETS	\$ 10,947.77	9
WSC INVESTORS LLC	\$ 15,854.57	10	EVOLUCION INNOVATIONS LLC	\$ 10,888.26	10

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

Change in Assessed Value

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

Fiscal Year	Placer County		El Dorado County	
	Amount	% Change	Amount	% Change
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%
2021/2022	\$ 4,821,382,887	6.88%	\$1,295,760,276	7.13%
2022/2023	\$ 5,278,765,981	9.49%	\$1,396,881,769	7.80%

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
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%
2021/2022	246	2.07%	494	4.88%	428	-4.46%
2022/2023	TBD	0.00%	TBD	0.00%	TBD	0.00%

Source: California Department of Education

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

TBD - 2022/2023 Enrollment numbers not yet posted

Placer County Transient Occupancy Tax Collections

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

<u>FY Year</u>	<u>Collections*</u>
2021-2022	\$ 27,979,694
2020-2021	\$ 21,914,511
2019-2020	\$ 17,900,415
2018-2019	\$ 21,037,456
2017-2018	\$ 17,905,680
2016-2017	\$ 17,719,703
2015-2016	\$ 16,018,078
2014-2015	\$ 12,145,811
2013-2014	\$ 11,586,799
2012-2013	\$ 11,338,282

Source: Placer County Revenue Services

**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) ⁽¹⁾	Placer County Population ⁽²⁾	El Dorado County Population ⁽²⁾	Median Household Income		Unemployment Rate Placer County ⁽⁴⁾	Unemployment Rate El Dorado County ⁽⁴⁾
				(Placer Co)	(El Dorado Co)		
2022	67.60	417,772	193,211	Data Not Available ⁽⁵⁾	Data Not Available ⁽⁵⁾	2.5%	2.8%
2021	67.35	409,044	191,992	\$103,588	\$88,770	3.2%	3.9%
2020	67.42	397,469	191,282	\$100,662	\$83,710	6.2%	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%

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 2023

Budgeted Full Time Staffing Levels

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

	Budget									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Utilities (water and sewer)	19.00	19.00	19.00	18.00	18.00	16.00	14.86	14.86	13.88	14.31
Governance and Administrative Services	14.25	13.00	11.00	11.00	11.05	10.60	9.45	9.20	9.17	9.17
Engineering	6.85	5.85	6.85	6.85	6.85	4.85	4.90	5.42	5.63	5.08
Technical Services	5.00	5.00	5.00	5.00	4.95	5.40	5.55	4.00	4.00	4.00
Parks and Recreation Administration	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Parks	10.21	9.87	8.05	8.62	8.09	8.03	6.12	6.05	6.22	6.44
Recreation	3.84	4.13	3.96	3.38	2.91	3.01	3.69	2.19	2.00	2.00
Golf / Winter Sports Park	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.00	0.00	0.00
Total	60.90	58.60	55.61	54.60	53.60	49.64	46.32	42.72	41.90	42.00

*Excludes Board Members

Source: Tahoe City Public Utility District Accounting Dept.

Budgeted Full Time Equivalents

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Water	10.70	10.87	11.23	10.13	10.16	9.26	7.72	8.03	7.30	7.26
Sewer	10.26	10.05	8.80	9.32	9.84	8.74	8.64	8.33	7.58	7.55
Engineering	1.35	2.85	3.05	3.00	2.89	3.00	2.00	3.70	3.73	3.26
Technical Services/GIS	5.00	4.60	5.00	5.00	4.95	5.40	5.55	4.00	4.03	3.80
Projects	5.50	3.00	3.80	3.85	3.96	1.85	1.90	1.72	1.90	2.50
Parks	15.02	15.65	13.67	13.19	13.29	12.95	12.14	12.31	12.29	12.23
Recreation	10.40	9.46	8.85	8.80	9.12	8.27	7.07	6.95	6.92	6.94
Golf Course/Winter Sports Park	6.29	5.90	6.37	6.17	6.78	7.44	0.00	0.00	0.00	0.00
Governance and Administrative Services	14.68	13.48	11.00	11.00	11.05	10.60	10.17	9.92	9.57	9.60
Total	79.19	75.86	71.77	70.46	72.04	67.51	55.19	54.96	53.32	53.14

Operating Indicators by Function

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Tahoe City Public Utility District										
Operating Indicators by Function										
Last Ten Years										
Utilities:										
Water production (million gallons) ¹	509.7	568.9	585.7	531.0	558.7	386.8	351.8	329.0	413.7	470.8
Sewer flows (million gallons)	208.5	213.6	260.5	295.5	249.4	362.9	220.6	176.8	200.3	238.1
Lineal feet of sewer mains televised	146,660	177,978	143,765	158,365	215,900	118,800	142,558	119,015	68,913	170,942
Lineal feet of sewer mains cleaned	302,389	324,432	370,096	333,598	316,800	230,736	298,015	252,854	440,013	287,084
Technical Services:										
Permits issued - new	22	17	11	11	17	13	15	15	16	11
Permits issued - remodel	82	93	98	118	135	112	150	141	132	144
Number of sewer air tests ²	189	282	373	291	315	330	314	297	326	304
Escrow clearances processed	148	214	276	195	197	224	204	204	219	240
Plan checks completed	140	119	143	155	193	151	188	161	169	144
Parks:										
Miles of trails maintained	23	23	23	23	23	23	23	22	22	22
Acres of Fields maintained										
Number of facility rentals ³	230	171	-	262	172	226	229	246	179	154
Recreation:										
Numbers enrolled in youth programs ⁴	8,043	2,546	97	564	396	552	605	1,080	970	1,246
Numbers enrolled in adult programs ⁵	517	92	-	196	239	95	95	147	178	113
Number of camp enrollees ⁶	1,512	770	-	1,277	1,184	909	1,018	796	733	708

¹ Increase in 2018 due to purchase of three water systems in January 2018

² Sewer air tests follow real estate trends and the reduces as the number of real estate transactions decrease

³ 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.

⁴ Youth Programs Include: All Rideout 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.

⁵ In 2022, all programs increased in participants, and new programs were added, but RAP is the primary driver for YoY increase as participation increased YoY by 4,211 participants

⁶ 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.

Camps Include: Skylandia, Sailing, Specialty Camps, Spring Break Camp, Ski Skate Camp, winter/holiday camps, explorers adventure. 2020 camps closed due to COVID-19

User Statistics

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

Program	Unit of Measurement	Actuals									
		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Water	Customers	5,754	5,740	5,733	5,720	5,711	4,167	4,167	4,168	4,173	4,188
Sewer	Customers	7,759	7,725	7,732	7,721	7,702	7,689	7,674	7,665	7,645	7,636
Camp Skylandia	Enrolled Campers ⁽¹⁾	1,234	753	228	1,012	1,184	909	1,018	796	733	708
Concerts at Commons Beach	Individual Attendees ⁽²⁾	20,950	0	0	28,500	21,500	24,500	23,000	16,550	15,525	20,550
Tahoe City Golf Course	Rounds Played ⁽³⁾	21,375	18,678	25,015	11,800	9,489	8,545	10,228	12,832	9,974	11,637
Lake Forest Boat Ramp	Boats Launched	8,207	8,980	7,691	5,391	5,309	5,529	6,860	5,280	5,005	4,476
Bike Trails-Summer Usage	Users ⁽⁴⁾	262,655	247,544	329,617	377,016	278,208	252,080	277,196	304,612	484,932	361,192
Winter Sports Park (WSP)	Users ^{(5) (6)}	10,455	10,179	10,153	9,716	9,894	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⁾ 2020 & 2021 concerts were 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 data from trailer counters and reported through Eco Counter Software
- ⁽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
thp - 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 Monthly		Commercial Monthly		Residential Monthly		Commercial Monthly	
	Water Base Rate .75" meter	Water Base Rate .75" meter	Water Base Rate .75" meter	Water Base Rate .75" meter	Sewer Base Rate	Hotel Room w /Kitchen - per room	Sewer Base Rate	Sewer Base Rate
2013	\$55.00	\$67.00	\$67.00	\$67.00	\$34.61		\$14.09	
2014	\$55.00	\$67.00	\$67.00	\$67.00	\$36.34		\$14.79	
2015	\$59.00	\$71.00	\$71.00	\$71.00	\$38.41		\$15.63	
2016	\$62.50	\$75.25	\$75.25	\$75.25	\$38.41		\$15.63	
2017	\$66.25	\$79.75	\$79.75	\$79.75	\$39.95		\$16.26	
2018	\$70.25	\$84.50	\$84.50	\$84.50	\$42.92		\$17.46	
2019	\$74.50	\$89.50	\$89.50	\$89.50	\$44.14		\$17.96	
2020	\$79.31	\$79.31	\$79.31	\$79.31	\$46.79		\$19.04	
2021	\$84.07	\$84.07	\$84.07	\$84.07	\$49.60		\$20.18	
2022	\$87.43	\$87.43	\$87.43	\$87.43	\$51.83		\$21.39	

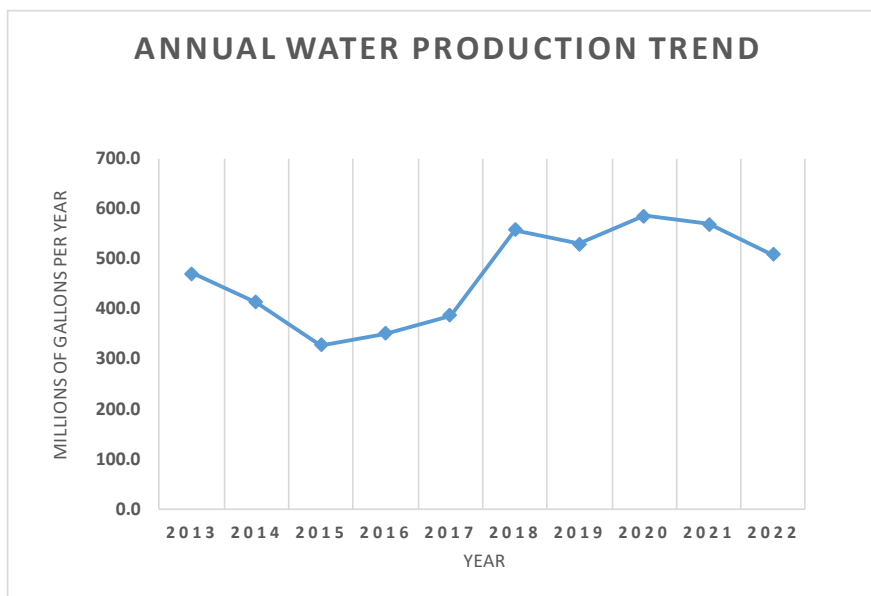
Rates adjusted January 1. Prior to 2015, rates were adjusted at April 1 of each year.

Source: Tahoe City Public Utility District

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

Monthly Production	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Jan	26.8	19.2	21.3	19.0	23.3	30.4	34.7	29.8	28.7	27.0
Feb	17.8	16.4	14.2	15.9	21.9	24.3	24.4	24.0	23.0	19.5
Mar	16.5	13.7	12.6	12.5	18.1	24.7	22.1	22.3	24.5	25.1
April	17.7	16.8	15.0	12.9	16.1	23.0	20.9	17.7	22.3	19.5
May	42.7	38.2	26.3	20.0	17.5	32.9	24.3	43.2	43.8	21.6
June	66.1	57.7	37.8	42.9	47.4	64.5	52.0	72.7	80.8	59.4
July	78.1	72.3	53.0	62.8	68.7	90.4	94.6	86.9	91.0	81.2
Aug	79.8	63.6	51.5	60.3	64.3	94.8	88.7	93.4	86.7	80.0
Sept	49.5	56.4	42.1	48.7	51.3	84.4	81.7	84.8	77.5	73.8
Oct	41.5	31.9	26.6	29.9	31.4	44.3	42.1	62.1	48.9	56.9
Nov	12.9	14.2	12.7	12.1	12.8	23.8	21.1	25.9	20.2	22.5
Dec	21.4	13.4	16.0	14.8	14.2	21.4	24.4	22.8	21.5	23.4
Annual Totals	470.8	413.8	329.1	351.8	387.0	558.9	531.0	585.6	568.9	509.9
Average Monthly Water Production	39.2	34.5	27.4	29.3	32.3	46.6	44.2	48.8	47.4	42.5

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

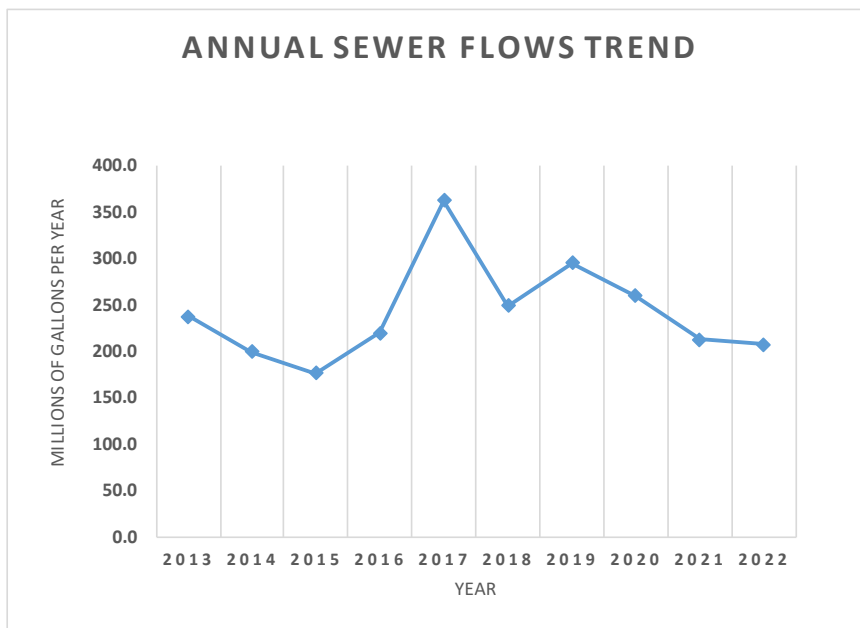


Sewer Flows

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

Monthly Sewer Flows	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Jan	22.1	15.2	14.5	18.2	30.6	18.3	21.0	20.1	17.8	18.2
Feb	19.3	20.0	14.8	20.2	51.4	15.8	21.7	19.9	19.2	17.6
Mar	22.6	17.3	12.8	26.0	44.9	23.9	28.5	19.7	20.1	20.8
April	18.6	14.4	11.7	21.5	50.2	30.5	37.0	20.9	18.6	20.0
May	18.7	15.1	13.1	16.8	38.0	22.2	33.5	21.6	17.2	18.4
June	20.4	16.8	14.5	17.1	25.1	21.8	26.8	23.7	20.3	18.8
July	30.1	25.3	22.6	23.4	30.2	29.0	31.8	29.6	24.8	24.5
Aug	26.4	22.8	19.7	18.6	24.4	23.9	26.1	26.7	16.7	18.3
Sept	17.4	14.0	14.1	13.5	17.8	18.4	20.0	21.7	10.1	13.5
Oct	13.8	11.8	11.6	11.9	15.1	14.1	15.0	19.5	13.7	11.0
Nov	12.4	11.2	11.1	11.1	17.0	14.1	15.0	17.5	14.4	10.3
Dec	16.2	16.5	16.4	22.2	18.2	17.5	19.1	19.6	20.9	17.1
Annual Totals	238.1	200.4	176.9	220.5	362.9	249.5	295.5	260.5	213.8	208.7
Average Monthly Sewer Flows	19.8	16.7	14.7	18.4	30.2	20.8	24.6	21.7	17.8	17.4

Source: Tahoe City Public Utility Sewer Department



Outstanding Debt by Debt Type

Outstanding Debt by Debt Type

	Governmental Activities										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	
State Revolving Fund 2008	\$ 787,769	\$ 911,046	\$ 1,032,140	\$ 1,151,089	\$ 1,267,932	\$ 1,382,705	\$ 1,735,848	\$ 2,076,980	\$ 2,406,555	\$ 2,761,765	
Special assessment bonds with governmental commitments	-	-	-	-	12,513	25,026	37,539	50,052	62,566	75,079	
Pension related debt	-	-	-	-	164,757	484,478	791,571	1,086,535	1,369,850	1,641,975	
Lease liabilities	38,063	-	-	-	-	-	-	-	-	-	
Total long-term debt	\$ 825,832	\$ 911,046	\$ 1,032,140	\$ 1,151,089	\$ 1,445,202	\$ 1,892,209	\$ 2,564,958	\$ 3,213,567	\$ 3,838,971	\$ 4,478,819	
	Business-type Activities										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	
State Revolving Fund 2021	\$ 5,688,184	\$ 2,794,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Special assessment bonds with governmental commitments	-	-	-	44,617	88,113	130,794	172,678	213,778	254,109	293,685	
Total long-term debt	\$ 5,688,184	\$ 2,794,450	\$ -	\$ 44,617	\$ 88,113	\$ 130,794	\$ 172,678	\$ 213,778	\$ 254,109	\$ 293,685	
	Total										
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	
State Revolving Fund	\$ 6,475,953	\$ 3,705,496	\$ 1,151,089	\$ 1,151,089	\$ 1,267,932	\$ 1,382,705	\$ 1,735,848	\$ 2,076,980	\$ 2,406,555	\$ 2,761,765	
Special assessment bonds with governmental commitments	-	-	-	44,617	100,626	155,820	210,217	263,830	316,675	368,764	
Pension related debt	-	-	-	-	164,757	484,478	791,571	1,086,535	1,369,850	1,641,975	
Lease liabilities	38,063	-	-	-	-	-	-	-	-	-	
Total long-term debt	\$ 6,514,016	\$ 3,705,496	\$ 1,151,089	\$ 1,195,706	\$ 1,533,315	\$ 2,023,003	\$ 2,737,636	\$ 3,427,345	\$ 4,093,080	\$ 4,772,504	