

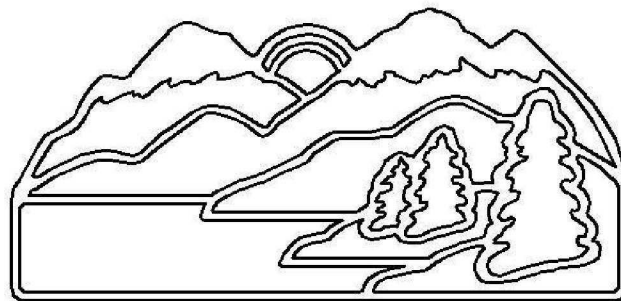
**Tahoe City  
Public Utility District**

**Tahoe City, California**

**Comprehensive  
Annual Financial Report  
For the Year Ended  
December 31, 2018  
With  
Independent Auditor's Report**

Prepared by the Accounting Department

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## Mission Statement

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

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

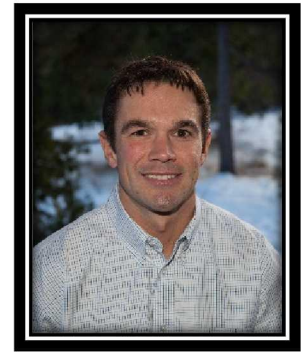
## Tahoe City Public Utility District Board of Directors



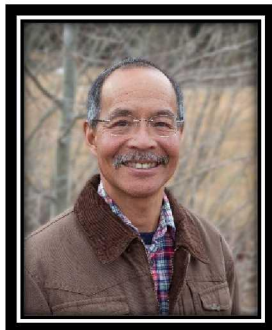
Dan Wilkins



Judy Friedman



Scott Zumwalt



John Pang



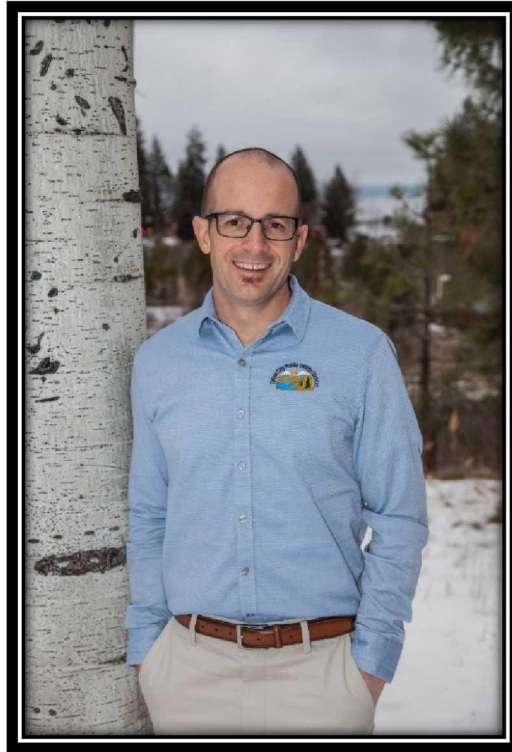
Gail Scoville

## Vision Statement

We are a proactive local government agency,  
dedicated to providing outstanding public service and collaborative leadership,  
now and in the future.

## Strategic Planning

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



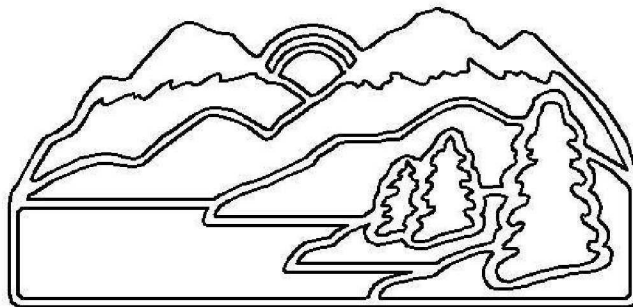
**Sean Barclay, General Manager**

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

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**INTRODUCTORY SECTION**  
**Letter of Transmittal**

**June 17, 2019**

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

The Tahoe City Public Utility District (TCPUD) staff submit to you the Annual Financial Report (Report) for the year ended December 31, 2018. The purpose of this Report is to communicate the fiscal condition of TCPUD by presenting an assessment of TCPUD's financial conditions, informing readers about TCPUD services, providing details of infrastructure replacement projects, discusses current issues, and outlines financial trends. Three major sections are contained within the Report and present introductory, financial, and statistical information about TCPUD.

State law requires local governments publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended December 31, 2018.

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

Mann, Urrutia, Nelson, Certified Public Accountants & Associates, LLP, has issued an unmodified ("clean") opinion on the TCPUD's financial statements for the year ended December 31, 2018. The independent auditor's report is located at the front of the financial section of this Report.

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. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Tahoe City Public Utility District

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The TCPUD was founded in 1938 to provide basic governmental needs that were deficient for the residents of Tahoe City at the time. Established under the State of California's Public Utility District Act, 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 transportation; water production and



distribution; and parks, community facilities, and recreation services within the entire TCPUD service area. .

Within the TCPUD service area, water service is provided in eight separate systems and serves approximately three-quarters of the homes and businesses.

Water customers - 5,715

Sewer customers - 7,711

Parks and Recreation customers - over 1,000,000

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

The boundaries of TCPUD service area lie within both Placer and El Dorado Counties, extending from Emerald Bay to Dollar Hill, and along the Truckee River to the Nevada County line. The service area is large, encompassing over 31 square miles. TCPUD is governed by a five person elected Board of Directors that establish policies and set direction for TCPUD. The Board appoints a General Manager who oversees the day to day operations, and when necessary, forms special citizen advisory committees to address complicated issues requiring more community outreach or focused study. Under the direction of General Manager, Sean Barclay, 50 full time employees and 60 seasonal employees serve in four major departments: Utilities, which includes water and sewer operations; Parks & Recreation; Engineering, which also includes technical services and geographical information systems; and Governance & Administrative Services (G&AS). TCPUD is on a calendar-year (January 1 - December 31) budget cycle and each year the Board of Directors adopts an annual operating and capital budget. Services are provided through the collection of property tax, user fees, grants, and interest income.

The Tahoe City Public Utility District Public Facilities Financing Corporation is deemed to be a blended component unit of TCPUD and has a December 31 year-end. No assets, liabilities, or activity was reported as of and for the year ended December 31, 2018. For additional information see notes to the financial statements (note 1. A Reporting Entity).

### Year in Review

Significant changes in TCPUD operations occurred in 2018, including the acquisition of several private water systems and general increases in operating expenses. These changes, together with the culmination of several critical TCPUD planning processes identified in 2019 and significant additional long-term capital infrastructure investment needs, the Board of Directors and staff initiated the development of a formal Long-Term Financial Plan (LTFP) to ensure continued financial sustainability into the future.

Toward the end of 2018, TCPUD began work on the LTFP and updating the five-year rate study. TCPUD's goals for the completion of a LTFP process and the development of a LTFP Document is to ensure TCPUD is financially prepared to fulfill its Mission; to accomplish the Strategic Initiatives as identified in TCPUD's Strategic Plan 2016-2019 (found on the TCPUD website at [www.tcpud.org/about-us](http://www.tcpud.org/about-us)); and to develop an essential governance and management tool. The LTFP Plan will become one of the key components of an overall organizational strategic plan. In November 2018, the Board awarded a professional services agreement to HDR Engineering, Inc. (HDR) to provide long-term financial planning services for TCPUD. Additionally, HDR was also awarded TCPUD's 2020-2024 Rate Study at the October 2018 Board Meeting. TCPUD's current five-year rate study 2014-2019 is set to expire at the end of 2019. HDR has successfully provided rate study services for TCPUD in 2009 and 2014 and are highly qualified and knowledgeable of TCPUD's operations. HDR will be incorporating the three acquired water systems into the updated rate study.

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

TCPUD continues its work with Kila Tahoe, LLC., the developer of the Tahoe City Lodge project adjacent to the Tahoe City Golf Course (TCGC). This project is an important redevelopment effort in the Tahoe City commercial core and through partnership with the TCGC oversight committee, helps to facilitate the project by providing for the use of certain development rights from the TCGC property. TCPUD and several partner agencies acquired ownership of the TCGC in 2012 and executed a Memorandum of Understanding to outline each partner's respective goals and responsibilities relative to their financial contributions. TCPUD and Kila Tahoe, LLC have entered into an agreement representing progress towards addressing the individual partners' purposes for their financial contribution. Substantial work will continue in 2019 to continue moving the project forward.

Considerable work continues on the West Lake Tahoe Regional Water Treatment Plant to construct a permanent, year round drinking water treatment plant to replace the temporary seasonal treatment plant located at Chambers Landing. The new water treatment plant will provide a reliable, drought-resistant, and safe drinking water source to TCPUD's

McKinney-Quail Water Service area and, potentially, other service areas in the West Lake Tahoe region.

In 2018, TCPUD began negotiating a land transfer with the California Department of Fish and Wildlife for the Lake Forest boat ramp and campground parcels. TCPUD currently operates both facilities under a Right of Entry permit and will assume ownership through fee title following the land transfer which is anticipated to occur by the end of 2019. Ownership of these parcels will create operational efficiencies for TCPUD and contribute to the asset inventory.

Finally, 2018 marked TCPUD's first season of direct operations of the Tahoe City Winter Sports Park selling 256 season passes to an estimated 9,000 users for ice skating, cross country skiing and sledding access.

### Financial Information

TCPUD's overall financial position improved in 2018 as net position government-wide at year end totaled \$90,273,279, increasing by \$4,949,067 or 5.8%. The increase in net position is a combination of current year operations generating \$6,926,461 in net position offset by the prior period adjustment of (-\$1,977,394) to implement Governmental Accounting Standards Board Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension (GASB 75) which became effective for TCPUD beginning with fiscal year 2018. Before the GASB 75 prior period adjustment, the Governmental Activities contributed \$3,948,081 to the positive in net position due to a 22.6% increase in revenue largely from capital grants and property tax, and coupled with expenses growing at 16.4% over last year. Business-Type Activities also contributed \$2,978,380 to the overall net position with increases due to revenues up 13.7% as a result of rate increases, new water system revenues, and capital grants offset with expenses only growing 4.9% over last year.

General Fund unassigned fund balance increased \$2,633,387, for much of the same reasons as Governmental Activities net position increased due to increased capital grants and property tax revenue. The Proprietary Fund net position increased \$1,570,201, unrestricted net position decreased \$3,482,113 which was offset by an increase in net investment in capital assets by \$4,561,696.

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

### Strategic Plan and Initiatives

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



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

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

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

Initiative 1 - Provide Exceptional District Management & Governance

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

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

Initiative 4 - Maintain a High Performing Team of Professional Staff

Initiative 5 - Protect and Improve District Infrastructure

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

Initiative 7 - Maintain Proactive Leadership with Community and Agency Partners

### Local Economy

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

Lake Tahoe is one of the most regulated regions in the United States. As development of the region grew, conservationists over many years lobbied for environmental protection for Lake Tahoe. The Tahoe Regional Planning Agency (TRPA) was formed in 1969 through a bi-state compact between California and Nevada that mandates TRPA to protect the environment of the Lake Tahoe Basin. TCPUD closely monitors and abides by all TRPA rules and regulations, which directly impact the cost of services. By regularly reviewing revenue sources and commissioning water and sewer rate studies every five years, TCPUD continues to produce sustainable financial results in this highly regulated environment.

Placer County collects a transient occupancy tax (TOT) which is a rental tax paid by guests for short-term rentals. The collection of TOT is an indicator of visitors coming to the Lake Tahoe's North and West Shores and is used to help fund infrastructure projects that benefit the region from which the TOT was collected. TOT collections over the five year period indicate a 54.6% growth rate and corresponds to increasing occupancy rates in the region. TCPUD has been able to use TOT funds for important infrastructure projects such as the Truckee River Trail Reconstruction and Renewal Project in the amount of \$1.4 million in 2018.

Tahoe homes and rental prices have skyrocketed in recent years and coupled with low unemployment rates it has become more difficult for TCPUD to recruit and fill its seasonal positions. TCPUD's Human Resources Department continues to diligently work on new and creative ways to advertise TCPUD as the premier employer in the area.

Though California has recovered from the most severe drought on record it left the entire Sierra Mountains with over a million dead and dying trees. The 2018 California wildfire season was the deadliest and most destructive on record in California and posed a real concern to local communities in the Tahoe Basin. In tandem with TCPUD's emergency action plans, TCPUD continues to search for grants that would offset the cost of hazardous tree removal currently threatening critical infrastructure, the environment, and lives.

### Looking Forward

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

With the acquisition of three new water systems and key personnel retirements in the next three years; hiring, succession planning, and capital planning were the major focus of the 2019 budgeting process. The 2019 budget process was expanded to bring information earlier in the process and focus on key areas. As a result, four new positions were approved by the Board to support the following; retirement of key personnel in the next three years; a 36% increase in TCPUD water customer base; increased capital improvement program over the five years focused on the three new water systems; and \$12,534,341 in the five-year capital plan to complete work on the West Lake Tahoe Regional Water Treatment Plant. Other priorities include development of the Administration Facilities Master Plan which represents the first phase of a comprehensive Administrative Facilities Improvement Project by providing the planning and schematic design development for future capital improvement projects for the expansion, renovation, and/or replacement of existing facilities. TCPUD identified the need for an Administrative Facilities Improvement Project in the 2017-2021 Five Year Capital Plan to address current needs as well as to prepare for additional personnel and operational needs which are projected to increase over time.

Substantial work leading to the adoption of TCPUD's first LTFP will continue, resulting in an essential governance and management tool for TCPUD and one of the key components of an overall organizational strategic plan. The LTFP will be an annual process to ensure the long-term financial sustainability while providing a consistent level of service. By establishing an annual process, the following goals will be achieved: Achieving long-term financial sustainability; Maintaining financial flexibility to meet needs of the District's constituents; Ensuring sufficient resources are available to provide programs and maintain service levels; Communicating regularly to constituents about potential risks to on-going operations; and Identifying changes in expenditure or revenue structures needed to deliver services or meet the strategic goals adopted by the Board

Adopting and executing the LTFP is critical to prepare for the large five-year capital plan, estimated at \$70,260,429. An important outcome of the LTFP will be financial policies that reflect the Board's goals related to funding capital projects and setting a new structure on how rates, debt, property taxes, and grants will be considered. Critical water infrastructure improvements make up 63.9%, or \$44,912,254, of the five-year plan. The remaining \$25,348,175, of the \$70,260,429 five-year capital plan is for sewer, parks, recreation and G&AS capital and will likely be funded through rates, property tax, grants, and contributions.

Additionally, 2019 also begins the last year of TCPUD's current 2014-2019 water and sewer rate study. Considerable work leading to adoption of an updated water and sewer rate study will occur in 2019. The updated rate study will forecast water and sewer rate growth for the next five years for all water and sewer customers. The purpose of the study is to ensure that the rates and rate structure for water and sewer services are adequate to provide high quality service, to secure the ongoing financial stability and viability of the systems, and to ensure the costs of operating and maintaining the systems are allocated equitably among the various classes of users. TCPUD is also actively pursuing grant funding and is considering the State Revolving Fund Program for the West Lake Tahoe Regional Water Treatment Plant Project.

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

Community involvement is critical to TCPUD's success and continuing to engage in dialogue and collaboration with our community, local agencies, Placer County, and the State will strengthen these important relationships. TCPUD remains involved in community projects such as the CA FLAP SR89 (Fanny Bridge) project, and the Meeks Bay Trail project, and engaged with community partners on regional workforce housing challenges. Additionally, TCPUD will continue to work with the developer, Kila Tahoe, LLC., on the Tahoe City Lodge project and support the Tahoe Cross Country Ski Education

Association for development of the Tahoe Cross-Country Lodge Replacement and Expansion Project.

Acknowledgements

The preparation of this Report 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. We wish to thank all TCPUD departments for their assistance in providing the data necessary to prepare this Report. A special thank you to Robert J. McClintock, CPA, providing his expertise and knowledge to the Audit Committee. We want to thank Mann Urrutia and Nelson, our independent auditors, for their professionalism and assistance in performing this year-end financial audit. Credit also is due to the Board of Directors for their unfailing support to maintain the highest standards of professionalism in the management of the Tahoe City Public Utility District's finances.

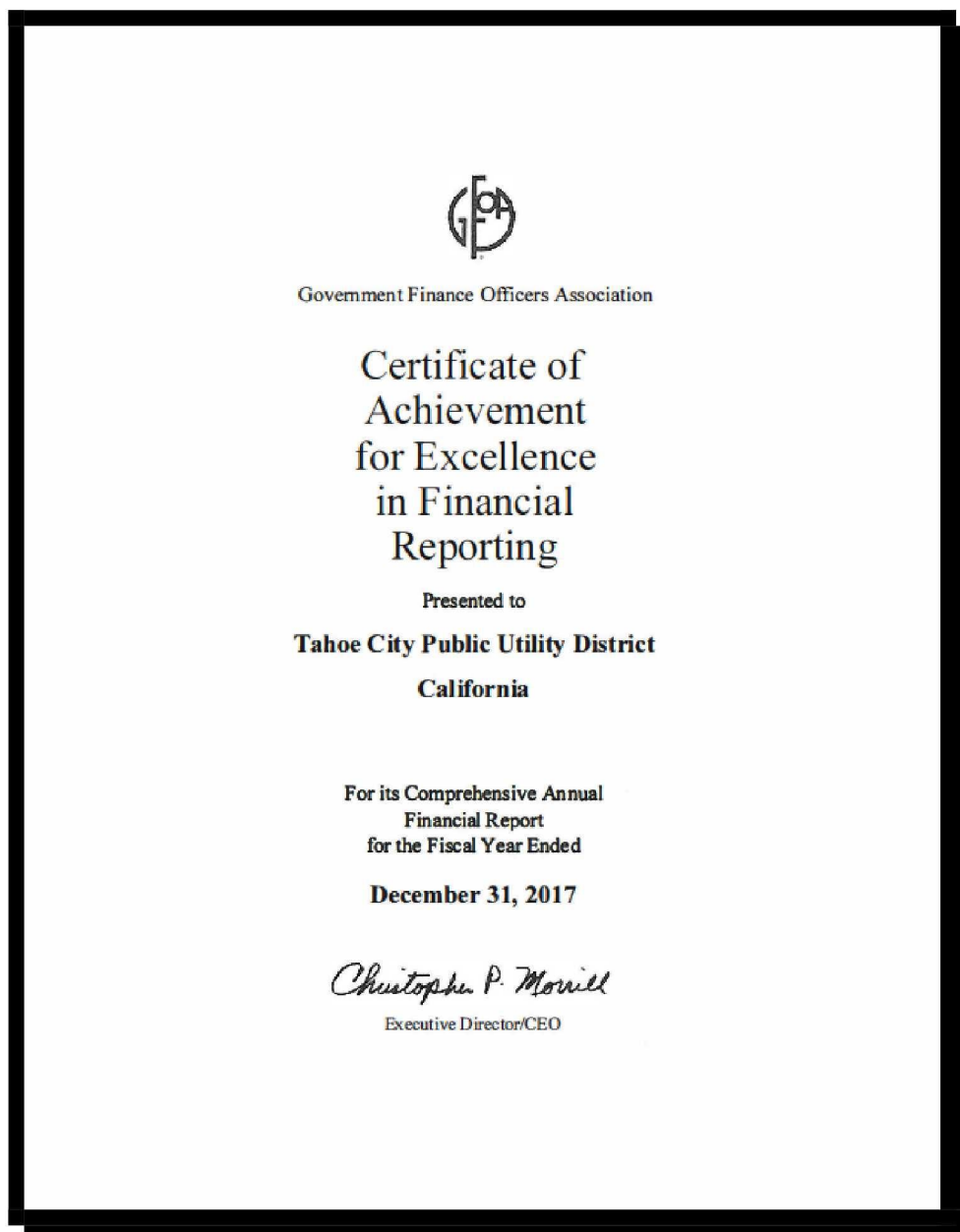
Respectfully submitted,

  
Sean Barclay  
General Manager

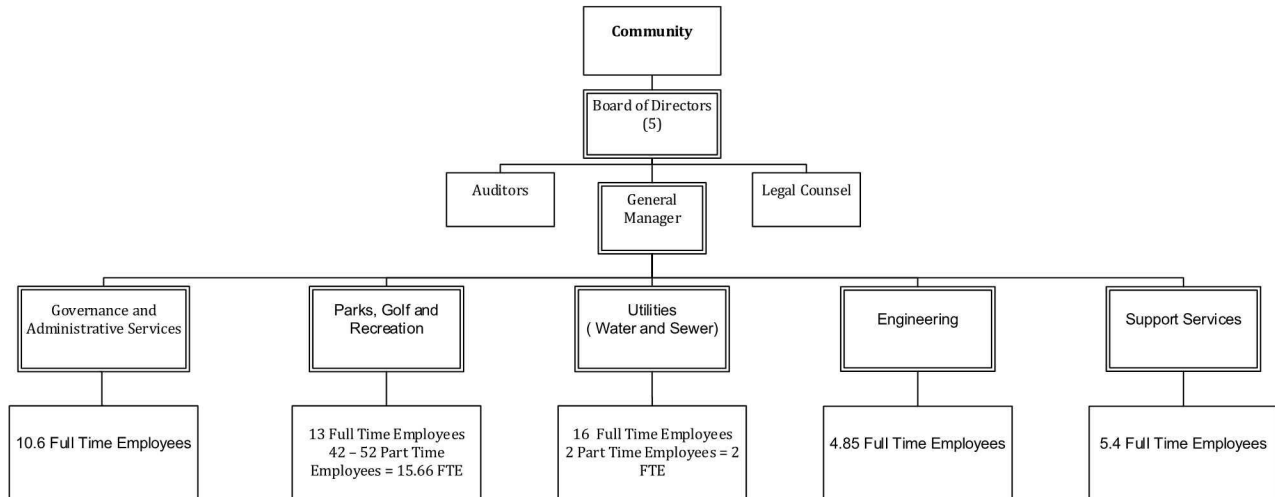
  
Ramona Cruz  
Chief Financial Officer/Treasurer

## GFOA Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tahoe City Public Utility District for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2017. This was the first consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.



## TCPUD Wide Organizational Chart



### List of Elected and Appointed Officials

#### Elected Officials

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

#### Appointed Officials

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





MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP  
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Tahoe City Public Utility District (the District) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Tahoe City Public Utility District, as of December 31, 2018, 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.

#### ***Emphasis of Matter***

##### ***Change in Accounting Principle***

As described in Note 1 to the financial statements, during the year ended December 31, 2018, the District adopted new accounting guidance, GASB Statement No. 75 Accounting and Financial Reporting for Post-employment Benefits other than Pensions. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules relating to the net pension liability, schedules relating to other post-employment benefits, and budgetary comparison information on pages 13–28 and 78-83 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2019, on our consideration of the Tahoe City Public Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Tahoe City Public Utility District's internal control over financial reporting and compliance.

*Manuel A. Nolasco, CPA*

Sacramento, California  
June 17, 2019





## 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, 2018. The intent of this discussion and analysis is to assess the TCPUD's financial performance as a whole. Therefore, it should be read in conjunction with the TCPUD's financial statements and notes to the financial statements to enhance understanding of the TCPUD's financial performance.

### Financial Highlights

- Early in the year three private water systems were purchased for a total cost of \$5,405,930. This included a \$5,145,000 payment to sellers and \$269,930 in other cost.
- Goodwill of \$4,907,830 resulted from the purchase of the three private water systems.
- During the year \$3,598,663, \$4,979,735 and \$875,769 was invested in parks & recreation, water and sewer infrastructure and equipment respectively totaling \$9,454,167.
- Water and Sewer service and inspection fees were \$6,263,161 and \$4,856,326 respectively.
- Water service and inspection fees are up \$1,378,179, 28.2% due to the acquired private water companies and rate increases. Water base and tiered rates are at the full Proposition 218 rates for 2018.
- Sewer service and inspection fees are up \$250,613, 5.4% due to rate increases. Sewer base rates were rolled back one year from the full Proposition 218 rates for 2018, in other words sewer rates were set at 2017 Proposition 218 rates.
- Property tax revenue is \$7,459,482, up \$398,856, 5.6% from the previous year.
- During fiscal year 2018, the District recognized \$434,712 in operating grants, down -\$131,778, -30.3%.
- During fiscal year 2018, the District recognized \$1,670,469 in capital grants, up \$1,373,985, 82.3%. The grant money was used for parks and water infrastructure. Future capital grant funding is expected to decline from previous years.
- Net Position: The total assets and deferred outflows of resources of TCPUD exceed its total liabilities and deferred inflows of resources at the close of the Fiscal Year (FY) 2018 by \$90,273,279 (net position). Of this amount, \$19,370,409 is unrestricted, \$65,000 is restricted for specific purpose, and \$70,837,870 is net investment in capital assets.
- Changes in Net Position: TCPUD's total net position increased \$4,949,067 or 5.8 % during the fiscal year. The increase in net position is a combination of current year operations generating \$6,926,461 in net position offset by the prior period adjustment of -\$1,977,397 to implement GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*.
- Governmental Funds: At December 31, 2018, TCPUD's governmental funds reported a combined ending fund balance of \$14,306,925, an increase of \$2,598,121 from prior year. Approximately 90.9% of the fund balance is unassigned, or \$13,005,097, and is available for spending at the government's discretion.
- Long-Term Liabilities: TCPUD's total long-term debt decreased by \$489,688. All scheduled debt payments were made on time.
- General Fund: At December 31, 2018, unassigned fund balance of the General Fund was \$13,005,097. This represents an increase of \$2,633,387 or 25.4% from prior year. Unassigned fund balance includes \$1,144,345 or 8.8% for the General Fund budget stabilization as required by TCPUD's financial policy.

## Management Discussion and Analysis, continued

### Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 32 and 33 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*.



## Management Discussion and Analysis, continued

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 79 for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 33-39 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

**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 can be found on pages 43-76.

**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 77 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 \$ 90,273,329 at the close of the most recent fiscal year.

By far, the largest portion of the TCPUD's net position (78.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt used to acquire those assets. The TCPUD uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the TCPUD investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. TCPUD has pledged \$364,791 for 2018 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.

## Management Discussion and Analysis, continued

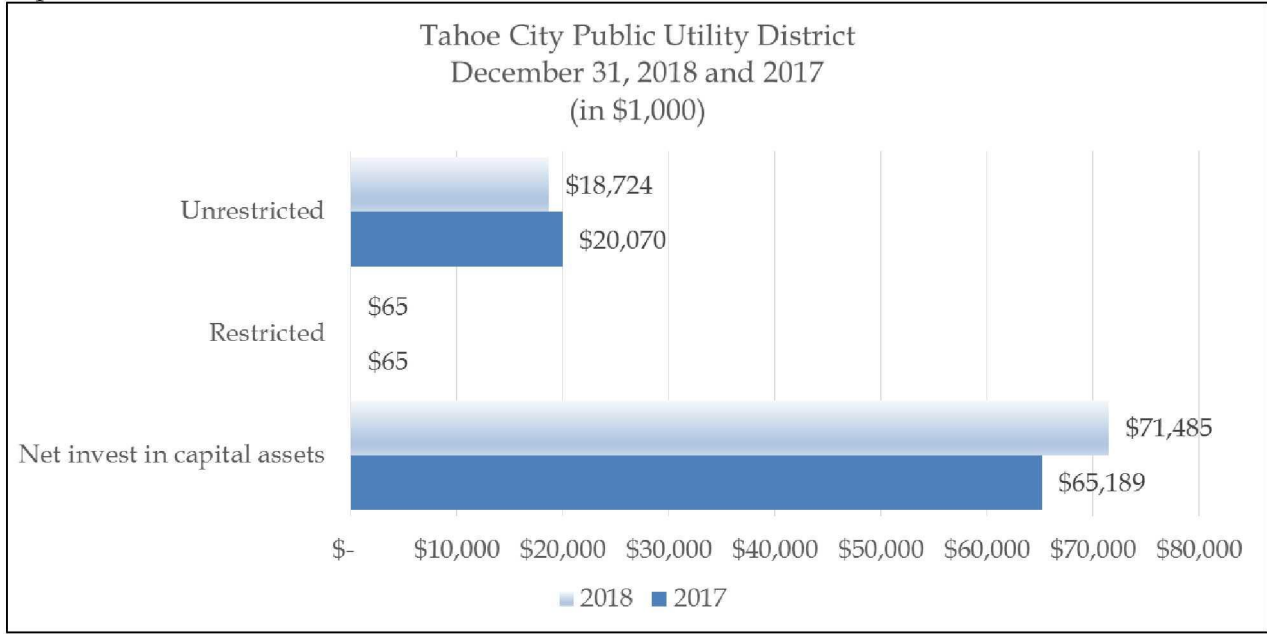
The Statement of Net Position is presented below in a condensed form for purposes of this analysis.

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Assets:</b>						
Cash and investments	\$ 10,037,538	\$ 8,127,210	\$ 10,614,088	\$ 16,350,594	\$ 20,651,626	\$ 24,477,804
Cash and investments - restricted	12,955	11,493	-	-	12,955	11,493
Receivables	4,606,549	4,177,605	638,556	724,026	5,245,105	4,901,631
Other current assets	136,715	172,113	701,842	606,498	838,557	778,611
Total current assets	14,793,757	12,488,421	11,954,486	17,681,118	26,748,243	30,169,539
Investments - restricted	13,800	13,800	51,277	51,277	65,077	65,077
Facility upgrade receivables	-	-	624,165	12,047	624,165	12,047
Other postemployment benefits, net	-	78,597	-	244,226	-	322,823
Net capital assets	29,586,233	27,979,572	43,178,935	38,821,973	72,765,168	66,801,545
Total assets	44,393,790	40,560,390	55,808,863	56,810,641	100,202,653	97,371,031
Deferred outflows of resources	979,703	1,466,640	6,676,588	2,863,089	7,656,291	4,329,729
<b>Liabilities:</b>						
Payables and accruals	659,840	449,438	936,971	876,024	1,596,811	1,325,462
Unearned revenue	26,772	31,744	97,932	97,932	124,704	129,676
Long-term debt - current	294,113	447,007	43,496	42,682	337,609	489,689
Total current liabilities	980,725	928,189	1,078,399	1,016,638	2,059,124	1,944,827
Long-term debt - noncurrent	1,151,089	1,445,202	44,617	88,112	1,195,706	1,533,314
Net Pension Liability	4,233,856	4,272,281	6,568,872	6,686,014	10,802,728	10,958,295
Net other post employment benefit	516,814	-	1,292,034	-	1,808,848	-
Total liabilities	6,882,484	6,645,672	8,983,922	7,790,764	15,866,406	14,436,436
Deferred inflows of resources	586,214	855,429	1,133,045	1,084,683	1,719,259	1,940,112
<b>Net position:</b>						
Net Investment in capital assets	28,305,788	26,571,841	43,178,935	38,617,239	71,484,723	65,189,080
Restricted	13,800	13,800	51,200	51,200	65,000	65,000
Unrestricted	9,585,207	7,940,288	9,138,349	12,129,844	18,723,556	20,070,132
Total net position	\$ 37,904,795	\$ 34,525,929	\$ 52,368,484	\$ 50,798,283	\$ 90,273,279	\$ 85,324,212

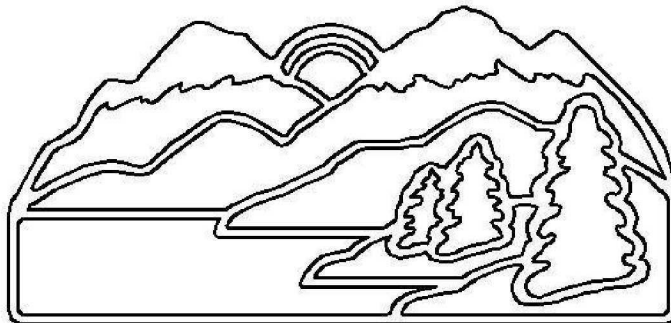
At the end of FY 2018, TCPUD reported positive net positions in all of its governmental and business-type activities. At year-end of the fiscal year 82.5% of TCPUD's business activities' net position was invested in capital assets while for government activities this category amounted to 74.7%. The following chart demonstrates the relationship of net investment in capital assets, unrestricted, and restricted as component of net position.

## Management Discussion and Analysis, continued

The Statement of Activities and Changes in Net Position focuses on both the gross and net cost of various functions making up the TCPUD's governmental and business-type services, which are supported by charges for services, grants and contributions, property taxes and other revenues. This statement summarizes and simplifies the user's analysis of the total costs and tax subsidy levels of the services offered by the TCPUD. All information is prepared on an accrual basis using the economic resources measurement focus. The TCPUD first calculated and recorded accumulated depreciation for its governmental activities as of January 1, 2004 and has included depreciation expense in the 2018 information.



TCPUD's overall current net position increased by \$4,949,067, greater than the previous year by \$48,047 (\$4,949,067-\$4,901,020) or 1.0%. For an overall discussion on the increases and decreases is found in the sections for governmental activities and business-type activities.





## Management Discussion and Analysis, continued

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
<b>Program Revenues:</b>						
Parks charges for services	\$ 769,218	\$ 733,871			\$ 769,218	\$ 733,871
Rec. charges for services	338,586	275,719			338,586	275,719
Water revenue			6,442,160	4,982,871	6,442,160	4,982,871
Sewer revenue			4,972,602	4,680,507	4,972,602	4,680,507
Operating grants and contributions	428,612	374,748	6,100	191,742	434,712	566,490
Capital grants and contributions	1,443,556	134,616	226,913	161,868	1,670,469	296,484
<b>Total program revenues</b>	<b>2,979,972</b>	<b>1,518,954</b>	<b>11,647,775</b>	<b>10,016,988</b>	<b>14,627,747</b>	<b>11,535,942</b>
<b>Expenses:</b>						
Parks - direct expenses	5,616,942	4,815,967			5,616,942	4,815,967
Recreation - direct expense	936,950	731,763			936,950	731,763
Water - direct expense			4,890,159	4,664,624	4,890,159	4,664,624
Sewer-direct expense			3,164,077	3,703,846	3,164,077	3,703,846
Interest on long-term debt	39,375	57,795	3,295	3,717	42,670	61,512
Indirect expenses	98,986	75,401	832,739	-	931,725	75,401
<b>Total expenses</b>	<b>6,692,253</b>	<b>5,680,926</b>	<b>8,890,270</b>	<b>8,372,187</b>	<b>15,582,523</b>	<b>14,053,113</b>
<b>Net revenue (expense)</b>	<b>(3,712,281)</b>	<b>(4,161,972)</b>	<b>2,757,505</b>	<b>1,644,801</b>	<b>(954,776)</b>	<b>(2,517,171)</b>
<b>General Revenues:</b>						
Property taxes	7,435,199	7,036,697	24,283	23,929	7,459,482	7,060,626
Investment earnings	225,163	123,975	196,592	233,590	421,755	357,565
<b>Total general revenues</b>	<b>7,660,362</b>	<b>7,160,672</b>	<b>220,875</b>	<b>257,519</b>	<b>7,881,237</b>	<b>7,418,191</b>
Change in net position	3,948,081	2,998,700	2,978,380	1,902,320	6,926,461	4,901,020
Net Position - Beginning	34,525,929	31,417,716	50,798,283	49,005,476	85,324,212	80,423,192
Prior period restatement	(569,215)	109,513	(1,408,179)	(109,513)	(1,977,394)	-
Net Position - restated	33,956,714	31,527,229	49,390,104	48,895,963	83,346,818	80,423,192
<b>Net Position - Ending</b>	<b>\$37,904,795</b>	<b>\$34,525,929</b>	<b>\$52,368,484</b>	<b>\$50,798,283</b>	<b>\$90,273,279</b>	<b>\$85,324,212</b>

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

During the current fiscal year, net position for governmental activities increased \$3,378,866 from the prior fiscal year for an ending balance of \$37,904,795. The increase is primarily a result of increased property tax and capital grant revenues from last year offset by increased operational cost for parks, recreation and golf operations and pension expense.

**Business-type Activities.** Business-type activities reflect private sector-type operations, such as water and sewer services and the related engineering and technical service departments. User fees are charged to cover all or most of the costs of operation, including depreciation. The TCPUD usually covers cash operating costs with user fees but subsidizes capital expenditures with a

## Management Discussion and Analysis, continued

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 2018, no general property tax transfers occurred.

For the TCPUD's business-type activities, net position increased by \$1,570,201 from the prior year for an ending balance of \$52,368,484. The increase in net position is a result of water and sewer rate increases to cover operations and capital, declining capital grant revenue and impacts of pension expense.

For the year, total net position increased by \$6,926,461 as a result of operations. Overall, year on year net position increased \$4,949,067 as a result of \$6,926,461 less prior period adjustment \$1,977,394.

	Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Net position - Beginning as previously reported	\$ 34,525,929	\$ 50,798,283	\$ 85,324,212
Prior period restatement (Note 15)	(569,215)	(1,408,179)	(1,977,394)
Beginning net position restated	33,956,714	49,390,104	83,346,818
Add change in net position	3,948,081	2,978,380	6,926,461
Net position - Ending	\$ 37,904,795	\$ 52,368,484	\$ 90,273,279

### Financial Analysis of Governmental Funds

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

At December 31, 2018, the TCPUD's governmental funds reported combined fund balances of \$14,306,925, an increase of \$2,598,121 or 22.2 % in comparison with the prior year. This increase is the result of increased property tax from previous year and reduced capital expenditures. Approximately 90.9% 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 \$136,715, 2) restricted form \$484, and 3) assigned for particular purposes \$1,164,629. The general fund is the chief operating fund of the TCPUD.

### General Fund Budgetary Highlights

The following table shows the variances to budget:

## Management Discussion and Analysis, continued

	Budget	Actual Amounts	Variance to Budget Positive (Negative)
Revenues:			
Fees	\$ 709,437	\$ 664,259	\$ (45,178)
Property taxes	6,179,574	6,960,860	781,286
Interest	60,000	225,076	165,076
Grants	2,199,288	1,848,360	(350,928)
Other	446,352	454,090	7,738
Total revenues	\$9,594,651	\$10,152,645	\$ 557,994

The Parks and Recreation total revenue is better to budget by \$557,994 as shown above. Fees are under budget largely in the areas of Lake Forest Boat Ramp, aquatics and winter sports parks. Property tax collection exceeded budget by \$781,286 attributable to a conservative budget, rising assessed values and Proposition 8 catch-ups. Grant revenue was negative to budget by \$350,928 which bears a direct relation to reimbursable for capital expenditures.

	Budget	Actual Amounts	Variance to Budget Positive (Negative)
Expenditures			
Current:			
Public works - Parks	\$3,490,765	\$2,989,366	\$ 501,399
Recreation	865,446	867,641	(2,195)
Other operating	140,592	98,986	41,606
Capital outlay	5,243,269	3,598,663	1,644,606
Total expenditures	\$9,740,072	\$7,554,656	\$ 2,185,416

Overall, Parks and Recreation direct and capital outlay expenses were \$2,185,405 less to budget due to parks direct expenses of personnel cost, repairs and maintenance and allocated administrative overhead less to budget. Also, fewer capital outlay projects started during the year was less than 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, 2018 amounts to \$72,765,168 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery, equipment, vehicles, and park facilities. The total net increase in capital assets for the current fiscal year was approximately 8.9 %.

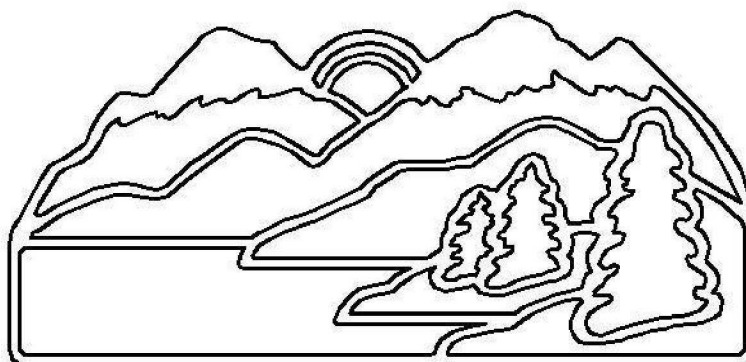


## Management Discussion and Analysis, continued

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 5,401,592	\$ 5,401,592	\$ 42,957	\$ -	\$ 5,444,549	\$ 5,401,592
Facilities	20,724,360	19,081,227	35,791,549	29,279,897	56,515,909	48,361,124
Office building and equipment	2,800,558	2,892,065	3,145,538	2,952,741	5,946,096	5,844,806
Vehicles	210,594	173,880	1,305,422	1,302,053	1,516,016	1,475,933
Construction in progress	449,129	430,808	2,893,469	5,287,282	3,342,598	5,718,090
Total capital assets, net	<u>\$ 29,586,233</u>	<u>\$ 27,979,572</u>	<u>\$ 43,178,935</u>	<u>\$ 38,821,973</u>	<u>\$ 72,765,168</u>	<u>\$ 66,801,545</u>

During 2018, the TCPUD spent \$9,454,167 on capital items for the benefit of the community. The significant projects included in the \$9,454,167 were the Tahoe City Well Bunker Replacement, Tahoe Cedars Water Interconnection, the purchase of three private water companies, and Truckee River Trail Overlay projects.

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 2017 and 2018:

	Additions to Capital Assets	
	2017	2018
Governmental Activities		
Marie Sluchak Playground	-	94,042
Tahoe City Golf Improvements	61,570	-
Truckee River Trail Stabilization and Restoration	83,645	-
Truckee River Bike Trail Overlay	58,397	1,706,082
Connors Field Lighting Replacement	30,771	385,723
TCGC Ice Rink	89,122	623
TGCG BMP Improvements	-	719,160
TCGC/WSP Drainage	-	121,560
TCGC/WSP Maintenance Facility Replacement	-	124,060
Vehicles and Equipment	365,519	424,236
Other projects	65,915	23,177
Total governmental activities	754,939	3,598,663
Water Activities		
Bunker Water Tank Replacement	451,864	2,603,618
Madden Creek Water Interconnection	49,914	58,853
Madden Creek System Upgrades	-	59,341
Manzanita Water Line Replacement	280,124	7,191
Mid-Sierra Water Co. Acquisition	116,537	285,802
Rubicon Service Line Replacements	3,514	-
Rubicon Tank No. 1 Interior Coating	1,702	10,642
Rubicon Tank No. 2 & 3 Interior Coating	336,036	-
Tahoe Cedars Water Interconnection	33,758	1,362,139
Tahoe Cedars Water System Upgrades	-	140,277
Tahoe City Main Emergency Water Supply	292	335
Tahoe City Well No. 1 (Bunker) Replacement	(8,435)	-
Tahoe City Well No. 2 & 3 Easement	19,216	-
Timberland Interconnection & Distribution Improvements	-	63,878
Timberland Water System Upgrades	-	88,986
Timberland Water Co Acquisition	36,524	67
Vehicles, Mobile Equipment, Equipment	139,637	244,216
West Lake Tahoe Regional Water Treatment Plant	80,764	53,220
Other Projects	45,886	1,170
Total Water Activities	1,587,331	4,979,735
Sewer Activities		
Dollar/Edgewater Sewer Line Replacement	887	116
Dollar/Edgewater Backup Power	-	20,177
Glenridge Sewer Station Generator Building	-	88,825
Hwy 89 Pump Station Generator Replacement	-	36,818
John Cain Sewer Replacement	14,347	203,812
Lonely Gulch Pump Station Generator Replacement	-	29,755
Pump Upgrades	61,874	106,589
Tahoe City Residential Sewer System Rehabilitation	1,516,394	56,815
Vehicles, mobile equipment, equipment	513,748	255,055
West Shore Export Crossing Repair	12,267	(7,718)
Other projects	91,549	85,525
Total Sewer activities	2,211,065	875,769
Total TCPUD	\$ 4,553,335	\$ 9,454,167

## Management Discussion and Analysis, continued

Over the last 15 years, TCPUD has been able to secure significant capital grants to improve environmental protection and public access to Lake Tahoe when it did not have its own funding to advance these projects. Thus, the TCPUD was able to proceed with projects such as Commons Beach, various phases of an off-highway bike and pedestrian trail link through Tahoe City known as the Lakeside Trail, the Upper Sequoia bike trail crossing, the WCB Lake Forest Boat Ramp, the Truckee River Outlet Park Plaza, Heritage Plaza, and acquisition of a new mobile stage. Other projects such as the Homewood Bike Trail, to address one mile of unsafe bike route, completed construction October 2016 and funded by a large portion of grant money. In 2018, the Truckee River Bike Trail Overlay project was completed and largely funded by TOT funds in the amount of \$1,623,981. TCPUD continues to aggressively pursue grant and TOT funds for parks projects benefiting the community at large.

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

HDR Engineering, Inc. (HDR) was retained by the TCPUD in 2009 to perform TCPUD's first 2009-2013 water and sewer rate study and subsequently hired and completed TCPUD's second 2014-2019 water and sewer rate study set to expire at the end of 2019. HDR will be completing TCPUD's 2020-2024 water and sewer rate study mid-2019. On January 2, 2018, TCPUD purchased three water companies. In all cases significant capital upgrades will be required to bring these water systems into compliance with TCPUD standards. The three private water systems acquired during the year are important components of the water rate study and presents challenges such transitioning new water customers to current rates; addressing unmetered customers; and addressing the \$33.6 million in identified water capital improvements related to the three water systems.

The TCPUD anticipates it will need to finance a portion of these replacement and rehabilitation costs in the near-term, and secure additional revenue streams such as a special assessment to affective water customers. Also, work continues on the West Lake Tahoe Regional Water Treatment Plant. Breaking ground on this project will be in 2020. TCPUD staff is actively working on a State Revolving Fund loan to fund this project and continues to pursue grant funds.

At December 31, 2018 the TCPUD utilized \$51,417,349 of gross depreciable capital assets at historical cost, consisting primarily of recreational facilities, in its Governmental Activities, and \$86,762,378 of gross depreciable capital assets at historical cost, consisting primarily of water and sewer plants, in its Business-type Activities. TCPUD's minimum capital, rolling stock, budget stabilization and property tax reserve-water for Business-type Activities are \$3,591,044; \$281,800; \$1,577,889; and \$1,267,735 respectively for a total of \$6,718,468.

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

The five-year capital plan for 2019-2023 is \$70,260,429 of which \$4,740,500 in capital grants are identified but not yet secured. The capital five-year capital plan calls for \$44,912,254 for water, \$8,918,749 for sewer, \$8,699,895 for Parks and Recreation, \$6,232,000 for Governance and

## Management Discussion and Analysis, continued

Administrative Services and \$1,497,531 for district vehicles. The water and sewer rate structure, grant funding, property tax and some level of capital financing make this level of capital improvements possible. The LTFP is critical to the capital planning process and will be used to identify levels of capital funding and possible financing opportunities on a project by project basis.

**Long-term Debt.** At the end of the current fiscal year, the TCPUD had total bonded debt outstanding of \$1,445,202. Of this amount, \$1,267,932 is debt backed by the full faith and credit of the government and \$12,513 assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the TCPUD long-term obligation comprises pension-related debt in the amount of \$164,757. Additional information on long-term debt can be found in the notes to the financial statements (see note 6. Long-term Debt).

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$1,267,932	\$1,382,705	\$ -	\$ -	\$1,267,932	\$1,382,705
Special assessment bonds with governmental commitments	12,513	25,026	88,113	\$130,794	100,626	155,820
Pension related debt	164,757	484,478	-	-	164,757	484,478
Total long-term debt	<u>\$1,445,202</u>	<u>\$1,892,209</u>	<u>\$ 88,113</u>	<u>\$130,794</u>	<u>\$1,533,315</u>	<u>\$2,023,003</u>

In 2019 significant work on the LTFP will occur, with an emphasis on capital project prioritization and potential financing options.

Customers or owners of several private water companies seeking acquisition continue to approach TCPUD to purchase their water systems for a variety of reasons. It is often difficult for these systems to obtain financing for upgrades due to their small size. TCPUD will use its borrowing capacity in the near future and over the next decade to finance upgrades to water systems it acquires and be repaid by either special assessments from these new water customers or property tax and continue to seek grant funding.

The Governmental Accounting Standards Board (GASB) issued its Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27* ("GASB 68"), with new pension reporting requirements for employers. GASB also issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68* ("GASB 71"), to clarify the transition year provisions of GASB 68. TCPUD implemented both GASB statements in 2017 and the 2018 net pension liability of \$10,802,728 has been recorded to the Government Wide Statement of Net Position.

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



## Management Discussion and Analysis, continued

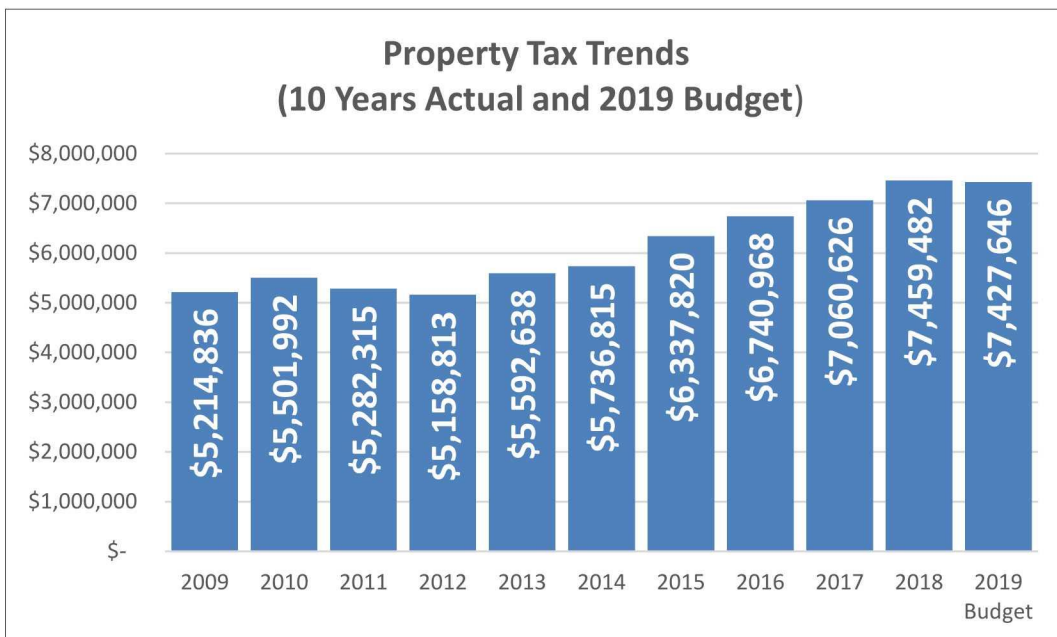
and has recorded a net OPEB liability of \$1,808,848 to the Government Wide Statement of Net Position.

The TCPUD has negotiated for employees to participate to their required pension contributions and, beginning January 1, 2015, employees pay the full 8% as well as participate with paying down TCPUD's unfunded accrued liability. In 2019 the TCPUD will pay off the \$2.3 million side fund liability through a pension refunding bond due to mature in 2019. The proceeds from the bonds were rolled into a multi-agency risk pool and are in addition to the unfunded liabilities of the risk pool.

### Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect TCPUD and were considered in developing the 2019 fiscal year budget:

- Property tax revenue continues to be a stable revenue source for TCPUD and is its largest single source of revenue making up 34.9% or \$7,427,646 of the 2019 Budget less capital grants. This revenue source continues to grow annually due to growth in assessed values. Under California property tax law, assessed value growth is capped at 2%, however; when real estate is sold, it is assessed for the new owner based on the purchase price. Also, when market values drop below the Proposition 13 assessed values much like what we saw in 2008, property tax will also decline since property tax is based on assessed values. However, when property values recover, property tax collections are higher due to triggering Proposition 8 catch-up provisions. The following Property Tax Trends bar graph show the last 10 years of actual property tax collection and the 2019 budget. The rise in the 2015 actuals is a result of unbudgeted pass-through related to the dissolution of the Resource Development Agencies and Proposition 8 catch-ups, up to the maximum of the 2% cap for Proposition 13 assessed levels. The last ten years of actual property tax collected has seen an average increase of 4.3%. The 2019 budget reflects a 2.0% increase to 2018 projections.



## Management Discussion and Analysis, continued

- Water and sewer base rate revenues are a stable source of income and combined makes up 54.8% of TCPUD's revenue excluding capital grants. Due to TCPUD's widely fluctuating population, TCPUD's rate model relies mostly on the base rate to support operations unlike metropolitan areas. Other areas of the state with stable year-round populations can depend on collecting more of their fixed costs through their consumption rates, as customer usage characteristics are more uniform and predictable. Within TCPUD, over 70% of our homes are not occupied year-round. However, we must be staffed and able to provide water service to our customers whenever they arrive. In addition, we must operate our water system to provide full fire protection whether a residence is occupied or not. In areas such as Tahoe, widely fluctuating occupancies can leave a water system unable to support itself if too much of the revenue is dependent on the consumption rate.
- California is recovering from one of the most severe droughts on record and early in 2017, Governor Brown ended the drought State of Emergency in most of California, while maintaining water reporting requirements and prohibitions on wasteful practices. In light of improved conditions in Northern CA and strong conservation efforts statewide, the state rescinded the emergency conservation measures in early 2017. However, 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 existing water supplies. SB 606 and AB 1668 establish guideline for efficient water use and a frame work for the implementation and oversight of the new standards which must be in place by 2022. The two bills strengthen the state's water resiliency in the face of future droughts with provisions that include:
  - Establishing an indoor per person water use goal of 55 gallons per day until 2025, 52.6 gallons from 2025 to 2030, and 50 gallons beginning in 2030: and
  - Requiring both urban and agricultural water suppliers to set annual water budgets and prepare for drought.

TCPUD's ground water supplies are adequate to meet all demands now and into the future. Metering of water services has resulted in a significant reduction in total system water demands, as have intensive 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.

- Lessons learned from the drought, TCPUD's budget reflects the new normal of reduced consumption revenue. Consumption revenue represents 21.0% of TCPUD's water and 6.5% of all revenue excluding capital grants.
- District 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 District's water delivery and storage infrastructure.
- Personnel cost make up 69.0 % of TCPUD's direct operating budget, excluding depreciation, and every effort is made to control cost by working with the employees and their union. Toward the end of 2014, TCPUD entered into union negotiations and successfully negotiated a five-year agreement. As part of the negotiations the TCPUD performed a class and compensation study and through negotiations reset the salary ranges at 75% of market. Other results of the negotiations included establishing a new cost of living index, eliminating the employer paid member contribution, capping general leave accruals,

## Management Discussion and Analysis, continued

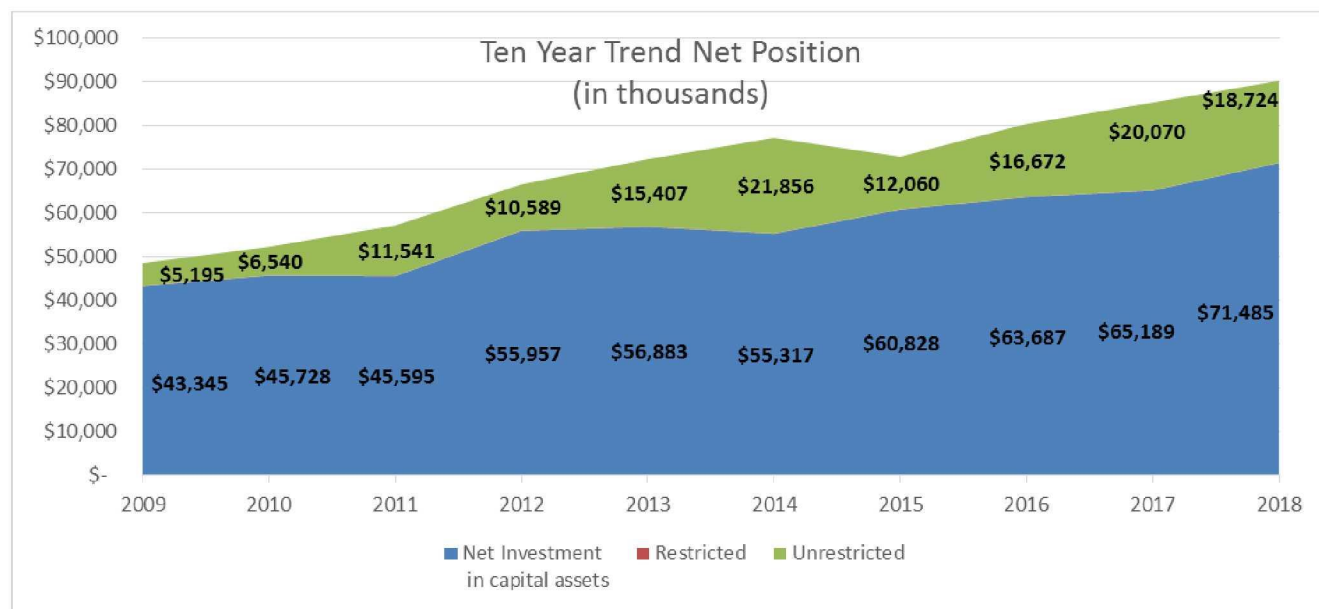
reducing sick-leave conversion to deferred compensation, reducing post retiree medical to the CalPERS minimum required payment, and implementing employee cost sharing of pension cost. The current Union MOU will expire at the end of 2019. TCPUD will begin union negotiations in 2019.

- Rising pension cost remains in the forefront of planning. At the end of 2016, CalPERS announced that it will be lowering the discount rate by a half a percent over the next three years. This decision means higher pension contributions for the TCPUD beginning July 1, 2018. In 2019, TCPUD will be examining and considering a sustainable funding policy to address this rising cost.
- Other Post Employment Benefit cost much like pension face similar challenges such as rising health care cost and a rising retiree population. In 2019, TCPUD will be examining and considering a sustainable funding policy to address this rising cost.
- Workforce housing challenges is gaining visibility at a regional level in the North Tahoe, Truckee, and the surrounding areas and TCPUD will remain engaged in the process. Led by the Tahoe Truckee Community Foundation, a regional workforce housing needs assessment was prepared and served as the springboard for other activities and reports addressing the workforce housing issues. TCPUD has made a commitment to help fund this effort and has authorized the General Manager and assigned a Board Member to participate at the Council and subcommittee levels.
- The TCPUD's 2019 budget was adopted by the Board of Directors on November 16, 2018 by Resolution 18-21.
- The 2019 TCPUD budgeted operating revenues, excluding property tax and grant revenue, are increasing 7.0% or \$839,981 over the 2018 budget.
  - Water revenue is up \$642,157 or 10.8% due to budgeting for new water base rates for the new water customers joining TCPUD on January 2, 2018 and measured water rate increases for existing customers.
  - Sewer revenue is up \$140,232 or 2.9% as a result of Board approved rate increases rolled back 1.5 years from the Proposition 218 adopted rate.
  - Parks, Recreation and Golf revenues are up slightly, \$57,592 or 5.0%
- Property tax revenue budget on budget is increasing \$750,548 or 11.2%.
- The adopted TCPUD 2019 budget direct operating expense (excluding depreciation) totals \$13,708,074 which represents a 10.7% or \$1,327,409 increase over the 2018 operating budget.
  - Personnel cost coupled with new positions for water and engineering represents 69.0% of the annual direct operation budget on budget increase.
- The 2019 Capital Plan of \$11,303,755 is down 38.7% or \$7,138,675 from the prior year 2018 Capital Plan. The prior year 2018 capital plan included \$5,145,000 for the three private water systems purchased during 2018 and \$2,906,458 for the Bunker Water Tank Replacement Project completed in 2018.

## Management Discussion and Analysis, continued

### Summary

The TCPUD’s overall financial health continues to improve over the last ten years. Fiscal year 2015 saw a decline in unrestricted-net position due to the implementation of GASB 68. As a result of implementing GASB Statement No. 75, the District has restated the beginning, net position in the government-wide Statement of Net Position effectively decreasing net position as of December 31, 2018 by \$78,597 in the governmental activities and \$1,898,797 in the business type activities totaling \$1,977,394. Currently, 2018 fiscal year shows net position overall increasing year on year.



Net investment in capital assets increased \$6,295,643 or 9.7% due to paying down related debt and continuing to invest in infrastructure, vehicles and equipment.

### Requests for Information

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

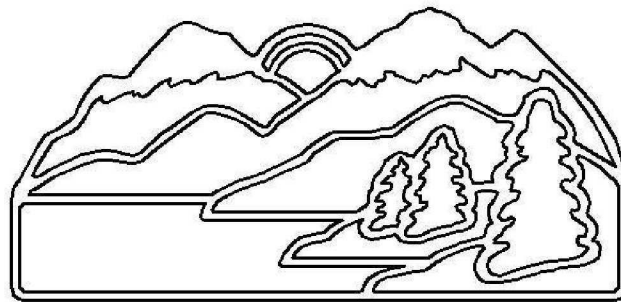


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# Basic Financial Statements

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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, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 10,037,538	\$ 10,614,088	\$ 20,651,626
Restricted cash and investments	12,955	-	12,955
Receivables:			
Accounts	-	615,198	615,198
Interest	-	5,732	5,732
Taxes	3,878,524	-	3,878,524
Grants	611,312	18,308	629,620
Other	120,788	7,468	128,256
Allowance for Doubtful Accounts	(4,075)	(8,150)	(12,225)
Inventories	37,602	293,201	330,803
Prepaid items and other assets	99,113	408,641	507,754
<b>Total current assets</b>	<b>14,793,757</b>	<b>11,954,486</b>	<b>26,748,243</b>
Noncurrent assets:			
Restricted cash and investments	13,800	51,277	65,077
Facility improvement receivables	-	624,165	624,165
Capital assets:			
Non-depreciable	5,850,721	2,936,426	8,787,147
Depreciable, net	23,735,512	40,242,509	63,978,021
Total capital assets, net	29,586,233	43,178,935	72,765,168
Total noncurrent assets	29,600,033	43,854,377	73,454,410
<b>Total assets</b>	<b>44,393,790</b>	<b>55,808,863</b>	<b>100,202,653</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Changes in the net pension liability	852,023	1,694,946	2,546,969
Changes in other post retirement benefits	127,680	319,203	446,883
Net goodwill	-	4,662,439	4,662,439
Total Deferred outflows of resources	979,703	6,676,588	7,656,291
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	183,737	178,083	361,820
Accrued payroll and benefits payable	35,760	122,736	158,496
Employee medical reimbursement payable	52,793	-	52,793
Interest payable	6,111	-	6,111
Deposits payable	26,120	297,169	323,289
Other liabilities	175,450	173,798	349,248
Unearned revenue	26,772	97,932	124,704
Compensated absences-due within one year	179,869	165,185	345,054
Long-term liabilities-due within one year	294,113	43,496	337,609
Total current liabilities	980,725	1,078,399	2,059,124
Noncurrent liabilities:			
Long-term liabilities-due in more than one year	1,151,089	44,617	1,195,706
Net pension liability	4,233,856	6,568,872	10,802,728
Net other post employment benefit	516,814	1,292,034	1,808,848
<b>Total liabilities</b>	<b>6,882,484</b>	<b>8,983,922</b>	<b>15,866,406</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Changes in the net pension liability	365,191	580,486	945,677
Changes in other post retirement benefits	221,023	552,559	773,582
Total Deferred inflows of resources	586,214	1,133,045	1,719,259
<b>NET POSITION</b>			
Net Investment in capital assets	28,305,788	43,178,935	71,484,723
Restricted for:			
Guarantee permit and payment performance	13,800	51,200	65,000
Total restricted	13,800	51,200	65,000
Unrestricted	9,585,207	9,138,349	18,723,556
<b>Total net position</b>	<b>\$ 37,904,795</b>	<b>\$ 52,368,484</b>	<b>\$ 90,273,279</b>

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

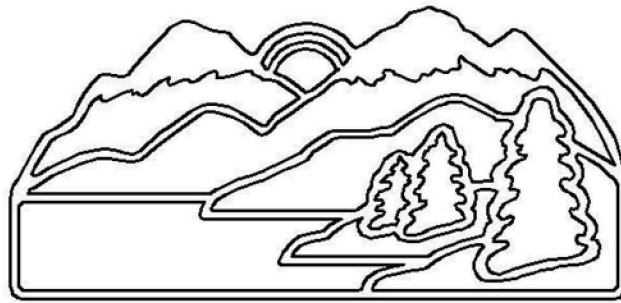


**Tahoe City Public Utility District**  
**Statement of Activities and Changes in Net Position**  
**For the year ended December 31, 2018**

Functions / Programs	Direct Expenses	Indirect Expenses	Charges for Services	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
				Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>									
<b>Governmental activities:</b>									
Public works - Parks	\$ 5,616,942	\$ 86,118	\$ 769,218	\$ 385,988	\$ 1,443,556	\$ 2,598,762	\$ (3,104,298)	\$ -	\$ (3,104,298)
Recreation	936,950	12,868	338,586	42,624	-	381,210	(568,608)	-	(568,608)
Interest on long-term debt (unallocated)	39,375	-	-	-	-	-	(39,375)	-	(39,375)
Total governmental activities	6,593,267	98,986	1,107,804	428,612	1,443,556	2,979,972	(3,712,281)	-	(3,712,281)
<b>Business-type activities:</b>									
Water	4,890,159	534,894	6,442,160	6,100	226,913	6,675,173	-	1,250,120	1,250,120
Sewer	3,164,077	301,140	4,972,602	-	-	4,972,602	-	1,507,385	1,507,385
Total business-type activities	8,054,236	836,034	11,414,762	6,100	226,913	11,647,775	-	2,757,505	2,757,505
<b>Total primary government</b>	<b>\$ 14,647,503</b>	<b>\$ 935,020</b>	<b>\$ 12,522,566</b>	<b>\$ 434,712</b>	<b>\$ 1,670,469</b>	<b>\$ 14,627,747</b>	<b>(3,712,281)</b>	<b>2,757,505</b>	<b>(954,776)</b>
<b>General Revenues:</b>									
							7,435,199	24,283	7,459,482
							225,163	196,592	421,755
							<b>7,660,362</b>	<b>220,875</b>	<b>7,881,237</b>
							<b>3,948,081</b>	<b>2,978,380</b>	<b>6,926,461</b>
							<b>34,525,929</b>	<b>50,798,283</b>	<b>85,324,212</b>
							<b>(569,215)</b>	<b>(1,408,179)</b>	<b>(1,977,394)</b>
							<b>33,956,714</b>	<b>49,390,104</b>	<b>83,346,818</b>
							<b>\$ 37,904,795</b>	<b>\$ 52,368,484</b>	<b>\$ 90,273,279</b>

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

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# 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 Fund
  - 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, 2018

	General	Debt Service	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 10,037,538	\$ -	\$ 10,037,538
Restricted cash	26,755	-	26,755
Receivables:			
Accounts			
Taxes	3,878,524	-	3,878,524
Grants	611,312	-	611,312
Other	107,723	13,065	120,788
Allowance for Doubtful Accounts	(4,075)	-	(4,075)
Inventory	37,602	-	37,602
Prepaid items and other assets	99,113	-	99,113
<b>Total assets</b>	<b>\$ 14,794,492</b>	<b>\$ 13,065</b>	<b>\$ 14,807,557</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 183,737	\$ -	\$ 183,737
Accrued payroll and benefits payable	35,760	-	35,760
Employee medical reimbursement payable	52,793	-	52,793
Deposits payable	26,120	-	26,120
Other liabilities	175,450	-	175,450
Short-term internal balances	(12,050)	12,050	-
Unearned revenue	26,241	531	26,772
<b>Total liabilities</b>	<b>488,051</b>	<b>12,581</b>	<b>500,632</b>
<b>Fund Balances:</b>			
Non-Spendable	136,715	-	136,715
Restricted			
Special assessment debt	-	484	484
Assigned			
Long-term equipment and capital replacement	1,164,629	-	1,164,629
Unassigned fund balance			
General Fund	13,005,097	-	13,005,097
<b>Total fund balances</b>	<b>14,306,441</b>	<b>484</b>	<b>14,306,925</b>
<b>Total liabilities and fund balances</b>	<b>\$ 14,794,492</b>	<b>\$ 13,065</b>	<b>\$ 14,807,557</b>

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, 2018

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**Total Fund Balances - Governmental Funds** \$ 14,306,925

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

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Capital assets were adjusted as follows:

Non-depreciable	5,850,721
Depreciable, net	23,735,512
Total capital assets, net	<u>29,586,233</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. (6,111)

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	(179,869)
Long-term debt - due within one year	(294,113)
Long-term debt - due in more than one year	<u>(1,151,089)</u>
Total long-term liabilities	<u>(1,625,071)</u>

Long-term pension liability, which is based on GASB 68 reporting requirements, is not due and payable in the current period and therefore is not reported in the governmental funds.

Net pension liability	(4,233,856)
Deferred outflows, related to pension expense	852,023
Deferred inflows, related to pension expense	<u>(365,191)</u>
Total long-term pension liability	<u>(3,747,024)</u>

Long-term 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	(516,814)
Deferred outflows, related to other post employee benefits expense	127,680
Deferred inflows, related to other post employee benefits expense	<u>(221,023)</u>
Total long-term other post employee benefits liability	<u>(610,157)</u>

**Total Net Position of Governmental Activities** \$ 37,904,795

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, 2018

	General	Debt Service	Total Governmental Funds
<b>REVENUES:</b>			
Fees	\$ 664,259	\$ -	\$ 664,259
Property taxes	6,960,860	474,339	7,435,199
Interest	225,076	87	225,163
Grants	1,848,360	-	1,848,360
Other	454,090	13,263	467,353
<b>Total revenues</b>	<b>10,152,645</b>	<b>487,689</b>	<b>10,640,334</b>
<b>EXPENDITURES:</b>			
Current:			
Public works - Parks	2,989,366	-	2,989,366
Recreation	867,641	-	867,641
Other operating	98,986	-	98,986
Capital outlay	3,598,663	-	3,598,663
Debt service:			
Principal	-	447,007	447,007
Interest	-	40,550	40,550
<b>Total expenditures</b>	<b>7,554,656</b>	<b>487,557</b>	<b>8,042,213</b>
<b>REVENUES OVER EXPENDITURES</b>	<b>2,597,989</b>	<b>132</b>	<b>2,598,121</b>
<b>Net change in fund balances</b>	<b>2,597,989</b>	<b>132</b>	<b>2,598,121</b>
<b>FUND BALANCES:</b>			
Beginning of year	11,708,452	352	11,708,804
End of year	<b>\$ 14,306,441</b>	<b>\$ 484</b>	<b>\$ 14,306,925</b>

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, 2018

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**Net Change in Fund Balances - Governmental Funds** \$ 2,598,121

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

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period. 3,598,663

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. (1,992,002)

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. 447,007

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	(8,772)
Change in accrued interest	1,175
Increase of pension expense based on GASB 68 adjustments	(85,954)
Increase of pension expense based on GASB 75 adjustments	(610,157)

**Change in Net Position of Governmental Activities** \$ 3,948,081

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, 2018

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 3,309,794	\$ 7,304,294	\$ 10,614,088
Receivables:			
Accounts	342,498	272,700	615,198
Grants	17,550	-	17,550
Interest	5,732	-	5,732
Other	86	8,140	8,226
Allowance for Doubtful Accounts	(4,075)	(4,075)	(8,150)
Inventories	236,552	56,649	293,201
Prepaid items and other assets	238,640	170,001	408,641
<b>Total current assets</b>	<b>4,146,777</b>	<b>7,807,709</b>	<b>11,954,486</b>
Noncurrent assets:			
Restricted cash and investments	50,777	500	51,277
Facility improvement receivables	598,718	25,447	624,165
Capital assets:			
Non-depreciable assets	2,532,577	403,849	2,936,426
Depreciable assets, net	29,040,229	11,202,280	40,242,509
<b>Total capital assets, net</b>	<b>31,572,806</b>	<b>11,606,129</b>	<b>43,178,935</b>
<b>Total noncurrent assets</b>	<b>32,222,301</b>	<b>11,632,076</b>	<b>43,854,377</b>
<b>Total assets</b>	<b>36,369,078</b>	<b>19,439,785</b>	<b>55,808,863</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Changes in the net pension liability	949,848	745,098	1,694,946
Changes in other post retirement benefits	159,602	159,601	319,203
Net goodwill	4,662,439	-	4,662,439
<b>Total deferred outflows of resources</b>	<b>5,771,889</b>	<b>904,699</b>	<b>6,676,588</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	122,777	55,306	178,083
Accrued payroll and benefits payable	75,808	46,928	122,736
Deposits payable	85,237	211,932	297,169
Other liabilities	135,695	38,103	173,798
Unearned revenue	97,932	-	97,932
Compensated absences	88,181	77,004	165,185
Long-term debt - due within one year	43,496	-	43,496
<b>Total current liabilities</b>	<b>649,126</b>	<b>429,273</b>	<b>1,078,399</b>
Noncurrent liabilities:			
Net pension liability	3,904,567	2,664,305	6,568,872
Net other post employment benefit	646,016	646,018	1,292,034
Long-term debt - due in more than one year	44,617	-	44,617
<b>Total noncurrent liabilities</b>	<b>4,595,200</b>	<b>3,310,323</b>	<b>7,905,523</b>
<b>Total liabilities</b>	<b>5,244,326</b>	<b>3,739,596</b>	<b>8,983,922</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Changes in the net pension liability	338,402	242,084	580,486
Changes in other post retirement benefits	276,280	276,279	552,559
<b>Total Deferred inflows of resources</b>	<b>614,682</b>	<b>518,363</b>	<b>1,133,045</b>
<b>NET POSITION</b>			
Net Investment in capital assets	31,572,806	11,606,129	43,178,935
Restricted for:			
Guarantees of permit performance	50,700	500	51,200
Unrestricted	4,658,453	4,479,896	9,138,349
<b>Total net position</b>	<b>\$ 36,281,959</b>	<b>\$ 16,086,525</b>	<b>\$ 52,368,484</b>

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, 2018

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
<b>OPERATING REVENUES:</b>			
Service and inspection fees	\$ 6,263,161	\$ 4,856,326	\$ 11,119,487
Connection fees	31,200	35,560	66,760
Penalties and discounts	50,237	39,487	89,724
Grant revenue	6,100	-	6,100
Other	97,312	40,979	138,291
<b>Total operating revenues</b>	<b>6,448,010</b>	<b>4,972,352</b>	<b>11,420,362</b>
<b>OPERATING EXPENSES:</b>			
Personnel	2,183,364	1,334,869	3,518,233
Operations	1,951,383	1,673,426	3,624,809
Depreciation	1,041,620	456,922	1,498,542
<b>Total operating expenses</b>	<b>5,176,367</b>	<b>3,465,217</b>	<b>8,641,584</b>
<b>OPERATING INCOME</b>	<b>1,271,643</b>	<b>1,507,135</b>	<b>2,778,778</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Property taxes	24,283	-	24,283
Interest income	83,556	113,036	196,592
Gain on disposal	250	250	500
Amortization	(245,391)	-	(245,391)
Interest expense	(3,295)	-	(3,295)
<b>Total nonoperating revenues (expenses)</b>	<b>(140,597)</b>	<b>113,286</b>	<b>(27,311)</b>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	<b>1,131,046</b>	<b>1,620,421</b>	<b>2,751,467</b>
Capital contributions	226,913	-	226,913
<b>Change in net position</b>	<b>1,357,959</b>	<b>1,620,421</b>	<b>2,978,380</b>
<b>NET POSITION:</b>			
Net Position - Beginning as previously reported	35,884,945	15,403,956	51,288,901
Prior Period Restatement	(960,945)	(937,852)	(1,898,797)
Beginning of year	34,924,000	14,466,104	49,390,104
<b>Total net position</b>	<b>\$ 36,281,959</b>	<b>\$ 16,086,525</b>	<b>\$ 52,368,484</b>

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, 2018

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	\$ 5,818,078	\$ 4,984,983	\$ 10,803,061
Payments to suppliers	(2,047,071)	(1,797,442)	(3,844,513)
Payments to employees	(1,941,452)	(1,141,236)	(3,082,688)
Receipts from other funds	504,138	-	504,138
Other receipts	248,672	-	248,672
<b>Net cash provided by operating activities</b>	<b>2,582,365</b>	<b>2,046,305</b>	<b>4,628,670</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Property taxes received	24,283	-	24,283
<b>Net cash provided by noncapital financing activities</b>	<b>24,283</b>	<b>-</b>	<b>24,283</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Acquisition of capital assets	(4,979,735)	(875,769)	(5,855,504)
Acquisition of goodwill	(4,907,830)	-	(4,907,830)
Proceeds from sales of capital assets	250	250	500
Grants received	226,913	-	226,913
Principal payments on long-term debt	(42,681)	-	(42,681)
Interest paid on long-term debt	(3,295)	-	(3,295)
<b>Net cash used by capital and related financing activities</b>	<b>(9,706,378)</b>	<b>(875,519)</b>	<b>(10,581,897)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	79,402	113,036	192,438
<b>Net cash provided by investing activities</b>	<b>79,402</b>	<b>113,036</b>	<b>192,438</b>
<b>NON CASH ITEMS FROM ASSET ALLOCATION:</b>			
Fixed Asset Allocation	286,476	(286,476)	-
<b>Net non-cash items from asset allocation</b>	<b>286,476</b>	<b>(286,476)</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(6,733,852)</b>	<b>997,346</b>	<b>(5,736,506)</b>
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning of year	10,094,423	6,307,448	16,401,871
End of year	<u>\$ 3,360,571</u>	<u>\$ 7,304,794</u>	<u>\$ 10,665,365</u>
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents	\$ 3,309,794	\$ 7,304,294	\$ 10,614,088
Restricted cash and cash equivalents	50,777	500	51,277
<b>Total cash and cash equivalents</b>	<b>\$ 3,360,571</b>	<b>\$ 7,304,794</b>	<b>\$ 10,665,365</b>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income	\$ 1,271,643	\$ 1,507,135	\$ 2,778,778
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,041,620	456,922	1,498,542
Changes in assets and liabilities:			
(Increase) Decrease in:			
Accounts receivable	(45,432)	(34,375)	(79,807)
Grants receivable	147,499	-	147,499
Other receivable	(80)	8,970	8,890
Allowance for doubtful accounts	(601)	123	(478)
Facilities improvement receivables	(592,145)	(19,973)	(612,118)
Due from/to other funds	504,138	-	504,138
Inventories	1,694	1,227	2,921
Prepaid items and other assets	(49,689)	(48,576)	(98,265)
Other post employment benefits	133,660	110,566	244,226
Net Change in deferred outflows and inflows	466,084	431,218	897,302
Increase (Decrease) in:			
Accounts payable	(47,693)	(8,123)	(55,816)
Accrued payroll and benefits	22,421	1,573	23,994
Deposits payable	13,745	57,886	71,631
Net change in other liabilities	95,754	(68,544)	27,210
Net pension liability, OPEB and other liabilities	(381,045)	(342,860)	(723,905)
Compensated absences	792	(6,864)	(6,072)
<b>Net cash provided by operating activities</b>	<b>\$ 2,582,365</b>	<b>\$ 2,046,305</b>	<b>\$ 4,628,670</b>

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

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# Notes to the Basic Financial Statements

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**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Tahoe City Public Utility District (District) 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 District's administrative functions are controlled by an appointed District general manager. The District 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 District (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 District are such that exclusion would cause the District's financial statements to be misleading or incomplete.

As required by Generally Accepted Accounting Principles (GAAP), these basic financial statements present the District and its component unit for which the District is considered to be financially accountable. The District had no discretely presented component units. Blended component units, although legally separate entities are, in substance, part of the District's operations and data from these units are combined with data of the District. 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 District by financing the acquisition, construction and installation of public facilities, to acquire real and personal property on behalf of the District, and to borrow the necessary funds to pay the cost of such activities including refinancing. The Corporation is controlled by the District and has the same governing body as the District, 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, 2018.

**B. Basis of Accounting and Measurement Focus**

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

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

**Government-Wide Financial Statements, Continued**

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the District’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, including 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 District 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 District 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 District has presented all funds as major funds.



**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Accounting and Measurement Focus, Continued**

**Governmental Fund Financial Statements, Continued**

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

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 fund.

The District has two propriety funds that are enterprise funds which accounts for the District’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 District’s policy is to apply restricted resources first.

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***B. Basis of Accounting and Measurement Focus, Continued***

**Description of District Funds**

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

Governmental Funds:

*The General Fund* - The General Fund is used for all general revenues and the related expenditures of the District not specifically levied or collected for other District 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 District's general long-term debt associated with equipment and facilities financed by the District.

Proprietary Funds:

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

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

***C. Cash, Cash Equivalents and Investments***

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

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

***C. Cash, Cash Equivalents and Investments, Continued***

The District 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 District 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 funds types, cash and cash equivalents include all investments, as the District operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

***D. Restricted Cash and Investments***

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

***E. Inventory and Prepaid Items***

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

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

***F. Capital Assets***

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

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

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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

***F. Capital Assets, Continued***

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

***G. Interest Payable***

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

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

***H. Unearned Revenue***

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

In the Fund Financial Statements, unearned revenue is recorded when revenue has not yet been earned or when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. At December 31, 2018, all deferred revenues in the Fund Financial Statements represent revenues that were not earned at year-end. Therefore, all of the deferred revenues in the Fund Financial Statements were reported as unearned revenue in the Government-Wide Financial Statements.

***I. Deferred Outflows/Inflows of Resources***

The District 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, 2018, the District has three items reported as deferred outflow of resources. The first two items are the deferred outflow of resources related to pension and OPEB in the amount of \$2,546,969 and \$446,883, respectively. These amounts include the pension contributions made after the

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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 on \$4,662,439 at December 31, 2018. This amount relates to the purchase of three private companies in the amount of \$5,145,000 and represents the difference in the market value of the assets of the three private water companies purchase price, net of amortization. The deferred outflow of resources on the purchase are amortized over 20 years.

As of December 31, 2018, the District has two items reported as deferred inflow of resources. The two items are the deferred inflow of resources related to pension and OPEB in the amount of \$945,677 and \$773,582, 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.

**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 District 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.



**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued***

***L. Property Tax***

Placer and El Dorado Counties assess properties and bill, collect, and distribute property taxes to the District. 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 District in the year they are assessed provided they become available as defined above.

***M. Pensions***

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

***N. Other Post Employment Benefit***

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

***O. Net Position***

**Government-Wide Financial Statements**

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

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.

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Fund Financial Statements**

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

The District'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** fund balances will include amounts that cannot be spent because they are either in nonspendable form or they are legally required to be maintained intact. Examples of nonspendable fund balances include inventory and prepaid items.

**Restricted** fund balances will exist when constraints are placed on the use of those resources that are either externally imposed or imposed by law. In general most reserve funds will fall into this category.

**Committed** fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the District's Board of Directors.

**Assigned** fund balances will be amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted, nor committed. The intent can be made by either the governing body itself or a body or official to which the governing body has delegated the authority to the General Manager.

**Unassigned** fund balances will represent those funds that have not been assigned, committed, restricted or considered nonspendable. The general fund will be the only fund that will report unassigned fund balance, unless a deficit fund balance resulting from overspending in other funds exists. Fund balance in other funds will either be assigned, committed, restricted or nonspendable unless the fund reports a deficit.

***P. Use of Estimates***

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

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

Effective January 1, 2018, the District implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB, and replaces Statements No. 45 and 57. This Statement

**Tahoe City Public Utility District**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to OPEB. See Notes 11 and 15 for the prior period restatement recorded as a result of implementing this standard.

Government Accounting Standards Board Statement No. 85

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This Statement seeks to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements, including issues related to blending component units, goodwill, fair value measurement and application, and post-employment benefits (i.e., pensions and other post-employment benefits (OPEB)). Adoption of this standard did not have a significant impact on the District's financial statements.

Government Accounting Standards Board Statement No. 86

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement establishes standards of accounting and financial reporting for in-substance defeasance transactions in which cash and other monetary assets acquired with only existing resources (i.e., resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the purpose of extinguishing debt. Additionally, this Statement amends accounting and financial reporting requirements for prepaid insurance associated with debt that is extinguished, whether through a legal extinguishment or through an in-substance defeasance, regardless of how the cash and other monetary assets were acquired. Finally, this Statement establishes an additional disclosure requirement related to debt that is defeased in substance, regardless of how the cash and other monetary assets were acquired. Adoption of this standard did not have a significant impact on the District's financial statements.

**R. Future Government Accounting Standard Board Statements**

These statements are not effective until January 1, 2019 or later. The District has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 83

In November 2016, GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. An Asset Retirement Obligation (ARO) is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The effective date of the statement is for reporting periods beginning after June 15, 2018. Application of this statement is effective for the District's fiscal year ending December 31, 2019.

Government Accounting Standards Board Statement No. 84

In January of 2017, GASB issued Statement 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending December 31, 2019.

**Tahoe City Public Utility District**  
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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Government Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending December 31, 2020.

Government Accounting Standards Board Statement No. 88

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related To Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending December 31, 2019.

Government Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires interest costs incurred before the end of a construction period to be recorded as an expenditure in the applicable period. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending December 31, 2020.

**2. CASH AND INVESTMENTS**

The District 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.

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**2. CASH AND INVESTMENTS, Continued**

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

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

**A. Cash Deposits**

The carrying amounts of the District's operating cash balance is \$569,869 at December 31, 2018. Bank balances were \$979,540, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the District's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the District'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 District's name.

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

**B. Investments**

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

- United States Treasury Bills, Bonds, and Notes
- Obligations issued by Agencies of the United States Government
- Certificate of Deposit and other evidences of deposit at banks and savings and loan associations
- California Local Agency Investment Fund
- Placer County Treasury Investment Pool Fund

The District 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 District's investments with LAIF at December 31, 2018, 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.



**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**2. CASH AND INVESTMENTS, Continued**

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, 2018, the District had \$368,156 invested with LAIF and \$19,712,083 invested with the Placer County Treasurer. LAIF had invested 2.67% of the pool investment funds in Structured Notes and Asset-Backed Securities. Fair value of LAIF and Placer County was calculated by applying a factor of 0.999051127 to total investments held by both. At December 31, 2018, the LAIF and Placer County Treasurer balance did not reflect an amortized cost of \$20,061 which approximates the fair market value.

The District 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 District does not have any investments that are measured using Level 3 inputs.

**B. Investments, Continued**

The following tables set forth by level, within the fair value hierarchy, the District's assets at fair value as of December 31, 2018.

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

**C. Summary of Cash & Investments**

The following is a summary of cash and investments at December 31, 2018:

	Government-Wide Statement of Net Assets		
	Governmental Activities	Business-Type Activities	Total
Operating cash deposits	\$ -	\$ 569,869	\$ 569,869
Imprest and other	1,218	300	1,518
Investments	10,036,320	10,043,919	20,080,239
Total cash and investments	10,037,538	10,614,088	20,651,626
Current - Restricted cash and investments	12,955	-	12,955
Noncurrent-Restricted cash and investments	13,800	51,277	65,077
Total All	\$ 10,064,293	\$ 10,665,365	\$ 20,729,658

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**2. CASH AND INVESTMENTS, Continued**

**D. Risks**

*Interest Rate Risk.* As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At December 31, 2018, the total amount of the District's investments and restricted investments was deposited with LAIF and Placer County Treasurer Investment Pool which is available to the District on demand or invested in bank certificates of deposit maturing in less than one year. As a result, the District was not significantly exposed to interest rate risk.

*Credit Risk.* At December 31, 2018, the District's investments in LAIF and Placer County Treasurer were not rated. The fair value of the District asset held in LAIF and Placer County Treasurer is materially equivalent to the value of the pool shares.

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the District 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 District's securities is held by a third-party custodian.

**E. Restricted Cash and Investments**

Restricted cash and investments for the District amounted to \$78,032. This amount breaks out as follows: \$65,077 was invested in certificates of deposit as required by agreements with the Tahoe Regional Planning Agency and the California Water Quality Control Board. The certificates of deposit cannot be released from restricted status without the approval of the listed agencies. The remainder of the funds, in the amount of \$12,955, was in the District's Section 125 medical reimbursement account which is restricted for the sole use of the District's employees.

**3. INTERFUND TRANSACTIONS**

**A. Due to/due from other funds**

Short term interfund loans between funds at December 31, 2018 were as follows:

	Due To
	<u>General Fund</u>
Due from Debt Service	<u>\$ 12,050</u>

The amounts due to the General Fund represent the residual balance of normal operating transfers.

**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 2018 there were no transfers to the Water and Sewer Enterprise fund.

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**4. CAPITAL ASSETS**

**A. Government-Wide Financial Statements**

At December 31, 2018, the District's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 5,401,592	\$ 42,957	\$ 5,444,549
Construction in progress	449,129	2,893,469	3,342,598
Total non-depreciable assets	<u>5,850,721</u>	<u>2,936,426</u>	<u>8,787,147</u>
Depreciable assets:			
Water and sewer plant	-	78,334,380	78,334,380
Recreational facilities	45,079,654	-	45,079,654
Office building and equipment	5,770,041	6,506,396	12,276,437
Vehicles	567,654	1,921,603	2,489,257
Total depreciable assets	<u>51,417,349</u>	<u>86,762,379</u>	<u>138,179,728</u>
Less accumulated depreciation:			
Water and sewer plant	-	(42,542,831)	(42,542,831)
Recreational facilities	(24,355,294)	-	(24,355,294)
Office building and equipment	(2,969,483)	(3,360,858)	(6,330,341)
Vehicles	(357,060)	(616,181)	(973,241)
Total accumulated depreciation	<u>(27,681,837)</u>	<u>(46,519,870)</u>	<u>(74,201,707)</u>
Net depreciable assets	<u>23,735,512</u>	<u>40,242,509</u>	<u>63,978,021</u>
<b>Total capital assets, net</b>	<u><u>\$ 29,586,233</u></u>	<u><u>\$ 43,178,935</u></u>	<u><u>\$ 72,765,168</u></u>

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**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, 2018	Additions	Retirements	Transfers/ Reclassifications	Balance as of December 31, 2018
Capital assets, not being depreciated:					
Land	\$ 5,401,592	\$ -	\$ -	\$ -	\$ 5,401,592
Construction in progress	430,808	3,174,427	-	(3,156,106)	449,129
Total capital assets, not being depreciated	5,832,400	3,174,427	-	(3,156,106)	5,850,721
Capital assets, being depreciated:					
Recreational facilities	41,793,145	130,403	-	3,156,106	45,079,654
Office building and equipment	5,543,098	226,943	-	-	5,770,041
Vehicles	500,764	66,890	-	-	567,654
Total capital assets, being depreciated	47,837,007	424,236	-	3,156,106	51,417,349
Less accumulated depreciation for:					
Recreational facilities	(22,711,918)	(1,643,376)	-	-	(24,355,294)
Office building and equipment	(2,651,033)	(318,450)	-	-	(2,969,483)
Vehicles	(326,884)	(30,176)	-	-	(357,060)
Total accumulated depreciation	(25,689,835)	(1,992,002)	-	-	(27,681,837)
Net capital assets being depreciated	22,147,172	(1,567,766)	-	3,156,106	23,735,512
Governmental activities capital assets, net	<u>\$ 27,979,572</u>	<u>\$ 1,606,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,586,233</u>

Depreciation expense for capital assets during the year ended December 31, 2018 was charged to the different activities as follows:

Public works - parks	\$ 1,925,320
Recreation	66,682
Total	<u>\$ 1,992,002</u>

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**4. CAPITAL ASSETS, Continued**

**A. Government-Wide Financial Statements, Continued**

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

Business-Type Activities	Balance as of January 1, 2018	Additions	Retirements	Transfers/ Reclassifications	Balance as of December 31, 2018
Capital assets, not being depreciated:					
Land	\$ -	\$ 42,957	\$ -	\$ -	\$ 42,957
Construction in progress	5,287,282	5,280,949		(7,674,762)	2,893,469
Total capital assets, not being depreciated	5,287,282	5,323,906	-	(7,674,762)	2,936,426
Capital assets, being depreciated:					
Water and sewer plant	70,659,618		-	7,674,762	78,334,380
Office building and equipment	6,146,489	366,222	(6,315)		6,506,396
Vehicles	1,756,227	165,376			1,921,603
Total capital assets, being depreciated	78,562,334	531,598	(6,315)	7,674,762	86,762,379
Less accumulated depreciation for:					
Water and sewer plant	(41,379,721)	(1,163,110)		-	(42,542,831)
Office building and equipment	(3,193,748)	(173,425)	6,315	-	(3,360,858)
Vehicles	(454,174)	(162,007)		-	(616,181)
Total accumulated depreciation	(45,027,643)	(1,498,542)	6,315	-	(46,519,870)
Net capital assets being depreciated	33,534,691	(966,944)	-	7,674,762	40,242,509
Business-type activities capital assets, net	\$ 38,821,973	\$ 4,356,962	\$ -	\$ -	\$ 43,178,935

Depreciation expense for capital assets for December 31, 2018 was charged to the different activities as follows:

Water	\$ 1,041,620
Sewer	456,922
Total	<u>\$ 1,498,542</u>



**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**5. UNEARNED REVENUE**

*Government-Wide Financial Statements*

At December 31, 2018, 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		Total	Business-Type	
	Activities			Enterprise Fund	Total
	Governmental Funds				
	General Fund	Debt Service Fund		Governmental Activities	Water Fund
Golf Deferred Revenue	\$ 18,475	\$ -	\$ 18,475	\$ -	\$ 18,475
Sidewalk principal and interest	7,266	531	7,797	-	7,797
Deferred Misc	500	-	500	-	500
Water system studies grant	-	-	-	97,932	97,932
<b>Total</b>	<b>\$ 26,241</b>	<b>\$ 531</b>	<b>\$ 26,772</b>	<b>\$ 97,932</b>	<b>\$ 124,704</b>

**6. LONG TERM LIABILITIES**

The following is a summary of long-term liabilities transactions for the year ended December 31, 2018:

	Maturity Date	Interest Rate	Balance			Balance December 31, 2018	Current Portion	Due in More than One Year
			January 1, 2018	Additions	Retirements			
<b>Governmental Activities</b>								
Sidewalk Improvement Bonds	2019	6.02%	\$ 25,026	\$ -	\$ (12,513)	\$ 12,513	\$ 12,513	\$ -
State Water Resources Control Board	2028	1.80%	1,382,705	-	(114,773)	1,267,932	116,843	1,151,089
Taxable Pension Obligation Refunding Bonds	2019	4.05%	484,478	-	(319,721)	164,757	164,757	-
<b>Total Governmental activities</b>			<b>\$ 1,892,209</b>	<b>\$ -</b>	<b>\$ (447,007)</b>	<b>\$ 1,445,202</b>	<b>\$ 294,113</b>	<b>\$ 1,151,089</b>
<b>Business-Type Activities</b>								
2001 Refunding Bonds								
Series C	2021	6.05%	\$ 130,794	-	\$ (42,681)	\$ 88,113	\$ 43,496	\$ 44,617
<b>Total Business-type activities</b>			<b>\$ 130,794</b>	<b>\$ -</b>	<b>\$ (42,681)</b>	<b>\$ 88,113</b>	<b>\$ 43,496</b>	<b>\$ 44,617</b>

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**6. LONG TERM LIABILITIES, Continued**

Future principal and interest payments on all long-term liabilities were as follows at December 31, 2018:

For the Year Ending 12/31	Governmental Activities					
	State Water Resources Control Bd.		Pension Refunding Bonds		Sidewalk Improvement Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	116,843	22,861	164,757	2,506	12,513	354
2020	118,949	20,754	-	-	-	-
2021	121,094	18,609	-	-	-	-
2022	123,277	16,426	-	-	-	-
2023	125,500	14,203	-	-	-	-
2024-2028	662,269	36,249	-	-	-	-
	<u>\$ 1,267,932</u>	<u>\$ 129,102</u>	<u>\$ 164,757</u>	<u>\$ 2,506</u>	<u>\$ 12,513</u>	<u>\$ 354</u>

For the Year Ending 12/31	Business-Type Activities	
	2001 Refunding Bonds Series C	
	Principal	Interest
2019	\$ 43,496	\$ 1,461
2020	44,617	632
	<u>\$ 88,113</u>	<u>\$ 2,093</u>

***Governmental Activities***

*Sidewalk Improvement Bonds* - The District issued \$212,723 of original principal amount Sidewalk Improvement Bonds, with an initial interest rate of 5.75%, on December 27, 2001 to finance the design, engineering, easement acquisition and other costs for the Tahoe City downtown sidewalk project. The interest rate adjusts every five years to a rate equal to 115% of the Five Year Advance Fixed Rate as quoted on such date by the Seattle Federal Home Loan Bank. The interest is payable semi-annually on March 2 and September 2. The District is empowered and is obligated to levy ad valorem taxes, without limitation as to rate or amount upon certain property subject to taxation within the District (downtown properties which benefit from the project) for the payment of interest and principal on the Bonds. The Bonds are subject to optional and mandatory early redemption provisions. The Bonds' principal payments are payable annually on September 2, in the amount of \$12,513.

*Taxable Pension Obligation Refunding Bonds 2011* - The District entered into an eight year financing in the amount of \$2,280,000 with Bank of America with an interest rate of 4.05% on June 21, 2011 to refund certain pension benefits to the California Public Employees' Retirement System (CalPERS). The principal and interest payments are payable quarterly on March 15, June 15, September 15, and December 15. The District may prepay all outstanding principal and accrued interest on any payment date.

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**6. LONG TERM LIABILITIES, Continued**

The source of principal and interest payments for this loan is general property tax revenues.

*State Water Resources Control Board (State Revolving Fund) Financing* - The District 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 District 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 District will make 20 annual payments of \$139,703 through September 30, 2028 resulting in an effective interest rate of 1.803%. The source of principal and interest payments for this loan is general property tax revenues.

***Business-Type Activities***

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

**7. PLEDGES OF FUTURE REVENUES**

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

	Annual Principal & Interest	Percentage of 2018 General Property Tax Pledged
<b>Governmental Activities</b>		
Pension Refunding Bonds	\$ 167,263	2.2%
Sidewalk Improvement Bonds	12,867	0.2%
State Water Resources Control Board	139,704	1.9%
2001 Refunding Bonds Series C	44,957	0.6%
Unpledged General Property Tax Revenues	<u>7,094,691</u>	<u>95.1%</u>
Total 2018 General Property Tax Revenues	<u>\$ 7,459,482</u>	<u>100.0%</u>

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

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
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**7. PLEDGES OF FUTURE REVENUES, Continued**

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

**8. COMPENSATED ABSENCES**

Compensated absences balances and activity for the year ended December 31, 2018 were as follows:

	Balance January 1, 2018	Additions	Retirements	Balance December 31, 2018	Due within One Year
Governmental Activities	\$ 171,097	\$ 91,590	\$ (82,818)	\$ 179,869	\$ 179,869
Business-Type Activities	171,257	332,954	(339,026)	165,185	165,185
<b>Total</b>	<b>\$ 342,354</b>	<b>\$ 424,544</b>	<b>\$ (421,844)</b>	<b>\$ 345,054</b>	<b>\$ 345,054</b>

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

**9. FUND BALANCES / NET POSITION**

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

The following General Fund balance at December 31, 2018 is as follows. Non-spendable consists of prepaid items and inventory. The District has assigned \$1,034,429 for capital reserve and \$130,200 for rolling stock in the General Fund for the long-term replacement of capital assets within the District Parks and Recreation.

Non-Spendable	\$ 136,715
Assigned	
Capital Reserve - capital	1,034,429
Capital Reserve - rolling stock	130,200
Unassigned fund balance	<u>13,005,097</u>
Total Fund Balance General Fund	<u>\$ 14,306,441</u>

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**9. FUND BALANCES / NET POSITION, Continued**

The District designated the unrestricted net position of the proprietary fund at December 31, 2018 as follows:

Designated for:	Water	Sewer	Total
Minimum Capital Reserve	\$ 1,689,903	\$ 1,901,141	\$ 3,591,044
Rolling Stock	140,900	140,900	281,800
Budget Stabilization	842,295	735,594	1,577,889
Property tax reserve - water	1,267,735	-	1,267,735
	3,940,833	2,777,635	6,718,468
Total designated net position - proprietary activities			
Undesignated	717,620	1,702,261	2,419,881
Total unrestricted net position proprietary fund	\$ 4,658,453	\$ 4,479,896	\$ 9,138,349

**10. PENSION PLANS**

**General Information about the Pension Plans**

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees’ Retirement System (CalPERS). The Plan’s benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at [www.calpers.ca.gov](http://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 District. The District’s employer rate plans in the miscellaneous risk pool include the Miscellaneous plan (Classic) and the Miscellaneous PEPR plan (PEPR). The District does not have any rate plans in the safety risk pool.

Benefits Provided – The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members and PEPR 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 PEPR 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.

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**10. PENSION PLANS, Continued**

The Plan provisions and benefits in effect at December 31, 2018 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	8.00%	6.25%
Required Employer Contribution Rates 2017/2018	11.675%	6.533%
Required Employer Contribution Rates 2018/2019	12.212%	6.842%

**Funding Policy**

The plan requires employee contributions equal to some percentage of the employees' annual covered salary. During fiscal 2018 the employee paid 100% of the employee's contribution. Before 2015 and pursuant to labor contracts beginning July 1, 2011 employees began making a contribution of 1% towards the 8.0% employee contribution portion of the pension plan. Effective January 1, 2012 and each year thereafter, the employee's deduction toward the employee portion of the pension contribution increased by an amount equal to 75% COLA applied for the same year until such time the employee is paying the entire employee contribution. Beginning with 2015 employees were paying the full employee contribution.

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS' annual actuarial valuation process. Each employer rate plan's actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan's allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's contributions to the risk pools in the Plan for the year ended December 31, 2018, were as follows:

For the year ended December 31, 2018, the contributions for the plan were as follows:

	Contributions
Contributions - Employer	\$ 933,302
Contributions - Employee	\$ 381,378



**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**10. PENSION PLANS, Continued**

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

As of December 31, 2018, the District reported a net pension liability for its proportionate share of the net pension liability of the plan of \$10,802,728.

	<u>Proportionate Share of Net Pension Liability</u>
Beginning net pension liability, December 31, 2017	\$ 10,958,295
Pension Expense	1,733,522
Employer contribution	(1,100,764)
Net new deferred inflows / outflows	<u>(788,325)</u>
	<u>\$ 10,802,728</u>

In determining the District's proportionate share, the District'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, 2017. The District 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 District's proportionate share percentage for the risk pool at the valuation date was calculated by dividing the District'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 District's proportionate share of the net pension liability as of June 30, 2018, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2018, 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, 2018, 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, 2018, was calculated by applying Tahoe City Public Utility District's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2018, to obtain the total pension liability and fiduciary net position as of June 30, 2018. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**10. PENSION PLANS, Continued**

The District's proportionate share of the net pension liability as of June 30, 2018 and June 30, 2017 was as follows:

	Miscellaneous Risk Pool
Proportion at valuation date – June 30, 2017	0.27798%
Proportion at measurement date – June 30, 2018	0.28664%
Change – increase (decrease)	<u>0.00866%</u>

For the year ended December 31, 2018 the District recognized pension expense of \$1,733,522. At December 31, 2018 the District 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	\$ 1,231,543	\$ 301,827
Differences between expected and actual experience	414,482	141,046
Net Difference between projected and actual earnings on plan investments	53,406	-
Differences between Actual Contributions vs. Proportionate Share of Contribution		338,586
Change in employer's proportion	50,544	164,218
Pension Contributions Made Subsequent to the Measurement Date	796,994	-
	<u>\$ 2,546,969</u>	<u>\$ 945,677</u>

The \$796,994 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, 2019. 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
2019	\$ 879,248
2020	441,570
2021	(419,356)
2022	(97,164)
	<u>\$ 804,298</u>

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**10. PENSION PLANS, Continued**

**Actuarial Assumptions**

The total pension liabilities in the December 31, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase <sup>(1)</sup>	Varies by Entry Age & Length of Service
Investment Rate of Return <sup>(2)</sup>	7.15% net of pension plan investment and administrative expenses
Mortality <sup>(3)</sup>	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

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

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

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

**Allocation Amongst District Funds**

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

**Change of Assumptions**

For the measurement period June 30, 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. For the measurement period June 30, 2017, the accounting discount rates was lowered from 7.65 percent to 7.15 percent

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2018 based on June 30, 2017 Valuations, that can be obtained from the CalPERS website.

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**10. PENSION PLANS, Continued**

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

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

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

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

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

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

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**10. PENSION PLANS, Continued**

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

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

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

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

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

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

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate + 1% (8.15%)
Plan's Net Pension Liability / ( Asset)	\$ 16,173,125	\$ 10,802,728	\$ 6,369,555

**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 District'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 District and the International Union of Operating Engineers, Stationary Engineers, Local No. 39 (Union) representing classified employees and an informal bargaining group representing managers, supervisors, and professional employees. The Retiree Health Plan does not issue a publicly available financial report.

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued**

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

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

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

Valuation Date	December 31, 2017
Measurement Period	December 31, 2016 to December 2017
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	7.28% as of December 31, 2017 & December 31, 2016 net of plan investment expense and including inflation
Discount rate	7.28% as of December 31, 2017 & December 31, 2016
Participants Valued	Only current active employees, retired participants and covered dependents are valued. No future entrants are considered in this valuation
Salary Increase	3.25 % per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years
Assumed Wage Inflation	3.0% per year; used as a component of assumed salary increases
General Inflation	2.75% per year
Healthcare Cost Trend Rates	Medial plan premiums, benefit caps, and age-related claims costs are assumed to increase once each year. The increases over the prior year's levels are assumed to be effective on the dates shown below:

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

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



**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued**

Contributions - The District is to fully fund the annual required contributions, which is determine by an actuary. Contribution requirements are also negotiated between the District, the Union, and the informal bargaining group. The District currently contributes monthly maximums toward medical premiums of \$634.85 for a retiree with 2 or more dependents, \$496.84 for a retiree with 1 dependent, and \$248.42 for an individual retiree. The District 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 2018, the District paid \$159,768 toward retiree medical premiums and \$28,569 for retiree dental and vision claims, which amounted to \$188,337, as contributions to OPEB. TCPUD also placed \$98,180 into the CERBT, to be applied towards the OPEB obligation and estimated implied subsidy was \$60,998. This provided for \$347,515 as total contributions in 2018 to OPEB.

Discount Rate - GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. The District 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 7.28%.

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	\$ -	\$ 660,944
Differences between expected and actual experience	106,326	-
Net Difference between projected and actual earnings on plan investments	-	112,638
Deferred Contributions	340,557	-
	<u>\$ 446,883</u>	<u>\$ 773,582</u>

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

**Tahoe City Public Utility District**  
**Notes to the Basic Financial Statements**  
**For the year ended December 31, 2018**

**11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued**

Year Ended December 31	Amount
2019	\$ (133,800)
2020	(133,800)
2021	(133,800)
2022	(133,802)
2023	(105,641)
Thereafter	(26,413)
	<u>\$ (667,256)</u>

OPEB Expense - For the fiscal year ended December 31, 2018, the District recognized OPEB expense of \$159,704.

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(c) = (a) - (b)
Beginning	\$ 4,055,474	\$ 1,387,627	\$ 2,667,847
Service cost	104,472	-	104,472
Interest	293,808	-	293,808
Contributions - employer		351,447	(351,447)
Net investment income		245,573	(245,573)
Benefit payments	-	(248,242)	248,242
Difference between expected and actual experience	126,579	-	126,579
Changes of assumptions	(786,838)	-	(786,838)
Benefit payments	(248,242)	-	(248,242)
Ending	<u>\$ 3,545,253</u>	<u>\$ 1,736,405</u>	<u>\$ 1,808,848</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - Sensitivity of the Net OPEB Liability of the District 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, 2017:

	Discount Rate -1% (6.28%)	Current Discount Rate (7.28%)	Discount Rate + 1% (8.28%)
Plan's Net OPEB liability	\$ 2,226,113	\$ 1,808,848	\$ 1,460,184

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates - The following represents the net OPEB liability of the District 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, 2017:

	Current Trend -1%	Current Trend -1%	Current Trend +1%
Plan's Net OPEB liability	\$ 1,422,891	\$ 1,808,848	\$ 2,276,865

**Tahoe City Public Utility District**  
**Notes to the Basic Financial Statements**  
**For the year ended December 31, 2018**

**12. RISK MANAGEMENT**

The District 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.

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, 2018</u>	<u>September 30, 2017</u>
Total assets	\$ 188,344,217	\$ 199,365,344
Deferred Outflows	1,098,315	1,404,974
Total liabilities	100,820,701	123,871,469
Deferred Inflows	2,156,227	1,576,175
Total net position	86,465,604	75,322,674
Total operating revenues	176,044,304	169,992,183
Total operating expenses	165,196,299	164,170,540
Total nonoperating revenues	294,925	797,414
Change in net position	11,142,930	6,619,057

The District 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 District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide insurance programs for California water agencies. The role of the ACWA/JPIA is to arrange and administer insurance programs where loss is retained and shared among its member agencies, and to purchase excess or specialty-insurance coverage above retained limits. The District participated in the liability, property, and workers' compensation programs of the ACWA/JPIA as follows:

- General, auto, and public officials' liability coverage up to the ACWA/JPIA pooled self-insured limits of \$5,000,000 per occurrence. ACWA/JPIA purchased additional excess coverage layers, which increases the coverage limits to \$60,000,000.
- Employee dishonesty coverage up to \$1,100,000, which includes public employee dishonesty, forgery or alteration, and computer fraud, with a \$1,000 deductible.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, and otherwise paid on an actual cash value basis, to a combined total of \$500 million, subject to a deductible that generally ranges from \$25,000 to \$100,000 depending on the type of property.
- Workers' compensation insurance up to the ACWA/JPIA pooled self-insured limit of \$2,000,000 for all work-related injuries/illnesses covered by California law. ACWA/JPIA purchased additional

**Tahoe City Public Utility District  
Notes to the Basic Financial Statements  
For the year ended December 31, 2018**

**12. RISK MANAGEMENT, Continued**

excess coverage layers, which increases the coverage limit from \$2,000,000 up to the statutory limit as established by the State of California.

The ACWA-JPIA is self-sustaining through member premiums, and in the event of significant claims may increase deposit requirements from its members. The District would be required to pay these amounts prior to terminating participation in ACWA-JPIA. During fiscal year 2018, the District 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 District's insurance coverage during the year ended December 31, 2018.

**13. CONTINGENCIES AND LITIGATION**

From time to time, the District is involved in litigation, claims and assessments incidental to its operations. Further, the District may be advised of unasserted possible claims and assessments that may be probable of assertion. As a general policy, the District 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 District, 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 District is currently involved will not materially affect the District's financial condition.

**14. COMMITMENTS**

The District has entered into contracts for construction with remaining commitments of approximately \$187,150 at December 31, 2018.

**15. PRIOR PERIOD RESTATEMENT**

As a result of implementing GASB Statement No. 75, the District has restated the beginning net position in the government-wide Statement of Net Position effectively decreasing net position as of December 31, 2018 by \$78,597 in the governmental activities and \$1,898,797 in the business-type activities. Also, as a result of prior period internal balance restatement the beginning net position in the government-wide Statement of Net Position as of December 31, 2018 effectively decreased the governmental activities by \$490,618 and increased the business-type activities by \$490,618.

	Governmental Activities	Business-Type Activities	Total
Net position - Beginning as previously reported	\$ 34,525,929	\$ 50,798,283	\$ 85,324,212
Prior period restatement for GASB 75	(78,597)	(1,898,797)	(1,977,394)
Prior period restatement for internal balances	(490,618)	490,618	-
Net position - restated	33,956,714	49,390,104	83,346,818
Change in net position	3,948,081	2,978,380	6,926,461
Net position - Ending	<u>\$ 37,904,795</u>	<u>\$ 52,368,484</u>	<u>\$ 90,273,279</u>

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## Required Supplementary Information

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Tahoe City Public Utility District  
Required Supplementary Information  
For the year ended December 31, 2018

Budgets and Budgetary Accounting

The District 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 District 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, 2018

Budgetary Comparison Schedule - General Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Fees	\$ 709,437	\$ 709,437	\$ 664,259	\$ (45,178)
Property taxes	6,179,574	6,179,574	6,960,860	781,286
Interest	60,000	60,000	225,076	165,076
Grants	2,199,288	2,199,288	1,848,360	(350,928)
Other	446,352	446,352	454,090	7,738
<b>Total revenues</b>	<u>9,594,651</u>	<u>9,594,651</u>	<u>10,152,645</u>	<u>557,994</u>
<b>EXPENDITURES:</b>				
Current:				
Public works - Parks	3,490,765	3,490,765	2,989,366	501,399
Recreation	865,446	865,446	867,641	(2,195)
Other operating	140,592	140,592	98,986	41,606
Capital outlay	5,243,269	5,243,269	3,598,663	1,644,606
<b>Total expenditures</b>	<u>9,740,072</u>	<u>9,740,072</u>	<u>7,554,656</u>	<u>2,185,416</u>
<b>REVENUES OVER EXPENDITURES</b>	<u>(145,421)</u>	<u>(145,421)</u>	<u>2,597,989</u>	<u>2,743,410</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Proceeds from sales of asset	360	360	-	(360)
<b>Total other financing sources (uses)</b>	<u>360</u>	<u>360</u>	<u>-</u>	<u>(360)</u>
<b>REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ (145,061)</u>	<u>\$ (145,061)</u>	<u>2,597,989</u>	<u>\$ 2,743,050</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>11,708,452</u>	
End of year			<u>\$ 14,306,441</u>	

Tahoe City Public Utility District  
 Required Supplementary Information  
 For the year ended December 31, 2018  
 Last Ten Years <sup>(a)</sup>

Schedule of the District'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, 2018

Last Ten Years <sup>(a)</sup>

Measurement Year Ending June 30: <sup>(a)</sup>	2014	2015	2016	2017	2018
Proportion of the Net Pension Liability/(Asset)	0.091120%	0.109590%	0.110080%	0.277980%	0.286640%
Proportionate Share of the Net Pension Liability/(Asset)	\$5,670,115	\$7,522,250	\$9,525,374	\$10,958,295	\$10,802,278
Covered Payroll <sup>(b)</sup>	\$3,356,812	\$3,596,691	\$3,836,308	\$4,092,808	\$4,097,628
Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	168.91%	209.14%	248.30%	267.74%	254.39%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	83.03%	77.67%	72.81%	71.59%	72.79%
Aggregate Employer Contributions <sup>(c)(d)</sup>	\$750,135	\$905,102	\$949,673	\$1,044,645	\$1,100,764

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-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculated the required payroll-related ratios.
- (c) The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions uses the plan's proportion of fiduciary net position multiplied by the total employer contribution amount as its basis, as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.
- (d) GASB 68 does not require that we display this data for employers participating in cost-sharing plans, but we show it here because we use it in the calculation of the Plan's pension expense.
- (e) Changes in Assumptions - In 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, 2018  
 Last Ten Years <sup>(a)</sup>

Schedule of Contributions - CalPERS Pension Plan

Fiscal year ending December 31: <sup>(a)</sup>	December 31, 2018 Last Ten Years <sup>(a)</sup>				
	2014	2015	2016	2017	2018
Actuarially Determined Contributions <sup>(b)</sup>	\$ 517,089	\$ 904,952	\$ 949,673	\$ 799,269	\$ 933,302
Actual Contributions	(517,089)	(542,906)	(703,529)	(799,269)	(862,196)
Contribution Deficiency (Excess)	\$ -	\$ 362,046	\$ 246,144	\$ -	\$ 71,106
Covered Payroll <sup>(c)</sup>	\$ 3,289,595	\$ 3,588,162	\$ 3,962,012	\$ 3,988,868	\$ 4,246,526
Contributions as a Percentage of Covered-Employee Payroll <sup>(c)</sup>	15.72%	15.13%	17.76%	20.04%	20.30%

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, 2018  
 Last Ten Years\*

Schedule of Changes in the Net OPEB Liability and Related Ratios

<b>Total OPEB Liability</b>	
Service cost	\$ 104,472
Interest	293,808
Change of benefit terms	-
Difference between expected and actual experience	126,579
Changes in assumptions	(786,838)
Benefit payments	<u>(248,242)</u>
Net change in total OPEB liability	(510,221)
Total OPEB liability, beginning	<u>4,055,474</u>
Total OPEB liability, ending (a)	<u><u>\$ 3,545,253</u></u>
Plan Fiduciary Net Position	
Contribution - employer	\$ 351,447
Net investment income	245,573
Benefit payments	<u>(248,242)</u>
Net change in plan fiduciary net position	348,778
Plan fiduciary net position - beginning	<u>1,387,627</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 1,736,405</u></u>
Net OPEB liability - ending (a) - (b)	<u><u>\$ 1,808,848</u></u>
Covered Payroll	\$ 4,136,867
Net OPEB liability as a percentage of covered payroll	43.73%

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

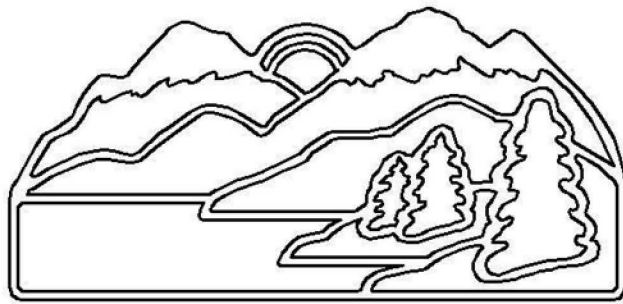
Tahoe City Public Utility District  
 Required Supplementary Information  
 For the year ended December 31, 2018  
 Last Ten Years\*

Schedule of Contributions - OPEB

	2018
Actuarially Determined Contributions (ADC)	\$ 337,850
Contributions in relation to the ADC	340,557
Contribution deficiency (excess)	\$ (2,707)
 Covered Payroll	 \$ 4,263,542
 Contributions as a percentage of covered payroll	 7.99%

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

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# STATISTICAL SECTION

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

## Contents Page

Financial Trends 86-90

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

Revenue Capacity 91-93

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

Demographic and Economic Information 94-97

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

Operating Information 98-105

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

## Net Position by Component

### Tahoe City Public Utility District Net Position by Component Last Ten Years (accrual basis of accounting)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Governmental activities</b>										
Net Investment										
in capital assets	\$ 28,305,788	\$ 26,571,841	\$ 27,344,369	\$ 25,488,414	\$ 23,012,867	\$ 25,572,951	\$ 26,113,468	\$ 18,769,956	\$ 18,810,323	\$ 18,169,111
Restricted	13,800	13,800	-	-	-	-	-	-	-	-
Unrestricted	9,585,207	7,940,288	4,073,347	5,842,369	8,826,600	3,149,351	349,651	1,642,768	1,122,150	702,001
Total governmental activities net position	\$ 37,904,795	\$ 34,525,929	\$ 31,417,716	\$ 31,330,783	\$ 31,839,467	\$ 28,722,302	\$ 26,463,119	\$ 20,412,724	\$ 19,932,473	\$ 18,871,112
<b>Business-type activities</b>										
Net Investment										
in capital assets	\$ 43,178,935	\$ 38,617,239	\$ 36,342,147	\$ 35,339,690	\$ 32,303,799	\$ 31,310,220	\$ 29,843,861	\$ 26,824,951	\$ 26,917,470	\$ 25,176,354
Restricted	51,200	51,200	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Unrestricted	9,138,349	12,129,844	12,598,329	6,217,735	13,029,529	12,257,558	10,239,603	9,898,703	5,417,876	4,493,416
Total business-type activities net position	\$ 52,368,484	\$ 50,798,283	\$ 49,005,476	\$ 41,622,425	\$ 45,398,328	\$ 43,632,778	\$ 40,148,464	\$ 36,788,654	\$ 32,400,346	\$ 29,734,770
<b>Primary Government</b>										
Net Investment										
in capital assets	71,484,723	65,189,080	63,686,516	60,828,104	55,316,666	56,883,171	55,957,329	45,594,907	45,727,793	43,345,465
Restricted	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Unrestricted	18,723,556	20,070,132	16,671,676	12,060,104	21,856,129	15,406,909	10,589,254	11,541,471	6,540,026	5,195,417
Total primary government net position	\$ 90,273,279	\$ 85,324,212	\$ 80,423,192	\$ 72,953,208	\$ 77,237,795	\$ 72,355,080	\$ 66,611,583	\$ 57,201,378	\$ 52,332,819	\$ 48,605,882

## Business-Type Activities Change in Net Position

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Tahoe City Public Utility District</b>										
<b>Business-Type Activities</b>										
<b>Change in Net Position</b>										
<b>Last Ten Years</b>										
<b>(accrual basis of accounting)</b>										
<b>Charges for services:</b>										
Water	\$ 6,442,160	\$ 4,982,871	\$ 4,509,106	\$ 4,200,135	\$ 4,261,947	\$ 4,479,654	\$ 4,062,675	\$ 3,801,695	\$ 3,569,139	\$ 3,149,273
Sewer	4,972,602	4,680,507	4,418,035	4,433,925	4,146,065	3,920,035	3,645,909	3,264,923	2,874,137	2,322,991
Operating grants and contributions	6,100	191,742	3,991	44,028	-	-	239,547	314,735	61,218	-
Capital grants and contributions	226,913	161,868	211,035	237,620	202,026	1,572,553	2,035,785	400,000	541,489	136,185
Property taxes	24,283	23,929	23,290	23,287	23,287	23,287	19,951	44,526	64,457	104,095
Investment earnings	196,592	233,590	148,549	118,439	104,797	104,964	70,904	36,632	27,086	45,335
Transfers			5,508,259	-	-	-	-	3,242,422	1,950,000	2,600,000
<b>Total program revenues</b>	<b>11,868,650</b>	<b>10,274,507</b>	<b>14,822,265</b>	<b>9,057,434</b>	<b>8,738,122</b>	<b>10,100,493</b>	<b>10,074,771</b>	<b>11,104,933</b>	<b>9,087,526</b>	<b>8,357,879</b>
<b>Expenses:</b>										
Water - direct expenses	4,890,159	4,667,549	3,918,289	3,971,701	3,215,001	3,060,475	2,624,423	2,679,086	2,734,394	2,631,299
Sewer - direct expenses	3,164,077	3,703,846	3,470,484	2,895,256	2,575,524	2,519,612	2,552,374	2,705,614	2,471,935	2,544,654
Indirect expenses	836,034	792	50,439	(314,768)	1,182,049	1,116,164	1,538,164	1,331,925	1,215,621	1,210,126
<b>Total expenses</b>	<b>8,890,270</b>	<b>8,372,187</b>	<b>7,439,212</b>	<b>6,552,189</b>	<b>6,972,574</b>	<b>6,696,251</b>	<b>6,714,961</b>	<b>6,716,625</b>	<b>6,421,950</b>	<b>6,386,079</b>
<b>Change in net position</b>	<b>2,978,380</b>	<b>1,902,320</b>	<b>7,383,053</b>	<b>2,505,245</b>	<b>1,765,548</b>	<b>3,404,242</b>	<b>3,359,810</b>	<b>4,388,308</b>	<b>2,665,576</b>	<b>1,971,800</b>
<b>Net Position</b>	<b>50,798,283</b>	<b>49,005,476</b>	<b>41,622,423</b>	<b>45,398,326</b>	<b>43,632,778</b>	<b>40,148,464</b>	<b>36,788,654</b>	<b>32,400,346</b>	<b>29,734,770</b>	<b>27,762,970</b>
Prior period restatement	(1,408,179)	(109,513)		(6,281,148)		80,072				
<b>Net Position - Beginning</b>	<b>49,390,104</b>	<b>48,895,963</b>	<b>41,622,423</b>	<b>39,117,178</b>	<b>43,632,778</b>	<b>40,228,536</b>	<b>36,788,654</b>	<b>32,400,346</b>	<b>29,734,770</b>	<b>27,762,970</b>
<b>Net Position - Ending</b>	<b>\$ 52,368,484</b>	<b>\$ 50,798,283</b>	<b>\$ 49,005,476</b>	<b>\$ 41,622,423</b>	<b>\$ 45,398,326</b>	<b>\$ 43,632,778</b>	<b>\$ 40,148,464</b>	<b>\$ 36,788,654</b>	<b>\$ 32,400,346</b>	<b>\$ 29,734,770</b>

## 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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Charges for services:</b>										
Public works-Parks	\$ 769,218	\$ 733,871	\$ 349,343	\$ 318,032	\$ 312,132	\$ 357,766	\$ 326,429	\$ 238,060	\$ 242,854	\$ 201,623
Recreation	338,586	275,719	295,913	290,265	316,671	320,432	275,449	266,806	224,850	270,305
Operating grants and contributions	428,612	374,748	394,768	349,078	334,610	305,861	367,184	374,326	297,996	366,644
Capital grants and contributions	1,443,556	134,616	2,585,198	373,169	968,622	257,535	4,346,031	2,194,414	1,157,357	60,519
Property taxes	7,435,199	7,036,697	6,717,678	6,314,533	5,713,528	5,569,351	5,249,163	5,114,287	5,217,858	5,397,897
Investment earnings	225,163	123,975	120,327	88,257	51,736	(1,790)	(268)	5,356	6,153	8,945
Transfers			(5,508,259)		-			(3,242,422)	(1,950,000)	(2,600,000)
<b>Total program revenues</b>	<b>10,640,334</b>	<b>8,679,626</b>	<b>4,954,968</b>	<b>7,733,334</b>	<b>7,697,299</b>	<b>6,809,155</b>	<b>10,563,988</b>	<b>4,950,827</b>	<b>5,197,068</b>	<b>3,705,933</b>
<b>Expenses:</b>										
Public works-Parks direct expenses	5,616,942	4,815,967	3,957,048	3,788,125	3,605,113	3,538,594	2,890,323	2,913,881	2,740,442	2,814,116
Recreation - direct expenses	936,950	731,763	735,527	691,660	686,566	658,660	655,346	698,488	598,192	624,310
Indirect expenses	138,361	133,196	175,459	(16,861)	288,455	352,718	967,924	858,207	797,073	713,196
<b>Total expenses</b>	<b>6,692,253</b>	<b>5,680,926</b>	<b>4,868,034</b>	<b>4,462,924</b>	<b>4,580,134</b>	<b>4,549,972</b>	<b>4,513,593</b>	<b>4,470,576</b>	<b>4,135,707</b>	<b>4,151,622</b>
<b>Change in net position</b>	<b>3,948,081</b>	<b>2,998,700</b>	<b>86,934</b>	<b>3,270,410</b>	<b>3,117,165</b>	<b>2,259,183</b>	<b>6,050,395</b>	<b>480,251</b>	<b>1,061,361</b>	<b>(445,689)</b>
Net Position	34,525,929	31,417,716	31,330,782	31,839,467	28,722,302	26,463,119	20,412,724	19,932,473	18,871,112	19,316,801
Prior period restatement	(569,215)	109,513		(3,779,095)						
<b>Net Position - Beginning</b>	<b>33,956,714</b>	<b>31,527,229</b>	<b>31,330,782</b>	<b>28,060,372</b>	<b>28,722,302</b>	<b>26,463,119</b>	<b>20,412,724</b>	<b>19,932,473</b>	<b>18,871,112</b>	<b>19,316,801</b>
<b>Net Position - Ending</b>	<b>\$ 37,904,795</b>	<b>\$ 34,525,929</b>	<b>\$ 31,417,716</b>	<b>\$ 31,330,782</b>	<b>\$ 31,839,467</b>	<b>\$ 28,722,302</b>	<b>\$ 26,463,119</b>	<b>\$ 20,412,724</b>	<b>\$ 19,932,473</b>	<b>\$ 18,871,112</b>

## Changes in Fund Balance of the Governmental Funds

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Revenues</b>										
Fees	\$ 664,259	\$ 537,394	\$ 410,153	\$ 442,891	\$ 571,485	\$ 520,240	\$ 559,633	\$ 498,272	\$ 465,063	\$ 471,928
Property taxes	7,435,199	7,036,697	6,717,678	6,314,533	5,713,528	5,569,351	5,249,163	5,114,287	5,217,858	5,397,897
Interest	225,163	123,975	120,327	88,211	51,736	(2,487)	(268)	5,356	6,153	8,945
Grants	1,848,360	509,364	2,718,957	706,453	1,289,217	551,250	4,713,215	2,469,981	1,228,833	395,497
Other	467,365	486,034	521,582	224,359	53,933	170,501	92,208	98,828	45,520	31,666
<b>Total Revenues</b>	<b>10,640,346</b>	<b>8,693,464</b>	<b>10,488,697</b>	<b>7,776,447</b>	<b>7,679,899</b>	<b>6,808,855</b>	<b>10,613,951</b>	<b>8,186,724</b>	<b>6,963,427</b>	<b>6,305,933</b>
<b>Expenditures</b>										
<b>Current:</b>										
Public works - Parks	2,989,372	2,938,775	2,333,481	2,310,189	2,085,922	2,017,398	1,885,281	2,091,189	1,891,425	1,823,687
Recreation	867,647	654,036	672,401	651,605	640,271	624,534	844,912	729,913	695,214	740,912
Other operating	98,985	86,651	103,784	109,790	163,378	201,516	164,734	121,859	90,389	67,423
Capital outlay	3,598,664	754,939	3,230,849	1,115,993	1,407,588	545,633	6,092,228	2,825,246	1,161,257	270,516
Debt service:										
Principal	447,007	672,749	648,609	625,403	639,848	796,035	908,088	760,017	612,652	591,685
Interest	40,550	63,143	87,393	110,940	129,892	156,576	197,035	181,381	162,156	183,875
<b>Total expenditures</b>	<b>8,042,225</b>	<b>5,170,293</b>	<b>7,076,517</b>	<b>4,923,920</b>	<b>5,066,899</b>	<b>4,341,692</b>	<b>10,092,278</b>	<b>6,709,605</b>	<b>4,613,093</b>	<b>3,678,098</b>
<b>Revenues over expenditures</b>	<b>2,598,121</b>	<b>3,523,171</b>	<b>3,412,180</b>	<b>2,852,527</b>	<b>2,613,000</b>	<b>2,467,163</b>	<b>521,673</b>	<b>1,477,119</b>	<b>2,350,334</b>	<b>2,627,835</b>
<b>Other Financing Sources (Uses)</b>										
Proceeds from the sale of assets	-	11,250	-	-	17,400	300	300	6,525	2,641	-
Proceeds from bonds	-	-	-	-	-	-	-	2,280,000	-	-
Transfers out to other funds	-	-	(5,508,259)	-	-	-	-	(3,242,422)	(1,950,000)	(2,600,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>11,250</b>	<b>(5,508,259)</b>	<b>-</b>	<b>17,400</b>	<b>300</b>	<b>300</b>	<b>(955,897)</b>	<b>(1,947,359)</b>	<b>(2,600,000)</b>
<b>Net change in fund balances</b>	<b>2,598,121</b>	<b>3,534,421</b>	<b>(2,096,079)</b>	<b>2,852,527</b>	<b>2,630,400</b>	<b>2,467,463</b>	<b>521,973</b>	<b>521,222</b>	<b>402,975</b>	<b>27,835</b>
<b>Fund Balances</b>										
<b>Fund Balance - Beginning</b>	<b>11,708,804</b>	<b>8,174,383</b>	<b>10,270,462</b>	<b>7,417,935</b>	<b>4,787,535</b>	<b>2,320,072</b>	<b>1,798,099</b>	<b>1,276,877</b>	<b>873,902</b>	<b>846,067</b>
<b>End of year</b>	<b>\$ 14,306,925</b>	<b>\$ 11,708,804</b>	<b>\$ 8,174,383</b>	<b>\$ 10,270,462</b>	<b>\$ 7,417,935</b>	<b>\$ 4,787,535</b>	<b>\$ 2,320,072</b>	<b>\$ 1,798,099</b>	<b>\$ 1,276,877</b>	<b>\$ 873,902</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>10.97%</b>	<b>16.67%</b>	<b>19.14%</b>	<b>19.34%</b>	<b>21.04%</b>	<b>25.09%</b>	<b>27.63%</b>	<b>24.24%</b>	<b>22.45%</b>	<b>22.76%</b>

## 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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Nonspendable	\$ 136,715	\$ 172,113	\$ 153,770	\$ 168,226	\$ 93,903	\$ 28,811	\$ 65,553	\$ 45,268	\$ 41,354	\$ -
Committed										
Assigned	1,164,629	1,164,629	1,164,629	964,493	770,962	450,000	450,000	450,000	450,000	50,000
Unassigned	13,005,097	10,371,710	6,855,637	9,137,397	6,552,781	4,308,435	1,804,519	1,302,831	785,523	823,902
Total general fund	\$ 14,306,441	\$ 11,708,452	\$ 8,174,036	\$ 10,270,116	\$ 7,417,646	\$ 4,787,246	\$ 2,320,072	\$ 1,798,099	\$ 1,276,877	\$ 873,902



## Property Tax Uses

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

Fiscal Year	Parks		% Change Inc. (Dec.)		Recreation		% Change Inc. (Dec.)		Golf Course		% Change Inc. (Dec.)		Debt Service		% Change Inc. (Dec.)		Reserves / Capital Expenditures		% Change Inc. (Dec.)		Total		% Change Inc. (Dec.)	
2009	\$1,289,308		\$435,535	-10.2%	\$317,206	11.2%	\$25,293	0%	\$858,863	15.3%	\$2,897,494	10.6%	\$5,481,200	21.0%			\$2,897,494	10.6%	\$5,481,200	21.0%			\$5,481,200	21.0%
2010	\$1,414,956		\$408,705	-6.2%	\$331,410	4.5%	n/a	0%	\$819,476	-4.6%	\$2,619,389	-9.6%	\$5,262,526	-4.0%			\$2,619,389	-9.6%	\$5,262,526	-4.0%			\$5,262,526	-4.0%
2011	\$1,533,522		\$380,080	-7.0%	\$312,040	-5.8%	n/a	0%	\$966,637	18.0%	\$2,259,286	-13.7%	\$5,139,525	-2.3%			\$2,259,286	-13.7%	\$5,139,525	-2.3%			\$5,139,525	-2.3%
2012	\$1,247,270		\$503,378	32.4%	\$285,373	-43.3%	\$25,293	0%	\$1,112,040	15.0%	\$2,381,131	5.4%	\$5,269,112	2.5%			\$2,381,131	5.4%	\$5,269,112	2.5%			\$5,269,112	2.5%
2013	\$1,297,872		\$285,373	4.1%	\$317,206	11.2%	\$91,530	262%	\$961,632	-13.5%	\$2,956,231	24.2%	\$5,592,638	6.1%			\$2,956,231	24.2%	\$5,592,638	6.1%			\$5,592,638	6.1%
2014	\$1,376,581		\$317,206	6.1%	\$331,410	4.5%	\$100,568	10%	\$779,012	-19.0%	\$3,163,448	7.0%	\$5,736,815	2.6%			\$3,163,448	7.0%	\$5,736,815	2.6%			\$5,736,815	2.6%
2015	\$1,469,973		\$312,040	-9.4%	\$312,040	-5.8%	\$175,510	75%	\$745,865	-4.3%	\$3,615,062	14.3%	\$6,337,820	10.5%			\$3,615,062	14.3%	\$6,337,820	10.5%			\$6,337,820	10.5%
2016	\$1,331,901		\$353,146	-5.3%	\$312,040	-5.8%	\$344,221	96%	\$745,777	0.0%	\$4,040,790	11.8%	\$6,774,729	6.9%			\$4,040,790	11.8%	\$6,774,729	6.9%			\$6,774,729	6.9%
2017	\$1,261,408		\$386,847	4.4%	\$353,146	13.2%	\$591,544	72%	\$746,402	0.1%	\$4,108,126	1.7%	\$7,060,626	4.2%			\$4,108,126	1.7%	\$7,060,626	4.2%			\$7,060,626	4.2%
2018	\$1,316,481		\$386,847	4.4%	\$386,847	9.5%	\$530,921	-10%	\$498,622	-33.2%	\$4,726,611	15.1%	\$7,459,482	5.6%			\$4,726,611	15.1%	\$7,459,482	5.6%			\$7,459,482	5.6%

General Fund User Fees and Grants

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

Fiscal Year	Fees for Service Parks	Grants for Parks	Fees for Service Golf Property	Fees for Service Rec	Grants for Rec	Total
2009	\$ 208,012	\$ 325,002	n/a	\$ 295,401	\$ 9,976	\$ 838,391
2010	\$ 245,755	\$ 230,679	n/a	\$ 264,712	\$ 21,798	\$ 762,943
2011	\$ 294,608	\$ 264,243	n/a	\$ 302,423	\$ 11,324	\$ 872,598
2012	\$ 303,501	\$ 287,005	\$ 22,210	\$ 312,355	\$ 29,179	\$ 954,250
2013	\$ 318,224	\$ 284,499	\$ 22,180	\$ 317,335	\$ 18,729	\$ 960,967
2014	\$ 268,813	\$ 306,621	\$ 21,628	\$ 304,200	\$ 13,974	\$ 915,236
2015	\$ 317,870	\$ 314,474	\$ 28,030	\$ 290,234	\$ 20,836	\$ 971,443
2016	\$ 335,828	\$ 329,817	\$ 25,470	\$ 295,913	\$ 64,441	\$ 1,051,469
2017	\$ 367,142	\$ 349,577	\$ 366,729	\$ 275,719	\$ 25,171	\$ 1,384,338
2018	\$ 317,907	\$ 367,776	\$ 456,287	\$ 338,561	\$ 42,624	\$ 1,523,154

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

## Ten Largest Customers

### Tahoe City Public Utility District Ten Largest Customers Current Year and 2013

2018			2013		
Customer	Total Revenue	Rank	Customer	Total Revenue	Rank
Tahoe Truckee Unified School District	\$ 95,910	1	Tahoe Truckee Unified School District	\$ 57,940	1
Homewood Village Resort	\$ 32,689	2	North Tahoe PUD	\$ 22,579	2
US Dept of Agriculture / Meeks Fire-Barracks	\$ 23,191	3	Homewood Village Report	\$ 17,023	3
Channel Lumber Co / Boatworks Mall	\$ 19,255	4	US Dept of Agriculture / Meeks Fire-Barracks	\$ 16,254	4
North Tahoe PUD	\$ 19,021	5	Channel Lumber Co / Boatworks Mall	\$ 15,676	5
State of Ca / Sugar Pine Point Park	\$ 18,575	6	Safeway Inc	\$ 13,124	6
Homewood Village Resort / Snowmaking	\$ 18,378	7	Save Mark Supermarkets	\$ 12,955	7
Save Mart Supermarkets	\$ 15,043	8	Tahoe Lodging LLC	\$ 12,192	8
Placer Co / Public Works / 64 Acres	\$ 14,620	9	Dreyer, Roger & Carol	\$ 11,168	9
Tahoe City PUD / Pomin Park	\$ 14,317	10	Parson, Bill	\$ 11,093	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
2009/2010	\$ 3,111,993,414	5.29%	\$ 768,092,927	4.32%
2010/2011	\$ 3,051,254,116	-1.95%	\$ 732,614,803	-4.62%
2011/2012	\$ 3,048,547,806	-0.09%	\$ 741,840,985	1.26%
2012/2013	\$ 3,079,321,196	1.01%	\$ 753,402,523	1.56%
2013/2014	\$ 3,172,915,589	3.04%	\$ 805,564,963	6.92%
2014/2015	\$ 3,269,931,584	3.06%	\$ 871,792,785	8.22%
2015/2016	\$ 3,613,932,093	10.52%	\$ 943,137,812	8.18%
2016/2017	\$ 3,699,976,391	2.38%	\$ 991,180,172	5.09%
2017/2018	\$ 3,864,245,853	4.44%	\$1,040,463,983	4.97%
2018/2019	\$ 4,027,472,074	4.22%	\$1,112,925,301	6.96%

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
2009/2010	295	8.06%	479	87.11%	354	-5.60%
2010/2011	251	-14.92%	508	6.05%	334	-5.65%
2011/2012	255	1.59%	513	0.98%	320	-4.19%
2012/2013	330	29.41%	424	-17.35%	303	-5.31%
2013/2014	322	-2.42%	406	-4.25%	326	7.59%
2014/2015	321	-0.31%	422	3.94%	325	-0.31%
2015/2016	303	-5.61%	430	1.90%	362	11.38%
2016/2017	279	-7.92%	446	3.72%	398	9.94%
2017/2018	257	-7.89%	458	2.69%	408	2.51%
2018/2019	246	-4.28%	494	7.86%	428	4.90%

Source: California Department of Education

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

## Placer County Collections

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

FY Year	Transportation Occupancy Tax (District 5) Collected
2017-2018	\$ 18,470,558
2016-2017	\$ 18,332,812
2015-2016	\$ 16,535,963
2014-2015	\$ 12,603,406
2013-2014	\$ 11,992,238
2012-2013	\$ 11,290,565
2011-2012	\$ 10,191,876
2010-2011	\$ 10,504,078
2009-2010	n/a
2008-2009	n/a

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



## Demographic Statistics

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

Year	District Workforce (actual FTEs)	Placer County Population	El Dorado County Population	Median Household Income (Placer Co)	Median Household Income (El Dorado Co)	Unemployment Rate Placer County	Unemployment Rate El Dorado County
2018	59.75	389,047	188,993	Not Available <sup>(5)</sup>	Not Available <sup>(5)</sup>	3.2%	3.6%
2017	56.62	381,675	186,123	\$81,366	\$78,464	3.8%	4.4%
2016	54.32	375,805	184,085	\$85,326	\$75,100	4.4%	5.1%
2015	51.28	370,973	183,147	\$76,203	\$75,575	5.0%	5.7%
2014	49.88	367,878	182,578	\$75,689	\$70,235	6.3%	7.0%
2013	49.59	363,863	182,348	\$73,643	\$63,002	7.7%	8.5%
2012	48.14	359,578	181,157	\$69,521	\$68,446	9.4%	10.2%
2011	47.88	355,260	180,917	\$69,581	\$61,970	10.8%	11.7%
2010	45.65	348,432	181,058	\$68,330	\$65,201	0.1%	12.2%
2009	46.86	344,088	179,701	\$70,751	\$68,778	10.2%	10.9%
2008	47.00	337,914	178,599	\$75,029	\$67,019	6.5%	7.0%

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 2019

Actual Full Time Staffing Levels

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

	Actuals										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Utilities (water and sewer)	15.94	15.34	14.93	13.88	14.31	14.00	14.00	14.00	13.00	14.00	14.00
Governance and Administrative Services	9.09	8.96	9.20	9.17	9.17	9.00	10.00	10.00	9.00	9.50	8.00
Engineering	4.89	4.31	3.74	5.63	5.08	4.00	4.00	3.00	3.00	2.50	3.00
Support Services	4.91	6.06	6.02	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Parks and Recreation Administration	1.00	0.87	1.04	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Parks	7.16	7.23	6.08	6.22	6.44	5.00	5.00	5.00	5.00	5.00	5.00
Recreation	3.10	1.35	2.09	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Golf	1.14	1.83	0.06	-	-	-	-	-	-	-	-
Total	47.23	45.95	43.16	41.90	42.00	39.00	41.00	40.00	38.00	39.00	38.00

\*Excludes Board Members

## Budgeted Full Time Equivalents

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

	Budget						
	2019	2018	2017	2016	2015	2014	2013
Water	10.16	9.26	7.72	8.03	7.30	7.26	7.41
Sewer	9.84	8.74	8.64	8.33	7.58	7.55	7.97
Engineering	2.89	3.00	2.00	3.70	3.73	3.26	2.74
Technical Services/Support Services	4.95	5.4	5.55	4.00	4.03	3.80	3.65
Projects	3.96	1.85	1.90	1.72	1.90	2.50	1.90
Parks	13.29	12.95	12.14	12.31	12.29	12.23	11.48
Recreation	9.12	8.27	7.07	6.95	6.92	6.94	6.88
Golf Course/Winter Sports Park	6.78	7.44	0.00	0.00	0.00	0.00	0.00
Governance and Administrative Services	11.05	10.60	10.17	9.92	9.57	9.60	9.83
<b>Total</b>	<b>72.04</b>	<b>67.51</b>	<b>55.19</b>	<b>54.96</b>	<b>53.32</b>	<b>53.14</b>	<b>51.86</b>

*Notes: 2018 was the first full fiscal year of golf course/winter sports park operation by TCPUD.*

*2013 was the first year budgeted FTEs were reported*

*Source: Tahoe City Public Utility District Accounting Dept.*

## Operating Indicators by Function

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Tahoe City Public Utility District Operating Indicators by Function Last Ten Years</b>										
<b>Utilities:</b>										
Water Production (million gallons)	3,87.2	387.5	351.8	329.0	413.7	470.8	482.7	415.7	456.5	501.5
Sewer Flows (million gallons)	249.4	362.9	220.6	176.8	200.3	238.1	258.3	314.6	256.2	256.7
Lineal feet of sewer mains televised	215,900	118,800	142,558	119,015	68,913	170,942	207,204	175,197	95,000	157,654
Lineal feet of sewer mains cleaned	316,800	230,736	298,015	252,854	440,013	287,084	483,856	409,260	422,000	517,000
<b>Technical Services:</b>										
Permits Issued - New	17	13	15	15	16	11	6	5	12	10
Permits Issued - Remodel	135	112	150	141	132	144	138	93	106	98
Number of Sewer Air Tests	315	330	314	297	326	304	310	251	221	198
Escrow Clearances Processed	197	224	204	204	219	240	202	169	150	124
Plan Checks Completed	193	151	188	161	169	144	140	88	108	92
<b>Parks:</b>										
Miles of trails Maintained	23	23	23	22	22	22	19	19	19	19
Number of Facility Rentals <sup>1</sup>	172	226	229	246	179	154	173	150	174	247
<b>Recreation:</b>										
Numbers enrolled in Youth Programs <sup>2</sup>	396	552	605	1080	970	1246	643	1123	1180	1369
Numbers enrolled in Adult Programs <sup>3</sup>	239	95	95	147	178	113	158	154	139	159
Number of camp enrollees <sup>4</sup>	1184	909	1018	796	733	708	649	731	647	636

<sup>1</sup> Facility Rentals include Fairway Community Center, Tahoe Community Center, Highlands Community Center, Rideout, Commons Beach, Lake Forest Beach, Skylandia Park, Marie Sluchak Park, Kiltner Park and Heritage Plaza. Excludes ball fields or trails.

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

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

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

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

## User Statistics

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

Program	Unit of Measurement	Actuals									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Water	Customers	5,711	4,167	4,167	4,168	4,173	4,188	4,088	4,088	3,980	3,947
Sewer	Customers	7,702	7,689	7,674	7,665	7,645	7,636	7,636	7,636	7,504	7,466
Camp Skylandia	Enrolled Campers	846	710	714	736	641	615	692	601	637*	637*
Concerts at Commons Beach	Individual Attendees	21,500*	24,500*	23,000*	16,550*	15,525*	20,550*	26,050*	23,200*	19,095*	17,047*
Tahoe City Golf Course	Rounds Played	9,489	8,545	10,228	12,832	9,974	11,637	n/a	11,060	n/a	n/a
Lake Forest Boat Ramp	Boats Launched	5,309	5,529	6,860	5,280	5,005	4,476	4,030	4,532	4,946	5,739
Bike Trails-Summer Usage	Users	278,208**	252,080**	277,196**	304,612**	484,932	361,192	364,044	371,404	344,172	n/a

Source: Tahoe City Public Utility District

\* estimated

\*\* one less survey location

n/a - data not available

Water and Sewer Base Rates

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

Year	Residential	Commercial	Residential	Commercial	Commercial
	Monthly Water Base Rate .75" meter	Monthly Water Base Rate .75" meter	Monthly Sewer Base Rate	Monthly Sewer Base Rate	Monthly Sewer Base Rate Hotel Room w/ Bath - per room
2008	\$43.76	\$56.22	\$17.65	\$7.18	
2009	\$47.00	\$58.00	\$20.76	\$8.45	
2010	\$50.00	\$61.00	\$26.48	\$10.78	
2011	\$52.00	\$63.00	\$29.13	\$11.86	
2012	\$55.00	\$67.00	\$31.75	\$12.93	
2013	\$55.00	\$67.00	\$34.61	\$14.09	
2014	\$55.00	\$67.00	\$36.34	\$14.79	
2015	\$59.00	\$71.00	\$38.41	\$15.63	
2016	\$62.50	\$75.25	\$38.41	\$15.63	
2017	\$66.25	\$79.75	\$39.95	\$16.26	
2018	\$70.25	\$84.50	\$42.92	\$17.46	

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

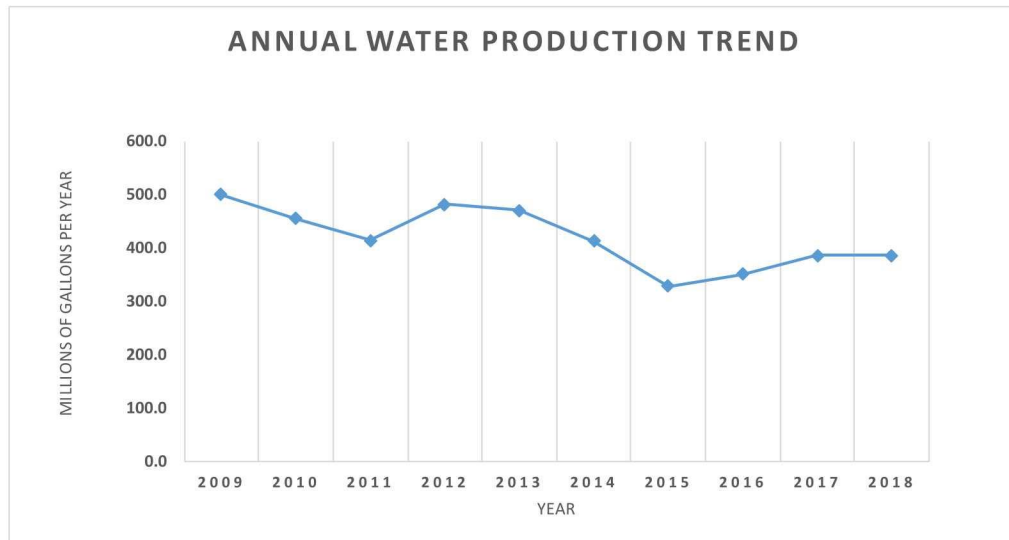
Source: Tahoe City Public Utility District

## Water Production

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

Monthly Production	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Jan	26.8	26.0	24.0	22.5	26.8	19.2	21.3	19.0	23.3	18.2
Feb	20.4	21.3	18.9	15.4	17.8	16.4	14.2	15.9	21.9	14.0
Mar	19.2	21.6	16.7	15.0	16.5	13.7	12.6	12.5	18.1	14.3
April	17.6	15.6	15.3	14.3	17.7	16.8	15.0	12.9	16.1	14.1
May	50.8	24.3	23.3	50.1	42.7	38.2	26.3	20.0	17.5	23.2
June	56.5	47.5	38.3	64.9	66.1	57.7	37.8	42.9	47.4	46.4
July	98.3	95.2	85.9	95.0	78.1	72.3	53.0	62.8	68.7	67.6
Aug	75.3	74.8	70.6	73.1	79.8	63.6	51.5	60.3	64.3	68.0
Sept	63.6	60.9	56.9	55.2	49.5	56.4	42.1	48.7	51.3	60.0
Oct	35.0	35.5	34.4	41.2	41.5	31.9	26.6	29.9	31.4	33.1
Nov	15.1	15.9	14.2	16.2	12.9	14.2	12.7	12.1	12.8	17.3
Dec	22.9	17.8	17.2	19.7	21.4	13.4	16.0	14.8	14.2	11.5
<b>Annual Totals</b>	<b>501.5</b>	<b>456.5</b>	<b>415.8</b>	<b>482.7</b>	<b>470.8</b>	<b>413.7</b>	<b>329.1</b>	<b>351.8</b>	<b>386.8</b>	<b>387.7</b>
<b>Average Monthly Water Production</b>	<b>41.8</b>	<b>38.0</b>	<b>34.6</b>	<b>40.2</b>	<b>39.2</b>	<b>34.5</b>	<b>27.4</b>	<b>29.3</b>	<b>32.2</b>	<b>32.3</b>

Source: Tahoe City Public Utility District Water Department



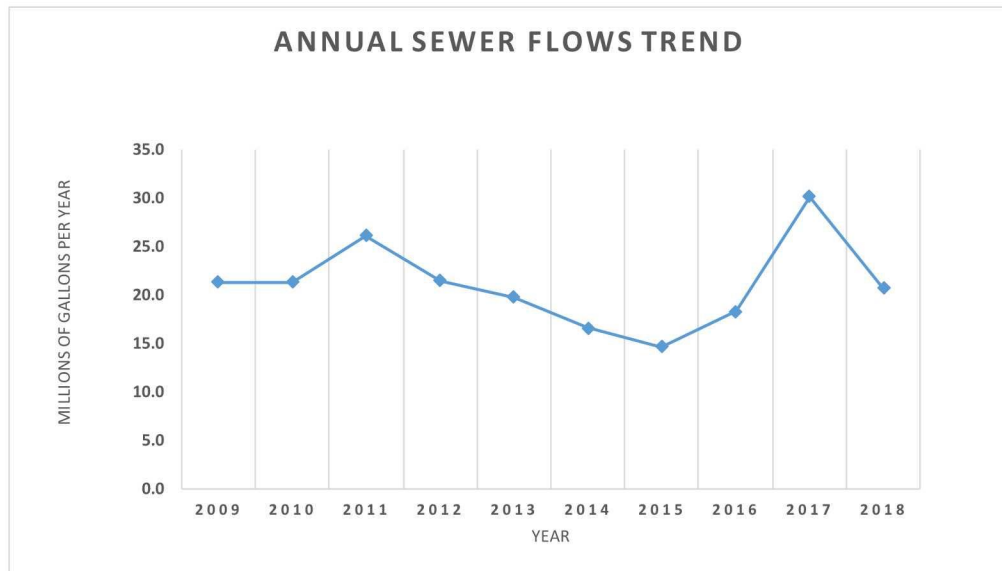


## Sewer Flows

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

Monthly Sewer Flows	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Jan	20.7	19.8	23.8	18.5	22.1	15.2	14.5	18.2	30.6	18.3
Feb	18.9	18.9	20.0	18.3	19.3	20.0	14.8	20.2	51.4	15.8
Mar	24.8	18.7	27.4	23.9	22.6	17.3	12.8	26.0	44.9	23.9
April	21.4	20.1	37.9	23.7	18.6	14.4	11.7	21.5	50.2	30.5
May	24.7	22.2	37.2	20.6	18.7	15.1	13.1	16.8	38.0	22.2
June	21.3	22.4	32.2	21.2	20.4	16.8	14.5	17.1	25.1	21.8
July	30.1	30.2	35.3	29.9	30.1	25.3	22.6	23.4	30.2	29.0
Aug	27.7	26.7	29.8	27.3	26.4	22.8	19.7	18.6	24.4	23.9
Sept	19.5	18.6	20.8	19.6	17.4	14.0	14.1	13.5	17.8	18.4
Oct	15.9	16.8	16.7	15.6	13.8	11.8	11.6	11.9	15.1	14.1
Nov	13.3	14.8	15.1	15.5	12.4	11.2	11.1	11.1	17.0	14.1
Dec	18.3	27.0	18.5	24.4	16.2	16.5	16.4	22.2	18.2	17.5
<b>Annual Totals</b>	<b>256.7</b>	<b>256.2</b>	<b>314.6</b>	<b>258.3</b>	<b>238.1</b>	<b>200.3</b>	<b>176.8</b>	<b>220.6</b>	<b>362.9</b>	<b>249.5</b>
<b>Average Monthly Sewer Flows</b>	<b>21.4</b>	<b>21.4</b>	<b>26.2</b>	<b>21.5</b>	<b>19.8</b>	<b>16.7</b>	<b>14.7</b>	<b>18.4</b>	<b>30.2</b>	<b>20.8</b>

Source: Tahoe City Public Utility Sewer Department



## Outstanding Debt by Debt Type

### Outstanding Debt by Debt Type

Governmental Activities									
	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Obligation Bonds	\$ 1,267,932	\$ 1,382,705	\$ 1,735,848	\$ 2,076,980	\$ 2,406,555	\$ 2,761,765	\$ 3,283,910	\$ 3,928,430	\$ 4,550,341
Special assessment bonds with governmental commitments	\$ 12,513	\$ 25,026	\$ 37,539	\$ 50,052	\$ 62,566	\$ 75,079	\$ 87,592	\$ 100,105	\$ 112,618
Pension related debt	164,757	484,478	791,571	1,086,535	1,369,850	1,641,975	1,903,353	2,154,407	-
Total long-term debt	\$ 1,445,202	\$ 1,892,209	\$ 2,564,958	\$ 3,213,567	\$ 3,838,971	\$ 4,478,819	\$ 5,274,855	\$ 6,182,942	\$ 4,662,959
Business-type Activities									
	2018	2017	2016	2015	2014	2013	2012	2011	2010
Special assessment bonds with governmental commitments	\$ 88,113	\$ 130,794	\$ 172,678	\$ 213,778	\$ 254,109	\$ 293,685	\$ 332,521	\$ 367,318	\$ 409,320
Total long-term debt	\$ 88,113	\$ 130,794	\$ 172,678	\$ 213,778	\$ 254,109	\$ 293,685	\$ 332,521	\$ 367,318	\$ 409,320
Total									
General Obligation Bonds	\$ 1,267,932	\$ 1,382,705	\$ 1,735,848	\$ 2,076,980	\$ 2,406,555	\$ 2,761,765	\$ 3,283,910	\$ 3,928,430	\$ 4,550,341
Special assessment bonds with governmental commitments	\$ 100,626	\$ 155,820	\$ 210,217	\$ 263,830	\$ 316,675	\$ 368,764	\$ 420,113	\$ 467,423	\$ 521,938
Pension related debt	\$ 164,757	\$ 484,478	\$ 791,571	\$ 1,086,535	\$ 1,369,850	\$ 1,641,975	\$ 1,903,353	\$ 2,154,407	\$ -
Total long-term debt	\$ 1,533,315	\$ 2,023,003	\$ 2,737,636	\$ 3,427,345	\$ 4,093,080	\$ 4,772,504	\$ 5,607,376	\$ 6,550,260	\$ 5,072,279

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