

Safeguarding Tahoe for 70 Years



1950-2020

SOUTH TAHOE PUBLIC UTILITY DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020 South Lake Tahoe, California

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District Awards The Employee and Crew of the Year awards recognize District employees for excellent performance.

Crew of the Year



Finance/Accounting/Purchasing Departments are responsible for providing financial accountability to the public through accurate financial reporting, budget development and monitoring, grant management, and general accounting functions including accounts payable, payroll administration, procurement, and investment management. In the last year, this department completed implementation of a three-year financial software migration. The department has been awarded GFOA's Certificate of Achievement for Excellence in Financial Reporting award for 25 consecutive years.

Employee of the Year



Brian Bartlett
Network/Telecom Systems
Administrator

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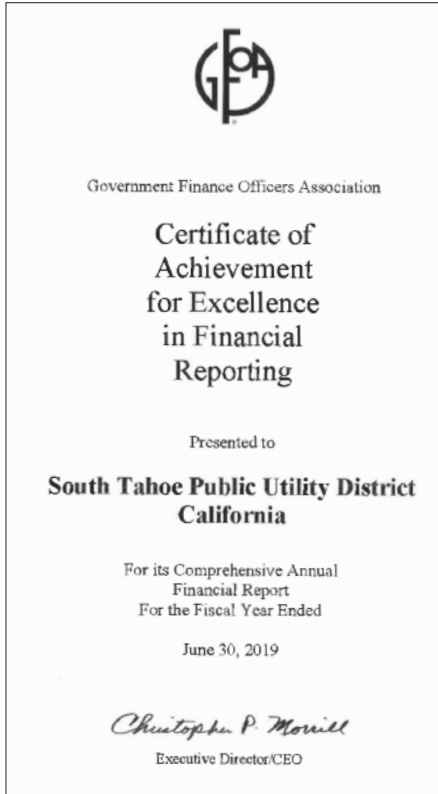
**SOUTH TAHOE PUBLIC UTILITY DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT**
Fiscal Year Ended June 30, 2020

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District Honors



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to South Tahoe Public Utility District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Management believes our current report continues to conform to the Certificate of Achievement program requirements.

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Strategic Plan

Strategic Plan Vision Statement

Maintain a dynamic organization that can quickly and proactively meet an ever increasing environment of regulations and scarce resources.

Strategic Plan Mission Statement

Furnish District customers with reliable water and wastewater services, and provide those services safely, efficiently, and cost effectively.

Strategic Goals

- Provide exemplary customer service.
- Provide reliable and safe water distribution, wastewater collection and treatment, and recycled water land application systems.
- Foster a culture of efficient water use in the South Lake Tahoe community and promote public awareness of all District activities and the value of District services.
- Develop staff to ensure professionalism and continuity of organizational knowledge.
- Continue to be outstanding financial stewards.
- Provide a safe and harmonious work environment for District employees.
- Maximize appropriate use of technology to improve operational efficiency and prioritize asset replacement.

District Officials

Dan Arce
Laboratory Director

Heidi Baugh
Purchasing Agent

Ivo Bergsohn
Hydrogeologist

Tim Bledsoe
Customer Service
Manager

Stephen Caswell
Principal Engineer

Adrian Combes
Senior Engineer

Trevor Coolidge
Senior Engineer

Shannon Cotulla
Assistant General
Manager /Engineer

Brent Goligoski
Associate Engineer

Melonie Guttry
Executive Services
Manager

Debbie Henderson
Accounting Manager

Jim Hilton
Water Reuse Manager

Paul Hughes
Chief Financial Officer

Liz Kauffman
Human Resources
Director

Jeff Lee
Manager of Plant
Operations

Julie Ryan
Engineering
Department Manager

Chris Skelly
Information Technology
Manager

Chris Stanley
Manager of Field
Operations

John Thiel
General Manager

Shelly Thomsen
Public Affairs/
Conservation Manager

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Keller Booster Station 1964



Grizzly Booster Station 2012

1950 - 2020



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Members of the Board of Directors, South Tahoe Public Utility District

December 10, 2020

Directors: The South Tahoe Public Utility District (the District) staff submits to you the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2020. The CAFR gives an assessment of the District's financial condition, informs readers about District services, gives details of infrastructure replacement projects, discusses current issues, and provides financial and demographic trend information. This letter of transmittal is designed to complement Management's Discussion and Analysis and should be read in conjunction with it.

Mann, Urrutia, Nelson, Certified Public Accountants, audited the District's financial statements. While the auditor's unmodified Report of Independent Certified Public Accountants appears in the financial section, the responsibility for the accuracy, completeness, and presentation of the CAFR information rests with management. Management believes the CAFR is complete and accurate in all material respects. Management can provide this assurance due to the comprehensive framework of internal controls within the organization. Internal controls are policies and procedures put in place to safeguard assets from misappropriation, to assure management authorizes all transactions, and to

verify proper recording and reporting of transactions using Generally Accepted Accounting Principles. Because the cost of internal controls should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

District Overview

The South Tahoe Public Utility District, a public agency chartered in 1950, operates at the south shore of Lake Tahoe in El Dorado County. The District supplies drinking water and provides wastewater collection and treatment. The District recycles 100 percent of its wastewater to Alpine County where its application benefits agricultural land. In addition, the District recycles 100 percent of its biosolids with Bently Agrowdynamics in Douglas County, Nevada. Lake Tahoe's seasonal tourism and the large number of part-time residents cause wide fluctuations in both daily water production and wastewater flows.

The District serves water to approximately 14,100 homes and businesses. Annual water production is nearly 2.5 billion gallons. Eleven active wells, 20 water tanks, 17 booster stations, 28 pressure zones, and nearly 251 miles

of water mains comprise the District's water system.

The sewage collection system consists of more than 312 miles of gravity collection lines, 20 miles of pressure force mains, and 41 lift stations, providing service to more than 18,200 homes and businesses. The wastewater treatment plant dry weather permitted capacity is 7.7 million gallons per day. The design and operation of the wastewater treatment plant makes it possible to achieve water quality that allows water and biosolids recycling. Each year the plant treats and exports more than 1.6 billion gallons of recycled water that meets high-reuse standards. Under provisions of the 1968 Porter-Cologne Water Quality Control Act, considered to be California's premier water quality legislation, the District transports the recycled water nearly 26 miles out of the Tahoe Basin to the District-owned and operated Harvey Place Dam and Reservoir. The recycled water facilities, known as the Diamond Valley Ranch (DVR), are near Woodfords, California, in neighboring Alpine County.

The District's state-certified laboratory performs more than 30,000 tests annually to monitor a variety of chemicals and microorganisms in the drinking water, wastewater treatment, and recy-

1950 - 2020

1950s

1950 Official vote determining formation of the District (79 yes, 14 no)

1951 \$265,000 bond election to build rudimentary wastewater treatment plant (passed 89 to 9)

1952 Obtained 1275 Meadow Crest Drive

1956 Plant construction completed (50,000 GPD capacity), all facilities totaled \$396,487



WWTP Aerial
Wastewater treatment plant circa 1960.

1960s

1960 New wastewater treatment plant placed into operation (2.5 MGD)

1961 Department of Health warns that current methods of sewage treatment are adequate only temporarily

1962 Lahontan adopts Resolution 58-1 which prohibits direct discharge of domestic sewage, treated or untreated, into Lake Tahoe

1963 Governors Brown

and Sawyer sign "Governors Edict" advocating export of wastewater by fall 1965

1965 New advanced wastewater treatment plant completed (2.5 MGD). A first in the world. Immediately meets or exceeds all expectations. Total cost: \$11.5 million

1967 Recycled water export pipeline from the District up and over Luther Pass to Alpine County complete. Indian Creek Dam and Reservoir complete.

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pled water export systems. These tests on groundwater, surface water, and soils safeguard District customers and the environment.

Water is vital to our community. As part of providing a high-level of customer service, the District diligently alerts and educates customers on matters affecting their water supply and water quality. The District prepares an annual Consumer Confidence Report (CCR) that easily explains critical drinking water information. Current and past CCR's are available on the District's website at www.stpud.us.

Safeguarding Tahoe for 70 Years

This year marks the District's 70th Anniversary and what better way to celebrate than to look back on key accomplishments. It all started back in the 1940s when some businesses were running sewage right into beautiful Lake Tahoe. Lester Nagy, a local septic tank business owner, circulated a petition that was approved in a 79-14 vote of the local citizens in September of 1950 to form the wastewater district. Over the last 70 years, the District's wastewater treatment facility has transitioned from a single-pump system to a 7.7 million gallon per day state of the art facility that has twice won EPA's wastewater plant of the year award.

Throughout the years the District has led the way for recycled water. Strict regulations passed in the 1960s required wastewater to be exported out of the Tahoe Basin. In 1965, at a cost of \$11.5 million, the District built an advanced wastewater treatment plant, a first in the world. Visitors came from around the world to taste the tertiary treated water. However, the highly treated wastewater still needed to be exported out of the Tahoe Basin. By the late 1960s the District built Indian Creek Reservoir and began exporting recycled water 26 miles to Alpine County. By the late 1980s, the District reverted treatment from tertiary to advanced secondary and built Harvey Place Reservoir to store and release recycled water to ranchers for irrigation.

The District became one of the few wastewater operations in the world to be 100 percent recycled in 2004. Instead of burning biosolids, the District began trucking biosolids to Bently Agrodynamics in Minden, Nevada, to be used as compost. The District expanded its sustainable operation in 2018 when it began producing hydroelectricity and cultivating alfalfa using recycled water.

Known for delivering delicious Tahoe Tap today, the District did not get into the water business until the late 1970s when it acquired four water

companies. Many of these small water companies were designed to only provide water to summer cabins. Over the years, the District has continued to invest in upsizing waterlines and installing fire hydrants to protect South Lake Tahoe from wildfire. Had these investments not taken place, the impact of the 2007 Angora Fire that destroyed 242 homes could have been far worse.

One of the District's claim to fame is holding big oil companies accountable for contaminating the public water supply. In the late 1990s, MTBE, an additive to gasoline and a suspected carcinogen, leaked out of underground gasoline storage tanks. MTBE contaminated 12 out of the District's 34 wells, impairing 36% of the District's water production. The District filed a lawsuit and settled in 2002 for a combined total of \$69 million. It was the first MTBE contamination lawsuit to be tried in the U.S. and the District made history shaping national environmental and energy law.

From managing a one-pump sewer system and charging a flat rate for water to maintaining \$1.5 billion in assets and automatically alerting customers of water leaks, the District has made great strides in the last 70 years. Today, the District is made up of 118 dedicated employees, with a \$50 million annual budget, and \$139 million planned over the next ten years for cap-

1950 - 2020

1968 First flow of effluent into Indian Creek Reservoir

1969 Porter-Cologne Act of 1969, California's paramount water-quality control law. Mandated export of wastewater in the Tahoe Basin by 1972.

1970s

1972 Federal Clean Water Act of 1972 and amendments to Porter-Cologne Act



DVR Ribbon Cutting Recycled water exported to Harvey Place Reservoir in Alpine County, 1989.

1974 Expand wastewater treatment plant to 7.5 MGD

1974 - 87 District begins supplying water to the community with the purchase and integration of four local water companies

1980s

1985 Reverted wastewater treatment process from tertiary to advanced filtered secondary

1989 Harvey Place Dam

and Reservoir placed into service. District now pumps recycled water into Harvey Place Reservoir to be used by ranchers for irrigation. Indian Creek Reservoir converted to freshwater. Wastewater treatment plant capacity expanded to 7.7 MGD.

1990s

1991 In cooperation with Lake Tahoe Community College, District builds water conservation

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ital improvement projects. Despite the challenge of aging infrastructure and ever changing water quality and conservation mandates, the District will continue to reliably and effectively safeguard Tahoe into the future.

District in 2020

In spite of the COVID-19 pandemic, the District had a busy and successful 2020. This year marks the eighth and final phase of installing 9,200 meters over the last ten years at a cost of \$24 million. When completed, 99% of the District's 14,100 water customers will be metered and able to view their water use and receive leak notifications online.

On the sewer side, the first full scale condition-based sewer main replacement project was completed on 2,000 feet of sewer main on Apache Avenue. Bypasses were installed on Tahoe Keys and Upper Truckee Pump Stations in preparation for future work. The District also completed prototypes for instrumentation and control at two remote pressure reducing stations, which allows for regulating pressure and extending asset life.

To minimize the threat of forest fire, hazardous fuels were removed from 100 acres surrounding the wastewater treatment plant through a grant fund. The District also successfully secured grant funds to plan and complete fuel

reduction on all remaining District properties over the next three years. More than 4,700 feet of undersized, old steel waterlines were replaced and seven new hydrants installed in the Stateline area to further safeguard the community from wildfire.

The COVID-19 pandemic altered the world and our community, as schools and businesses shut down in March 2020. The District developed a Risk Minimization and Outbreak Response Plan that separated field crews and allowed the majority of office staff to work remotely in an effort to keep employees safe. Recognizing the financial impacts to our community, the Board of Directors waived late fees, adopted a zero percent rate increase, delayed collection efforts, and approved a rate relief program for customers experiencing financial hardship. Despite the uncertain and challenging times, the District continues to provide reliable water and wastewater to the community of South Lake Tahoe.

Local Economic Conditions

Lake Tahoe is continually recognized as a very popular summer and winter vacation destination in the United States. As such, it has a tourist based economy and is financially dependent on the transient population. Until March 2020, the local economy was operat-

ing very similar to prior years, although a drier than normal winter was negatively impacting skier visits. In mid-March, when COVID-19 required non-essential businesses to close and people to stay home, the local tourist industry came to a halt resulting in low to no revenues and large layoffs. For the month of April 2020, the City of South Lake Tahoe reported sales tax revenues at only 25% of the prior year amounts, and transient occupancy tax at only 6% of the prior year amounts. Hotels and motels were not allowed to reopen as early as some other businesses causing transient occupancy tax to remain below prior year amounts through June 2020, but sales tax revenues rebounded in May and June exceeding prior year amounts.

Local development in fiscal year 2019/20 was productive with the start or completion of residential and commercial development. In November 2019, a Whole Foods market opened in a new commercial development that also included restaurants, a bank, and other businesses. A large project known as The Resort at Tahoe is expected to be constructed over the next four years. The project is anticipated to have walkable mixed-use space that will include restaurants, bars, and specialty shops. There are plans for an outdoor entertainment area, ap-

1950 - 2020

demonstration garden. District shuts down surface water filtration plant at Cold Creek and becomes a 100% groundwater fed system.

1992 Air stripping tower built at Clement Well for treating PCE, TCE, DCA at South Y wells

1993 Water distribution system improvement and upgrade program from Stateline to the South Y with new wells and increased

storage which allows redevelopment at Stateline to proceed

1994 US EPA Wastewater Treatment Plant of the Year Award for outstanding operations and maintenance

1996 Replacement of recycled water export pipeline in Tahoe Basin began with export A line

1997 MTBE first discovered in District drinking water well

1997 - 98 District shuts down multiples wells because of MTBE contamination (12 out of 34 wells.) First Tahoe Summit with President Clinton in 1997, resulting in \$10.6 million in grant funds appropriated for the District's export line replacement project.

1998 District files MTBE lawsuit in Superior Court in San Francisco, STPUD vs ARCO et al



Plant of the Year District awarded US EPA Wastewater Treatment Plant of the Year Award for outstanding operations and maintenance, 1994.

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proximately 218 lodging units, 135 hotel rooms, and underground parking for 665 cars.

The real estate market in South Lake Tahoe continued to be strong this year, which paralleled the California real estate trend. People working from home due to COVID-19 figured out they could work from anywhere as long as they have the technical capabilities. This has created a surge of people from the Bay Area purchasing property in Tahoe and telecommuting to their workplace elsewhere. During the year the number of single family home sales was up compared to last year, as well as the median sales price which was up approximately 3% to \$529,000 at June 2020. This is good news for sellers, but many Tahoe locals with a median household income of approximately \$45,000 are priced out of the market. A lack of affordable housing, for purchase or rent, is an obstacle for the Tahoe workforce. Several local agencies, including the District and non-profits are working collaboratively to incentivize workforce housing development. The District has significantly reduced the cost of sewer capacity fees and has adopted ordinances allowing previously purchased sewer capacity to be transferred from one parcel to another specifically for workforce housing projects.

Unemployment rates locally and nationally were increased substantially during fiscal year 2020 due to COVID-19 related business closures. At year end, the unemployment rate in South Lake Tahoe was 12.8% compared to 3.8% a year ago. The California and U.S. unemployment rates in June 2020 were 14.9% and 11.2% respectively, up from 4.2% and 3.7% a year ago. It is expected that these double digit rates will come down substantially once businesses are able to operate as they did prior to COVID-19.

Due to strong District management, wise Board of Directors' decisions, cost-conscious staff, and a strong pursuit of grant funding and low-cost financing, the District has remained financially strong and stable.

Enterprise Operations

The District finances water and sewer operations through user charges, property tax receipts, and other income. District service charge revenue is stable, since 100% of customers pay flat rates for sewer services. Also, the District's metered water rates are approximately structured with a 75% fixed component and 25% variable component. This structure nearly represents the District's actual fixed and variable cost structure. Water consumption revenues currently represent only 10.1% of the District's

2020 combined water and sewer service charge revenue and 6.7% of total revenues; therefore, fluctuations in actual usage do not materially impact operating income. Water consumption fees will become a larger portion of the District's revenues over the next two years as the District continues to install meters to comply with the state mandate requiring water systems to be completely metered by 2025.

Each year the District updates its Ten-Year Financial Plan to assess its long-term financial condition. A primary goal in carefully developing long-term financial plans is to minimize annual rate changes and to avert large rate fluctuations. Fiscal year 2019/20 represented year one of a five-year rate implementation schedule. In 2019 the Board of Directors adopted an ordinance with a five-year rate increase schedule, but annually the rates for each year require confirmation by the Board. The maximum annual rate increases allowed for fiscal years 2020 – 2024 are 6% and 5% to the water and sewer service charge rates. For fiscal year 2020, the Board adopted a 4% increase to water rates and a 5% increase to sewer rates. Past studies have shown 38% of the District's sewer rates support the District's unique environmental mandate to ex-

1950 - 2020



Primary Clarifier & Biosolids Wastewater operations become 100% recycled with completion of Sludge Handling and Odor Control Facility, 2004.

2000s

2000 El Dorado County bans the use of MTBE fuel in South Lake Tahoe

2001 9/11 prompts the District to increase security measures. Recycled water export line replaced. Built Valhalla Well and two water tanks. Awarded US EPA Wastewater Treatment Plant of the Year.

2002 District settles landmark MTBE lawsuit receiving \$69 million.

MTBE caused 1/3 of District wells to close. The District made history shaping national environmental and energy law. Advanced oxidation treatment system added to Arrowhead well for MTBE, first to be approved by California Department of Public Health for drinking water application.

2003 Recycled water B line export line replaced. Constructed Elks Club Well No. 2

2004 Recycled water C line export line upgrade completed. District begins recycling biosolids with completion of Sludge Handling and Odor Control Facility project. Wastewater operations now 100% recycled with biosolids composted by Bently Agrodynamics.

District adopts Water Conservation Program Ordinance. AB 2752 passed, which requires all water services billed at metered rate by 2025.

STPUD

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port wastewater out of the Tahoe basin. Despite this heavy financial burden, District rates continue to be at or near the lowest in the Tahoe Basin.

The rate increases mentioned above are being used to fund a \$150 million capital improvement plan. Utilizing rate increases, grant funds, and low-interest state loans will allow the District to continue replacing critical infrastructure vital to providing safe and quality water and sewer services the ratepayers expect. For the last few years, sewer capacity and connection fees received were greater than budget expectations due to an increased level in residential and commercial development. Although fees recognized for residential connections were greater than expected, the District continues to forecast cautiously. Due to a limited number of vacant lots, many developers are razing older homes and constructing new ones on the same lot. These developments require no, or little, additional water or sewer capacity.

The District has been able to move forward with several capital projects due to the infrastructure-specific rate increases, receipt of grant funds, state program loans, and low-tax exempt interest rates on borrowed funds. An active grant-seeking program is in place to bring in additional resources for both infrastructure and operations. In fiscal

year 2020, the District recognized approximately \$4.6 million in grant funding following more than \$0.4 million in 2019 and approximately \$0.9 million in fiscal year 2018. Four million of the \$4.6 million recognized in fiscal year 2020 was in the form of principle forgiveness on a state revolving loan through the State Water Resource Control Board. During the year nearly \$9 million was invested in water and sewer infrastructure and equipment. To further enhance the infrastructure planning process, the District is using advanced asset management practices, condition assessments, master plans, and probability factors. This information allows the District to predict asset failure and establishes optimal replacement schedules to achieve service goals.

Careful stewardship of financial resources, along with a focus on long-term financial planning, provides the District with a firm financial base. The District has shown its financial abilities in capably responding to the operational requirements of the water and sewer systems while responsibly investing in infrastructure replacement. The Board of Directors' policies carefully coordinate grant funding, reasonable rate increases, and prudent borrowing to meet the District's mission.

More information on the District's financial condition is in the Manage-

ment's Discussion and Analysis located in the financial section.

Public Outreach

The District conducts regular Board Meetings that are open to the public. They are normally held bi-monthly on the first and third Thursday. The dates can be found within the Board of Directors section on the District website.

The District's website, which continues to be updated to be more informative, interactive, and easier to use, provides information about all of STPUD's activities. Archived documents are also available there. The website can be found at www.stpud.us.

Tours of the wastewater treatment plant are held periodically for groups of school children and members of the public. These tours give background and insight into the challenges and costs of treating wastewater to comply with stringent federal, state, and local regulations.

District staff regularly gives presentations to civic groups, service organizations, and governing bodies of the public agencies on District priorities and financial condition. District staff also engages the public on specific capital improvement projects or other topics through television and radio media, neighborhood meetings, door hanger notices, and written notices.

1950 - 2020

2005 Convert from using elemental chlorine to sodium hypochlorite at wastewater treatment plant for increased safety

2006 Move into new Customer Service Facility. Acquire Diamond Valley Ranch, 1,443 acres of land in Alpine County. Completed construction of Bayview Well, the District's largest producing well.

2007 Angora Fire burned 242 homes in South Lake Tahoe, resulting in the

formation of the Lake Tahoe Community Fire Prevention Partnership to bring grant funds into the basin for fire suppression. Launched multi-faceted water conservation program.

2008 Completed construction of South Upper Truckee Well No. 3 facility and corrosion control treatment plant. Constructed in-reservoir water treatment system and oxygen generation equipment at Indian Creek Reservoir.

2010s

2010 District begins to install 9,200 meters over the next 10 years at a cost of \$24 million. Received \$8.2 million in State and Federal grants to offset project costs. Constructed new emergency generator facilities at Luther Pass Pump Station, improving reliability of recycled water export system.

2011 California drought from 2011-2017, with the



Angora Fire Fire burns 242 homes resulting in the formation of the Lake Tahoe Community Fire Prevention Partnership, 2007.

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Last year the District once again received from the California Special District Association a Certificate of Achievement in Transparency for its public outreach efforts. In addition, the District was recognized locally and nationally for exemplary service. The Tahoe Water Suppliers Association, of which the District is one of the twelve members, received both the American Water Works Association 2020 Exemplary Source Water Protection award and the Spirit of Tahoe Regional Plan-

ning Agency award. The Diamond Valley Ranch Improvements Project was recognized by the American Society of Civil Engineers, Sacramento Section, as the Outstanding Sustainably Engineering Project of the Year. The District also received the prestigious Excellence in Technology Practices Award from the Municipal Information Systems Association of California for the seventh time and the Certificate of Achievement for Excellence in Financial Reporting for the District's Comprehensive Annual Finan-

cial Report for 2019 for the 25th consecutive year. Quite an accomplishment.

Budgetary Controls

District staff works with the Board of Directors' Finance Committee to develop the annual budget. Staff presents the budget at public meetings before Board adoption. The budget serves as a management tool to set appropriate service rates and allocate available resources. Budgetary controls are set at the fund level.

Sincerely,



John Thiel, General Manager



Paul Hughes, Chief Financial Officer



Shelly Thomsen, Public Affairs and Conservation Manager

1950 - 2020



Headworks Complete Headworks building with major odor control facilities, 2012.

period of late 2011 through 2014 being the driest in California history. Completion of the Angora Water Storage Tank and Pipeline tripled amount of storage within Angora Pressure Zone. Apache booster Pump station completed.

2012 New Headworks building at wastewater treatment plant placed into service, which included major odor control facilities, at a cost of \$14 million.

Grizzly Mountain Booster Pump Station operational.

2014 Governor Brown called on Californians to reduce consumption by 20% due to severe drought. District activated Water Shortage Contingency Plan. Lukins Brothers Water Company receives emergency water from District due to impairment of water quality by tetrachloroethylene (PCE) contamination in two of their active wells.

2015 Start serving as Groundwater Sustainability Agency to manage groundwater resources in the Tahoe Valley South Sub-basin.

2016 Primary clarifier 2 and aeration 1 rehab project at wastewater treatment plant.

2017 Replaced motors and updated electrical and controls at Luther Pass Pump Station which enabled "Time of Use" electrical load shifting for cost savings. Record snowfalls, rain on snow

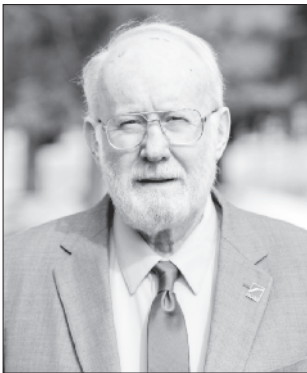
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Board of Directors

From left: Chris Cefalu; Randy Vogelgesang, President; Nick Exline; Jim Jones; Kelly Sheehan, Vice President (Photo from 2019)



On May 7, 2020, South Lake Tahoe lost a steadfast advocate for safe, clean drinking water and reliable wastewater services. James R. Jones, a local engineer and avid sailor, served on South Tahoe Public Utility District's Board of Directors for 39 years (1977-1989, 1993-2020). During his tenure on the Board, Director Jones focused on building for the future, instead of 'kicking the can down the road.'

1950 - 2020

events, and I&I cause Tahoe Keys Sink Hole

2018 Started generating hydroelectric power from CHYDRO and cultivating alfalfa using recycled water at Diamond Valley Ranch.

Launched AMI system to read meters real time. Launched WaterSmart portal so customers can view their water use and receive leak notifications. District conducts groundwater investigation and begins to

evaluate alternatives for the removing PCE from groundwater.

2019 Complete 2 MW emergency generator for wastewater treatment plant, switch from diesel engine to electric motor at Emergency Pump Station. Board adopts Environmental Policy.

2020 District planned meter installation completed

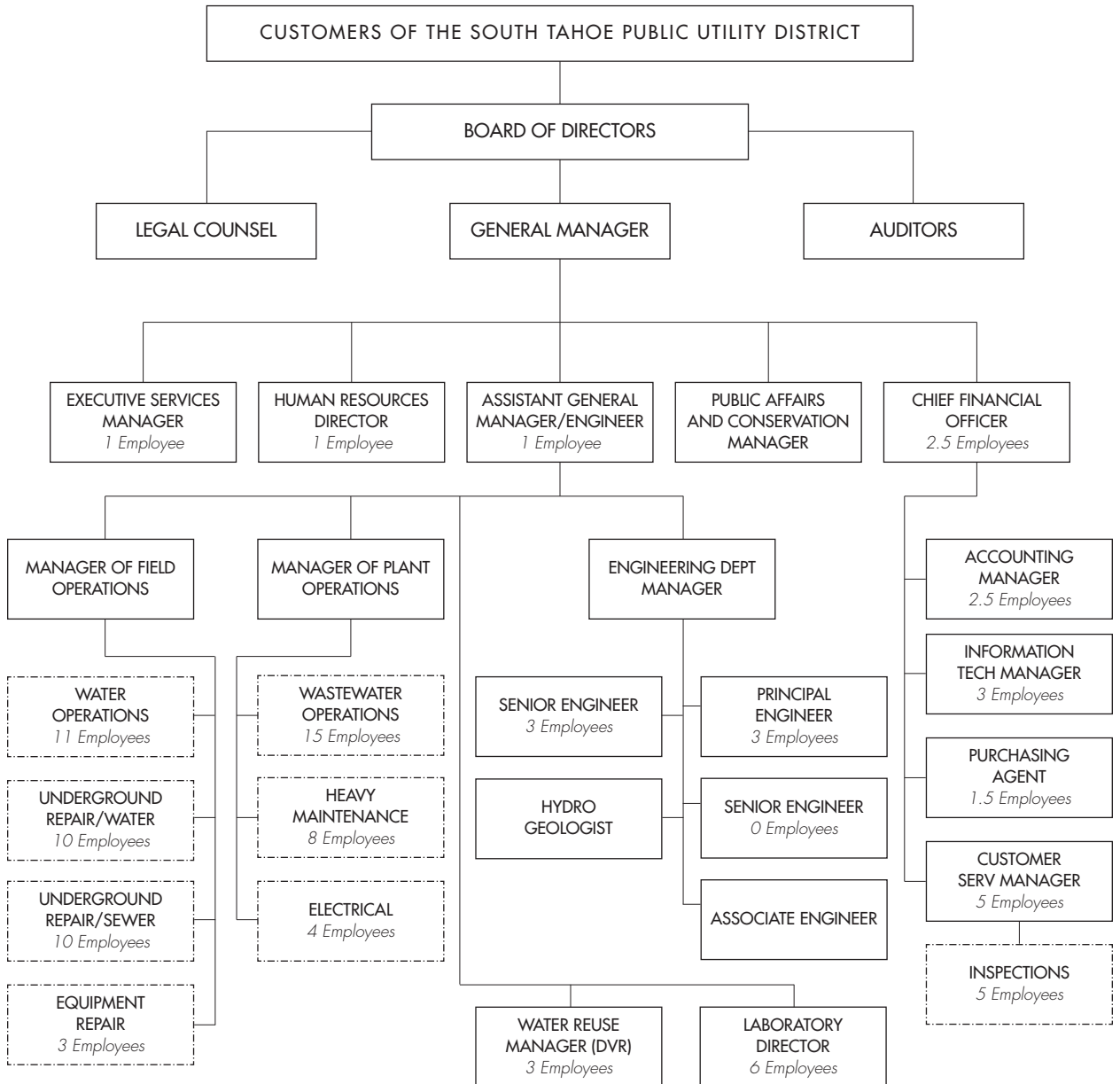
with over 99% of the District's 14,100 water customer accounts metered. Luther Pass Pump Station piping upgrades and Tank 2 replacement. Hazard fuel reduction completed on 100 acres surrounding WWTP. Converted Fallen Leaf Lake sewer vacuum system to electric. COVID-19 alters operations and Board approves rate relief program for customers.



Diamond Valley Ranch Begin cultivating alfalfa using recycled water at Diamond Valley Ranch.

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Organization Chart



Legend

Managers	Dept-direct report to Mgr	Employee = Union Staff
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Keller Water Tanks 1963



Angora Water Tank 2010

FINANCIAL

1950 - 2020





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

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Tahoe Public Utility District
South Lake Tahoe, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of South Tahoe Public Utility District (the District) as of and for the year ended June 30, 2020, 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 business-type activities of South Tahoe Public Utility District, as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on 2019 Summarized Comparative Information

We have previously audited the District's 2019 basic financial statements (not presented herein), and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise South Tahoe 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 December 10, 2020, on our consideration of South Tahoe Public Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of South Tahoe Public Utility District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering South Tahoe Public Utility District's internal control over financial reporting and compliance.



Sacramento, California
December 10, 2020

S T P U D Safeguarding Tahoe for 70 Years

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2020

Financial Highlights

The District has long been addressing the aging water system infrastructure, including undersized waterlines. A major water infrastructure replacement program was started in the early 90's, but slowed down beginning in 2010 due to the state of California's requirement to install meters on all water service connections. In fiscal year 2019-20, the District invested nearly \$3.8 million in water infrastructure. With advances in asset management tools, the District now utilizes a strategic set of criteria to determine construction priorities.

The District is continuing to install water meters on all service connections to meet the California state mandate, which requires all water providers with greater than 3,000 service connections be completely metered by 2025. During fiscal year 2010-11, the District began by completing installation of approximately 2,500 meters funded with a \$4.4 million grant. Through the end of 2019-20, approximately 10,000 additional meters have been installed. These additional installations increased the portion of the water system metered to approximately 90%. The amount spent on meter installations in fiscal year 2019-20 was \$2.1 million. The remaining unmetered service connections will have meters installed within the next two years and will continue to be funded with a low-cost \$14 million loan secured through the California State Water Resources Control Board. The loan has a 30-year term with an interest rate of 1.8% and includes \$4 million in principle forgiveness.

Approximately 10% of the water distribution system is undersized and does not provide appropriate water flows to meet fire protection standards. The waterline, pumping, and storage replacement program improves water quality, quantity, and fire suppression capabilities. As a public service, each waterline project also includes installation of fire hydrants at 500-foot intervals. During fiscal year 2019-20, the District spent \$0.3M on waterline replacements.

The Sewer Enterprise Fund also continues investing in its infrastructure. In fiscal year 2019-20, \$4.9 million was invested in sewer infrastructure improvements. One significant project completed during the year was the replacement of the aged wastewater treatment plant emergency generator. Completion of this project greatly improves the long-term reliability of the sewer treatment systems. This project was funded with a low-cost loan through the California State Water Resources Control Board.

- During the year \$9.5 million was invested in sewer and water infrastructure and equipment.
- Net position of the District increased \$8.5 million or 4.1%.
- The Sewer and Water Enterprise Funds' income is \$4,191,690 and \$4,300,293, respectively.
- Operating revenue is up 4.7% due to an increase in service charge rates and development related charges.
- Operating expenses less depreciation are up 3.4% from the prior year, but came in just 1.5% over budget.
- In fiscal year 2019-20, the District recognized competitive grants totaling more than \$4.6 million, following more than \$.4 million awarded in 2018-19 and \$.9 million awarded in 2017-18. These grants will fund, among other things, waterline replacements, water pumping facilities, and water conservation programs.

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Safeguarding Tahoe for 70 Years

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
For the year ended June 30, 2020

Overview of the Basic Financial Statements

The District's basic financial statements are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. An important part of the basic financial statements is the accompanying notes, which provide the users additional information required by generally accepted accounting principles (GAAP). Preceding the basic financial statements is Management's Discussion and Analysis, which is required supplementary information to the basic financial statements.

The Statement of Net Position includes the District's assets and liabilities. The difference between assets and liabilities is reported as net position. The Statement of Revenues, Expenses and Changes in Net Position account for revenue, expenses, and capital contributions and calculates the change in net position. Over time, increases or decreases in net position serve as a key indicator of the District's financial position. The Statement of Cash Flows provides the details on the changes in cash and cash equivalents during the year. By contrast the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are prepared on an accrual basis, meaning revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts and payments.

Net Position

The condensed Statement of Net Position below shows the District is investing in capital assets while keeping its debt at manageable levels. For the year ended June 30, 2015, the District was required to implement GASB 68, Accounting and Financial Reporting for Pensions. Under the new GASB standards, each participating cost-sharing employer is required to report its actuarially determined proportionate share of the collective net pension liability, pension expense, and deferred outflows/deferred inflows of resources in their financial statements determined in conformity with GASB 68. Previously to GASB 68, the District was only required to report the actual payments submitted to the pension plan as an expense and no liability or deferred inflows/deferred outflows. The net pension liability reported in the Statement of Net Position for years ended June 30, 2020 and 2019 was \$10.9 million and \$9.9 million respectively. For more information on the District's pension plan, see Note 9 of the Notes to the Financial Statements.

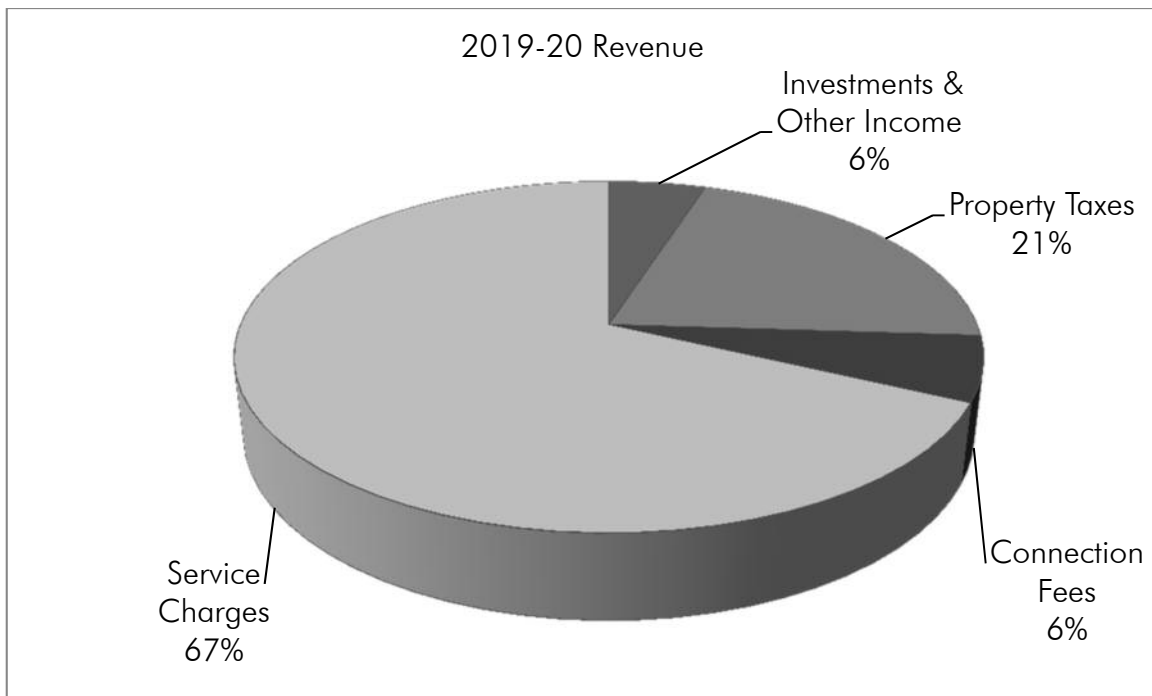
<u>Net Position</u>				
<i>(in thousands)</i>				
June 30				
	2020	2019	Change	Change
Current and other	\$ 64,486	\$ 57,735	\$ 6,751	11.7%
Capital assets	229,670	227,823	1,847	0.8%
Total assets	\$294,156	\$285,558	\$8,598	3.0%
Deferred outflows of resources	\$3,861	\$4,126	(\$265)	(6.4%)
Debt outstanding	\$ 51,040	\$ 50,782	\$258	0.5%
Net Pension Liability	10,860	9,857	1,003	10.2%
Other liabilities	11,194	12,787	(1,593)	(12.5%)
Total liabilities	\$ 73,094	\$ 73,426	(\$ 332)	(0.5%)
Deferred inflows of resources	\$8,988	\$8,815	\$173	2.0%
Net investment in capital assets	\$179,340	\$174,768	\$ 4,572	2.6%
Restricted for security deposits	165	165	0	0.0%
Restricted for capital asset purchases	3,000	3,000	0	0.0%
Restricted for debt service payment	2,413	2,414	(1)	0.0%
Unrestricted	31,017	27,096	3,921	14.5%
Total net position	\$215,935	\$207,443	\$8,492	4.1%

S T P U D Safeguarding Tahoe for 70 Years

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
For the year ended June 30, 2020

Revenue and Expenses

The District finances sewer and water operations through user charges, property tax receipts, and other income. Total revenue for fiscal year 2019-20 is \$42.4 million, a \$1.8 million or a 4.5% increase from the prior year. The 2020 service charge revenue is up from the prior year, reflecting a 5.0% increase in sewer rates, a 4.0% increase in water rates. Connection fees are up \$0.4 million or 17.4% reflecting an increase in both commercial and residential development. Property tax revenue is up \$0.5 million or 6.1%, compared to the prior year reflecting an increase in property assessed values. El Dorado County estimates that gross property tax collections will be up approximately 5.5 % for 2020-21. Investment income is down slightly due to a lower interest rate environment and recorded decreases to the fair market value of investments, while other income is nearly unchanged from the prior year.



Revenues (in thousands)

	June 30		Change	Change
	2020	2019		
Service charges	\$28,239	\$27,225	\$ 1,014	3.7%
Connection fees	2,665	2,270	395	17.4%
Other	363	362	1	0.3%
Total operating revenue	<u>31,267</u>	<u>29,857</u>	<u>1,410</u>	<u>4.7%</u>
Property taxes	8,848	8,337	511	6.1%
Investments	1,478	1,575	(97)	(6.2%)
Other	828	817	11	1.3%
Total non-operating revenue	<u>11,154</u>	<u>10,729</u>	<u>425</u>	<u>4.0%</u>
Total revenue	<u>\$42,421</u>	<u>\$40,586</u>	<u>\$ 1,835</u>	<u>4.5%</u>

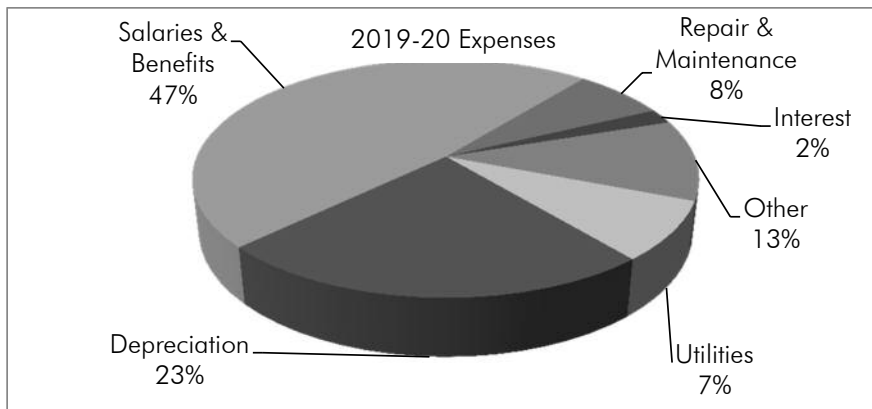
S T P U D

Safeguarding Tahoe for 70 Years

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
For the year ended June 30, 2020

Revenue and Expenses - Continued

Total operating expenses for the current year are \$36.9 million, up \$.9 million from the prior year. The increase to salaries and benefits was \$0.6 million, or 3.4%. The District's policy is to capitalize labor associated with capital projects. The capitalized portion of salaries and benefits is not accounted for in operating expenses, as it is included in capital assets on the Statement of Net Position. The amount of capitalized labor for fiscal year 2020 was \$1,294,904 compared to \$923,356 in the prior year. The GASB 68 pension expense adjustment for fiscal year 2020 was \$1.2 million compared to \$.8 million in the prior year. The year-over-year change of the required GASB 68 adjustment to pension expense was \$0.4 million. Similar to the capitalized labor, this adjustment impacts the Statement of Net Position. When comparing salary and benefit totals year-to-year prior to the reduction for the capitalized labor and the increase due to the GASB 68 adjustment, the 2020 increase over the prior year was \$729,267 or 4.2%. The increase to salaries of approximately \$586,000 represents a 2.5% cost of living increase, 5% step increases for employees who are not at the top of their wage scale, and implementation of the first step of a salary survey completed in 2019. The remaining increase of \$143,000 is due to an increase in retirement benefit expenses. CalPERS classic plan employer rates increased from 17.889% to 20.640% of salaries. Although new assets were put into service during the year, depreciation expense is slightly down due to the abandonment of old sewer lines. Utilities, which fluctuate year to year due to winter severity, are down nearly 5%. Repair and maintenance expenditures, which increased 19%, fluctuate year to year based on unexpected or planned projects. Combined operating and non-operating other expenses fluctuate year to year depending on the level of contracted and other professional services utilized by the District. Interest expense in the prior year included a two-year accrual of interest on an inter-fund loan, which is why total interest expense is down 21% in the current year.



	<u>Expenses</u> (in thousands) June 30			
	2020	2019	Change	Change
<u>Operating expenses:</u>				
Salaries and benefits	\$17,928	\$17,331	\$ 597	3.4%
Depreciation	8,812	8,856	(44)	(0.5%)
Utilities	2,677	2,813	(136)	(4.8%)
Repair and maintenance	2,932	2,462	470	19.1%
Other	4,573	4,588	(15)	(0.3%)
Total operating expenses	36,922	36,050	872	2.4%
<u>Non-operating expenses:</u>				
Interest expense	805	1,019	(214)	(21.0%)
Other	254	251	3	1.2%
Total non-operating expenses	1,059	1,270	(211)	(16.6%)
Total expenses	\$37,981	\$37,320	\$ 661	1.8%

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Safeguarding Tahoe for 70 Years

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
For the year ended June 30, 2020

Revenue and Expenses - Continued

The fiscal year 2019-20 income before capital contributions is \$4.4 million as compared to the budgeted income of \$.9 million and the actual prior year income of \$3.3 million. For the year, capital contributions increased net position an additional \$4.1 million.

	<u>Changes in Net Position</u>			
	<i>(in thousands)</i>			
	June 30		Change	Change
2020	2019			
Beginning net position	\$207,443	\$204,113	\$3,330	1.6%
Income before contributions	4,440	3,266	1,174	35.9%
Capital contributions	4,052	64	3,988	6,231.3%
Changes in net position	8,492	3,330	5,162	155.0%
Ending net position	\$215,935	\$207,443	\$8,492	4.1%

Capital Assets

The District's investment in its sewer and water systems is \$230 million at the end of the fiscal year net of depreciation. During the year, more than \$9 million was spent on new infrastructure and equipment. \$1.7 million was spent on water system improvements, not including water meter installations. As noted in the highlights, new waterlines improve system reliability, water pressure, and fire flow capability. For the year \$4.9 was invested in sewer system improvements including pumping and treatment upgrades, line replacement, and recycled water projects.

	<u>Capital Assets</u>					
	<i>(net of depreciation, in thousands)</i>					
	Sewer		Water		Total	
	2020	2019	2020	2019	2020	2019
Land and easements	\$ 22,843	\$ 22,843	\$ 1,903	\$ 1,903	\$ 24,746	\$ 24,746
Water rights	-	-	1,668	1,668	1,668	1,668
Plant and equipment	87,416	84,149	93,938	92,555	181,354	176,704
Construction in Progress	18,272	20,550	3,630	4,155	21,902	24,705
Total	\$128,531	\$127,542	\$101,139	\$100,281	\$229,670	\$227,823

For additional information on Capital Assets, see Note 4 in the Notes to Financial Statements.

S T P U D

Safeguarding Tahoe for 70 Years

MANAGEMENT'S DISCUSSION AND ANALYSIS - continued
For the year ended June 30, 2020

Debt Administration

The District prefers to avoid funding capital improvement projects with debt, but will do so when necessary to keep service rates at reasonable levels. The last time the District received a formal credit rating in 2012, Fitch Ratings affirmed the District's ratings of AA+ for both Water and Sewer Funds, while Standard and Poor's increased its rating for the Sewer Fund to AA from AA- and affirmed the Water Fund rating of AA-. At year-end, the District had \$51.0 million in installment sales and loans outstanding as detailed below. As always, grant opportunities and low-interest subsidized loans are pursued by the District.

Outstanding Debt at Year End (in thousands)

	June 30,	
	2020	2019
<u>Sewer Enterprise Fund:</u>		
California State Revolving Loan Fund (secured by sewer revenue)	1,590	1,713
California State Revolving Loan Fund (secured by sewer revenue)	644	685
California State Revolving Loan Fund (secured by sewer revenue)	872	933
California State Revolving Loan Fund (secured by sewer revenue)	7,339	7,545
California State Revolving Loan Fund (secured by sewer revenue)	4,262	4,382
Sewer Refunding (secured by sewer revenue)	4,685	5,247
Sewer Refunding (secured by sewer revenue)	4,317	5,217
Installment Sale Agreement (secured by sewer revenue)	4,312	4,609
Installment Sale Agreement (secured by sewer revenue)	4,270	4,565
California State Revolving Loan Fund (secured by sewer revenue)	1,014	1,042
California State Revolving Loan Fund (secured by sewer revenue)	549	565
Total sewer enterprise fund	33,854	36,503
 <u>Water Enterprise Fund:</u>		
Water Refunding (secured by water revenue)	4,233	4,752
California State Revolving Loan Fund (secured by water revenue)	3,094	3,211
California State Revolving Loan Fund (secured by water revenue)	980	1,028
California State Revolving Loan Fund (secured by water revenue)	6,972	3,357
California State Revolving Loan Fund (secured by water revenue)	1,907	1,931
Total water enterprise fund	17,186	14,279
Total debt	\$ 51,040	\$ 50,782

For additional information on Outstanding Debt, see Note 6 in the Notes to the Financial Statements.

Contacting the District's Financial Management

This financial report is designed to provide the District's elected officials, customers, investors, and creditors with an assessment of the District's financial condition and an accounting of the public's money. If you have questions about this report or need more financial information, contact the Chief Financial Officer, South Tahoe Public Utility District, 1275 Meadow Crest Drive, South Lake Tahoe, CA 96150.

S T P U D

Safeguarding Tahoe for 70 Years

STATEMENT OF NET POSITION
June 30, 2020
(With comparative totals for June 30, 2019)

	Business-type Activities Enterprise Funds		Total	
	Sewer	Water	2020	2019
ASSETS				
Current assets				
Cash and cash equivalents (Note 2)	\$ 8,988,455	\$ 1,417,852	\$ 10,406,307	\$ 12,828,446
Investments (Note 2)	2,167,804	1,067,724	3,235,528	2,355,659
Accounts receivable, net of allowance (Note 3)	663,363	1,407,572	2,070,935	1,211,314
Due from governmental agencies (Note 3)	239,258	352,843	592,101	357,119
Property tax receivable	8,555,859	-	8,555,859	8,321,427
Interest receivable	236,706	51,344	288,050	365,146
Other current assets	245,229	790,016	1,035,245	1,081,687
Interfund loan (Note 8)	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>	<u>3,000,000</u>
Total current assets	<u>24,096,674</u>	<u>5,087,351</u>	<u>29,184,025</u>	<u>29,520,798</u>
Noncurrent assets				
Restricted assets:				
Cash and cash equivalents (Note 2)	2,209,789	698,388	2,908,177	2,900,044
Certificate of deposit (Note 2)	<u>50,000</u>	<u>115,000</u>	<u>165,000</u>	<u>165,000</u>
Total restricted assets	<u>2,259,789</u>	<u>813,388</u>	<u>3,073,177</u>	<u>3,065,044</u>
Long-term accounts receivable (Note 3)	182,428	-	182,428	588,485
Due from governmental agencies, net of allowance (Note 3)	73,020	73,020	146,040	146,040
Investments (Note 2)	21,373,383	10,527,189	31,900,572	24,414,766
Capital assets, net of accumulated depreciation (Note 4)	<u>128,531,080</u>	<u>101,138,504</u>	<u>229,669,584</u>	<u>227,823,101</u>
Total noncurrent assets	<u>152,419,700</u>	<u>112,552,101</u>	<u>264,971,801</u>	<u>256,037,436</u>
Total Assets	<u>176,516,374</u>	<u>117,639,452</u>	<u>294,155,826</u>	<u>285,558,234</u>
DEFERRED OUTFLOW OF RESOURCES				
Refunding loan costs	156,500	-	156,500	181,990
Changes in the net pension liability (Note 9)	<u>2,255,266</u>	<u>1,448,927</u>	<u>3,704,193</u>	<u>3,944,349</u>
Total Deferred Outflows of Resources	<u>\$ 2,411,766</u>	<u>\$ 1,448,927</u>	<u>\$ 3,860,693</u>	<u>\$ 4,126,339</u>

See accompanying notes to the basic financial statements.

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Safeguarding Tahoe for 70 Years

STATEMENT OF NET POSITION - continued

June 30, 2020

(With comparative totals for June 30, 2019)

	Business-type Activities		Total	
	Enterprise Funds			
	Sewer	Water	2020	2019
LIABILITIES				
Current liabilities				
Accounts payable and other liabilities	\$ 1,778,347	\$ 953,264	\$ 2,731,611	\$ 3,702,116
Unearned revenue (Note 5)	-	20,193	20,193	934,024
Accrued expenses	949,757	305,440	1,255,197	1,417,384
Accrued interest payable	342,681	181,620	524,301	591,784
Deposits payable	-	313,000	313,000	-
Interfund loan (Note 8)	-	3,000,000	3,000,000	3,000,000
Compensated absences - current portion (Note 7)	673,854	490,288	1,164,142	1,113,498
Long term liabilities - current portion (Note 6)	<u>2,712,259</u>	<u>597,583</u>	<u>3,309,842</u>	<u>3,297,980</u>
Total current liabilities	<u>6,456,898</u>	<u>5,861,388</u>	<u>12,318,286</u>	<u>14,056,786</u>
Noncurrent liabilities				
Compensated absences - long term portion (Note 7)	1,284,440	901,054	2,185,494	2,028,315
Long term liabilities - long term portion (Note 6)	31,141,932	16,588,008	47,729,940	47,483,706
Net pension liability (Note 9)	<u>6,615,726</u>	<u>4,244,196</u>	<u>10,859,922</u>	<u>9,857,219</u>
Total long-term liabilities	<u>39,042,098</u>	<u>21,733,258</u>	<u>60,775,356</u>	<u>59,369,240</u>
Total Liabilities	<u>45,498,996</u>	<u>27,594,646</u>	<u>73,093,642</u>	<u>73,426,026</u>
DEFERRED INFLOWS OF RESOURCES				
Property tax receivable	8,555,859	-	8,555,859	8,321,427
Changes in the net pension liability (Note 9)	<u>221,155</u>	<u>210,725</u>	<u>431,880</u>	<u>493,965</u>
Total Deferred Inflows of Resources	<u>8,777,014</u>	<u>210,725</u>	<u>8,987,739</u>	<u>8,815,392</u>
NET POSITION				
Net Investment in capital assets	95,328,096	84,011,422	179,339,518	174,768,446
Restricted for security deposits	50,000	115,000	165,000	165,000
Restricted for debt service payment	1,715,082	698,388	2,413,470	2,413,470
Unrestricted - designated for capital asset purchases	-	3,000,000	3,000,000	3,000,000
Unrestricted	<u>27,558,952</u>	<u>3,458,198</u>	<u>31,017,150</u>	<u>27,096,239</u>
Total Net Position	<u>\$ 124,652,130</u>	<u>\$ 91,283,008</u>	<u>\$ 215,935,138</u>	<u>\$ 207,443,155</u>

See accompanying notes to the basic financial statements.

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Safeguarding Tahoe for 70 Years

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2020

(With comparative totals for the year ended June 30, 2019)

	Business-type Activities Enterprise Funds		Total	
	Sewer	Water	2020	2019
<u>OPERATING REVENUE</u>				
Charges for sales and services:				
Service charges	\$ 15,221,138	\$ 13,018,244	\$ 28,239,382	\$ 27,225,123
Connection and service fees	1,341,638	1,323,130	2,664,768	2,269,965
Other operating income	<u>131,293</u>	<u>231,790</u>	<u>363,083</u>	<u>361,971</u>
Total operating revenues	<u>16,694,069</u>	<u>14,573,164</u>	<u>31,267,233</u>	<u>29,857,059</u>
<u>OPERATING EXPENSES</u>				
Salaries, wage and employee benefits	11,114,360	6,814,018	17,928,378	17,331,207
Depreciation and amortization	4,748,937	4,062,684	8,811,621	8,855,705
Utilities	1,925,551	751,140	2,676,691	2,812,775
Repairs and maintenance	1,201,363	1,731,217	2,932,580	2,462,633
Other operating expenses (Note 15)	<u>2,560,157</u>	<u>2,012,534</u>	<u>4,572,691</u>	<u>4,587,827</u>
Total operating expenses	<u>21,550,368</u>	<u>15,371,593</u>	<u>36,921,961</u>	<u>36,050,147</u>
OPERATING LOSS	<u>(4,856,299)</u>	<u>(798,429)</u>	<u>(5,654,728)</u>	<u>(6,193,088)</u>
<u>NONOPERATING REVENUE (EXPENSE)</u>				
Tax revenue	8,611,190	236,273	8,847,463	8,337,122
Investment earnings (Note 14)	1,060,677	417,070	1,477,747	1,575,391
Aid from governmental agencies	180,908	397,543	578,451	317,972
Other nonoperating income	151,097	98,906	250,003	498,464
Interest expense	(744,360)	(60,731)	(805,091)	(1,018,758)
Other expense	<u>(211,523)</u>	<u>(42,613)</u>	<u>(254,136)</u>	<u>(251,347)</u>
Total nonoperating revenue, net	<u>9,047,989</u>	<u>1,046,448</u>	<u>10,094,437</u>	<u>9,458,844</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS	<u>4,191,690</u>	<u>248,019</u>	<u>4,439,709</u>	<u>3,265,756</u>
<u>CAPITAL CONTRIBUTIONS</u>				
Capital contributions	<u>-</u>	<u>4,052,274</u>	<u>4,052,274</u>	<u>63,912</u>
CHANGE IN NET POSITION	<u>4,191,690</u>	<u>4,300,293</u>	<u>8,491,983</u>	<u>3,329,668</u>
TOTAL NET POSITION, BEGINNING OF YEAR	<u>120,460,440</u>	<u>86,982,715</u>	<u>207,443,155</u>	<u>204,113,487</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 124,652,130</u>	<u>\$ 91,283,008</u>	<u>\$ 215,935,138</u>	<u>\$ 207,443,155</u>

See accompanying notes to the basic financial statements.

S T P U D

Safeguarding Tahoe for 70 Years

STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

(With comparative totals for the year ended June 30, 2019)

	Business-type Activities		Total	
	Sewer	Water	2020	2019
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 16,348,191	\$ 13,864,647	\$ 30,212,838	\$ 28,968,652
Payments to suppliers	(3,083,946)	(3,611,575)	(6,695,521)	(4,384,599)
Payments to employees	(10,107,527)	(6,197,822)	(16,305,349)	(15,989,576)
Other operating payments	<u>(2,560,157)</u>	<u>(2,012,534)</u>	<u>(4,572,691)</u>	<u>(4,587,827)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>596,561</u>	<u>2,042,716</u>	<u>2,639,277</u>	<u>4,006,650</u>
<u>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Tax revenue	8,376,758	236,273	8,613,031	8,010,503
Payments (to) from governmental agencies	<u>(58,373)</u>	<u>399,762</u>	<u>341,389</u>	<u>1,223,591</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>8,318,385</u>	<u>636,035</u>	<u>8,954,420</u>	<u>9,234,094</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition of capital assets	(5,740,320)	(4,919,837)	(10,660,157)	(13,675,954)
Repayment of debt	(2,648,108)	(708,258)	(3,356,366)	(3,468,803)
Proceeds from issuance of debt	-	3,614,462	3,614,462	1,027,430
Interest paid on notes payable	(744,765)	(102,319)	(847,084)	(848,033)
Contributed capital	<u>-</u>	<u>4,052,274</u>	<u>4,052,274</u>	<u>-</u>
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(9,133,193)</u>	<u>1,936,322</u>	<u>(7,196,871)</u>	<u>(16,965,360)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Investment earnings	692,644	172,389	865,033	786,357
Purchase of investments	(17,428,890)	(8,584,379)	(26,013,269)	(16,578,951)
Proceeds from sale of investments	<u>14,418,979</u>	<u>3,918,425</u>	<u>18,337,404</u>	<u>16,165,625</u>
NET CASH (USED FOR) PROVIDED BY INVESTING ACTIVITIES	<u>(2,317,267)</u>	<u>(4,493,565)</u>	<u>(6,810,832)</u>	<u>373,031</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(2,535,514)</u>	<u>121,508</u>	<u>(2,414,006)</u>	<u>(3,351,585)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>13,733,758</u>	<u>1,994,732</u>	<u>15,728,490</u>	<u>19,080,075</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 11,198,244</u>	<u>\$ 2,116,240</u>	<u>\$ 13,314,484</u>	<u>\$ 15,728,490</u>

See accompanying notes to the basic financial statements.

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Safeguarding Tahoe for 70 Years

STATEMENT OF CASH FLOWS - continued
For the year ended June 30, 2020
(With comparative totals for the year ended June 30, 2019)

	Business-type Activities Enterprise Funds		Total	
	Sewer	Water	2020	2019
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</u>				
Unrestricted cash and cash equivalents	\$ 8,988,455	\$ 1,417,852	\$ 10,406,307	\$ 12,828,446
Restricted cash and cash equivalents	2,209,789	698,388	2,908,177	2,900,044
TOTAL CASH AND CASH EQUIVALENTS	\$ 11,198,244	\$ 2,116,240	\$ 13,314,484	\$ 15,728,490
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>				
Operating loss	\$ (4,856,299)	\$ (798,429)	\$ (5,654,728)	\$ (6,193,088)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation and amortization	4,748,937	4,062,684	8,811,621	8,855,705
Net change in deferred outflows and inflows	302,112	110,391	412,503	1,551,302
(Increase) Decrease in receivables	(5,269)	(448,295)	(453,564)	18,068
Decrease (Increase) in other assets	(1,686)	48,128	46,442	44,831
(Decrease) Increase in accounts payable	45,340	(1,015,845)	(970,505)	830,456
Increase (Decrease) in pension liability	601,622	401,081	1,002,703	(283,370)
Decrease in unearned revenue	(340,609)	(573,222)	(913,831)	(906,475)
Increase in other payables	102,413	256,223	358,636	89,221
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 596,561	\$ 2,042,716	\$ 2,639,277	\$ 4,006,650
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>				
Increase in fair value of investments	\$ 285,664	\$ 180,064	\$ 465,728	\$ 650,382
Noncash capital contributions	-	4,052,274	4,052,274	63,912
Total Non-Cash Investing, Capital, and Financing Activities	\$ 285,664	\$ 4,232,338	\$ 4,518,002	\$ 714,294

See accompanying notes to the basic financial statements.

S T P U D Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The South Tahoe Public Utility District (the "District"), a public agency established on September 28, 1950, (pursuant to Section 9 of "The Public Utility District Act") supplies drinking water and provides sewage collection, treatment, and export to protect Tahoe's delicate ecosystem. Managing this complex operation requires an uncommon environmental sensitivity.

For financial reporting purposes, the District includes all funds that are controlled by or dependent on the District's Board of Directors. Management has determined the District to be a single reporting entity for financial reporting purposes by applying the criteria set forth in Statement of Governmental Accounting Standards No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. This criteria requires the reporting entity to have a separate elected governing body, that it be a legal separate entity and fiscally independent.

Based on the foregoing criteria; the following funds are included in the District's annual report and are combined for financial reporting purposes:

- Sewer Enterprise Fund
- Water Enterprise Fund

B. Measurement Focus, Basis of Accounting and Presentation

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental 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.

Measurement Focus

The statement of net position and the statement of revenues, expenses, and changes in net position, are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The financial records of the District are maintained on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred.

C. Budget

The District develops and adopts an annual budget; however, this budget is a management tool and is not a legal requirement.

D. Cash and Cash Equivalents

The District considers cash and all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The District's cash and cash equivalents consist of cash, deposits in financial institutions, money market accounts, certificates of deposit and pooled investments. Cash and cash equivalents invested for specific requirements, such as deposits for construction projects, are segregated as restricted cash and cash equivalents.

S T P U D Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deposits of cash and cash equivalents must comply with the District's Investment Policy which complies with the California Government Code. The policy requires deposits in financial institutions to be FDIC insured or fully collateralized.

E. Investments

Investments consist of unrestricted and restricted federal agency notes, corporate notes, supranationals, municipal bonds, treasury obligations and commercial paper. The District records its investments at fair value. Changes in fair value are reported as investment income in the statement of revenues, expenses, and changes in net position.

The Chief Financial Officer invests monies not required for the immediate operations of the District, in accordance with the District's Investment Policy.

F. Accounts Receivable

Accounts receivable represent service charges and other revenues billed and uncollected at year-end, along with amounts accrued for items billed after year-end for service periods before year-end. Each year the District records liens for delinquent charges and collects through the property tax bill for active accounts, and pursues full-collection for closed accounts with unpaid balances. The District records an allowance for doubtful accounts for non-recoverable collections.

G. Inventory

Inventory is valued at cost, using the first in first out method (FIFO). Inventory consists of supplies used in the maintenance of water and sewer lines. The cost is recorded as an expense as inventory items are consumed.

H. Property and Equipment

Capital assets are recorded at cost except in those cases where facilities are donated by private developers or special assessment districts. In the latter cases, assets are recorded at acquisition value. At the date of donation, assets are capitalized when they are expected to have useful lives of three years or greater and the original cost is \$5,000 or more. All depreciation is computed on the straight-line basis over the following useful lives:

	<u>Years</u>
<u>Sewer Enterprise</u>	
Subsurface lines	10-70
Sewage collection facilities	5-40
Sewage treatment	3-40
Sewage disposal	5-100
General plant and administration	3-50
 <u>Water Enterprise</u>	
Source of supply	10-40
Pumping plant	12-30
Water treatment plant	4-35
Transmission and distribution	20-74
General plant	3-20

S T P U D Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave, which will be paid to employees upon separation from the District's service. For employees hired after January 1, 2013, earned but unused sick time will not be paid upon separation from the District's services. The cost of vacation and sick leave is recorded in the period accrued.

J. Pension Plan

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 South Tahoe Public Utility District PERS (the Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

K. Capital Contributions

Capital contributions are grant monies received from the federal and state government in aid of construction, and assets contributed by Special Assessment Districts or real estate developers.

L. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Operating and Non-operating Revenues

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations of sewer and water services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

N. Property taxes

Secured property taxes are attached as an enforceable lien and levied on property as of January 1st. Taxes are due in two installments, on or before December 10th and April 10th. The District recognizes property tax receivables on January 1st and defers revenue recognition until the period for which the property taxes are levied (July 1st through June 30th). Property tax revenue is derived from property tax assessments levied within the entire District. The Board of Directors is using these funds to subsidize the Sewer Enterprise Fund operations. The District relies upon the competency of the County of El Dorado for assessing the property tax and establishing a lien date, and for billing, collecting and distributing its share of the property tax revenue.

O. Restricted Resources

The District's policy is to first apply restricted resources when an expense is incurred for purposes which both restricted and unrestricted net position are available.

P. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

S T P U D Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Q. Net Position

Net position represents the residual interest in District assets and deferred outflows after liabilities and deferred inflows are deducted. Net position is presented in three broad components: net investment in capital assets; restricted; and unrestricted. Net investment in capital assets includes capital assets, net of accumulated depreciation, and outstanding principal balances of debt and related deferred outflows and inflows attributable to the acquisition, construction or improvement of those assets. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net position is unrestricted. Operating losses outside of depreciation are funded by operating and capital reserves.

R. Comparative Information

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with current year's presentation.

S. Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2020 or later and may be applicable for the District. However, the District has not determined what impact, if any, these pronouncements will have on the financial statements.

Government Accounting Standards Board Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. Additionally, this Statement describes four fiduciary funds that should be reported, as well as provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Application of this statement is effective for the District's fiscal year ending June 30, 2021.

Governmental 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. Application of this statement is effective for the District's fiscal year ending June 30, 2022.

S T P U D Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental 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. Application of this statement is effective for the District's fiscal year ending June 30, 2022.

Governmental Accounting Standards Board Statement No. 90

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests*. The purpose of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The new standard clarifies the differences between a majority equity interest reported as an investment and majority equity interest reported as a component unit of the governmental entity. Application of this statement is effective for the District's fiscal year ending June 30, 2021.

Government Accounting Standards Board Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. Application of this statement is effective for the District's fiscal year ending June 30, 2023.

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Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2020 consisted of the following:

Cash and cash equivalents:

Unrestricted:

Cash on hand	\$	2,450
Unrestricted deposits in financial institutions		698,739
Deposits in Local Agency Investment Fund (LAIF)		9,373,011
Deposits in El Dorado County Treasury		285,973
Deposits in California Asset Management Program (CAMP)		<u>46,134</u>

Total unrestricted cash and cash equivalents 10,406,307

Restricted:

Deposits in CAMP		494,707
Restricted for debt service payment		<u>2,413,470</u>

Total restricted cash and cash equivalents 2,908,177

Total cash and cash equivalents 13,314,484

Investments:

Unrestricted:

Federal agency and instrumentalities		7,183,325
U.S. corporate debt		7,769,349
Asset backed securities		4,555,550
Supranationals		474,878
Municipal Bonds		428,304
U.S. Treasury obligations		11,803,113
Negotiable certificates of deposit		<u>2,921,581</u>

Total unrestricted investments 35,136,100

Restricted:

Negotiable certificates of deposit		<u>165,000</u>
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Total investments 35,301,100

Total cash and investments \$ 48,615,584

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Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 2: CASH AND INVESTMENTS (continued)

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 Years	None	None
Federal agency and instrumentalities			
Callable	5 Years	25%	None
Asset backed securities	5 Years	20%	None
Other	5 Years	None	None
Supranationals	5 Years	30%	None
Municipal obligations	5 Years	None	None
U.S. corporate debt	5 Years	30%	10%
Negotiable certificates of deposit	5 Years	30%	10%
Commercial paper	270 days	25%	10%
Bank deposits	N/A	20%	10%
Bankers' acceptances	180 days	40%	10%
Pooled investment funds			
LAIF	N/A	None	None
CAMP	N/A	None	None
El Dorado County pool	N/A	None	None
Money market funds	N/A	20%	10%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One way the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities. A portion of the portfolio is always maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for the District's operations and capital improvement program.

In addition, the Investment Policy limits the purchase of securities to those with maturities of five years or less. Longer investments require prior authorization of the Board of Directors. Certain investments that are highly sensitive to interest rate fluctuations are prohibited by the Investment Policy.

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Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 2: CASH AND INVESTMENTS (continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2020:

Investment Type	Fair Value	Investment Maturities (in years)		
		Less than 1	1-2	3-5
Federal agency and instrumentalities	\$ 7,183,325	\$ 3,526,275	\$ 3,592,542	\$ 64,508
U.S. corporate debt	7,769,349	997,382	4,650,409	2,121,558
Asset backed securities	4,555,550	250,220	3,246,220	1,059,110
Supranationals	474,878	261,529	213,349	-
Municipal Bonds	428,304	-	428,304	-
U.S. Treasury obligations	11,803,113	1,347,328	10,455,785	-
Negotiable certificates of deposit	3,086,581	125,000	2,010,105	951,476
	<u>\$ 35,301,100</u>	<u>\$ 6,507,734</u>	<u>\$ 24,596,714</u>	<u>\$ 4,196,652</u>

As provided in the Investment Policy, the District should target a maximum allocation of 25% to callable Federal agency securities.

Concentration of Credit Risk

Concentration of Credit risk is the risk of loss attributed to the magnitude of an investor's investment in a single issuer. To limit this risk, the District places a limit on the amount that can be invested in any one issuer to the lesser of the amount stipulated by the California Government Code or 10% investments, with the exception of U.S. Treasury obligation bonds, U.S. Agency securities, and pooled investment funds.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

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Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 2: CASH AND INVESTMENTS (continued)

Presented below is the actual rating as of June 30, 2020 for each investment type.

Investment Type	Total	Rating as of Fiscal Year End	
		S&P	N/A
Federal agency and instrumentalities	\$ 7,183,325	AA+	
Municipal Bonds	112,310	AA+	
Municipal Bonds	15,487	A	
Municipal Bonds	300,508	AA-	
U.S. corporate debt	283,949	AA+	
U.S. corporate debt	788,570	AA	
U.S. corporate debt	831,659	AA-	
U.S. corporate debt	1,344,314	A+	
U.S. corporate debt	1,752,350	A	
U.S. corporate debt	1,549,432	A-1	
U.S. corporate debt	101,067	BBB-	
U.S. corporate debt	948,118	BBB+	
U.S. corporate debt	169,891		Not rated
Asset-backed Security	3,625,882	AAA	
Asset-backed Security	929,668		Not rated
Supranationals	474,878	AAA	
U.S. Treasury obligations	11,803,112	AA+	
Negotiable certificates of deposit	558,519	AA-	
Negotiable certificates of deposit	287,817	A-1+	
Negotiable certificates of deposit	1,454,876	A-1	
Negotiable certificates of deposit	278,257	A+	
Negotiable certificates of deposit	342,111	A	
Negotiable certificates of deposit	165,000		Not rated
	\$ 35,301,100		

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the depositor will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The District's Investment Policy requires the financial institution to either collateralize the deposits or cover them with Federal deposit insurance. The District's cash and deposits in financial institutions, totaling \$2,013,937 as of June 30, 2020, are secured by federal depository insurance for \$414,998 with the remainder covered by collateral held by an agent of the pledging bank in the District's name.

Investment Valuation

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 1 and 3 inputs.

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Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 2: CASH AND INVESTMENTS (continued)

Following is a description of the valuation methodologies used to estimate the fair value of investments. There have been no changes in the valuation techniques used at June 30, 2020. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while District management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

U.S. Treasuries, Government Agencies, Corporate Bonds, Municipal Bonds, Asset Backed Securities, Negotiable Certificates of Deposit and Supranationals: Fair values are based on quoted market prices for similar securities in markets that are not active, and model-based techniques for which all significant assumptions are observable in the market, resulting in a level 2 valuation.

The following tables set forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2020.

	Level 1	Level 2	Level 3	Total
Federal agency and instrumentalities	\$ -	\$ 7,183,325	\$ -	\$ 7,183,325
U.S corporate debt	-	7,769,349	-	7,769,349
Asset backed securities	-	4,555,550	-	4,555,550
Supranationals	-	474,878	-	474,878
Municipal Bonds	-	428,304	-	428,304
U.S. Treasury obligations	-	11,803,113	-	11,803,113
Negotiable certificates of deposit	-	3,086,581	-	3,086,581
Total assets at fair value	<u>\$ -</u>	<u>\$ 35,301,100</u>	<u>\$ -</u>	<u>\$ 35,301,100</u>

NOTE 3: ACCOUNTS RECEIVABLE AND AMOUNTS DUE FROM GOVERNMENTAL AGENCIES

Short-term receivables at June 30, 2020 consisted of the following:

	Sewer	Water	Total
Customer receivables	\$ 685,355	\$ 1,341,191	\$ 2,026,546
Other receivables	79,819	143,996	223,815
Due from Federal Government	56,099	65,609	121,708
Due from State Government	183,159	50,524	233,683
Due from El Dorado County	-	236,710	236,710
	1,004,432	1,838,030	2,842,462
Allowance for doubtful accounts	<u>(101,811)</u>	<u>(77,615)</u>	<u>(179,426)</u>
Accounts receivable, net of allowance	<u>\$ 902,621</u>	<u>\$ 1,760,415</u>	<u>\$ 2,663,036</u>

Long-term receivables at June 30, 2020 consisted of the following:

	Sewer	Water	Total
Customer receivables	\$ 182,428	\$ -	\$ 182,428
Due from State Government	<u>73,020</u>	<u>73,020</u>	<u>146,040</u>
Accounts receivable	<u>\$ 255,448</u>	<u>\$ 73,020</u>	<u>\$ 328,468</u>

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Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 3: ACCOUNTS RECEIVABLE AND AMOUNTS DUE FROM GOVERNMENTAL AGENCIES (continued)

Long-term customer receivables are submitted to the County of El Dorado for collection through a special property tax assessment or if unpaid, ultimately through foreclosure on the property.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Capital assets not being depreciated					
Land and easement	\$ 24,745,627	\$ -	\$ -	-	\$ 24,745,627
Water rights	1,668,308	-	-	-	1,668,308
Construction in progress	<u>24,705,533</u>	<u>4,159,458</u>	<u>-</u>	<u>(6,963,132)</u>	<u>21,901,859</u>
Total capital assets not being depreciated	<u>51,119,468</u>	<u>4,159,458</u>	<u>-</u>	<u>(6,963,132)</u>	<u>48,315,794</u>
Capital assets being depreciated					
Plant and equipment	<u>336,843,408</u>	<u>6,500,699</u>	<u>(439,714)</u>	<u>6,963,132</u>	<u>349,867,525</u>
Less accumulated depreciation					
Plant and equipment	<u>(160,139,775)</u>	<u>(8,811,621)</u>	<u>437,661</u>	<u>-</u>	<u>(168,513,735)</u>
Total capital assets being depreciated, net	<u>176,703,633</u>	<u>(2,310,922)</u>	<u>(2,053)</u>	<u>6,963,132</u>	<u>181,353,790</u>
Capital assets, net	<u>\$ 227,823,101</u>	<u>\$ 1,848,536</u>	<u>\$ (2,053)</u>	<u>\$ -</u>	<u>\$ 229,669,584</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 4: CAPITAL ASSETS (continued)

Construction in progress as of June 30, 2020 consisted of the following:

Al Tahoe Pump St Rehab	\$ 184,489
Alpine County Master Plan	1,036,420
Apache Ave. Sewer Replacement	656,756
BMP projects, water	201,519
C-Line energy generation	189,305
C-Line reroute	236,334
Collection system master plan	522,264
DVR environmental impact report	769,991
DVR irrigation improvements	11,525,760
Luther Pass PS Tank Rehab	250,781
Santa Fe Property Improvements	361,067
Sierra Blvd. WT System Improvements	491,306
Keller-Heavenly System Improvements	873,114
Meters, Phase 5B	500,582
Secondary Clarifier #2 Rehab	184,521
Secondary Clarifier #3 Rehab	201,113
Tahoe Keys Sewer PS Rehab	602,505
Tyler Utility Management	265,182
Upper Truckee Sewer PS Rehab	299,046
Water system optimization plan	430,842
Waterline, Rocky Point 2	459,185
Wildwood intercept	205,918
Other projects	<u>1,453,859</u>
	<u>\$ 21,901,859</u>

Depreciation expense for the year ended June 30, 2020 was charged to the different activities as follows:

Sewer	\$ 4,748,937
Water	<u>4,062,684</u>
	<u>\$ 8,811,621</u>

NOTE 5: UNEARNED REVENUE

Unearned revenue represents revenues that had been collected or billed, but not yet earned. Unearned revenue consisted of the following at June 30, 2020:

	Water	Total
Meters sold but not issued	<u>\$ 20,193</u>	<u>\$ 20,193</u>
	<u>\$ 20,193</u>	<u>\$ 20,193</u>

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Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 6: LONG TERM LIABILITIES

During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	July 1, 2019	Additions	Reductions	June 30, 2020	Current Portion
SRF Luther Pass Pump Station	\$ 1,712,485	\$ -	\$ (122,736)	\$ 1,589,749	\$ 126,050
SRF Headworks	685,404	-	(40,937)	644,467	42,042
SRF Emergency Retention Basin	932,715	-	(60,846)	871,869	62,488
2011 Sewer Installment Agreement	4,609,273	-	(296,979)	4,312,294	307,919
2012 Sewer Refunding	5,217,089	-	(900,415)	4,316,674	921,242
2013 Sewer Refunding	5,246,876	-	(562,201)	4,684,675	576,117
SRF Luther Pass Power	4,382,197	-	(119,938)	4,262,259	121,858
SRF Diamond Valley Ranch Irrigation Imp.	7,545,234	-	(206,509)	7,338,725	209,813
SRF Aeration Basin #2 Rehabilitation	1,041,722	-	(28,090)	1,013,632	28,567
SRF Primary Clarifier #1 Rehabilitation	564,551	-	(15,223)	549,328	15,482
Chase Bank Sewer Loan	4,564,753	-	(294,234)	4,270,519	300,681
2013 Water Refunding	4,751,866	-	(518,659)	4,233,207	381,631
SRF Meters Phase 1	3,211,190	-	(116,771)	3,094,419	116,771
SRF Meters Phase 2	1,027,854	-	(48,152)	979,702	48,928
SRF Meters Phase 3 - 5	3,357,245	3,614,462	-	6,971,707	-
SRF Waterline Replacement	1,931,232	-	(24,676)	1,906,556	50,253
Total	\$ 50,781,686	\$ 3,614,462	\$ (3,356,366)	\$ 51,039,782	\$ 3,309,842

A description of the long-term liabilities at June 30, 2020 follows:

SRF Luther Pass Pump Station

2011 California State Water Resources Control Board Revolving Fund loan secured by a first lien against all sewer revenues, due October 15, 2030, payable \$168,973 annually, including interest at 2.7%. The original amount of the debt was \$2,485,968 and was used for construction of the Luther Pass Pump Station Generator Replacement project. For the year ended June 30, 2020, principal and interest payments accounted for 0.7% of total sewer revenues.

SRF Headworks

2011 California State Water Resources Control Board Revolving Fund loan secured by a first lien against all sewer revenues, due October 15, 2032, payable \$59,442 annually, including interest at 2.7%. The original amount of the debt was \$909,386 and was used for construction of the Headworks Replacement project. For the year ended June 30, 2020, principal and interest payments accounted for 0.2% of total sewer revenues.

SRF Emergency Retention Basin

2011 California State Water Resources Control Board Revolving Fund loan secured by a first lien against all sewer revenues, due October 15, 2031, payable \$86,029 annually, including interest at 2.7%. The original amount of the debt was \$1,344,698 and was used for construction of the Emergency Retention Basin Liner project. For the year ended June 30, 2020, principal and interest payments accounted for 0.3% of total sewer revenues.

S T P U D Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 6: LONG TERM LIABILITIES (continued)

2011 Sewer Installment Agreement

2011 Sewer Installment Sale Agreement with BBVA Compass Bank, secured by a first lien against all sewer revenues, due August 1, 2031, payable \$231,267 semi-annually, including interest at 3.65%. The original amount of the debt was \$6,525,000 and was used for constructions of sewer infrastructure improvements. For the year ended June 30, 2020, principal and interest payments accounted for 1.7% of total sewer revenues.

2012 Sewer Refunding

2012 Sewer Installment Sale Agreement with BBVA Compass Bank, secured by a first lien against all sewer revenues, due September 1, 2024, payable \$507,630 semi-annually, including interest at 2.3%. The original amount of the debt was \$10,605,000 and was used for construction of sewer infrastructure improvements and was also used to repay the 2004 Sewer Revenue Certificates of Participation, which funded sewer infrastructure improvements. For the year ended June 30, 2020, principal and interest payments accounted for 3.7% of total sewer revenues.

2013 Sewer Refunding

2013 Sewer Installment Sale Agreement with BBVA Compass Bank, secured by a first lien against all sewer revenues, due August 2027, payable \$343,919 semi-annually, including interest at 2.46%. The original amount of the debt was \$8,400,000 and was used to repay the 2007 Sewer Installment Sale Agreement, which funded sewer infrastructure improvements. For the year ended June 30, 2020, principal and interest payments accounted for 2.6% of total sewer revenues.

SRF Luther Pass Power

2015 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all sewer revenues, due August 30, 2047, payable \$190,054 annually, including interest of 1.6%. The original amount of the debt was \$4,444,057 and was used for construction of Luther Pass Pump Station upgrades. For the year ended June 30, 2020, principal and interest payments accounted for 0.7% of total sewer revenues.

SRF Diamond Valley Ranch Irrigation Improvement

2015 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all sewer revenues, due December 31, 2047, payable \$322,058 annually, including interest of 1.6%. The original amount of the debt was \$8,860,890 and was used for construction of the Diamond Valley Ranch Irrigation improvements. For the year ended June 30, 2020, principal and interest payments accounted for 1.2% of total sewer revenues.

SRF Aeration Basin #2 Rehabilitation

2018 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all sewer revenues, due December 31, 2047, payable \$45,799 annually, including interest of 1.7%. The original amount of the debt was \$1,070,077 and was used for the rehabilitation of aeration basin #2. For the year ended June 30, 2020, principal and interest payments accounted for 0.2% of total sewer revenues.

SRF Primary Clarifier #1 Rehabilitation

2018 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all sewer revenues, due December 31, 2047, payable \$24,820 annually, including interest of 1.7%. The original amount of the debt was \$580,153 and was used for the rehabilitation of primary clarifier #1. For the year ended June 30, 2020, principal and interest payments accounted for 0.1% of total sewer revenues.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 6: LONG TERM LIABILITIES (continued)

Chase Bank Sewer Loan

2017 Installment Sale Agreement with Chase Bank, secured by a first lien against all sewer revenues, due December 1, 2032, payable \$196,074 semi-annually, including interest at 2.18%. The original amount of the debt was \$5,000,000 and was used for construction of the sewer plant generator and building. For the year ended June 30, 2020, principal and interest payments accounted for 1.4% of total sewer revenues.

2013 Water Refunding

2013 Water Installment Sale Agreement with BBVA Compass Bank, secured by a first lien against all water revenues, due January 30, 2030, payable \$237,786 semi-annually, including interest at 2.27%. The original amount of the debt was \$10,000,000 and was used for construction of water infrastructure improvements and was also used to repay the 2001 Water Refunding and 1999 Installment Sale Agreement, both of which funded water infrastructure improvements. For the year ended June 30, 2020, principal and interest payments accounted for 3.8% of total water revenues.

SRF Meters Phase 1

2014 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all water revenues, due January 1, 2047, payable \$58,385 semi-annually, including interest of 0%. The original amount of the debt was \$3,503,116 and was used for installation of water meters. Imputed interest for this loan is not material. For the year ended June 30, 2020, principal and interest payments accounted for 0.7% of total water revenues.

SRF Meters Phase 2

2017 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all water revenues, due July 1, 2037, payable \$32,204 semi-annually, including interest of 1.6%. The original amount of the debt was \$1,098,593 and was used for installation of water meters. For the year ended June 30, 2020, principal and interest payments accounted for 0.4% of total water revenues.

SRF Meters Phase 3 -5

In 2018, the District entered into a revolving fund loan agreement with California State Water Resources Control Board to provide funding for phases 3 through 5 of the water meter installation project. The loan is secured by a first lien against all water revenues. Funds are drawn on the agreement as work is completed up to a maximum approved amount of \$14,010,534. Annual principal and interest payments will occur each April 22, commencing April 15, 2022. This loan accrues interest at a rate of 1.8% annually. As of June 30, 2020 the District incurred a total of \$10,971,705 in Phase 3 - 5 costs, of which \$4,000,000 has been forgiven. For the year ended June 30, 2020, principal and interest payments accounted for 0% of total water revenues.

SRF Waterline Replacement

In 2018, the District entered into a revolving fund loan agreement with California State Water Resources Control Board to provide funding for the waterline replacement project. The loan is secured by a first lien against all water revenues. Funds are drawn on the agreement as work is completed up to a maximum approved amount of \$3,627,005. Semi-annual principal payments will occur each January 1 and July 1, commencing January 1, 2020. The loan accrues interest at a rate of 1.7% annually. Final payment is due July 1, 2049. For the year ended June 30, 2020, principal and interest payments accounted for 0.4% of total water revenues.

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Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 6: LONG TERM LIABILITIES (continued)

Principal and interest maturities of long-term debt are as follows:

	Principal	Interest	Total
Years ending June 30,			
2021	\$ 3,309,842	\$ 889,490	\$ 4,199,332
2022	3,563,283	938,841	4,502,124
2023	3,340,170	857,610	4,197,780
2024	4,032,095	774,372	4,806,467
2025	3,305,420	689,074	3,994,494
2026 - 2030	13,249,504	2,465,223	15,714,727
2031 - 2035	6,660,979	1,304,192	7,965,171
2036 - Thereafter	13,578,489	1,608,392	15,186,881
	<u>\$ 51,039,782</u>	<u>\$ 9,527,194</u>	<u>\$ 60,566,976</u>

Interest charges on debt, including amounts capitalized totaling \$117,226, for the year ended June 30, 2020 was \$922,317.

Debt covenants for the installment sale agreements to BBVA Compass Bank and the California State Water Resource Control Board Revolving Fund include thresholds for minimum net water and sewer revenue and maximum outstanding debt obligations. The District is in compliance with the requirements as of June 30, 2020.

NOTE 7: COMPENSATED ABSENCES

Compensated absences balance and activity for the year ended June 30, 2020 were as follows:

	July 1, 2019	Additions	Reductions	June 30, 2020	Current Portion
Compensated absences	<u>\$ 3,141,813</u>	<u>\$ 1,864,901</u>	<u>\$ (1,657,078)</u>	<u>\$ 3,349,636</u>	<u>\$ 1,164,142</u>

NOTE 8: INTERFUND LOAN

During the year ended June 30, 2017, the sewer fund loaned the water fund \$3 million to provide bridge funding for the water meter installation projects. This funding helps cover the expenses of the meter installations until the District is reimbursed from the Clean Water State Revolving Loan. The water fund is to reimburse the sewer fund, including interest, by June 30, 2021, when all remaining meter installations are expected to be complete and the District has been completely reimbursed from the loan funds. Interest on the loan will be paid at the same rate received by the District on its funds invested in the California Local Agency Investment Fund.

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Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 9: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety and miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the safety or miscellaneous pools. The District sponsors two rate plans (both miscellaneous). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS 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. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits.

The District has one local Miscellaneous Retirement Benefit Plan, with two tiers. Tier I benefits for members hired before January 1, 2013 are under the 2.7% @ 55 retirement formula, and Tier II benefits for members hired on or after January 1, 2013 are under the 2% at 62 retirement formula.

Tier I final compensation is calculated using the highest average pay rate and special compensation during a three year period. Tier I employee contributions are shared by the employer and employee. This tier and retirement formula is closed to employees hired on or after January 1, 2013 with the exception of employees considered to be Classic Members with a break in CalPERS qualified employment of less than 6 months and who did not receive a refund of their contributions on deposit with the retirement fund. Tier II final compensation is calculated using the highest average pay rate and special compensation during any consecutive three-year period. Tier II employee contributions are paid by the employee.

The rate plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	<u>Miscellaneous Plan</u>	
	Hired prior to January 1, 2013	Hired on or after January 1, 2013
Benefit Formula	2.7% at 55	2.0% at 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50 - 55	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.0% - 2.7%	1.0% - 2.5%
Required Employee Contribution Rate	8.000%	6.250%
Required Employer Contribution Rate	12.514%	6.985%

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Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 9: PENSION PLAN (continued)

Contributions

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 actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance 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 Plan for the year ended June 30, 2020 were \$1,813,910.

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

As of June 30, 2020, the District reported a net pension liability of \$10,859,922 for its proportionate share of the net pension liability of the Plan.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability of the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's' long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability of the Plan as of June 30, 2020 and 2019 was follows:

Proportion - June 30, 2019	0.26155%
Proportion - June 30, 2020	<u>0.27119%</u>
Change - increase	<u>0.00964%</u>

For the year ended June 30, 2020, the District recognized pension expense of \$2,935,091. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 1,813,910	\$ -
Change in employer's proportion	494,420	-
Difference between actual and expected experience	754,267	58,441
Changes in assumptions	517,851	183,574
Difference between employer contributions and the employer's proportionate share of the risk pool's contributions	123,745	-
Net difference between projected and actual earning on plan investments	<u>-</u>	<u>189,865</u>
Total	<u>\$ 3,704,193</u>	<u>\$ 431,880</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 9: PENSION PLAN (continued)

\$1,813,910 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 June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended	
June 30,	
<hr/>	
2021	\$ 1,200,035
2022	57,886
2023	162,116
2024	38,366

Actuarial Assumptions

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

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% net of pension plan investment expenses, includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applied, 2.50% thereafter

(1): The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 Experience Study Report that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Changes in Assumptions

In 2018, demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

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Safeguarding Tahoe for 70 Years

NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 9: PENSION PLAN (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 (PERF) cash flows. Using historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 each PERF fund. The expected rate of return was set by calculating the rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects 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. The target allocation shown was adopted by the Board effective on December 19, 2017.

Asset class	Assumed asset allocation	Real return years 1-10 (1)	Real return years 11+ (2)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92)%

(1) An expected inflation of 2.00% used for this period.

(2) An expected inflation 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 that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Net pension liability	\$17,446,905	\$10,859,922	\$5,422,832

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NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 9: PENSION PLAN (continued)

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. The annual financial report can be obtained at calpers.ca.gov.

NOTE 10: DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan (the "457 Plan") created in accordance with Internal Revenue Code Section 457. The 457 Plan permits the employees to defer a portion of their salary until future years. A third party administrator maintains deferrals in a trust capacity. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. Participants may elect to contribute, through salary reductions, up to the IRC (g) limit (\$19,500 in 2020).

The 457 Plan assets totaled \$17,363,851 at June 30, 2020. Plan assets consist of investments in mutual funds, which are held in trust and are considered protected from the general creditors of the District.

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. To protect the District from these risks, it is a member of a risk management program as discussed in Note 13. The District carries commercial insurance to protect against the risk of errors and omissions. For each of the three most recent years, settlement of claims has not exceeded insurance coverage.

NOTE 12: COMMITMENTS AND CONTINGENCIES

A. Contractual Obligations

At June 30, 2020, the District's significant contractual commitments with outside firms for engineering, construction, consulting, and various other services totaled approximately \$5.5 million.

At June 30, 2020, the District's management was in negotiations with various contractors regarding change orders for work performed prior to year-end. Management has made estimates for amounts due at year-end and had recorded them in accrued liabilities.

B. Contingencies

The District has received federal and state grants for specific purposes that are subject to review and audit by the federal and state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

The District is also subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to such actions will not materially affect the financial position or results of operations of the District.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 12: COMMITMENTS AND CONTINGENCIES (continued)

C. Public Health Emergency

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

NOTE 13: JOINT POWERS AUTHORITY

The District is a member of a joint powers authority, Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA), for the operation of a common risk management and insurance program. The program covers workers' compensation, property and liability insurance. The membership includes public water agencies within California. ACWA JPIA is governed by a Board of Directors consisting of representatives from member agencies, which controls the operations of the ACWA JPIA, including selection of management and approval of operating budgets.

The following is a summary of the most current audited financial information for ACWA JPIA as of September 30, 2019 (the most recent information available):

Total assets	\$ 212,099,851
Total deferred outflows of resources	553,790
Total liabilities	112,046,920
Total deferred inflows of resources	1,672,219
Net assets	98,934,502
Total income	181,825,144
Total expense	169,356,246

If the District's deposits are not adequate to meet costs of claims and expenses, a retrospective adjustment to make up the difference, subject to minimum and maximum amounts, can take place. Coverage under this program has not changed and settled claims resulting from these risks have not exceeded coverage in any of the past three years.

The District is also a member of a joint powers authority, California Asset Management Program (CAMP), which provides professional investment services to California public agencies. Members of CAMP can participate in the Cash Reserve Portfolio. CAMP is governed by a Board of Trustees, which is made up of experienced local government finance directors, treasurers, and school business officials. Trustees control the operation of CAMP, including formation and implementation of its investment and operating policies.

The following is a summary of the most current audited financial information for the CAMP portfolio as of December 31, 2019 (the most recent information available):

Total assets	\$ 5,588,124,487
Total liabilities	721,255
Net assets	4,817,841,612
Total income	120,270,058
Total expenses	5,755,189
Net increase in net assets resulting from operations	114,514,869

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NOTES TO THE BASIC FINANCIAL STATEMENTS

For the year ended June 30, 2020

NOTE 13: JOINT POWERS AUTHORITY (continued)

Complete financial statements for CAMP can be obtained from the PFM Asset Management, LLC at 50 California Street, Suite 2300, San Francisco, California 94111.

The relationships between South Tahoe Public Utility District and the joint powers authorities are such that CSRMA and CAMP are not component units of the District for financial reporting purposes.

NOTE 14: INVESTMENT EARNINGS

Investment earnings consisted of the following for the year ended June 30, 2020:

Interest income	\$	787,937
Net realized and unrealized gains		<u>689,810</u>
	\$	<u>1,477,747</u>

NOTE 15: OTHER OPERATING EXPENSES

Other operating expenses consisted of the following for the year ended June 30, 2020:

Professional services	\$	1,842,997
Operating permits		292,229
Chemical supplies		340,684
Office expense		203,566
Insurance and unreimbursed claims		518,973
Travel, meetings, and education		166,201
Research and monitoring		63,586
Equipment and building rent expense		204,416
Fuel expenses		202,919
Taxes, street lighting, and mitigation		149,957
Community incentive		131,502
Dues and certification		133,255
Miscellaneous expense		<u>322,406</u>
	\$	<u>4,572,691</u>

NOTE 16: SUBSEQUENT EVENTS

Management has evaluated events subsequent to June 30, 2020 through December 10, 2020, the date on which the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 As of June 30, 2020 (Last 10 Years*)

	Measurement Period					
	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.27119%	0.26155%	0.25724%	0.24871%	0.25560%	0.24100%
Proportionate share of the net pension liability	\$10,859,922	\$9,857,219	\$10,140,589	\$8,639,873	\$7,012,372	\$5,945,128
Covered payroll	\$9,849,757	\$9,650,512	\$9,307,465	\$9,428,197	\$8,791,579	\$8,813,523
Proportionate share of the net pension liability as a percentage of covered payroll	110.26%	102.14%	108.95%	91.64%	79.76%	67.45%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

* Schedule is intended to show information for ten years. Fiscal year 2015 was the first year of implementation, therefore only six years are shown. Additional years' information will be displayed as it becomes available.

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REQUIRED SUPPLEMENTARY INFORMATION SCHEDULE OF CONTRIBUTIONS TO THE COST SHARING DEFINED BENEFIT PENSION PLAN As of June 30, 2020 (Last 10 Years*)

	Fiscal Year-End					
	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$1,813,910	\$1,601,072	\$1,446,366	\$1,369,744	\$1,278,986	\$1,545,374
Contributions in relation to the actuarially determined contributions	<u>\$1,813,910</u>	<u>\$1,601,072</u>	<u>\$1,446,366</u>	<u>\$1,369,744</u>	<u>\$1,278,986</u>	<u>\$1,545,374</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$10,293,860	\$9,849,757	\$9,650,512	\$9,307,465	\$9,428,197	\$8,791,579
Contributions as a percentage of covered payroll	17.62%	16.25%	14.99%	14.72%	13.57%	17.58%

* Schedule is intended to show information for ten years. Fiscal year 2015 was the first year of implementation, therefore only six years are shown. Additional years' information will be displayed as it becomes available.

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Helen Well 1960



Bayview Well 2006

STATISTICAL

1950 - 2020



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STATISTICAL SECTION OBJECTIVES

The Statistical Section provides historical information on South Tahoe Public Utility District's (the District's) economic condition. Specific objectives of each schedule are noted below:

<u>Contents</u>	<u>Page</u>
<u>Financial Trends Data</u>	
Changes in Net Position	48-49
Net Position by Component	50
<ul style="list-style-type: none"> •These schedules present financial trend data for assessing the District's financial position over time. 	
<u>Revenue Capacity Data</u>	
Water and Sewer Service Charges – Billings and Collections	51
Annual Sewer and Water Rates	52
Annual Sewer Permits Issued	52
Rate Increase History	52
Annual Service Fee Comparison	53
Ten Largest Customers	54
Sewer and Water Service Charges by Type of Customer	55
Principal Employers	56
Property Tax Assessments and Levies – Sewer Enterprise Fund	57
Property Tax Rates All Direct and Overlapping Governments	57
Principal Property Taxpayers	58
<ul style="list-style-type: none"> •These schedules present revenue capacity information for assessing the District's ability to generate revenue. Sewer and Water Service Charges and Property Taxes are the District's most significant revenue sources. 	
<u>Debt Capacity Data</u>	
Ratios of Outstanding Debt by Type	59
<ul style="list-style-type: none"> •This schedule presents information on the District's debt burden per customer for both of its enterprise funds. 	
Pledged-Revenue Coverage	60
<ul style="list-style-type: none"> •This schedule shows net revenue available for debt service and related coverage ratios. 	
<u>Operating Information</u>	
Capital Spending	61
Capital Asset Statistics by Function/Program	61
Detail of Capital Spending	62
<ul style="list-style-type: none"> •These schedules provide information on the District's infrastructure replacement program and details spending on current large projects. 	
Wastewater Flows	63
<ul style="list-style-type: none"> •The Wastewater Flow Schedule details the amount of influent customers send to the Wastewater Treatment Plant annually, monthly, and daily. 	
Water Production	64
<ul style="list-style-type: none"> •The Water Production Schedule details potable water demand by customers annually, monthly, and daily. 	
<u>Demographic and Economic Information</u>	
Demographic Statistics	65
<ul style="list-style-type: none"> •The Water Production Schedule details potable water demand the socioeconomic environment of the local community. It also provides operating information workforce.on issuance of sewer permits and the District's 	
<u>Acknowledgments</u>	66

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CHANGES IN NET POSITION

	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
Operating revenues:				
Charges for sales and services:				
Service charges	\$28,239,382	\$27,225,123	\$25,650,846	\$24,054,288
Connection and service fees	2,664,768	2,269,965	2,049,627	1,807,033
Other operating income	363,083	361,971	422,823	343,714
Total operating revenues	<u>31,267,233</u>	<u>29,857,059</u>	<u>28,123,296</u>	<u>26,205,035</u>
Operating expenses:				
Salaries, wages & employee benefits	17,928,378	17,331,207	16,947,834	14,728,493
Depreciation and amortization	8,811,621	8,855,705	8,384,480	7,680,425
Utilities	2,676,691	2,812,775	2,821,878	2,936,986
Repairs and maintenance	2,932,580	2,462,633	2,390,202	1,933,796
Other operating expenses	4,572,691	4,587,827	3,733,250	4,604,509
Loss on disposal of assets	-	-	-	-
Total operating expenses	<u>36,921,961</u>	<u>36,050,147</u>	<u>34,277,644</u>	<u>31,884,209</u>
Operating income (loss)	<u>(5,654,728)</u>	<u>(6,193,088)</u>	<u>(6,154,348)</u>	<u>(5,679,174)</u>
Nonoperating revenues (expenses):				
Tax revenue	8,847,463	8,337,122	7,988,475	7,491,933
Investment earnings	1,477,747	1,575,391	238,174	155,946
Aid from governmental agencies	578,451	317,972	376,745	1,057,716
Other nonoperating income	250,003	498,464	424,556	362,175
Interest expense	(805,091)	(1,018,758)	(679,140)	(813,155)
Other expense	(254,136)	(251,347)	(218,581)	-252,395
Total nonoperating revenues	<u>10,094,437</u>	<u>9,458,844</u>	<u>8,055,358</u>	<u>8,002,220</u>
Income before contributions	4,439,709	3,265,756	1,901,010	2,323,046
Capital contributions (reimbursements)	<u>4,052,274</u>	<u>63,912</u>	<u>553,799</u>	<u>466,496</u>
Change in net position	<u><u>\$8,491,983</u></u>	<u><u>\$3,329,668</u></u>	<u><u>\$2,454,809</u></u>	<u><u>\$2,789,542</u></u>

SOURCE: South Tahoe Public Utility District Finance Department

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CHANGES IN NET POSITION - continued Last Ten Fiscal Years

<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>
\$22,356,964	\$21,048,326	\$19,857,736	\$19,905,104	18,996,769	\$18,843,974
1,623,742	2,646,447	2,477,127	1732924	985,935	991440
<u>301,952</u>	<u>360,636</u>	<u>385,661</u>	<u>396,604</u>	<u>342,608</u>	<u>400,643</u>
<u>24,282,658</u>	<u>24,055,409</u>	<u>22,720,524</u>	<u>22,034,632</u>	<u>20,325,312</u>	<u>20,236,057</u>
13,256,886	13,869,664	13,868,223	14,041,923	13,388,830	13,619,980
7,520,917	7,405,554	7,266,377	7,175,923	7,067,228	6,919,963
2,739,345	2,636,321	2,683,320	2,746,641	2,494,186	2,740,754
1,744,263	1,611,897	1,488,279	1,427,598	1,408,910	1,381,239
3,938,180	3,923,978	3,774,104	3,135,358	2,857,630	3,234,225
-	-	-	-	9,418	68,397
<u>29,199,591</u>	<u>29,267,414</u>	<u>29,080,303</u>	<u>28,527,443</u>	<u>27,226,202</u>	<u>27,964,558</u>
<u>(4,916,933)</u>	<u>(5,212,005)</u>	<u>(6,359,779)</u>	<u>(6,492,811)</u>	<u>(6,900,890)</u>	<u>(7,728,501)</u>
7,106,309	6,761,836	6,362,637	6,167,800	6,120,827	6,198,253
405,293	205,884	216,698	146,637	300,142	306,131
357,044	503,417	539,624	317,492	483,547	360,360
426,582	287,410	365,523	282,581	250,967	317,025
(738,504)	(813,055)	(879,398)	(1,284,731)	(1,097,536)	(848,177)
<u>(224,345)</u>	<u>(173181)</u>	<u>(312,018)</u>	<u>(228,814)</u>	<u>(221,384)</u>	<u>(216,855)</u>
<u>7,332,379</u>	<u>6,772,311</u>	<u>6,293,066</u>	<u>5,400,965</u>	<u>5,836,563</u>	<u>6,116,737</u>
2,415,446	1,560,306	(66,713)	(1,091,846)	(1,064,327)	(1,611,764)
385,971	290,077	702,863	2,252,318	1,547,745	5,543,204
<u>\$2,801,417</u>	<u>\$1,850,383</u>	<u>\$636,150</u>	<u>\$160,472</u>	<u>\$483,418</u>	<u>\$3,931,440</u>

SOURCE: South Tahoe Public Utility District Finance Department

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Safeguarding Tahoe for 70 Years

NET POSITION BY COMPONENT

Last Ten Fiscal Years

	2019-20	2018-19	2017-18	2016-17	2015-16
Business-type activities					
Net investment in capital assets	\$179,339,518	\$174,768,446	\$167,524,271	\$172,100,162	\$173,966,035
Restricted for MTBE-related costs	-	-	-	-	-
Restricted for security deposits	165,000	165,000	165,000	165,000	165,000
Restricted for debt service payment	2,413,470	2,413,470	5,904,034	1,116,622	876,779
Restricted for capital purchases	3,000,000	3,000,000	3,000,000	3,000,000	464,523
Unrestricted	31,017,150	27,096,239	27,230,083	25,131,753	23,251,658
Total business-type activities net position	<u>\$215,935,138</u>	<u>\$207,443,155</u>	<u>\$203,823,388</u>	<u>\$201,513,537</u>	<u>\$198,723,995</u>
	2014-15	2013-14	2012-13	2011-12	2010-11
Business-type activities					
Net investment in capital assets	\$169,814,512	\$172,911,935	\$171,826,113	\$171,743,660	\$168,387,320
Restricted for MTBE-related costs	-	-	380,322	476,264	2,789,890
Restricted for security deposits	165,000	275,000	275,000	275,000	275,000
Restricted for debt service payment	-	-	-	-	-
Restricted for capital asset purchases	463,113	4,089,561	-	-	-
Unrestricted	25,479,953	23,077,471	20,006,268	27,233,548	27,789,844
Total business-type activities net position	<u>\$195,922,578</u>	<u>\$200,243,967</u>	<u>\$199,607,817</u>	<u>\$199,725,472</u>	<u>\$199,242,054</u>

SOURCE: South Tahoe Public Utility District Finance Department

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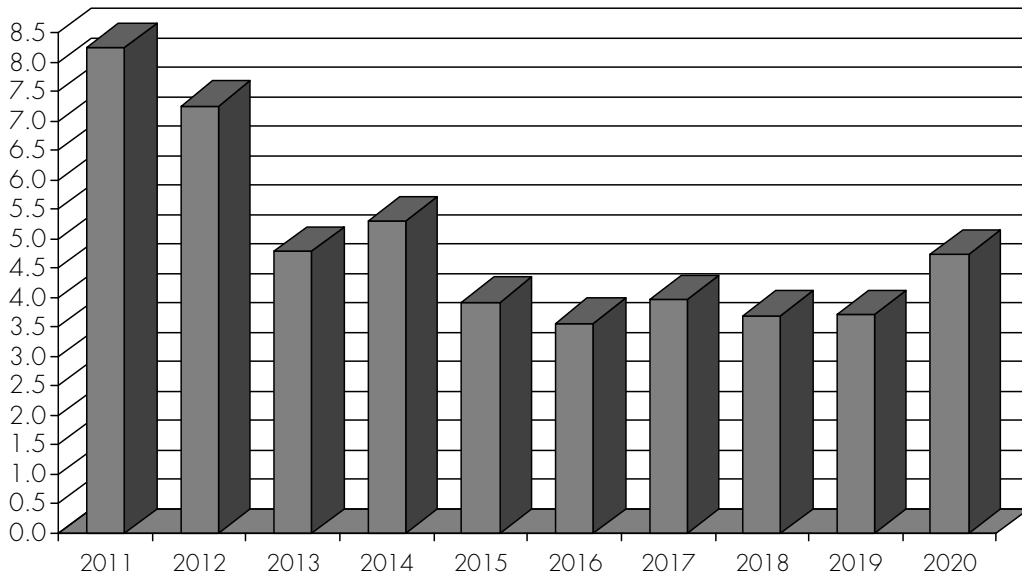
WATER AND SEWER SERVICE CHARGES - BILLINGS AND COLLECTIONS Last Ten Fiscal Years

Fiscal Year	Delinquent Receivables	Delinquent Accounts	Annual Billing		Total Annual Charges	Delinquent Percent
			Sewer Charges	Water Charges		
2019-20	\$1,338,397	2,408	\$15,221,138	\$13,018,244	\$28,239,382	4.74
2018-19	1,009,607	2,303	14,427,394	12,797,729	27,225,123	3.71
2017-18	949,755	2,237	13,573,779	12,077,067	25,650,846	3.70
2016-17	953,924	2,148	11,981,860	10,375,104	24,054,288	3.97
2015-16	799,316	2,094	11,981,860	10,375,104	22,356,964	3.57
2014-15	828,367	2,201	11,243,512	9,804,814	21,048,326	3.93
2013-14	1,054,102	2,403	10,562,647	9,295,089	19,857,736	5.30
2012-13	953,197	2,630	10,590,758	9,314,346	19,905,104	4.79
2011-12	1,379,416	2,615	10,183,438	8,813,331	18,996,769	7.26
2010-11	1,554,328	2,748	9,890,813	8,953,161	18,843,974	8.25

SOURCE: South Tahoe Public Utility District Customer Service Department

Note: The District is pursuing collection of delinquent balances through the County Assessor's Office as an addition to the property tax rolls.

DELINQUENT PERCENT



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ANNUAL SEWER AND WATER RATES

Last Ten Fiscal Years

TYPICAL SINGLE FAMILY RESIDENCE (1)

Fiscal Year	Sewer	Water(3)	Total
2019-20	\$533.52	\$700.68	\$1,234.20
2018-19	\$505.08	\$660.80	\$1,165.88
2017-18	\$476.52	\$629.20	\$1,105.72
2016-17	\$449.52	\$590.80	\$1,040.32
2015-16	\$424.08	\$554.80	\$978.88
2014-15	\$400.08	\$521.00	\$921.08
2013-14	\$377.40	\$489.20	\$866.60
2012-13	\$377.40	\$489.20	\$866.60
2011-12	\$359.40	\$479.58	\$838.98
2010-11	\$348.96	\$479.58	\$828.54

TYPICAL COMMERCIAL METERED WATER RATE (2)

Fiscal Year	2" Meter Charge(3)	Consumption Charge Per 100 Cu. Ft.
2019-20	\$2,944.76	\$1.62
2018-19	\$3,003.20	\$1.52
2017-18	\$2,860.00	\$1.45
2016-17	\$2,684.00	\$1.36
2015-16	\$2,521.60	\$1.28
2014-15	\$2,367.80	\$1.20
2013-14	\$1,918.80	\$1.37
2012-13	\$1,918.80	\$1.37
2011-12	\$1,407.12	\$1.85
2010-11	\$ 965.39	\$2.26

ANNUAL SEWER PERMITS ISSUED

Last Ten Fiscal Years

RATE INCREASE HISTORY

Last Ten Fiscal Years

Fiscal Year	Number of Permits	Sewer	Water
2019-20	148	5.0%	4.0%
2018-19	138	6.0%	5.0%
2017-18	104	5.0%	6.0%
2016-17	102	6.0%	6.5%
2015-16	82	6.0%	6.5%
2014-15	109	6.0%	6.5%
2013-14	96	0.0%	0.0%
2012-13	67	5.0%	2.0%
2011-12	50	3.0%	0.0%
2010-11	53	2.0%	2.5%

SOURCE: South Tahoe Public Utility District Customer Service Department

Notes:

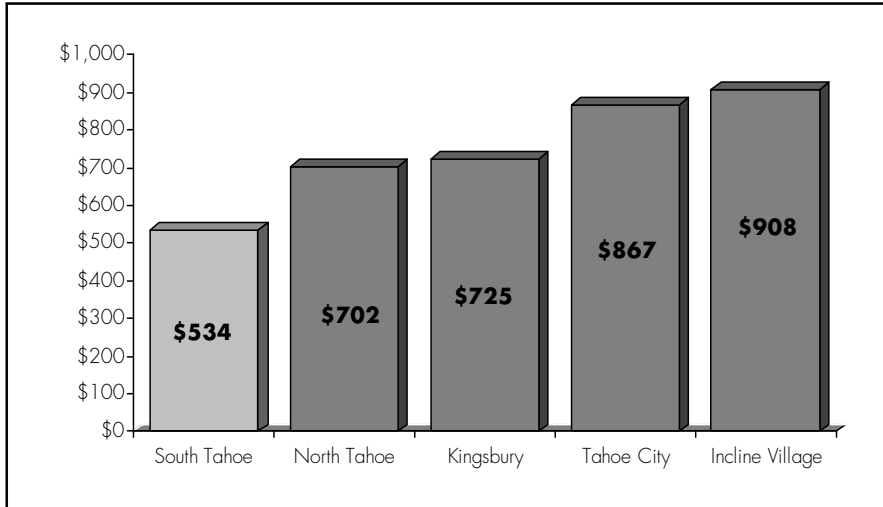
- (1) Most residential customers pay a flat rate for water and sewer. The sewer rate shown here is for a home with up to two bathrooms.
- (2) Most commercial customers pay metered water rates that include the meter charge based on the size of their water line plus a consumption charge based on water used.
- (3) A portion of the water rate is restricted by ordinance for capital projects' use.

S T P U D

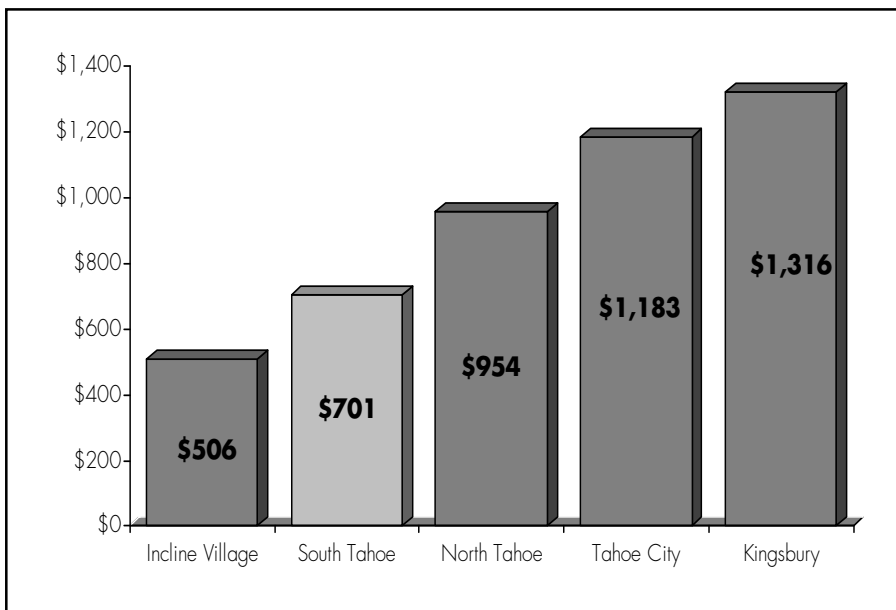
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ANNUAL SERVICE FEE COMPARISON

2019-20 ANNUAL SEWER SERVICE FEE COMPARISON



2019-20 ANNUAL WATER SERVICE FEE COMPARISON



SOURCE: South Tahoe Public Utility District Finance Department.

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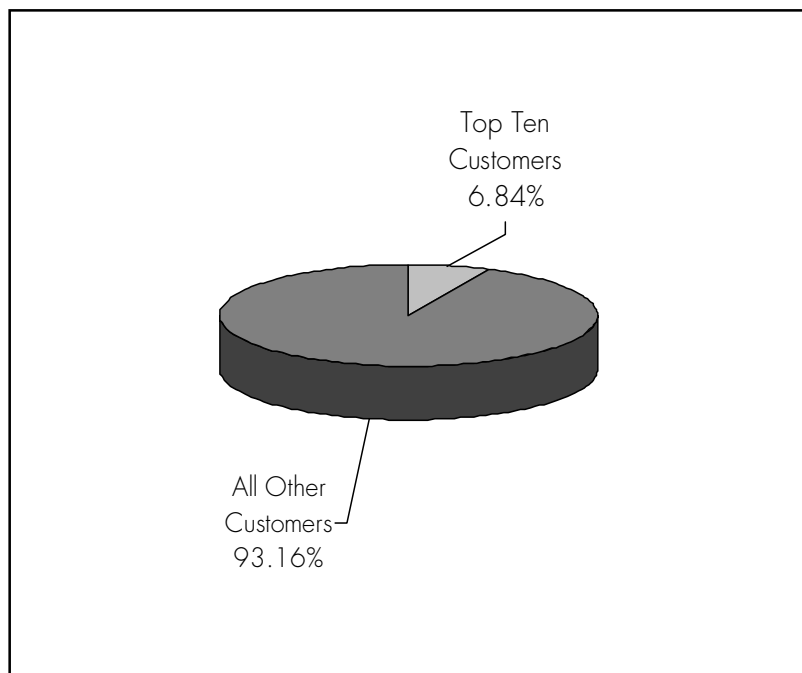
TEN LARGEST CUSTOMERS

Current Year and Nine Years Ago

Customer	2019-20			2010-11		
	Total Revenue	Rank	% of Service Charge	Total Revenue	Rank	% of Service Charge
City of South Lake Tahoe	271,177	1	0.96	122,691	8	0.66
Lake Tahoe Unified School District	257,335	2	0.91	143,883	4	0.77
Heavenly Mountain Resort	218,609	3	0.77	212,903	1	1.14
Marriott Grand Residence	202,871	4	0.72	209,151	2	1.12
Marriott Timberlodge	197,440	5	0.70	128,574	6	0.69
Lake Tahoe Resort Partners	189,795	6	0.67	138,801	5	0.75
Tahoe Verde	173,684	7	0.62	154,882	3	0.83
Lake Tahoe Resort Hotel (Embassy Suites)	150,672	8	0.53	125,039	7	0.67
Barton Memorial Hospital	139,596	9	0.49			
County of El Dorado	130,874	10	0.46	101,909	9	0.55
Tahoe Beach & Ski Club	-	-	-	64,396	10	0.35
	\$1,932,653		6.84%	\$1,402,229		7.54%

SOURCE: South Tahoe Public Utility District Customer Service Department

2019-20 TOTAL REVENUE



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SEWER AND WATER SERVICE CHARGES BY TYPE OF CUSTOMER Last Ten Fiscal Years

Type of Customer	2019-20	2018-19	2017-18	2016-17	2015-16
Residential	\$22,853,313	\$21,928,538	\$20,650,548	\$19,411,625	\$18,093,784
Motel/Hotel/ Timeshare	2,683,869	2,009,278	18,777,664	1,786,248	1,640,110
Commercial	2,316,504	2,309,976	2,242,846	2,039,569	1,870,480
Government	980,048	971,886	874,658	812,035	748,119
Industrial	5,648	5,445	5,130	4,811	4,471
	\$28,239,382	\$27,225,123	\$25,650,846	\$24,054,288	\$22,356,964

Type of Customer	2014-15	2013-14	2012-13	2011-12	2010-11
Residential	\$17,004,356	\$15,921,932	\$15,766,282	\$14,874,714	\$14,727,584
Motel/Hotel/ Timeshare	1,521,542	1,575,233	1,685,628	1,712,233	1,704,018
Commercial	1,827,546	1,709,822	1,822,487	1,844,508	1,851,064
Government	690,672	646,778	626,726	561,515	557,727
Industrial	4,210	3,971	3,981	3,799	3,581
	\$21,048,326	\$19,857,736	\$19,905,104	\$18,996,769	\$18,843,974

SOURCE: South Tahoe Public Utility District Customer Service Department

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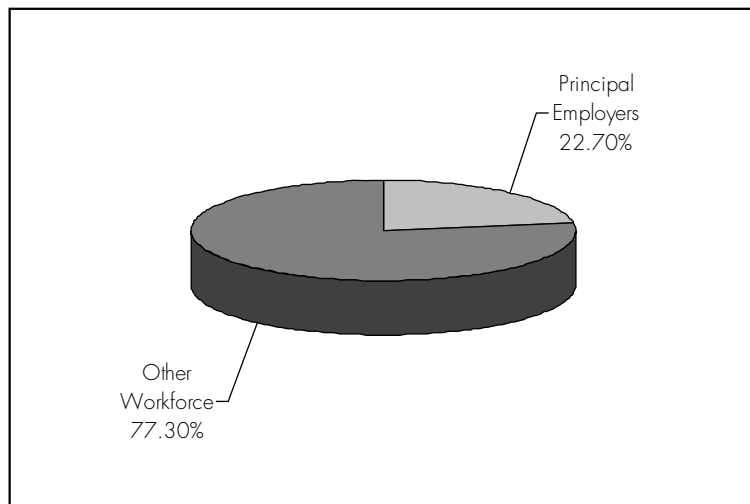
PRINCIPAL EMPLOYERS Current Year and Nine Years Ago

Employer	Type of Business	2019-20			2010-11		
		Number of Employees	Rank	% of Total Workforce	Number of Employees	Rank	% of Total Workforce
Barton Memorial Hospital	Health Services	875	1	7.5%	720	1	4.7%
Lake Tahoe Unified School District	Education	407	2	3.5%	352	2	2.3%
El Dorado County	Government	254	3	2.2%	247	3	1.6%
Lake Tahoe Community College	Education	232	4	2.0%	221	6	1.4%
City of South Lake Tahoe	Government	200	5	1.7%	189	8	1.2%
Marriott Corporation	Lodging	189	6	1.6%	195	7	1.3%
Lake Tahoe Resort Hotel	Lodging	142	7	1.2%	-	-	-
South Tahoe Public Utility District	Utilities	118	8	1.0%	113	10	0.7%
Raley's	Food/Drug	114	9	1.0%	164	9	1.1%
United States Forest Service	Government	112	10	1.0%	240	4	1.6%
Heavenly Mountain Resort	Ski Industry	-	-	-	239	5	1.6%
Subtotal		2,643		22.7%	2,680		17.50%
Total Workforce		11,706			15,247		

SOURCE: South Tahoe Public Utility District Finance Department

Note: Number of employees is based on full-time equivalents.

2019-20 TOTAL WORKFORCE



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Safeguarding Tahoe for 70 Years

PROPERTY TAX ASSESSMENTS AND LEVIES - SEWER ENTERPRISE FUND Last Ten Fiscal Years (Value in Thousands)

Fiscal Year	SECURED Assessed		UNSECURED Assessed		TOTAL (1) Assessed		County Admin. Fee
	Valuation	Levy	Valuation	Levy	Valuation	Levy	
2019-20	\$7,648,503	\$8,337	\$124,852	\$136	\$7,773,355	\$8,473	(\$179)
2018-19	\$7,326,300	\$8,022	\$122,852	\$135	\$7,449,152	\$8,157	(\$163)
2017-18	\$6,902,397	\$7,586	\$108,688	\$119	\$7,011,085	\$7,705	(\$188)
2016-17	\$6,474,355	\$7,122	\$106,573	\$117	\$6,580,928	\$7,239	(\$172)
2015-16	\$6,168,633	\$6,785	\$104,789	\$115	\$6,273,422	\$6,900	(\$144)
2014-15	\$5,854,681	\$6,382	\$108,244	\$118	\$5,962,925	\$6,500	(\$117)
2013-14	\$5,625,443	\$6,075	\$108,508	\$117	\$5,733,951	\$6,192	(\$176)
2012-13	\$5,557,023	\$6,002	\$102,644	\$111	\$5,659,667	\$6,113	(\$182)
2011-12	\$5,636,704	\$5,950	\$102,857	\$108	\$5,739,561	\$6,058	(\$196)
2010-11	\$5,735,271	\$5,995	\$111,674	\$116	\$5,846,945	\$6,111	(\$181)

SOURCE: El Dorado County Auditor-Controller's Office

Note: El Dorado County uses the Teeter method of property tax distribution, therefore all levied taxes were remitted to the District.

PROPERTY TAX RATES ALL DIRECT AND OVERLAPPING GOVERNMENTS Last Ten Fiscal Years (Percent)

Government	2019-20	2018-19	2017-18	2016-17	2015-16
County General Levy	1.0000	1.0000	1.0000	1.0000	1.0000
Lake Tahoe Community College (1)	0.022423	0.022127	0.0218	0.0226	0.0240
Lake Tahoe Unified School District	0.063884	0.060892	0.0653	0.0634	0.0667
TOTAL	1.086307	1.087100	1.0871	1.0860	1.0667

Government	2014-15	2013-14	2012-13	2011-12	2010-11
County General Levy	1.0000	1.0000	1.0000	1.0000	1.0000
Lake Tahoe Community	-	-	-	-	-
Lake Tahoe Unified School District	0.0667	0.0690	0.0684	0.0542	0.0522
TOTAL	1.0667	1.0690	1.0684	1.0542	1.0522

SOURCE: California Municipal Statistics, Inc.

(1) The District began collecting this data in fiscal year 2015-16.

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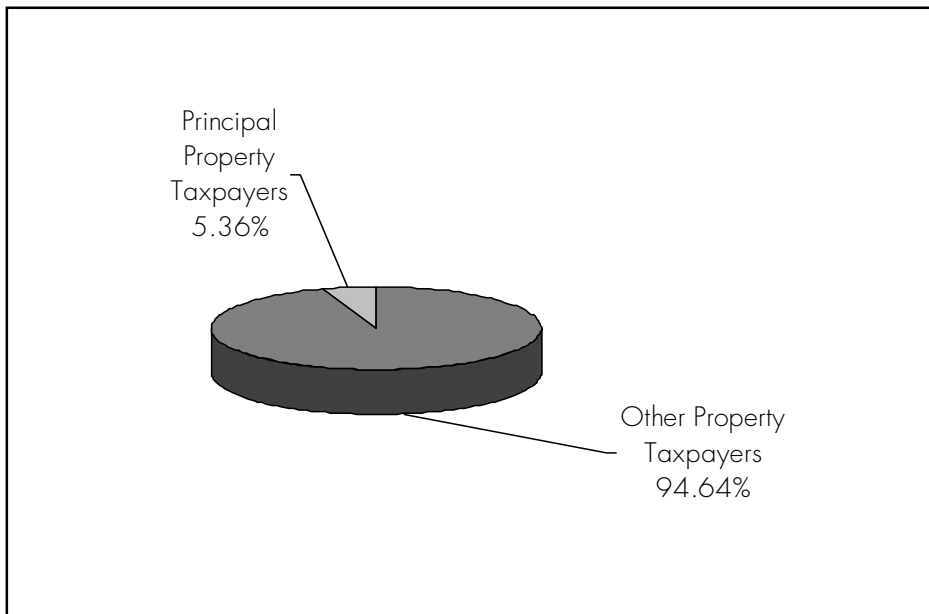
PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Taxpayer	2019-20			2010-11		
	Taxable Assessed Value	Rank	Percentage of Total District Taxabl Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Heavenly Mountain Resort	74,099,177	1	0.97	60,240,249	2	1.05
First American Trust FSB	69,640,377	2	0.91	-	-	-
Roppongi-Tahoe LP	57,717,018	3	0.75	49,909,937	4	0.87
Tahoe Chateau Land Holding LLC	41,959,568	4	0.55	-	-	-
Diamondrock Tahoe Owner	41,752,000	5	0.55	-	-	-
Trans Sierra Investments	36,835,412	6	0.48	20,644,967	7	0.36
Tahoe Crescent LLC	26,159,479	7	0.34	22,988,361	5	0.40
Marriott Ownership Resorts	21,291,814	8	0.28	51,609,715	3	0.90
South Tahoe Refuse Company	20,630,071	9	0.27	15,441,693	10	0.27
Zalanta Resort at the Village	19,804,449	10	0.26	-	-	-
Lake Tahoe Development Co.	-	-	-	92,276,963	1	1.60
Tahoe Keys Marina	-	-	-	22,645,366	6	0.39
Seven Springs LP	-	-	-	15,511,124	8	0.27
Robert and Lisa Maloff	-	-	-	15,447,102	9	0.27
	\$409,889,365		5.36%	\$366,745,497		6.36%

SOURCE: California Municipal Statistics, Inc.

2019-20 TAXPAYERS



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Safeguarding Tahoe for 70 Years

RATIOS OF OUTSTANDING DEBT BY TYPE (1)

Last Ten Fiscal Years

Business-Type Activities

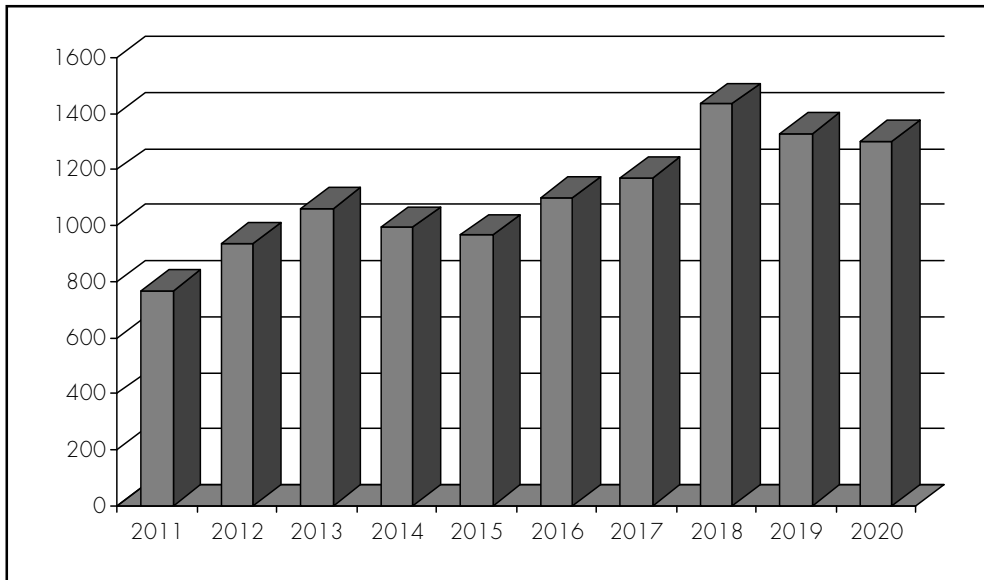
Fiscal Year	Water Revenue Bonds	Sewer Certificates of Participation	Term Loans	Total	Debt Per Capita(2)	Debt as a Share of Personal Income (2)
2019-20	-	-	\$51,039,780	\$51,039,780	\$1,302	3.72%
2018-19	-	-	53,781,686	53,781,686	1,407	4.35%
2017-18	-	-	53,223,059	53,223,059	1,434	4.54%
2016-17	-	-	42,295,812	42,295,812	1,171	3.83%
2015-16	-	-	39,338,901	39,338,901	1,097	3.84%
2014-15	-	-	35,444,404	35,444,404	966	3.51%
2013-14	-	-	35,963,588	35,963,588	993	3.54%
2012-13	-	-	38,633,753	38,633,753	1,062	3.89%
2011-12	2,075,821	10,275,000	21,336,503	33,687,324	934	3.45%
2010-11	2,693,216	10,925,000	14,161,846	27,780,062	774	2.98%

SOURCE: South Tahoe Public Utility District Finance Department

Notes:

- (1) Details regarding the District's outstanding debt can be found in Note 6 of the financial statements.
- (2) See the Demographics and Economic Statistics schedule on page 63 for population and per capita income data.

2019-20 DEBT PER CAPITA



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PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Sewer Enterprise Fund

Fiscal Year	Gross Revenues (3)	Less: Operating Expenses (1)	Net Available Revenues	Principal	Debt Service Interest (2)	Coverage Ratio(s) (4)
2019-20	26,697,941	17,012,954	9,684,987	2,648,207	786,129	2.8
2018-19	26,128,977	16,877,385	9,251,592	2,595,255	849,593	2.7
2017-18	23,244,489	15,735,964	7,508,525	2,031,980	637,204	2.8
2016-17	22,512,242	15,296,972	7,215,270	1,836,864	736,032	2.8
2015-16	20,627,606	12,902,928	7,724,678	1,790,323	687,405	3.1
2014-15	20,135,965	13,293,338	6,842,627	1,744,996	715,378	2.8
2013-14	19,228,580	13,318,177	5,910,403	1,754,718	786,223	2.3
2012-13	17,942,987	13,303,166	4,639,821	1,202,950	860,323	2.2
2011-12	17,299,509	12,653,254	4,646,255	1,266,372	1,129,094	1.9
2010-11	17,355,946	13,314,085	4,041,861	992,767	900,181	2.1

Water Enterprise Fund

Fiscal Year	Gross Revenues(3)	Less: Operating Expenses (1)	Net Available Revenues	Principal	Debt Interest (2)	Coverage Ratio(s) (4)
2019-20	15,722,955	11,351,522	4,371,434	708,260	110,698	5.3
2018-19	14,880,453	10,991,825	3,888,628	873,544	298,225	3.3
2017-18	14,460,556	10,375,781	4,084,775	776,580	153,671	4.4
2016-17	12,760,559	9,370,372	3,390,187	622,261	145,893	4.4
2015-16	11,950,279	9,000,093	2,950,186	608,372	154,690	3.9
2014-15	11,677,991	8,741,703	2,936,288	1,099,223	169,568	2.3
2013-14	10,976,426	8,807,867	2,168,559	1,630,817	200,218	1.2
2012-13	11,006,155	8,279,033	2,727,122	801,007	194,085	2.7
2011-12	10,181,286	7,727,104	2,454,182	868,357	204,168	2.3
2010-11	10,061,880	7,947,365	2,114,515	837,336	253,373	1.9

SOURCE: South Tahoe Public Utility District Finance Department

Notes:

(1) Excludes depreciation and amortization. Includes other nonoperating expenses.

(2) Interest expense includes both amounts expensed and capitalized.

(3) See Note F to the Financial Statements for details on the revenue pledges for each debt obligation.

(4) Most of the District's covenants require at least a 1.2 coverage ratio.

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CAPITAL SPENDING

Last Ten Fiscal Years

Fiscal Year	Total	Sewer Enterprise Fund	Water Enterprise Fund
2019-20	\$10,660,153	\$5,740,316	\$4,919,837
2018-19	13,739,868	6,399,645	7,340,223
2017-18	14,882,937	5,383,918	9,499,019
2016-17	11,047,443	8,156,650	2,890,793
2015-16	15,588,259	11,528,126	4,060,133
2014-15	8,768,885	2,076,692	6,692,193
2013-14	7,959,385	2,436,062	5,523,323
2012-13	6,141,142	3,777,444	2,363,698
2011-12	15,335,954	10,117,597	5,218,357
2010-11	16,143,981	6,968,467	9,175,514
	\$120,268,007	\$62,584,917	\$57,683,090

SOURCE: South Tahoe Public Utility District Finance Department

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Fiscal Year	Sewer Lines (miles)	Sewer Treatment Capacity (million gallons)	Water Lines (miles)	Fire Hydrants	Water Storage Capacity
2019-20	332	7.7	252	1,912	9.3
2018-19	332	7.7	252	1,905	9.3
2017-18	339	7.7	254	1,899	9.3
2016-17	336	7.7	254	1,854	9.3
2015-16	336	7.7	254	1,806	9.3
2014-15	336	7.7	254	1,737	9.3
2013-14	336	7.7	254	1,723	9.3
2012-13	336	7.7	254	1,693	9.3
2011-12	336	7.7	253	1,672	9.3
2010-11	336	7.7	253	1,656	9.3

SOURCE: South Tahoe Public Utility District Engineering Department

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DETAIL OF CAPITAL SPENDING

Fiscal Year Ending June 30, 2020

Project Description	Spending 2019-20	Spending To 6-30-20	Completion Date
Sewer Projects:			
C-Line Re-Routing/Energy Generation	-	425,639	In progress
DVR Irrigation Improvements Project	20,965	11,525,760	In progress
BMP Projects	-	174,936	In progress
Treatment Plant Generator	1,581,525	6,084,638	6/30/2020
Geronimo Sewer Project	231,252	231,252	6/30/2020
Emergency Pump Station Rehab	347,377	494,322	6/30/2020
Recycled Water Master Plan/Env. Impact	-	1,806,411	In progress
Secondary Clarifiers 1, 2, & 3	544,694	544,694	In progress
Tahoe Keys Sewer Pump Station Rehab	344,006	602,505	In progress
Upper Truckee Sewer Pump Station Rehab	116,715	299,046	In progress
Luther Pass Pump Station Rehab	231,319	250,781	In progress
Apache Avenue Sewer Project	656,756	656,756	In progress
Various Purchases/Projects Completed	1,181,426	8,904,169	Various
Various Projects in Progress	484,281	1,985,613	In progress
Total Sewer Projects	\$5,740,316	\$33,986,522	
Water Projects:			
Water Meters Projects Phase 5A	1,896,727	3,943,523	6/30/2020
BMP Projects	-	201,518	In progress
Keller-Heavenly System Improvements	175,547	873,113	In progress
Water System Optimization Plan	-	430,843	In progress
Heavenly Tank Rehab	636,979	692,425	6/30/2020
Water Meters Projects Phase 5B	500,582	500,582	In progress
Sierra Blvd. Water System Improvements	465,277	491,306	In progress
Rocky Point Waterline Replacement Project	366,080	507,356	In progress
Santa Fe Property Improvements	180,495	180,495	In progress
PRV Instrumentation - Pine Valley Road	43,726	226,482	6/30/2020
Various Purchases/Projects Completed	581,685	6,960,808	Various
Various Projects in Progress	72,739	444,503	In progress
Total Water Projects	\$4,919,837	\$15,452,954	
Total All Projects	\$10,660,153	\$49,439,476	

SOURCE: South Tahoe Public Utility District Finance Department

Note: Capital spending, less asset deletions, ties to the change in Capital Assets on the Statement of Net Position.

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WASTEWATER FLOWS

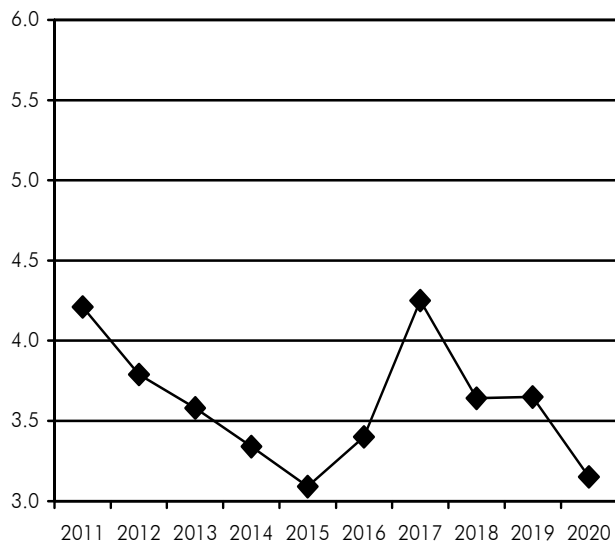
Last Ten Fiscal Years
(In million gallons)

Monthly

Flow	19-20	18-19	17-18	16-17	15-16	14-15	13-14	12-13	11-12	10-11
July	126	129	137	120	113	121	125	127	148	135
August	112	113	119	106	104	112	115	117	130	124
September	93	96	102	91	89	91	98	100	110	109
October	86	87	92	90	83	85	91	92	104	103
November	80	88	97	87	81	81	85	92	99	100
December	103	100	109	117	103	98	103	122	110	141
January	98	106	108	155	112	97	98	120	110	135
February	92	116	96	183	113	90	104	107	105	119
March	92	135	125	164	129	90	107	119	126	144
April	87	134	122	165	104	81	95	101	118	153
May	86	113	109	147	106	87	97	103	111	137
June	98	115	113	129	104	94	102	107	113	137
Total Annual Flow	1,153	1,332	1,329	1,555	1,241	1,127	1,220	1,307	1,384	1,537
Average Monthly Flow	96	111	111	130	103	94	102	109	115	128
Average Daily Flow	3.15	3.65	3.64	4.25	3.40	3.09	3.34	3.58	3.79	4.21

SOURCE: South Tahoe Public Utility District Laboratory Department

AVERAGE DAILY WASTEWATER FLOW TREND
(In million gallons)



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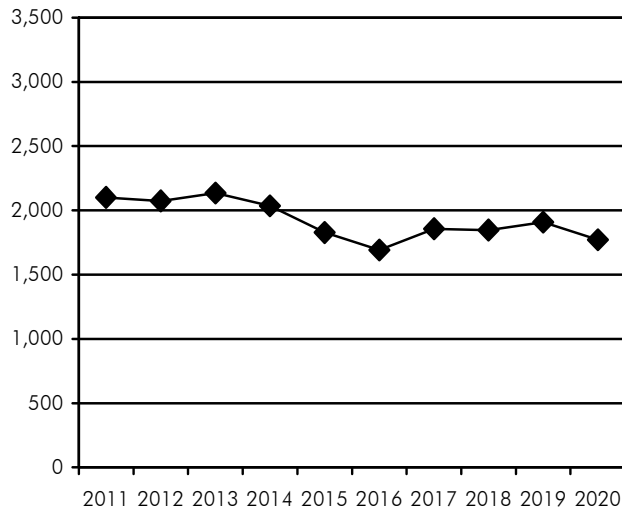
WATER PRODUCTION

Last Ten Fiscal Years
(In million gallons)

Monthly Production	19-20	18-19	17-18	16-17	15-16	14-15	13-14	12-13	11-12	10-11
July	258	277	284	264	207	279	285	306	285	329
August	242	272	249	257	218	241	273	296	289	320
September	190	226	179	206	189	212	224	240	232	267
October	117	136	125	121	130	142	140	160	139	147
November	94	102	91	96	102	97	99	104	107	120
December	116	125	122	130	124	117	144	128	132	138
January	102	115	112	113	104	129	129	138	122	127
February	93	93	105	95	93	99	99	107	101	105
March	89	105	106	104	98	99	98	104	99	113
April	89	96	97	94	91	102	111	114	107	99
May	169	149	153	146	126	129	185	198	210	133
June	212	212	225	230	209	181	249	240	251	203
Annual Totals	1,771	1,908	1,847	1,857	1,691	1,827	2,036	2,135	2,074	2,101
Average Monthly Water Production	148	159	154	155	141	152	170	178	173	175
Average Daily Water Production	4.84	5.23	5.06	5.07	4.63	5.01	5.58	5.85	5.68	5.76

SOURCE: South Tahoe Public Utility District Laboratory Department

ANNUAL WATER PRODUCTION TREND
(In million gallons)



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Safeguarding Tahoe for 70 Years

DEMOGRAPHIC STATISTICS

Last Ten Years

Fiscal Year (5)(8)	District Workforce	Total Workforce So. Lake Tahoe (4)	Unemployment So. Lake Tahoe (4)(7)	School Enrollment (3)(9)	District Population (1)(2)	Per Capita Income (6)	Personal Income (in thousands) (6)
2019-20	118	11,706	11.30%	3,905	39,215	\$34,953	\$1,370,682
2018-19	117	11,945	4.20%	3,872	37,715	\$32,364	\$1,220,608
2017-18	119	11,660	4.30%	3,906	37,725	\$31,544	\$1,171,107
2016-17	119	11,711	5.30%	3,951	36,176	\$30,566	\$1,104,411
2015-16	116	11,791	6.10%	3,996	36,119	\$28,565	\$1,023,998
2014-15	109	11,762	5.90%	3,881	35,768	\$27,555	\$1,010,690
2013-14	110	14,931	10.03%	3,855	36,358	\$28,058	\$1,016,036
2012-13	111	15,096	11.44%	3,793	36,233	\$27,341	\$994,201
2011-12	111	15,379	14.20%	3,858	36,177	\$27,047	\$978,479
2010-11	113	15,247	16.47%	3,878	35,900	\$25,808	\$926,507

SOURCES:

- (1) California Department of Finance for city residents
- (2) South Tahoe Public Utility District Finance Department estimate (represents the Montgomery Estates Tahoe Paradise, Meyers, Angora Highlands, Fallen Leaf Lake, and Christmas Valley portions of El Dorado County) using the most recent census data
- (3) Lake Tahoe Unified School District
- (4) California Employment Development Department
- (5) South Tahoe Public Utility District Human Resources Department
- (6) Adjusted prior year per capita income by June 30 small west coast cities CPI.

Notes:

- (7) Figures are not seasonally adjusted
- (8) All workforce figures are based on full-time equivalents
- (9) Declining school enrollment is due to increases in home ownership by part-time residents

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Safeguarding Tahoe for 70 Years

ACKNOWLEDGMENTS

- Special thanks go to Tim Bledsoe, Erika Franco, Debbie Henderson, Paul Hughes, Jim Kelly, Susan Rasmussen, Theresa Sherman, Shelly Thomsen, and the Laboratory Department.
- Design by Betty Barsamian.
- This Comprehensive Annual Financial Report has been prepared by the Finance Division.

STPUD

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STPUD Wastewater Treatment Plant 1960s

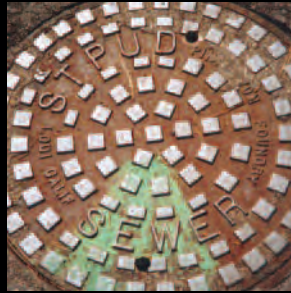


STPUD Wastewater Treatment Plant 2020

1950 - 2020

STPUD

Safeguarding Tahoe for 70 Years



1950 - 2020

SOUTH TAHOE PUBLIC UTILITY DISTRICT

1245 Meadow Crest Drive, South Lake Tahoe CA

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STPUD.US

