

TAHOE CITY PUBLIC UTILITY DISTRICT

TAHOE CITY, CALIFORNIA

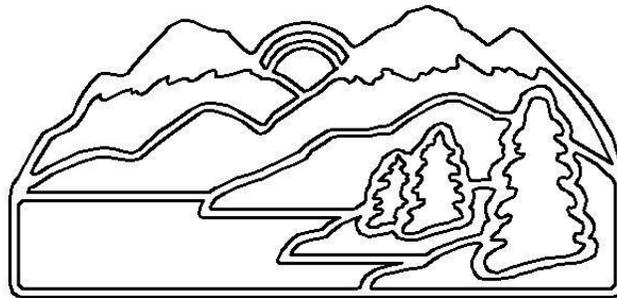
ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE YEAR ENDED **DECEMBER 31, 2024** WITH INDEPENDENT AUDITOR'S REPORT

*We put team success first and work to promote cooperation and commitment
within the District to fulfill our mission and serve our community.
We believe that together we achieve more.*

PREPARED BY THE ACCOUNTING DEPARTMENT



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Mission Statement

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

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

Tahoe City Public Utility TCPUD Board of Directors



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

Vision Statement

Building a healthy mountain community through
our passion for public service

Strategic Planning

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



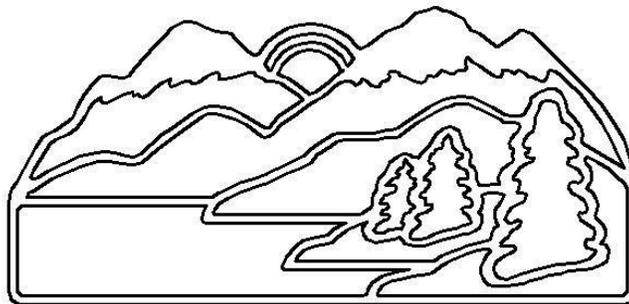
Sean Barclay, General Manager

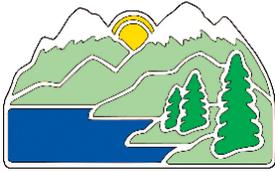
- **Service** - We extend our passion for service to all we encounter, and consider the following as our “customers”; rate payers, fellow team members, contractors, Board of Directors, agencies, taxpayers, visitors and the entire community we serve.
- **Professionalism** - We are a team of professionals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

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TAHOE CITY PUBLIC UTILITY DISTRICT

BOARD OF DIRECTORS

John Pang
Dan Wilkins
Ellie Beals
Judy Friedman
Gail Scoville

GENERAL MANAGER

Sean Barclay

June 16, 2025

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

The Tahoe City Public Utility TCPUD (TCPUD) staff submit to you the Annual Comprehensive Financial Report (ACFR) for the year ended December 31, 2024. State law requires local governments to publish, within six months of the close of each fiscal year, a complete set of audited financial statements. The ACFR is published to fulfill that requirement for the fiscal year ended December 31, 2024.

The purpose of the ACFR is to communicate the financial condition of the TCPUD by presenting an assessment of TCPUD's financial condition, a description of TCPUD's services and infrastructure replacement projects, a discussion of current issues, and a narrative of financial trends and demographic trend information. Three major sections are contained within the ACFR and include introductory, financial, and statistical information about TCPUD.

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

MUN CPAs, LLP, has issued an unmodified ("clean") opinion on the TCPUD's financial statements for the year ended December 31, 2024. The independent auditor's report is located at the front of the financial section of this ACFR.

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

Profile of the Tahoe City Public Utility District

The TCPUD was founded in 1938 to address the basic governmental needs of Tahoe City residents that were previously underserved. Established under the State of California's Public Utility District Act (Public Utilities Code sections 15501-18055), TCPUD is the oldest local government in the Tahoe Basin. Its founders chose a governance structure capable of delivering multiple services, and today, TCPUD offers sewer collection and conveyance, water production and distribution, as well as parks, community facilities, and recreation services to the entire service area.

The TCPUD service area spans over 31 square miles along the north and west shore of Lake Tahoe, extending from Emerald Bay to Dollar Hill and west along the Truckee River to the Nevada County line. This region encompasses unincorporated areas of both Placer and El Dorado Counties providing essential public services including water, sewer, parks and recreation. The water service is delivered through eight independent systems, serving approximately 5,759 customers and sewer services through an extensive sewer collection system supporting approximately 7,758 sewer customers. In addition, TCPUD offers a wide range of parks and recreation programs and facilities, serving over one million visitors annually.

TCPUD's park facilities includes a 23-mile multi-use trail system, 11 local parks, 1 golf course/winter sports park, 4 beaches, 3 community centers, a boat launching facility, and a campground, as well as the Tahoe City downtown sidewalks. The TCPUD also offers a variety of adult and youth recreation programs and rental spaces for community use, benefiting residents and visitors alike.

TCPUD is governed by a five-person elected Board of Directors that establishes policies and sets direction for TCPUD. The Board conducts the TCPUD's business through Board meetings, committee meetings, and ad hoc meetings as needed.

The Board appoints a General Manager who oversees the day-to-day operations, and when necessary, forms special citizen advisory committees to address complicated issues requiring more community outreach or focused study. The General Manager, Sean Barclay, oversees a dynamic workforce consisting of 61 full time employees and 101 seasonal employees, that serve in four major departments: Utilities, which includes water and sewer operations; Parks & Recreation; Engineering, which also includes Technical Services and Geographical Information Systems; and Governance & Administrative Services.

TCPUD is on a calendar-year (January 1 - December 31) budget cycle. In November of each year, the Board of Directors adopts three (3) annual operating and capital budgets for the Governmental Funds and the Proprietary Funds which include the Water Fund and Sewer Fund. The legal level of budgetary control is set at a fund level and the General Manager has authority to move budgeted amounts among the expenditure categories of salary and benefits, maintenance and operations, and capital expenditures. The Board retains sole authority for budgeting new capital projects, authorizing new permanent salaried positions, movement of funds among various funds, and using undesignated net position and unassigned fund balance. All services are provided through the collection of property tax, water and sewer rates, user fees, concession fees, grants, and interest income.

The TCPUD Public Facilities Financing Corporation is a blended component unit of TCPUD and has a December 31 year-end. No assets, liabilities, or activity were reported as of and for the year ended December 31, 2024. For additional information see notes to the financial statements (Note 1. A Reporting Entity).

Water and Sewer Operations

TCPUD's water and sewer operations are funded primarily through user base rates, consumption charges, and, when available, additional income and grant revenue. The structure of the base charge is stable, as all customers pay base rates for both water and sewer services. For water services, the base charge accounts for about 82% of the total revenue generated from water

customers, with the remainder coming from water usage, which is billed based on a tiered consumption structure. This tiered system is designed to closely match TCPUD's actual fixed and variable cost structure, ensuring fair pricing. In 2024, revenue generated from water usage made up 17.96% of the total rate revenue collected from water customers.

All water customers are metered, except for those served by the Tahoe Cedars and Madden Creek water systems, which were previously owned by Mid-Sierra Water Utility. These two systems were acquired by TCPUD in 2018 as part of a regionalization effort to consolidate water systems along the West Shore, enhance the reliability of drinking water, and improve firefighting infrastructure. Since then, TCPUD has been working diligently to make improvements in these systems, which are currently facing significant operational challenges. To address these, the TCPUD Board of Directors adopted Master Plans for both systems in February 2021, which recommended the complete system replacement, including the installation of meters for all connections. A state mandate requires all water systems to be fully metered by 2025, though an exemption allows for an extension for the Tahoe Cedars and Madden Creek systems until 2028, 10 years after TCPUD's acquisition of these systems.

In 2024, the Water Fund's financial position showed positive growth, with the net position at year-end totaling \$59,209,084 – an increase of \$2,409,732, or 4.2%. This improvement in the net position was driven by efficient operations, rate revenue increases, investment income, and capital grants.

Sewer charges represent approximately 98.6% of the revenue for sewer operations, providing a highly reliable and stable funding source. The charges are divided into two categories: residential and commercial, with residential charges accounting for 83.5% of total sewer service revenue. The Sewer Fund's overall financial position also strengthened in 2024, with the net position reaching \$27,818,540, an increase of \$2,217,471, or 8.7%. This growth was due to favorable operational outcomes, increased revenue, investment income, and lower-than-expected expenses, all of which contributed to the overall positive financial performance for the year.

General Fund Operations

The General Fund plays a crucial role in supporting essential operational services for parks and trails, the golf course and winter sports park, recreation programs, facility rentals, and capital projects. The primary source of operating revenue for the General Fund is property tax, amounting to \$10,681,280 and accounts for 64.3% of total revenues, excluding capital grant revenue. The growth in home sales and changes in property ownership have led to the establishment of new base year values, which reflect current fair market values. As a result, property valuations have risen, which in turn has contributed to an increase in property tax revenue. This ensures the stability of property tax as the main source of funding for the General Fund's operations.

In addition to property tax revenue, the General Fund also benefits from other revenue sources such as season pass sales, boat launch fees, facility rentals, maintenance service agreements, various grants, concession fees, recreation programming, and other miscellaneous revenue streams. These additional sources of income help diversify the fund's revenue base, supporting a wide range of community services.

The General Fund experienced an increase in its fund balance in 2024 due to these various revenue sources, rising by \$5,289,052. This positive growth is primarily due to higher-than-expected

property tax revenues and successful capital grants, which have contributed to strengthening the overall financial position of the General Fund.

Local Economy

Tourism is the primary economic driver in TCPUD's service area, with the region's economy closely tied to the year-round recreational activities available in Lake Tahoe. As one of the most iconic alpine regions in the world, Lake Tahoe boasts the largest alpine lake in North America, attracting around 15 million visitors annually, with North Lake Tahoe accounting for roughly 2 million of those visitors. The area provides a diverse range of recreational opportunities such as skiing, snowboarding, hiking, biking, golfing, boating, water skiing, and other non-motorized outdoor activities, all of which continue to draw residents and tourists alike. The area's economy is also linked to the economies of the nearby Sacramento and San Francisco Bay Areas due to its geographic proximity.

As of March 2025, the median home price in North Lake Tahoe is \$1,185,000, reflecting a 10% increase from March 2024. This trend indicates continued strong demand for properties in the region, despite broader economic fluctuations and variations in sales volume. On the employment front, California's unemployment rate at the end of 2024 was 5.5%, up slightly from 5.1% in 2023. Similarly, Placer County's unemployment rate remained stable at 4.0% at the end of 2024, unchanged from the previous year.

Placer County also collects a transient occupancy tax (TOT), a rental tax paid by guests staying in lodging accommodations such as hotels, motels, and short-term rentals. The TOT serves as an important indicator of the number of visitors coming to North Lake Tahoe's north and west shores. A portion of this tax is allocated to infrastructure projects that benefit the region. In the 2024-2025 fiscal year, TOT collections declined by 3.7% year-over-year. However, looking at the broader picture, TOT collections have grown by 44% over the last five years, reflecting the region's ongoing appeal and the steady rise in visitors over time.

TCPUD has long utilized TOT funds to support important infrastructure projects. Despite the slight dip in collections for the 2024-2025 fiscal year, the overall growth in TOT revenue over the past five years highlights the region's resilience and continued popularity as a tourist destination. The resulting TOT revenue collected helps ensure the sustainability of key infrastructure projects.

Year in Review

The region's climate plays a crucial role in shaping TCPUD's parks and recreation operations, directly influencing the services provided and the overall accessibility of facilities. Weather patterns, whether favorable or challenging, have a substantial impact on the ability to deliver a full range of services. The 2023/2024 winter season brought near-average snowpack levels, marking a significant milestone as it was the first time in 25 years that California experienced three consecutive years of average or above-average snowfall. While such winters bring many benefits to the region, they also come with their challenges, including potential travel disruptions, road closures, and occasional school closures. However, even in the face of these conditions, TCPUD staff worked diligently to maintain high levels of service. Essential services such as water and sewer operations were sustained without any interruptions, and parks and recreation activities remained accessible and safe for all users.

Additionally, the infrastructure and policies in place at TCPUD allowed for seamless continuity of operations during adverse weather events. The ability to quickly implement telework for administrative functions ensured that critical tasks were completed and that there was no disruption to the agency's day-to-day operations, regardless of external conditions.

In the 2024/2025 winter season, the winter sports park had a modest increase in both season pass sales and day-use reservations compared to the previous year. Despite the season starting five days later than usual due to weather-related delays, this increase contributed to a slight rise in overall operating revenue. Popular events such as Breakfast with Santa, the Winter Break Holiday Camp, and Snowfest performed exceptionally well, seeing increased participation and helping to solidify their place as successful annual events for the community.

During the summer season, Tahoe City Golf Course rounds increased by 16.8%, driven primarily by a rise in passholder play, resulting in a \$44,336 year-over-year revenue increase. The Lake Forest Boat Ramp (LFBR), which officially opens each year on May 1, saw a 7.3% increase in total launches. This was attributed to higher season pass sales, even though daily launch fees declined by 19.8%. Regionally, several Lake Tahoe boat ramps faced operational challenges due to low water levels and staffing shortages, which may have contributed to increased season pass purchases at LFBR. TCPUD continues to implement and evaluate a cost recovery pricing model at LFBR.

Recreation program participation increased by 18.3% year-over-year, driven largely by the continued success of the Recreation Afterschool Program (R.A.P.), which remains popular for its affordability, accessibility, and high-quality programming in a trusted environment that supports the needs of local families. As a result, recreation program fee revenue exceeded the prior year by \$12,598, or 2.4%. Additionally, interest in pickleball surged, with participation growing by 356.6%, an increase of 1,601 participants compared to the previous year.

Affordable housing remains a significant challenge in the North Tahoe-Truckee region, particularly in communities such as Kings Beach and Tahoe City. A high percentage of housing units are used as second homes or short-term rentals, limiting availability for the local workforce. Additionally, housing costs can be three times the national average, leading to increased affordability challenges for those wishing to live in the area. This situation poses challenges for recruiting and retaining employees, and TCPUD remains actively involved with other agencies to address this critical issue collaboratively. TCPUD is dedicated to exploring inventive approaches to establish itself as the top employer in the region, and despite the housing crisis, the TCPUD was honored with the 2023 Best Place to Work Award at the North Tahoe Community Alliance Awards Dinner. By prioritizing its Core Values and fostering a culture that values service, professionalism, teamwork, initiative, and communication, TCPUD has positioned itself as the premier workplace on the north shore.

The 2023/2024 winter season in North Lake Tahoe saw early snowfall, with snowpack reaching 102% of average by April 1, which helped replenish water supplies and alleviate drought concerns. However, warmer-than-usual temperatures impacted snowpack retention. In response to improving conditions, Governor Gavin Newsom lifted drought restrictions in California and continues to address the ongoing implications of drought for the state.

The 2024 wildfire season in California was one of the most destructive in recent history, with nearly 1.05 million acres burned and widespread destruction. As wildfire season in California continues to be marked by large, destructive fires, the North Tahoe area where TCPUD operates remains

vulnerable due to the forested landscape with dry vegetation, high winds, and low precipitation. With fires like the 2024 Park Fire burning over 400,000 acres, significant property losses, and evacuation orders, fire season now emphasizes the importance of proactive wildfire prevention and mitigation in fire-prone areas like North Tahoe. TCPUD continues to prioritize fire readiness, safety measures, and improved water infrastructure for fire suppression to help protect life and property within our communities from the threat of catastrophic wildfire. This includes maintaining and reviewing emergency action plans prior to the beginning of the wildfire season, planning for hazard fuel removal around critical infrastructure, and installing critical water infrastructure to improve water distribution, storage, and regional interconnectivity to build capacity for fire suppression. Acceleration of this work relies on additional funding through grants and other revenue sources.

The Advanced Clean Fleets (ACF) Rule went into effect on October 1, 2023, requiring the transition of medium- and heavy-duty fleets to zero-emission vehicles. While the ACF Rule supports California's climate goals, the Rule presents operational and financial challenges for TCPUD, particularly due to limited availability of ZEV equipment suitable for Tahoe's rugged terrain and winter conditions. TCPUD is actively monitoring the regulations and new legislation related to implementation of the Rule. Additionally, TCPUD continues to seek funding to support a phased, long-term compliance strategy.

The following outlines the major 2024 Strategic Plan and Operational Priorities in-progress or accomplished during the year:

- Pursued legislative advocacy for TCPUD initiatives. The initiative to support water infrastructure for fire suppression is on-going and has resulted in a measurable increase in understanding this critical issue. In November 2024, California voters passed Proposition 4 (Climate Bond) which includes critical language establishing a funding mechanism for water infrastructure for fire suppression projects. Additionally, Congress passed the Lake Tahoe Restoration Reauthorization Act, extending the authorization, which includes funding for water infrastructure for fire suppression projects through 2036. During the year, TCPUD hosted legislative tours, collaborated on video production, and collaborated with Senator Alvarado-Gil on new legislation to promote water infrastructure for fire suppression projects. Additionally, TCPUD joined coalitions to support or oppose legislation on water rights, bond measures, clean fleet regulations, Brown Act meetings, and voter thresholds.
- The Board approved a \$43.58 monthly Infrastructure Improvement Charge (IIC) for Tahoe Cedars and Madden Creek water system customers, effective January 1, 2024, as part of a 30-year funding strategy for system reconstruction.
- The Board adopted a 5-Year Water & Sewer Rate Study and held a public hearing, resulting in a new 5-year rate schedule effective January 1, 2025, to ensure equitable, sustainable water and sewer rates for 2025-2029.
- Advanced implementation of the Tahoe Cedars and Madden Creek water system reconstruction projects, including release of a Request for Qualifications and Request for Proposals for reconstruction of the Tahoe Cedars water system. TCPUD also completed Phase 2 of the Madden Creek water system reconstruction project and finalized design of Phase 3.
- Pursued supplemental funding to reduce reliance on utility rates and property taxes for capital projects. In 2024, \$2,337,100 in capital grants supported water and parks projects

- Launched a Leadership Development Program as part of succession planning, with plans to expand in 2025.
- Continued construction of the West Lake Tahoe Regional Water Treatment Plant, which will provide a drought-resistant, year-round water supply for up to 2,200 connections and improve fire suppression capacity.
- Completed the SMART meter replacement project, installing 3,500 new meters to improve leak detection and help customers optimize water usage.
- TCPUD and NTPUD advanced their joint work on the North Lake Tahoe Active Recreation Assessment, evaluating the feasibility of a shared Recreation and Aquatic Center. While community polling showed moderate support for a funding tax measure, it did not meet the 67% supermajority threshold required, prompting the boards to delay placing the initiative on the November 2024 ballot. The project has been postponed, with further discussions planned for 2025.
- TCPUD signed a purchase and sale agreement with Tahoe Swiss Village Utility, Inc. (TSVU) to acquire two private water systems: the Tahoe Swiss Village Utility and the Glenridge Park Water Company. An operating agreement was signed in August 2024, allowing TCPUD to begin operating the systems before the official transfer of ownership, which occurred in early 2025. This acquisition is part of TCPUD's ongoing efforts to consolidate and modernize water infrastructure in the North Lake Tahoe region
- TCPUD established a Section 115 Trust to enhance its financial management, following the adoption of Resolution 24-13. This trust was created to set aside funds for future pension liabilities, providing a more secure and efficient way to manage long-term retirement costs. The trust supports TCPUD's ongoing efforts to ensure fiscal responsibility and maintain robust financial health.
- Supported the development of a community skate park in Tahoe City by signing a Letter of Intent with the Scotty Lapp Foundation. The project aims to transform the Grove Street dog park into a skate park, with TCPUD assuming ownership and maintenance upon completion. The project is moving through the permitting process. This initiative reflects TCPUD's commitment to enhancing recreational opportunities in the North Lake Tahoe community.
- Committed \$2.5 million in funding to support the Tahoe Cross-Country Lodge Replacement and Expansion Project through design, permitting, and community engagement. This partnership reflects TCPUD's dedication to enhancing recreational infrastructure in North Lake Tahoe.

Relevant Policies

The TCPUD Board adopted a comprehensive set of policies which provide prudent governance, ensuring TCPUD operates efficiently, ethically, and in compliance with relevant laws and regulations. During the year, the Board adopted an Artificial Intelligence Policy, a Password Management Policy and a Facility Naming Policy. It also amended the Board of Directors Policy Manual. Additionally, based on the reserve policies for the General Fund and Enterprise Funds, the Board annually adjusts the reserve balances to ensure financial stability, mitigate unanticipated financial events, and provide for future capital purchases and projects. These policies can be found on the TCPUD website: www.tcpud.org/finance.

Strategic Planning, Long-term Financial Planning, and 2025 TCPUD Priorities

The TCPUD 2022-2026 Strategic Plan is revisited each year in conjunction with the annual budget cycle. The Strategic Plan focuses on providing governmental excellence in leadership, efficiency, and service. Financial sustainability is also a priority area for TCPUD as it continues to adapt to a dramatically evolving community and region.

The 2025 TCPUD strategic and operational priorities include the following, note the list is not all inclusive:

Continue succession planning and organization development with a focus on the recruitment of key managers and continued development of the Leadership Program.

Pursue legislative advocacy for District initiatives, including federal budget appropriations for the Water Resources Development Act and Lake Tahoe Restoration Act. State legislation includes important initiatives including funding mechanisms for water infrastructure for fire suppression projects through Assembly Bill 372 and Senate Bill 90, modification of the Advance Clean Fleet Rule through Senate Bill 496 and changes to local government agency websites proposed in Assembly Bill 810.

Actively monitor and pursue supplemental funding opportunities to offset the use of water rate revenue and property tax revenue. This includes submitting loan applications to finance the Tahoe Cedars and Madden Creek water system reconstruction projects.

Participate in the Climate Transformation Alliance, a regional public-private partnership of local governments committed to achieve carbon neutrality by 2045. In alignment with this regional group, TCPUD will collaborate with the North Tahoe Public Utility District to develop a regional Greenhouse Gas Emissions Inventory Report.

Develop and update policies and procedures in alignment with industry best practices, including adopting a Social Media Policy, EV Charging Policy, and Private Water Lateral Relocation Policy, as well as updating the Informal Bidding Policy and Procedure.

Collaborate with a consultant to conduct a needs and gaps analysis for upgrading TCPUD's Computerized Maintenance Management System (CMMS), develop a Request for Proposal (RFP), and select a new system to replace the current VueWorks platform.

The WLTRWTP construction project, as mentioned above, continues in 2025 and is scheduled to go into operation in the fall of 2025.

Continue to work with Kila Tahoe, LLC, the developer of the Tahoe City Lodge project adjacent to the Tahoe City Golf Course (TCGC). This project is important as it relates to the redevelopment TCGC Golf Course.

Develop and implement a Parks & Recreation Cost Recovery Model based on industry best practices to ensure sustainable funding and equitable pricing for valuable community recreation and park services.

Complete a District Information Technology Assessment and Technology Strategic Plan and develop and implement a Cybersecurity and Disaster Recovery Plan.

It is worth noting that external influences also play a significant role in prioritizing TCPUD workloads and community impacts, these include County and Regional planning efforts; significant demographic changes; unemployment rates; workforce housing shortages; other agencies' projects; expanding community expectations; technological changes and opportunities; growing regulatory requirements; State requirements on small water systems; and climate change adaptation.

TCPUD continued to strengthen its Long-Term Financial Planning (LTFP) process as a key component of its overall Strategic Plan. This ongoing effort serves as an essential governance and

management tool, supporting annual evaluations of long-term financial sustainability and guiding investment decisions to ensure reliable, high-quality service delivery for the community.

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

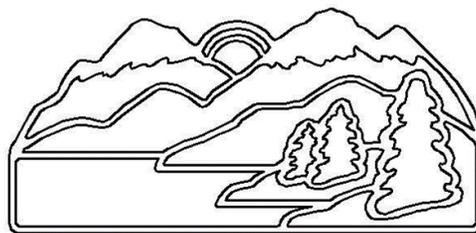
Acknowledgements

The successful preparation of this ACFR is a testament to the skill, dedication, and hard work of the entire Accounting Department and the many other team members at TCPUD. We are deeply grateful to all departments for their collaboration and for providing the critical data needed for this report. A special thank you goes to MUN CPAs, our independent auditors, for their professionalism and valuable support throughout the year-end financial audit. We also extend our sincere appreciation to the Board of Directors for their steadfast commitment to maintaining the highest standards of financial management at TCPUD.

Respectfully submitted,


Sean Barclay
General Manager


Ramona Cruz
Chief Financial Officer/Treasurer



GFOA Certificate of Achievement for Excellence in Financial Reporting

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Tahoe City Public Utility TCPUD for its annual comprehensive financial report for the fiscal year ended December 31, 2023. This was the seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Tahoe City Public Utility District
California**

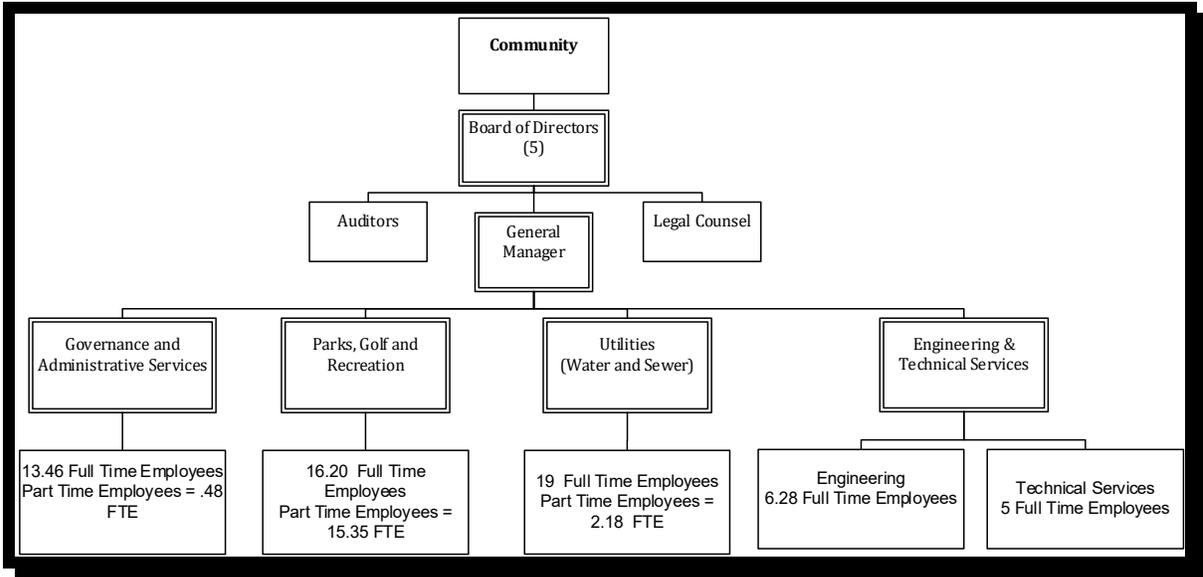
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Merrill

Executive Director/CEO

TCPUD Wide Organizational Chart



List of Elected and Appointed Officials

Elected Officials

President	Judy Friedman	Term 2025-2028
Vice President	Gail Scoville	Term 2022-2026
Board of Director	Ellie Beals	Term 2025-2028
Board of Director	John Pang	Term 2022-2026
Board of Director	Dan Wilkins	Term 2025-2028

Appointed Officials

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



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Tahoe City Public Utility District (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Tahoe City Public Utility District, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2024, the District adopted new accounting guidance, GASB Statement, No 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of X, State Y's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

MJN CPAs, LLP

Sacramento, California
June 16, 2025

Management Discussion and Analysis

The management discussion and analysis (MD&A) of the Tahoe City Public Utility TCPUD's financial performance provides an overview of TCPUD's financial activities for the year ended December 31, 2024. The intent of this discussion and analysis is to assess the TCPUD's financial performance. Therefore, it should be read in conjunction with the TCPUD's financial statements and notes to the financial statements to enhance understanding of the TCPUD's financial performance.

Financial Highlights

Government-Wide (in Thousands)

- Change in Net Position: Increased by \$11,439 (8.2%) over the prior year. Of this increase:
 - \$5,581 is net investment in capital assets,
 - -\$5 is restricted net position, and
 - \$5,863 is unrestricted net position.
- Capital Investments: Total capital asset investment was \$13,547, including:
 - \$9,697 in Enterprise Fund activities, and
 - \$3,850 in Governmental Activities.
- Long-Term Debt: Increased by \$4,603, an 37.5% increase over the prior year.
- Pension Accounts: Net pension liability and related deferred outflows/inflows decreased by \$1,065 (9.9%).
- OPEB Accounts: Net OPEB liability and related deferred outflows/inflows decreased by \$164 (86.1%).
- Government-Wide Program Revenues: Increased by \$2,767 (14.0%), due to:
 - Governmental Activities revenue up \$1,522 (51.7%), and
 - Business-type Activities revenue up \$1,245 (7.4%).
- Government-Wide Expenses: Increased by \$4,841 (24.8%), due to:
 - Governmental Activities expenses up \$1,767 (21.9%), and
 - Business-type Activities expenses up \$3,074 (26.8%).
- Property Tax Revenue: Totaled \$10,890, up \$469 (4.5%) from the prior year.
- Interest Income: Reached \$2,414, up \$441 (22.3%).
- Debt Service: All scheduled debt payments were made on time.

Governmental Funds(in Thousands)

- Long-term equipment and capital replacement balance of \$16,432 is up from the previous year by \$3,168 or 23.9%.
- Unassigned fund balance of \$15,717 is up from previous year by \$2,211 or 16.4%.
- Revenues of \$16,749 are up \$2,582 or 18.2%.
- Expenditures of \$11,349 are up \$2,159 or 23.5%.

Water Fund (in Thousands)

- Net position is \$59,209, up from previous year by \$2,410 or 4.2%.
- Net investments in capital assets are \$50,125, up from last year by \$1,793 or 3.7%.
- Operating revenues of \$10,093 are up \$648 or 6.9%.
- Operating expenditures of \$8,951 are up \$1,939 or 27.7%.
- Capital grant revenue of \$421 was recorded and grant receivable of \$500 is due and outstanding.

Management Discussion and Analysis continued

- State Revolving Fund (SRF) loan proceeds received during the year are \$6,850, and \$3,480 in other receivables remain outstanding in connection with SRF loan proceeds.

Sewer Fund(in Thousands)

- Net position of \$27,819 is up from previous year by \$2,217 or 8.7%.
- Net investments in capital assets are \$17,676 and are up \$1,770 or 11.%1.
- Operating revenues of \$6,675 are up \$311 or 4.9%.
- Operating expenditures of \$5,126 are up \$988 or 23.9%.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements can be found on pages 36 through 38 of this report.

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

Governmental Funds. Governmental funds are used to account for the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the

Management Discussion and Analysis continued

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

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

The TCPUD adopts an annual budget for its general fund. A budgetary comparison statement has been provided on page 87 for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 40-43 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail, and can be found on pages 44-46.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements begin on page 47 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the TCPUD's progress in funding its obligation to provide pension benefits and Other Post-Employment Benefits (OPEB) to its employees. Required supplementary information begins on page 86 of this report.

Government-wide Overall Financial Analysis

The *Statement of Net Position* combines and consolidates TCPUD's governmental funds' current financial resources (short-term spendable resources) with capital assets, long-term obligation, and other long-term assets and liabilities. The Statement of Net Position also presents the enterprise fund. As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the TCPUD, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$150,293,979 at the close of the most recent fiscal year increasing \$11,439,091 or 8.2%. For governmental activities, net position increased by \$6,811,888 or 12.1%. For business-type activities, net position increased by \$4,627,203 or 5.6%.

The Statement of Net Position can be found on page 36-37 and is presented below in a condensed form for the purposes of this analysis.

Management Discussion and Analysis continued

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets:						
Current and noncurrent	\$ 32,845,050	\$ 28,464,686	\$ 24,771,887	\$ 23,187,546	\$ 57,616,937	\$ 51,652,232
Capital assets	37,067,202	34,277,249	86,493,105	78,188,903	123,560,307	112,466,152
Total assets	<u>69,912,252</u>	<u>62,741,935</u>	<u>111,264,992</u>	<u>101,376,449</u>	<u>181,177,244</u>	<u>164,118,384</u>
Deferred outflows of resources	<u>1,640,181</u>	<u>2,397,634</u>	<u>7,133,460</u>	<u>9,029,926</u>	<u>8,773,641</u>	<u>11,427,560</u>
Liabilities:						
Current and other liabilities	1,663,991	1,483,189	3,319,090	3,856,260	4,983,081	5,339,449
Long-term obligations	404,440	547,791	16,301,824	11,570,938	16,706,264	12,118,729
Net Pension liability	5,525,895	5,563,235	10,047,419	10,130,532	15,573,314	15,693,767
Net other post employment benefit	407,743	651,426	1,050,651	1,559,208	1,458,394	2,210,634
Total liabilities	<u>8,002,069</u>	<u>8,245,641</u>	<u>30,718,984</u>	<u>27,116,938</u>	<u>38,721,053</u>	<u>35,362,579</u>
Deferred inflows of resources	<u>284,009</u>	<u>439,461</u>	<u>651,844</u>	<u>889,016</u>	<u>935,853</u>	<u>1,328,477</u>
Net position:						
Net investment in capital assets	36,079,859	34,061,897	67,801,050	64,237,945	103,880,909	98,299,842
Restricted	941,924	18,800	51,200	51,200	993,124	70,000
Unrestricted	26,244,572	22,373,770	19,175,374	18,111,276	45,419,946	40,485,046
Total net position	<u>\$ 63,266,355</u>	<u>\$ 56,454,467</u>	<u>\$ 87,027,624</u>	<u>\$ 82,400,421</u>	<u>\$ 150,293,979</u>	<u>\$138,854,888</u>

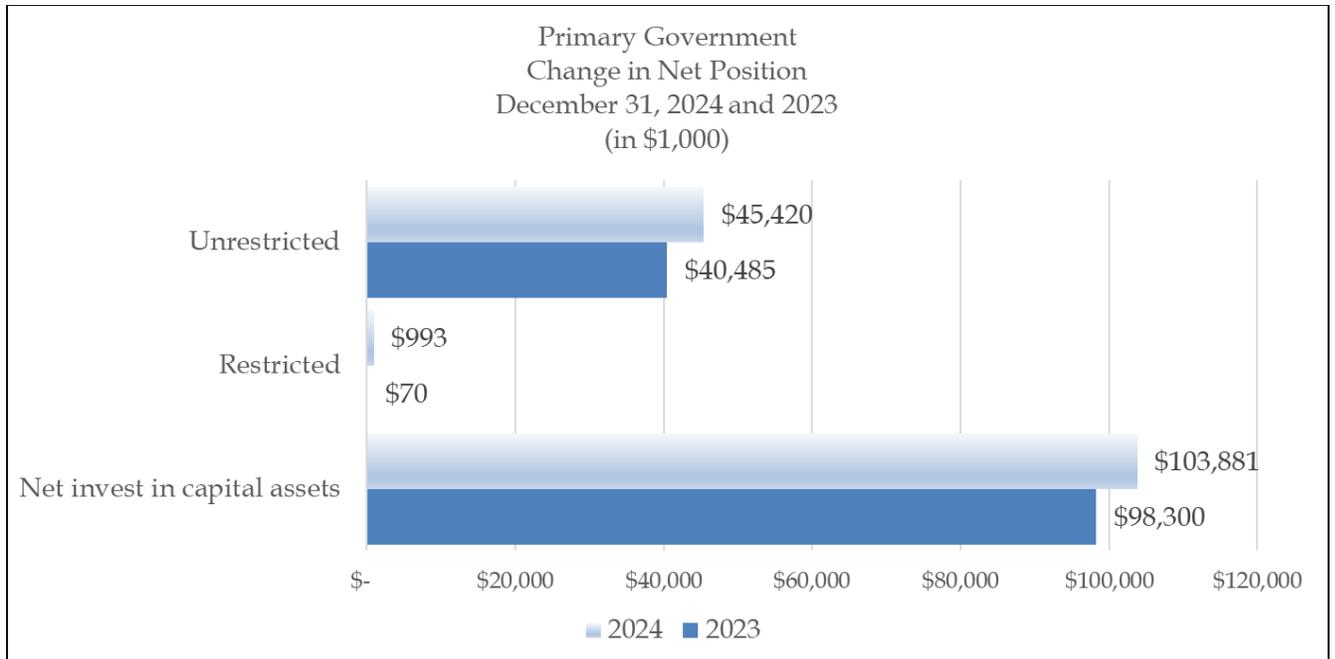
- By far, the largest portion of the TCPUD's net position (69.1%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, right-to-use-equipment, vehicles, and infrastructure), less any related outstanding debt, accounts payable, and related liability used to acquire those assets. The TCPUD uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the TCPUD investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A combination of fees, rate revenue, and property tax is used to liquidate these liabilities. For governmental activities, net investment in capital assets increased by \$2,017,962 or 5.9% and business-type activities, net investment in capital assets increased by \$3,563,105 or 5.5%.
- Unrestricted net position of \$45,419,946 is available to meet TCPUD's ongoing obligation to its citizens and creditors and increased \$4,934,900 or 12.2% over the previous year. For governmental activities, unrestricted net position of \$26,244,572 increased by \$3,870,802 or 17.3%. For business-type activities, unrestricted net position of \$19,175,374 increased by \$1,064,098 or 5.9%.
- Total assets of \$181,177,244 increased by \$17,058,860 or 10.4%. Of this amount, capital assets represent \$11,088,655 or 65.0%; Net capital assets for Governmental activities increased \$2,784,453 and business-type activities increased \$8,304,202, respectively.
- Deferred outflows of resources of \$8,773,641 decreased by \$2,797,415 and is due to the differences between expected and actual experience related to pension and OPEB and to the amortized value of goodwill related to Tahoe Cedars and Madden Creek water systems.
- Total liabilities of \$38,721,053 increased \$3,358,474 or 9.5%; Governmental activities decreased by \$243,572 or -3.0% and business-type activities increased by \$3,602,046 or 13.3%, respectively.
- Deferred inflows of resources of \$935,853 decreased by \$536,120 and is due to the change in assumptions and difference between projected and actual earnings of the plans.

Management Discussion and Analysis continued

During the year, TCPUD pledged \$208,414 for 2024 debt payments from property tax revenue.

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

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



The *Statement of Activities* focuses on both the gross and net cost of various functions making up the TCPUD’s governmental and business-type services, which are supported by charges for services, grants and contributions, property taxes, and other revenues. This statement summarizes and simplifies the user’s analysis of the total costs and tax subsidy levels of the services offered by the TCPUD. All information is prepared on an accrual basis using the economic resources measurement focus. The TCPUD first calculated and recorded accumulated depreciation/amortization for its governmental activities as of January 1, 2004, and has included depreciation/amortization expense in the 2024 information. The Statement of Activities can be found on page 38 and is presented below in a condensed form for the purposes of this analysis.

Management Discussion and Analysis continued

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program Revenues:						
Parks charges for services	\$ 1,972,762	\$ 1,979,965	\$ -	\$ -	\$ 1,972,762	\$ 1,979,965
Rec. charges for services	570,632	585,260	-	-	570,632	585,260
Water revenue	-	-	10,146,159	9,247,178	10,146,159	9,247,178
Sewer revenue	-	-	6,712,980	6,365,873	6,712,980	6,365,873
Operating grants and contributions	5,132	28,524	-	-	5,132	28,524
Capital grants and contributions	1,917,610	350,494	1,173,567	1,174,516	3,091,177	1,525,010
Total program revenues	4,466,136	2,944,243	18,032,706	16,787,567	22,498,842	19,731,810
Expenses:						
Parks - direct expenses	7,677,444	6,574,899	-	-	7,677,444	6,574,899
Recreation - direct expense	1,537,460	1,273,101	-	-	1,537,460	1,273,101
Water - direct expense	-	-	8,919,376	7,009,094	8,919,376	7,009,094
Sewer-direct expense	-	-	5,109,483	4,132,832	5,109,483	4,132,832
Interest on long-term debt	11,377	13,631	213,299	25,429	224,676	39,060
Indirect expenses	600,191	198,107	294,372	294,812	894,563	492,919
Total expenses	9,826,472	8,059,738	14,536,530	11,462,167	24,363,002	19,521,905
Net revenue (expense)	(5,360,336)	(5,115,495)	3,496,176	5,325,400	(1,864,160)	209,905
General Revenues:						
Property taxes	10,820,984	10,187,604	68,710	233,165	10,889,694	10,420,769
Investment earnings	1,488,580	1,081,452	924,977	891,421	2,413,557	1,972,873
Total general revenues before transfers	12,309,564	11,269,056	993,687	1,124,586	13,303,251	12,393,642
Transfers	(137,340)	-	137,340	-	-	-
Total general revenues	12,172,224	11,269,056	1,131,027	1,124,586	13,303,251	12,393,642
Change in net position	6,811,888	6,153,561	4,627,203	6,449,986	11,439,091	12,603,547
Net Position - Beginning	56,454,467	50,300,906	82,400,421	75,950,435	138,854,888	126,251,341
Net Position - Ending	\$63,266,355	\$56,454,467	\$87,027,624	\$82,400,421	\$ 150,293,979	\$ 138,854,888

Governmental Activities. Governmental activities include parks, the golf course, the winter sports park, and recreation programs. These services are funded through a combination of property taxes, user fees, capital and operating grants, and donations.

The increase in property tax revenue continues to be the primary driver of the positive net position trend. This growth is attributed to higher assessed property values and property transfers that triggered reassessments under Proposition 13. Program revenues from parks, recreation services, and season passes remained relatively flat compared to the prior year.

Operating grant revenue decreased by 82.0%, reflecting a corresponding reduction in eligible project-related expenditures. As grants are recognized only when qualifying expenses occur, lower spending during the year led directly to a reduction in grant revenue. Interest income increased by \$407,128 due to higher average cash balances held in pooled investment accounts.

Capital grants are recognized as revenue in the year the qualifying design and construction expenditures are incurred. As a result, capital grant revenue may significantly exceed depreciation or amortization expense in a given year. However, because these funds are restricted for specific capital purposes, they are not available to support general operations. Depreciation and amortization on the associated long-lived assets will be recognized over future periods, while the related capital grant revenue is fully recognized during the project phase.

Management Discussion and Analysis continued

Total expenses increased by \$1,766,734 or 21.9% over the prior year. Personnel-related expenses rose by \$379,864 or 12.6%, primarily due to cost-of-living adjustments, merit increases, and retirement benefit costs. Other direct operating costs remained relatively stable. Indirect costs increased by \$402,084, largely due to costs associated with special studies and changes in actuarial assumptions and experience for pension and OPEB-related expenses.

Business-type Activities. Business-type activities include water and sewer services, along with the related Engineering and Technical Service departments. These operations are primarily funded by user fees, which cover all operating costs, including depreciation and amortization.

The TCPUD has utilized property tax transfers from governmental operations to fund capital expenditures due to the low customer density in its service area, high environmental compliance costs in the Lake Tahoe Basin, and the need to maintain and replace aging infrastructure. This funding helps keep water and sewer rates affordable while addressing the community's critical infrastructure needs. In 2024, \$68,710 in property tax was transferred to the Water Fund to cover interest expenses for the West Lake Tahoe Regional Water Treatment Plant (WLTRWTP).

Water and Sewer revenues increased by \$898,981 (9.7%) and \$347,107 (5.5%), respectively, reflecting the implementation of the full Proposition 218 maximum rates for 2024. Capital grant revenue remained flat, while interest income grew by \$33,556.

Total expenses increased by \$3,074,363 (26.8%). Personnel costs, driven by cost-of-living adjustments, merit increases, retirement benefits, and rising supply costs, contributed to the overall expense increase. However, the primary driver was the adjustments to pension and OPEB expenses, stemming from changes in expected and actual experience, as well as adjustments in actuarial assumptions. While these adjustments led to a significant rise in expenses, the increase in direct operating costs remained reasonable and moderate.

Financial Analysis of TCPUD's Governmental Funds

As noted earlier, TCPUD uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

On December 31, 2024, the TCPUD's governmental funds reported combined fund balances of \$32,508,495 an increase of \$5,289,052 or 19.4% in comparison with the prior year. Refer to the subsequent discussion on revenues and expenditures, which highlights the changes in the fund balance.

Approximately 46.0% or \$14,939,021, of the fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is: 1) not in spendable form \$169,667, 2) \$164,379 restricted for various projects and \$777,545 restricted for the Section 115 pension trust, 3) \$16,431,756 for long-term equipment and capital replacement purposes, and 4)

Management Discussion and Analysis continued

assigned \$26,127 for particular purposes. The general fund is the chief operating fund of the TCPUD.

Revenues – The following table presents the revenue from various sources as well as increases or decreases from the prior year for the General Fund.

Revenues	2024 Actuals	% of Total	2023 Actuals	% of Total	Increase (Decrease)	% of Change
Fees	\$ 1,123,674	6.8%	\$ 1,163,733	8.3%	\$ (40,059)	-3.4%
Property taxes	10,681,280	64.3%	10,047,901	71.6%	633,379	6.3%
Interest	1,488,580	9.0%	1,081,452	7.7%	407,128	37.6%
Grants	1,921,379	11.6%	371,377	2.6%	1,550,002	417.4%
Other	1,394,697	8.4%	1,363,132	9.7%	31,565	2.3%
Total revenues	\$ 16,609,610	100.0%	\$ 14,027,595	100.0%	\$ 2,582,015	18.4%

Revenues increased by \$2,582,015 compared to the prior year. The following summarizes key drivers of this change:

- Fees decreased by \$40,059, primarily due to a lower revenue share from the Tahoe City Cross Country operations and a decline in donation income.
- Property tax revenue increased by \$633,379, largely driven by higher assessed property values resulting from ownership transfers and reassessments.
- Interest income grew as a result of higher average balances held in pooled investment accounts throughout the year.
- Grant revenue rose by \$1,550,002, primarily due to capital funding received for the North Shore Trail Project, which corresponded with related increases in capital outlay expenditures.

Expenditures – The following table presents the expenditures by function compared to prior year amounts for all governmental funds.

Expenditures	2024 Actuals	% of Total	2023 Actuals	% of Total	Increase (Decrease)	% of Change
Public works - Parks	\$ 5,870,658	51.7%	\$ 5,154,807	56.1%	\$ 715,851	13.9%
Recreation	1,319,359	11.6%	1,242,598	13.5%	76,761	6.2%
Other operating	170,053	1.5%	159,380	1.7%	10,673	6.7%
Capital outlay	3,849,534	33.9%	2,494,225	27.1%	1,355,309	54.3%
Debt service	139,703	1.2%	139,703	1.5%	-	0.0%
Total expenditures	\$ 11,349,307	100.0%	\$ 9,190,713	100.0%	\$ 2,158,594	23.5%

Expenditures increased by \$2,158,594 compared to the prior year. The following summarizes the key drivers of this change:

- Personnel costs increased by \$379,864, or 12.6%, due to planned cost-of-living and merit increases, associated benefit adjustments, and higher part-time staffing costs.
- Other expenditures increased due to various overhead allocations and related operational adjustments.
- Capital outlay accounted for \$1,355,309, or 54.3% of the year-over-year increase, primarily related to the North Shore Trail Project and vehicle purchases.

Management Discussion and Analysis continued

General Fund Budgetary Highlights

The following table shows the variances of actuals to budget. The revenue and expenditures budget comparison schedule can be found on page 87.

Revenues:	Actual		Variance	
	Amounts	Budget	Favorable (Unfavorable)	% of Variance
Fees	\$ 1,123,674	\$ 1,205,182	\$ (81,508)	-5.4%
Property taxes	10,681,280	10,310,397	370,883	24.6%
Interest	1,488,580	476,280	1,012,300	67.3%
Grants	1,921,379	1,702,375	219,004	14.6%
Other	1,394,697	1,410,256	(15,559)	-1.0%
Total revenues	\$16,609,610	\$15,104,490	\$ 1,505,120	100.0%

Parks and Recreation revenue exceeded budget by \$1,504,880. This favorable variance was primarily driven by higher-than-expected interest income, reflecting conservative budgeting assumptions. Property tax revenue also exceeded budget due to continued growth in assessed property values. Fee revenue came in below budget, largely due to reduced activity at the Lake Forest Boat Ramp and lower-than-anticipated usage of community buildings and sidewalk-related billings. Grant revenue exceeded budget projections due to the successful acquisition of capital grants beyond what was initially planned.

Expenditures	Actual		Variance	
	Amounts	Budget	Favorable (Unfavorable)	% of Variance
Public works - Parks	\$ 5,870,658	\$ 6,150,467	\$ 279,809	11.9%
Recreation	1,319,359	1,544,583	225,224	9.6%
Other operating	170,053	148,608	(21,445)	-0.9%
Capital outlay	3,849,534	5,715,363	1,865,829	79.4%
Total expenditures	\$ 11,209,604	\$ 13,559,021	\$ 2,349,417	100.0%

Parks and Recreation expenditures were \$2,349,657 under budget, primarily due to reduced capital outlay. This was driven by lower-than-anticipated spending on the Tahoe City Golf Course and the Tahoe City Community Center Building Remodel project. Additional savings were realized in repairs and maintenance, snow removal, and personnel costs, all of which came in below budgeted levels.

Proprietary Funds. TCPUD's proprietary funds statements provide the same type of information found in the government-wide financial statement, but in more detail broken out by the Water Fund and Sewer Fund. The Statement of Revenues, Expense and Changes in Net Position for the Proprietary Funds can be found on page 45.

At the fiscal year, the net position for the water and sewer funds were \$59,209,084 and \$27,818,540 respectively, up 4.1% and 8.0%.

Management Discussion and Analysis continued

	Proprietary Funds		Total
	Water Fund	Sewer Fund	
Beginning net position	\$ 56,799,352	\$ 25,601,069	\$ 82,400,421
Change in net position	2,409,732	2,217,471	4,627,203
Ending net position	\$ 59,209,084	\$ 27,818,540	\$ 87,027,624

The following chart shows how the ending net position breaks out for the Water and Sewer Funds:

	Proprietary Funds		Total
	Water Fund	Sewer Fund	
Net investment in capital assets	\$ 50,124,923	\$ 17,676,127	\$ 67,801,050
Restricted for:			
Guarantees of permit performance	50,700	500	51,200
Unrestricted	9,033,461	10,141,913	19,175,374
Total net position	\$ 59,209,084	\$ 27,818,540	\$ 87,027,624

Water and Sewer Funds primarily rely on user charges and other income for their operations. Below are the 2024 water revenues and expenses compared to the previous year.

	Water Actuals		Increase (decrease)	
	2024	2023	Amount	% Chg.
Revenues				
Charges for services	\$ 10,093,476	\$ 9,247,178	\$ 846,298	9.2%
Property Tax for rate transition	-	199,960	(199,960)	-100.0%
Capital Grants	420,853	1,174,516	(753,663)	-64.2%
Interest income	293,156	345,852	(52,696)	-15.2%
Property Tax for debt service	68,710	33,205	35,505	106.9%
Infrastructure Improvement Charge	752,714	33,205	719,509	2166.9%
Gain on disposal	23,552	-	23,552	N/A
Transfer from General Fund	137,340	-	137,340	N/A
	11,789,801	11,033,916	755,885	6.9%
Less Expenses	9,380,069	7,323,692	2,056,377	28.1%
Change in net position	\$ 2,409,732	\$ 3,710,224	\$ (1,300,492)	-35.1%

Water service revenues increased due to the implementation of the maximum allowable 2024 rates under Proposition 218. Property tax support is no longer used for the Tahoe Cedars and Madden Creek systems, as all customers have reached the water rates for all other water customers. Capital grant revenue reflects amounts received or accrued during the year and will decline until new grants are secured. Interest income decreased due to lower pooled investment balances. The Board approved using property tax to fund 50% of the future debt service on the WLTRWTP project, estimated at \$556,000 annually; currently, only interest on a portion of the loan is reflected. Expenses rose by 28.5%, primarily driven by year-end pension and OPEB adjustments in accordance with GASB 68 and 75.

Management Discussion and Analysis continued

Below are the 2024 sewer revenues and expenses compared to previous year.

Revenues	Sewer		Increase (decrease)	
	2024	2023	Amount	% Chg.
Charges for services	\$ 6,675,118	\$ 6,365,873	\$ 309,245	4.9%
Interest income	631,821	545,569	86,252	15.8%
Gain on disposal	37,869	-	37,869	N/A
	7,344,808	6,911,442	433,366	6.3%
Less Expenses	5,127,337	4,138,475	988,862	23.9%
Change in net position	\$ 2,217,471	\$ 2,772,967	\$ (555,496)	-20.0%

Sewer service revenues increased due to the implementation of 2024 base rates at the maximum levels allowed under Proposition 218. Interest income rose as a result of higher pooled investment balances. Expenses grew by 23.9%, primarily due to year-end pension and OPEB adjustments required under GASB 68 and 75.

Capital Assets and Debt Administration

Capital Assets. As of December 31, 2024, TCPUD's investment in capital assets totaled \$121,683,431 (net of accumulated depreciation/amortization), reflecting an 8.2% increase from the prior year. These assets include land, the water treatment plant, buildings, equipment, vehicles, and parking facilities, supporting both governmental and business-type operations.

	Governmental		Business-type		Total	
	Activities		Activities			
	2024	2023	2024	2023	2024	2023
Land	\$ 10,947,445	\$ 10,947,445	\$ 42,957	\$ 42,957	\$ 10,990,402	\$ 10,990,402
Facilities	21,493,532	19,060,072	46,590,036	45,604,250	68,083,568	64,664,322
Right-to-use leased equipment	3,610	22,153	-	-	3,610	22,153
Right-to-use SBITA	21,533	34,652	65,825	81,422	87,358	116,074
Office building and equipment	2,103,939	2,111,381	3,799,745	3,447,540	5,903,684	5,558,921
Vehicles	712,278	724,003	2,046,252	1,517,899	2,758,530	2,241,902
Construction in progress	842,941	1,377,543	33,013,338	27,494,835	33,856,279	28,872,378
Total capital assets, net	\$ 36,125,278	\$ 34,277,249	\$ 85,558,153	\$ 78,188,903	\$ 121,683,431	\$ 112,466,152

During 2024, TCPUD invested \$13,546,694 in capital projects and assets that benefit the community, including subscription-based IT arrangements (SBITAs) in accordance with GASB 96. Major projects included the North Shore Trail Rehabilitation, West Lake Tahoe Regional Water Treatment Plant, Madden Creek System Upgrades, 6th Avenue Sewer Line Replacement, and various vehicle and equipment purchases.

Additional information on capital assets can be found in the notes to the financial statements (see Note 5. Capital Assets).

Management Discussion and Analysis continued

The following table presents the TCPUD's more significant capital additions during 2023 and 2024:

	Additions to Capital Assets	
	2023	2024
<u>Governmental Activities</u>		
Administration Building Improvements	\$ -	\$ 87,230
Admin. Building Air Handler Unit Replacements	120,493	(14,007)
TCGC/WSP Drainage Repairs/Rehabilitation	97,685	90,576
Tahoe City Community Center Building Improvements	48,262	73,961
Lake Forest Boat Ramp Restroom Replacement	717,365	50,879
West Shore Trail Rehab Project	186,799	-
North Shore Trail Rehab Project	-	3,202,634
Placer Co. Bechdolt Driveway	364,326	-
Vehicles and Equipment	575,175	168,159
EV Charging Station	59,353	48,372
Other projects	324,766	141,730
SBITAs	52,441	6,552
Total governmental activities	<u>\$ 2,546,666</u>	<u>\$ 3,856,086</u>
<u>Water Activities</u>		
West Lake Tahoe Regional Water Treatment Plant	8,700,664	4,195,688
Madden Creek Water Interconnection	8,787	1,527
Madden Creek Water Systems Improvements	-	579,092
Madden Creek System Upgrades	241,977	-
Replace Telemetry RTUs - Water	1,750	-
West Shore Storage Augmentation	71,190	82,321
Rubicon Tank 1 Feed Line Replc	-	41,492
Lower Meeks Bay PRV Project	-	118,755
HWY 28 Conductor Crossing	936,896	273,502
Rubicon Wells 2&3 Backup Power	-	120,190
Smart Meter Replacement Program	692,230	335,092
Tahoe Cedars 2nd Ave. Water Main Replacement	325,283	473,067
Dardanelles Waterline Replacement	1,320,795	10,846
Tahoe Swiss Water Acquisition	-	94,021
The Villas Waterline Repl	-	45,390
Tahoe Pines/ Tahoe Swiss Upgrades	-	243,111
Glenridge Wtr Sys Upgrades	-	71,105
Vehicles, Mobile Equipment, Equipment	134,811	442,991
Other Projects	297,966	100,109
SBITAs	40,711	2,706
* Total Water Activities	<u>12,773,059</u>	<u>7,231,006</u>
<u>Sewer Activities</u>		
Dollar/Edgewater Sewer Line Replacement	6,485	10,286
Tahoe City Residential Sewer System Rehabilitation # 3	796	-
Satellite Pump Station Controls	-	29,761
Line Replacement / Sliplining, Manhole Rehabilitation	23,423	20,545
Emergency Bypass Pump Stations	1,124,038	472,757
McKinney Sewer Pump Station	203,806	7,529
SPS Storage Improvements	124,162	-
Sewer Pump Station Drywell Floor Recoat	-	239,186
6th Ave Sewer Line Replacement	-	1,142,853
Vehicles, mobile equipment, equipment	134,810	442,991
Other projects	133,102	90,988
SBITAs	40,710	2,706
* Total Sewer activities	<u>1,791,332</u>	<u>2,459,602</u>
*Total TCPUD	<u>\$ 17,111,057</u>	<u>\$ 13,546,694</u>

*2023 restated

Management Discussion and Analysis continued

Long-term financial planning has enabled TCPUD to identify effective funding strategies for critical capital projects. It has become clear that a higher level of investment in water and sewer infrastructure will be needed in the future to meet increasingly stringent regulatory requirements and maintain service levels.

Since 2008, the TCPUD has conducted comprehensive five-year water and sewer rate studies, in accordance with Financial Policy No. 2050, to ensure sustainable funding for operations and capital improvements. HDR Engineering, Inc. has served as the consultant for all rate studies, including the current 2025–2029 study.

The TCPUD’s rate-setting philosophy is to maintain a unified water and sewer system that equitably distributes costs, meets high service standards, and maximizes economies of scale across the service area. The 2025–2029 study was conducted in two phases. Phase I, completed in 2023, evaluated infrastructure costs specific to the Tahoe Cedars and Madden Creek water systems, resulting in an Infrastructure Improvement Charge (IIC) of \$43.58 per month, per account, over 30 years, adopted by the Board in October 2023 and implemented in January 2024. Phase II focused on the comprehensive cost-of-service analysis for all customers, leading to proposed maximum rates for the 2025–2029 period.

As part of the 2020–2024 rate study, HDR also supported the development of a rate transition plan for the Tahoe Cedars and Madden Creek systems, acquired by the TCPUD in 2018. At acquisition, their rates were significantly lower than existing TCPUD rates. To ease the transition, the TCPUD used annual property tax revenue transfers to the water fund to offset the difference, in this way, existing customer rate revenue will not provide funding for the transition of the Tahoe Cedars and Madden Creek customers. As of 2024, rates for Tahoe Cedars and Madden Creek customers are aligned with TCPUD-wide rates.

The Tahoe Cedars and Madden Creek water systems remain a critical focus of the 2025–2029 water rate study and the TCPUD’s long-term financial strategy. Following the adoption of system master plans in February 2021, the full reconstruction of both systems was recommended. At that time, the estimated present-value cost was \$44 million; as of 2024, updated projections place the total cost at \$93.9 million.

TCPUD is actively pursuing financing options to support the reconstruction and is committed to identifying and securing grant opportunities to reduce the financial burden on customers. Debt repayment will be funded through a combination of the Infrastructure Improvement Charge (IIC) paid by affected customers, water rate revenue, and dedicated property tax revenue. This diversified funding approach reflects the TCPUD’s proactive financial management and commitment to long-term sustainability while advancing essential infrastructure improvements.

Work is progressing on the West Lake Tahoe Regional Water Treatment Plant (WLTRWTP), with \$4,195,688 invested in 2024. The total project cost is estimated at \$27 million. To fund the project, TCPUD has secured a \$20 million State Revolving Fund (SRF) loan and \$5.5 million in grant funding. The plant is scheduled to begin operations in fall 2025.

Through long-term financial planning, TCPUD identified a strategic initiative to develop an asset valuation and replacement strategy for its parks and facilities infrastructure. In 2024, capital project investments across various governmental assets—including multi-use trails, the 221 Fairway Administration Offices, park facilities, and vehicles and equipment—totaled \$3,849,534.

Management Discussion and Analysis continued

At December 31, 2024, the TCPUD utilized \$63,547,664 of gross depreciable capital assets at historical cost, consisting primarily of recreational facilities, in its Governmental Activities; and \$109,369,008 of gross depreciable capital assets at historical cost, consisting primarily of water and sewer plants, in its Business-type Activities.

In 2024, TCPUD established a debt service reserve to meet the requirements of the SRF loan for the WLTRWTP. As part of its reserve policies, TCPUD conducts an annual analysis to determine the appropriate reserve balances for the year. The reserve balances for Governmental and Business-type Activities were updated and set as follows:

	Governmental	Business-type Activities		Total
	Activities	Water	Sewer	Business-type
Operating Reserve	\$ 1,802,841	\$ 1,649,061	\$ 1,218,212	\$ 2,867,273
Fleet & Equipment Replacement Reserve	824,589	932,846	2,122,205	3,055,051
Infrastructure Capital Replacement Reserve	11,607,167	873,267	4,367,408	5,240,675
Debt service reserve	-	137,340	-	137,340
Water System Acquisition & Infrastructure Improvement Property Tax Reserve	-	2,943,000	-	2,943,000
Priority Project Capital Reserve	4,000,000	-	-	-
Total Reserves by Fund	\$ 18,234,597	\$ 6,535,514	\$ 7,707,825	\$ 14,243,339

TCPUD's five-year capital plan for 2025–2029 totals \$144,291,357, supporting critical investments across all service areas. Funding includes \$475,000 in secured grants and a State Revolving Fund (SRF) loan to complete the construction of the West Lake Tahoe Regional Water Treatment Plant (WLTRWTP).

Planned Capital Investment:

- Water: \$88,796,463
- Sewer: \$15,731,722
- Parks and Recreation: \$36,637,172
- Vehicles and Equipment: \$3,126,000

This capital program is made possible through a mix of funding sources, including the water and sewer rate structure, Infrastructure Improvement Charge (IIC), grant funding, property tax revenue, and capital financing. During the year, \$5,478,720 in grant funds were awarded for various capital projects or TCPUD initiatives.

Long-term Debt. At the end of the current fiscal year, the TCPUD had total debt outstanding of \$16,882,059 backed by the full faith and credit of the government. Additional information on long-term debt can be found in the notes to the financial statements (See Note 6. Long-Term Liabilities).

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
State Revolving Loan	\$ 534,506	\$ 662,269	\$ 16,287,760	\$ 11,507,648	\$ 16,822,266	\$ 12,169,917
Lease liabilities	-	20,492	-	-	-	20,492
SBITA liabilities	13,843	25,038	45,950	63,290	59,793	88,328
Total long-term debt	\$ 548,349	\$ 707,799	\$ 16,333,710	\$ 11,570,938	\$ 16,882,059	\$ 12,278,737

Management Discussion and Analysis continued

The Debt Management Policy Number 2040 provides guidelines for the structure of debt issuance, adherence to laws and regulations, and the commitment to a long-term financial planning process. The Interfund Loan Policy Number 2080 provides guidelines for interfund loans.

Several private water companies operate on the west shore of Lake Tahoe. From time to time, their owners or customers approach TCPUD about acquiring these systems, for a variety of reasons, sometimes due to challenges in securing financing for necessary upgrades because of their small size.

TCPUD is currently using its borrowing capacity to finance improvements to private water systems acquired in 2018. Looking ahead, the TCPUD will consider additional financing plans over the next decade for future acquisitions. Repayment will come from a combination of rate revenue, special assessments, capital infrastructure charges to new customers, property tax revenue, and available grant funding.

In accordance with the TCPUD's Water System Acquisition Policy No. 2025, TCPUD will continue to assess evolving community water needs and ensure the equitable use of property tax revenue. Use of property tax for these purposes requires Board approval. As of the end of 2024, TCPUD was in negotiations to acquire certain assets of a private water system. This purchase was finalized on February 3, 2025. See Footnote 16 Subsequent Events for additional information.

Next Year's Budgets and Economic Factors

The following 2025 Budget Summary and Key Financial Highlights are as follows:

The Tahoe City Public Utility TCPUD's 2025 Operating and Capital Budget totals \$54,085,247, comprising \$22,459,910 for operations and \$31,625,337 for capital projects. This reflects an overall increase of \$14,020,065, or 35.0%, compared to 2024. Operating costs rose by 13.2%, while capital spending increased by 56.4%.

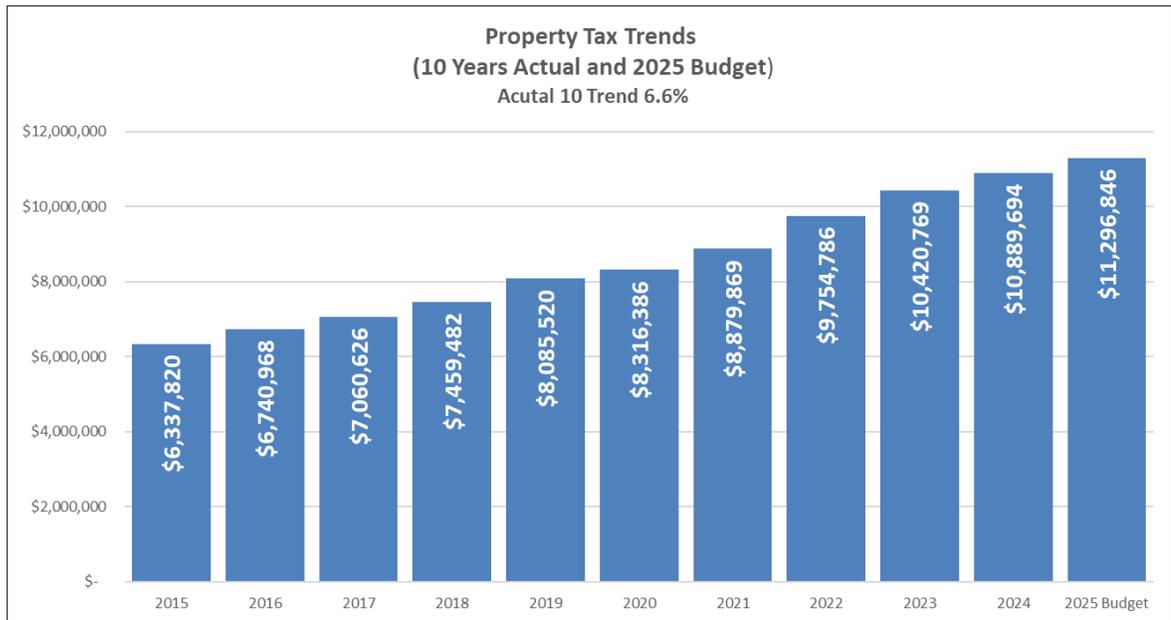
The 2025 Water Fund budget is \$26,841,679, an increase of \$11,566,888 or 75.7%, driven primarily by a 113.1% increase in capital projects and a 29.9% rise in operating expenses. The Sewer Fund budget is \$9,739,081, a decrease of \$1,352,350 or 12.2%. The Governmental Fund budget increased by \$3,805,527, or 27.8%, to a total of \$17,504,487, largely due to a \$3,418,455 increase in capital project spending (59.8%).

In the 2025 budget, personnel costs make up 68.1% of TCPUD's direct operating expenses, excluding depreciation and amortization. OPEB costs began to decline in 2024 and are expected to continue decreasing in 2025, driven by a four-year labor agreement negotiated in 2023 and effective January 1, 2024. This change in the agreement is designed to reduce TCPUD's long-term Other Post-Employment Benefits (OPEB) liabilities.

Water and sewer base rates, which provide stable revenue streams, account for 84.2% and 95.4% of their respective fund revenues. Under the 2024 Proposition 218 process, rate adjustments resulted in water and sewer revenues increasing by 12.7% and 8.7%, respectively. Beginning January 1, 2024, the Infrastructure Improvement Charge (IIC) was implemented to pay for the cost associate with reconstruction of the Tahoe Cedars and Madden Creek water systems which includes debt service for financing related to the projects.

Management Discussion and Analysis continued

Property tax revenue, budgeted at \$11,296,846 in 2025, remains the largest General Fund revenue source, representing 79.3% of total revenue. This revenue is supported by ongoing growth in assessed property values and real estate turnover.



- Drought conditions in California have improved over the past few years, though some areas of California and Nevada continue to experience drought. The Sierra Nevada snowpack – a key water source for the Tahoe region – reached 90% of its historical average in 2024/2025, marking the third consecutive year of near- or above-average levels. This trend has helped ease drought conditions in the Tahoe area and, in turn, has slightly reduced – but not eliminated – wildfire risk, which remains a significant concern in the region.
- In 2018, California enacted SB 606 and AB 1668 to establish a framework for water conservation and drought planning, requiring urban retail water suppliers to meet annual "Urban Water Use Objectives" (UWUOs) based on local conditions. These objectives address indoor and outdoor residential use, commercial/industrial irrigation, and water loss. Final regulations were adopted by the State Water Resources Control Board in July 2024, with full implementation starting in January 2025. The TCPUD has invested in smart metering, leak detection, and water loss tracking, resulting in a significant reduction in system water demands. TCPUD's groundwater supplies are adequate to meet current and future needs, and ongoing investments in conservation will ensure compliance with the new standards.
- TCPUD staff continue to work with our partners to support and advocate for legislation that recognizes firefighting infrastructure as a critical component to address drought and climate change adaptation. These legislatively enacted funding mechanisms could support improvement and/or replacement of the TCPUD's water delivery and storage infrastructure.
- CalPERS completed its Asset Liability Management (ALM) process in November 2021, which runs on a four-year cycle. The CalPERS discount rate for fiscal year 2024–25 remained at 6.8%, consistent with the rate set during the 2021 Asset Liability Management (ALM) process. TCPUD adopted its Financial Policy 2020 Pension Fundings in 2023 to ensure

Management Discussion and Analysis continued

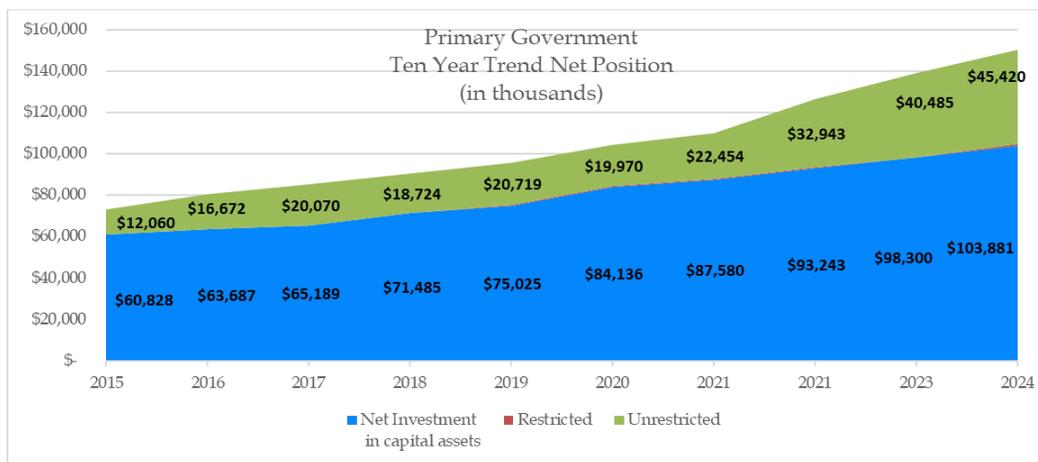
sustainable pension cost funding. In 2024, the Board established the Public Agencies Post-Employment Benefits Trust, selecting PARS as the administrator, and authorized a \$779,000 transfer to the Section 115 Trust, representing 50% of the minimum target balance (3% of the TCPUD’s pension accrued liability). Funding to reach the minimum target will be completed in 2025. The next ALM cycle is scheduled for 2025, during which the discount rate and other actuarial assumptions will be reviewed and potentially adjusted.

- The Other Post-Employment Benefit (OPEB) policy, set for adoption in 2025, aims to ensure the sustainable funding of OPEB costs. Similar to its pension funding approach, TCPUD funds the full actuarially determined contribution each year. Efforts during the 2023 union negotiation resulted in capping the post-retirement monthly stipend, generating future savings for TCPUD ratepayers.
- The Lake Tahoe Basin continues to experience hiring challenges for both full-time and seasonal roles, driven largely by high living costs and a shortage of affordable housing. Despite these regional pressures, TCPUD has maintained itself as an employer of choice, recognized in 2023 with the “Best Place to Work” award by the North Tahoe Community Alliance for its core value-driven culture.
- On December 15, 2023, the Board of Directors approved a new Memorandum of Understanding with the International Union of Operating Engineers, Local 39, covering classified employees from January 1, 2024, through December 31, 2027.

Summary

Over the past decade, TCPUD's financial condition has steadily improved. Through its proactive approach to long-term financial sustainability through regular updates to its Long-Term Financial Plan (LTFP). The LTFP plan supports alignment between operating and capital needs, rate strategies, and funding mechanisms. Recent actions, including the establishment of a Section 115 Trust for pension obligations and the anticipated OPEB policy adoption in 2025, reinforce TCPUD’s commitment to meeting future liabilities in a financially sound manner. The TCPUD also evaluates debt capacity and rate stability as part of its financial strategy.

The chart below shows a ten-year growth trend in unrestricted net position, highlighting TCPUD’s strong financial stewardship and long-term resilience. This trend reflects the TCPUD’s capacity to fund operations, invest in infrastructure, and manage unexpected challenges without relying on debt or restricted funds.

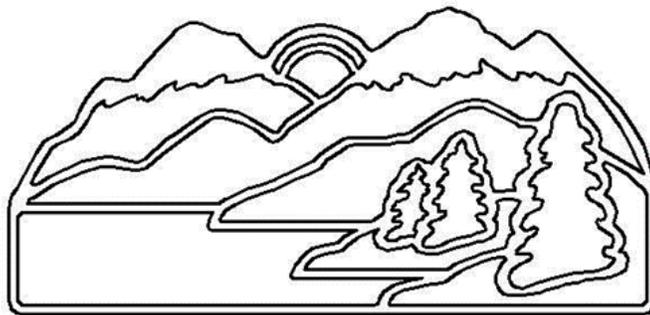


Management Discussion and Analysis continued

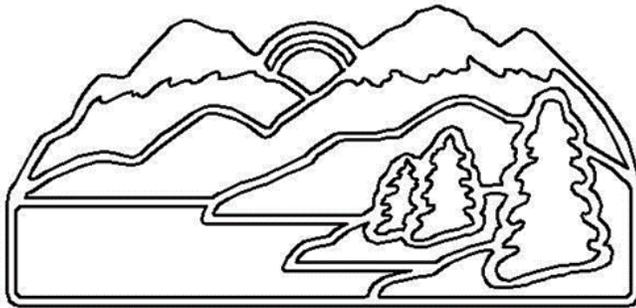
Net investment in capital assets shows the portion of TCPUD's assets invested in infrastructure and long-term assets, reflecting the commitment to maintaining and improving important facilities. During the year, net investment in capital assets increased by \$5,581,067 or 5.7%. Ratios like the Capital Assets to Total Assets (CATA) ratio help show how well TCPUD is managing its assets. At the end of the year, the CATA ratio was 85.4%, slightly down from last year. We expect this ratio to decline over the next few years, which would be a positive sign of TCPUD's commitment to reinvesting in its infrastructure as TCPUD continues its infrastructure investment and securing critical funding for it

Requests for Information

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

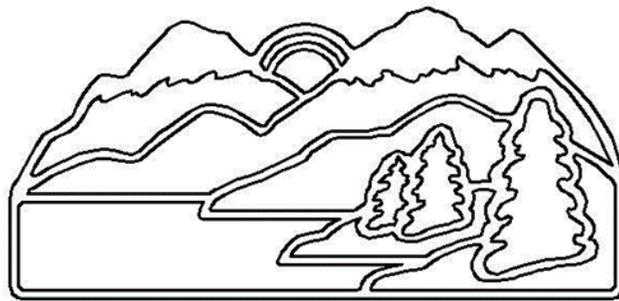


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Basic Financial Statements

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Government-Wide Financial Statements

- Statement of Net Position
- Statement of Activities

Tahoe City Public Utility District
Statement of Net Position
December 31, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 24,222,054	\$ 18,291,702	\$ 42,513,756
Restricted cash and investments	376,059	-	376,059
Receivables:			
Accounts	-	1,114,399	1,114,399
Interest	3,548	1,568	5,116
Taxes	5,975,587	-	5,975,587
Grants	1,709,799	500,000	2,209,799
Lease	68,114	172,101	240,215
Other	323,164	3,864,516	4,187,680
Allowance for doubtful accounts	(2,942)	(5,884)	(8,826)
Inventories	54,067	610,270	664,337
Prepaid items and other assets	115,600	223,215	338,815
Total current assets	32,845,050	24,771,887	57,616,937
Noncurrent assets:			
Restricted cash and investments	941,924	917,125	1,859,049
Facility improvement receivables	-	17,827	17,827
Capital assets:			
Non-depreciable	11,790,386	33,056,295	44,846,681
Depreciable, net	24,334,892	52,501,858	76,836,750
Total capital assets, net	36,125,278	85,558,153	121,683,431
Total noncurrent assets	37,067,202	86,493,105	123,560,307
Total assets	69,912,252	111,264,992	181,177,244
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	1,225,528	3,012,372	4,237,900
Other post employment benefit related	414,653	930,998	1,345,651
Net goodwill	-	3,190,090	3,190,090
Total deferred outflows of resources	1,640,181	7,133,460	8,773,641

Tahoe City Public Utility District
Statement of Net Position - Continued
December 31, 2024

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
LIABILITIES			
Current liabilities:			
Accounts payable	426,919	924,747	1,351,666
Accrued payroll and benefits payable	109,358	267,700	377,058
Employee medical reimbursement payable	379,136	-	379,136
Interest payable	2,409	75,337	77,746
Deposits payable	86,872	433,208	520,080
Other liabilities	132,887	998,406	1,131,293
Unearned revenue	78,080	-	78,080
Compensated absences-due within one year	304,421	587,806	892,227
Long-term liabilities-due within one year	130,066	-	130,066
Long-term SBITAs-due within one year	13,843	31,886	45,729
Total current liabilities	1,663,991	3,319,090	4,983,081
Noncurrent liabilities:			
Long-term liabilities	404,440	16,287,760	16,692,200
Long-term SBITAs	-	14,064	14,064
Net pension liability	5,525,895	10,047,419	15,573,314
Net other post employment benefit liability	407,743	1,050,651	1,458,394
Total non-current liabilities	6,338,078	27,399,894	33,737,972
Total liabilities	8,002,069	30,718,984	38,721,053
DEFERRED INFLOWS OF RESOURCES			
Pension related	165,806	300,803	466,609
Other post employment benefit related	52,977	189,323	242,300
Lease related	65,226	161,718	226,944
Total deferred inflows of resources	284,009	651,844	935,853
NET POSITION			
Net investment in capital assets	36,079,859	67,801,050	103,880,909
Restricted for:			
Guarantee permit and payment performance	164,379	51,200	215,579
Section 115 Trust	777,545	-	777,545
Unrestricted	26,244,572	19,175,374	45,419,946
Total net position	\$ 63,266,355	\$ 87,027,624	\$ 150,293,979

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

Tahoe City Public Utility District
Statement of Activities
For the year ended December 31, 2024

Functions / Programs	Program Revenues						Net (Expense) Revenue and Changes in Net Position		
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
Primary Government:									
Governmental activities:									
Public works - Parks	\$ 7,677,444	\$ 575,477	\$ 1,972,762	\$ -	\$ 1,917,610	\$ 3,890,372	\$ (4,362,549)	\$ -	\$ (4,362,549)
Recreation	1,537,460	24,714	570,632	5,132	-	575,764	(986,410)	-	(986,410)
Interest on long-term debt (unallocated)	-	11,377	-	-	-	-	(11,377)	-	(11,377)
Total governmental activities	9,214,904	611,568	2,543,394	5,132	1,917,610	4,466,136	(5,360,336)	-	(5,360,336)
Business-type activities:									
Water	8,919,376	489,820	10,146,159	-	1,173,567	11,319,726	-	1,910,530	1,910,530
Sewer	5,109,483	17,851	6,712,980	-	-	6,712,980	-	1,585,646	1,585,646
Total business-type activities	14,028,859	507,671	16,859,139	-	1,173,567	18,032,706	-	3,496,176	3,496,176
Total primary government	\$ 23,243,763	\$ 1,119,239	\$ 19,402,533	\$ 5,132	\$ 3,091,177	\$ 22,498,842	(5,360,336)	3,496,176	(1,864,160)
General Revenues and Transfers:									
Property taxes							10,820,984	68,710	10,889,694
Investment earnings							1,488,580	924,977	2,413,557
Transfers (from) to other funds							(137,340)	137,340	-
Total general revenues and transfers							12,172,224	1,131,027	13,303,251
Change in net position							6,811,888	4,627,203	11,439,091
Net position - Beginning							56,454,467	82,400,421	138,854,888
Net position - Ending							\$ 63,266,355	\$ 87,027,624	\$ 150,293,979

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

Fund Financial Statements

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

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

Tahoe City Public Utility District
Balance Sheet – Governmental Funds
December 31, 2024

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash	\$ 24,222,054	\$ -	\$ 24,222,054
Restricted cash	1,317,983	-	1,317,983
Receivables:			
Interest	3,548	-	3,548
Taxes	5,975,587	-	5,975,587
Grants	1,709,799	-	1,709,799
Lease	68,114	-	68,114
Other	323,163	-	323,163
Allowance for doubtful accounts	(2,942)	-	(2,942)
Inventory	54,067	-	54,067
Prepaid items and other assets	115,600	-	115,600
Total assets	\$ 33,786,973	\$ -	\$ 33,786,973
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 426,919	\$ -	\$ 426,919
Accrued payroll and benefits payable	109,358	-	109,358
Employee medical reimbursement payable	379,136	-	379,136
Deposits payable	86,872	-	86,872
Other liabilities	132,887	-	132,887
Unearned revenue	78,080	-	78,080
Total liabilities	1,213,252	-	1,213,252
DEFERRED INFLOWS OF RESOURCES			
Lease related	65,226	-	65,226
Total deferred inflows of resources	65,226	-	65,226
Fund Balances:			
Non-spendable	169,667	-	169,667
Restricted	941,924	-	941,924
Assigned			
Long-term equipment and capital replacement	16,431,756	-	16,431,756
Contributions - projects	26,127	-	26,127
Unassigned fund balance			
General Fund	14,939,021	-	14,939,021
Total fund balances	32,508,495	-	32,508,495
Total liabilities and fund balances	\$ 33,786,973	\$ -	\$ 33,786,973

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

Tahoe City Public Utility District
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position of Governmental Activities
 December 31, 2024

Total Fund Balances - Governmental Funds \$ 32,508,495

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

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

Non-depreciable	11,790,386
Depreciable, net	<u>24,334,892</u>
Total capital assets, net	<u>36,125,278</u>

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in the Governmental Funds Balance Sheet. (2,409)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

Compensated absences - due within one year	(304,420)
Long-term debt - due within one year	(143,909)
Long-term debt - due in more than one year	<u>(404,440)</u>
Total long-term liabilities	<u>(852,769)</u>

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

Net pension liability	(5,525,895)
Deferred outflows, related to pension expense	1,225,528
Deferred inflows, related to pension expense	<u>(165,806)</u>
Total long-term net pension liability	<u>(4,466,173)</u>

Long-term net other post employee benefits liability, which is based on GASB 75 reporting requirements, is not due and payable in the current period and therefore is not reported in the governmental funds.

Net other post employee benefits liability	(407,743)
Deferred outflows, related to other post employee benefits expense	414,653
Deferred inflows, related to other post employee benefits expense	<u>(52,977)</u>
Total long-term net other post employee benefits liability	<u>(46,067)</u>

Total Net Position of Governmental Activities \$ 63,266,355

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

Tahoe City Public Utility District
Statement of Revenues, Expenditures and Changes in Fund Balances
For the year ended December 31, 2024

	General	Debt Service	Total Governmental Funds
REVENUES:			
Fees	\$ 1,123,674	\$ -	\$ 1,123,674
Property taxes	10,681,280	139,704	10,820,984
Interest	1,488,580	-	1,488,580
Grants	1,921,379	-	1,921,379
Other	1,394,697	-	1,394,697
Total revenues	16,609,610	139,704	16,749,314
EXPENDITURES:			
Current:			
Public works - Parks	5,870,658	-	5,870,658
Recreation	1,319,359	-	1,319,359
Other operating	170,053	-	170,053
Capital outlay	3,849,534	-	3,849,534
Debt service:			
Principal	-	127,763	127,763
Interest	-	11,941	11,941
Total expenditures	11,209,604	139,704	11,349,308
REVENUES OVER EXPENDITURES	5,400,006	-	5,400,006
OTHER FINANCING SOURCES (USES):			
Proceeds from the sale of assets	26,386	-	26,386
Transfers out to other funds	(137,340)	-	(137,340)
Total other financing sources (uses)	(110,954)	-	(110,954)
Net change in fund balances	5,289,052	-	5,289,052
FUND BALANCES:			
Beginning of year	27,219,443	-	27,219,443
End of year	\$ 32,508,495	\$ -	\$ 32,508,495

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

Tahoe City Public Utility District
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balance of the Governmental Funds to the Statement
 of Activities
 For the year ended December 31, 2024

Net Change in Fund Balances - Governmental Funds	\$	5,289,052
<p>Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position were different because:</p>		
Capital assets including lease and IT subscription assets used in governmental activities are not financial resource and therefore are not reported in the governmental funds		3,850,957
Disposal on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Position, but they did not require the use of current financial resources. Therefore, not reported in the Governmental Funds.		(2,138)
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the Governmental Funds.		(1,964,713)
Amortization expense on leased capital and IT subscriptions assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, amortization expense was not reported as expenditures in the Governmental Funds.		(36,075)
Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.		127,763
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.		
Change in compensated absences		(101,975)
Change in accrued interest		563
Change in lease liability based on GASB 87 adjustments		20,492
Change in IT subscription liability based on GASB 96 adjustments		11,195
Change in pension expense based on GASB 68 adjustments		(330,014)
Change in OPEB expense based on GASB 75 adjustments		(53,219)
Change in Net Position of Governmental Activities	\$	6,811,888

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

Tahoe City Public Utility District
Statement of Net Position – Proprietary Funds
December 31, 2024

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
ASSETS			
Current assets:			
Cash and investments	\$ 4,940,456	\$ 13,351,246	\$ 18,291,702
Receivables:			
Accounts	700,256	414,143	1,114,399
Grants	500,000	-	500,000
Interest	783	785	1,568
Lease	172,101	-	172,101
Other	3,840,005	24,511	3,864,516
Allowance for doubtful accounts	(2,942)	(2,942)	(5,884)
Inventories	571,707	38,563	610,270
Prepaid items and other assets	141,135	82,080	223,215
Total current assets	<u>10,863,501</u>	<u>13,908,386</u>	<u>24,771,887</u>
Noncurrent assets:			
Restricted cash and investments	894,746	22,379	917,125
Facility improvement receivables	15,766	2,061	17,827
Capital assets:			
Non-depreciable assets	32,044,400	1,011,895	33,056,295
Depreciable assets, net	<u>35,784,477</u>	<u>16,717,381</u>	<u>52,501,858</u>
Total capital assets, net	<u>67,828,877</u>	<u>17,729,276</u>	<u>85,558,153</u>
Total noncurrent assets	<u>68,739,389</u>	<u>17,753,716</u>	<u>86,493,105</u>
Total assets	<u>79,602,890</u>	<u>31,662,102</u>	<u>111,264,992</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	1,703,486	1,308,886	3,012,372
Other post employment benefit related	465,499	465,499	930,998
Net goodwill	3,190,090	-	3,190,090
Total deferred outflows of resources	<u>5,359,075</u>	<u>1,774,385</u>	<u>7,133,460</u>
LIABILITIES			
Current liabilities:			
Accounts payable	742,357	182,390	924,747
Accrued payroll and benefits payable	164,878	102,822	267,700
Deposits payable	312,117	121,091	433,208
Interest payable	75,183	152	75,335
Other liabilities	929,792	68,616	998,408
Compensated absences	358,747	229,059	587,806
Long-term SBITAs-due within one year	15,943	15,943	31,886
Total current liabilities	<u>2,599,017</u>	<u>720,073</u>	<u>3,319,090</u>
Noncurrent liabilities:			
Long-term debt	16,287,760	-	16,287,760
Long-term SBITAs	7,032	7,032	14,064
Net pension liability	5,911,598	4,135,821	10,047,419
Net other post employment benefit liability	525,324	525,327	1,050,651
Total noncurrent liabilities	<u>22,731,714</u>	<u>4,668,180</u>	<u>27,399,894</u>
Total liabilities	<u>25,330,731</u>	<u>5,388,253</u>	<u>30,718,984</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related	165,770	135,033	300,803
Other post employment benefit related	94,662	94,661	189,323
Lease related	161,718	-	161,718
Total deferred inflows of resources	<u>422,150</u>	<u>229,694</u>	<u>651,844</u>
NET POSITION			
Net investment in capital assets	50,124,923	17,676,127	67,801,050
Restricted for:			
Guarantees of permit performance	50,700	500	51,200
Unrestricted	9,033,461	10,141,913	19,175,374
Net position of business-type activities	<u>\$ 59,209,084</u>	<u>\$ 27,818,540</u>	<u>\$ 87,027,624</u>

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

Tahoe City Public Utility District
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds
For the year ended December 31, 2024

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
OPERATING REVENUES:			
Service and inspection fees	\$ 9,699,114	\$ 6,526,760	\$ 16,225,874
Connection fees	76,572	37,195	113,767
Penalties and discounts	96,971	64,306	161,277
Other	220,819	46,857	267,676
Total operating revenues	10,093,476	6,675,118	16,768,594
OPERATING EXPENSES:			
Personnel	3,178,921	2,015,474	5,194,395
Operations	4,192,235	2,333,327	6,525,562
Depreciation	1,550,223	777,687	2,327,910
Total operating expenses	8,921,379	5,126,488	14,047,867
OPERATING INCOME	1,172,097	1,548,630	2,720,727
NONOPERATING REVENUES (EXPENSES):			
Property taxes for Debt Service	68,710	-	68,710
Infrastructure Improvement Charge	752,714	-	752,714
Interest income	293,156	631,821	924,977
Gain on disposal	23,552	37,869	61,421
Amortization	(245,391)	-	(245,391)
Interest expense	(213,299)	(849)	(214,148)
Total nonoperating revenues (expenses)	679,442	668,841	1,348,283
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS:			
	1,851,539	2,217,471	4,069,010
Capital grants	420,853	-	420,853
Transfers in from other funds	137,340	-	137,340
Change in net position	2,409,732	2,217,471	4,627,203
NET POSITION:			
Net position - Beginning	56,799,352	25,601,069	82,400,421
Net position - ending	\$ 59,209,084	\$ 27,818,540	\$ 87,027,624

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

Tahoe City Public Utility District
Statement of Cash Flows – Proprietary Funds
For the year ended December 31, 2024

	Proprietary Funds		Total
	Water Fund	Sewer Fund	Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers	\$ 9,977,441	\$ 6,653,033	\$ 16,630,474
Payments to suppliers	(4,937,989)	(2,196,375)	(7,134,364)
Payments to employees	(2,537,663)	(1,577,581)	(4,115,244)
Net cash provided by operating activities	2,501,789	2,879,077	5,380,866
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in	137,340	-	137,340
Net cash provided by noncapital financing activities	137,340	-	137,340
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition of capital assets	(7,231,006)	(2,466,154)	(9,697,160)
Proceeds from SRF loan	6,850,357	-	6,850,357
Receipts from property tax used for debt service payment	68,710	-	68,710
Receipts from Infrastructure Improvement Charge	752,714	-	752,714
Proceeds from sales of capital assets	23,552	37,869	61,421
Grants received	262,135	-	262,135
Interest paid on long-term debt	(213,299)	(849)	(214,148)
Net cash provided by (used for) capital and related financing activities	513,163	(2,429,134)	(1,915,971)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	293,459	636,272	929,731
Net cash provided by investing activities	293,459	636,272	929,731
Net increase in cash and cash equivalents	3,445,751	1,086,215	4,531,966
CASH AND CASH EQUIVALENTS			
Beginning of year	2,389,451	12,287,410	14,676,861
End of year	\$ 5,835,202	\$ 13,373,625	\$ 19,208,827
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	4,940,456	13,351,246	18,291,702
Restricted cash and cash equivalents	894,746	22,379	917,125
Total cash and cash equivalents	\$ 5,835,202	\$ 13,373,625	\$ 19,208,827
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income	\$ 1,172,097	\$ 1,548,630	\$ 2,720,727
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,550,223	777,687	2,327,910
Changes in assets and liabilities:			
(Increase) Decrease in:			
Accounts receivable	(94,050)	(24,616)	(118,666)
Lease receivable	20,095	-	20,095
Other receivable	(51,903)	(3,569)	(55,472)
Allowance for doubtful accounts	(200)	(200)	(400)
Facilities improvement receivables	3,934	700	4,634
Inventories	(65,027)	8,470	(56,557)
Prepaid items and other assets	179,485	133,690	313,175
Net change in deferred outflows and inflows	767,545	646,354	1,413,899
Increase (Decrease) in:			
Accounts payable	(485,097)	38,949	(446,148)
Accrued payroll and benefits	45,440	19,622	65,062
Deposits payable	26,180	5,600	31,780
Net change in other liabilities and SBITAs	(371,825)	(44,156)	(415,981)
Net pension liability, OPEB and other liabilities	(303,183)	(288,487)	(591,670)
Compensated absences	108,075	60,403	168,478
Net cash provided by operating activities	\$ 2,501,789	\$ 2,879,077	\$ 5,380,866

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

Notes to the Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

The Tahoe City Public Utility TCPUD Public Facilities Financing Corporation (Corporation) was formed on January 29, 1993, as a nonprofit public benefit corporation to provide assistance to the TCPUD by financing the acquisition, construction and installation of public facilities, to acquire real and personal property on behalf of the TCPUD, and to borrow the necessary funds to pay the cost of such activities including refinancing. The Corporation is controlled by the TCPUD and has the same governing body as the TCPUD, which also performs all accounting and administrative functions for the Corporation. The Corporation has a December 31 year-end and had no assets, liabilities, or activity as of and for the year ended December 31, 2024.

B. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

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

Government-Wide Financial Statements, Continued

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

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

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

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

- Due to/from
- Transfers in/out

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

Governmental Fund Financial Statements

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

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

liability is incurred. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgment, postemployment benefits are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the TCPUD the right to use leased assets, are reported as expenditures in governmental fund. Issuance of long-term debt and financing through leases are reported as other financing sources.

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

Proprietary Fund Financial Statements

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

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

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

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

Use of Restricted/Unrestricted Resources

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Description of TCPUD Funds

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

Governmental Funds:

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

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

Proprietary Funds:

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

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

C. Cash, Cash Equivalents and Investments

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

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

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

C. Cash, Cash Equivalents and Investments, Continued

at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

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

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

The TCPUD is also a voluntary participant in the Placer County Investment Fund (County Pool) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the County. The TCPUD reports its investment in the County Pool at the fair value amount provided by the County. The investment of money on deposit is limited to those investments specified by California Government Code Section 53601 and 53635. Included in the County Pool's investment portfolio is US Treasury Notes, Obligations issued by agencies of the United States Government, LAIF, Corporate Notes, Commercial Paper, collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

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

D. Restricted Cash and Investments

Restricted cash and investments are comprised of certificates of deposit which guarantee performance of construction permit provisions, an escrow account for security deposits in lieu of retention, and an employee medical reimbursement account for which the TCPUD acts as trustee.

In fiscal year 2024, the Board of Directors approved the creation of a Section 115 Trust Agreement with U.S. Bank National Association, Trustee, and Public Agency Retirement Services (PARS), Trust Administrator. The Section 115 Trust was established as a means to set aside monies to fund TCPUD's pension obligations. Contributions to the Section 115 trust are irrevocable, the assets are dedicated to providing benefits to plan members, and the assets are protected from creditors of TCPUD. The purpose of the creation of the Section 115 Trust was to address TCPUD's pension obligations by accumulating assets to reduce the net pension liability. However, in accordance

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. *Restricted Cash and Investments, continued*

with generally accepted accounting principles, the assets in the Section 115 Trust are not considered to have present service capacity as plan assets and are therefore considered restricted assets of TCPUD rather than plan assets. Accordingly, the Section 115 Trust's assets are recorded as restricted for pension benefits in TCPUD's General Fund rather than assets of the pension plan during the measurement of the net pension liability. The assets held in trust will be considered pension plan assets at the time they are transferred out of the Trust into the pension plan.

E. *Inventory and Prepaid Items*

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

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

Capital assets are tangible and intangible assets, which include property, plant, equipment, and infrastructure assets and are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets with an initial cost of more than \$5,000 and an estimated useful life in excess of three years. Costs include direct labor and benefits, outside services, and materials and transportation.

As the TCPUD constructs or acquires capital assets, they are capitalized and reported at historical cost (except for intangible right-to-use asset, the measurement of which is discussed in Note 1 (O). GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. The purpose of depreciation/amortization is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged for depreciation/amortization expense each year represents that year's pro rata share of the cost of capital assets.

Land and construction in progress are not depreciated. Tangible and intangible capital assets are depreciated/amortized using the straight-line method: the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The TCPUD has assigned the useful lives listed below to capital assets:

	<u>Useful Lives</u>
Water and sewer plan	10 - 50
Recreational facilities	10 - 20
Building	40
Lease & SBITA assets	3 - 20
Equipment	3 - 20
Vehicles	5 - 13

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

F. *Interest Payable*

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

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

G. *Unearned Revenue*

In the Government-Wide Financial Statements and Proprietary Fund Financial Statements, unearned revenue is recognized for transactions for which revenue has not yet been earned.

Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are grants received but not yet earned and prepaid charges for services.

In the Fund Financial Statements, unearned revenue is recorded when revenue has not yet been earned or when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. At December 31, 2024, all deferred revenues in the Fund Financial Statements represent revenues that were not earned at year-end. Therefore, all the deferred revenues in the Fund Financial Statements were reported as unearned revenue in the Government-Wide Financial Statements.

H. *Deferred Outflows/Inflows of Resources*

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

As of December 31, 2024, the TCPUD has three items reported as deferred outflow of resources. The first two items are the deferred outflow of resources related to pension and OPEB in the amount of \$4,237,900 and \$1,345,651, respectively. These amounts include the pension contributions made after the measurement date of the net pension liability, differences between expected and actual experience for both pension and OPEB, change in assumptions for both pension and OPEB, net difference between projected and actual earnings on pension plan investments, an adjustment due to differences in proportions for pension, and difference between the employer's contributions and the employer's proportionate share of contributions for pension. Refer to Notes 10 and 11 for additional information. The third item relates to the deferred outflow of resource of \$3,190,090 related to goodwill at December 31, 2024. This amount relates to the 2018 purchase of three private companies in the amount of \$5,145,000 and represents the difference in the market value of the assets of the three private water companies purchase price, net of

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Deferred Outflows/Inflows of Resources

amortization. The deferred outflow of resources on the purchase are amortized over 20 years of which 13 years is remaining.

As of December 31, 2024, the TCPUD has three items reported as deferred inflow of resources. The first two items are the deferred inflow of resources related to pension and OPEB in the amount of \$466,609 and \$242,300, respectively. These amounts include the differences between expected and actual experience for both pension and OPEB, change in assumptions for both pension and OPEB, net difference between projected and actual earnings on pension plan investments, an adjustment due to differences in proportions for pension, and difference between the employer's contributions and the employer's proportionate share of contributions for pension. Refer to Notes 10 and 11 for additional information. The third item relates to the lease receivables for \$226,944.

J. Long-Term Liabilities

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

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

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

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

K. Compensated Absences

In accordance with GASB Statement No. 101, Compensated Absences, compensated absences include leave for which employees may receive cash payments or other forms of settlement, either during employment or upon termination. These include, but are not limited to, vacation leave, sick leave, paid time off (PTO), holidays, parental leave, bereavement leave, and certain types of sabbatical leave. Under GASB 101, a liability is recognized for: (1) leave that has been earned but not yet used, and (2) leave that has been used but not yet paid or settled. The liability is measured based on the amount of leave that is more likely than not to be paid or settled. This includes applicable salary-related payments, if those contributions are directly associated with the payment of compensated absences.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Property Tax

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

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

M. Pensions

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

N. Other Post Employment Benefit

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

O. Leases

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

O. Leases, Continued

TCPUD determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

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

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

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

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

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

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

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

P. Subscription-Based Information Technology Arrangements (SBITA)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

P. Subscription-Based Information Technology Arrangements (SBITA), Continued

contractual period of greater than one year, in an exchange or exchange-like transaction. TCPUD uses various SBITA assets, such as software as a service and platform as a service. The related obligations are presented in amounts equal to the present value of subscription payments, payable during the remaining SBITA term. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

Q. Net Position and Fund Balance

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

Fund balance is defined as the difference between assets and liabilities and deferred inflows of resources.

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

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

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

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

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

Fund Balance Policies: The TCPUD Board fund balance commitments by adoption of a resolution. Assigned fund balances are established by the TCPUD Board by Resolution (such as for fleet & equipment, infrastructure capital replacement, and priority project capital).

As of December 31, 2024, there were restricted funds in the amount of \$164,379 for various projects and \$777,545 held in a Section 115 pension trust.

As December 31, 2024, assigned fund balances in the governmental funds included fleet & equipment, infrastructure capital replacement, priority project capital, and contributions for projects.

R. Use of Estimates

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

S. Current Government Accounting Standard Board Statements Implementation

Effective January 1, 2024, the TCPUD implemented the following accounting and financial reporting standards:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Government Accounting Standards Board Statement No. 99

In April 2022, GASB issued Statement No. 99, Omnibus 2022. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues identified during the implementation and application of certain GASB Statements and (2) accounting and financial reporting for guarantees. The TCPUD has evaluated the provisions of this Statement and determined that its implementation did not have a material impact on the financial statements. The requirements related to leases, PPPs, and SBITAs were effective for the TCPUD's fiscal year ending December 31, 2023, and the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for the TCPUD's fiscal year ending December 31, 2024. There was no significant financial impact on TCPUD as a result of implementation.

Government Accounting Standards Board Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the TCPUD's fiscal year ending December 31, 2024. As of December 31, 2024, the TCPUD has not identified any applicable accounting changes or error corrections, and therefore, this Statement had no impact on the current year's financial statements.

Government Accounting Standards Board Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The TCPUD implemented the provisions of GASB Statement No. 101 in the fiscal year ending December 31, 2024. The implementation did not result in a restatement of beginning balances, as the effects were not material to the financial statements.

T. *Future Government Accounting Standard Board Statements*

Government Accounting Standards Board Statement No. 102

In December 2023, GASB issued Statement No, 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration is defined as a lack of diversity related to an aspect of a significant inflow of

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

T. Future Government Accounting Standard Board Statements, Continued

resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. The requirements of this statement are effective for the TCPUD fiscal year ending December 31, 2025.

Government Accounting Standards Board Statement No. 103

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for the TCPUD fiscal year ending December 31, 2026.

Government Accounting Standards Board Statement No. 104

In September 2024, GASB issued Statement No, 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34 and also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for the District's fiscal year ending June 30, 2026.

2. CASH AND INVESTMENTS

The TCPUD pools cash from all sources and all funds, except Restricted Cash, so that it can be invested at the maximum yield, consistent with safety and liquidity, while allowing individual funds to make expenditures at any time. Investment income is allocated among funds on the basis of average month-end cash and investment balances of the respective funds.

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

A. Cash Deposits

The carrying amounts of the TCPUD's operating cash balance is \$884,110 at December 31, 2024. Bank balances were \$1,393,956, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the TCPUD's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the TCPUD's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior

2. CASH AND INVESTMENTS, Continued

A. Cash Deposits, Continued

to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the TCPUD's name.

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

B. Investments

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

- United States Treasury Bills, Bonds, and Notes
- Obligations issued by Agencies of the United States Government
- Certificate of Deposit and other evidence of deposit at banks and savings and loan associations
- California Local Agency Investment Fund (LAIF)
- Placer County Treasury Investment Pool Fund
- California Cooperative Liquid Assets Securities System (CA Class)
- The PARS Pension Trust

During the fiscal year, the Tahoe City Public Utility TCPUD (TCPUD) established an irrevocable trust with Public Agency Retirement Services (PARS) for the purpose of pre-funding future pension obligations. The TCPUD contributed \$779,000 to the trust in 2024. PARS serves as the plan administrator, with U.S. Bank acting as the trustee and PFM Asset Management LLC responsible for managing the trust's investments. As of December 31, 2024, the TCPUD had \$777,546 invested in the PARS Pension trust. These funds are legally restricted for pension-related purposes and are reported as noncurrent restricted investments on the Statement of Net Position.

The TCPUD is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The TCPUD's investments with LAIF at December 31, 2024, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

2. CASH AND INVESTMENTS, Continued

A. Investments, Continued

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

As of December 31, 2024, the TCPUD had \$80,161 invested with LAIF, \$96,722 invested with the Placer County Treasurer, and \$41,434,415 with CA Class. LAIF had invested 3.69% of the pool investment funds in medium-term and short-term Structured Notes and Asset-Backed Securities. Fair value of LAIF and Placer County was calculated by applying a factor of 0.999621985 to total investments held by both. At December 31, 2024, the LAIF, CA Class, and Placer County Treasurer balance did not reflect an amortized cost of \$41,596 which approximates the fair market value.

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

The following is a description of the valuation methodologies used to estimate the fair value of investments. There have been no changes in the valuation techniques used at December 31, 2024. The Certificates of deposit classified in level 2 are valued using broker quotes that utilize observable market inputs.

The following tables set forth by level, within the fair value hierarchy, the TCPUD's assets at fair value as of December 31, 2024.

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 215,882	\$ -	\$ 215,882
Total assets at fair value	\$ -	\$ 215,882	\$ -	\$ 215,882

	Government-Wide Statement of Net Assets		
	Governmental	Business-Type	Total
	Activities	Activities	
Operating cash deposits	\$ 901,160	\$ -	\$ 901,160
Imprest and other	1,000	300	1,300
Investments	23,319,894	18,291,402	41,611,296
Total cash and investments	24,222,054	18,291,702	42,513,756
Current - Restricted cash and investments	376,059	-	376,059
Noncurrent-Restricted cash and investments	941,924	917,125	1,859,049
Total All	\$ 25,540,037	\$ 19,208,827	\$ 44,748,864

2. CASH AND INVESTMENTS, Continued

C. Risks

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the TCPUD's investment policy provides that final maturities of securities cannot exceed five years. Specific maturities of investments depend on liquidity needs. At December 31, 2024, the total amount of the TCPUD's investments and restricted investments was deposited with LAIF, CA Class, and Placer County Treasurer Investment Pool which is available to the TCPUD on demand or invested in bank certificates of deposit maturing in less than one year. As a result, the TCPUD was not significantly exposed to interest rate risk.

Credit Risk. At December 31, 2024, the TCPUD's investments in LAIF and Placer County Treasurer were not rated. The fair value of the TCPUD asset held in LAIF and Placer County Treasurer is materially equivalent to the value of the pool shares. California CLASS PRIME is rated by S&P Global Ratings. The current rating is AAAM.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counter party, the TCPUD will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the TCPUD's securities are held by a third-party custodian other than PARS. California CLASS is an external investment pool and therefore is not subject to custodial credit risk; therefore, investment in the pool is exempt from the reporting requirement.

The TCPUD's investment in the Section 115 Pension Trust is subject to interest rate risk, which is the risk that changes in market interest rates will adversely affect the fair value of investments.

The trust is administered by Public Agency Retirement Services (PARS), with U.S. Bank serving as trustee and PFM Asset Management LLC acting as the investment manager. The TCPUD's Board has selected the Moderate - Strategic Blend investment strategy for the trust, which allocates funds across a diversified mix of equities and fixed-income securities with an intermediate-term horizon. As of December 31, 2024, the weighted average maturity of the fixed-income portion of the PARS Trust portfolio was approximately 8.35 years.

D. Restricted Cash and Investments

Current and Non-current restricted cash and investments for the TCPUD amounted to \$2,235,108. This amount breaks out as follows: \$777,545, invested with PARS for future pension obligations, \$215,882 was invested in certificates of deposit as required by agreements with the Tahoe Regional Planning Agency and the California Water Quality Control Board. The certificates of deposit cannot be released from restricted status without the approval of the listed agencies. \$865,622 was held in escrow by the Bank of Marin as a substitute for retention required to be withheld by TCPUD pursuant to the construction contract entered into with Thompson Builder Corporation, contractor for the West Lake Tahoe Regional Water Treatment Plant project. The remainder of the restricted cash of \$60,506 and \$315,553 respectively, were in the TCPUD's Section 125 medical reimbursement account and the Health Reimbursement Arrangement account, which are restricted for the sole use of the TCPUD's employees.

3. INTERFUND TRANSACTIONS

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

There were no short term interfund loans between funds at December 31, 2024.

B. Transfers In and Out

Transfers from the General Fund to the Water and Sewer Enterprise Funds are primarily made to support current-year capital improvement projects, as well as to designate reserves for future capital needs and debt service obligations. In 2024, the General Fund transferred \$137,340 to the Water Fund to provide funding for its debt service reserve account as follows:

Transfer From	Transfer To	Amount	Purpose
General Fund	Water Fund	\$137,340	Debt service reserve funding

4. UNEARNED REVENUE

Government-Wide Financial Statements

At December 31, 2024, there were no differences between unearned revenues in the Government-Wide Financial Statements and the Fund Financial Statements. All amounts represent revenues that had been collected or billed, but not yet earned, as follows:

	Governmental Activities	
	Governmental Funds	
	General Fund	
Golf deferred revenue	\$	49,625
Sidewalk deferred revenue		18,455
Indoor play structure		10,000
Total	\$	78,080

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2024

5. CAPITAL ASSETS

A. Government-Wide Financial Statements

At December 31, 2024, the TCPUD's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 10,947,445	\$ 42,957	\$ 10,990,402
Construction in progress	842,941	33,013,338	33,856,279
Total non-depreciable assets	<u>11,790,386</u>	<u>33,056,295</u>	<u>44,846,681</u>
Depreciable assets:			
Water and sewer plant	-	97,906,527	97,906,527
Recreational facilities	55,511,415	-	55,511,415
Right-to-use lease equipment	52,798	-	52,798
Right-to-use SBITA	58,993	140,390	199,383
Office building and equipment	6,711,763	7,875,632	14,587,395
Vehicles	1,212,695	3,446,459	4,659,154
Total depreciable assets	<u>63,547,664</u>	<u>109,369,008</u>	<u>172,916,672</u>
Less accumulated depreciation / amortization:			
Water and sewer plant	-	(51,316,491)	(51,316,491)
Recreational facilities	(34,017,883)	-	(34,017,883)
Right-to-use lease equipment	(49,188)	-	(49,188)
Right-to-use SBITAs	(37,460)	(74,565)	(112,025)
Office building and equipment	(4,607,824)	(4,075,887)	(8,683,711)
Vehicles	(500,417)	(1,400,207)	(1,900,624)
Total accumulated depreciation	<u>(39,212,772)</u>	<u>(56,867,150)</u>	<u>(96,079,922)</u>
Net depreciable assets	<u>24,334,892</u>	<u>52,501,858</u>	<u>76,836,750</u>
Total capital assets, net	<u>\$ 36,125,278</u>	<u>\$ 85,558,153</u>	<u>\$ 121,683,431</u>

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2024

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

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

Governmental Activities	Balance as of January 1, 2024	Additions	Retirements	Transfers/ Reclassifications	Balance as of December 31, 2024
Capital assets, not being depreciated:					
Land	\$ 10,947,445	\$ -	\$ -	\$ -	\$ 10,947,445
Construction in progress	1,377,543	3,666,747	-	(4,201,349)	842,941
Total capital assets, not being depreciated	12,324,988	3,666,747	-	(4,201,349)	11,790,386
Capital assets, being depreciated:					
Recreational facilities	51,473,354	-	-	4,038,061	55,511,415
Right-to-use lease equipment	54,937	-	(2,139)	-	52,798
Right-to-use SBITA	52,441	6,552	-	-	58,993
Office building and equipment	6,460,597	87,878	-	163,288	6,711,763
Vehicles	1,180,164	89,780	(57,249)	-	1,212,695
Total capital assets, being depreciated	59,221,493	184,210	(59,388)	4,201,349	63,547,664
Less accumulated depreciation for:					
Recreational facilities	(32,413,281)	(1,604,602)	-	-	(34,017,883)
Right-to-use lease equipment	(32,784)	(16,404)	-	-	(49,188)
Right-to-use SBITA	(17,789)	(19,671)	-	-	(37,460)
Office building and equipment	(4,349,217)	(258,607)	-	-	(4,607,824)
Vehicles	(456,161)	(101,504)	57,248	-	(500,417)
Total accumulated depreciation	(37,269,232)	(2,000,788)	57,248	-	(39,212,772)
Net capital assets being depreciated	21,952,261	(1,816,578)	(2,140)	4,201,349	24,334,892
Governmental activities capital assets, net	\$ 34,277,249	\$ 1,850,169	\$ (2,140)	\$ -	\$ 36,125,278

Depreciation/amortization expense for the governmental activities capital assets during the year ended December 31, 2024, was charged to the different activities as follows:

Public works - parks	\$ 1,830,222
Recreation	134,491
Right-to-use leased equipment & SBITAs	36,075
Total	<u>\$ 2,000,788</u>

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2024

5. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

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

Business-Type Activities	Balance as of January 1, 2024	Additions	Retirements	Transfers/ Reclassifications	Balance as of December 31, 2024
Capital assets, not being depreciated:					
Land	\$ 42,957	\$ -	\$ -	\$ -	\$ 42,957
Construction in progress	27,494,835	8,684,963	-	(3,166,460)	33,013,338
Total capital assets, not being depreciated	27,537,792	8,684,963	-	(3,166,460)	33,056,295
Capital assets, being depreciated:					
Water and sewer plant	95,494,633	-	(399,393)	2,811,287	97,906,527
Office building and equipment	7,872,046	238,097	(589,684)	355,173	7,875,632
Right-to-use SBITA	134,978	27,596	(22,184)	-	140,390
Vehicles	3,121,084	885,983	(560,608)	-	3,446,459
Total capital assets, being depreciated	106,622,741	1,151,676	(1,571,869)	3,166,460	109,369,008
Less accumulated depreciation / amortization for:					
Water and sewer plant	(49,890,383)	(1,825,502)	399,394	-	(51,316,491)
Office building and equipment	(4,424,506)	(241,118)	589,737	-	(4,075,887)
Right-to-use SBITA	(53,556)	(54,010)	33,001	-	(74,565)
Vehicles	(1,603,185)	(261,290)	464,268	-	(1,400,207)
Total accumulated depreciation	(55,971,630)	(2,381,920)	1,486,400	-	(56,867,150)
Net capital assets being depreciated	50,651,111	(1,230,244)	(85,469)	3,166,460	52,501,858
Business-type activities capital assets, net	\$ 78,188,903	\$ 7,454,719	\$ (85,469)	\$ -	\$ 85,558,153

Depreciation/amortization expense for capital assets for December 31, 2024, was charged to the different activities as follows:

Water	\$ 1,550,223
Sewer	777,687
SBITA	54,010
Total	\$ 2,381,920

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2024

6. LONG TERM LIABILITIES

The following is a summary of long-term liabilities transactions for the year ended December 31, 2024:

	Maturity Date	Interest Rate	Balance January 1, 2024	Additions	Retirements	Balance December 31, 2024	Current Portion	Due in More than One Year
Governmental Activities								
State Water Resources Control Board	2028	1.80%	\$ 662,269	\$ -	\$ (127,763)	\$ 534,506	\$ 130,066	\$ 404,440
Lease liabilities	2026	Various	20,492	-	(20,492)	-	-	-
SBITA liabilities	2025	Various	25,038	6,686	(17,881)	13,843	13,843	-
Total Governmental activities			<u>\$ 707,799</u>	<u>\$ 6,686</u>	<u>\$ (166,136)</u>	<u>\$ 548,349</u>	<u>\$ 143,909</u>	<u>\$ 404,440</u>
Business-Type Activities								
State Water Resources Control Board	2043		\$ 11,507,648	\$ 4,780,112	\$ -	\$ 16,287,760	\$ -	\$ 16,287,760
SBITA liabilities	2025	1.20%	63,290	36,128	(53,468)	45,950	31,886	14,064
Total Business-type activities			<u>\$ 11,570,938</u>	<u>\$ 4,816,240</u>	<u>\$ (53,468)</u>	<u>\$ 16,333,710</u>	<u>\$ 31,886</u>	<u>\$ 16,301,824</u>

Future principal and interest payments on total primary government activity long-term liabilities are as follows at December 31, 2024:

For the Year Ending 12/31	Total Primary Government			
	State Water Resources Control Board		IT subscription liability	
	Principal	Interest	Principal	Interest
2025	\$ 130,066	\$ 9,637	\$ 45,729	\$ 1,591
2026	132,411	7,292	4,438	328
2027	134,799	4,905	4,684	224
2028	137,230	2,474	4,942	115
	<u>\$ 534,506</u>	<u>\$ 24,308</u>	<u>\$ 59,793</u>	<u>\$ 2,258</u>

Governmental Activities

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

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2024

6. LONG TERM LIABILITIES, Continued

Lease Agreements – As part of normal operations, TCPUD has entered into various lease agreements as either a lessor or lessee for equipment or space. Leasing activities are not considered to be TCPUD’s primary operation. Some contracts have scheduled rent increased based on Consumer Price Index changes. As of December 31, 2024, TCPUD had 2 active leases. The leases have payments that range from \$1,748 to \$17,072 and interest rates that range from 0.6020% to 4.6000%. During the year ended, December 31, 2024 the total combined value of the lease liability is \$0. During the fiscal year, the leases incurred \$20,492 in payments.

As of December 31, 2024, the right-to-use asset had a total value of \$52,798, with accumulated amortization of \$49,188, resulting in a net asset value of \$3,610.

Right-To-Use-Lease Equipment	Governmental Activities	
	Asset Value	Liability
Golf carts	\$ 3,586	\$ -
Postage Machine	24	-
	<u>\$ 3,610</u>	<u>\$ -</u>

Subscription-Based Information Technology Arrangements – As part of normal operation, TCPUD has entered into subscription-based information technology arrangements (SBITAs) involving various software subscriptions. The total cost of TCPUD’s subscription assets is recorded as \$199,383, less accumulated amortization of \$112,025, net SBITAs of \$87,358.

The future subscription payments under SBITA agreements are as follows:

For the Year Ending 12/31	Government-Wide					
	Governmental Activities		Business-Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 13,843	\$ 388	\$ 31,886	\$ 1,203	\$ 45,729	\$ 1,591
2026	-	-	4,438	328	4,438	328
2027	-	-	4,684	224	4,684	224
2028	-	-	4,942	115	4,942	115
	<u>\$ 13,843</u>	<u>\$ 388</u>	<u>\$ 45,950</u>	<u>\$ 1,870</u>	<u>\$ 59,793</u>	<u>\$ 2,258</u>

Business-Type Activities

State Water Resources Control Board (State Revolving Fund) Financing – The TCPUD signed a \$12,000,000 Construction Installment Sales Agreement 0000000002002021 (agreement) for Project No. 3110011-005C with the California State Water Resources Control Board (SWRCB) on April 19, 2021, for the partial financing of the West Lake Tahoe Regional Water Treatment Plant (the Project) located in Tahoma, on the west shore of Lake Tahoe. Subsequently, on July 17, 2022, Amendment No. 1 to the agreement was approved to \$19,677,000 because of rising construction cost. During 2024, the TCPUD prepared and submitted reimbursement requests in the amount of \$4,780,112 to the SWRCB for reimbursable construction cost for the Project bringing the total reimbursement request at the end of

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2024

6. LONG TERM LIABILITIES, Continued

2024 to \$16,287,760. The Project’s construction period is expected to extend into 2024 and debt service payments to begin by the end of 2025. Annual interest only payments will be made by TCPUD until the Project is completed and the final reimbursement request has been made. Following completed construction of the project, TCPUD will make 20 annual debt service payments which will be determined upon the final reimbursement request at an effective interest rate of 1.20%. The source of principal and interest payments for this loan is water rate revenue and general property tax revenues.

7. PLEDGES OF FUTURE REVENUES

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

	Annual Principal & Interest	Percentage of 2024 General Property Tax Pledged
Governmental Activities		
State Water Resources Control Board - Installment Sales Agreement No. C-06-4779-110	\$ 139,704	1.3%
State Water Resources Control Board - Construction Installment Sales Agreement 0000000002002021	68,710	0.6%
Unpledged General Property Tax Revenues	<u>10,681,280</u>	<u>98.1%</u>
Total 2024 General Property Tax Revenues	<u>\$ 10,889,694</u>	<u>100.0%</u>

8. COMPENSATED ABSENCES

TCPUD employees earn general and sick leave per TCPUD policy. Under GASB Statement No. 101, a liability is recognized as leave is earned and likely to result in future payment. This includes general leave and the portion of sick leave expected to be used within one year. The liability is reported in the government-wide and proprietary fund financial statements. It is liquidated by the General Fund for governmental activities, and by the Water and Sewer Funds for business-type activities.

Compensated absences balances and activity for the year ended December 31, 2024, were as follows:

	Balance January 1, 2024	Additions	Retirements	Balance December 31, 2024	Due within One Year
Governmental Activities	\$ 202,446	\$ 315,969	\$ (213,994)	\$ 304,421	\$ 304,421
Business-Type Activities	<u>419,328</u>	<u>657,426</u>	<u>(488,948)</u>	<u>587,806</u>	<u>587,806</u>
Total	<u>\$ 621,774</u>	<u>\$ 973,395</u>	<u>\$ (702,942)</u>	<u>\$ 892,227</u>	<u>\$ 892,227</u>

The total includes \$199,186 of accrued sick leave expected to be used within one year across all activities.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2024

9. FUND BALANCES / NET POSITION

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

The following General Fund balance at December 31, 2024, is as follows. Non-spendable consists of \$169,667 for prepaid items and inventory. Restricted consists of funds for various projects and a Section 115 pension trust. Assigned balances consist of \$11,607,167 for infrastructure capital replacement, \$4,000,000 for priority capital projects, \$824,589 for fleet and equipment replacement, and \$26,127 contribution for projects within the TCPUD Parks and Recreation.

General Fund Balance

Non-Spendable	\$ 169,667
Restricted	941,924
Assigned	
Fleet & equipment replacement reserves	824,589
Infrastructure capital replacement reserves	11,607,167
Priority project capital reserves	4,000,000
Contributions - Parks	26,127
Unassigned fund balance	14,939,021
Total Fund Balance General Fund	<u>\$ 32,508,495</u>

The TCPUD Board adopted Enterprise Funds Unrestricted Net Position and Reserves Policy Number 2015. At December 31, 2024, the Board designated the unrestricted net position of the proprietary funds as follows:

Designated for:	Water	Sewer	Total
Operating reserve	\$ 1,649,061	\$ 1,218,212	\$ 2,867,273
Fleet & equipment replacement reserves	932,846	2,122,205	3,055,051
Infrastructure capital replacement reserves	873,267	4,367,408	5,240,675
Debt service reserve	137,340	-	137,340
Water system acquisition & infrastructure improvement property tax reserve	2,943,000	-	2,943,000
Total designated net position - proprietary activities	6,535,514	7,707,825	14,243,339
Undesignated	2,497,947	2,434,088	4,932,035
Total unrestricted net position proprietary fund	\$ 9,033,461	\$ 10,141,913	\$ 19,175,374

10. PENSION PLANS

General Information about the Pension Plans

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

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

Benefits Provided – The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. The 2.7% at 55 Miscellaneous Plan is closed to new entrants. PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan provisions and benefits in effect at December 31, 2024, are summarized below:

Hire Date	Miscellaneous	
	Prior to January 1, 2013	After December 31, 2012
	Classic	PEPRA
Benefit Formula	2.7 % @ 55	2.0 % @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50-55	52-62
Monthly Benefits , a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required Employee Contribution Rates 2023/2024	8.00%	7.75%
Required Employee Contribution Rates 2024/2025	8.00%	7.75%
Required Employer Contribution Rates 2023/2024*	46.30%	7.68%
Required Employer Contribution Rates 2024/2025*	53.12%	8.15%

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

10. PENSION PLANS, Continued

Funding Policy

The plan requires employee contributions equal to some percentage of the employees' annual covered salary. During fiscal year 2024 the employees paid 100% of the employee's contribution beginning with 2015. Pursuant to the labor contract, beginning January 1, 2020, Classic Members agreed to contribute 2.0% of salary, in addition to the employee contribution rate of 8%, toward their normal costs.

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS' annual actuarial valuation process. Each employer rate plan's actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan's allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The TCPUD is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The TCPUD's contributions to the risk pools in the Plan for the year ended December 31, 2024, were as follows:

	<u>Contributions</u>
Contributions - Employer	\$ 1,417,445
Contributions - Employee	\$ 640,224

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

As of December 31, 2024, the TCPUD reported a net pension liability for its proportionate share of the net pension liability of the plan of \$15,573,314.

	<u>Proportionate Share of Net Pension Liability</u>
Beginning net pension liability, January 1, 2023	\$ 15,693,767
Pension expense	299,948
Employer contribution	(1,605,414)
Net new deferred inflows / outflows	1,185,013
	<u>\$ 15,573,314</u>

In determining the TCPUD's proportionate share, the TCPUD's rate plan included in the Plan were assigned to Miscellaneous risk pool. Estimates of the total pension liability and the fiduciary net position were determined for the individual rate plan and risk pool as of the valuation date, June 30, 2023. The TCPUD rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The TCPUD's proportionate share percentage for the risk pool at the valuation date was calculated by dividing the TCPUD's net pension liability for its rate plan within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2024

10. PENSION PLANS, Continued

The TCPUD's proportionate share of the net pension liability as of June 30, 2024, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2024, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2024, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2024, was calculated by applying Tahoe City Public Utility TCPUD's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2024, to obtain the total pension liability and fiduciary net position as of June 30, 2024. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The TCPUD's proportionate share of the net pension liability as of June 30, 2024, and June 30, 2023, was as follows:

	Miscellaneous Risk Pool
Proportion at measurement date - June 30, 2023	0.31385%
Proportion at measurement date - June 30, 2024	0.32199%
Change - increase (decrease)	<u>0.00814%</u>

For the year ended December 31, 2024, the TCPUD recognized pension expense of \$2,405,474. At December 31, 2024, the TCPUD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of Assumptions	\$ 400,266	\$ -
Differences between expected and actual experience	1,346,456	52,538
Net Difference between projected and actual earnings on pension plan investments	896,537	-
Differences between Actual Contributions vs. Proportionate Share of Contribution	196,073	60,293
Change in employer's proportion	57,654	353,778
Pension Contributions Made Subsequent to the Measurement Date	1,340,914	-
	<u>\$ 4,237,900</u>	<u>\$ 466,609</u>

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2024

10. PENSION PLANS, Continued

The \$1,340,914 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31	Amount
2025	\$ 676,508
2026	2,036,456
2027	24,646
2028	(307,233)
	\$ 2,430,377

Actuarial Assumptions

The total pension liabilities in the June 30, 2023, actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Projected Salary Increase ⁽¹⁾	Varies by Entry Age & Length of Service
Investment Rate of Return ⁽²⁾	6.90% net of pension plan investment and administrative expenses
Mortality ⁽³⁾	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies

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

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

(3) CalPERS developed the mortality table used based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale MP-2016. For more details on this table, please refer to the 2021 experience study report

Allocation Amongst TCPUD Funds

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

10. PENSION PLANS, Continued

Change of Assumptions

There were no assumption changes in 2024. Effective with the June 30, 2021, valuation date (June 30, 2022, measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017, through June 30, 2021, 7.65% for measurement dates June 30, 2015, through June 30, 2016, and 7.50% for measurement date June 30, 2014.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 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.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 6.90% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 0 basis points. An investment return excluding administrative expenses would have been 6.90%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability.

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

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

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 best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

10. PENSION PLANS, Continued

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

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

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

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

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

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

10. PENSION PLANS, Continued

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

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

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability / (Asset)	\$ 23,350,310	\$ 15,573,314	\$ 9,171,702

Pension Plan Fiduciary Net Position

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

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

Employees covered - As of the December 31, 2022, actuarial valuation, the following current and former employees covered by the benefit terms under the plan as follows:

Inactive employees or beneficiaries currently receiving benefit payments are 40, and active employees are 61, totaling 101.

Methods and Assumptions -The TCPUD’s net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2023, based on the following actuarial methods and assumptions.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2024

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Valuation Date	December 31, 2022
Fiscal Year End	December 31, 2024
Measurement Period	January 1, 2023 to December 31, 2023
Funding Method	Entry Age Normal Cost, level percent of pay
Asset Valuation Method	Market value of assets
Long Term Return on Assets	6.50% as of December 31, 2023, and 6.10% as of December 31, 2022
Discount rate	6.50% as of December 31, 2023, and 6.10% as of December 31, 2022
Participants Valued	Only current active employees, retired participants and covered dependents are valued. No future entrants are considered in this valuation
Salary Increase	3.00 % per year; since benefits do not depend on pay, this is used only to allocate the cost of benefits between service years
General Inflation	2.50% per year
Healthcare Cost Trend Rates	Medical plan premiums and estimated claims costs by age are assumed to increase once each year. Increases over the prior year's levels were derived using the Getzen Model 2023 and are assumed to be effective on the dates shown below:

Effective	Premium	Effective	Premium
January 1	Increase	January 1	Increase
2024	Actual	2044-2049	4.7%
2025	6.2%	2050-2059	4.6%
2026	5.6%	2060-2065	4.5%
2027	5.5%	2066-2067	4.4%
2028	5.4%	2068-2069	4.3%
2029	5.3%	2070	4.2%
2030	5.2%	2071-2072	4.1%
2031	5.1%	2073-2074	4.0%
2032-2037	5.0%	2075	3.9%
2038-2039	4.9%	2076	3.9%
2040-2043	4.8%	& later	3.9%

Mortality rates Assumed mortality, termination, and retirement rates were updated from those used in the prior valuation to those provided in the 2021 experience study report of CalPERS.

Change of Assumptions

The discount rate used to value the liability was changed from 6.10% as of December 31, 2023, to 6.50% reflecting updated long-term rates of return provided by CalPERS in June 2024. Demographic actuarial assumptions used are based on the 2021 experience study of CalPERS using data from 1997 to 2019, except for a different basis used to project future mortality improvement.

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Contributions - The TCPUD is to fully fund the annual required contributions, which is determined by an actuary. Contribution requirements are also negotiated between the TCPUD, the Union, and the informal bargaining group. Per the 2023 union negotiations, starting January 1, 2024, the TCPUD health retiree subsidy payments for employees hired before January 1, 2015, were held at the 2023 levels without any increases.

The TCPUD currently contributes monthly maximums toward medical premiums of \$894.39 for a retiree with 2 or more dependents, \$699.96 for a retiree with 1 dependent, and \$349.97 for an individual retiree. Per the 2023 union negotiations, starting January 1, 2024, the TCPUD health retiree subsidy payments for employees hired before January 1, 2015, were held at the 2023 levels without any increases. The TCPUD pays the full cost of dental and vision benefits for eligible retirees and their dependents. Employees with less than 20 years of TCPUD service at retirement receive fractions of the monthly maximums for medical premiums described above based on years of service.

During 2024, TCPUD paid benefits directly to or on behalf of retirees \$280,070, which amounted to as contributions to OPEB. TCPUD also placed \$97,142 into the CERBT, to be applied towards the OPEB obligation and estimated implied subsidy was \$30,113. This provided for \$407,325 as total contributions in 2024 to OPEB.

Discount Rate - GASB 75 allows prefunded plans to use a discount rate that reflects the expected earnings on trust assets. The TCPUD prefunds its OPEB liability at 100% or more of the Actuarially Determined Contribution each year. The discount rate used to measure the total OPEB liability was 6.50%.

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

	Deferred Outflow of Resources	Deferred Inflow of Resources
Changes of assumptions	\$ 569,242	\$ 221,607
Differences between expected and actual experience	192,475	20,693
Net Difference between projected and actual earnings on plan investments	176,609	-
Deferred contributions	407,325	-
	<u>\$ 1,345,651</u>	<u>\$ 242,300</u>

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

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2024

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Year Ended December 31	Amount
2025	\$ 336,039
2026	333,644
2027	143,070
2028	(53,035)
2029	(40,988)
Thereafter	(22,704)
	<u>\$ 696,026</u>

OPEB Expense - For the fiscal year ended December 31, 2024, the TCPUD recognized OPEB expense of \$571,608.

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Changes during the Period:	(a)	(b)	(c) = (a) - (b)
Beginning	\$ 5,082,030	\$ 2,871,396	\$ 2,210,634
Service cost	163,677	-	163,677
Interest cost	310,074	-	310,074
Expected investment income	-	422,513	(422,513)
Contributions - employer	-	589,411	(589,411)
Change of benefit terms	(217,326)	-	(217,326)
Investment expense	-	-	-
Administrative Expense	-	(3,259)	3,259
Plan experience	-	-	-
Changes of assumptions	-	-	-
Benefit payments	(325,065)	(325,065)	-
Ending	<u>\$ 5,013,390</u>	<u>\$ 3,554,996</u>	<u>\$ 1,458,394</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - Sensitivity of the Net OPEB Liability of the TCPUD if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended December 31, 2023:

	Discount Rate -1% (5.50%)	Current Discount Rate (6.50%)	Discount Rate + 1% (7.50%)
Plan's Net OPEB liability	\$ 2,031,618	\$ 1,458,394	\$ 976,515

11. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS, Continued

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates - The following represents the net OPEB liability of the TCPUD if it were calculated using health care cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate, for measurement period ended December 31, 2023:

	Current Trend -1%	Current Trend	Current Trend +1%
Plan's Net OPEB liability	\$ 1,144,715	\$ 1,458,394	\$ 1,889,499

12. LEASES RECEIVABLE

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

The TCPUD Government-Wide Statement of Net Position reports lease receivable of \$240,215 and Deferred Inflow of resources of \$226,944 at December 31, 2024. For 2024, the Government-Wide Statement of Activities is reporting lease revenue of \$97,284.

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

Lease	Governmental Activities		
	Receivable	Deferred Inflow	Revenue
Tahoe Tree Company	\$ 35,172	\$ 33,451	\$ 40,141
Green Envy	25,593	24,495	29,394
Café Zenon	7,349	7,280	4,368
	<u>68,114</u>	<u>65,226</u>	<u>73,903</u>
Lease	Business-Type Activities		
	Receivable	Deferred Inflow	Revenue
Sprint Cell Tower	172,101	161,718	23,381
Total Government-Wide	<u>\$ 240,215</u>	<u>\$ 226,944</u>	<u>\$ 97,284</u>

As of December 31, 2024, TCPUD had 4 active leases. The leases have receipts that range from \$4,500 to \$41,462 and interest rates that range from 0.6020% to 3.0490%. As of December 31, 2024, the total combined value of the lease receivable is \$240,215 and the combined value of the deferred inflow of resources is \$226,944. During the fiscal year, there were no additional payments received from the leases that were variable or outside the standard payment terms. All income from leases was already reflected in the Lease Receivable.

Tahoe City Public Utility District
Notes to the Basic Financial Statements
For the year ended December 31, 2024

12. LEASES RECEIVABLE, Continued

At December 31, 2024, future minimum lease payment due to TCPUD are as follows:

Year ending December, 31	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 66,622	\$ 310	\$ 66,932
2026	1,492	8	1,500
	<u>68,114</u>	<u>318</u>	<u>68,432</u>
Year ending December, 31	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2025	20,359	2,124	22,483
2026	21,041	1,857	22,898
2027	25,909	1,551	27,460
2028	26,249	1,211	27,460
2029	26,594	866	27,460
2030-2031	51,949	681	52,630
	<u>172,101</u>	<u>8,290</u>	<u>180,391</u>
Total Government-Wide	<u>\$ 240,215</u>	<u>\$ 8,608</u>	<u>\$ 248,823</u>

13. RISK MANAGEMENT

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

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

	September 30, 2024	September 30, 2023
Total assets	\$ 308,144,466	\$ 288,462,503
Deferred outflows	3,099,110	4,654,911
Total liabilities	177,706,110	167,203,667
Deferred inflows	4,357,741	5,200,835
Total net position	129,179,725	120,712,912
Total operating revenues	222,223,993	229,844,143
Total operating expenses	253,429,117	240,084,673
Total nonoperating revenues	39,671,937	18,169,521
Change in net position	8,466,813	7,928,991

13. RISK MANAGEMENT, Continued

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

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

- General, Automobile, Employment Practices & Public Officials' Liability. Broad coverage against third-party claims for TCPUD, its directors, employees, and volunteers. Covered up to the following limits: the JPIA pools for the first \$5 million and purchases excess coverage with limit up to \$55 million with aggregated policy limits.
- Property Loss: Covered up to replacement value with a \$10,000 deductible per occurrence on scheduled buildings, fixed equipment and contents, actual cash value on scheduled mobile equipment with a \$2,500 deductible per occurrence and actual cash value on scheduled vehicles with a \$2,500 deductible per occurrence. JPIA is self-insured up to \$10,000,000 per loss and has purchased re-insurance coverage up to a \$500,000,000 limit per occurrence. Scheduled fixed equipment is covered for Accidental Mechanical Breakdown up to sub-limit of \$100,000,000 with deductible \$25,000 to \$50,000 depending on type of equipment.
- Workers' Compensation: Covered for statutory limits, and Employer's Liability is covered up to \$2,000,000 per accident and \$2,000,000 per disease. JPIA is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.
- Cyber Liability: Including Cyber Security coverage includes breach response cost, up to \$3,000,000 per member. Aggregate Limit of \$5,000,000 with sub-limits. Cyber Liability retention is \$100,000.
- Employee Dishonesty/Crime Supplement: Covered up to \$100,000 per occurrence with a \$1,000 deductible for employee dishonesty, forgery or alteration and computer fraud. The program covers all employees, the Board of Directors, and the Treasurer.
- Earthquake and Flood Group Purchase - Difference In Conditions Policy - Covered up to \$25,000,000 for scheduled values, subject to deductible of 2.5% of value for Earthquake and with minimum \$25,000 deductible for flood.

The ACWA-JPIA is self-sustaining through member premiums, and in the event of significant claims may increase deposit requirements from its members. The TCPUD would be required to pay these amounts prior to terminating participation in JPIA. During fiscal year 2024, the TCPUD did not significantly reduce its insurance coverage from the prior year. Furthermore, settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the TCPUD's insurance coverage during the year ended December 31, 2024.

14. CONTINGENCIES AND LITIGATION

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

15. COMMITMENTS

At December 31, 2024, TCPUD had outstanding commitments under construction contracts totaling \$3,388,821, including amounts related to active construction projects for contractor services and engineering construction support.

16. SUBSEQUENT EVENTS

On February 3, 2025, subsequent to the fiscal year ended December 31, 2024, the TCPUD completed the purchase of certain assets of Tahoe Swiss Village Utility, Inc., a private water system serving approximately 459 customers within the Tahoe Swiss Village Utility and Glenridge Park Water Company service areas. The purchase price was \$2,700,000, funded by the Water System Acquisition & Infrastructure Improvement Property Tax Reserve, which is supported by unrestricted General Fund cash. The acquisition includes the system's physical assets, related infrastructure, and rights to operate within the service area. This purchase is expected to enhance the reliability and capacity of TCPUD's water services.

The financial impact of this transaction is not reflected in the accompanying financial statements as of December 31, 2024. Management plans to include the related assets, liabilities, and operational impacts in the financial statements for the fiscal year ending December 31, 2025.

Required Supplementary Information

**Tahoe City Public Utility District
Required Supplementary Information
For the year ended December 31, 2024**

Budgets and Budgetary Accounting

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

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

**Tahoe City Public Utility District
Required Supplementary Information
For the year ended December 31, 2024**

Budgetary Comparison Schedule – General Fund

	Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Fees	\$ 1,205,182	\$ 1,205,182	\$ 1,123,674	\$ (81,508)
Property taxes	10,310,397	10,310,397	10,681,280	370,883
Interest	476,280	476,280	1,488,580	1,012,300
Grants	1,702,375	1,702,375	1,921,379	219,004
Other	1,410,496	1,410,256	1,394,697	(15,559)
Total revenues	<u>15,104,730</u>	<u>15,104,490</u>	<u>16,609,610</u>	<u>1,505,120</u>
EXPENDITURES:				
Current:				
Public works - Parks	5,828,985	6,150,467	5,870,658	279,809
Recreation	1,544,583	1,544,583	1,319,359	225,224
Other operating	470,330	148,608	170,053	(21,445)
Capital outlay	5,715,363	5,715,363	3,849,534	1,865,829
Total expenditures	<u>13,559,261</u>	<u>13,559,021</u>	<u>11,209,604</u>	<u>2,349,417</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,545,469</u>	<u>1,545,469</u>	<u>5,400,006</u>	<u>3,854,537</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from sales of asset	-	-	26,386	26,386
Transfers out to other funds	-	-	(137,340)	(137,340)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(110,954)</u>	<u>(110,954)</u>
Net change in fund balance	<u>\$ 1,545,469</u>	<u>\$ 1,545,469</u>	5,289,052	<u>\$ 3,743,583</u>
FUND BALANCES:				
Beginning of year			<u>27,219,443</u>	
End of year			<u>\$ 32,508,495</u>	

**Tahoe City Public Utility District
 Required Supplementary Information
 For the year ended December 31, 2024
 Last Ten Years (a)**

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

Schedule of the Tahoe City Public Utility District's Proportionate Share of the Net Pension Liability

As of December 31, 2024
 Last Ten Years^(b)

Measurement Year Ending June 30: ^(c)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Proportion of the Net Pension Liability/(Asset)	0.109590%	0.110080%	0.277980%	0.286640%	0.291790%	0.297600%	0.422650%	0.31160%	0.31385%	0.32199%
Proportionate Share of the Net Pension Liability/(Asset)	\$7,522,250	\$9,525,374	\$10,958,295	\$10,802,729	\$11,684,818	\$12,553,153	\$8,025,238	\$14,580,482	\$15,693,767	\$15,573,314
Covered Payroll ^(b)	\$3,596,691	\$3,836,308	\$4,092,908	\$4,204,479	\$5,210,552	\$5,879,580	\$6,081,263	\$5,156,740	\$5,871,085	\$6,638,563
Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	209.14%	248.30%	267.74%	254.39%	224.25%	213.50%	131.97%	282.75%	267.31%	234.59%
Plan's Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%	88.30%	76.70%	76.20%	78.10%
Aggregate Employer Contributions ^{(c)(d)}	\$905,102	\$949,673	\$1,044,645	\$1,100,764	\$1,263,082	\$1,411,605	\$1,502,968	\$1,840,116	\$1,572,404	\$1,605,414

Notes to Schedule:

- (a) GASB 68 requires historical information only for the measurement periods for which GASB 68 is applicable.
- (b) Covered Payroll presented above uses pensionable earnings provided by the employer as its basis. However, GASB 68 defines covered payroll as the total payroll of employees with pensions from the pension plan. Accordingly, if pensionable earnings are different from total earning for covered payroll, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculated the required payroll-related ratios.
- (c) The plan's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the measurement period. The plan's proportionate share of aggregate contributions uses the plan's proportion of fiduciary net position multiplied by the total employer contribution amount as its basis, as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.
- (d) GASB 68 does not require that we display this data for employers participating in cost-sharing plans, but we show it here because we use it in the calculation of the Plan's pension expense.
- (e) Changes in Assumptions - In 2022, the discount rate changed to 6.90%. In 2021, there were no changes in assumptions. In 2018 the demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was lowered from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense).

**Tahoe City Public Utility District
 Required Supplementary Information
 For the year ended December 31, 2024
 Last Ten Years ^(a)**

Schedule of Contributions – CalPERS Pension Plan

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

	December 31, 2024									
	Last Ten Years ^(b)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fiscal year ending December 31: ^(c)										
Actuarially Determined Contributions ^(b)	\$ 560,406	\$ 703,529	\$ 799,269	\$ 862,196	\$ 1,010,743	\$ 1,197,927	\$ 1,507,350	\$ 1,656,595	\$ 1,726,419	\$ 1,417,445
Actual Contributions	(560,406)	(703,529)	(799,269)	(862,196)	(1,010,743)	(1,197,927)	(1,507,350)	(1,656,595)	(1,726,419)	(1,417,445)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll ^(c)	\$3,588,162	\$3,962,012	\$3,988,868	\$4,246,526	\$4,766,829	\$5,155,864	\$5,456,661	\$6,083,175	\$6,830,779	\$7,315,582
Contributions as a Percentage of Covered Payroll ^(c)	15.13%	17.76%	20.04%	20.30%	19.40%	23.23%	27.62%	27.23%	25.27%	19.38%

Notes to Schedule:

- (a) GASB 68 requires historical information only for the measurement periods for which GASB 68 is applicable.
- (b) GASB 68 assumes that employers contribute an amount equal to the actuarially determined contribution. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contribution. CalPERS determined that employer obligations referred to as "side funds" do not conform to the circumstances described in the paragraph 120 of GASB 68, therefore CalPERS does not consider them separately financed specific liabilities.
- (c) Covered Payroll presented above uses pensionable earnings provided by the employer as its base. However, GASB 68 defines covered payroll as the total payroll of employees with pensions from the pension plan. Accordingly, if pensionable earnings are different from total earnings for covered employees, the employer should display the payroll based on total earnings for the covered group in the footnotes, and recalculate the required payroll related ratios.

**Tahoe City Public Utility District
Required Supplementary Information
For the year ended December 31, 2024**

Last Ten Years*

Schedule of Changes in the Net OPEB Liability and Related Ratios

	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability							
Service cost	\$ 104,472	\$ 104,217	\$ 116,154	\$ 168,076	\$ 173,118	\$ 184,498	\$ 163,677
Interest	293,808	256,859	264,101	393,264	412,713	416,932	310,074
Changes of benefit terms	-	-	-	-	-	(1,927,265)	-
Change of benefit terms	-	-	-	-	-	-	-
Plan experience	126,579	-	478,967	-	112,668	(29,499)	-
Changes in assumptions	(786,838)	155,343	1,243,114	-	410,452	(52,342)	(217,326)
Benefit payments	(248,242)	(242,377)	(215,793)	(265,654)	(299,266)	(321,503)	(325,065)
Net change in total OPEB liability	(510,221)	274,042	1,886,543	295,686	809,685	(1,729,179)	(68,640)
Total OPEB liability, beginning	4,055,474	3,545,253	3,819,295	5,705,838	6,001,524	6,811,209	5,082,030
Total OPEB liability, ending (a)	<u>\$3,545,253</u>	<u>\$3,819,295</u>	<u>\$5,705,838</u>	<u>\$6,001,524</u>	<u>\$6,811,209</u>	<u>\$5,082,030</u>	<u>\$5,013,390</u>
Plan Fiduciary Net Position							
Contribution - employer	\$ 351,447	\$ 340,557	\$ 306,710	\$ 311,466	\$ 596,084	\$ 606,237	\$ 589,411
Net investment income	245,573	(123,850)	373,870	294,362	352,532	(573,489)	183,118
Benefit payments	(248,242)	(242,377)	(215,793)	(265,654)	(299,266)	(321,503)	(325,065)
Administrative Expense	-	(617)	(436)	(1,066)	(1,374)	(1,402)	(3,259)
Investment Experience	-	-	-	-	-	-	239,395
Net change in plan fiduciary net position	348,778	(26,287)	464,351	339,108	647,976	(290,157)	683,600
Plan fiduciary net position - beginning	1,387,627	1,736,405	1,710,118	2,174,469	2,513,577	3,161,553	2,871,396
Plan fiduciary net position - ending (b)	<u>\$1,736,405</u>	<u>\$1,710,118</u>	<u>\$2,174,469</u>	<u>\$2,513,577</u>	<u>\$3,161,553</u>	<u>\$2,871,396</u>	<u>\$3,554,996</u>
Net OPEB liability - ending (a) - (b)	<u>\$1,808,848</u>	<u>\$2,109,177</u>	<u>\$3,531,369</u>	<u>\$3,487,947</u>	<u>\$3,649,656</u>	<u>\$2,210,634</u>	<u>\$1,458,394</u>
Covered Payroll	\$4,136,867	\$4,263,542	\$4,768,493	\$5,020,628	\$5,780,994	\$6,024,256	\$7,133,975
Net OPEB liability as a percentage of covered payroll	43.73%	49.47%	74.06%	69.47%	63.13%	36.70%	20.44%

Notes to Schedule:

Changes in Assumptions - The discount rate was changed from 6.85% (net of administrative expense) to 6.10% for the measurement period ended December 31, 2022.

* GASB 75 requires presentation of the 10-year history of changes in the Net OPEB liability. However, since this is the seventh year of implementation, only seven years are currently available.

Additional years' information will be displayed as it becomes available.

**Tahoe City Public Utility District
 Required Supplementary Information
 For the year ended December 31, 2024
 Last Ten Years***

Schedule of Contributions - OPEB

	2018	2019	2020	2021	2022	2023	2024
Actuarially Determined Contributions (ADC)	\$ 337,850	\$ 278,168	\$ 280,921	\$ 551,739	\$ 557,405	\$ 550,815	\$ 380,720
Contributions in relation to the ADC	(340,557)	(306,710)	(311,466)	(596,084)	(606,237)	(589,411)	(407,325)
Contribution deficiency (excess)	\$ (2,707)	\$ (28,542)	\$ (30,545)	\$ (44,345)	\$ (48,832)	\$ (38,596)	\$ (26,605)
Covered Payroll	\$4,263,542	\$4,768,493	\$5,020,628	\$5,780,994	\$6,024,256	\$7,133,975	\$7,745,332
Contributions as a percentage of covered payroll	7.99%	6.43%	6.20%	10.31%	10.06%	8.26%	5.26%

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

STATISTICAL SECTION

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

Contents Page

Financial Trends 95-99

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

Revenue Capacity 100-102

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

Demographic and Economic Information 103-108

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

Operating Information 109-115

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

Net Position by Component

		Fiscal Year										
		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Tahoe City Public Utility District												
Net Position by Component												
Last Ten Years												
(accrual basis of accounting)												
Governmental activities												
Net investment in capital assets	\$ 36,079,859	\$ 34,061,897	\$ 33,621,825	\$ 34,607,266	\$ 34,596,638	\$ 27,032,074	\$ 28,305,788	\$ 26,571,841	\$ 27,344,369	\$ 25,488,414		
Restricted	941,924	18,800	13,800	13,800	13,800	13,800	13,800	13,800	-	-		
Unrestricted	26,244,572	22,373,770	16,665,281	10,956,119	8,290,698	14,327,930	9,585,207	7,940,288	4,073,347	5,842,369		
Total governmental activities net position	63,266,355	56,454,467	50,300,906	45,577,185	42,901,136	41,373,804	37,904,795	34,525,929	31,417,716	31,330,783		
Business-type activities												
Net investment in capital assets	67,801,050	64,237,945	59,621,017	52,972,992	49,539,591	47,992,681	43,178,935	38,617,239	36,342,147	35,339,690		
Restricted	51,200	51,200	51,200	51,200	51,200	51,200	51,200	51,200	65,000	65,000		
Unrestricted	19,175,374	18,111,276	16,278,218	11,497,406	11,679,357	6,391,318	9,138,349	12,129,844	12,598,329	6,217,735		
Total business-type activities net position	87,027,624	82,400,421	75,950,435	64,521,598	61,270,148	54,435,199	52,368,484	50,798,283	49,005,476	41,622,425		
Primary Government												
Net investment in capital assets	103,880,909	98,299,842	93,242,842	87,580,258	84,136,229	75,024,755	71,484,723	65,189,080	63,686,516	\$ 60,828,104		
Restricted	993,124	70,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000		
Unrestricted	45,419,946	40,485,046	32,943,499	22,453,525	19,970,055	20,719,248	18,723,556	20,070,132	16,671,676	12,060,104		
Total primary government net position	\$150,293,979	\$138,854,888	\$126,251,341	\$110,098,783	\$104,171,284	\$ 95,809,003	\$ 90,273,279	\$ 85,324,212	\$ 80,423,192	\$ 72,953,208		

Business-Type Activities Change in Net Position

Tahoe City Public Utility District Business-Type Activities Change in Net Position Last Ten Years (accrual basis of accounting)		Fiscal Year									
		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses:											
Water	\$	9,409,196	7,323,692	6,030,293	7,611,616	6,887,232	6,019,804	5,425,053	4,667,945	3,946,936	3,791,078
Sewer		5,127,334	4,138,475	3,259,615	4,778,355	3,832,641	4,255,884	3,465,217	3,704,242	3,492,276	2,761,111
Total expenses		14,536,530	11,462,167	9,289,908	12,389,971	10,719,873	10,275,688	8,890,270	8,372,187	7,439,212	6,552,189
Revenues:											
Charges for Services		16,859,139	15,613,051	14,864,387	13,961,199	12,963,550	12,046,920	11,414,762	9,663,378	8,931,132	8,915,708
Operating grants and contributions		-	-	-	233,177	-	201	6,100	191,742	-	-
Capital grants and contributions		1,173,567	1,174,516	4,441,224	758,090	97,637	50,000	226,913	161,868	211,035	-
Property taxes		68,710	233,165	393,713	654,432	864,151	22,817	24,283	23,929	23,290	23,287
Investment earnings		924,977	891,421	153,288	34,523	129,484	222,465	196,592	233,590	148,549	118,439
Transfers		137,340	-	866,133	-	3,500,000	-	-	-	5,508,259	-
Total revenues		19,163,733	17,912,153	20,718,745	15,641,421	17,554,822	12,342,403	11,868,650	10,274,507	14,822,265	9,057,434
Change in net position	\$	4,627,203	6,449,986	11,428,837	3,251,450	6,834,949	2,066,715	2,978,380	1,902,320	7,383,053	2,505,245

Governmental Activities Change in Net Position

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Tahoe City Public Utility District										
Governmental Activities										
Change in Net Position										
Last Ten Years										
(accrual basis of accounting)										
Expenses:										
Public works-Parks	\$ 8,252,921	\$ 6,752,266	\$ 5,450,117	\$ 6,495,067	\$ 5,692,211	\$ 5,809,167	\$ 5,703,060	\$ 4,885,727	\$ 4,057,584	\$ 3,711,861
Recreation	1,562,174	1,293,859	1,039,726	1,029,981	745,456	914,150	949,818	737,404	728,744	713,732
Interest on long-term debt (unallocated)	11,377	13,613	15,882	18,064	20,217	24,798	39,375	57,795	81,706	106,410
Total expenses	9,826,472	8,059,738	6,505,725	7,543,112	6,457,884	6,748,115	6,692,253	5,680,926	4,868,034	4,532,003
Revenues:										
Public works-Parks	1,972,762	1,979,965	1,897,727	1,636,096	1,393,658	880,155	769,218	733,871	349,343	318,032
Recreation	570,632	585,260	480,278	273,632	84,960	353,116	338,586	275,719	295,913	290,265
Operating grants and contributions	5,132	28,524	61,362	22,274	42,446	418,801	428,612	374,748	394,768	349,078
Capital grants and contributions	1,917,610	350,494	63,650	23,566	2,333,921	193,518	1,443,556	134,616	2,585,198	373,169
Property taxes	10,820,984	10,187,604	9,361,073	8,225,437	7,452,235	8,062,703	7,435,199	7,036,697	6,717,678	6,314,533
Investment earnings	1,488,580	1,081,452	231,489	38,156	177,996	308,831	225,163	123,975	120,327	88,257
Transfers	(137,340)	-	(866,133)	-	(3,500,000)	-	-	-	(5,508,259)	-
Total revenues	16,638,360	14,213,299	11,229,446	10,219,161	7,985,216	10,217,124	10,640,334	8,679,626	4,954,968	7,733,334
Change in net position	\$ 6,811,888	\$ 6,153,561	\$ 4,723,721	\$ 2,676,049	\$ 1,527,332	\$ 3,469,009	\$ 3,948,081	\$ 2,998,700	\$ 86,934	\$ 3,201,331

Changes in Fund Balance of the Governmental Funds

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues										
Fees	\$ 1,123,674	\$ 1,163,733	\$ 1,028,688	\$ 773,344	\$ 547,018	\$ 692,482	\$ 664,259	\$ 537,394	\$ 410,153	\$ 442,891
Property taxes	10,820,984	10,187,604	9,361,073	8,225,439	7,452,235	8,062,703	7,435,199	7,036,697	6,717,678	6,314,533
Interest	1,488,580	1,081,452	231,489	38,156	177,996	308,831	225,163	123,975	120,327	88,211
Grants	1,921,379	371,377	73,906	23,299	61,421	143,751	1,848,360	509,364	2,718,957	706,453
Other	1,394,697	1,363,132	1,357,526	1,146,020	984,546	1,009,357	467,365	486,034	521,582	224,359
Total revenues	16,749,314	14,167,298	12,052,682	10,206,258	9,223,216	10,217,124	10,640,346	8,693,464	10,488,697	7,776,447
Expenditures										
Current:										
Public works - Parks	5,870,658	5,154,807	4,157,433	3,785,278	3,392,981	3,308,613	2,989,372	2,938,775	2,333,481	2,310,189
Recreation	1,319,359	1,242,598	1,060,329	851,563	630,074	797,419	867,647	654,036	672,401	651,605
Other operating	170,053	159,380	153,691	398,382	228,242	384,368	98,985	86,651	103,784	109,790
Capital outlay	3,849,534	2,494,225	882,483	1,960,044	6,168,018	641,399	3,598,664	754,939	3,230,849	1,115,993
Debt service:										
Principal	127,763	125,500	123,277	121,094	118,950	294,113	447,007	672,749	648,609	625,403
Interest	11,941	14,203	16,426	18,610	20,754	25,721	40,550	63,143	87,393	110,940
Total expenditures	11,349,308	9,190,713	6,393,639	7,134,971	10,559,019	5,451,633	8,042,225	5,170,293	7,076,517	4,923,920
Revenues over (under) expenditures	5,400,006	4,976,585	5,659,043	3,071,287	(1,335,803)	4,765,491	2,598,121	3,523,171	3,412,180	2,852,527
Other Financing Sources (Uses)										
Proceeds from the sale of assets	26,386	50,306	46,437	12,905	12,000	20,400	-	11,250	-	-
Transfers out to other funds	(137,340)	-	(866,133)	-	(3,500,000)	-	-	-	(5,508,259)	-
Total other financing sources (uses)	(110,954)	50,306	(819,696)	12,905	(3,488,000)	20,400	-	11,250	(5,508,259)	-
Net change in fund balances	5,289,052	5,026,891	4,839,347	3,084,192	(4,823,803)	4,785,891	2,598,121	3,534,421	(2,096,079)	2,852,527
Fund Balances										
Fund Balance - Beginning	27,219,443	22,192,552	17,353,205	14,269,013	19,092,816	14,306,925	11,708,804	8,174,383	10,270,462	7,417,935
End of year	\$ 32,508,495	\$ 27,219,443	\$ 22,192,552	\$ 17,353,205	\$ 14,269,013	\$ 19,092,816	\$ 14,306,925	\$ 11,708,804	\$ 8,174,383	\$ 10,270,462
Debt Service as a Percentage of Noncapital Expenditures	1.86%	2.09%	2.53%	2.70%	3.18%	6.65%	10.97%	16.67%	19.14%	19.34%

Fund Balance of General Fund

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

	Fiscal Year									
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund										
Nonspendable	\$ 169,667	\$ 384,519	\$ 294,778	\$ 260,095	\$ 226,964	\$ 213,728	\$ 136,715	\$ 172,113	\$ 153,770	\$ 168,226
Restricted	941,924	18,800	13,800	13,800	13,800	13,800	13,800	13,800	-	-
Assigned	16,457,883	13,310,144	9,434,064	2,729,541	1,164,629	1,164,629	1,164,629	1,164,629	1,164,629	964,493
Unassigned	14,939,021	13,505,980	12,449,910	14,349,769	12,863,620	17,700,018	12,991,297	10,357,910	6,855,637	9,137,397
Total general fund	\$ 32,508,495	\$ 27,219,443	\$ 22,192,552	\$ 17,353,205	\$ 14,269,013	\$ 19,092,175	\$ 14,306,441	\$ 11,708,452	\$ 8,174,036	\$ 10,270,116

Property Tax Uses

Property Tax Uses Last Ten Fiscal Years (unaudited)

Fiscal Year	Parks		Recreation		% Change Inc. (Dec.)		Golf Course Property		% Change Inc. (Dec.)		Water Fund		% Change Inc. (Dec.)		Sewer Fund		% Change Inc. (Dec.)		Debt Service		% Change Inc. (Dec.)		Reserves / Capital Expenditures		% Change Inc. (Dec.)	
	Inc. (Dec.)	% Change	Inc. (Dec.)	% Change	Inc. (Dec.)	% Change	Inc. (Dec.)	% Change	Inc. (Dec.)	% Change	Inc. (Dec.)	% Change	Inc. (Dec.)	% Change	Inc. (Dec.)	% Change	Inc. (Dec.)	% Change	Inc. (Dec.)	Inc. (Dec.)	% Change	Inc. (Dec.)	% Change	Inc. (Dec.)	% Change	Inc. (Dec.)
2015	\$ 1,469,973	6.8%	\$ 331,410	4.5%	\$ 175,510	74.5%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 745,865	-4.3%	\$ 3,615,062	14.3%	\$ 6,337,820	10.5%				
2016	\$ 1,438,291	-9.4%	\$ 312,040	-5.8%	\$ 204,071	16.3%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 745,777	0.0%	\$ 4,040,790	11.8%	\$ 6,740,969	6.4%				
2017	\$ 1,261,408	-12.3%	\$ 353,146	13.2%	\$ 591,544	189.9%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 746,402	0.1%	\$ 4,108,126	1.7%	\$ 7,060,626	4.7%				
2018	\$ 1,316,481	4.4%	\$ 386,847	9.5%	\$ 530,921	-10.2%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 498,622	-33.2%	\$ 4,726,611	15.1%	\$ 7,459,482	5.6%				
2019	\$ 1,317,097	0.0%	\$ 404,883	4.7%	\$ 732,511	38.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 342,267	-31.4%	\$ 5,288,762	11.9%	\$ 8,085,520	8.4%				
2020	\$ 1,239,015	-5.9%	\$ 540,504	33.5%	\$ 733,832	0.2%	\$ 752,113	100.0%	\$ 89,387	100.0%	\$ 89,387	100.0%	\$ 89,387	100.0%	\$ 89,387	100.0%	\$ 162,355	-52.6%	\$ 4,799,180	-9.3%	\$ 8,316,386	2.9%				
2021	\$ 1,087,001	-12.3%	\$ 579,061	7.1%	\$ 1,072,912	46.2%	\$ 561,664	-25.3%	\$ 92,768	3.8%	\$ 139,704	-14.0%	\$ 92,768	3.8%	\$ 139,704	-14.0%	\$ 139,704	-14.0%	\$ 5,346,762	11.4%	\$ 8,879,870	6.8%				
2022	\$ 1,440,117	32.5%	\$ 573,812	-0.9%	\$ 950,158	-11.4%	\$ 376,484	-33.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 156,932	12.3%	\$ 6,257,283	17.0%	\$ 9,754,787	9.9%				
2023	\$ 1,875,470	30.2%	\$ 663,817	15.7%	\$ 1,270,653	33.7%	\$ 199,960	-46.9%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 172,909	10.2%	\$ 6,237,961	-0.3%	\$ 10,420,769	6.8%				
2024	\$ 2,026,300	8.0%	\$ 758,985	14.3%	\$ 1,454,245	14.4%	\$ -	-100.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ 208,413	20.5%	\$ 6,441,750	3.3%	\$ 10,889,693	4.5%				

General Fund User Fees and Grants

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

Fiscal Year	Maintenance										Total
	Fees for Service Parks	Operating Grants for Parks	Services Revenue for Parks	Fees for Service Property	Fees for Golf Property	Operating Grants for Parks	Service Rec	Fees for Service Rec	Operating Grants for Parks		
2015	\$ 317,870	\$ 314,474	n/a	\$ 28,030	\$ -	\$ -	\$ 290,234	\$ 20,836	\$ -	\$ 971,443	
2016	\$ 335,828	\$ 329,817	n/a	\$ 25,470	\$ -	\$ -	\$ 295,913	\$ 64,441	\$ -	\$ 1,051,469	
2017	\$ 367,142	\$ 349,577	n/a	\$ 366,729	\$ -	\$ -	\$ 275,719	\$ 25,171	\$ -	\$ 1,384,338	
2018	\$ 317,907	\$ 367,776	n/a	\$ 456,287	\$ -	\$ -	\$ 338,561	\$ 42,624	\$ -	\$ 1,523,154	
2019	\$ 371,450	\$ 44,031	\$ 334,816	\$ 508,704	\$ -	\$ -	\$ 353,115	\$ 39,423	\$ -	\$ 1,651,540	
2020	\$ 219,100	\$ 32,125	\$ 364,469	\$ 725,035	\$ -	\$ -	\$ 79,280	\$ 10,288	\$ -	\$ 1,430,297	
2021	\$ 530,100	\$ -	\$ 364,469	\$ 730,793	\$ -	\$ -	\$ 271,460	\$ 1,041	\$ -	\$ 1,897,863	
2022	\$ 535,415	\$ 20,021	\$ 470,947	\$ 880,365	\$ -	\$ -	\$ 448,381	\$ 38,135	\$ -	\$ 2,393,264	
2023	\$ 507,990	\$ -	\$ 498,028	\$ 874,739	\$ -	\$ -	\$ 550,258	\$ -	\$ -	\$ 2,431,015	
2024	\$ 438,545	\$ -	\$ 510,345	\$ 906,826	\$ -	\$ -	\$ 555,246	\$ -	\$ -	\$ 2,410,962	

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

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

Ten Largest Customers

Tahoe City Public Utility District Ten Largest Customers Current Year and 2019

2024			2019		
Customer	Total Revenue	Rank	Customer	Total Revenue	Rank
TTUSD	\$ 92,236	1	TTUSD	\$ 68,564	1
US Dept Of Agriculture	\$ 42,043	2	Homewood Village Resort	\$ 26,324	2
Homewood Village Resort	\$ 37,498	3	Channel Lumber Co / Boatworks Mall	\$ 22,048	3
State Of California	\$ 35,515	4	US Dept of Agriculture / Meeks Fire-Barracks	\$ 21,985	4
Homewood Village Resort	\$ 33,311	5	North Tahoe PUD	\$ 20,354	5
SDC Tahoe City LLC	\$ 28,862	6	Safeway Inc.	\$ 16,988	6
Boatworks at Tahoe LLC	\$ 20,866	7	State of Ca / Sugar Pine Point Park	\$ 16,927	7
State Of California	\$ 20,481	8	Laurel Inn Associates Inc.	\$ 13,370	8
Eagles Nest Trust	\$ 18,998	9	Save Mart Supermarkets	\$ 12,787	9
Tahoe City Public Utility District	\$ 18,912	10	Everything Is Rosie Inc.	\$ 12,564	10

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

Change in Assessed Value

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

Fiscal Year	Placer County		El Dorado County	
	Amount	% Change	Amount	% Change
2015/2016	\$ 3,613,932,093	10.52%	\$ 943,137,812	8.18%
2016/2017	\$ 3,699,976,391	2.38%	\$ 991,180,172	5.09%
2017/2018	\$ 3,864,245,853	4.44%	\$1,040,463,983	4.97%
2018/2019	\$ 4,027,472,074	4.22%	\$1,112,925,301	6.96%
2019/2020	\$ 4,294,179,030	6.62%	\$1,149,479,810	3.28%
2020/2021	\$ 4,510,912,202	5.05%	\$1,209,559,779	5.23%
2021/2022	\$ 4,821,382,887	6.88%	\$1,295,760,276	7.13%
2022/2023	\$ 5,278,765,981	9.49%	\$1,396,881,769	7.80%
2023/2024	\$ 5,554,179,124	5.22%	\$1,484,206,750	6.25%
2024/2025	\$ 5,846,260,586	5.26%	\$1,553,453,472	4.67%

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

Change in School Enrollment

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

Fiscal Year	Tahoe Lake Elementary School		North Tahoe Middle School		North Tahoe High School	
	Number of Students	% Change	Number of Students	% Change	Number of Students	% Change
2015/2016	303	-5.61%	430	1.90%	362	11.38%
2016/2017	279	-7.92%	446	3.72%	398	9.94%
2017/2018	257	-7.89%	458	2.69%	408	2.51%
2018/2019	246	-4.28%	494	7.86%	428	4.90%
2019/2020	224	-8.94%	499	1.01%	426	-0.47%
2020/2021	241	7.59%	471	-5.61%	448	5.16%
2021/2022	246	2.07%	494	4.88%	428	-4.46%
2022/2023	292	18.70%	299	-39.47%	505	17.99%
2023/2024	286	-2.05%	285	-4.68%	491	-2.77%
2024/2025	TBD	TBD	TBD	TBD	TBD	TBD

Source: California Department of Education

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

TBD - 2024/2025 Enrollment numbers not yet posted

Placer County Transient Occupancy Tax Collections

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

<u>FY Year</u>	<u>Collections*</u>
2024-2025	\$ 28,421,673
2023-2024	\$ 29,498,406
2022-2023	\$ 28,913,806
2021-2022	\$ 20,166,349
2020-2021	\$ 19,756,053
2019-2020	\$ 19,665,039
2018-2019	\$ 21,037,456
2017-2018	\$ 17,905,680
2016-2017	\$ 17,719,703
2015-2016	\$ 16,018,078

Source: Placer County Revenue Services

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

Demographic Statistics

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

Year	District Workforce (actual FTEs) ⁽¹⁾	Population ⁽²⁾		Median Household Income ⁽³⁾		Unemployment Rate ⁽⁴⁾	
		Placer County	El Dorado County	Placer Co	El Dorado Co	Placer County	El Dorado County
2024	67.86	412,892	186,622	Data Not Available ⁽⁵⁾	Data Not Available ⁽⁵⁾	4.0%	4.3%
2023	68.65	410,706	187,285	\$110,020	\$107,063	4.0%	4.4%
2022	67.60	417,772	193,211	\$106,114	\$104,859	2.5%	2.8%
2021	67.35	409,044	191,992	\$103,588	\$88,770	3.2%	3.9%
2020	67.42	397,469	191,282	\$100,662	\$83,710	6.2%	8.3%
2019	64.98	403,711	193,227	\$97,668	\$86,202	3.2%	3.6%
2018	59.75	395,978	190,018	\$89,175	\$81,869	3.2%	3.7%
2017	56.62	389,387	188,185	\$81,366	\$78,464	3.8%	4.4%
2016	54.32	383,598	185,147	\$85,326	\$75,100	4.4%	5.1%
2015	51.28	376,508	183,684	\$76,203	\$75,575	5.0%	5.7%

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

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

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

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

(5) To be released September 2025

<https://www.placer.ca.gov/7450/> 2021

Budgeted Full Time Staffing Levels

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

	Budget									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Utilities (water and sewer)	20.00	19.00	19.00	19.00	19.00	18.00	18.00	16.00	14.86	14.86
Governance and Administrative Services	16.00	14.00	14.00	13.00	11.00	11.00	11.05	10.60	9.45	9.20
Engineering	7.00	7.00	7.00	5.85	6.85	6.85	6.85	4.85	4.90	5.42
Technical Services	5.00	5.00	5.00	5.00	5.00	5.00	4.95	5.40	5.55	4.00
Parks and Recreation Administration	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Parks	9.50	9.50	9.50	9.87	8.05	8.62	8.09	8.03	6.12	6.05
Recreation	4.50	4.50	4.50	4.13	3.96	3.38	2.91	3.01	3.69	2.19
Golf / Winter Sports Park	1.00	1.00	1.00	0.75	0.75	0.75	0.75	0.75	0.75	0.00
Total	64.00	61.00	61.00	58.60	55.61	54.60	53.60	49.64	46.32	42.72

*Excludes Board Members

Source: Tahoe City Public Utility District Accounting Dept.

Budgeted Full Time Equivalents

TAHOE CITY PUBLIC UTILITY DISTRICT											
Budgeted Full Time Equivalents											
Fiscal Years (unaudited)											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Water	8.03	7.72	9.26	10.16	10.13	11.23	10.87	10.70	11.53	11.82	
Sewer	8.33	8.64	8.74	9.84	9.32	8.80	10.05	10.26	10.05	10.34	
Engineering	3.70	2.00	3.00	2.89	3.00	3.05	2.85	1.35	1.35	2.05	
Technical Services/GIS	4.00	5.55	5.40	4.95	5.00	5.00	4.60	5.00	5.00	5.00	
Projects	1.72	1.90	1.85	3.96	3.85	3.80	3.00	5.50	5.50	4.95	
Parks	12.31	12.14	12.95	13.29	13.19	13.67	15.65	15.02	15.51	14.98	
Recreation	6.95	7.07	8.27	9.12	8.80	8.85	9.46	10.40	11.35	13.64	
Golf Course/Winter Sports Park	0.00	0.00	7.44	6.78	6.17	6.37	5.90	6.29	6.48	6.91	
Governance and Administrative Services	9.92	10.17	10.60	11.05	11.00	11.00	13.48	14.68	14.43	16.17	
Total	54.96	55.19	67.51	72.04	70.46	71.77	75.86	79.19	81.19	85.86	

Notes: 2018 was the first full fiscal year of golf course/winter sports park operation by TCPUD. 2022 Parks budget amended to add 2 new full-time positions
 Source: Tahoe City Public Utility District Accounting Dept.

Operating Indicators by Function

Tahoe City Public Utility District Operating Indicators by Function Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Utilities:										
Water production (million gallons) ¹	525.6	469.9	509.7	568.9	585.7	531.0	558.7	386.8	351.8	329.0
Sewer flows (million gallons)	249.8	291.4	208.5	213.6	260.5	295.5	249.4	362.9	220.6	176.8
Lineal feet of sewer mains televised	154,182	248,861	146,660	177,978	143,765	158,365	215,900	118,800	142,558	119,015
Lineal feet of sewer mains cleaned	309,847	319,393	302,389	324,432	370,096	333,598	316,800	230,736	298,015	252,854
Technical Services:										
Permits issued - new	9	15	22	17	11	11	17	13	15	15
Permits issued - remodel	106	77	82	93	98	118	135	112	150	141
Number of sewer air tests ²	240	204	189	282	373	291	315	330	314	297
Escrow clearances processed	234	216	148	214	276	195	197	224	204	204
Plan checks completed	132	98	140	119	143	155	193	151	188	161
Parks:										
Miles of trails maintained	23	23	23	23	23	23	23	23	23	22
Number of facility rentals ³	227	192	230	171	-	262	172	226	229	246
Recreation:										
Numbers enrolled in youth programs ⁴	11025	10777	8043	2546	97	564	396	552	605	1080
Numbers enrolled in adult programs ⁵	2169	730	517	92	0	196	239	95	95	147
Number of camp enrollees ⁶	1709	1869	1512	770	0	1277	1184	909	1018	796

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

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

³ Facility Rentals include Fairway Community Center, Tahoe Community Center, Highlands Community Center, Rideout, Commons Beach, Lake Forest Beach, Skylandia Park, Marie Sluchak Park, Kiltner Park and Heritage Plaza. Excludes ball fields or trails. 2020 facility closures due to COVID-19.

⁴ Youth Programs Include: All Rideout classes, contract classes, snow days, RAP, Night out at Rideout, swim lessons, and swim team. 2020 programs cancelled due to COVID-19
Numbers were re-defined in 2016 to include only enrollment numbers as opposed to participant numbers.

⁵ In 2022, all programs increased in participants, and new programs were added, but RAP is the primary driver for YoY increase as participation increased YoY by 4,211 participants
Adult Programs Include: Adult Sports, Sailing, Puppy Training, and yoga. 2020 programs cancelled due to COVID-19

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

⁶ Camps Include: Skylandia, Sailing, Specialty Camps, Spring Break Camp, Ski Skate Camp, winter/holiday camps, explorers adventure. 2020 camps closed due to COVID-19

User Statistics

Tahoe City Public Utility District User Statistics, Last Ten Fiscal Years Total number of users (unaudited)		Actuals										
		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Program	Unit of Measurement											
Water	Customers	5,759	5,759	5,754	5,740	5,733	5,720	5,711	4,167	4,167	4,168	
Sewer	Customers	7,758	7,737	7,759	7,725	7,732	7,721	7,702	7,689	7,674	7,665	
Camp Skylandia	Enrolled Campers ⁽¹⁾	1369	1,375	1,234	753	228	1,012	1,184	909	1,018	796	
Concerts at Commons Beach	Individual Attendees ⁽²⁾	17,250	18,400	20,950	-	-	28,500	21,500	24,500	23,000	16,550	
Tahoe City Golf Course	Rounds Played ⁽³⁾	21,844	19,014	21,375	18,678	25,015	11,800	9,489	8,545	10,228	12,832	
Lake Forest Boat Ramp	Boats Launched	4,771	4,359	8,207	8,980	7,691	5,391	5,309	5,529	6,860	5,280	
Bike Trails-Summer Usage	Users ⁽⁴⁾	468,813	312,267	262,655	247,544	329,617	377,016	278,208	252,080	277,196	304,612	
Winter Sports Park (WSP)	Users ⁽⁵⁾⁽⁶⁾	8,061	8,832	10,455	10,179	10,153	9,716	9,894	n/a	n/a	n/a	

Source: Tahoe City Public Utility District

- ⁽¹⁾ 2020 summer activity cancelled due to COVID-19
 - ⁽²⁾ 2020 & 2021 concerts were cancelled due to COVID-19 / prior years estimated
 - ⁽³⁾ 2020 increased usage due to individuals looking for outdoor activity due to COVID-19
 - ⁽⁴⁾ Bike trail usage based on data from trailer counters and reported through Eco Counter Software
 - ⁽⁵⁾ WSP first season of operation is 2017/2018. Season crosses fiscal year.
 - ⁽⁶⁾ Usage reported for the season ending March of the current year.
- ⁽⁶⁾ Totals do not include season pass holders as they were not tracked; Reporting daily visits only.
n/a - data not available / or no operations

Water and Sewer Base Rates

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

Year	Residential	Commercial	Residential	Commercial	Hotel Room w/ Kitchen - per room
	Monthly Water Base Rate .75" meter	Monthly Water Base Rate .75" meter	Monthly Sewer Base Rate	Monthly Sewer Base Rate	Monthly Sewer Base Rate
2015	\$59.00	\$71.00	\$38.41	\$38.41	\$15.63
2016	\$62.50	\$75.25	\$38.41	\$38.41	\$15.63
2017	\$66.25	\$79.75	\$39.95	\$39.95	\$16.26
2018	\$70.25	\$84.50	\$42.92	\$42.92	\$17.46
2019	\$74.50	\$89.50	\$44.14	\$44.14	\$17.96
2020	\$79.31	\$79.31	\$46.79	\$46.79	\$19.04
2021	\$84.07	\$84.07	\$49.60	\$49.60	\$20.18
2022	\$87.43	\$87.43	\$51.83	\$51.83	\$21.39
2023	\$90.93	\$90.93	\$54.16	\$54.16	\$22.35
2024	\$94.57	\$94.57	\$56.60	\$56.60	\$23.36

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

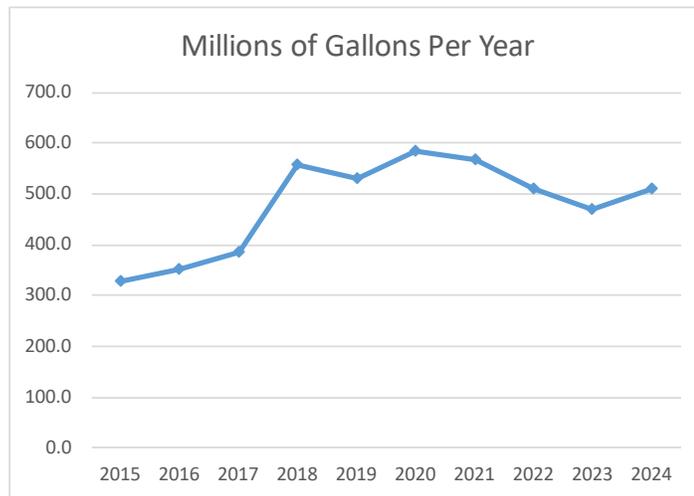
Source: Tahoe City Public Utility District

Water Production

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

Monthly Production	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Jan	21.3	19.0	23.3	30.4	34.7	29.8	28.7	27.0	22.9	26.6
Feb	14.2	15.9	21.9	24.3	24.4	24.0	23.0	19.5	23.1	20.7
Mar	12.6	12.5	18.1	24.7	22.1	22.3	24.5	25.1	20.8	18.0
April	15.0	12.9	16.1	23.0	20.9	17.7	22.3	19.5	21.9	20.4
May	26.3	20.0	17.5	32.9	24.3	43.2	43.8	21.6	22.7	28.1
June	37.8	42.9	47.4	64.5	52.0	72.7	80.8	59.4	43.1	68.5
July	53.0	62.8	68.7	90.4	94.6	86.9	91.0	81.2	78.2	92.4
Aug	51.5	60.3	64.3	94.8	88.7	93.4	86.7	80.0	88.3	85.0
Sept	42.1	48.7	51.3	84.4	81.7	84.8	77.5	73.8	65.8	62.3
Oct	26.6	29.9	31.4	44.3	42.1	62.1	48.9	56.9	42.9	55.0
Nov	12.7	12.1	12.8	23.8	21.1	25.9	20.2	22.5	20.9	18.4
Dec	16.0	14.8	14.2	21.4	24.4	22.8	21.5	23.4	17.5	16.1
Annual Totals	329.1	351.8	386.8	558.7	531.0	585.7	568.9	509.8	468.1	511.4
Average Monthly Water Production	27.4	29.3	32.2	46.6	44.2	48.8	47.4	42.5	39.0	42.6

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

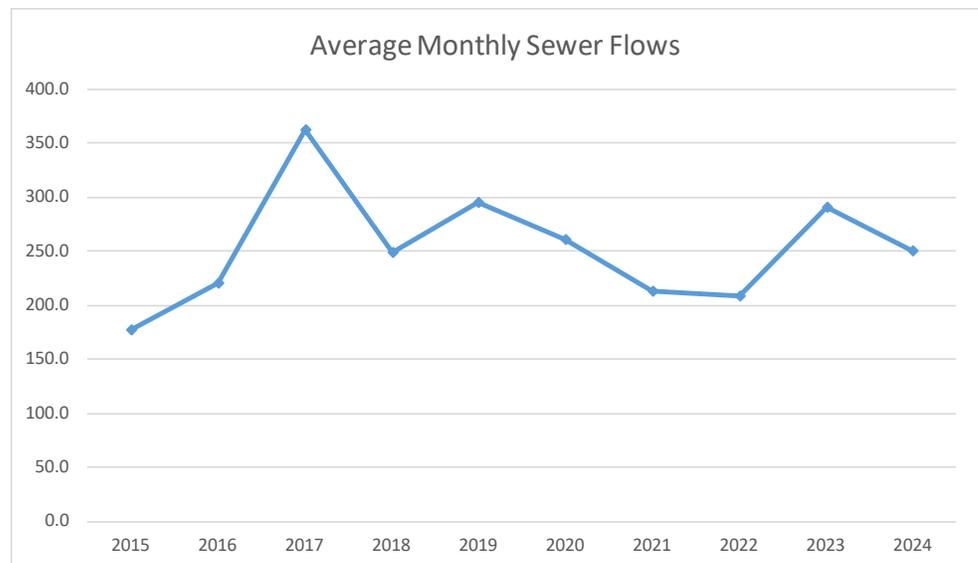


Sewer Flows

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

Monthly Sewer Flows	2015	2016	2017	2018	2019	2020	2021	2022	2023
Jan	14.5	18.2	30.6	18.3	21.0	20.1	17.8	18.2	23.4
Feb	14.8	20.2	51.4	15.8	21.7	19.9	19.2	17.6	17.9
Mar	12.8	26.0	44.9	23.9	28.5	19.7	20.1	20.8	26.5
April	11.7	21.5	50.2	30.5	37.0	20.9	18.6	20.0	34.2
May	13.1	16.8	38.0	22.2	33.5	21.6	17.2	18.4	44.3
June	14.5	17.1	25.1	21.8	26.8	23.7	20.3	18.8	28.4
July	22.6	23.4	30.2	29.0	31.8	29.6	24.8	24.5	31.3
Aug	19.7	18.6	24.4	23.9	26.1	26.7	16.7	18.3	24.0
Sept	14.1	13.5	17.8	18.4	20.0	21.7	10.1	13.5	17.4
Oct	11.6	11.9	15.1	14.1	15.0	19.5	13.7	11.0	14.1
Nov	11.1	11.1	17.0	14.1	15.0	17.5	14.4	10.3	13.2
Dec	16.4	22.2	18.2	17.5	19.1	19.6	20.9	17.1	16.9
Annual Totals	176.9	220.5	362.9	249.5	295.5	260.5	213.8	208.5	291.4
Average Monthly Sewer Flows	14.7	18.4	30.2	20.8	24.6	21.7	17.8	17.4	24.3

Source: Tahoe City Public Utility Sewer Department



Outstanding Debt by Debt Type

Outstanding Debt by Debt Type

	Governmental Activities									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
State Revolving Fund 2008	\$ 534,506	\$ 662,269	\$ 787,769	\$ 911,046	\$ 1,032,140	\$ 1,151,089	\$ 1,267,932	\$ 1,382,705	\$ 1,735,848	\$ 2,076,980
Special assessment bonds with governmental commitments	-	-	-	-	-	-	12,513	25,026	37,539	50,052
Pension related debt	-	-	-	-	-	-	164,757	484,478	791,571	1,086,535
Lease & SBITA liabilities	13,843	45,530	38,063	-	-	-	-	-	-	-
Total long-term debt	\$ 548,349	\$ 707,799	\$ 825,832	\$ 911,046	\$ 1,032,140	\$ 1,151,089	\$ 1,445,202	\$ 1,892,209	\$ 2,564,958	\$ 3,213,567
	Business-type Activities									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
State Revolving Fund 2021	\$ 16,287,760	\$ 11,507,648	\$ 5,688,184	\$ 2,794,450	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessment bonds with governmental commitments	-	-	-	-	-	44,617	88,113	130,794	172,678	213,778
Lease & SBITA liabilities	45,950	63,290	-	-	-	-	-	-	-	-
Total long-term debt	\$ 16,333,710	\$ 11,570,938	\$ 5,688,184	\$ 2,794,450	\$ -	\$ 44,617	\$ 88,113	\$ 130,794	\$ 172,678	\$ 213,778
	Total									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
State Revolving Fund	\$ 16,822,266	\$ 12,169,917	\$ 6,475,953	\$ 1,151,089	\$ 1,151,089	\$ 1,151,089	\$ 1,267,932	\$ 1,382,705	\$ 1,735,848	\$ 2,076,980
Special assessment bonds with governmental commitments	-	-	-	-	-	44,617	100,626	155,820	210,217	263,830
Pension related debt	-	-	-	-	-	-	164,757	484,478	791,571	1,086,535
Lease & SBITA liabilities	59,793	108,820	38,063	-	-	-	-	-	-	-
Total long-term debt	\$ 16,882,059	\$ 12,278,737	\$ 6,514,016	\$ 1,151,089	\$ 1,151,089	\$ 1,195,706	\$ 1,533,315	\$ 2,023,003	\$ 2,737,636	\$ 3,427,345

Debt Per Customer

TAHOE CITY PUBLIC UTILITY DISTRICT Debt per Customer Governmental and Business-Type Activities

Year	Governmental Activities	Business Type Activities	Total Debt	Customers	Debt per Customer ⁽¹⁾
2024	\$ 548,349	16,333,710	\$ 16,882,059	7,758	\$2,176
2023	\$ 662,269	\$ 16,333,710	\$ 16,995,979	7,737	\$2,197
2022	\$ 707,799	\$ 11,570,938	\$ 12,278,737	7,759	\$1,583
2021	\$ 825,832	\$ 5,688,184	\$ 6,514,016	7,725	\$843
2020	\$ 911,046	\$ 2,794,450	\$ 3,705,496	7,732	\$479
2019	\$ 1,032,140	-	\$ 1,032,140	7,721	\$134
2018	\$ 1,151,089	\$ 44,617	\$ 1,195,706	7,702	\$155
2017	\$ 1,445,202	\$ 88,113	\$ 1,533,315	7,689	\$199
2016	\$ 1,892,209	\$ 130,794	\$ 2,023,003	7,674	\$264
2015	\$ 2,564,958	\$ 172,678	\$ 2,737,636	7,665	\$357

(1) Debt per customer is calculated using the number of active water and sewer accounts rather than population. This approach provides a more accurate representation of the debt burden on service recipients, as the related debt is incurred specifically for water and sewer infrastructure improvements.