



Responsive.Resourceful.Resilient.

SOUTH TAHOE PUBLIC UTILITY DISTRICT
ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2023 SOUTH LAKE TAHOE, CA





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DISTRICT AWARDS

The 2022/23 Employee and Crew of the Year awards recognize District employees for excellent performance.

Crew of the Year



Customer Service The Customer Service Department is the “Front Line” for the District managing customer accounts, inspections, and metering data while providing exemplary customer service.

Employee of the Year



Rachel Kallas, Customer Accounts Specialist



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DISTRICT OFFICIALS

Dan Arce

Laboratory Director

Heidi Baugh

Purchasing Agent

Stephen Caswell

Principal Engineer

Megan Colvey

Senior Engineer

Adrian Combes

Senior Engineer

Trevor Coolidge

Senior Engineer

Greg Dupree

Accounting Manager

Brent Goligoski

Associate Engineer

Melonie Guttry

Executive Services Manager

Paul Hughes

General Manager/CFO

Liz Kauffman

Human Resources Director

Jeff Lee

Manager of Plant Operations

Ryan Lee

Customer Service Manager

Julie Ryan

Engineering Department Manager/
District Engineer

Mark Seelos

Water Resource Manager

Chris Skelly

Information Technology Manager

Chris Stanley

Manager of Field Operations

Shelly Thomsen

Director of Public and Legislative Affairs

STRATEGIC PLAN

Strategic Plan Vision Statement

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

Strategic Plan Mission Statement

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

Strategic Goals

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



A three foot deep channel was dug between the Upper Truckee Marsh and Lake Tahoe to help alleviate flooding and prevent a sewer spill.





December 1, 2023

MEMBERS OF THE BOARD OF DIRECTORS AND CUSTOMERS OF SOUTH TAHOE PUBLIC UTILITY DISTRICT,

The South Tahoe Public Utility District (the District) staff submits to you the Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2023. The ACFR gives an assessment of the District's financial condition, informs readers about District services, gives details of infrastructure replacement projects, discusses current issues, and provides financial and demographic trend information. This letter of transmittal is designed to complement Management's Discussion and Analysis and should be read in conjunction with it.

Mann, Urrutia, Nelson, Certified Public Accountants, audited the District's financial statements. While the auditor's unmodified Report of Independent Certified Public Accountants appears in the financial section, the responsibility for the accuracy, completeness, and presentation of the ACFR information rests with management. Management believes the ACFR is complete and accurate in all material respects. Management can provide this assurance due to the comprehensive framework of internal controls within the organization. Internal controls are policies and procedures put in place to safeguard assets from misappropriation, to assure management authorizes all transactions, and to verify proper recording and reporting of transactions using Generally Accepted Accounting Principles. Because the cost of internal controls should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

DISTRICT OVERVIEW

The South Tahoe Public Utility District, a public agency chartered in 1950, operates at the south shore of Lake Tahoe in El Dorado County. The District

supplies drinking water and provides wastewater collection and treatment. The District recycles 100 percent of its wastewater to Alpine County where its application benefits agricultural land. In addition, the District recycles 100 percent of its biosolids with Bently Agrowdynamics in Douglas County, Nevada. Lake Tahoe's seasonal tourism and the large number of part-time residents cause wide fluctuations in both daily water production and wastewater flows.

The District serves water to approximately 14,100 homes and businesses. Annual water production is nearly 2.5 billion gallons. Eleven active wells, 21 water tanks, 17 booster stations, 28 pressure zones, and nearly 251 miles of water mains comprise the District's water system.

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



Sand bags were placed around pump stations to prevent stormwater from flowing into the sewer system.



The District's state-certified laboratory performs more than 30,000 tests annually to monitor a variety of chemicals and microorganisms in the drinking water, wastewater treatment, and recycled water export systems. These tests on groundwater, surface water, and soils safeguard District customers and the environment.

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

RESPONSIVE. RESOURCEFUL. RESILIENT.

The winter of 2022/2023 received the second highest snowfall on record. The never-ending storms caused structural collapses, avalanches, and extensive flooding around South Lake Tahoe. Rain on snow events bring unique challenges to wastewater operations. As streets and meadows flood, stormwater seeps through manholes and into the sewer system. This inundates wastewater pump stations and the wastewater treatment plant, increasing the risk of sewer spills.

Flooded Pump Station

Of particular concern was a sewer pump station located on the Upper Truckee Marsh in the Al Tahoe neighborhood. As rain and slush continued to fall in March 2023, water in the marsh rose several feet. The Bellevue sewer pump station that usually pumps 150,000 gallons of wastewater per day, was pumping 1.5 million gallons per day. The tenfold increase suggests the flooded station was pumping flood water out of the meadow and was on the verge of spilling.

Epic collaboration resulted in a solution to address flooding and help prevent a sewer spill. The District worked with the California Tahoe Conservancy and CalFire Incident Command to fly a drone over the marsh to help identify options for mitigating flood impacts. The water level in the marsh was 4.1 feet above lake level. During the large 2017 winter storm, the marsh naturally breached the beach and flowed into Lake Tahoe. Following nature's lead, the District, California Tahoe Conservancy, Lahontan Regional Water Quality Control Board, Tahoe Regional Planning Agency, CalFire and Northwest Hydraulics determined that digging out this same channel would allow the marsh to flow into the lake.

Haen Constructors mobilized a track mounted excavator to access the beach bordering the marsh from the west end of Lakeview Ave. Rolling over more than 2 feet of snow along the beach, the excavator arrived at the location of the last marsh breach. A three-foot-deep channel was dug into



Temporary flood barriers and pumps were installed to reduce the amount of stormwater flowing into the sewer system.

the sand and water from the marsh started flowing into the lake. Water levels in the marsh receded.

The District also built containment structures around the submerged manholes in the marsh to reduce the amount of stormwater flowing into the sewer system. A bypass pump was installed to redirect some of the high flows to a different pump station. These approaches were successful at preventing a sewer spill and protecting Lake Tahoe.

Efficient Operations at the Wastewater Treatment Plant

South Lake Tahoe's wastewater treatment plant is designed to treat up to 7.7 million gallons per day and averages 4.5 million gallons per day in March. At the height of the winter storm, up to 13.5 million gallons per day of wastewater were flowing into the plant. The District treated what it could and pumped the excess influent to the emergency retention basins, which can hold over 54 million gallons. Approximately 7 million gallons were stored in the emergency retention basin and were drawn down once flows into the wastewater treatment plant subsided. The plant did exactly what it was designed to do to protect the environment during a massive storm.

Fallen Leaf Lake Avalanche

In addition to floods, the District dealt with unprecedented snowfall. An avalanche on the south end of Fallen Leaf Lake took out the District's back-up generator building that supplies power to three wastewater pump stations. Providing reliable wastewater services is all about redundancy. When an avalanche took out the powerlines and the back-up power supply, the District had to get creative. District staff assessed the damage and brought in a generator to power the pump station



An avalanche at Fallen Leaf Lake took out power to three sewer pump stations.

that services Stanford Camp. District staff continued to refuel the generator daily, while checking in and out with the El Dorado Sheriff's Office for avalanche safety. A new generator building is being designed outside of the avalanche alley to prevent future storm impacts.

Diamond Valley Mudslides

South Lake Tahoe's recycled water is exported to Alpine County where it is stored in a reservoir during the winter and released for agricultural irrigation in the summer. During the winter storms, heavy snow and ice buildup blocked irrigation canals causing localized flooding and mudslides. The District worked with White Rock Construction to clear ditches of ice and debris to alleviate flooding and prepare for releasing water from the reservoir. Due to the higher-than-normal levels of recycled water and stormwater run-off, Harvey Place Reservoir filled quickly. The District started releasing controlled flows earlier than normal to prevent an overflow of the reservoir.

Throughout the never-ending winter, District staff was responsive, resourceful, and resilient.

LOCAL ECONOMIC CONDITIONS

responsive, resourceful, and resilient. Lake Tahoe is continually recognized as a very popular summer and winter vacation destination in the United States. As such, it has a tourist-based economy and is financially dependent on the transient population. A significant portion of the wintertime transient population visits the area for world class skiing opportunities. Even with the extreme travel challenges associated with the 2023 winter storms that left Tahoe blanketed with 205% of the normal snowpack, skiers showed up, rented hotel rooms, and spent money in restaurants and shops. The City of South Lake Tahoe reported sales tax collections for December 2022 – April 2023 at 4.9% more than the same period a year ago, and Transient Occupancy Tax collections were 1.9% greater than the prior year.

Local development in fiscal year 2022/23 was productive with the start or completion of several residential developments. Although there were a handful of new commercial developments, the majority of construction projects were residential. During the year the District sold sewer capacity equivalent to 58 single family homes and water capacity equivalent to 85 single family homes.

The real estate market in South Lake Tahoe continued to be strong this year, which paralleled the California real estate trend. People working from home due to COVID-19 figured out they could work from anywhere as long as they have the technical capabilities. This has created a surge of people from the Bay Area purchasing property in Tahoe and telecommuting to their workplace elsewhere. Although the market remained strong, in June 2023 the number of single-family home active listings was 136 compared to 185 a year ago, and the median sales price was \$660,000 compared to \$714,000 at June 2022. Mortgage interest rates approaching 8% along with high home values is reducing the number of people capable of qualifying for a mortgage loan.

A lack of affordable housing, for purchase or rent, is an obstacle for the Tahoe workforce. Several local agencies, including the District and non-profits, continue to work collaboratively to incentivize workforce housing development. The District adopted a new structure for its cost of sewer capacity fees which are now based on the square footage of a living unit. This new structure benefits multi-family developments and other workforce developments with smaller living units. The District has also adopted ordinances allowing previously



Clearing ice and debris from Diamond Ditch in advance of emergency release of recycled water from Harvey Place Reservoir.



Manholes in the Upper Truckee Marsh and the Bellevue Pump Station were inundated with stormwater.

purchased sewer capacity to be transferred from one parcel to another specifically for workforce housing projects.

Unemployment rates locally and nationally increased substantially during fiscal year 2020 due to COVID-19 related business closures but have dropped significantly since. At year end, the unemployment rate in South Lake Tahoe was 3.7% compared to 2.9% a year ago and 6% in June 2021. The California and U.S. unemployment rates in June 2023 were 4.6% and 3.6% respectively, compared to 4.2% and 3.6% a year ago and 7.6% and 5.39% in June 2021. The unemployment rates in June 2023 are much more representative of figures prior to the COVID-19 pandemic.

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

ENTERPRISE OPERATIONS

The District finances water and sewer operations through user charges, property tax receipts, and other income. District service charge revenue is stable, since 100% of customers pay flat rates for sewer services. Also, the District's metered water rates are approximately structured with a 75% fixed component and 25% variable component. This structure nearly represents the District's actual fixed and variable cost structure. Water consumption revenues currently represent only 10.7% of the District's 2023 combined water and sewer service charge revenue and 7.0% of total revenues; therefore, fluctuations in actual usage do not materially impact operating income. Water consumption fees will become a larger portion of the District's revenues over the next two years as the District continues to install meters to comply with the state mandate requiring water systems to be completely metered by 2025.

Each year the District updates its Ten-Year Financial Plan to assess its long-term financial condition. A primary goal in carefully developing long-term financial plans is to minimize annual rate changes and to avert large rate fluctuations. Fiscal year 2022/23 represented year four of a five-year rate

implementation schedule. In 2019 the Board of Directors adopted an ordinance with a five-year rate increase schedule, but annually the rates for each year require confirmation by the Board. The maximum annual rate increases allowed for fiscal years 2020 – 2024 are 6% and 5% to the water and sewer service charge rates. For fiscal year 2020, the Board adopted a 4% increase to water rates and a 5% increase to sewer rates. For fiscal years 2021 and 2022, the Board chose not to increase rates due to the negative local economic impacts of COVID-19. Due to this action, the maximum rate increases allowed per the adopted Ordinance in fiscal years 2023 and 2024 are 13.1% for water rates and 10.25% for sewer rates. For fiscal year 2023, the Board adopted a 9% increase to water rates and an 8% increase to sewer rates. Past studies have shown 38% of the District's sewer rates support the District's unique environmental mandate to export wastewater out of the Tahoe Basin. Despite this heavy financial burden, District rates continue to be at or near the lowest in the Tahoe Basin.

The rate increases mentioned above are being used to fund a \$229 million capital improvement plan. Utilizing rate increases, grant funds, and low-interest state loans will allow the District to continue replacing critical infrastructure vital to providing safe and quality water and sewer services the ratepayers expect. For the last few years, sewer capacity and connection fees received were greater than budget expectations due to an increased level in residential and commercial development. Although fees recognized for residential connections were greater than expected, the District continues to forecast cautiously. Due to a limited number of vacant lots, many developers are razing older homes and constructing new ones on the same lot. These developments require no, or little, additional water or sewer capacity.

The District has been able to move forward with several capital projects due to the infrastructure-specific rate increases, receipt of grant funds, state program loans, and low-tax exempt interest rates on borrowed funds. An active grant-seeking program is in place to bring in additional resources for both infrastructure and operations. In fiscal year 2023, the District recognized approximately \$3.2 million in grant funding following \$1.7 million in 2022 and approximately \$.6 million in fiscal year 2021.



The District continues to utilize the State Revolving Fund loan program whenever possible. The tax-exempt interest rates associated with this funding are approximately half compared to standard tax-exempt loans. Utilizing this program has saved the District's customers millions of dollars. During the year approximately \$15.2 million was invested in water and sewer infrastructure and equipment. To further enhance the infrastructure planning process, the District is using advanced asset management practices, condition assessments, master plans, and probability factors. This information allows the District to predict asset failure and establishes optimal replacement schedules to achieve service goals.

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

More information on the District's financial condition is in the Management's Discussion and Analysis located in the financial section.

PUBLIC OUTREACH

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

The District's website, which continues to be updated to be more informative, interactive, and easier to use, provides information about all the

District's activities. Archived documents are also available there. The website can be found at www.stpud.us.

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

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

Last year the District was recognized locally and nationally for exemplary service. The District received the prestigious Excellence in Technology Practices Award from the Municipal Information Systems Association of California for the eleventh time and the Certificate of Achievement for Excellence in Financial Reporting for the District's Annual Comprehensive Financial Report for 2022 for the 28th consecutive year. Quite the accomplishments.

BUDGETARY CONTROLS

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

SINCERELY,



Paul Hughes
General Manager/Chief Financial Officer



Shelly Thomsen
Public Affairs and Conservation Manager



BOARD OF DIRECTORS



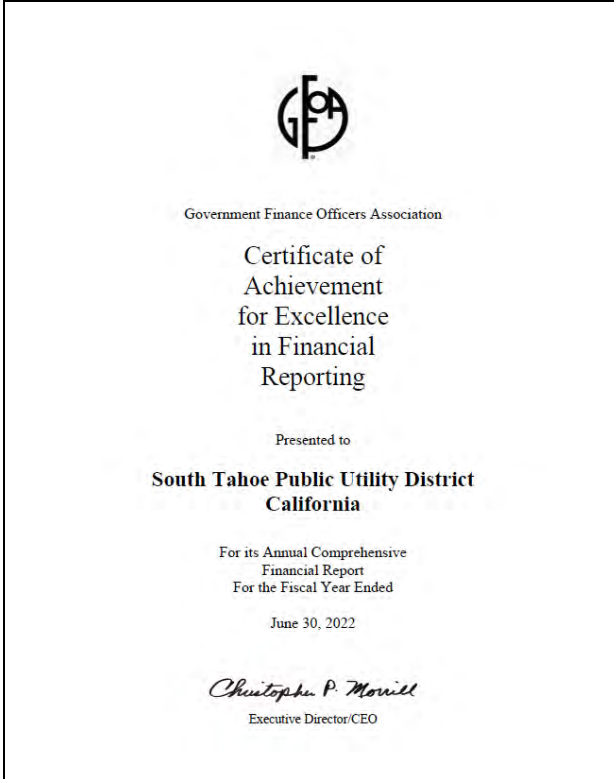
From left: **Nick Haven, David Peterson (President), Kelly Sheehan, Shane Romsos (Vice President), Nick Exline**

DISTRICT HONORS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to South Tahoe Public Utility District for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

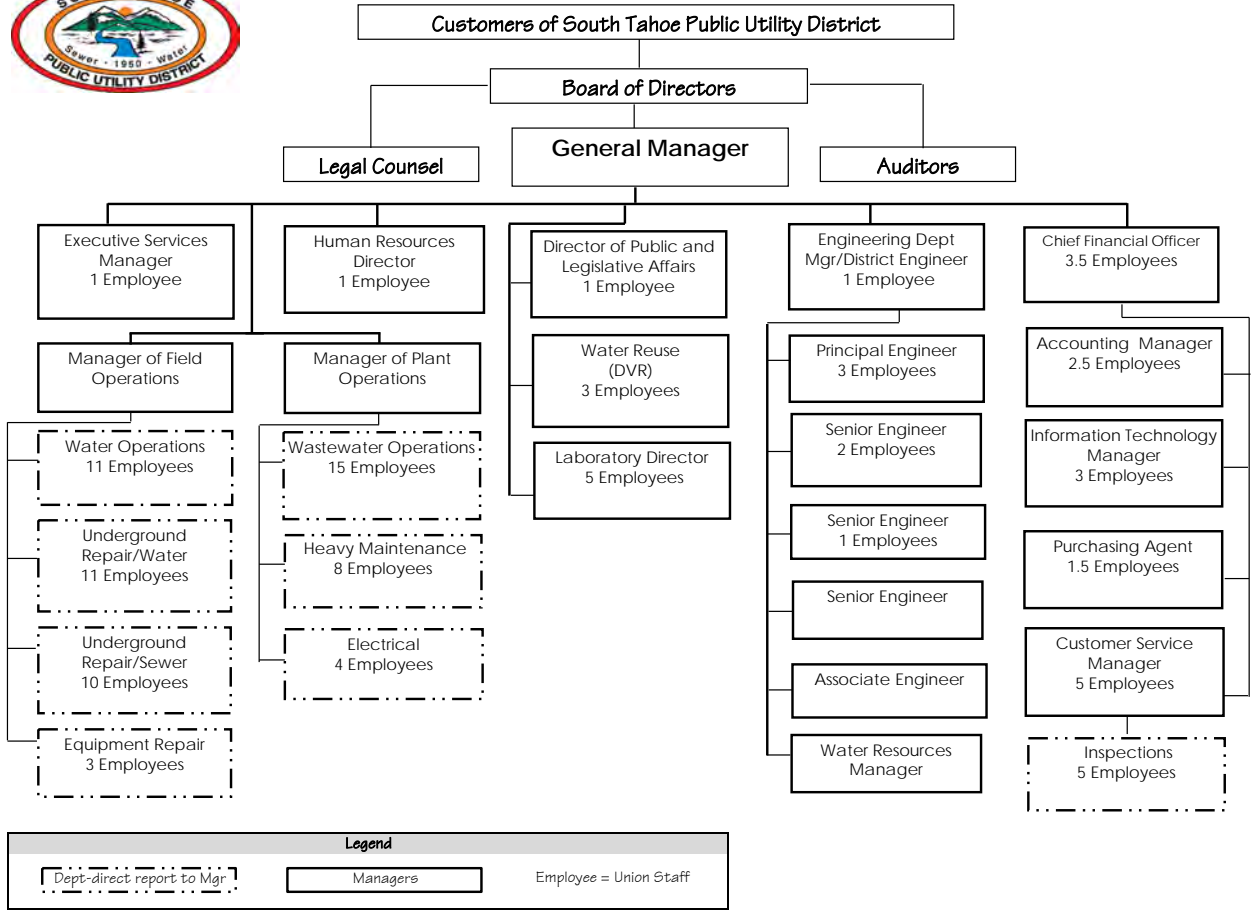
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. The ACFR must satisfy both generally accepted accounting principles and applicable legal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

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





South Tahoe Public Utility District







Located on the edge of the Upper Truckee Marsh, the Bellevue Pump Station was under multiple feet of flood water.





INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and each major fund of South Tahoe Public Utility District (the District) as of and for the year ended June 30, 2023, 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 business-type activities and each major fund of the District, as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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.

Emphasis of Matter

Change in Accounting Principle

As described in Notes 1, 4, 7, and 15 to the financial statements, during the fiscal year ending June 30, 2023, the District adopted new accounting guidance, GASB Statement No. 96, *SBITAs*. 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 opinion. 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.

Report on Summarized Comparative Information

We have previously audited the District's 2022 basic financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 2, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension related schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information 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 November 28, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Sacramento, California
November 28, 2023



MANAGEMENT'S DISCUSSION AND ANALYSIS **For the year ended June 30, 2023**

Financial Highlights

The District has long been addressing the aging water system infrastructure, including undersized waterlines. A major water infrastructure replacement program was started in the early 90's, but slowed down beginning in 2010 due to the state of California's requirement to install meters on all water service connections. In fiscal year 2022-23, the District invested nearly \$6.0 million in water infrastructure. With advances in asset management tools, the District now utilizes a strategic set of criteria to determine construction priorities.

The District is continuing to install water meters on all service connections to meet the California state mandate, which requires all water providers with greater than 3,000 service connections be completely metered by 2025. During fiscal year 2010-11, the District began by completing installation of approximately 2,500 meters funded with a \$4.4 million grant. Through the end of 2022-23, approximately 11,500 additional meters have been installed. These additional installations increased the portion of the water system metered to approximately 99%. These meters have been funded with three loans, the largest being a low-cost \$14 million loan secured through the California State Water Resources Control Board. The loan has a 30-year term with an interest rate of 1.8% and includes \$4 million in principal forgiveness. The remaining 1% of unmetered service connections will have meters installed within the next two years and will be funded with water service charge revenues.

Approximately 10% of the water distribution system is undersized and does not provide appropriate water flows to meet fire protection standards. The waterline, pumping, and storage replacement program improves water quality, quantity, and fire suppression capabilities. As a public service, each waterline project also includes installation of fire hydrants at 500-foot intervals. During fiscal year 2022-23, the District spent \$3.4 million on waterline replacements and hydrant installations.

The Sewer Enterprise Fund also continues investing in its infrastructure. In fiscal year 2022-23, \$6.6 million was invested in sewer infrastructure improvements. A few of the projects completed during the year were the rehabilitation of the Tahoe Keys sewer pump station, one of the secondary clarifiers at the treatment plant, the Tallac Creek sewer crossing, and planning and design work for additional pump station rehabilitations.

- During the year \$12.2 million was invested in sewer and water infrastructure and equipment.
- Net position of the District increased \$3.8 million or 1.7%.
- The Sewer and Water Enterprise Funds' income is \$617,473 and \$3,204,417, respectively.
- Operating revenue is up 8.0% due to an increase in service charges.
- Combined operating and nonoperating expenses less depreciation increased 8.3% from the prior year, but came in 4.1% under budget.
- In fiscal year 2022-23, the District recognized competitive grants totaling more than \$3.2 million, following \$1.7 million awarded in 2021-22 and \$.6 million awarded in 2020-21. These grants will fund, among other things, waterline replacements, water pumping facilities, and water conservation programs.



MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the year ended June 30, 2023

Overview of the Basic Financial Statements

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

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

Net Position

The condensed Statement of Net Position below shows the District is investing in capital assets while keeping its debt at manageable levels. For the year ended June 30, 2015, the District was required to implement GASB 68, Accounting and Financial Reporting for Pensions. Under the new GASB standards, each participating cost-sharing employer is required to report its actuarially determined proportionate share of the collective net pension liability, pension expense, and deferred outflows/deferred inflows of resources in their financial statements determined in conformity with GASB 68. Previously to GASB 68, the District was only required to report the actual payments submitted to the pension plan as an expense and no liability or deferred outflows/deferred inflows. The net pension liability reported in the Statement of Net Position for years ended June 30, 2023 and 2022 was \$14.4 million and \$5.8 million respectively. For more information on the District's pension plan, see Note 9 of the Notes to the Financial Statements.

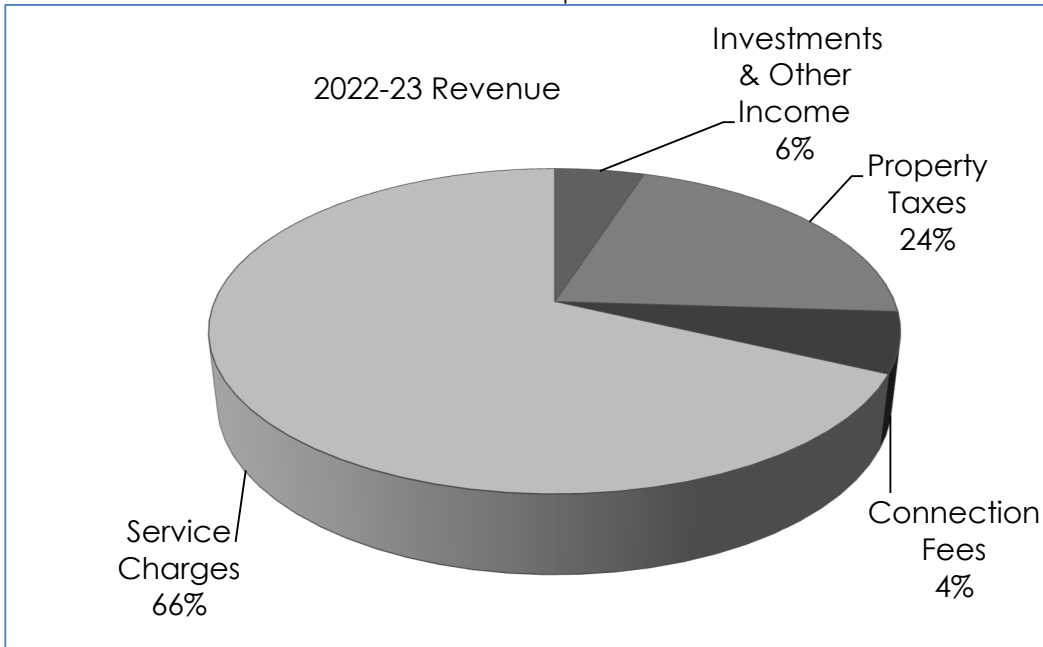
	<u>Net Position</u>		Change	Change
	<i>(in thousands)</i>			
	June 30			
	2023	2022		
Current and other	\$ 59,839	\$ 62,947	(\$ 3,108)	(4.9%)
Capital assets	241,610	236,120	5,490	2.3%
Total assets	\$301,449	\$299,067	\$2,382	0.8%
Deferred outflows of resources	\$7,348	\$3,546	\$3,802	107.2%
Debt outstanding	\$ 51,198	\$ 49,090	\$2,108	4.3%
Net Pension Liability	14,442	5,830	8,612	147.7%
Other liabilities	8,319	12,739	(4,420)	(34.7%)
Total liabilities	\$ 73,959	\$ 67,659	\$6,300	9.3%
Deferred inflows of resources	\$12,949	\$16,887	(\$3,938)	(23.3%)
Net investment in capital assets	\$190,609	\$187,253	\$ 3,356	1.8%
Restricted for security deposits	165	165	0	0.0%
Restricted for debt service payment	1,849	1,732	117	6.8%
Unrestricted	29,266	28,917	349	1.2%
Total net position	\$221,889	\$218,067	\$3,822	1.8%



MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the year ended June 30, 2023

Revenue and Expenses

The District finances sewer and water operations through user charges, property tax receipts, and other income. Total revenue for fiscal year 2022-23 is \$46.0 million, a \$5.3 million or a 13.0% increase from the prior year. The 2023 service charge revenue is up by \$2.5 million due to 9% and 8% increases to water and sewer service charge rates, respectively. Connection fees are up \$0.1 million or 4.8%, reflecting an increase in both commercial and residential development. Property tax revenue is up \$1.0 million or 9.8%, compared to the prior year reflecting an increase in property assessed values. El Dorado County estimates that gross property tax collections will be up approximately 2.4% for 2023-24. Investment income is up due to a higher interest rate environment and recorded increases to the fair value of investments, while other income is up \$.1 million from the prior year due to state and federal aid received for FEMA disaster associated expenditures.



Revenues
(in thousands)

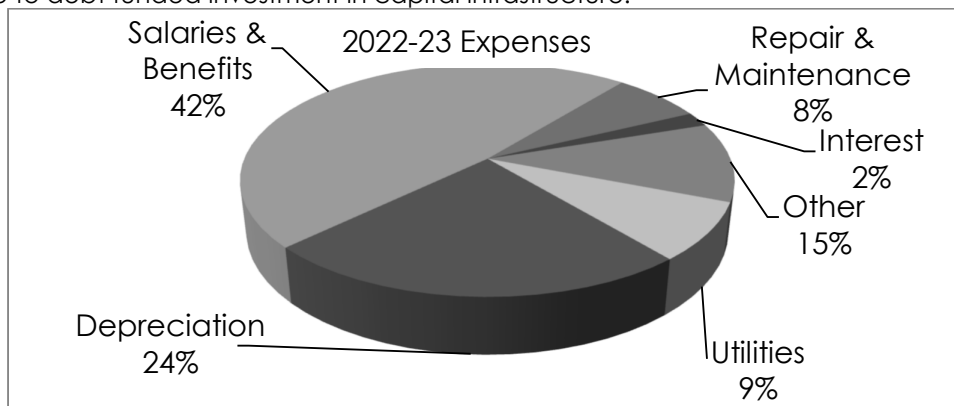
	June 30		Change	Change
	2023	2022		
Service charges	\$30,414	\$27,966	\$ 2,448	8.8%
Connection fees	2,103	2,006	97	4.8%
Other	653	742	(89)	(12.0%)
Total operating revenue	<u>33,170</u>	<u>30,714</u>	<u>2,456</u>	<u>8.0%</u>
Property taxes	10,855	9,886	969	9.8%
Investments	461	(1,198)	1,659	(138.5%)
Other	1,474	1,266	208	16.4%
Total non-operating revenue	<u>12,790</u>	<u>9,954</u>	<u>2,836</u>	<u>28.5%</u>
Total revenue	<u>\$45,960</u>	<u>\$40,668</u>	<u>\$ 5,292</u>	<u>13.0%</u>



MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the year ended June 30, 2023

Revenue and Expenses - Continued

Total operating expenses for the current year are \$43.1 million, up \$3.0 million from the prior year. The increase to salaries and benefits was \$1.1 million, or 6.0%. The District's policy is to capitalize labor associated with capital projects. The capitalized portion of salaries and benefits is not accounted for in operating expenses, as it is included in capital assets on the Statement of Net Position. The amount of capitalized labor for fiscal year 2023 was \$806,717 compared to \$947,047 in the prior year. The GASB 68 pension expense adjustment for fiscal year 2023 was \$154,352 million compared to (\$966,375) million in the prior year. The year-over-year change of the required GASB 68 pension expense recognition was \$1.2 million. Similar to the capitalized labor, this adjustment impacts the Statement of Net Position. When comparing salary and benefit totals year-to-year prior to the reduction for the capitalized labor and the GASB 68 adjustment, the 2023 decrease compared to the prior year was \$178,462 or 0.9%. Although a 2.5% cost of living adjustment was implemented at the beginning of the year, overall salaries decreased by approximately \$285,000, or 2.2% due to the vacancies of two management positions during the entire year. There were other operational positions that were also vacant for portions of the year due to hiring challenges. Total benefits increased by \$106,000 or 1.6% due to an increase in retirement benefit expenses. CalPERS classic plan employer rates increased from 25.356% to 27.300% of salaries. Depreciation expense increased by 4.4% illustrating the District's continued investment in new infrastructure. Utilities, which fluctuate year to year due to winter severity, increased 9.1% in 2023 due to continued rate increases implemented by the local power supplier. Repair and maintenance expenditures, which increased 11.5%, fluctuate year to year based on unexpected or planned projects, but in 2023 there were increased expenses due to the required response to the winter storms and associated flooding and avalanche damage. Combined operating and non-operating other expenses fluctuate year to year depending on the level of contracted and other professional services utilized by the District. Interest expense increased 13.4% due to debt funded investment in capital infrastructure.



	<u>Expenses</u>		<u>Change</u>	<u>Change</u>
	(in thousands)			
	<u>2023</u>	<u>2022</u>		
<u>Operating expenses:</u>				
Salaries and benefits	\$18,475	\$17,423	\$ 1,052	6.0%
Depreciation	10,453	10,014	439	4.4%
Utilities	4,074	3,735	339	9.1%
Repair and maintenance	3,785	3,395	390	11.5%
Other	6,298	5,556	742	13.4%
Total operating expenses	<u>43,085</u>	<u>40,124</u>	<u>2,961</u>	<u>7.4%</u>
<u>Non-operating expenses:</u>				
Interest expense	833	770	63	8.2%
Other	286	271	15	5.5%
Total non-operating expenses	<u>1,119</u>	<u>1,041</u>	<u>78</u>	<u>7.5%</u>
Total expenses	<u>\$44,204</u>	<u>\$41,165</u>	<u>\$ 3,039</u>	<u>7.4%</u>



MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the year ended June 30, 2023

Revenue and Expenses - Continued

The fiscal year 2022-23 income before capital contributions is \$1.8 million as compared to the actual prior year loss of (\$0.5) million. For the year, capital contributions increased net position an additional \$2.1 million.

	<u>Changes in Net Position</u> <i>(in thousands)</i>			
	June 30		Change	Change
	2023	2022		
Beginning net position	\$218,067	\$217,703	\$364	0.2%
Change in accounting principle		33	(33)	(100.0%)
Beginning net position (restated)	218,067	217,736	331	0.2%
Income before contributions	1,756	(497)	2,253	(453.3%)
Capital contributions	2,066	828	1,238	149.5%
Changes in net position	3,822	331	3,491	1,054.7%
Ending net position	\$221,889	\$218,067	\$3,822	1.8%

Capital Assets

The District's investment in its sewer and water systems is \$242 million at the end of the fiscal year net of depreciation. During the year, more than \$12 million was spent on new infrastructure and equipment. \$5.6 million was spent on water system improvements. As noted in the highlights, new waterlines improve system reliability, water pressure, and fire flow capability. For the year, \$6.6 million was invested in sewer system improvements including pumping and treatment upgrades, line replacement, and recycled water projects.

	<u>Capital Assets</u> <i>(net of depreciation, in thousands)</i>					
	Sewer		Water		Total	
	2023	2022	2023	2022	2023	2022
Land and easements	\$ 23,035	\$ 23,035	\$ 2,096	\$ 2,096	\$ 25,131	\$ 25,131
Water rights	-	-	1,668	1,668	1,668	1,668
Plant and equipment	99,545	102,774	94,586	93,070	194,131	195,844
Intangible right-to-use software agreements	29	61	30	62	59	123
Construction in Progress	10,656	5,691	9,965	7,663	20,621	13,354
Total	\$133,265	\$131,561	\$108,345	\$104,559	\$241,610	\$236,120

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



MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the year ended June 30, 2023

Debt Administration

The District prefers to avoid funding capital improvement projects with debt, but will do so when necessary to keep service rates at reasonable levels. The District received a new credit rating in April 2021 when it was preparing to issue sewer refunding bonds. S&P Global provided an AA rating for the bond issuance. At year-end, the District had \$50.4 million in installment sales and loans outstanding as detailed below. As always, grant opportunities and low-interest subsidized loans are pursued by the District.

Outstanding Debt at Year End
(in thousands)

	June 30,	
	2023	2022
<u>Sewer Enterprise Fund:</u>		
California State Revolving Loan Fund (secured by sewer revenue)	6,699	6,916
California State Revolving Loan Fund (secured by sewer revenue)	3,891	4,016
Sewer Refunding (secured by sewer revenue)	2,913	3,518
Sewer Refunding (secured by sewer revenue)	1,489	2,453
Installment Sale Agreement (secured by sewer revenue)	3,349	3,663
California State Revolving Loan Fund (secured by sewer revenue)	926	956
California State Revolving Loan Fund (secured by sewer revenue)	502	518
California State Revolving Loan Fund (secured by sewer revenue)	3,444	0
2021 Wastewater Revenue Refunding Bonds (secured by sewer revenue)	4,770	5,235
Total sewer enterprise fund	27,983	27,275
<u>Water Enterprise Fund:</u>		
Water Refunding (secured by water revenue)	2,859	3,461
California State Revolving Loan Fund (secured by water revenue)	2,744	2,861
California State Revolving Loan Fund (secured by water revenue)	830	881
California State Revolving Loan Fund (secured by water revenue)	9,307	9,561
California State Revolving Loan Fund (secured by water revenue)	3,133	3,224
California State Revolving Loan Fund (secured by water revenue)	1,799	905
California State Revolving Loan Fund (secured by water revenue)	1,785	0
Total water enterprise fund	22,457	20,893
Total debt	\$ 50,440	\$ 48,168

For additional information on Outstanding Debt, see Note 7 in the Notes to the Financial Statements.



MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the year ended June 30, 2023

Contacting the District's Financial Management

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



STATEMENT OF NET POSITION
JUNE 30, 2023
(WITH RESTATED COMPARATIVE TOTALS FOR June 30, 2022)

	Business-type Activities Enterprise Funds		Total	
	Sewer	Water	2023	2022 (RESTATED)
ASSETS				
Current assets				
Cash and cash equivalents (Note 2)	\$ 8,680,763	\$ 1,012,328	\$ 9,693,091	\$ 9,901,252
Investments (Note 2)	1,224,872	576,469	1,801,341	2,449,816
Accounts receivable, net of allowance (Note 3)	1,803,984	1,492,516	3,296,500	1,908,812
Due from governmental agencies (Note 3)	1,338,080	1,228,164	2,566,244	1,313,405
Property tax receivable	10,775,917	-	10,775,917	10,006,301
Interest receivable	139,995	65,578	205,573	108,762
Leases receivable - current (Note 5)	38,841	38,841	77,682	77,682
Other current assets	294,179	1,085,865	1,380,044	1,452,863
Total current assets	<u>24,296,631</u>	<u>5,499,761</u>	<u>29,796,392</u>	<u>27,218,893</u>
Noncurrent assets				
Restricted assets:				
Cash and cash equivalents (Note 2)	587,907	1,260,882	1,848,789	1,732,071
Certificate of deposit (Note 2)	50,000	115,000	165,000	165,000
Total restricted assets	<u>637,907</u>	<u>1,375,882</u>	<u>2,013,789</u>	<u>1,897,071</u>
Long-term accounts receivable (Note 3)	739,191	-	739,191	561,245
Due from governmental agencies (Note 3)	73,020	73,020	146,040	146,040
Investments (Note 2)	17,304,513	8,144,508	25,449,021	31,372,537
Capital assets, net of accumulated depreciation (Note 4)	133,264,773	108,345,338	241,610,111	236,120,333
Leases receivable - long-term (Note 5)	847,268	847,268	1,694,536	1,750,802
Total noncurrent assets	<u>152,866,672</u>	<u>118,786,016</u>	<u>271,652,688</u>	<u>271,848,028</u>
Total Assets	<u>177,163,303</u>	<u>124,285,777</u>	<u>301,449,080</u>	<u>299,066,921</u>
DEFERRED OUTFLOW OF RESOURCES				
Refunding loan costs	80,029	-	80,029	105,520
Changes in the net pension liability (Note 9)	4,393,373	2,874,331	7,267,704	3,440,593
Total Deferred Outflows of Resources	<u>\$ 4,473,402</u>	<u>\$ 2,874,331</u>	<u>\$ 7,347,733</u>	<u>\$ 3,546,113</u>

See accompanying notes to the basic financial statements.



STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2023
(WITH RESTATED COMPARATIVE TOTALS FOR June 30, 2022)

	Business-type Activities		Total	
	Enterprise Funds		2023	2022 (RESTATED)
	Sewer	Water		
LIABILITIES				
Current liabilities				
Accounts payable and other liabilities	\$ 1,588,611	\$ 1,728,337	\$ 3,316,948	\$ 6,085,030
Unearned revenue (Note 6)	-	11,005	11,005	210,913
Accrued expenses	13,422	142,732	156,154	442,379
Accrued payroll liabilities	273,678	203,133	476,811	349,283
Construction retainage	647,754	228,907	876,661	1,443,251
Accrued interest payable	244,756	68,430	313,186	370,665
Deposits payable	-	370,000	370,000	475,000
Compensated absences - current portion (Note 8)	1,109,831	814,475	1,924,306	1,520,856
Long term liabilities - current portion (Note 7)	2,813,514	673,354	3,486,868	3,664,168
Total current liabilities	6,691,566	4,240,373	10,931,939	14,561,545
Noncurrent liabilities				
Compensated absences - long term portion (Note 8)	518,735	355,118	873,853	1,841,547
Long term liabilities - long term portion (Note 7)	25,920,340	21,790,720	47,711,060	45,425,675
Net pension liability (Note 9)	8,765,058	5,677,083	14,442,141	5,830,236
Total long-term liabilities	35,204,133	27,822,921	63,027,054	53,097,458
Total Liabilities	41,895,699	32,063,294	73,958,993	67,659,003
DEFERRED INFLOWS OF RESOURCES				
Property tax receivable	10,775,917	-	10,775,917	10,006,301
Changes in the net pension liability (Note 9)	282,069	188,045	470,114	5,100,555
Lease receivable (Note 5)	851,454	851,454	1,702,908	1,780,184
Total Deferred Inflows of Resources	11,909,440	1,039,499	12,948,939	16,887,040
NET POSITION				
Net Investment in capital assets	104,610,948	85,998,357	190,609,305	187,252,824
Restricted for security deposits	50,000	115,000	165,000	165,000
Restricted for debt service payment	587,907	1,260,882	1,848,789	1,732,075
Unrestricted	22,582,711	6,683,076	29,265,787	28,917,092
Total Net Position	\$ 127,831,566	\$ 94,057,315	\$ 221,888,881	\$ 218,066,991

See accompanying notes to the basic financial statements.



**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023
(WITH RESTATED COMPARATIVE TOTALS FOR THE YEAR ENDED June 30, 2022)**

	Business-type Activities Enterprise Funds		Total	
	Sewer	Water	2023	2022 (RESTATED)
<u>OPERATING REVENUE</u>				
Charges for sales and services:				
Service charges	\$ 16,655,399	\$ 13,758,694	\$ 30,414,093	\$ 27,965,786
Connection and service fees	722,872	1,380,222	2,103,094	2,005,643
Other operating income	<u>360,931</u>	<u>291,792</u>	<u>652,723</u>	<u>742,093</u>
Total operating revenues	<u>17,739,202</u>	<u>15,430,708</u>	<u>33,169,910</u>	<u>30,713,522</u>
<u>OPERATING EXPENSES</u>				
Salaries, wage and employee benefits	11,577,985	6,897,163	18,475,148	17,422,839
Depreciation and amortization	5,762,985	4,690,300	10,453,285	10,014,462
Utilities	3,035,857	1,037,709	4,073,566	3,735,268
Repairs and maintenance	1,694,537	2,090,193	3,784,730	3,395,246
Other operating expenses (Note 14)	<u>4,504,105</u>	<u>1,793,938</u>	<u>6,298,043</u>	<u>5,556,157</u>
Total operating expenses	<u>26,575,469</u>	<u>16,509,303</u>	<u>43,084,772</u>	<u>40,123,972</u>
OPERATING LOSS	<u>(8,836,267)</u>	<u>(1,078,595)</u>	<u>(9,914,862)</u>	<u>(9,410,450)</u>
<u>NONOPERATING REVENUE (EXPENSE)</u>				
Tax revenue	8,253,252	2,601,966	10,855,218	9,885,822
Investment earnings (loss) (Note 13)	358,597	102,241	460,838	(1,198,191)
Aid from governmental agencies	795,803	331,286	1,127,089	908,608
Other nonoperating income	67,045	280,197	347,242	357,579
Interest expense	(510,224)	(322,967)	(833,191)	(770,140)
Other expense	<u>(233,069)</u>	<u>(53,052)</u>	<u>(286,121)</u>	<u>(270,591)</u>
Total nonoperating revenue, net	<u>8,731,404</u>	<u>2,939,671</u>	<u>11,671,075</u>	<u>8,913,087</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(104,863)</u>	<u>1,861,076</u>	<u>1,756,213</u>	<u>(497,363)</u>
<u>CAPITAL CONTRIBUTIONS</u>				
Capital contributions	<u>722,336</u>	<u>1,343,341</u>	<u>2,065,677</u>	<u>828,641</u>
CHANGE IN NET POSITION	<u>617,473</u>	<u>3,204,417</u>	<u>3,821,890</u>	<u>331,278</u>
TOTAL NET POSITION, BEGINNING OF YEAR	127,214,093	90,852,898	218,066,991	217,702,945
CHANGE IN ACCOUNTING PRINCIPLE (Note 15)	-	-	-	32,768
TOTAL NET POSITION, BEGINNING OF YEAR (RESTATED)	<u>127,214,093</u>	<u>90,852,898</u>	<u>218,066,991</u>	<u>217,735,713</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 127,831,566</u>	<u>\$ 94,057,315</u>	<u>\$ 221,888,881</u>	<u>\$ 218,066,991</u>

See accompanying notes to the basic financial statements.



STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023
(WITH RESTATED COMPARATIVE TOTALS FOR THE YEAR ENDED June 30, 2022)

	Business-type Activities Enterprise Funds		Total	
	Sewer	Water	2023	2022 (RESTATED)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 16,098,980	\$ 15,200,388	\$ 31,299,368	\$ 30,885,002
Payments to suppliers	(6,061,412)	(5,012,638)	(11,074,050)	(4,390,455)
Payments to employees	(11,056,485)	(7,136,214)	(18,192,699)	(17,093,961)
Other operating payments	(4,504,105)	(1,793,938)	(6,298,043)	(5,556,157)
NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES	<u>(5,523,022)</u>	<u>1,257,598</u>	<u>(4,265,424)</u>	<u>3,844,429</u>
<u>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Tax revenue	7,483,636	2,601,966	10,085,602	9,144,316
Payments from (to) governmental agencies	(65,399)	57,036	(8,363)	(272,630)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>7,418,237</u>	<u>2,659,002</u>	<u>10,077,239</u>	<u>8,871,686</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition of capital assets	(7,656,484)	(8,568,901)	(16,225,385)	(13,836,038)
Repayment of debt	(2,822,987)	(1,114,932)	(3,937,919)	(3,714,391)
Proceeds from issuance of debt	3,444,033	2,679,497	6,123,530	2,999,360
Interest paid on long-term debt	(508,220)	(356,959)	(865,179)	(704,665)
Contributed capital	722,336	1,343,341	2,065,677	828,641
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(6,821,322)</u>	<u>(6,017,954)</u>	<u>(12,839,276)</u>	<u>(14,427,093)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Investment earnings	473,035	222,133	695,168	373,712
Purchase of investments	(9,929,350)	(4,055,650)	(13,985,000)	(19,284,283)
Proceeds from sale of investments	15,231,041	4,994,809	20,225,850	18,744,475
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>5,774,726</u>	<u>1,161,292</u>	<u>6,936,018</u>	<u>(166,096)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>848,619</u>	<u>(940,062)</u>	<u>(91,443)</u>	<u>(1,877,074)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>8,420,051</u>	<u>3,213,272</u>	<u>11,633,323</u>	<u>13,510,397</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 9,268,670</u>	<u>\$ 2,273,210</u>	<u>\$ 11,541,880</u>	<u>\$ 11,633,323</u>

See accompanying notes to the basic financial statements.



STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED June 30, 2022)

	Business-type Activities Enterprise Funds		Total	
	Sewer	Water	2023	2022 (RESTATED)
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</u>				
Unrestricted cash and cash equivalents	\$ 8,680,763	\$ 1,012,328	\$ 9,693,091	\$ 9,901,252
Restricted cash and cash equivalents	<u>587,907</u>	<u>1,260,882</u>	<u>1,848,789</u>	<u>1,732,071</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 9,268,670</u>	<u>\$ 2,273,210</u>	<u>\$ 11,541,880</u>	<u>\$ 11,633,323</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>				
Operating loss	\$ (8,836,267)	\$ (1,078,595)	\$ (9,914,862)	\$ (9,410,450)
Adjustments to reconcile operating loss to net cash (used for) provided by operating activities:				
Depreciation and amortization	5,762,985	4,690,300	10,453,285	10,014,462
Net change in deferred outflows and inflows	(4,343,553)	(3,421,659)	(7,765,212)	6,443,439
Construction-in-progress write-off	150,834	53,962	204,796	236,173
(Increase) decrease in:				
Receivables	(1,447,422)	(118,212)	(1,565,634)	85,272
Other assets	(18,937)	91,756	72,819	(284,214)
Increase (decrease) in:				
Accounts payable	(932,472)	(1,835,610)	(2,768,082)	2,014,956
Net pension liability	5,167,143	3,444,762	8,611,905	(6,092,177)
Unearned revenue	(192,800)	(7,108)	(199,908)	(30,792)
Other payables	<u>(832,533)</u>	<u>(561,998)</u>	<u>(1,394,531)</u>	<u>867,760</u>
NET CASH (USED FOR) PROVIDED BY OPERATING ACTIVITIES	<u>\$ (5,523,022)</u>	<u>\$ 1,257,598</u>	<u>\$ (4,265,424)</u>	<u>\$ 3,844,429</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>				
(Decrease) increase in fair value of investments	<u>\$ 313,077</u>	<u>\$ 80,969</u>	<u>\$ 394,046</u>	<u>\$ (1,482,846)</u>
Total Non-Cash Investing, Capital, and Financing Activities	<u>\$ 313,077</u>	<u>\$ 80,969</u>	<u>\$ 394,046</u>	<u>\$ (1,482,846)</u>

See accompanying notes to the basic financial statements.



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The District reports the following major funds:

Sewer Enterprise Fund - This fund is used to account for wastewater business-like activities provided to the general public. These activities are financed by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Water Enterprise Fund - This fund is used to account for water business-like activities provided to the general public. These activities are financed by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

B. Measurement Focus, Basis of Accounting and Presentation

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Measurement Focus

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

Basis of Accounting

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

C. Budget

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

D. Cash and Cash Equivalents

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Investments

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

Monies not required for the immediate operations of the District are invested in accordance with the District's Investment Policy.

F. Accounts Receivable

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

G. Inventory

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

H. Capital Assets

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

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

I. Compensated Absences

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

J. Pension Plan

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



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Contributions

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

L. Estimates

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

M. Operating and Non-operating Revenues and Expenses

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

N. Property taxes

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

O. Restricted Resources

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

P. Deferred Outflows and Inflows of Resources

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

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

Q. Net Position

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



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Leases

Lessor

The District is a lessor for noncancellable leases for cell tower sites. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the District 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 estimate and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

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

The District monitors changes in circumstances that would require a 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.

S. 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 contractual period of greater than one year, in an exchange or exchange-like transaction.

The District 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.

T. Comparative Information

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

U. Implementation of Government Accounting Standards Board Statements

Effective July 1, 2022, the District implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The Statement clarifies the existing definition of a conduit debt obligation; establishes that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. There was no significant financial impact to the District as a result of implementation.



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Accounting Standards Board Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital assets (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. There was no significant financial impact to the District as a result of implementation.

Government Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. The District has implemented this statement. See Notes 4, 7, and 15 for the impact on the financial statements.

V. Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2023 or later and may be applicable for the District. However, the District has not determined what impact, if any, these pronouncements will have on the financial statements.

Governmental Accounting Standards Board Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for guarantees. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement related to leases, PPPs and SBITAs are effective for the District's fiscal year ending June 30, 2023 and the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the District's fiscal year ending June 30, 2024.

Governmental Accounting Standards Board Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the District's fiscal year ending June 30, 2024.

Governmental Accounting Standards Board Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for the District's fiscal year ending June 30, 2025.



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2023 consisted of the following:

Cash and cash equivalents:

Unrestricted:	
Cash on hand	\$ 2,450
Unrestricted deposits in financial institutions	4,380,017
Deposits in Local Agency Investment Fund (LAIF)	3,983,729
Deposits in El Dorado County Treasury	1,241,254
Deposits in California Asset Management Program (CAMP)	<u>85,641</u>
Total unrestricted cash and cash equivalents	<u>9,693,091</u>
Restricted:	
Restricted for debt service payments	<u>1,848,789</u>
Total restricted cash and cash equivalents	<u>1,848,789</u>
Total cash and cash equivalents	<u>11,541,880</u>

Investments:

Unrestricted:	
Federal agency and instrumentalities	1,639,780
U.S. corporate debt	6,556,907
Asset backed securities	4,963,791
Supranationals	650,259
Municipal bonds	903,131
U.S. Treasury obligations	11,959,175
Negotiable certificates of deposit	<u>577,319</u>
Total unrestricted investments	<u>27,250,362</u>
Restricted:	
Negotiable certificates of deposit - security deposits	<u>165,000</u>
Total investments	<u>27,415,362</u>
Total cash and investments	<u>\$ 38,957,242</u>



NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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

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

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

Interest Rate Risk

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

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



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2023:

Investment Type	Investment Maturities (in years)			
	Fair Value	Less than 1	1-2	3-5
Federal agency and instrumentalities	\$ 1,639,780	\$ 139,329	\$ 1,228,713	\$ 271,738
U.S. corporate debt	6,556,907	672,082	5,777,156	107,669
Asset backed securities	4,963,791	16,949	1,413,045	3,533,797
Supranationals	650,259	-	650,259	-
Municipal bonds	903,131	758,737	144,394	-
U.S. Treasury obligations	11,959,175	-	-	11,959,175
Negotiable certificates of deposit	742,319	-	742,319	-
	<u>\$ 27,415,362</u>	<u>\$ 1,587,097</u>	<u>\$ 9,955,886</u>	<u>\$ 15,872,379</u>

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

Concentration of Credit Risk

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

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

Presented below is the actual rating as of June 30, 2023 for each investment type.

Investment Type	Total	Rating as of Fiscal Year End	
		S&P	N/A
Federal agency and instrumentalities	\$ 1,639,780	AA+	
Municipal bonds	157,500	AA	
Municipal bonds	75,640	AA-	
Municipal bonds	84,744	AA+	
Municipal bonds	233,810	AAA	
Municipal bonds	351,437		Not rated
U.S. corporate debt	1,835,465	A	
U.S. corporate debt	2,560,351	A-	
U.S. corporate debt	744,658	A+	
U.S. corporate debt	112,519	AA	
U.S. corporate debt	624,382	AA-	
U.S. corporate debt	129,776	AAA	
U.S. corporate debt	549,756	BBB+	
Asset-backed security	4,509,024	AAA	
Asset-backed security	454,767		Not rated
Supranationals	650,259	AAA	
U.S. Treasury obligations	11,959,175	AA+	
Negotiable certificates of deposit	294,801	A	
Negotiable certificates of deposit	282,518	AA-	
Negotiable certificates of deposit	165,000		Not rated
	<u>\$ 27,415,362</u>		



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the depositor will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's Investment Policy requires the financial institution to either collateralize the deposits or cover them with Federal deposit insurance. The District's cash and deposits in financial institutions, totaling \$2,840,056 as of June 30, 2023, are secured by federal depository insurance for \$415,000 with the remainder covered by collateral held by an agent of the pledging bank in the District's name.

Investment Valuation

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

Following is a description of the valuation methodologies used to estimate the fair value of investments. There have been no changes in the valuation techniques used at June 30, 2023. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while District management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

The following tables set forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Federal agency and instrumentalities	\$ -	\$ 1,639,780	\$ -	\$ 1,639,780
U.S corporate debt	-	6,556,907	-	6,556,907
Asset backed securities	-	4,963,791	-	4,963,791
Supranationals	-	650,259	-	650,259
Municipal bonds	-	903,131	-	903,131
U.S. Treasury obligations	-	11,959,175	-	11,959,175
Negotiable certificates of deposit	-	742,319	-	742,319
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets at fair value	\$ -	\$ 27,415,362	\$ -	\$ 27,415,362



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 3: ACCOUNTS RECEIVABLE AND AMOUNTS DUE FROM GOVERNMENTAL AGENCIES

Short-term receivables at June 30, 2023 consisted of the following:

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Customer receivables	\$ 1,818,589	\$ 1,499,144	\$ 3,317,733
Other receivables	87,206	70,987	158,193
Allowance for doubtful accounts	<u>(101,811)</u>	<u>(77,615)</u>	<u>(179,426)</u>
Accounts receivable, net of allowance	<u>\$ 1,803,984</u>	<u>\$ 1,492,516</u>	<u>\$ 3,296,500</u>
Due from Federal Government	\$ 1,035,541	\$ 960,383	\$ 1,995,924
Due from California	302,539	172,007	474,546
Due from El Dorado County	<u>-</u>	<u>95,774</u>	<u>95,774</u>
Due from governmental agencies	<u>\$ 1,338,080</u>	<u>\$ 1,228,164</u>	<u>\$ 2,566,244</u>

Long-term receivables at June 30, 2023 consisted of the following:

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Accounts receivable			
Customer receivables	<u>\$ 739,191</u>	<u>\$ -</u>	<u>\$ 739,191</u>
Due from governmental agencies			
Due from California	<u>\$ 73,020</u>	<u>\$ 73,020</u>	<u>\$ 146,040</u>

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



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	July 1, 2022				June 30, 2023
	Restated	Additions	Retirements	Transfers	
Capital assets not being depreciated					
Land and easement	\$ 25,131,228	\$ -	\$ -	\$ -	\$ 25,131,228
Water rights	1,668,308	-	-	-	1,668,308
Construction in progress	<u>13,354,270</u>	<u>10,960,208</u>	<u>(219,022)</u>	<u>(3,474,636)</u>	<u>20,620,820</u>
Total capital assets not being depreciated	<u>40,153,806</u>	<u>10,960,208</u>	<u>(219,022)</u>	<u>(3,474,636)</u>	<u>47,420,356</u>
Capital assets being depreciated					
Plant and equipment	381,881,546	5,206,288	(155,283)	3,474,636	390,407,187
Intangible right-to-use software agreements	<u>185,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,463</u>
Total capital assets being depreciated and amortized	<u>382,067,009</u>	<u>5,206,288</u>	<u>(155,283)</u>	<u>3,474,636</u>	<u>390,592,650</u>
Less accumulated depreciation and amortization					
Plant and equipment	(186,037,859)	(10,389,335)	150,872	-	(196,276,322)
Intangible right-to-use software agreements	<u>(62,623)</u>	<u>(63,950)</u>	<u>-</u>	<u>-</u>	<u>(126,573)</u>
Total accumulated depreciation and amortization	<u>(186,100,482)</u>	<u>(10,453,285)</u>	<u>150,872</u>	<u>-</u>	<u>(196,402,895)</u>
Total capital assets being depreciated, net	<u>578,033,536</u>	<u>(5,246,997)</u>	<u>(4,411)</u>	<u>3,474,636</u>	<u>584,782,405</u>
Capital assets, net	<u>\$ 236,120,333</u>	<u>\$ 5,713,211</u>	<u>\$ (223,433)</u>	<u>\$ -</u>	<u>\$ 241,610,111</u>



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 4: CAPITAL ASSETS (CONTINUED)

Construction in progress as of June 30, 2023 consisted of the following:

Al Tahoe Pump St Rehab	\$	184,489
Al Tahoe Well Rehab		134,605
Al Tahoe/Bayview Backup Power		164,969
Bijou #1 Waterline Replacement		144,213
Bijou PS Rehab		437,609
Blower System Upgrades		354,153
Collection System Master Plan		481,595
Hydrant Project - CITY		181,435
Keller-Heavenly Water System Improvement		4,551,686
Luther Pass PS Tanks Rehab		235,548
Master Plan-Alpine County		570,844
Meter Installation Final Phase		747,320
Paloma Well Rehab 2021		435,716
SCADA Upgrades		155,454
Secondary Clarifier #1 Rehab		813,988
Secondary Clarifier #2 Rehab		1,260,392
Sewer Field Communication Upgrades Ph2		185,587
Tahoe Keys Sewer PS Rehab		4,875,147
Tanks Backup Power		985,685
Upper Truckee Sewer PS Rehab		829,888
Valve & Hydrant Replacements		310,500
Water Field Communication Upgrades Ph2		147,496
Water System Optimization Plan		269,816
Waterline - Herbert Walkup Ph1		247,059
Waterline, Black Bart		897,720
Other projects		<u>1,017,906</u>
	\$	<u>20,620,820</u>

Depreciation and amortization expense for the year ended June 30, 2023 was charged to the different activities as follows:

Sewer	\$	5,762,985
Water		<u>4,690,300</u>
	\$	<u>10,453,285</u>



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 5: LEASES RECEIVABLE

The District is reporting leases receivable of \$1,772,218 (split between current amount \$77,682 and noncurrent amount of \$1,694,536) at June 30, 2023. For 2023, the District reported lease revenue of \$20,224 and interest revenue of \$786 related to lease payments received. These leases are summarized as follows:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
AT&T	\$ 615,909	\$ 7,489	\$ 252
Verizon	<u>1,156,309</u>	<u>12,735</u>	<u>534</u>
Total	<u>\$ 1,772,218</u>	<u>\$ 20,224</u>	<u>\$ 786</u>

AT&T Lease - On September 19, 2021, the District entered into an initial five year lease agreement with AT&T, Inc. for the lease of a certain portion of property owned by the District. Based on this agreement, the District is receiving monthly payments through 2026. There are four extension options of five years each. The District is reasonably certain the lessee will renew this lease for the four extensions.

Verizon Lease - On January 25, 2019, the District entered into an initial five year lease agreement with Verizon Communications, Inc. for the lease of a certain portion of property owned by the District. Based on this agreement, the District is receiving monthly payments through 2024. There are four extension options of five years each. The District is reasonably certain the lessee will renew this lease for the four extensions.

At June 30, 2023, future minimum lease payments due to the District are as follows:

Year Ending June 30	Amount
2024	\$ 59,180
2025	60,956
2026	62,785
2027	64,668
2028	66,608
2029 - 2033	364,240
2034 - 2038	422,254
2039 - Thereafter	<u>695,834</u>
Total lease payments	1,796,525
Less interest	<u>(24,307)</u>
Present value of leases receivable	<u>\$ 1,772,218</u>

NOTE 6: UNEARNED REVENUE

Unearned revenue represents revenues that had been collected or billed, but not yet earned. Unearned revenue consisted of the following at June 30, 2023:

	Sewer	Water	Total
Meters sold but not issued	\$ -	\$ 11,005	\$ 11,005
	<u>\$ -</u>	<u>\$ 11,005</u>	<u>\$ 11,005</u>



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 7: LONG TERM LIABILITIES

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

	July 1, 2022 Restated	Additions	Reductions	June 30, 2023	Current Portion
2012 Sewer Refunding	\$ 2,452,878	\$ -	\$ (964,356)	\$ 1,488,522	\$ 986,664
2013 Sewer Refunding	3,518,182	-	(604,989)	2,913,193	619,963
SRF Luther Pass Power	4,016,594	-	(125,788)	3,890,806	127,801
SRF Diamond Valley Ranch Irrigation Imp.	6,915,741	-	(216,581)	6,699,160	220,047
SRF Aeration Basin #2 Rehabilitation	956,012	-	(29,547)	926,465	30,049
SRF Primary Clarifier #1 Rehabilitation	518,102	-	(16,014)	502,088	16,285
Chase Bank Sewer Loan	3,662,566	-	(314,007)	3,348,559	320,890
2021 Wastewater Revenue Refunding Bond	5,235,000	-	(465,000)	4,770,000	485,000
Tahoe Keys Wastewater Pump Station Rehab	-	3,444,033	-	3,444,033	-
Premium on bond	830,918	-	(86,705)	744,213	-
2013 Water Refunding	3,461,232	-	(602,287)	2,858,945	205,337
SRF Meters Phase 1	2,860,878	-	(116,771)	2,744,107	58,385
SRF Meters Phase 2	881,061	-	(50,512)	830,549	51,324
SRF Meters Phase 3 - 5	9,560,732	-	(253,979)	9,306,753	258,550
SRF Waterline Replacement	3,224,238	-	(91,383)	3,132,855	92,943
Keller Heavenly Water System Improvement Project	904,553	894,813	-	1,799,366	-
Rocky I SRF Loan	-	1,784,684	-	1,784,684	-
Subscription (SBITA) Liability	91,156	-	(77,526)	13,630	13,630
Total	\$ 49,089,843	\$ 6,123,530	\$ (4,015,445)	\$ 51,197,928	\$ 3,486,868

A description of the long-term liabilities at June 30, 2023 follows:

2012 Sewer Refunding

2012 Sewer Installment Sale Agreement with BBVA Compass Bank, secured by a first lien against all sewer revenues, due September 1, 2024, payable \$507,630 semi-annually, including interest at 2.3%. The original amount of the debt was \$10,605,000 and was used for construction of sewer infrastructure improvements and was also used to repay the 2004 Sewer Revenue Certificates of Participation, which funded sewer infrastructure improvements. For the year ended June 30, 2023, principal and interest payments accounted for 3.7% of total sewer revenues.

2013 Sewer Refunding

2013 Sewer Installment Sale Agreement with BBVA Compass Bank, secured by a first lien against all sewer revenues, due August 2027, payable \$343,919 semi-annually, including interest at 2.46%. The original amount of the debt was \$8,400,000 and was used to repay the 2007 Sewer Installment Sale Agreement, which funded sewer infrastructure improvements. For the year ended June 30, 2023, principal and interest payments accounted for 2.5% of total sewer revenues.

SRF Luther Pass Power

2015 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all sewer revenues, due August 30, 2047, payable \$190,054 annually, including interest of 1.6%. The original amount of the debt was \$4,444,057 and was used for construction of Luther Pass Pump Station upgrades. For the year ended June 30, 2023, principal and interest payments accounted for 0.7% of total sewer revenues.



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 7: LONG TERM LIABILITIES (CONTINUED)

SRF Diamond Valley Ranch Irrigation Improvement

2015 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all sewer revenues, due December 31, 2047, payable \$322,058 annually, including interest of 1.6%. The original amount of the debt was \$8,860,890 and was used for construction of the Diamond Valley Ranch Irrigation improvements. For the year ended June 30, 2023, principal and interest payments accounted for 1.2% of total sewer revenues.

SRF Aeration Basin #2 Rehabilitation

2018 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all sewer revenues, due December 31, 2047, payable \$45,799 annually, including interest of 1.7%. The original amount of the debt was \$1,070,077 and was used for the rehabilitation of aeration basin #2. For the year ended June 30, 2023, principal and interest payments accounted for 0.2% of total sewer revenues.

SRF Primary Clarifier #1 Rehabilitation

2018 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all sewer revenues, due December 31, 2047, payable \$24,820 annually, including interest of 1.7%. The original amount of the debt was \$580,153 and was used for the rehabilitation of primary clarifier #1. For the year ended June 30, 2023, principal and interest payments accounted for 0.1% of total sewer revenues.

Chase Bank Sewer Loan

2017 Installment Sale Agreement with Chase Bank, secured by a first lien against all sewer revenues, due December 1, 2032, payable \$196,074 semi-annually, including interest at 2.18%. The original amount of the debt was \$5,000,000 and was used for construction of the sewer plant generator and building. For the year ended June 30, 2023, principal and interest payments accounted for 1.4% of total sewer revenues.

2021 Wastewater Revenue Refunding Bond

2021 Wastewater Revenue Refunding Bond, secured by a first pledge of net revenues of the wastewater system, due August 1, 2031, payable semi-annually, including interest at 2 - 4%. The original amount of the bond was \$5,745,000 and was used for prepayment of the outstanding principal balances of three loans from the California State Water Resources Control Board and prepayment of Installment Sale Agreement with BBVA Compass Bank, all of which funded wastewater infrastructure improvements. For the year ended June 30, 2023, principal and interest payments accounted for 2.4% of total sewer revenues.

2013 Water Refunding

2013 Water Installment Sale Agreement with BBVA Compass Bank, secured by a first lien against all water revenues, due January 30, 2030, payable \$237,786 semi-annually, including interest at 2.27%. The original amount of the debt was \$10,000,000 and was used for construction of water infrastructure improvements and was also used to repay the 2001 Water Refunding and 1999 Installment Sale Agreement, both of which funded water infrastructure improvements. For the year ended June 30, 2023, principal and interest payments accounted for 2.5% of total water revenues.

SRF Meters Phase 1

2014 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all water revenues, due January 1, 2047, payable \$58,385 semi-annually, including interest of 0%. The original amount of the debt was \$3,503,116 and was used for installation of water meters. Imputed interest for this loan is not material. For the year ended June 30, 2023, principal and interest payments accounted for 0.6% of total water revenues.

SRF Meters Phase 2

2017 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all water revenues, due July 1, 2037, payable \$32,204 semi-annually, including interest of 1.6%. The original amount of the debt was \$1,098,593 and was used for installation of water meters. For the year ended June 30, 2023, principal and interest payments accounted for 0.3% of total water revenues.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 7: LONG TERM LIABILITIES (CONTINUED)

SRF Meters Phase 3 -5

In 2018, the District entered into a revolving fund loan agreement with California State Water Resources Control Board to provide funding for phases 3 through 5 of the water meter installation project. The loan is secured by a first lien against all water revenues. Funds are drawn on the agreement as work is completed up to a maximum approved amount of \$14,010,534. Annual principal and interest payments will occur each April 22, commencing April 15, 2022. This loan accrues interest at a rate of 1.8% annually. As of June 30, 2023 the District incurred a total of \$13,829,053 in Phase 3 - 5 costs, of which \$4,000,000 has been forgiven. For the year ended June 30, 2023, principle and interest payments accounted for 2.3% of total water revenues.

SRF Waterline Replacement

In 2018, the District entered into a revolving fund loan agreement with California State Water Resources Control Board to provide funding for the waterline replacement project. The loan is secured by a first lien against all water revenues. Funds are drawn on the agreement as work is completed up to a maximum approved amount of \$3,627,005. Semi-annual principal payments will occur each January 1 and July 1, commencing January 1, 2020. The loan accrues interest at a rate of 1.7% annually. Final payment is due July 1, 2049. For the year ended June 30, 2023, principal and interest payments accounted for 0.8% of total water revenues.

Keller Heavenly Water System Improvement Project

In 2021, the District entered into a revolving fund loan agreement with California State Water Resources Control Board to provide funding for the drinking water construction project. The loan is secured by a first lien against all water revenues. Funds are drawn on the agreement as work is completed up to a maximum approved amount of \$5,500,000. Annual principal payments will occur each October 15, commencing October 15, 2024. The loan accrues interest at a rate of 1.2% annually. Final payment is due October 15, 2043.

Tahoe Keys Wastewater Pump Station Rehabilitation Project

During the fiscal year ended June 30, 2022, the District entered into a loan agreement with the State Water Resources Control Board's Division of Financial Assistance. The loan is dated February 14, 2022, and is in the principal amount of up to \$6,189,331. The District is drawing down on the loan as the project progresses. There has been no repayment schedule set as of June 30, 2023. Interest is to accrue at a rate of 0.9% per anum and will begin with each disbursement. Final payment date is set at July 31, 2059.

2021 Rocky I SRF Loan

During the fiscal year ended June 30, 2022, the District entered into a loan agreement with the State Water Resources Control Board's Division of Financial Assistance. The loan is dated February 23, 2022, and is in the principal amount of up to \$9,000,000. The District is drawing down on the loan as the project progresses. There has been no repayment schedule set as of June 30, 2023. Interest is to accrue at a rate of 1.2% per anum and will begin with each disbursement. Final payment date is set at December 31, 2059.

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

Years ending June 30,	Principal	Interest	Total
2024	\$ 3,473,238	\$ 774,794	\$ 4,248,032
2025	3,390,108	725,725	4,115,833
2026	3,055,817	685,265	3,741,082
2027	3,124,782	616,898	3,741,680
2028	2,855,865	546,624	3,402,489
2029 - 2033	10,777,301	1,924,531	12,701,832
2034 - 2038	6,428,908	1,258,472	7,687,380
2039 - Thereafter	<u>15,549,382</u>	<u>1,358,757</u>	<u>16,908,139</u>
	<u>\$ 48,655,401</u>	<u>\$ 7,891,066</u>	<u>\$ 56,546,467</u>



NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7: LONG TERM LIABILITIES (CONTINUED)

Interest charges on debt, including amounts capitalized totaling \$0, for the year ended June 30, 2023 was \$894,405.

Debt covenants for the installment sale agreements to BBVA Compass Bank and the California State Water Resource Control Board Revolving Fund include thresholds for minimum net water and sewer revenue and maximum outstanding debt obligations. The District is in compliance with the requirements as of June 30, 2023.

Subscriptions (SBITAs)

The District has entered into subscription-based information technology arrangements (SBITAs) involving various software subscriptions. The total costs of the District's subscription assets are recorded as \$122,840, less accumulated amortization of \$63,950.

The future subscription payments under SBITA agreements are as follows:

Table with 3 columns: Principal, Interest, Total. Rows for 2024 and Total.

NOTE 8: COMPENSATED ABSENCES

Compensated absences balance and activity for the year ended June 30, 2023 were as follows:

Table with 5 columns: July 1, 2022, Additions, Reductions, June 30, 2023, Current Portion. Row for Compensated absences.

NOTE 9: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan), administered by the California Public Employees' Retirement System (CalPERS).

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries.

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



NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 9: PENSION PLAN (CONTINUED)

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

The rate plan's provisions and benefits in effect at June 30, 2023, are summarized as follows:

Table with 3 columns: Benefit Formula, Hired prior to January 1, 2013, and Hired on or after January 1, 2013. Rows include Benefit Formula, Benefit Vesting Schedule, Benefit Payments, Retirement Age, Monthly Benefits, Required Employee Contribution Rate, and Required Employer Contribution Rate.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's contributions to the Plan for the year ended June 30, 2023 were \$2,299,876.

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

As of June 30, 2023, the District reported a net pension liability of \$14,442,141 for its proportionate share of the net pension liability of the Plan.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability of the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability of the Plan as of June 30, 2023 and 2022 was follows:

Table with 2 columns: Description and Percentage. Rows: Proportion - June 30, 2022 (0.30705%), Proportion - June 30, 2023 (0.30864%), Change - increase (0.00159%).

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 9: PENSION PLAN (CONTINUED)

For the year ended June 30, 2023, the District recognized pension expense of \$2,460,366. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 2,299,876	\$ -
Change in employer's proportion	524,409	-
Difference between actual and expected experience	290,026	194,248
Changes in assumptions	1,479,899	-
Difference between employer contributions and the employer's proportionate share of the risk pool's contributions	28,078	275,866
Net difference between projected and actual earning on plan investments	2,645,416	-
Total	\$ 7,267,704	\$ 470,114

\$2,299,876 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	
2024	\$ 1,299,060
2025	1,043,994
2026	536,634
2027	1,618,026

Actuarial Assumptions

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90% net of pension plan investment expenses, includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies

(1): The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report that can be found on the CalPERS website.



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 9: PENSION PLAN (CONTINUED)

Changes in Assumptions

Effective with the June 30, 2021 valuation date (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. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Using historical and forecasted information for all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

<u>Asset class</u>	<u>Assumed asset allocation</u>	<u>Real return years 1-10 (1) (2)</u>
Global Equity - Cap weighted	30.0%	4.54%
Global Equity Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021-2022 Asset Liability Management study.



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 9: PENSION PLAN (CONTINUED)

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

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
Net pension liability	\$23,175,567	\$14,442,141	\$7,256,697

Pension Plan Fiduciary Net Position

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

NOTE 10: DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan (the "457 Plan") created in accordance with Internal Revenue Code Section 457. The 457 Plan permits the employees to defer a portion of their salary until future years. A third party administrator maintains deferrals in a trust capacity. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. Participants may elect to contribute, through salary reductions, up to the IRC (g) limit (\$22,500 in 2023).

The 457 Plan assets totaled \$19,379,725 at June 30, 2023. Plan assets consist of investments in mutual funds, which are held in trust and are considered protected from the general creditors of the District.

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. To protect the District from these risks, it is a member of a risk management program as discussed in Note 12. The District carries commercial insurance to protect against the risk of errors and omissions. For each of the three most recent years, settlement of claims has not exceeded insurance coverage.

A. Contractual Obligations

At June 30, 2023, the District's significant contractual commitments with outside firms for engineering, construction, consulting, and various other services totaled approximately \$19.1 million.

B. Contingencies

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

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



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 12: JOINT POWERS AUTHORITY

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

The following is a summary of the most current audited financial information for ACWA JPIA as of September 30, 2022 (the most recent information available):

Total assets	\$ 246,615,214
Total deferred outflows of resources	6,108,562
Total liabilities	137,126,606
Total deferred inflows of resources	2,813,249
Net assets	112,783,921
Total income	209,690,228
Total expense	246,716,839

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

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

The following is a summary of the most current audited financial information for the CAMP portfolio as of December 31, 2022 (the most recent information available):

Total assets	\$ 11,952,592,289
Total liabilities	1,277,011
Net assets	11,951,315,278
Total income	5,479,669,643
Total expenses	8,030,527
Net increase in net assets resulting from operations	5,471,639,116

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

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

NOTE 13: INVESTMENT EARNINGS (LOSS)

Investment earnings (loss) consisted of the following for the year ended June 30, 2023:

Interest income	\$ 791,979
Net realized and unrealized losses	<u>(331,141)</u>
	<u>\$ 460,838</u>



**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE 14: OTHER OPERATING EXPENSES

Other operating expenses consisted of the following for the year ended June 30, 2023:

Professional services	\$	2,120,822
Operating permits		535,977
Chemical supplies		540,776
Office expense		339,581
Insurance and unreimbursed claims		835,741
Travel, meetings, and education		154,728
Research and monitoring		77,011
Equipment and building rent expense		231,375
Fuel expenses		303,399
Taxes, street lighting, and mitigation		124,883
Community incentive		99,864
Dues and certification		139,403
Miscellaneous expense		<u>794,483</u>
	\$	<u>6,298,043</u>

NOTE 15: CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT

The District has subscription-based information technology arrangements which began in November 2020, March 2021, and October 2021. The implementation of GASB No. 96 requires retroactive application which resulted in the following restatement to June 30, 2022 balances.

	Business-Type Activities
Increase SBITA right-to-use asset	\$ 175,918
Increase accumulated amortization	(27,638)
Increase SBITA liability	<u>(115,512)</u>
Increase Net Investment in Capital Assets	<u>\$ 32,768</u>

NOTE 16: SUBSEQUENT EVENTS

Management has evaluated events subsequent to June 30, 2023 through November 28, 2023, the date on which the financial statements were available to be issued. Management has determined no other subsequent events requiring disclosure have occurred.



**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2023
LAST 10 YEARS ***

	Measurement Period				
	2022	2021	2020	2019	2018
Proportion of the net pension liability	0.30864%	0.30705%	0.28265%	0.27119%	0.26155%
Proportionate share of the net pension liability	\$ 14,442,141	\$ 5,830,236	\$ 11,922,413	\$ 10,859,922	\$ 9,857,219
Covered payroll	\$ 10,974,014	\$ 10,844,940	\$ 10,293,860	\$ 9,849,757	\$ 9,650,512
Proportionate share of the net pension liability as a percentage of covered payroll	131.60%	53.76%	115.82%	110.26%	102.14%
Plan fiduciary net position as a percentage of the total pension liability	76.68%	88.29%	75.10%	75.26%	75.26%

Notes to Schedule:

Benefit changes: In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions: In November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For PERF C, these changes were implemented in the June 30, 2021, actuarial valuations for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.3 percent, the administrative expense assumption was reduced from 0.15 percent to 0.10 percent, and the discount rate was reduced from 7.00 percent to 6.80 percent. As a result, for financial reporting purposes, the discount rate for the PERF C was lowered from 7.15 percent to 6.90 percent in Fiscal Year 2021-22. In 2021, 2020 and 2019, there were no changes. In 2018, the demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced 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). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Schedule is intended to show information for ten years. Fiscal year, 2014 was the first year of implementation, therefore only nine years are shown. Additional years' information will be displayed as it becomes available.



REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)
AS OF JUNE 30, 2023
LAST 10 YEARS *

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



**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE COST SHARING DEFINED BENEFIT PENSION PLAN
AS OF JUNE 30, 2023
LAST 10 YEARS ***

	Fiscal Year-End				
	2023	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ 2,299,876	\$ 2,202,759	\$ 2,070,278	\$ 1,813,910	\$ 1,601,072
Contributions in relation to the actuarially determined contributions	<u>2,299,876</u>	<u>2,202,759</u>	<u>2,070,278</u>	<u>1,813,910</u>	<u>1,601,072</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,972,141	\$ 10,974,014	\$ 10,844,940	\$ 10,293,860	\$ 9,849,757
Contributions as a percentage of covered payroll	20.96%	20.07%	19.09%	17.62%	16.25%

* Schedule is intended to show information for ten years. Fiscal year, 2014 was the first year of implementation, therefore only nine years are shown. Additional years' information will be displayed as it becomes available.



REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE COST SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)
AS OF JUNE 30, 2023
LAST 10 YEARS *

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



STATISTICAL

An avalanche destroyed a generator building at Fallen Leaf Lake, impacting power to three sewer pump stations.





STATISTICAL SECTION OBJECTIVES

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

<u>Contents</u>	<u>Page</u>
Financial Trends Data	
Changes in Net Position	51
Net Position by Component	53
• These schedules present financial trend data for assessing the District's financial position over time.	
Revenue Capacity Data	
Water and Sewer Service Charges – Billings and Collections.....	54
Annual Sewer and Water Rates	55
Annual Sewer Permits Issued	55
Rate Increase History	55
Annual Service Fee Comparison.....	56
Ten Largest Customers.....	57
Sewer and Water Service Charges by Type of Customer.....	58
Principal Employers	59
Property Tax Assessments and Levies – Sewer Enterprise Fund.....	60
Property Tax Rates All Direct and Overlapping Governments	60
Principal Property Taxpayers.....	61
• These schedules present revenue capacity information for assessing the District's ability to generate revenue. Sewer and Water Service Charges and Property Taxes are the District's most significant revenue sources.	
Debt Capacity Data	
Ratios of Outstanding Debt by Type.....	62
• This schedule presents information on the District's debt burden per customer for both of its enterprise funds.	
Pledged-Revenue Coverage.....	63
• This schedule shows net revenue available for debt service and related coverage ratios.	
Operating Information	
Capital Spending.....	64
Capital Asset Statistics by Function/Program	64
Detail of Capital Spending	65
• These schedules provide information on the District's infrastructure replacement program and details spending on current large projects.	
Wastewater Flows	66
• The Wastewater Flow Schedule details the amount of influent customers send to the Wastewater Treatment Plant annually, monthly, and daily.	
Water Production.....	67
• The Water Production Schedule details potable water demand by customers annually, monthly, and daily.	
Demographic and Economic Information	
Demographic Statistics.....	68
• These schedules provide information to assist readers is assessing the socioeconomic environment of the local community. It also provides operating information on issuance of sewer permits and the District's workforce.	
Acknowledgments.....	69



CHANGES IN NET POSITION
(Last Ten Fiscal Years)

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>
Operating revenues:					
Charges for sales and services:					
Service charges	\$30,414,093	\$27,965,786	\$28,111,856	\$28,239,382	\$27,225,123
Connection and service fees	2,103,094	2,005,643	1,861,622	2,664,768	2,269,965
Other operating income	652,723	742,093	199,475	363,083	361,971
Total operating revenues	<u>33,169,910</u>	<u>30,713,522</u>	<u>30,172,953</u>	<u>31,267,233</u>	<u>29,857,059</u>
Operating expenses:					
Salaries, wages & employee benefits	18,475,148	17,422,839	18,516,973	17,928,378	17,331,207
Depreciation and amortization	10,453,285	9,951,840	9,142,488	8,811,621	8,855,705
Utilities	4,073,566	3,735,268	3,347,138	2,676,691	2,812,775
Repairs and maintenance	3,784,730	3,456,784	2,418,469	2,932,580	2,462,633
Other operating expenses	6,298,043	5,556,157	4,399,370	4,572,691	4,587,827
Loss on disposal of assets	-	-	-	-	-
Total operating expenses	<u>43,084,772</u>	<u>40,122,888</u>	<u>37,824,438</u>	<u>36,921,961</u>	<u>36,050,147</u>
Operating income (loss)	<u>(9,914,862)</u>	<u>(9,409,366)</u>	<u>(7,651,485)</u>	<u>(5,654,728)</u>	<u>(6,193,088)</u>
Nonoperating revenues (expenses):					
Tax revenue	10,855,218	9,885,822	9,314,651	8,847,463	8,337,122
Investment earnings	460,838	(1,198,191)	132,784	1,477,747	1,575,391
Aid from governmental agencies	1,127,089	908,608	467,985	578,451	317,972
Other nonoperating income	347,242	357,579	536,571	250,003	498,464
Interest expense	(833,191)	(770,140)	(923,138)	(805,091)	(1,018,758)
Other expense	(286,121)	(270,591)	(288,748)	(254,136)	(251,347)
Total nonoperating revenues	<u>11,671,075</u>	<u>8,913,087</u>	<u>9,240,105</u>	<u>10,094,437</u>	<u>9,458,844</u>
Income before contributions	1,756,213	(496,279)	1,588,620	4,439,709	3,265,756
Capital contributions (reimbursements)	<u>2,065,677</u>	<u>828,641</u>	<u>166,903</u>	<u>4,052,274</u>	<u>63,912</u>
Change in net position	<u>\$3,821,890</u>	<u>\$332,362</u>	<u>\$1,755,523</u>	<u>\$8,491,983</u>	<u>\$3,329,668</u>

SOURCE: South Tahoe Public Utility District Finance Department



CHANGES IN NET POSITION - continued
(Last Ten Fiscal Years)

<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
\$25,650,846	\$24,054,288	\$22,356,964	\$21,048,326	\$19,857,736
2,049,627	1,807,033	1,623,742	2,646,447	2,477,127
<u>422,823</u>	<u>343,714</u>	<u>301,952</u>	<u>360,636</u>	<u>385,661</u>
<u>28,123,296</u>	<u>26,205,035</u>	<u>24,282,658</u>	<u>24,055,409</u>	<u>22,720,524</u>
16,947,834	14,728,493	13,256,886	13,869,664	13,868,223
8,384,480	7,680,425	7,520,917	7,405,554	7,266,377
2,821,878	2,936,986	2,739,345	2,636,321	2,683,320
2,390,202	1,933,796	1,744,263	1,611,897	1,488,279
3,733,250	4,604,509	3,938,180	3,923,978	3,774,104
-	-	-	-	-
<u>34,277,644</u>	<u>31,884,209</u>	<u>29,199,591</u>	<u>29,267,414</u>	<u>29,080,303</u>
<u>(6,154,348)</u>	<u>(5,679,174)</u>	<u>(4,916,933)</u>	<u>(5,212,005)</u>	<u>(6,359,779)</u>
7,988,475	7,491,933	7,106,309	6,761,836	6,362,637
238,174	155,946	405,293	205,884	216,698
376,745	1,057,716	357,044	503,417	539,624
424,556	362,175	426,582	287,410	365,523
(679,140)	(813,155)	(738,504)	(813,055)	(879,398)
<u>(218,581)</u>	<u>(252,395)</u>	<u>(224,345)</u>	<u>(173,181)</u>	<u>(312,018)</u>
<u>8,055,358</u>	<u>8,002,220</u>	<u>7,332,379</u>	<u>6,772,311</u>	<u>6,293,066</u>
1,901,010	2,323,046	2,415,446	1,560,306	(66,713)
<u>553,799</u>	<u>466,496</u>	<u>385,971</u>	<u>290,077</u>	<u>702,863</u>
<u>\$2,454,809</u>	<u>\$2,789,542</u>	<u>\$2,801,417</u>	<u>\$1,850,383</u>	<u>\$636,150</u>



NET POSITION BY COMPONENT
Last Ten Fiscal Years

	2022-23	2020-21	2019-20	2018-19	2017-18
Business-type activities					
Net investment in capital assets	\$190,609,305	\$187,252,824	\$182,883,548	\$179,339,518	\$174,768,446
Restricted for MTBE-related costs	-	-	-	-	-
Restricted for security deposits	165,000	165,000	165,000	165,000	165,000
Restricted for debt service payment	1,848,789	1,732,075	1,732,071	2,413,470	2,413,470
Restricted for capital asset purchases	-	-	-	3,000,000	3,000,000
Unrestricted	29,265,787	28,917,092	32,922,326	31,017,150	27,096,239
Total business-type activities net position	\$221,888,881	\$218,035,307	\$215,935,138	\$207,443,155	\$203,823,388
	2017-18	2016-17	2015-16	2014-15	2013-14
Business-type activities					
Net investment in capital assets	\$167,524,271	\$172,100,162	\$173,966,035	\$169,814,512	\$172,911,935
Restricted for MTBE-related costs	-	-	-	-	-
Restricted for security deposits	165,000	165,000	165,000	165,000	275,000
Restricted for debt service payment	5,904,034	1,116,622	876,779	-	-
Restricted for capital asset purchases	3,000,000	3,000,000	464,523	463,113	4,089,561
Unrestricted	27,230,083	25,131,753	23,251,658	25,479,953	23,077,471
Total business-type activities net position	\$203,823,388	\$201,513,537	\$198,723,995	\$195,922,578	\$200,353,967

SOURCE: South Tahoe Public Utility District Finance Department



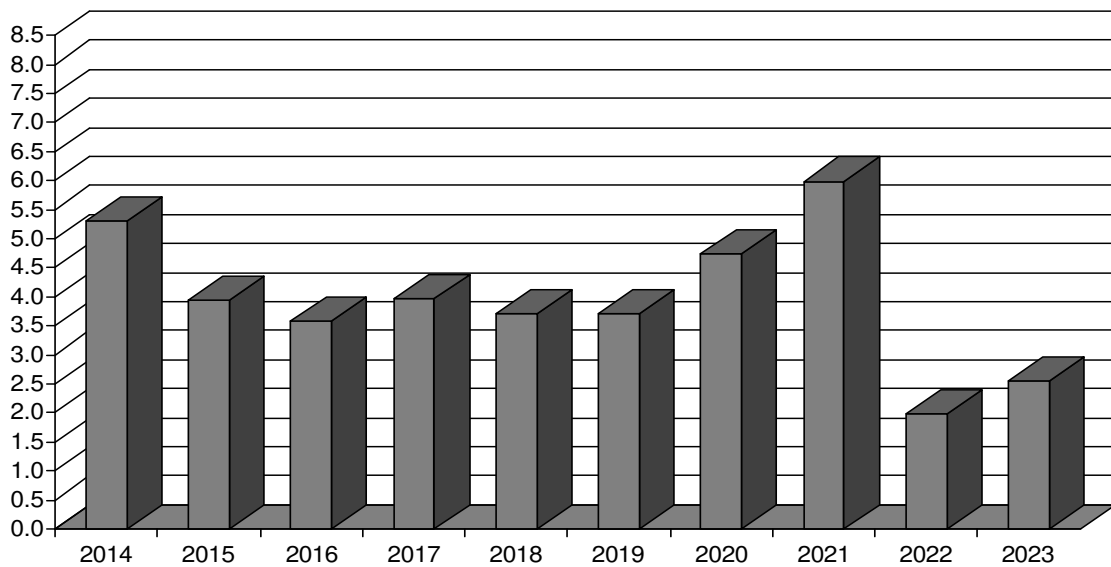
WATER AND SEWER SERVICE CHARGES -
BILLINGS AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Delinquent Receivables	Delinquent Accounts	Annual Billing		Total Annual Charges Billing	Delinquent Percent
			Sewer Charges	Water Charges		
2022-23	\$775,082	1,115	\$16,655,399	\$13,758,694	\$30,414,093	2.55
2021-22	558,230	960	15,252,704	12,713,082	27,965,786	1.99
2020-21	1,684,341	2,600	14,850,655	13,261,201	28,111,856	5.99
2019-20	1,338,397	2,408	15,221,138	13,018,244	28,239,382	4.74
2018-19	1,009,607	2,303	14,427,394	12,797,729	27,225,123	3.71
2017-18	949,755	2,237	13,573,779	12,077,067	25,650,846	3.70
2016-17	953,924	2,148	11,981,860	10,375,104	24,054,288	3.97
2015-16	799,316	2,094	11,981,860	10,375,104	22,356,964	3.57
2014-15	828,367	2,201	11,243,512	9,804,814	21,048,326	3.93
2013-14	1,054,102	2,403	10,562,647	9,295,089	19,857,736	5.30

SOURCE: South Tahoe Public Utility District Customer Service Department

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

DELINQUENT PERCENT





ANNUAL SEWER AND WATER RATES
Last Ten Fiscal Years

TYPICAL SINGLE FAMILY RESIDENCE(1)

Fiscal Year	Sewer	Water(3)	Total
2022-23	\$576.24	\$763.76	\$1,340.00
2021-22	\$533.52	\$700.68	\$1,234.20
2020-21	\$533.52	\$700.68	\$1,234.20
2019-20	\$533.52	\$700.68	\$1,234.20
2018-19	\$505.08	\$660.80	\$1,165.88
2017-18	\$476.52	\$629.20	\$1,105.72
2016-17	\$449.52	\$590.80	\$1,040.32
2015-16	\$424.08	\$554.80	\$978.88
2014-15	\$400.08	\$521.00	\$921.08
2013-14	\$377.40	\$489.20	\$866.60

TYPICAL COMMERCIAL METERED WATER RATE(2)

Fiscal Year	2" Meter Charge(3)	Consumption Charge Per 100 Cu. Ft.
2022-23	\$3,209.80	\$1.77
2021-22	\$2,944.76	\$1.62
2020-21	\$2,944.76	\$1.62
2019-20	\$2,944.76	\$1.62
2018-19	\$3,003.20	\$1.52
2017-18	\$2,860.00	\$1.45
2016-17	\$2,684.00	\$1.36
2015-16	\$2,521.60	\$1.28
2014-15	\$2,367.80	\$1.20
2013-14	\$1,918.80	\$1.37

ANNUAL SEWER PERMITS ISSUED

Last Ten Fiscal Years

RATE INCREASE HISTORY

Last Ten Fiscal Years

Fiscal Year	Number of Permits	Sewer	Water
2022-23	75	8.0%	9.0%
2021-22	140	0.0%	0.0%
2020-21	166	0.0%	0.0%
2019-20	148	5.0%	4.0%
2018-19	138	6.0%	5.0%
2017-18	104	5.0%	6.0%
2016-17	102	6.0%	6.5%
2015-16	82	6.0%	6.5%
2014-15	109	6.0%	6.5%
2013-14	96	0.0%	0.0%

SOURCE: South Tahoe Public Utility District Customer Service Department

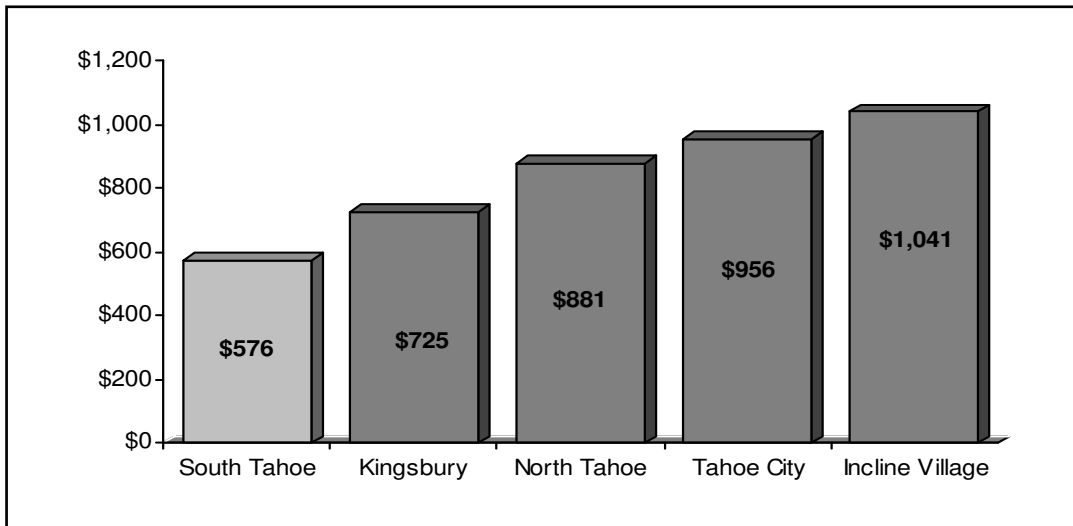
Notes:

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

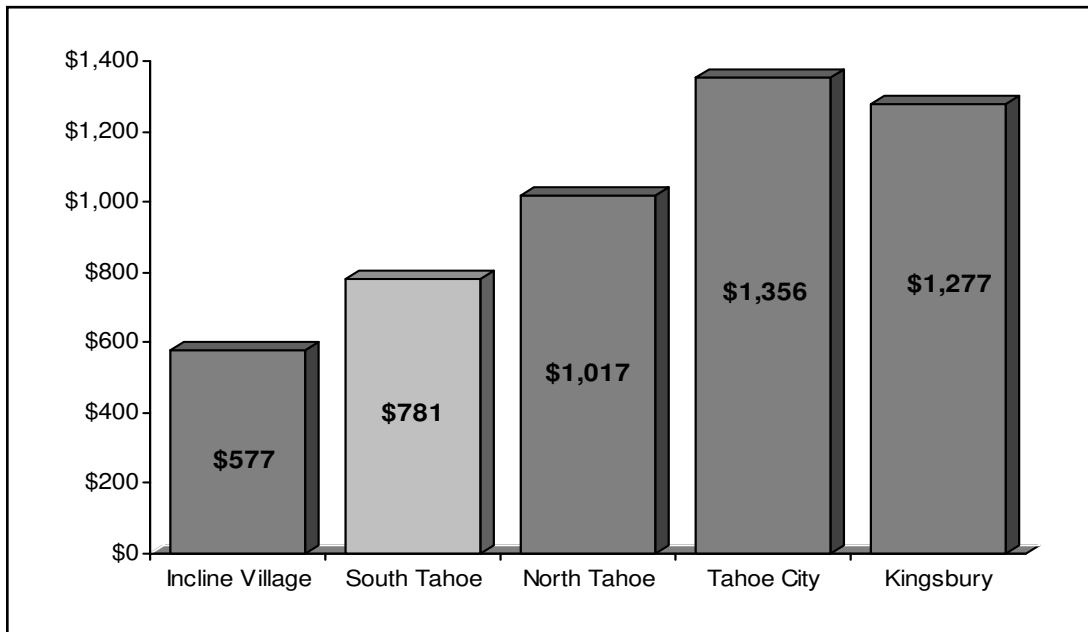


ANNUAL SERVICE FEE COMPARISON

2022-23 ANNUAL SEWER SERVICE FEE COMPARISON



2022-23 ANNUAL WATER SERVICE FEE COMPARISON



SOURCE: South Tahoe Public Utility District Finance Department

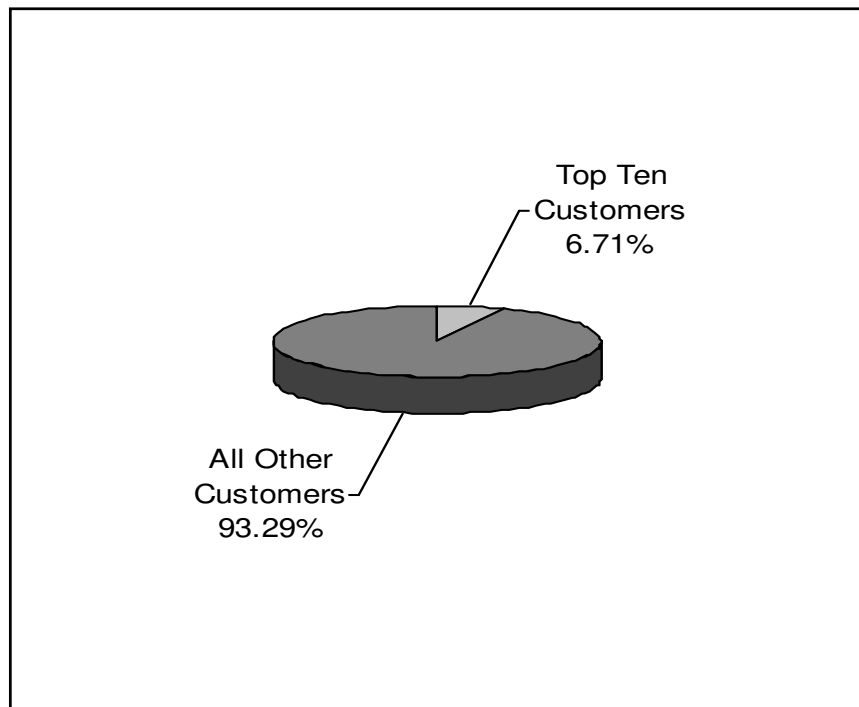


TEN LARGEST CUSTOMERS
Current Year and Nine Years Ago

Customer	2022-23			2013-14		
	Total Revenue	Rank	% of Service Charge	Total Revenue	Rank	% of Service Charge
Lake Tahoe Unified School District	265,085	1	0.94	169,874	3	0.86
City of South Lake Tahoe	241,898	2	0.86	183,390	2	0.92
Marriott Grand Residence	214,376	3	0.76	137,773	4	0.69
Marriott Timberlodge	204,904	4	0.73	135,557	7	0.68
Lake Tahoe Resort Partners	202,241	5	0.72	136,369	5	0.69
Tahoe Verde	179,966	6	0.64	135,932	6	0.68
Heavenly Mountain Resort	172,839	7	0.61	226,526	1	1.14
Lake Tahoe Resort Hotel (Embassy Suites)	144,278	8	0.51	114,555	8	0.58
Barton Memorial Hospital	138,443	9	0.49	88,672	9	0.45
County of El Dorado	125,880	10	0.45	88,250	10	0.44
	\$1,889,910		6.71%	\$1,390,887		6.99%

SOURCE: South Tahoe Public Utility District Customer Service Department

2022-23 TOTAL REVENUE





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

Type of Customer	2022-23	2021-22	2020-21	2019-20	2018-19
Residential	\$24,941,379	\$22,735,444	\$22,887,367	\$22,853,313	\$21,928,538
Motel/Hotel/ Timeshare	-	-	-	2,683,869	2,009,278
Commercial	4,442,391	4,262,466	4,223,621	2,316,504	2,309,976
Government	1,024,240	962,282	995,246	980,048	971,886
Industrial	6,083	5,594	5,622	5,648	5,445
	\$30,414,093	\$27,965,786	\$28,111,856	\$28,239,382	\$27,225,123

Type of Customer	2017-18	2016-17	2015-16	2014-15	2013-14
Residential	\$20,650,548	\$19,411,625	\$18,093,784	\$17,004,356	\$15,921,932
Motel/Hotel/ Timeshare	18,777,664	1,786,248	1,640,110	1,521,542	1,575,233
Commercial	2,242,846	2,039,569	1,870,480	1,827,546	1,709,822
Government	874,658	812,035	748,119	690,672	646,778
Industrial	5,130	4,811	4,471	4,210	3,971
	\$25,650,846	\$24,054,288	\$22,356,964	\$21,048,326	\$19,857,736

SOURCE: South Tahoe Public Utility District Customer Service Department

Note: In 2020-21 the Motel/Hotel/Timeshare group was combined with the Commercial accounts.



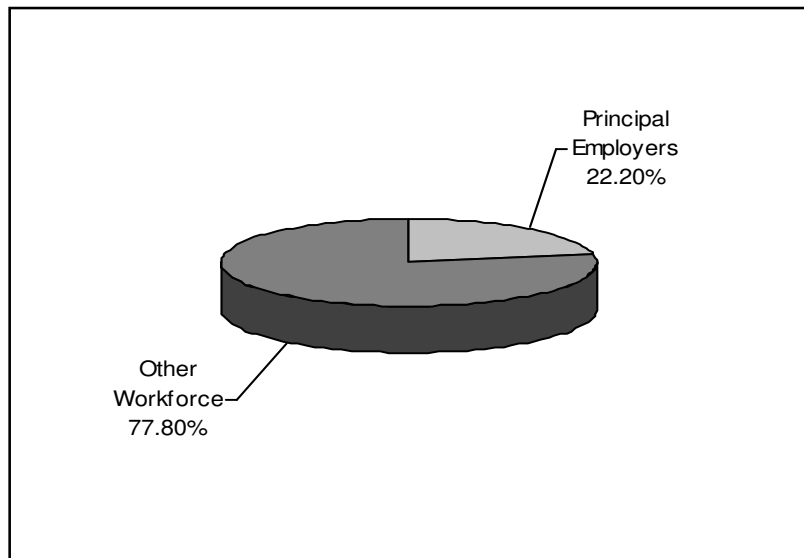
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	Type of Business	2022-23			2013-14		
		Number of Employees	Rank	% of Total Workforce	Number of Employees	Rank	% of Total Workforce
Barton Memorial Hospital	Health Services	902	1	6.9%	812	1	5.4%
Heavenly Mountain Resort	Ski Industry	378	2	2.9%	370	3	2.5%
Lake Tahoe Unified School District	Education	374	3	2.9%	391	2	2.6%
El Dorado County	Government	273	4	2.1%	277	4	1.9%
Lake Tahoe Community College	Education	255	5	1.9%	168	8	1.1%
City of South Lake Tahoe	Government	218	6	1.7%	199	6	1.3%
Marriott Corporation	Lodging	189	7	1.4%	186	7	1.2%
South Tahoe Public Utility District	Utilities	119	8	0.9%	-	-	-
Lake Tahoe Resort Hotel	Lodging	104	9	0.8%	152	9	1.0%
United States Forest Service	Government	100	10	0.8%	204	5	1.4%
Raley's	Food/Drug	-	-	-	150	10	1.0%
Subtotal		2,912		22.2%	2,909		19.40%
Total Workforce		13,099			14,931		

SOURCE: South Tahoe Public Utility District Finance Department

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

2022-23 TOTAL WORKFORCE





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

Fiscal Year	SECURED Assessed		UNSECURED Assessed		TOTAL (1) Assessed		County Admin. Fee
	Valuation	Levy	Valuation	Levy	Valuation	Levy	
2022-23	\$9,132,605	\$10,046	\$168,450	\$185	\$9,301,055	\$10,231	(\$187)
2021-22	\$8,455,422	\$9,301	\$142,516	\$157	\$8,597,938	\$9,458	(\$198)
2020-21	\$8,065,710	\$8,792	\$134,469	\$147	\$8,200,179	\$8,939	(\$194)
2019-20	\$7,648,503	\$8,337	\$124,852	\$136	\$7,773,355	\$8,473	(\$179)
2018-19	\$7,326,300	\$8,022	\$122,852	\$135	\$7,449,152	\$8,157	(\$163)
2017-18	\$6,902,397	\$7,586	\$108,688	\$119	\$7,011,085	\$7,705	(\$188)
2016-17	\$6,474,355	\$7,122	\$106,573	\$117	\$6,580,928	\$7,239	(\$172)
2015-16	\$6,168,633	\$6,785	\$104,789	\$115	\$6,273,422	\$6,900	(\$144)
2014-15	\$5,854,681	\$6,382	\$108,244	\$118	\$5,962,925	\$6,500	(\$117)
2013-14	\$5,625,443	\$6,075	\$108,508	\$117	\$5,733,951	\$6,192	(\$176)

SOURCE: El Dorado County Auditor-Controller's Office

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

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

Government	2022-23	2021-22	2019-20	2019-20	2018-19
County General Levy	1.0000	1.0000	1.0000	1.0000	1.0000
Lake Tahoe Community College (1)	0.021338	0.022397	0.023020	0.022423	0.022127
Lake Tahoe Unified School District	0.049307	0.052602	0.047251	0.063884	0.060892
TOTAL	1.070645	1.074999	1.070271	1.08631	1.086

Government	2017-18	2016-17	2015-16	2014-15	2013-14
County General Levy	1.0000	1.0000	1.0000	1.0000	1.0000
Lake Tahoe Community College (1)	0.0218	0.0226	0.0240	-	-
Lake Tahoe Unified School District	0.0653	0.0634	0.0667	0.0667	0.0690
TOTAL	1.086	1.086	1.0667	1.0667	1.0690

SOURCE: California Municipal Statistics, Inc.

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

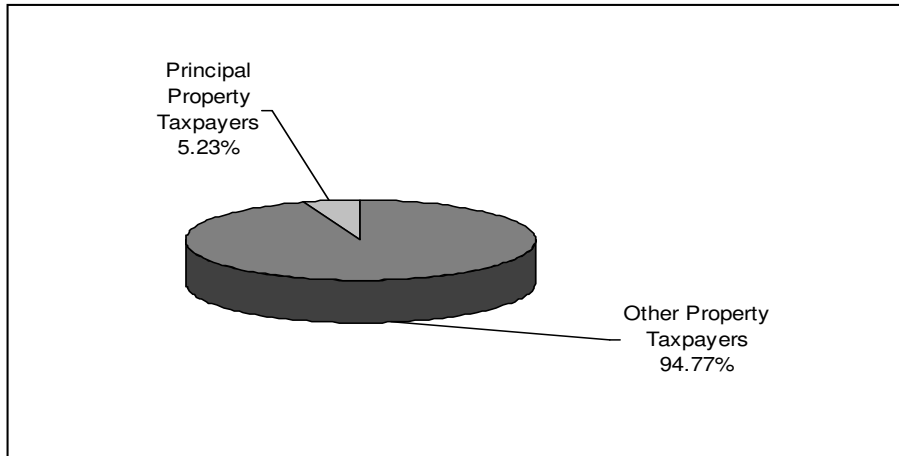


PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	2022-23			2013-14		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
	Sodalite Tahoe Hotel LLC	88,555,000	1	0.97	-	-
First American Trust FSB	75,300,711	2	0.82	70,398,049	1	1.25
Heavenly Mountain Resort	72,599,872	3	0.79	63,322,580	2	1.13
Trans Sierra Investments	44,219,647	4	0.48	26,110,037	4	0.46
Tahoe Chateau Land Holding LLC	44,106,934	5	0.48	-	-	-
Diamondrock Tahoe Owner LLC	35,586,829	6	0.39	-	-	-
Imperium Blue Tahoe Holdings LLC	33,000,000	7	0.36	-	-	-
Gondola Vista Development Company LLC	29,913,981	8	0.33	-	-	-
LCOF Lake Tahoe Investment LLC	28,586,072	9	0.31	-	-	-
Tahoe Crescent LLC	27,498,277	10	0.30	24,137,056	5	0.43
South Tahoe Refuse Company	-	-	-	18,809,343	7	0.33
Marriott Ownership Resorts	-	-	-	19,883,749	6	0.35
Roppongi-Tahoe LP	-	-	-	51,382,690	3	0.91
Tahoe Verde Partnership	-	-	-	16,791,553	8	0.30
Seven Springs LP	-	-	-	16,259,295	9	0.29
Tahoe Keys Marina	-	-	-	14,696,897	10	0.26
	\$479,367,323		5.23%	\$321,791,249		5.69%

SOURCE: California Municipal Statistics, Inc.

2022-23 TAXPAYERS



**RATIOS OF OUTSTANDING
DEBT BY TYPE (1)
Last Ten Fiscal Years**

Business-Type Activities

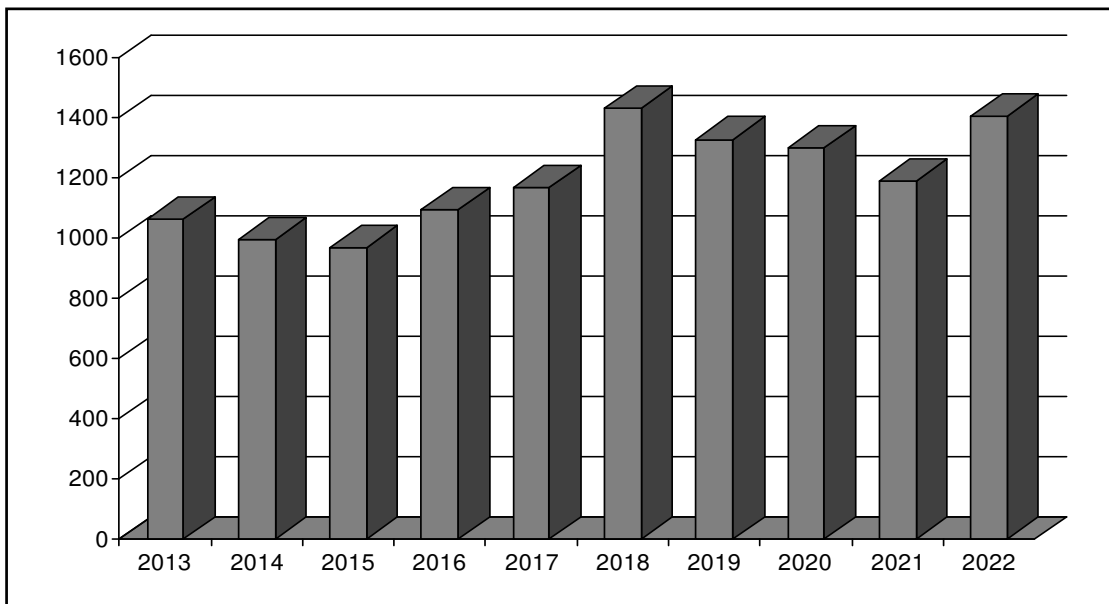
Fiscal Year	Water Revenue Bonds	Sewer Certificates of Participation	Term Loans	Total	Debt Per Capita(2)	Debt as a Share of Personal Income (2)
2022-23	-	-	\$51,184,300	\$51,184,300	\$1,764	5.81%
2021-22	-	-	48,998,687	48,998,687	1,406	3.69%
2020-21	-	-	49,713,718	49,713,718	1,191	3.21%
2019-20	-	-	51,039,780	51,039,780	1,302	3.72%
2018-19	-	-	53,781,686	53,781,686	1,407	4.35%
2017-18	-	-	53,223,059	53,223,059	1,434	4.54%
2016-17	-	-	42,295,812	42,295,812	1,171	3.83%
2015-16	-	-	39,338,901	39,338,901	1,097	3.84%
2014-15	-	-	35,444,404	35,444,404	966	3.51%
2013-14	-	-	35,963,588	35,963,588	993	3.54%

SOURCE: South Tahoe Public Utility District Finance Department

Notes:

- (1) Details regarding the District's outstanding debt can be found in Note 7 of the financial statements.
- (2) See the Demographics and Economic Statistics schedule on page 68 for population and per capita income data.

2022-23 DEBT PER CAPITA





PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Sewer Enterprise Fund

Fiscal Year	Gross Revenues (3)	Less: Operating Expenses (1)	Net Available Revenues	Principal	Debt Service Interest (2)	Coverage Ratio(s) (4)
2022-23	27,769,469	22,111,347	5,658,122	2,806,699	489,360	1.7
2021-22	24,830,103	18,913,693	5,916,410	2,736,281	554,740	1.8
2020-21	25,071,291	17,499,378	7,571,913	2,731,977	558,307	2.3
2019-20	26,697,941	17,012,954	9,684,987	2,648,207	786,129	2.8
2018-19	26,128,977	16,877,385	9,251,592	2,595,255	849,593	2.7
2017-18	23,244,489	15,735,964	7,508,525	2,031,980	637,204	2.8
2016-17	22,512,242	15,296,972	7,215,270	1,836,864	736,032	2.8
2015-16	20,627,606	12,902,928	7,724,678	1,790,323	687,405	3.1
2014-15	20,135,965	13,293,338	6,842,627	1,744,996	715,378	2.8
2013-14	19,228,580	13,318,177	5,910,403	1,754,718	786,223	2.3

Water Enterprise Fund

Fiscal Year	Gross Revenues (3)	Less: Operating Expenses (1)	Net Available Revenues	Principal	Debt Service Interest (2)	Coverage Ratio(s) (4)
2022-23	18,746,401	12,195,027	6,551,374	666,539	305,391	6.7
2021-22	15,837,237	11,527,946	4,309,291	911,899	316,731	3.5
2020-21	15,538,170	11,471,320	4,066,850	628,676	143,390	5.3
2019-20	15,722,955	11,351,522	4,371,434	708,260	110,698	5.3
2018-19	14,880,453	10,991,825	3,888,628	873,544	298,225	3.3
2017-18	14,460,556	10,375,781	4,084,775	776,580	153,671	4.4
2016-17	12,760,559	9,370,372	3,390,187	622,261	145,893	4.4
2015-16	11,950,279	9,000,093	2,950,186	608,372	154,690	3.9
2014-15	11,677,991	8,741,703	2,936,288	1,099,223	169,568	2.3
2013-14	10,976,426	8,807,867	2,168,560	1,630,817	200,218	1.2

SOURCE: South Tahoe Public Utility District Finance Department

Notes:

- (1) Excludes depreciation and amortization. Includes other nonoperating expenses.
- (2) Interest expense includes both amounts expensed and capitalized.
- (3) See Note F to the Financial Statements for details on the revenue pledges for each debt obligation.
- (4) Most of the District's covenants require at least a 1.2 coverage ratio.



CAPITAL SPENDING
Last Ten Fiscal Years

Fiscal Year	Total	Sewer Enterprise Fund	Water Enterprise Fund
2022-23	\$15,947,473	\$7,471,298	\$8,476,175
2021-22	13,600,281	6,025,878	7,574,403
2020-21	11,824,333	7,178,313	4,646,020
2019-20	10,660,153	5,740,316	4,919,837
2018-19	13,739,868	6,399,645	7,340,223
2017-18	14,882,937	5,383,918	9,499,019
2016-17	11,047,443	8,156,650	2,890,793
2015-16	15,588,259	11,528,126	4,060,133
2014-15	8,768,885	2,076,692	6,692,193
2013-14	7,959,385	2,436,062	5,523,323
	\$124,019,017	\$62,396,898	\$61,622,119

SOURCE: South Tahoe Public Utility District Finance Department

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Fiscal Year	Sewer Treatment Capacity (million gallons)	Water Lines (miles)	Fire Hydrants	Water Storage Capacity (million gallons)
2022-23	7.7	251	1,910	9.3
2021-22	7.7	250	1,899	9.3
2020-21	7.7	250	1,912	9.3
2019-20	7.7	252	1,905	9.3
2018-19	7.7	252	1,899	9.3
2017-18	7.7	254	1,854	9.3
2016-17	7.7	254	1,806	9.3
2015-16	7.7	254	1,737	9.3
2014-15	7.7	254	1,723	9.3
2013-14	7.7	254	1,693	9.3

SOURCE: South Tahoe Public Utility District Engineering Department



DETAIL OF CAPITAL SPENDING
Fiscal Year Ending June 30, 2023

Project Description	Spending 2022-23	Spending To 6-30-23	Completion Date
Sewer Projects:			
Waste Water Treatment Plant Tank Coatings	141,327	141,327	6/30/2023
Blower System Upgrades	47,503	354,153	In progress
Secondary Clarifiers 1 & 2	1,207,029	2,074,380	In progress
Tallac Creek Sewer Crossing	587,531	831,969	6/30/2023
Tahoe Keys Sewer Pump Station Rehab	3,223,380	4,875,147	In progress
Upper Truckee Sewer Pump Station Rehab	331,949	829,888	In progress
Various Purchases/Projects Completed	1,192,602	14,616,897	Various
Various Projects in Progress	739,977	2,522,175	In progress
Total Sewer Projects	\$7,471,298	\$26,245,936	
Water Projects:			
Paloma Well Rehabilitation	189,433	435,716	In progress
Herbert Walkup Waterline Replacement Ph 1	6,422	247,059	In progress
Keller-Heavenly System Improvements	1,464,817	4,551,687	In progress
View Circle Waterline Replacement Project	346,782	346,782	6/30/2023
Hydrant Project	178,862	181,435	In progress
Waterlines Inhouse Project	505,229	747,321	In progress
Bijou 2 & 3 Waterline Replacement Project	553,331	2,063,145	11/30/2022
Bowers Waterline Replacement Project	1,524,697	2,464,785	2/28/2023
Blackbart Waterline Replacement Project	889,330	897,719	In progress
Tanks Backup Power Project	846,366	985,685	In progress
Various Purchases/Projects Completed	860,017	3,908,052	Various
Various Projects in Progress	1,110,889	1,918,455	In progress
Total Water Projects	\$8,476,175	\$18,747,841	
Total All Projects	\$15,947,473	\$44,993,777	

SOURCE: South Tahoe Public Utility District Finance Department

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

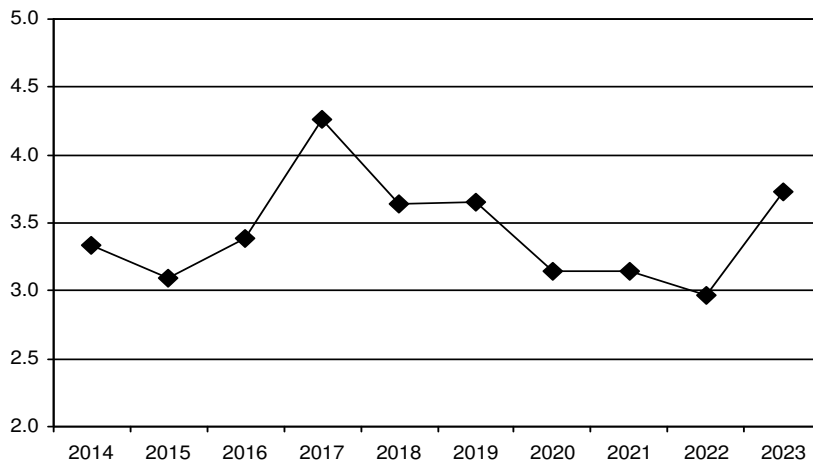


WASTEWATER FLOWS
Last Ten Fiscal Years
(in million gallons)

Monthly Flow	22-23	21-22	20-21	19-20	18-19	17-18	16-17	15-16	14-15	13-14
July	102	108	113	126	129	137	120	113	121	125
August	94	84	109	112	113	119	106	104	112	115
September	81	62	95	93	96	102	91	89	91	98
October	76	84	93	86	87	92	90	83	85	91
November	73	81	89	80	88	97	87	81	81	85
December	105	93	88	103	100	109	117	103	98	103
January	141	99	92	98	106	108	155	112	97	98
February	101	91	89	92	116	96	183	113	90	104
March	167	101	99	92	135	125	164	129	90	107
April	157	93	91	87	134	122	165	104	81	95
May	144	93	90	86	113	109	147	106	87	97
June	120	93	97	98	115	113	129	104	94	102
Total Annual Flow	1,361	1,082	1,145	1,153	1,332	1,329	1,554	1,241	1,127	1,220
Average Monthly Flow	113	90	95	96	111	111	130	103	94	102
Average Daily Flow	3.73	2.96	3.14	3.15	3.65	3.64	4.26	3.39	3.09	3.34

SOURCE: South Tahoe Public Utility District Laboratory Department

AVERAGE DAILY WASTEWATER FLOW TREND



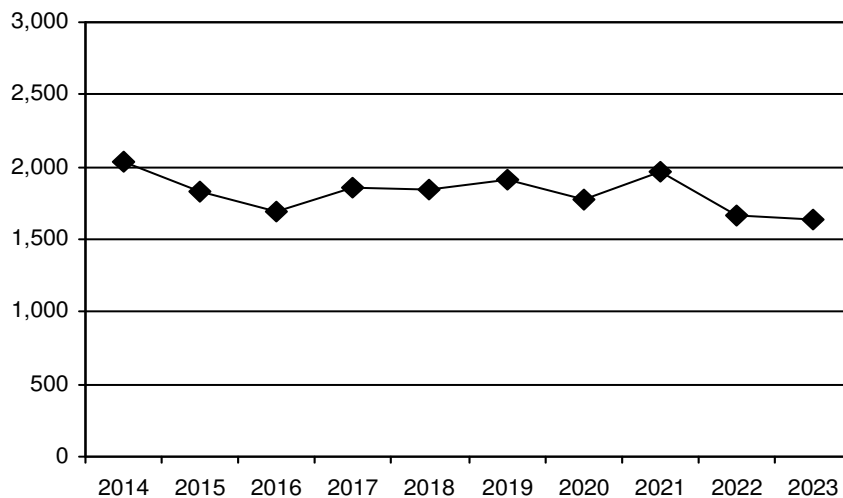


WATER PRODUCTION
 Last Ten Fiscal Years
 (in million gallons)

Monthly Production	22-23	21-22	20-21	19-20	18-19	17-18	16-17	15-16	14-15	13-14
July	224	241	260	258	277	284	264	207	279	285
August	212	220	247	242	272	249	257	218	241	273
September	174	174	212	190	226	179	206	189	212	224
October	134	115	167	117	136	125	121	130	142	140
November	99	93	118	94	102	91	96	102	97	99
December	112	105	125	116	125	122	130	124	117	144
January	105	102	123	102	115	112	113	104	129	129
February	98	91	102	93	93	105	95	93	99	99
March	103	98	105	89	105	106	104	98	99	98
April	98	89	109	89	96	97	94	91	102	111
May	116	143	183	169	149	153	146	126	129	185
June	168	195	223	212	212	225	230	209	181	249
Annual Totals	1,643	1,666	1,974	1,771	1,908	1,848	1,856	1,691	1,827	2,036
Average Monthly Water Production	137	139	165	148	159	154	155	141	152	170
Average Daily Water Production	4.50	4.56	5.41	4.84	5.23	5.06	5.08	4.62	5.01	5.58

SOURCE: South Tahoe Public Utility District Laboratory Department

ANNUAL WATER PRODUCTION TREND





DEMOGRAPHIC STATISTICS
Last Ten Years

Fiscal Year	District Workforce (5)(8)	Total Workforce So. Lake (4)	Unemployment Rate So. Lake (4)(7)	School Enrollment (3)(9)	District Population (1)(2)	Per Capita Income (6)	Personal Income (in thousands) (6)
2022-23	125	13,099	4.00%	3,648	29,013	\$30,385	\$881,560
2021-22	119	13,814	3.00%	3,641	34,852	\$38,102	\$1,327,931
2020-21	117	12,864	8.10%	3,725	40,254	\$37,050	\$1,547,097
2019-20	118	11,706	11.30%	3,905	39,215	\$34,953	\$1,370,682
2018-19	117	11,945	4.20%	3,872	37,715	\$32,364	\$1,220,608
2017-18	119	11,660	4.30%	3,906	37,725	\$31,544	\$1,171,107
2016-17	119	11,711	5.30%	3,951	36,176	\$30,566	\$1,104,411
2015-16	116	11,791	6.10%	3,996	36,119	\$28,565	\$1,023,998
2014-15	109	11,762	5.90%	3,881	35,768	\$27,555	\$1,010,690
2013-14	110	14,931	10.03%	3,855	36,358	\$28,058	\$1,016,036

SOURCES:

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

Notes:

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



ACKNOWLEDGEMENTS

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- This Annual Comprehensive Financial Report has been prepared by the Finance Division.



A channel reconnecting Upper Truckee Marsh to Lake Tahoe helped alleviate flood impacts.



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