

We Deliver When It Counts  2022

SOUTH TAHOE PUBLIC UTILITY DISTRICT
ANNUAL COMPREHENSIVE
FINANCIAL REPORT


FISCAL YEAR ENDED JUNE 30, 2022 SOUTH LAKE TAHOE, CA





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DISTRICT AWARDS

The 2021/22 Employee and Crew of the Year awards recognize District employees for excellent performance.

Crew of the Year



Operations Department is responsible for the 24-hour operation of the District's Wastewater Treatment Plant, as well as the monitoring of the collection system including sewer pump stations and potable water distribution system including wells and tanks via the SCADA system. The Department is also responsible for all after-hours customer contact, after-hours dispatch and emergency response, administration of the waste hauler and special discharge permit system, compliance with waste discharge permit, air emission, and chemical handling regulations, and administration of energy conservation efforts.

Employee of the Year



Dana Lincoln, Human Resources Analyst

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DISTRICT OFFICIALS

Dan Arce

Laboratory Director

Heidi Baugh

Purchasing Agent

Ivo Bergsohn

Hydrogeologist

Stephen Caswell

Principal Engineer

Adrian Combes

Senior Engineer

Trevor Coolidge

Senior Engineer

Brent Goligoski

Associate Engineer

Melonie Guttry

Executive Services Manager

Debbie Henderson

Accounting Manager

Paul Hughes

Chief Financial Officer

Liz Kauffman

Human Resources Director

Jeff Lee

Manager of Plant Operations

Ryan Lee

Customer Service Manager

Julie Ryan

Engineering Department Manager/
District Engineer

Chris Skelly

Information Technology Manager

Chris Stanley

Manager of Field Operations

John Thiel

General Manager

Shelly Thomsen

Public Affairs/
Conservation Manager

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 firefighter works to save homes and structures in Meyers, CA during the Caldor Fire.



MEMBERS OF THE BOARD OF DIRECTORS, SOUTH TAHOE PUBLIC UTILITY DISTRICT, December 2, 2022

Directors:

The South Tahoe Public Utility District (the District) staff submits to you the Annual Comprehensive Financial Report (ACFR) for the year ended June 30, 2022. 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,

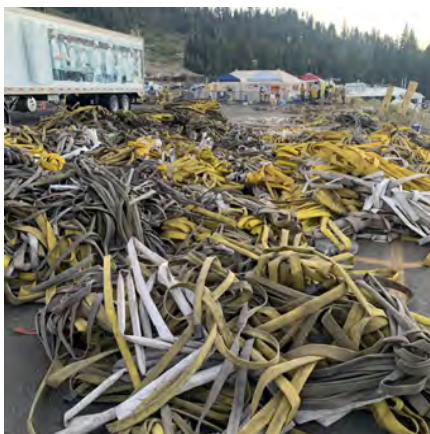
the District recycles 100 percent of its biosolids with Bently Agrowdynamics in Douglas County, Nevada. Lake Tahoe's seasonal tourism and the large number of part-time residents cause wide fluctuations in both daily water production and wastewater flows.

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.

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



Bundles of hose during the Caldor Fire.

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.

WE DELIVER WHEN IT COUNTS

This year, the Tamarack Fire and Caldor Fire threatened our community. Despite heavy smoke, mandatory evacuations, and damage to critical infrastructure, the District's staff worked tirelessly to provide water for the fire fight.

The Caldor Fire started on August 14, 2021, 40 miles south-west of Lake Tahoe. Over the next 69 days it burned 221,835 acres as it traveled east, destroying over 1,000 structures and forcing 50,000 residents to evacuate. The combination of fuels management, defensible space, and a robust water system resulted in no homes being burned in Lake Tahoe.

When the Caldor Fire burned up and over Echo Summit into the Tahoe Basin, the District's entire service area was placed under mandatory evacuation orders. District staff helped get their families to safety and returned to work 24/7 to protect the community. Staff worked closely with Incident Command to prioritize and protect critical field facilities, repaired water leaks, refilled back-up generators, implemented defensible space measures, and coordinated re-population efforts to ensure the wastewater treatment plant functioned properly.

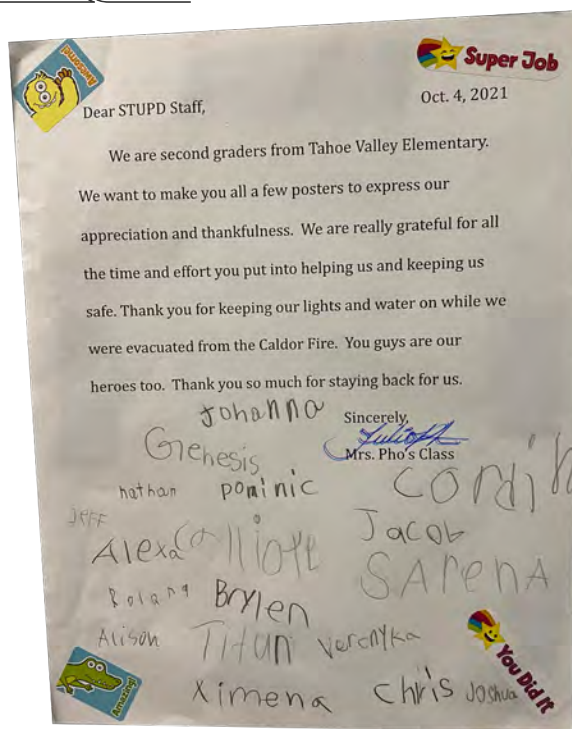
The District's Arrowhead Tank was the only water facility that burned. District crews were able to rebuild the controls, bring in a diesel generator, and get the system back up and running within 24 hours. Working with the power utility, primary power was restored within 5 days.

Past investments to upgrade the water infrastructure in Christmas Valley demonstrated just how vital these investments were in protecting lives and property in the Tahoe Basin.

A few months prior to Caldor, the Tamarack Fire burned 68,637 acres in the Mokelumne Wilderness in Alpine County. The fire started on a rocky ridgetop on July 4, 2021. Heavy winds and dry fuels caused the fire to grow rapidly, resulting in the evacuation of Markleeville,



Monitoring systems during the Caldor Fire.



A letter from local students thanking STPUD.

Woodfords, and the District's recycled water facility. In total, 2,439 people were evacuated and 20 structures were damaged or destroyed.

During the Tamarack Fire, District staff worked closely with fire personnel to identify critical infrastructure. Fire fighters established fire breaks around the District's alfalfa crops and main shop facility which effectively protected the District's asset.

The burn scar left behind turned into a mudslide as debris flowed onto roadways and into irrigation canals during intense downpours in July. Alpine County declared a state of emergency as the main roadway into Markleeville washed out the road. District staff continues to dig out channels to ensure consistent recycled water operations and freshwater flows.

Recognizing the threat of wildfire, the District continues to invest in fuels management and infrastructure upgrades to ensure the entire service area has adequate fire flow. In 2021, 5,000 linear feet of upsized waterline and fire hydrants were installed in the Stateline neighborhood. The District received funding from the American Rescue Plan

Act through the City of South Lake Tahoe to install an additional 37 fire hydrants within City limits. A grant was received through California Tahoe Conservancy funded 100 acres of hazardous fuel reduction surrounding the wastewater treatment plant. These efforts will help protect our community for decades to come.

The term essential worker has never felt more applicable to District staff than during the COVID-19 pandemic and 2021 wildfires. Before, during, and after the fires, the District's staff worked tirelessly to ensure our community had adequate water supply, reliable wastewater treatment, and recycled water disposal. At the end of the day, we deliver when it counts.

LOCAL ECONOMIC CONDITIONS

Lake Tahoe is continually recognized as a very popular summer and winter vacation destination in the United States. As such, it has a tourist-based economy and is financially dependent on the transient population. During COVID, when non-essential businesses were required to close and people were required to stay home, the local tourist industry came to a halt resulting in low to no revenues and large layoffs. For the month of April 2020, the City of South Lake Tahoe reported sales tax revenues at only 25% of the prior year amounts, and transient occupancy tax at only 6% of the prior year amounts. Once Hotels, motels and other businesses were allowed to reopen, people were excited to visit Lake Tahoe again. The City of South Lake Tahoe reported sales tax collections for fiscal year ending September 30, 2021 at 26% greater than pre-pandemic levels. Although businesses were allowed to resume operations during fiscal year 2021, many were not able to open, or were only able to partially open due to a lack of employees. The inability to fill vacant positions continued throughout fiscal year 2022 and is expected to continue at least until the middle of fiscal year 2023.

Local development in fiscal year 2021/22 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 due to the continued COVID-19 economic impacts to businesses. During the year the District sold sewer capacity equivalent to 129 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, during the year the number of single-family home sales was down compared to last year, as well as the median sales price which was down approximately 5.5% to \$705,000 at June 2022.

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 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 2.9% compared to 6% a year ago. The California and U.S. unemployment rates in June 2022 were 4.2% and 3.6% respectively, down from 7.6% and 5.9% a year ago. The unemployment rates in June 2022 are much more representative of figures prior to the COVID-19 pandemic.

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



Crews attending to STPUD facilities during the fire.

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 11.0% of the District's 2021 combined water and sewer service charge revenue and 7.3% 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 2021/22 represented year three 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 choose 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. 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 \$138 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. During fiscal year 2022 the District received two State Revolving Fund loans with interest rates below one percent. An active grant-seeking program is in place to bring in additional resources for both infrastructure and operations. In fiscal year 2022, the District recognized approximately \$.9 million in grant funding following \$.6 million in 2021 and approximately \$4.6 million in fiscal year 2020. Four million of the \$4.6 million recognized in fiscal year 2020 was in the form of principle forgiveness on a state revolving loan through the State Water Resource Control Board. During the year approximately \$12.6 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.



Firefighters work to protect homes in South Lake Tahoe during the Caldor Fire.

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.stpod.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 tenth time and the Certificate of Achievement for Excellence in Financial Reporting for the District's Annual Comprehensive Financial Report for 2021 for the 27th consecutive year. Quite an accomplishment.

BUDGETARY CONTROLS

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

SINCERELY,



John Thiel
General Manager



Paul Hughes
Chief Financial Officer



Shelly Thomsen
Public Affairs and
Conservation Manager

BOARD OF DIRECTORS



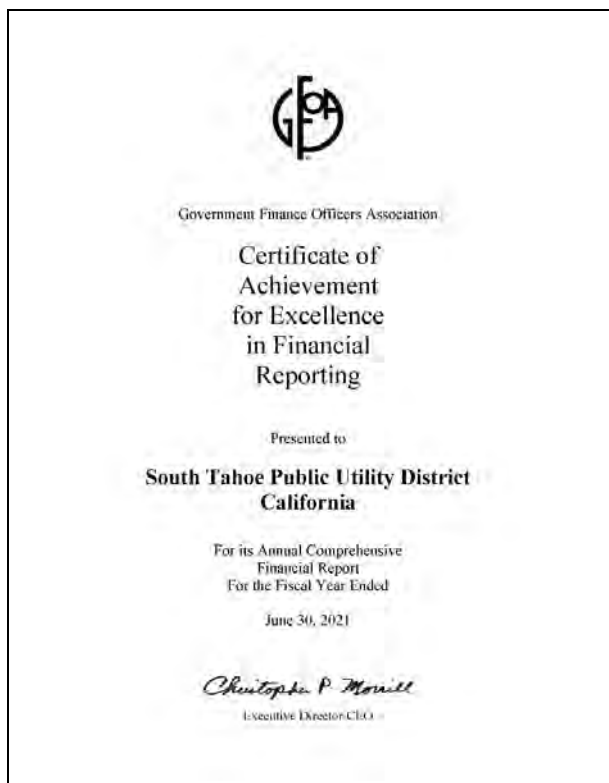
From left: **Nick Exline, Shane Romsos, Chris Cefalu, Kelly Sheehan (President), David Peterson (Vice President)**

DISTRICT HONORS

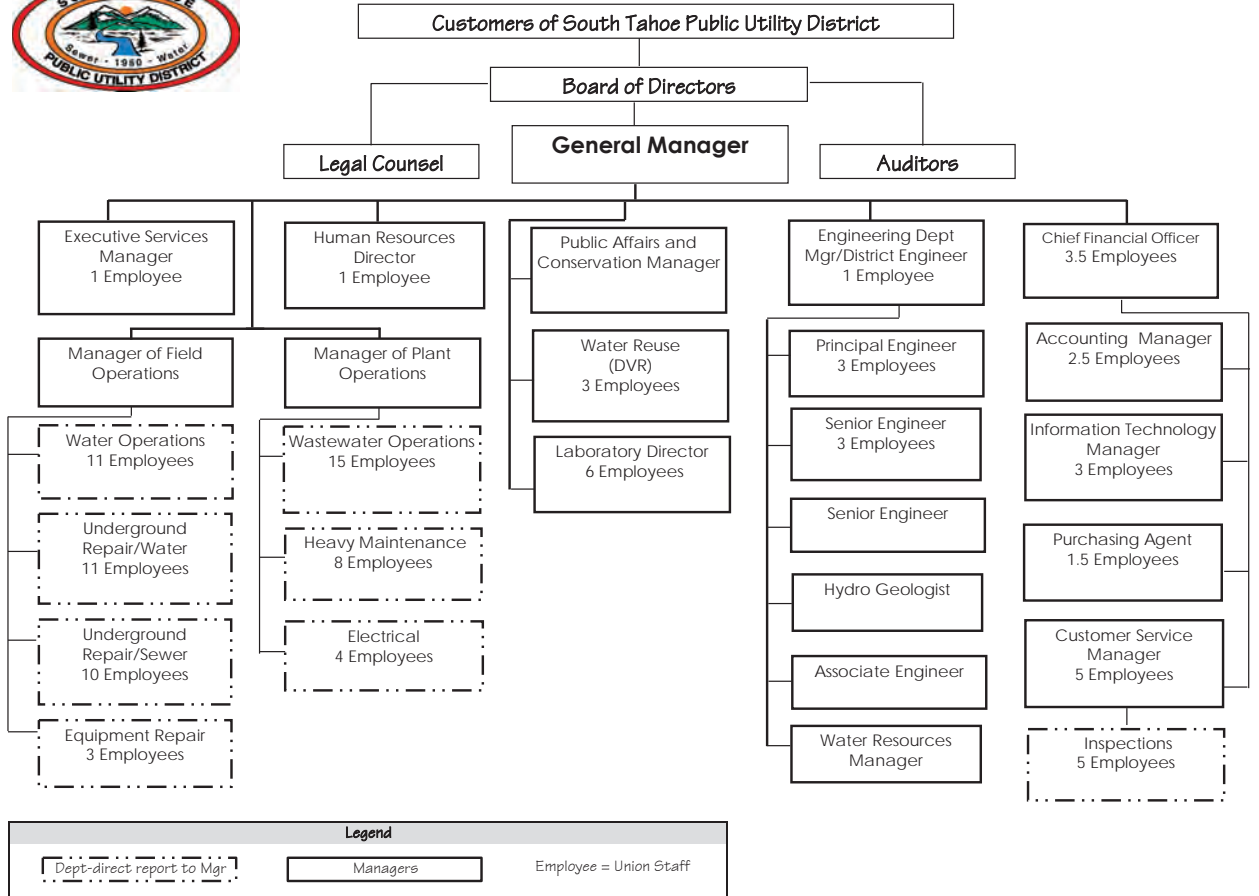
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to South Tahoe Public Utility District for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. The Certificate 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







Trees burn as the Caldor Fire approached South Lake Tahoe.





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, 2022, 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, 2022, 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, 5 and 16 to the financial statements, during the fiscal year ending June 30, 2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 2021 basic financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, 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 December 2, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Mam. Montia, N dgr CPA'x

Sacramento, California
December 2, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS For the year ended June 30, 2022

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 2021-22, the District invested nearly \$7.0 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 2021-22, 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 amount spent on meter installations in fiscal year 2021-22 was \$.2 million. The remaining 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 2021-22, the District spent \$4.0 million on waterline replacements and hydrant installations.

The Sewer Enterprise Fund also continues investing in its infrastructure. In fiscal year 2021-22, \$5.6 million was invested in sewer infrastructure improvements. A few of the projects completed during the year were the rehabilitation of one of the secondary clarifiers at the treatment plant, improvements to the Luther Pass pump station tanks, valves and piping, and the treatment plant emergency blower generator.

- During the year \$12.6 million was invested in sewer and water infrastructure and equipment.
- Net position of the District increased \$.3 million or 0.2%.
- The Sewer and Water Enterprise Funds' income is \$491,762 and (\$159,400), respectively.
- Operating revenue is up 1.8% due to an increase in development-related charges.
- Combined operating and nonoperating expenses less depreciation increased 4.4% from the prior year, but came in 5.5% under budget.
- In fiscal year 2021-22, the District recognized competitive grants totaling more than \$.9 million, following \$.5 million awarded in 2020-21 and \$4.6 million awarded in 2019-20. These grants will fund, among other things, waterline replacements, water pumping facilities, and water conservation programs.

Overview of the Basic Financial Statements

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

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the year ended June 30, 2022

Overview of the Basic Financial Statements - Continued

The Statement of Net Position includes the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources 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

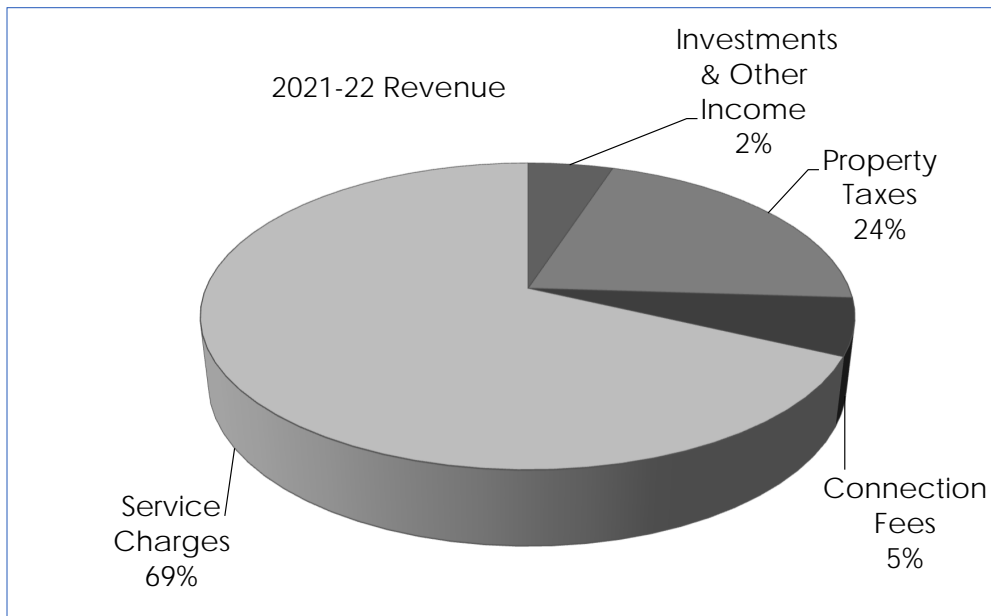
The condensed Statement of Net Position below shows the District is investing in capital assets while keeping its debt at manageable levels. For the year ended June 30, 2015, the District was required to implement GASB 68, Accounting and Financial Reporting for Pensions. Under the new GASB standards, 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. Previous 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, 2022 and 2021 was \$5.8 million and \$11.9 million respectively. For more information on the District's pension plan, see Note 9 of the Notes to the Financial Statements.

	<u>Net Position</u>			
	<i>(in thousands)</i>			
	June 30		Change	Change
2022	2021			
Current and other	\$ 62,947	\$ 63,647	(\$ 700)	(1.1%)
Capital assets	235,997	232,350	3,647	1.6%
Total assets	<u>\$298,944</u>	<u>\$295,997</u>	<u>\$2,947</u>	<u>1.0%</u>
Deferred outflows of resources	\$3,546	\$3,699	(\$153)	(4.1%)
Debt outstanding	\$ 48,999	\$ 49,714	(\$715)	(1.4%)
Net Pension Liability	5,830	11,923	(6,093)	(51.1%)
Other liabilities	12,739	9,785	2,954	30.2%
Total liabilities	<u>\$ 67,568</u>	<u>\$ 71,422</u>	<u>(\$3,854)</u>	<u>(5.4%)</u>
Deferred inflows of resources	\$16,887	\$10,571	\$6,316	59.7%
Net investment in capital assets	\$187,221	\$182,884	\$4,337	2.4%
Restricted for security deposits	165	165	-	0.0%
Restricted for debt service payment	1,732	1,732	-	0%
Unrestricted	28,917	32,922	(4,005)	(12.2%)
Total net position	<u>\$218,035</u>	<u>\$217,703</u>	<u>\$332</u>	<u>0.2%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the year ended June 30, 2022

Revenue and Expenses

The District finances sewer and water operations through user charges, property tax receipts, and other income. Total revenue for fiscal year 2021-22 is \$40.7 million, a \$.1 million or a 0.1% increase from the prior year. The 2022 service charge revenue is down slightly due to lower than average customer water consumption. Connection fees are up \$0.1 million or 7.7%, reflecting an increase in both commercial and residential development. Property tax revenue is up \$0.6 million or 6.1%, compared to the prior year reflecting an increase in property assessed values. El Dorado County estimates that gross property tax collections will be up approximately 5.0% for 2022-23. Investment income is down due to a higher interest rate environment and recorded decreases to the fair value of investments, while other income is up \$.5 million from the prior year due to State aid received for expenditures associated with the Tamarac and Caldor fires and lease revenue from District property at Diamond Valley Ranch in Alpine County.



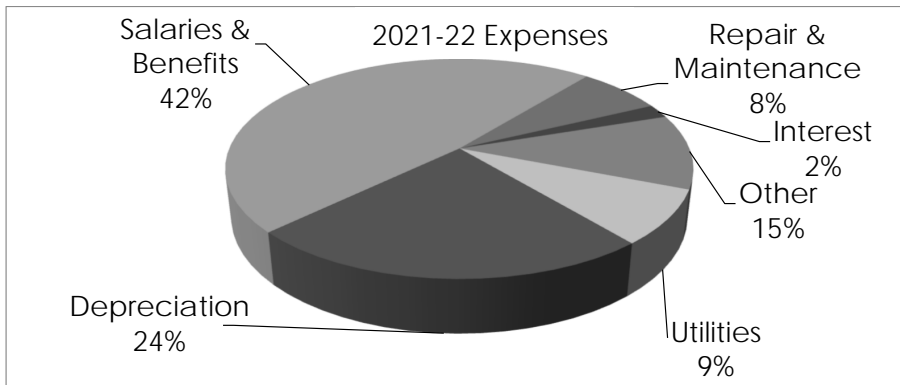
Revenues
(in thousands)

	June 30		Change	Change
	2022	2021		
Service charges	\$27,966	\$28,112	(\$ 146)	(0.5%)
Connection fees	2,006	1,862	144	7.7%
Other	742	199	543	272.9%
Total operating revenue	<u>30,714</u>	<u>30,173</u>	<u>541</u>	<u>1.8%</u>
Property taxes	9,886	9,315	571	6.1%
Investments	(1,198)	132	(1,330)	(1007.6%)
Other	1,266	990	276	27.9%
Total non-operating revenue	<u>9,954</u>	<u>10,437</u>	<u>(483)</u>	<u>(4.6%)</u>
Total revenue	<u>\$40,668</u>	<u>\$40,610</u>	<u>\$ 58</u>	<u>0.1%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the year ended June 30, 2022

Revenue and Expenses - Continued

Total operating expenses for the current year are \$40.1 million, up \$2.3 million from the prior year. The decrease to salaries and benefits was \$1.1 million, or 5.9%. 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 2022 was \$947,047 compared to \$1,240,727 in the prior year. The GASB 68 pension expense adjustment for fiscal year 2022 was (\$966,375) million compared to \$868,965 million in the prior year. The year-over-year change of the required GASB 68 pension expense recognition was (\$1.6) million. Similar to the capitalized labor, this adjustment impacts the Statement of Net Position. When comparing salary and benefit totals year-to-year prior to the reduction for the capitalized labor and the increase due to the GASB 68 adjustment, the 2022 increase over the prior year was \$447,526 or 2.4%. The increase to salaries of approximately \$267,000, or 2.2% represents a 2.5% cost of living increase, and staff turnover due to retirements resulting in new employees starting at, or near the bottom of the wage scales. The remaining increase of \$181,000 is due to an increase in retirement benefit expenses. CalPERS classic plan employer rates increased from 23.468% to 25.356% of salaries. Depreciation expense increased by 8.9% illustrating the District's continued investment in new infrastructure. Utilities, which fluctuate year to year due to winter severity, increased 11.6% in 2022 due to continued rate increases implemented by the local power supplier. Repair and maintenance expenditures, which increased 42.9%, fluctuate year to year based on unexpected or planned projects, but in 2022 there were increased expenses due to the response of the Caldor and Tamarack fires. 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 decreased 16.6% due to the refunding of four outstanding issuances during 2021.



	<u>Expenses</u> (in thousands)			
	June 30			
	2022	2021	Change	Change
Operating expenses:				
Salaries and benefits	\$17,423	\$18,517	(\$ 1,094)	(5.9%)
Depreciation	9,952	9,142	810	8.9%
Utilities	3,735	3,347	388	11.6%
Repair and maintenance	3,457	2,419	1,038	42.9%
Other	5,556	4,399	1,157	26.3%
Total operating expenses	40,123	37,824	2,299	6.1%
Non-operating expenses:				
Interest expense	770	923	(153)	(16.6%)
Other	271	289	(18)	(6.2%)
Total non-operating expenses	1,041	1,212	(171)	(14.1%)
Total expenses	\$41,164	\$39,036	\$ 2,128	5.5%

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the year ended June 30, 2022

Revenue and Expenses - Continued

The fiscal year 2021-22 loss before capital contributions is (\$0.5) million as compared to the actual prior year income of \$1.6 million. For the year, capital contributions increased net position an additional \$.8 million.

	<u>Changes in Net Position</u>			
	<i>(in thousands)</i>			
	June 30		Change	Change
2022	2021			
Beginning net position	\$217,703	\$215,947	\$1,756	.8%
Income before contributions	(496)	1,589	(2,085)	(131.2%)
Capital contributions	829	167	662	396.4%
Changes in net position	333	1,756	(1,423)	(81.1%)
Ending net position	\$218,036	\$217,703	\$333	0.2%

Capital Assets

The District's investment in its sewer and water systems is \$236 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. \$7.0 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 \$5.6 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	
	2022	2021	2022	2021	2022	2021
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	102,774	99,536	93,070	95,075	195,844	194,611
Construction in Progress	5,691	8,327	7,663	2,612	13,354	10,939
Total	\$131,500	\$130,898	\$104,497	\$101,451	\$235,997	\$232,349

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

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 \$48.2 million in installment sales and loans outstanding as detailed below. As always, grant opportunities and low-interest subsidized loans are pursued by the District.

MANAGEMENT'S DISCUSSION AND ANALYSIS – CONTINUED
For the year ended June 30, 2022

Debt Administration - Continued

	<u>Outstanding Debt at Year End</u> (in thousands)	
	June 30,	
	<u>2022</u>	<u>2021</u>
<u>Sewer Enterprise Fund:</u>		
California State Revolving Loan Fund (secured by sewer revenue)	6,916	7,129
California State Revolving Loan Fund (secured by sewer revenue)	4,016	4,140
Sewer Refunding (secured by sewer revenue)	3,518	4,109
Sewer Refunding (secured by sewer revenue)	2,453	3,395
Installment Sale Agreement (secured by sewer revenue)	3,663	3,970
California State Revolving Loan Fund (secured by sewer revenue)	956	985
California State Revolving Loan Fund (secured by sewer revenue)	518	534
2021 Wastewater Revenue Refunding Bonds (secured by sewer revenue)	<u>5,235</u>	<u>5,745</u>
Total sewer enterprise fund	<u>27,275</u>	<u>30,007</u>
 <u>Water Enterprise Fund:</u>		
Water Refunding (secured by water revenue)	3,461	3,851
California State Revolving Loan Fund (secured by water revenue)	2,861	2,978
California State Revolving Loan Fund (secured by water revenue)	881	931
California State Revolving Loan Fund (secured by water revenue)	9,561	7,734
California State Revolving Loan Fund (secured by water revenue)	3,224	3,295
California State Revolving Loan Fund (secured by water revenue)	<u>905</u>	<u>0</u>
Total water enterprise fund	<u>20,893</u>	<u>18,789</u>
Total debt	<u>\$ 48,168</u>	<u>\$ 48,796</u>

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

Contacting the District's Financial Management

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

STATEMENT OF NET POSITION
JUNE 30, 2022
(WITH RESTATED COMPARATIVE TOTALS FOR June 30, 2021)

	Business-type Activities Enterprise Funds		Total	
	Sewer	Water	2022	2021 (RESTATED)
ASSETS				
Current assets				
Cash and cash equivalents (Note 2)	\$ 7,832,144	\$ 2,069,104	\$ 9,901,248	\$ 11,778,326
Investments (Note 2)	1,739,199	710,617	2,449,816	1,595,381
Accounts receivable, net of allowance (Note 3)	534,508	1,374,304	1,908,812	1,775,920
Due from governmental agencies (Note 3)	614,769	698,636	1,313,405	641,845
Property tax receivable	10,006,301	-	10,006,301	9,264,795
Interest receivable	77,765	30,997	108,762	87,410
Leases receivable - current (Note 5)	38,841	38,841	77,682	51,786
Other current assets	275,242	1,177,621	1,452,863	1,168,649
Total current assets	21,118,769	6,100,120	27,218,889	26,364,112
Noncurrent assets				
Restricted assets:				
Cash and cash equivalents (Note 2)	587,907	1,144,168	1,732,075	1,732,071
Certificate of deposit (Note 2)	50,000	115,000	165,000	165,000
Total restricted assets	637,907	1,259,168	1,897,075	1,897,071
Long-term accounts receivable (Note 3)	561,245	-	561,245	779,409
Due from governmental agencies (Note 3)	73,020	73,020	146,040	146,040
Investments (Note 2)	22,268,545	9,103,992	31,372,537	33,280,419
Capital assets, net of accumulated depreciation (Note 4)	131,499,451	104,498,042	235,997,493	232,349,468
Leases receivable - long-term (Note 5)	875,401	875,401	1,750,802	1,180,032
Total noncurrent assets	155,915,569	115,809,623	271,725,192	269,632,439
Total Assets	177,034,338	121,909,743	298,944,081	295,996,551
DEFERRED OUTFLOW OF RESOURCES				
Refunding loan costs	105,520	-	105,520	131,010
Changes in the net pension liability (Note 9)	2,097,107	1,343,486	3,440,593	3,568,091
Total Deferred Outflows of Resources	\$ 2,202,627	\$ 1,343,486	\$ 3,546,113	\$ 3,699,101

See accompanying notes to the basic financial statements.

STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2022
(WITH RESTATED COMPARATIVE TOTALS FOR June 30, 2021)

	Business-type Activities Enterprise Funds		Total	
	Sewer	Water	2022	2021 (RESTATED)
<u>LIABILITIES</u>				
Current liabilities				
Accounts payable and other liabilities	\$ 2,521,083	\$ 3,563,947	\$ 6,085,030	\$ 4,070,074
Unearned revenue (Note 6)	192,800	18,113	210,913	241,705
Accrued expenses	143,171	299,208	442,379	193,968
Accrued payroll liabilities	210,558	138,725	349,283	319,695
Construction retainage	1,111,568	331,683	1,443,251	886,568
Accrued interest payable	268,243	102,422	370,665	330,680
Deposits payable	-	475,000	475,000	358,000
Compensated absences - current portion (Note 8)	864,813	656,043	1,520,856	1,154,426
Long term liabilities - current portion (Note 7)	<u>2,736,281</u>	<u>911,899</u>	<u>3,648,180</u>	<u>3,557,346</u>
Total current liabilities	<u>8,048,517</u>	<u>6,497,040</u>	<u>14,545,557</u>	<u>11,112,462</u>
Noncurrent liabilities				
Compensated absences - long term portion (Note 8)	1,065,843	775,704	1,841,547	2,230,361
Long term liabilities - long term portion (Note 7)	25,369,712	19,980,795	45,350,507	46,156,372
Net pension liability (Note 9)	<u>3,597,915</u>	<u>2,232,321</u>	<u>5,830,236</u>	<u>11,922,413</u>
Total long-term liabilities	<u>30,033,470</u>	<u>22,988,820</u>	<u>53,022,290</u>	<u>60,309,146</u>
Total Liabilities	<u>38,081,987</u>	<u>29,485,860</u>	<u>67,567,847</u>	<u>71,421,608</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Property tax receivable	10,006,301	-	10,006,301	9,264,795
Changes in the net pension liability (Note 9)	3,060,334	2,040,221	5,100,555	102,252
Lease receivable (Note 5)	<u>890,092</u>	<u>890,092</u>	<u>1,780,184</u>	<u>1,204,052</u>
Total Deferred Inflows of Resources	<u>13,956,727</u>	<u>2,930,313</u>	<u>16,887,040</u>	<u>10,571,099</u>
<u>NET POSITION</u>				
Net Investment in capital assets	103,498,978	83,722,162	187,221,140	182,883,548
Restricted for security deposits	50,000	115,000	165,000	165,000
Restricted for debt service payment	587,907	1,144,168	1,732,075	1,732,071
Unrestricted	<u>23,061,366</u>	<u>5,855,726</u>	<u>28,917,092</u>	<u>32,922,326</u>
Total Net Position	<u>\$ 127,198,251</u>	<u>\$ 90,837,056</u>	<u>\$ 218,035,307</u>	<u>\$ 217,702,945</u>

See accompanying notes to the basic financial statements.

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2022
(WITH RESTATED COMPARATIVE TOTALS FOR THE YEAR ENDED June 30, 2021)**

	Business-type Activities		Total	
	Enterprise Funds		2022	2021 (RESTATED)
	Sewer	Water		
<u>OPERATING REVENUE</u>				
Charges for sales and services:				
Service charges	\$ 15,252,704	\$ 12,713,082	\$ 27,965,786	\$ 28,111,856
Connection and service fees	1,090,182	915,461	2,005,643	1,861,622
Other operating income	521,437	220,656	742,093	199,475
	<u>16,864,323</u>	<u>13,849,199</u>	<u>30,713,522</u>	<u>30,172,953</u>
<u>OPERATING EXPENSES</u>				
Salaries, wage and employee benefits	11,093,222	6,329,617	17,422,839	18,516,973
Depreciation and amortization	5,423,951	4,527,889	9,951,840	9,142,488
Utilities	2,661,856	1,073,412	3,735,268	3,347,138
Repairs and maintenance	1,384,209	2,072,575	3,456,784	2,418,469
Other operating expenses (Note 15)	3,549,592	2,006,565	5,556,157	4,399,370
	<u>24,112,830</u>	<u>16,010,058</u>	<u>40,122,888</u>	<u>37,824,438</u>
OPERATING LOSS	<u>(7,248,507)</u>	<u>(2,160,859)</u>	<u>(9,409,366)</u>	<u>(7,651,485)</u>
<u>NONOPERATING REVENUE (EXPENSE)</u>				
Tax revenue	8,415,269	1,470,553	9,885,822	9,314,651
Investment earnings (loss) (Note 14)	(857,713)	(340,478)	(1,198,191)	132,784
Aid from governmental agencies	356,602	552,006	908,608	467,985
Other nonoperating income	51,622	305,957	357,579	536,571
Interest expense	(514,815)	(255,325)	(770,140)	(923,138)
Other expense	(224,814)	(45,777)	(270,591)	(288,748)
	<u>7,226,151</u>	<u>1,686,936</u>	<u>8,913,087</u>	<u>9,240,105</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	<u>(22,356)</u>	<u>(473,923)</u>	<u>(496,279)</u>	<u>1,588,620</u>
<u>CAPITAL CONTRIBUTIONS</u>				
Capital contributions	514,118	314,523	828,641	166,903
CHANGE IN NET POSITION	<u>491,762</u>	<u>(159,400)</u>	<u>332,362</u>	<u>1,755,523</u>
TOTAL NET POSITION, BEGINNING OF YEAR	126,706,489	90,996,456	217,702,945	215,935,138
CHANGE IN ACCOUNTING PRINCIPLE (Note 16)	-	-	-	12,284
TOTAL NET POSITION, BEGINNING OF YEAR (RESTATED)	<u>126,706,489</u>	<u>90,996,456</u>	<u>217,702,945</u>	<u>215,947,422</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 127,198,251</u>	<u>\$ 90,837,056</u>	<u>\$ 218,035,307</u>	<u>\$ 217,702,945</u>

See accompanying notes to the basic financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(WITH RESTATED COMPARATIVE TOTALS FOR THE YEAR ENDED June 30, 2021)**

	Business-type Activities Enterprise Funds		Total	
	Sewer	Water	2022	2021 (RESTATED)
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 17,060,436	\$ 13,824,566	\$ 30,885,002	\$ 30,137,499
Receipts from other funds	-	-	-	3,000,000
Payments to suppliers	(4,134,107)	(256,348)	(4,390,455)	(4,415,514)
Payments to employees	(10,686,959)	(6,407,002)	(17,093,961)	(16,903,921)
Payments to other funds	-	-	-	(3,000,000)
Other operating payments	(3,549,592)	(2,006,565)	(5,556,157)	(4,399,370)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(1,310,222)</u>	<u>5,154,651</u>	<u>3,844,429</u>	<u>4,418,694</u>
<u>CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Tax revenue	7,673,763	1,470,553	9,144,316	8,605,715
Payments from (to) governmental agencies	(506,612)	233,982	(272,630)	899,905
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>7,167,151</u>	<u>1,704,535</u>	<u>8,871,686</u>	<u>9,505,620</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Acquisition of capital assets	(6,198,356)	(7,637,682)	(13,836,038)	(12,071,193)
Repayment of debt	(2,818,680)	(895,711)	(3,714,391)	(10,189,723)
Proceeds from issuance of debt	-	2,999,360	2,999,360	8,863,659
Interest paid on long-term debt	(455,818)	(248,847)	(704,665)	(1,091,269)
Contributed capital	514,118	314,523	828,641	166,903
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(8,958,736)</u>	<u>(5,468,357)</u>	<u>(14,427,093)</u>	<u>(14,321,623)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Investment earnings	273,321	100,391	373,712	706,625
Purchase of investments	(13,691,841)	(5,592,442)	(19,284,283)	(20,230,000)
Proceeds from sale of investments	14,349,297	4,395,178	18,744,475	20,116,597
NET CASH (USED FOR) PROVIDED BY INVESTING ACTIVITIES	<u>930,777</u>	<u>(1,096,873)</u>	<u>(166,096)</u>	<u>593,222</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	<u>(2,171,030)</u>	<u>293,956</u>	<u>(1,877,074)</u>	<u>195,913</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>10,591,081</u>	<u>2,919,316</u>	<u>13,510,397</u>	<u>13,314,484</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 8,420,051</u>	<u>\$ 3,213,272</u>	<u>\$ 11,633,323</u>	<u>\$ 13,510,397</u>

See accompanying notes to the basic financial statements.

STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED June 30, 2021)

	Business-type Activities		Total	
	Enterprise Funds			
	Sewer	Water	2022	2021 (RESTATED)
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</u>				
Unrestricted cash and cash equivalents	\$ 7,832,144	\$ 2,069,104	\$ 9,901,248	\$ 11,778,326
Restricted cash and cash equivalents	<u>587,907</u>	<u>1,144,168</u>	<u>1,732,075</u>	<u>1,732,071</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 8,420,051</u>	<u>\$ 3,213,272</u>	<u>\$ 11,633,323</u>	<u>\$ 13,510,397</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>				
Operating loss	\$ (7,248,507)	\$ (2,160,859)	\$ (9,409,366)	\$ (7,651,485)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:				
Depreciation and amortization	5,423,951	4,527,889	9,951,840	9,142,488
Net change in deferred outflows and inflows	4,105,053	2,338,386	6,443,439	515,410
Construction-in-progress write-off	172,477	63,696	236,173	-
(Increase) decrease in:				
Receivables	196,113	(110,841)	85,272	(301,966)
Due from other funds	-	-	-	3,000,000
Other assets	(30,991)	(253,223)	(284,214)	(133,404)
Increase (decrease) in:				
Accounts payable	(488,832)	2,503,788	2,014,956	1,338,463
Net pension liability	(3,655,306)	(2,436,871)	(6,092,177)	1,062,491
Unearned revenue	-	(30,792)	(30,792)	221,512
Due to other funds	-	-	-	(3,000,000)
Other payables	<u>215,820</u>	<u>713,478</u>	<u>929,298</u>	<u>225,185</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (1,310,222)</u>	<u>\$ 5,154,651</u>	<u>\$ 3,844,429</u>	<u>\$ 4,418,694</u>
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>				
Increase in fair value of investments	\$ (1,064,415)	\$ (418,431)	\$ (1,482,846)	\$ (628,196)
Noncash capital contributions	<u>514,118</u>	<u>25,226</u>	<u>539,344</u>	<u>4,052,274</u>
Total Non-Cash Investing, Capital, and Financing Activities	<u>\$ (550,297)</u>	<u>\$ (393,205)</u>	<u>\$ (943,502)</u>	<u>\$ 3,424,078</u>

See accompanying notes to the basic financial statements.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022**

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. Property and Equipment

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

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

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, 2022**

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.

R. 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.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Implementation of Government Accounting Standards Board Statements

Effective July 1, 2021, the District implemented the following accounting and financial reporting standards:

Governmental Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District has implemented this statement. See Notes 5 and 16 for the impact on the financial statements

Governmental Accounting Standards Board Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires interest costs incurred before the end of a construction period to be recorded as an expenditure in the applicable period. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. There was no significant financial impact to the District as a result of implementation.

Government Accounting Standards Board Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. There was no significant financial impact to the District as a result of implementation.

Government Accounting Standards Board Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). There was no significant financial impact to the District as a result of implementation.

Government Accounting Standards Board Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a partial component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. 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, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

T. Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2022 or later and may be applicable for the District. However, the District has not determined what impact, if any, these pronouncements will have on the financial statements.

Government Accounting Standards Board Statement No. 91

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

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. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the District's fiscal year ending June 30, 2023.

Government Accounting Standards Board Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments, defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding liability, provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. The District has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this statement are effective for the District's fiscal year ending June 30, 2023.

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.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2022 consisted of the following:

Cash and cash equivalents:

Unrestricted:	
Cash on hand	\$ 2,450
Unrestricted deposits in financial institutions	1,728,339
Deposits in Local Agency Investment Fund (LAIF)	6,913,761
Deposits in El Dorado County Treasury	853,145
Deposits in California Asset Management Program (CAMP)	<u>403,553</u>
Total unrestricted cash and cash equivalents	<u>9,901,248</u>
Restricted:	
Restricted for debt service payment	<u>1,732,075</u>
Total restricted cash and cash equivalents	<u>1,732,075</u>
Total cash and cash equivalents	<u>11,633,323</u>

Investments:

Unrestricted:	
Federal agency and instrumentalities	4,782,293
U.S. corporate debt	8,419,152
Asset backed securities	5,184,779
Supranationals	878,608
Municipal bonds	1,352,147
U.S. Treasury obligations	12,676,284
Negotiable certificates of deposit	<u>529,090</u>
Total unrestricted investments	<u>33,822,353</u>
Restricted:	
Negotiable certificates of deposit - security deposits	<u>165,000</u>
Total investments	<u>33,987,353</u>
Total cash and investments	<u>\$ 45,620,676</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022**

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, 2022:

Investment Type	Investment Maturities (in years)			
	Fair Value	Less than 1	1-2	3-5
Federal agency and instrumentalities	\$ 4,782,293	\$ 452,721	\$ 3,591,480	\$ 738,092
U.S. corporate debt	8,419,152	1,111,462	2,414,523	4,893,167
Asset backed securities	5,184,779	-	880,545	4,304,234
Supranationals	878,608	-	226,297	652,311
Municipal bonds	1,352,147	298,023	909,064	145,060
U.S. Treasury obligations	12,676,284	-	5,681,923	6,994,361
Negotiable certificates of deposit	694,090	529,091	-	164,999
	<u>\$ 33,987,353</u>	<u>\$ 2,391,297</u>	<u>\$ 13,703,832</u>	<u>\$ 17,892,224</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.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Presented below is the actual rating as of June 30, 2022 for each investment type.

Investment Type	Total	Rating as of Fiscal Year End	
		S&P	N/A
Federal agency and instrumentalities	\$ 4,782,293	AA+	
Municipal bonds	9,895	A+	
Municipal bonds	156,488	AA	
Municipal bonds	65,390	AA-	
Municipal bonds	490,315	AA+	
Municipal bonds	438,289	AAA	
Municipal bonds	191,770		Not rated
U.S. corporate debt	1,906,251	A	
U.S. corporate debt	2,699,238	A-	
U.S. corporate debt	1,665,381	A+	
U.S. corporate debt	714,324	AA	
U.S. corporate debt	522,179	AA-	
U.S. corporate debt	215,963	AA+	
U.S. corporate debt	695,816	BBB+	
Asset-backed security	4,361,240	AAA	
Asset-backed security	823,539		Not rated
Supranationals	878,608	AAA	
U.S. Treasury obligations	12,676,284	AA+	
Negotiable certificates of deposit	259,840	A-1	
Negotiable certificates of deposit	269,250	A-1+	
Negotiable certificates of deposit	<u>165,000</u>		Not rated
	<u>\$ 33,987,353</u>		

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 \$2,797,825 as of June 30, 2022, 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.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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, 2022. 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, 2022.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Federal agency and instrumentalities	\$ -	\$ 4,782,293	\$ -	\$ 4,782,293
U.S corporate debt	-	8,419,152	-	8,419,152
Asset backed securities	-	5,184,779	-	5,184,779
Supranationals	-	878,608	-	878,608
Municipal bonds	-	1,352,147	-	1,352,147
U.S. Treasury obligations	-	12,676,284	-	12,676,284
Negotiable certificates of deposit	-	<u>694,090</u>	-	<u>694,090</u>
Total assets at fair value	<u>\$ -</u>	<u>\$ 33,987,353</u>	<u>\$ -</u>	<u>\$ 33,987,353</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 3: ACCOUNTS RECEIVABLE AND AMOUNTS DUE FROM GOVERNMENTAL AGENCIES

Short-term receivables at June 30, 2022 consisted of the following:

	Sewer	Water	Total
Customer receivables	\$ 499,208	\$ 1,124,780	\$ 1,623,988
Other receivables	137,111	327,139	464,250
Allowance for doubtful accounts	<u>(101,811)</u>	<u>(77,615)</u>	<u>(179,426)</u>
Accounts receivable, net of allowance	<u>\$ 534,508</u>	<u>\$ 1,374,304</u>	<u>\$ 1,908,812</u>
Due from Federal Government	\$ 497,197	\$ 524,399	\$ 1,021,596
Due from State Government	117,572	158,237	275,809
Due from El Dorado County	<u>-</u>	<u>16,000</u>	<u>16,000</u>
Due from governmental agencies	<u>\$ 614,769</u>	<u>\$ 698,636</u>	<u>\$ 1,313,405</u>

Long-term receivables at June 30, 2022 consisted of the following:

	Sewer	Water	Total
Customer receivables	\$ 561,245	\$ -	\$ 561,245
Due from State Government	<u>73,020</u>	<u>73,020</u>	<u>146,040</u>
Accounts receivable	<u>\$ 634,265</u>	<u>\$ 73,020</u>	<u>\$ 707,285</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.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	July 1, 2021	Additions	Retirements	Transfers	June 30, 2022
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>10,938,508</u>	<u>7,273,777</u>	<u>(235,757)</u>	<u>(4,622,258)</u>	<u>13,354,270</u>
Total capital assets not being depreciated	<u>37,738,044</u>	<u>7,273,777</u>	<u>(235,757)</u>	<u>(4,622,258)</u>	<u>40,153,806</u>
Capital assets being depreciated					
Plant and equipment	<u>372,194,466</u>	<u>6,562,261</u>	<u>(1,497,439)</u>	<u>4,622,258</u>	<u>381,881,546</u>
Less accumulated depreciation					
Plant and equipment	<u>(177,583,042)</u>	<u>(9,951,840)</u>	<u>1,497,023</u>	<u>-</u>	<u>(186,037,859)</u>
Total capital assets being depreciated, net	<u>194,611,424</u>	<u>(3,389,579)</u>	<u>(416)</u>	<u>4,622,258</u>	<u>195,843,687</u>
Capital assets, net	<u>\$ 232,349,468</u>	<u>\$ 3,884,198</u>	<u>\$ (236,173)</u>	<u>\$ -</u>	<u>\$ 235,997,493</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 4: CAPITAL ASSETS (CONTINUED)

Construction in progress as of June 30, 2022 consisted of the following:

Al Tahoe Pump St Rehab	\$	184,489
Bijou #2 & #4 Waterline Replacement		1,509,814
Blower System Upgrades		306,650
Collection System Master Plan		493,751
Keller-Heavenly System Improvements		3,086,870
LPPS Pump #1 New		340,681
Master Plan-Alpine County		685,013
Meter Installation Final Phase		242,092
Paloma Well Rehab 2021		246,283
Pioneer Tr Waterline Golden Bear to Pine Valley		115,653
Replace PRV, Price Road		165,483
Replace PRV, Susquehana		258,539
SCADA Upgrades		155,454
Secondary Clarifier #1 Rehab		423,540
Secondary Clarifier #2 Rehab		443,812
Tahoe Keys Sewer PS Rehab		1,651,767
Tallac Creek Sewer Crossing		244,438
Tanks Backup Power		139,319
Upper Truckee Sewer PS Rehab		497,939
Water System Optimization Plan		323,492
Waterline - Herbert Walkup Ph1		240,637
Waterline Replacement-Bowers Ave		940,088
Wildwood intercept		147,084
Other projects		<u>511,382</u>
	\$	<u>13,354,270</u>

Depreciation expense for the year ended June 30, 2022 was charged to the different activities as follows:

Sewer	\$	5,423,951
Water		<u>4,527,889</u>
	\$	<u>9,951,840</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 5: LEASES RECEIVABLE

The District is reporting leases receivable of \$1,828,484 (split between current amount \$77,682 and noncurrent amount of \$1,750,802) at June 30, 2022. For 2022, the District reported lease revenue of \$19,793 and interest revenue of \$740 related to lease payments received. These leases are summarized as follows:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
AT&T	\$ 634,062	\$ 5,920	\$ 222
Verizon	<u>1,194,422</u>	<u>13,873</u>	<u>518</u>
Total	<u>\$ 1,828,484</u>	<u>\$ 19,793</u>	<u>\$ 740</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, 2022, future minimum lease payments due to the District are as follows:

Year Ending June 30	Amount
2023	\$ 57,457
2024	59,180
2025	60,956
2026	62,785
2027	64,668
Thereafter	<u>1,548,530</u>
Total lease payments	1,853,576
Less interest	<u>(25,092)</u>
Present value of leases receivable	<u>1,828,484</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, 2022:

	Sewer	Water	Total
Grant advance for generator	\$ 192,800	\$ -	\$ 192,800
Meters sold but not issued	<u>-</u>	<u>18,113</u>	<u>18,113</u>
	<u>\$ 192,800</u>	<u>\$ 18,113</u>	<u>\$ 210,913</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 7: LONG TERM LIABILITIES

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	July 1, 2021	Additions	Reductions	June 30, 2022	Current Portion
2012 Sewer Refunding	\$ 3,395,431	\$ -	\$ (942,553)	\$ 2,452,878	\$ 964,356
2013 Sewer Refunding	4,108,559	-	(590,377)	3,518,182	604,989
SRF Luther Pass Power	4,140,401	-	(123,807)	4,016,594	125,788
SRF Diamond Valley Ranch Irrigation Imp.	7,128,911	-	(213,170)	6,915,741	216,581
SRF Aeration Basin #2 Rehabilitation	985,065	-	(29,053)	956,012	29,547
SRF Primary Clarifier #1 Rehabilitation	533,846	-	(15,744)	518,102	16,013
Chase Bank Sewer Loan	3,969,838	-	(307,272)	3,662,566	314,007
2021 Wastewater Revenue Refunding Bond	5,745,000	-	(510,000)	5,235,000	465,000
Premium on bond	917,622	-	(86,704)	830,918	-
2013 Water Refunding	3,851,575	-	(390,343)	3,461,232	399,254
SRF Meters Phase 1	2,977,649	-	(116,771)	2,860,878	116,771
SRF Meters Phase 2	930,775	-	(49,714)	881,061	50,512
SRF Meters Phase 3 - 5	7,734,247	2,094,807	(268,322)	9,560,732	253,979
SRF Waterline Replacement	3,294,799	-	(70,561)	3,224,238	91,383
Keller Heavenly Water System Improvement Project	-	904,553	-	904,553	-
Total	\$ 49,713,718	\$ 2,999,360	\$ (3,714,391)	\$ 48,998,687	\$ 3,648,180

A description of the long-term liabilities at June 30, 2022 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, 2022, principal and interest payments accounted for 3.9% 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, 2022, principal and interest payments accounted for 2.6% of total sewer revenues.

SRF Luther Pass Power

2015 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all sewer revenues, due August 30, 2047, payable \$190,054 annually, including interest of 1.6%. The original amount of the debt was \$4,444,057 and was used for construction of Luther Pass Pump Station upgrades. For the year ended June 30, 2022, principal and interest payments accounted for 0.7% of total sewer revenues.

SRF Diamond Valley Ranch Irrigation Improvement

2015 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all sewer revenues, due December 31, 2047, payable \$322,058 annually, including interest of 1.6%. The original amount of the debt was \$8,860,890 and was used for construction of the Diamond Valley Ranch Irrigation improvements. For the year ended June 30, 2022, principal and interest payments accounted for 1.3% of total sewer revenues.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 7: LONG TERM LIABILITIES (CONTINUED)

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, 2022, principal and interest payments accounted for 0.1% 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, 2022, 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, 2022, principal and interest payments accounted for 2.8% 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, 2022, principal and interest payments accounted for 2.8% 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, 2022, principal and interest payments accounted for 2.7% 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, 2022, principal and interest payments accounted for 0.7% of total water revenues.

SRF Meters Phase 2

2017 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all water revenues, due July 1, 2037, payable \$32,204 semi-annually, including interest of 1.6%. The original amount of the debt was \$1,098,593 and was used for installation of water meters. For the year ended June 30, 2022, principal and interest payments accounted for 0.7% of total water revenues.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022 the District incurred a total of \$13,829,053 in Phase 3 - 5 costs, of which \$4,000,000 has been forgiven.

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, 2022, 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.

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

Years ending June 30,	Principal	Interest	Total
2023	\$ 3,648,180	\$ 871,470	\$ 4,519,650
2024	3,734,655	790,034	4,524,689
2025	3,350,255	714,987	4,065,242
2026	2,914,973	644,009	3,558,982
2027	2,982,550	577,031	3,559,581
2028 - 2032	11,468,521	1,991,486	13,460,007
2033 - 2037	5,794,715	1,370,488	7,165,203
2038 - Thereafter	<u>14,273,920</u>	<u>1,370,488</u>	<u>15,644,408</u>
	<u>\$ 48,167,769</u>	<u>\$ 8,329,993</u>	<u>\$ 56,497,762</u>

Interest charges on debt, including amounts capitalized totaling \$113,792, for the year ended June 30, 2022 was \$945,146.

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, 2022.

NOTE 8: COMPENSATED ABSENCES

Compensated absences balance and activity for the year ended June 30, 2022 were as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u>	<u>Current Portion</u>
Compensated absences	\$ 3,384,787	\$ 2,599,604	\$ (2,621,988)	\$ 3,362,403	\$ 1,520,856

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 9: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits.

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

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

The rate plan's provisions and benefits in effect at June 30, 2022, are summarized as follows:

	<u>Miscellaneous Plan</u>	
	<u>Hired prior to January 1, 2013</u>	<u>Hired on or after January 1, 2013</u>
Benefit Formula	2.7% at 55	2.0% at 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50 - 55	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.0% - 2.7%	1.0% - 2.5%
Required Employee Contribution Rate	8.00%	6.25%
Required Employer Contribution Rate	13.35%	7.59%

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, 2022 were \$2,202,759.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 9: PENSION PLAN (CONTINUED)

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

As of June 30, 2022, the District reported a net pension liability of \$5,830,236 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, 2021, 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, 2020 rolled forward to June 30, 2021 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, 2022 and 2021 was follows:

Proportion - June 30, 2021	0.28265%
Proportion - June 30, 2022	<u>0.30705%</u>
Change - increase	<u>0.02440%</u>

For the year ended June 30, 2022, the District recognized pension expense of \$1,240,562. At June 30, 2022, 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	\$ 2,202,759	\$ -
Change in employer's proportion	534,848	-
Difference between actual and expected experience	653,798	-
Changes in assumptions	-	-
Difference between employer contributions and the employer's proportionate share of the risk pool's contributions	49,188	11,067
Net difference between projected and actual earning on plan investments	<u>-</u>	<u>5,089,488</u>
Total	<u>\$ 3,440,593</u>	<u>\$ 5,100,555</u>

\$2,202,759 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	
2023	\$ (624,543)
2024	(788,672)
2025	(1,043,034)
2026	(1,406,472)

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 9: PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15% net of pension plan investment expenses, includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until purchasing power protection allowance floor on purchasing power applies

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

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2015, including updates to salary increase, mortality and retirement rates. The experience study report can be obtained at CalPERS' website under Forms and Publications.

Changes in Assumptions

For the measurement periods June 30, 2021, 2020, and 2019 there were no changes of assumptions. For the measurement period June 30, 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. For the measurement period June 30, 2017, the accounting discount rate was lowered from 7.65 percent to 7.15 percent. There were no changes of assumptions during the measurement period June 30, 2016.

Discount Rate

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

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Using historical 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.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 9: PENSION PLAN (CONTINUED)

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

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

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

(2) An expected inflation of 2.92% used for this period.

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

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

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
Net pension liability	\$13,344,520	\$5,830,236	\$(381,715)

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 (\$20,500 in 2022).

The 457 Plan assets totaled \$17,635,011 at June 30, 2022. Plan assets consist of investments in mutual funds, which are held in trust and are considered protected from the general creditors of the District.

NOTE 11: RISK MANAGEMENT

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 12: COMMITMENTS AND CONTINGENCIES

A. Contractual Obligations

At June 30, 2022, the District's significant contractual commitments with outside firms for engineering, construction, consulting, and various other services totaled approximately \$17.4 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.

C. Public Health Emergency

The World Health Organization declared the worldwide coronavirus (COVID-19) outbreak a public health emergency on January 30, 2020 and officially declared it as a pandemic as of March 11, 2020. Management has performed an evaluation of certain financial statement line items such as investments, accounts receivable, accounts payable, and accrued expenses to determine whether valuation or impairment adjustments should be made. Management has determined that the amounts reported on the financial statements are properly valued as of June 30, 2022. However, since the duration and full effects of the COVID-19 outbreak are yet unknown there could be future negative impacts to the financial condition of the District.

NOTE 13: JOINT POWERS AUTHORITY

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

The following is a summary of the most current audited financial information for ACWA JPIA as of September 30, 2021 (the most recent information available):

Total assets	\$ 271,770,359
Total deferred outflows of resources	1,189,142
Total liabilities	123,558,690
Total deferred inflows of resources	(409,721)
Net assets	149,810,532
Total income	200,883,781
Total expense	174,760,456

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.

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 13: JOINT POWERS AUTHORITY (CONTINUED)

The following is a summary of the most current audited financial information for the CAMP portfolio as of December 31, 2021 (the most recent information available):

Total assets	\$ 6,480,406,066
Total liabilities	729,904
Net assets	6,479,676,162
Total income	9,162,924
Total expenses	5,544,465
Net increase in net assets resulting from operations	3,618,459

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 14: INVESTMENT EARNINGS (LOSS)

Investment earnings (loss) consisted of the following for the year ended June 30, 2022:

Interest income	\$ 395,064
Net realized and unrealized losses	<u>(1,593,255)</u>
	<u>\$ (1,198,191)</u>

NOTE 15: OTHER OPERATING EXPENSES

Other operating expenses consisted of the following for the year ended June 30, 2022:

Professional services	\$ 2,330,918
Operating permits	572,479
Chemical supplies	379,046
Office expense	233,893
Insurance and unreimbursed claims	665,681
Travel, meetings, and education	88,802
Research and monitoring	69,822
Equipment and building rent expense	205,592
Fuel expenses	265,993
Taxes, street lighting, and mitigation	128,051
Community incentive	59,087
Dues and certification	119,233
Miscellaneous expense	<u>437,560</u>
	<u>\$ 5,556,157</u>

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 16: CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT

For 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB 87 enhances the relevance and consistency of information of the District's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessor is required to recognize a lease receivable and a deferred inflow of resources, except for certain regulated leases. These changes were incorporated in the District's 2022 financial statements.

The implementation of GASB Statement No. 87 had the following effect on net position as reported June 30, 2021:

	Business-Type Activities
Net Position July 1, 2020	\$ 215,935,138
Adjustments:	
Lease Receivable	1,268,125
Deferred Inflows - Leases	<u>(1,255,841)</u>
Restated Net Position July 1, 2020	<u><u>215,947,422</u></u>

NOTE 17: SUBSEQUENT EVENTS

Management has evaluated events subsequent to June 30, 2022 through December 2, 2022, 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, 2022
LAST 10 YEARS ***

	Measurement Period			
	2021	2020	2019	2018
Proportion of the net pension liability	0.30705%	0.28265%	0.27119%	0.26155%
Proportionate share of the net pension liability	\$ 5,830,236	\$ 11,922,413	\$ 10,859,922	\$ 9,857,219
Covered payroll	\$ 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	53.76%	115.82%	110.26%	102.14%
Plan fiduciary net position as a percentage of the total pension liability	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 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 eight 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, 2022
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, 2022
LAST 10 YEARS *

	Fiscal Year-End			
	2022	2021	2020	2019
Contractually required contribution (actuarially determined)	\$ 2,202,759	\$ 2,070,278	\$ 1,813,910	\$ 1,601,072
Contributions in relation to the actuarially determined contributions	<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>
Covered payroll	\$ 10,974,014	\$ 10,844,940	\$ 10,293,860	\$ 9,849,757
Contributions as a percentage of covered payroll	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 eight 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, 2022
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

Municipal water played a critical role fighting the Caldor Fire. Over 3 miles of hose was used to protect Meyers, CA.



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
<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> • These schedules present revenue capacity information for assessing the District's ability to generate revenue. Sewer and Water Service Charges and Property Taxes are the District's most significant revenue sources. 	
Debt Capacity Data	
Ratios of Outstanding Debt by Type.....	62
<ul style="list-style-type: none"> • This schedule presents information on the District's debt burden per customer for both of its enterprise funds. 	
Pledged-Revenue Coverage.....	63
<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> • These schedules provide information on the District's infrastructure replacement program and details spending on current large projects. 	
Wastewater Flows	66
<ul style="list-style-type: none"> • The Wastewater Flow Schedule details the amount of influent customers send to the Wastewater Treatment Plant annually, monthly, and daily. 	
Water Production	67
<ul style="list-style-type: none"> • The Water Production Schedule details potable water demand by customers annually, monthly, and daily. 	
Demographic and Economic Information	
Demographic Statistics.....	68
<ul style="list-style-type: none"> • 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>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Operating revenues:					
Charges for sales and services:					
Service charges	\$27,965,786	\$28,111,856	\$28,239,382	\$27,225,123	\$25,650,846
Connection and service fees	2,005,643	1,861,622	2,664,768	2,269,965	2,049,627
Other operating income	742,093	199,475	363,083	361,971	422,823
Total operating revenues	<u>30,713,522</u>	<u>30,172,953</u>	<u>31,267,233</u>	<u>29,857,059</u>	<u>28,123,296</u>
Operating expenses:					
Salaries, wages & employee benefits	17,422,839	18,516,973	17,928,378	17,331,207	16,947,834
Depreciation and amortization	9,951,840	9,142,488	8,811,621	8,855,705	8,384,480
Utilities	3,735,268	3,347,138	2,676,691	2,812,775	2,821,878
Repairs and maintenance	3,456,784	2,418,469	2,932,580	2,462,633	2,390,202
Other operating expenses	5,556,157	4,399,370	4,572,691	4,587,827	3,733,250
Loss on disposal of assets	-	-	-	-	-
Total operating expenses	<u>40,122,888</u>	<u>37,824,438</u>	<u>36,921,961</u>	<u>36,050,147</u>	<u>34,277,644</u>
Operating income (loss)	<u>(9,409,366)</u>	<u>(7,651,485)</u>	<u>(5,654,728)</u>	<u>(6,193,088)</u>	<u>(6,154,348)</u>
Nonoperating revenues (expenses):					
Tax revenue	9,885,822	9,314,651	8,847,463	8,337,122	7,988,475
Investment earnings	(1,198,191)	132,784	1,477,747	1,575,391	238,174
Aid from governmental agencies	908,608	467,985	578,451	317,972	376,745
Other nonoperating income	357,579	536,571	250,003	498,464	424,556
Interest expense	(770,140)	(923,138)	(805,091)	(1,018,758)	(679,140)
Other expense	(270,591)	(288,748)	(254,136)	(251,347)	(218,581)
Total nonoperating revenues	<u>8,913,087</u>	<u>9,240,105</u>	<u>10,094,437</u>	<u>9,458,844</u>	<u>8,055,358</u>
Income before contributions	(496,279)	1,588,620	4,439,709	3,265,756	1,901,010
Capital contributions (reimbursements)	828,641	166,903	4,052,274	63,912	553,799
Change in net position	<u>\$332,362</u>	<u>\$1,755,523</u>	<u>\$8,491,983</u>	<u>\$3,329,668</u>	<u>\$2,454,809</u>

SOURCE: South Tahoe Public Utility District Finance Department

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

<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
\$24,054,288	\$22,356,964	\$21,048,326	\$19,857,736	\$19,905,104
1,807,033	1,623,742	2,646,447	2,477,127	1,732,924
<u>343,714</u>	<u>301,952</u>	<u>360,636</u>	<u>385,661</u>	<u>396,604</u>
<u>26,205,035</u>	<u>24,282,658</u>	<u>24,055,409</u>	<u>22,720,524</u>	<u>22,034,632</u>
14,728,493	13,256,886	13,869,664	13,868,223	14,041,923
7,680,425	7,520,917	7,405,554	7,266,377	7,175,923
2,936,986	2,739,345	2,636,321	2,683,320	2,746,641
1,933,796	1,744,263	1,611,897	1,488,279	1,427,598
4,604,509	3,938,180	3,923,978	3,774,104	3,135,358
-	-	-	-	-
<u>31,884,209</u>	<u>29,199,591</u>	<u>29,267,414</u>	<u>29,080,303</u>	<u>28,527,443</u>
<u>(5,679,174)</u>	<u>(4,916,933)</u>	<u>(5,212,005)</u>	<u>(6,359,779)</u>	<u>(6,492,811)</u>
7,491,933	7,106,309	6,761,836	6,362,637	6,167,800
155,946	405,293	205,884	216,698	146,637
1,057,716	357,044	503,417	539,624	317,492
362,175	426,582	287,410	365,523	282,581
(813,155)	(738,504)	(813,055)	(879,398)	(1,284,731)
<u>(252,395)</u>	<u>(224,345)</u>	<u>(173,181)</u>	<u>(312,018)</u>	<u>(228,814)</u>
<u>8,002,220</u>	<u>7,332,379</u>	<u>6,772,311</u>	<u>6,293,066</u>	<u>5,400,965</u>
2,323,046	2,415,446	1,560,306	(66,713)	(1,091,846)
<u>466,496</u>	<u>385,971</u>	<u>290,077</u>	<u>702,863</u>	<u>2,252,318</u>
<u>\$2,789,542</u>	<u>\$2,801,417</u>	<u>\$1,850,383</u>	<u>\$636,150</u>	<u>\$160,472</u>

SOURCE: South Tahoe Public Utility District Finance Department

NET POSITION BY COMPONENT
Last Ten Fiscal Years

	2021-22	2020-21	2019-20	2018-19	2017-18
Business-type activities					
Net investment in					
capital assets	\$187,221,140	\$182,883,548	\$179,339,518	\$174,768,446	\$167,524,271
Restricted for MTBE-					
related costs	-	-	-	-	-
Restricted for security					
deposits	165,000	165,000	165,000	165,000	165,000
Restricted for debt					
service payment	1,732,075	1,732,071	2,413,470	2,413,470	5,904,034
Restricted for capital asset					
purchases	-	-	3,000,000	3,000,000	3,000,000
Unrestricted	28,917,092	32,922,326	31,017,150	27,096,239	27,230,083
Total business-type activities					
net position	<u>\$218,035,307</u>	<u>\$217,702,945</u>	<u>\$215,935,138</u>	<u>\$207,443,155</u>	<u>\$203,823,388</u>
	2016-17	2015-16	2014-15	2013-14	2012-13
Business-type activities					
Net investment in					
capital assets	\$172,100,162	\$173,966,035	\$169,814,512	\$172,911,935	\$171,826,113
Restricted for MTBE-					
related costs	-	-	-	-	380,322
Restricted for security					
deposits	165,000	165,000	165,000	275,000	275,000
Restricted for debt					
service payment	1,116,622	876,779	-	-	-
Restricted for capital					
asset purchases	3,000,000	464,523	463,113	4,089,561	-
Unrestricted	25,131,753	23,251,658	25,479,953	23,077,471	20,006,268
Total business-type activities					
net position	<u>\$201,513,537</u>	<u>\$198,723,995</u>	<u>\$195,922,578</u>	<u>\$200,243,967</u>	<u>\$199,607,817</u>

SOURCE: South Tahoe Public Utility District Finance Department

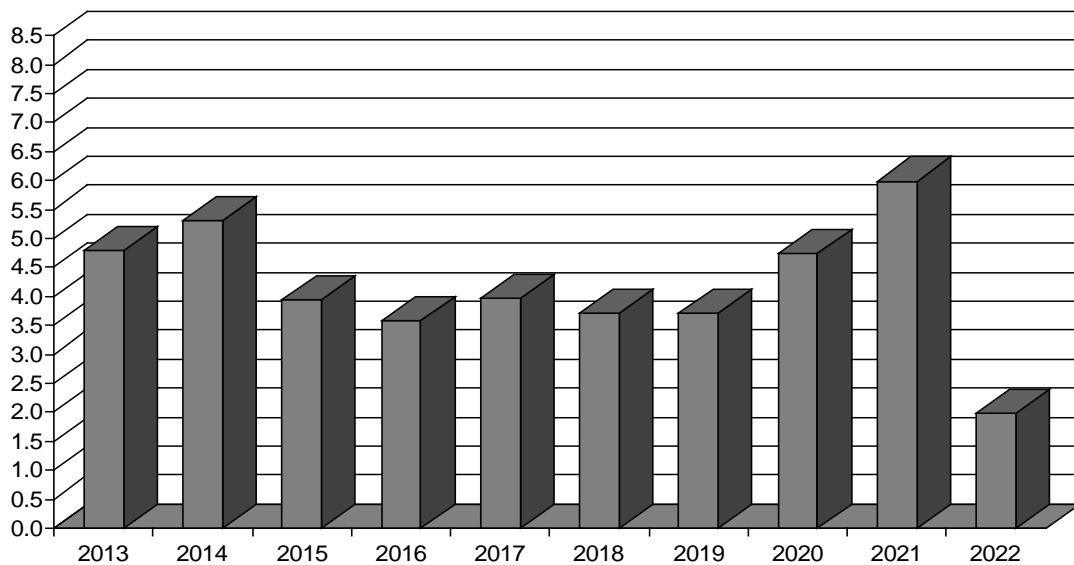
**WATER AND SEWER SERVICE CHARGES -
BILLINGS AND COLLECTIONS**
Last Ten Fiscal Years

Fiscal Year	Delinquent Receivables	Delinquent Accounts	Annual Billing		Total Annual Charges Billing	Delinquent Percent
			Sewer Charges	Water Charges		
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
2012-13	953,197	2,630	10,590,758	9,314,346	19,905,104	4.79

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
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
2012-13	\$377.40	\$489.20	\$866.60

TYPICAL COMMERCIAL METERED WATER RATE(2)

Fiscal Year	2" Meter Charge(3)	Consumption Charge Per 100 Cu. Ft.
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
2012-13	\$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
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%
2012-13	67	5.0%	2.0%

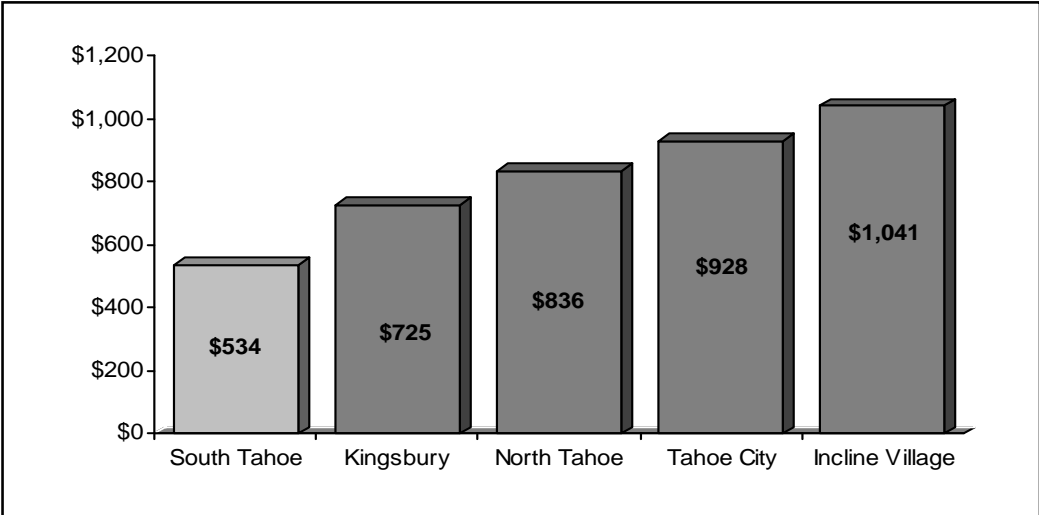
SOURCE: South Tahoe Public Utility District Customer Service Department

Notes:

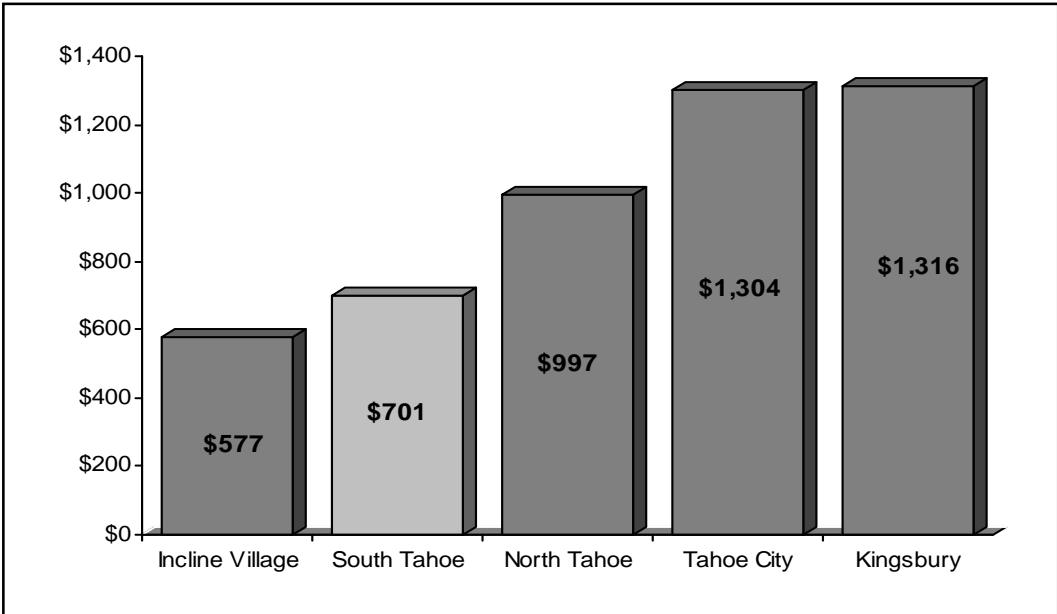
- (1) Most residential customers pay a metered rate for water and a flat rate for sewer. The sewer rate shown here is for a home with up to two bathrooms.
- (2) Most commercial customers pay metered water rates that include the meter charge based on the size of their water line plus a consumption charge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

ANNUAL SERVICE FEE COMPARISON

2021-22 ANNUAL SEWER SERVICE FEE COMPARISON



2021-22 ANNUAL WATER SERVICE FEE COMPARISON



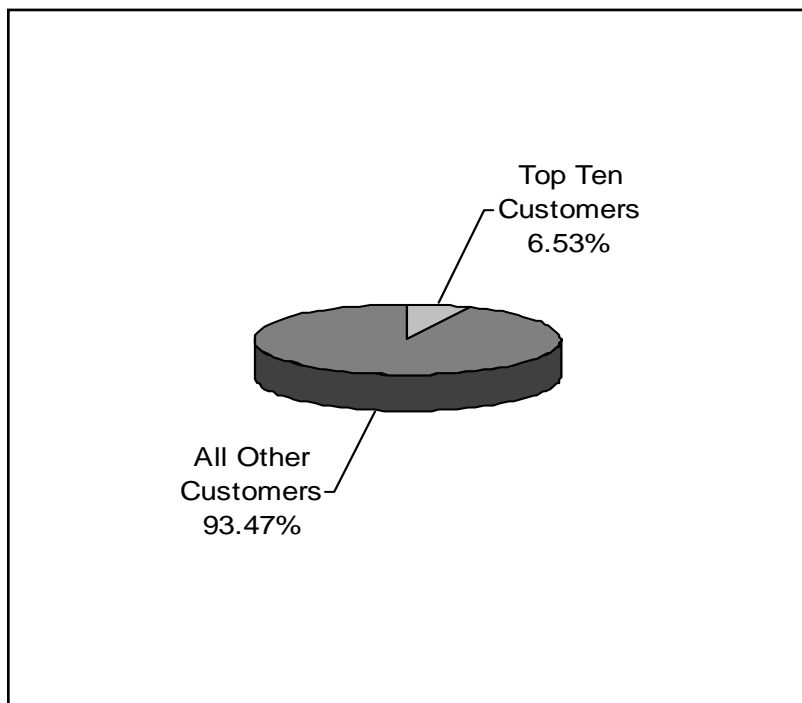
SOURCE: South Tahoe Public Utility District Finance Department

TEN LARGEST CUSTOMERS
Current Year and Nine Years Ago

Customer	2021-22			2012-13				
	Total Revenue	Rank	% of Service Charge	Total Revenue	Rank	% of Service Charge		
Lake Tahoe Unified School District	254,111	1	0.90	157,062	3	0.79		
City of South Lake Tahoe	247,238	2	0.88	166,626	2	0.84		
Marriott Grand Residence	202,058	3	0.72	130,831	7	0.66		
Marriott Timberlodge	195,548	4	0.70	136,119	6	0.68		
Lake Tahoe Resort Partners	188,376	5	0.67	138,109	5	0.69		
Tahoe Verde	177,117	6	0.63	142,943	4	0.72		
Heavenly Mountain Resort	169,525	7	0.60	211,468	1	1.06		
Lake Tahoe Resort Hotel (Embassy Suites)	144,765	8	0.51	120,176	8	0.6		
Barton Memorial Hospital	136,888	9	0.49	84,313	6	0.42		
County of El Dorado	119,498	10	0.43	103,240	9	0.52		
			\$1,835,124	6.53%			\$1,390,887	6.99%

SOURCE: South Tahoe Public Utility District Customer Service Department

2021-22 TOTAL REVENUE



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

Type of Customer	2021-22	2020-21	2019-20	2018-19	2017-18
Residential	\$22,735,444	\$22,887,367	\$22,853,313	\$21,928,538	\$20,650,548
Motel/Hotel/ Timeshare	-	-	2,683,869	2,009,278	18,777,664
Commercial	\$4,262,466	\$4,223,621	2,316,504	2,309,976	2,242,846
Government	\$962,282	\$995,246	980,048	971,886	874,658
Industrial	\$5,594	\$5,622	5,648	5,445	5,130
	\$27,965,786	\$28,111,856	\$28,239,382	\$27,225,123	\$25,650,846

Type of Customer	2016-17	2015-16	2014-15	2013-14	2012-13
Residential	\$19,411,625	\$18,093,784	\$17,004,356	\$15,921,932	\$15,766,282
Motel/Hotel/ Timeshare	1,786,248	1,640,110	1,521,542	1,575,233	1,685,628
Commercial	2,039,569	1,870,480	1,827,546	1,709,822	1,822,487
Government	812,035	748,119	690,672	646,778	626,726
Industrial	4,811	4,471	4,210	3,971	3,981
	\$24,054,288	\$22,356,964	\$21,048,326	\$19,857,736	\$19,905,104

SOURCE: South Tahoe Public Utility District Customer Service Department

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

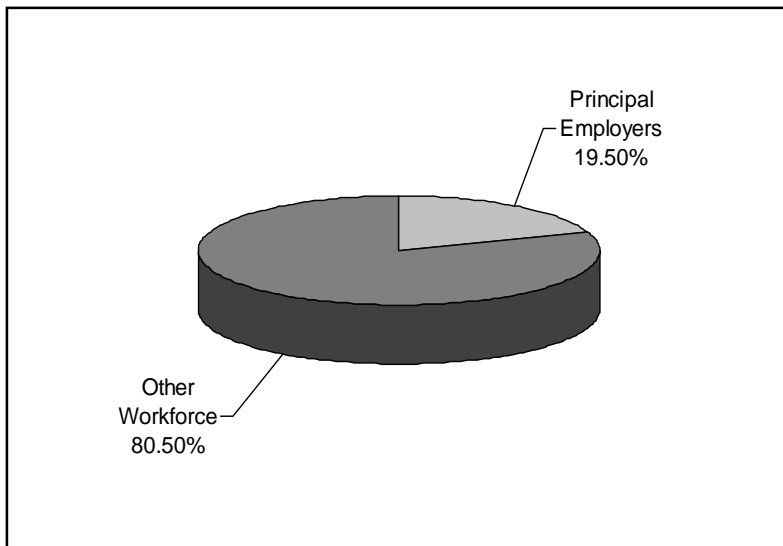
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago

Employer	Type of Business	2021-22			2012-13		
		Number of Employees	Rank	% of Total Workforce	Number of Employees	Rank	% of Total Workforce
Barton Memorial Hospital	Health Services	907	1	6.6%	754	1	5.0%
Lake Tahoe Unified School District	Education	360	2	2.6%	373	2	2.5%
El Dorado County	Government	270	3	2.0%	293	3	1.9%
Raley's	Food/Drug	241	4	1.7%	241	5	1.6%
City of South Lake Tahoe	Government	207	5	1.5%	190	8	1.3%
Marriott Corporation	Lodging	185	6	1.3%	192	7	1.3%
Lake Tahoe Community College	Education	178	7	1.3%	178	9	1.2%
Lake Tahoe Resort Hotel	Lodging	125	8	0.9%	-	-	-
South Tahoe Public Utility District	Utilities	119	9	0.9%	111	10	0.7%
United States Forest Service	Government	100	10	0.7%	204	6	1.4%
Heavenly Mountain Resort	Ski Industry	-	-	-	267	4	1.8%
Subtotal		2,692		19.5%	2,803		18.70%
Total Workforce		13,814			15,096		

SOURCE: South Tahoe Public Utility District Finance Department

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

2021-22 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	
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)
2012-13	\$5,557,023	\$6,002	\$102,644	\$111	\$5,659,667	\$6,113	(\$182)

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	2021-22	2019-20	2019-20	2018-19	2017-18
County General Levy	1.0000	1.0000	1.0000	1.0000	1.0000
Lake Tahoe Community College (1)	0.022397	0.023020	0.022423	0.022127	0.0218
Lake Tahoe Unified School District	0.052602	0.047251	0.063884	0.060892	0.0653
TOTAL	1.074999	1.070271	1.08631	1.086	1.086

Government	2016-17	2015-16	2014-15	2013-14	2012-13
County General Levy	1.0000	1.0000	1.0000	1.0000	1.0000
Lake Tahoe Community College (1)	0.0226	0.0240	-	-	-
Lake Tahoe Unified School District	0.0634	0.0667	0.0667	0.0690	0.0684
TOTAL	1.086	1.0667	1.0667	1.0690	1.0684

SOURCE: California Municipal Statistics, Inc.

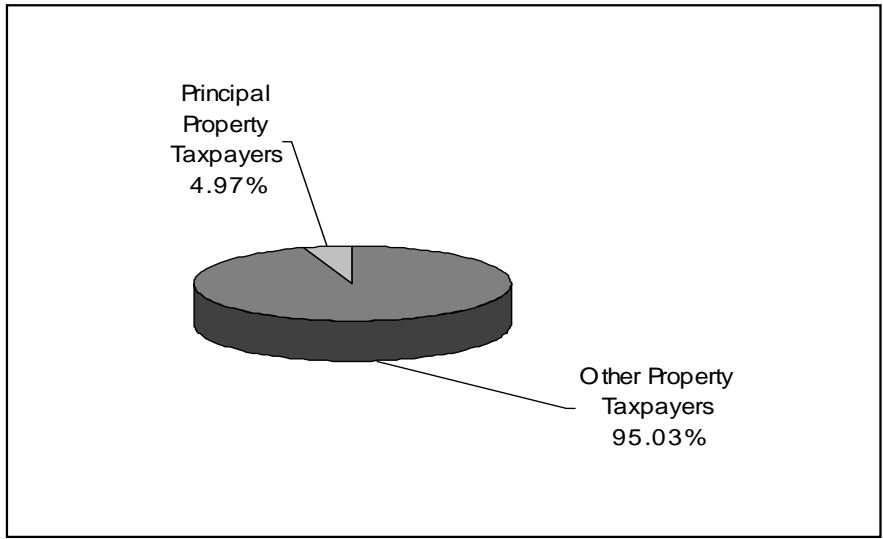
(1) The District began collecting this data in fiscal year 2015-16.

PRINCIPAL PROPERTY TAXPAYERS
Current Year and Nine Years Ago

Taxpayer	2021-22			2012-13		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
First American Trust FSB	73,613,739	1	0.87	66,383,241	1	1.19
Heavenly Mountain Resort	72,319,595	2	0.86	64,073,418	2	1.15
Roppongi-Tahoe LP	57,543,258	3	0.68	50,760,066	3	0.91
Tahoe Chateau Land Holding LL	43,242,111	4	0.51	-	-	-
Trans Sierra Investments	34,757,997	5	0.41	25,932,462	4	0.47
Diamondrock Tahoe Owner LLC	33,703,080	6	0.40	-	-	-
Gondola Vista Development Cor	29,327,443	7	0.35	-	-	-
LCOF Lake Tahoe Investment L	27,463,891	8	0.32	-	-	-
Tahoe Crescent LLC	26,959,097	9	0.32	23,624,700	5	0.43
South Tahoe Refuse Company	21,040,029	10	0.25	18,440,323	7	0.33
Marriott Ownership Resorts	-	-	-	20,465,144	6	0.37
Seven Springs LP	-	-	-	15,940,486	8	0.29
Robert and Lisa Maloff	-	-	-	15,870,371	9	0.29
Tahoe Keys Marina	-	-	-	14,473,522	10	0.26
	\$419,970,240		4.97%	\$315,963,733		5.69%

SOURCE: California Municipal Statistics, Inc.

2021-22 TAXPAYERS



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

Business-Type Activities

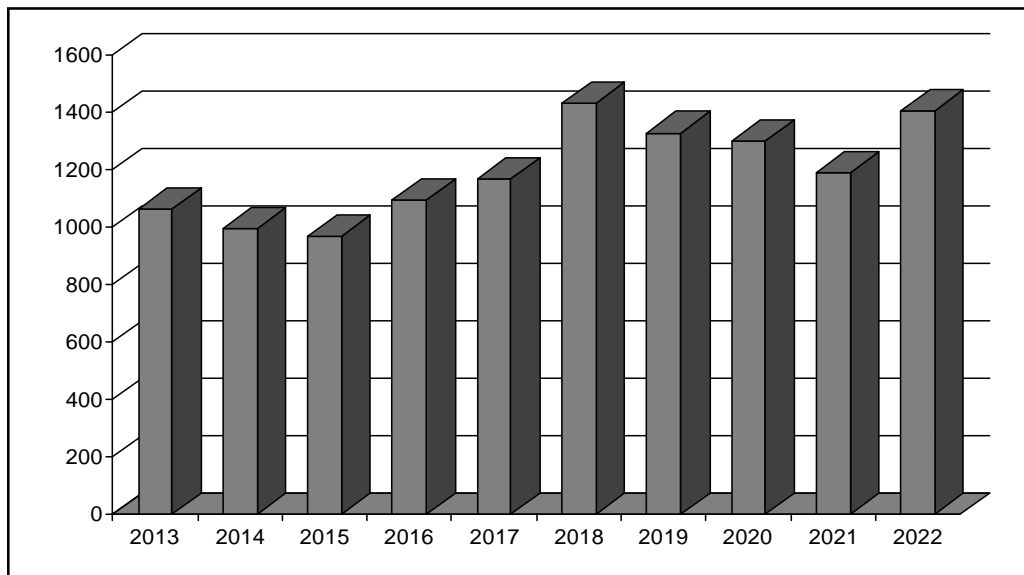
Fiscal Year	Water Revenue Bonds	Sewer Certificates of Participation	Term Loans	Total	Debt Per Capita(2)	Debt as a Share of Personal Income (2)
2021-22	-	-	\$48,998,687	\$48,998,687	\$1,406	3.69%
2020-21	-	-	\$49,713,718	\$49,713,718	\$1,191	3.21%
2019-20	-	-	51,039,780	51,039,780	1,302	3.72%
2018-19	-	-	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%
2012-13	-	-	38,633,753	38,633,753	1,062	3.89%

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 67 for population and per capita income data.

2021-22 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)
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
2012-13	17,942,987	13,303,166	4,639,821	1,202,950	860,324	2.2

Water Enterprise Fund

Fiscal Year	Gross Revenues (3)	Less: Operating Expenses (1)	Net Available Revenues	Principal	Debt Service Interest (2)	Coverage Ratio(s) (4)
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
2012-13	11,006,155	8,279,033	2,727,122	801,007	194,085	2.7

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
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
2012-13	6,141,142	3,777,444	2,363,698
	\$114,212,686	\$58,703,044	\$55,509,642

SOURCE: South Tahoe Public Utility District Finance Department

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years

Fiscal Year	Sewer Lines (miles)	Sewer Treatment Capacity (million gallons)	Water Lines (miles)	Fire Hydrants	Water Storage Capacity (million gallons)
2021-22	330	7.7	250	1,861	9.3
2020-21	332	7.7	250	1,899	9.3
2019-20	332	7.7	252	1,912	9.3
2018-19	332	7.7	252	1,905	9.3
2017-18	339	7.7	254	1,899	9.3
2016-17	336	7.7	254	1,854	9.3
2015-16	336	7.7	254	1,806	9.3
2014-15	336	7.7	254	1,737	9.3
2013-14	336	7.7	254	1,723	9.3
2012-13	336	7.7	254	1,693	9.3

SOURCE: South Tahoe Public Utility District Engineering Department

DETAIL OF CAPITAL SPENDING
Fiscal Year Ending June 30, 2022

Project Description	Spending 2021-22	Spending To 6-30-22	Completion Date
Sewer Projects:			
LPPS Valve & Pipe Improvements	26,820	994,206	6/30/2022
Blower System Upgrades	282,792	306,651	In progress
Secondary Clarifiers 1 & 2	370,693	867,351	In progress
Secondary Clarifiers 3	1,558,003	2,646,244	6/30/2022
Tahoe Keys Sewer Pump Station Rehab	1,025,559	1,651,767	In progress
Upper Truckee Sewer Pump Station Rehab	11,207	497,939	In progress
Luther Pass Pump Station Rehab	509,580	1,610,659	6/30/2022
Various Purchases/Projects Completed	2,231,843	18,354,639	Various
Various Projects in Progress	9,381	2,367,317	In progress
Total Sewer Projects	6,025,878	29,296,773	
Water Projects:			
Paloma Well Rehabilitation	210,261	246,283	In progress
Herbert Walkup Waterline Replacement Ph 1	139,761	240,637	In progress
Keller-Heavenly System Improvements	1,686,691	3,086,870	In progress
Tank Coating - Angora	65,952	65,952	5/31/2022
Cornelian Waterline Replacement Project	12,325	69,529	6/30/2022
Rocky Point 1 Waterline Replacement Project	1,584,537	1,814,293	6/30/2022
Bijou 2 & 3 Waterline Replacement Project	1,509,814	1,509,814	In progress
Bowers Waterline Replacement Project	869,181	940,088	In progress
PRV Instrumentation-Price Road	127,994	165,484	In progress
PRV Instrumentation-Susquehana	219,506	258,539	In progress
Various Purchases/Projects Completed	573,201	11,966,133	Various
Various Projects in Progress	575,180	1,215,530	In progress
Total Water Projects	\$7,574,403	\$21,579,152	
Total All Projects	\$13,600,281	\$50,875,925	

SOURCE: South Tahoe Public Utility District Finance Department

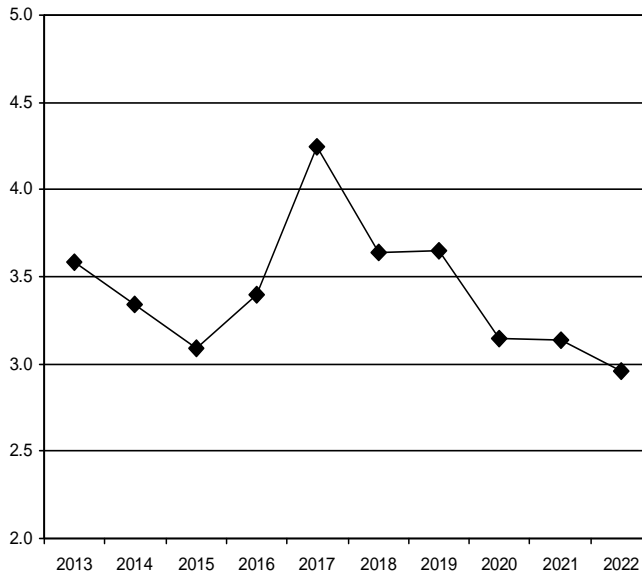
Note: Capital spending, less asset deletions, ties to the change in Capital Assets on the Statement of Net Position.

WASTEWATER FLOWS
Last Ten Fiscal Years
 (in million gallons)

Monthly Flow	21-22	20-21	19-20	18-19	17-18	16-17	15-16	14-15	13-14	12-13
July	108	113	126	129	137	120	113	121	125	127
August	84	109	112	113	119	106	104	112	115	117
September	62	95	93	96	102	91	89	91	98	100
October	84	93	86	87	92	90	83	85	91	92
November	81	89	80	88	97	87	81	81	85	92
December	93	88	103	100	109	117	103	98	103	122
January	99	92	98	106	108	155	112	97	98	120
February	91	89	92	116	96	183	113	90	104	107
March	101	99	92	135	125	164	129	90	107	119
April	93	91	87	134	122	165	104	81	95	101
May	93	90	86	113	109	147	106	87	97	103
June	93	97	98	115	113	129	104	94	102	107
Total Annual Flow	1,082	1,145	1,153	1,332	1,329	1,555	1,241	1,127	1,220	1,307
Average Monthly Flow	90	95	96	111	111	130	103	94	102	109
Average Daily Flow	2.96	3.14	3.15	3.65	3.64	4.25	3.40	3.09	3.34	3.58

SOURCE: South Tahoe Public Utility District Laboratory Department

AVERAGE DAILY WASTEWATER FLOW TREND
 (In million gallons)

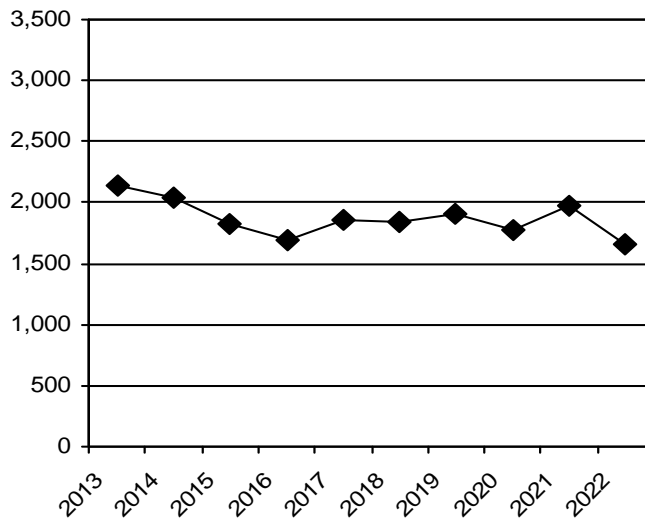


WATER PRODUCTION
 Last Ten Fiscal Years
 (in million gallons)

Monthly Production	21-22	20-21	19-20	18-19	17-18	16-17	15-16	14-15	13-14	12-13
July	241	260	258	277	284	264	207	279	285	306
August	220	247	242	272	249	257	218	241	273	296
September	174	212	190	226	179	206	189	212	224	240
October	115	167	117	136	125	121	130	142	140	160
November	93	118	94	102	91	96	102	97	99	104
December	105	125	116	125	122	130	124	117	144	128
January	102	123	102	115	112	113	104	129	129	138
February	91	102	93	93	105	95	93	99	99	107
March	98	105	89	105	106	104	98	99	98	104
April	89	109	89	96	97	94	91	102	111	114
May	143	183	169	149	153	146	126	129	185	198
June	195	223	212	212	225	230	209	181	249	240
Annual Totals	1,666	1,974	1,771	1,908	1,847	1,857	1,691	1,827	2,036	2,135
Average Monthly Water Production	139	165	148	159	154	155	141	152	170	178
Average Daily Water Production	4.56	5.41	4.84	5.23	5.06	5.07	4.63	5.01	5.58	5.85

SOURCE: South Tahoe Public Utility District Laboratory Department

ANNUAL WATER PRODUCTION TREND
 (In million gallons)



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)
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
2012-13	111	15,096	11.44%	3,793	36,233	\$27,341	\$994,201

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

ACKNOWLEDGMENTS

- Special thanks go to Chelsea Block, Greg Dupree, Erika Franco, Debbie Henderson, Paul Hughes, Jim Kelly, Ryan Lee, Sara Nelson, Shelly Thomsen, and the Laboratory Department.
- Design by Dan Keenan.
- This Annual Comprehensive Financial Report has been prepared by the Finance Division.



A firefighting vehicle approaches a traffic control point along U.S. Route 50 at the intersection where South Lake Tahoe, California, meets Stateline, Nevada, Sept. 1, 2021, as the Caldor Fire encroaches on the evacuated area. The California Army National Guard activated 150 military police Aug. 30 to support the California Highway Patrol with checkpoints at hard closures while the area is evacuated. (U.S. Air National Guard photo by Staff Sgt. Crystal Housman)

We Deliver When It Counts  2022



1275 MEADOW CREST DRIVE SOUTH LAKE TAHOE, CA 96150

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