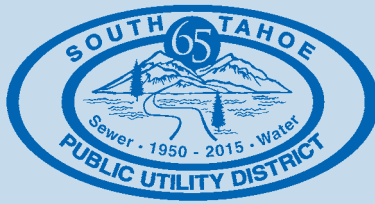


COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT

Fiscal Year Ended June 30, 2015



2015  
SOUTH TAHOE PUBLIC UTILITY DISTRICT  
Sixty-five years of safeguarding our resources.



COMPREHENSIVE  
ANNUAL  
FINANCIAL  
REPORT

Fiscal Year Ended June 30, 2015  
South Lake Tahoe, California



2015  
SOUTH TAHOE PUBLIC UTILITY DISTRICT  
Sixty-five years of safeguarding our resources.



SOUTH TAHOE PUBLIC UTILITY DISTRICT  
Sixty-five years of safeguarding our resources.

2 0 1 5

## 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.



SOUTH TAHOE PUBLIC UTILITY DISTRICT  
Sixty-five years of safeguarding our resources.

2 0 1 5

## Table of Contents

### Introductory Section

Letter of Transmittal .....	1
Certificate of Achievement For Excellence in Financial Reporting .....	9
District Officials .....	9
Organization Chart.....	10

### Financial Section

Report of Independent Certified Public Accountants.....	11
Management's Discussion and Analysis .....	13
Basic Financial Statements:	
Statement of Net Position – Proprietary Funds.....	19
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds ..	20
Statement of Cash Flows – Proprietary Funds .....	21
Notes to Financial Statements .....	23
Required Supplemental Information .....	43

### Statistical Section

Statistical Section Objectives.....	45
Changes in Net Position .....	46
Net Position by Component.....	48
Water and Sewer Service Charges – Billings and Collections .....	49
Annual Sewer and Water Rates .....	50
Annual Sewer Permits Issued .....	50
Rate Increase History .....	50
Annual Service Fee Comparison .....	51
Ten Largest Customers.....	52
Sewer and Water Service Charges by Type of Customer .....	53
Principal Employers .....	54
Property Tax Assessments and Levies – Sewer Enterprise Fund .....	55
Property Tax Rates All Direct and Overlapping Governments.....	55
Principal Property Taxpayers .....	56
Ratios of Outstanding Debt by Type .....	57
Pledged - Revenue Coverage.....	58
Capital Spending .....	59
Capital Asset Statistics by Function/Program .....	59
Detail of Capital Spending.....	60
Wastewater Flows .....	61
Water Production.....	62
Demographic Statistics.....	63
Acknowledgments.....	64



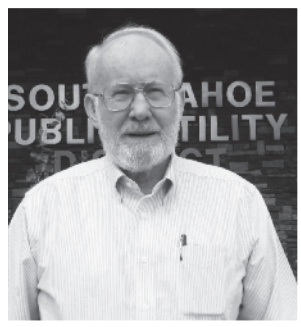
SOUTH TAHOE PUBLIC UTILITY DISTRICT  
Sixty-five years of safeguarding our resources.

2015

## Board of Directors



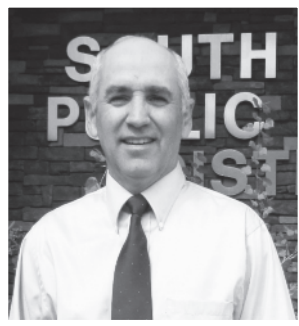
**Chris Cefalu**  
2009 - 2018



**Jim Jones**  
1977 - 1989, 1993 - 2018



**Kelly Sheehan**, Vice President  
2011 - 2016



**Randy Vogelgesang**, President  
2011 - 2016



**Duanne Wallace**  
1991 - 2007, 2014 - 2018

## District Officials

**Ivo Bergsohn**  
Hydrogeologist

**Tim Bledsoe**  
Customer Service Manager

**Linda Brown**  
Purchasing Agent

**Trevor Coolidge**  
Associate Engineer

**Shannon Cotulla**  
Assistant General Manager/  
Engineer

**Randy Curtis**  
Manager of Field Operations

**Melonie Guttry**  
Executive Services Manager

**Debbie Henderson**  
Accounting Manager

**Jim Hilton**  
Water Reuse Manager

**Paul Hughes**  
Chief Financial Officer

**Nancy Hussmann**  
Human Resources Director

**Ross Johnson**  
Manager of Plant  
Operations

**Ken Phillips**  
Information Technology  
Manager

**Terry Powers**  
Laboratory Director

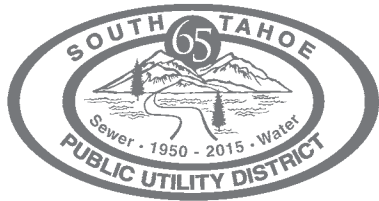
**Julie Ryan**  
Principal Engineer

**Richard H. Solbrig**  
General Manager

**John Thiel**  
Engineering Department  
Manager



**SOUTH TAHOE PUBLIC UTILITY DISTRICT**  
Sixty-five years of safeguarding our resources.





Member of the Board of Directors  
South Tahoe Public Utility District

November 25, 2015



## Directors:

The South Tahoe Public Utility District (the District) staff submits to you the Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2015. The CAFR gives an assessment of the District's financial condition, informs readers about District services, gives details of infrastructure replacement projects, discusses current issues, and provides financial and demographic trend information. This letter of transmittal is designed to complement Management's Discussion and Analysis and should be read in conjunction with it.

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

## District Overview

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

The District serves water to approximately 14,100 homes and businesses. Annual water production is nearly 2.5 billion gallons. Fifteen active wells, 20 water tanks, 16 booster stations, 23 pressure-reducing valves, and nearly 320 miles of water mainline make up the District's water system.

The sewage collection system consists of more than 314 miles of gravity collection lines, 22 miles of pressure force mains, and 42 lift stations, providing service to more than 18,200 homes and businesses. The wastewater treatment plant dry weather permitted capacity is 7.7 million gal-



SOUTH TAHOE PUBLIC UTILITY DISTRICT  
Sixty-five years of safeguarding our resources.

2 0 1 5

lons 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 35,000 tests annually to monitor a variety of chemicals and microorganisms in the drinking water, wastewater treatment, and recycled water export systems. These tests on groundwater, surface water, and soils safeguard District customers and the environment.

Water is vital to our community. As part of providing a high-level of customer service, the District diligently alerts and educates customers on matters affecting their water supply and water quality. The District also provides all customers 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](http://www.stpud.us).

## Protecting Our Water, Our Lake and Our Lifestyle through Water Conservation

Water is California's most precious natural resource and is vital to our community. But after four consecutive years of extreme drought, the state is facing its worst water shortage crisis in modern history. The start of 2015 saw the lowest snow-pack and the driest January in recorded history for California.

**...after four consecutive years of  
extreme drought, the state is facing  
its worst water shortage crisis in  
modern history.**

**History** California has had a long history of drought. Scientists and researchers have documented multiple droughts that lasted 10 to 20 years in a row during the past 1,000 years. They

have also documented periods of mega-drought in California's ancient past that lasted from 180 to 240 years. Evidence shows that during these mega-droughts, many lakes and rivers in the Sierra Nevada dried up for decades.

The Lake Tahoe region has seen five significant droughts in the last century. During a severe drought in the mid-1920's to early 1930's, the Truckee River's lowest annual flow volume was recorded. The drought of the late 1980's to early 1990's saw Lake Tahoe's water level fall to three feet below its minimum level, reducing its flow into the Truckee River for more than two years. More recent data indicates that the Lake Tahoe region has been in a dry weather pattern for several years. With the exception of the 2011 water year, the region has been experiencing normal to below normal precipitation since 2006.

**Legislation** In early 2014, California Governor Edmund G. Brown issued a Proclamation of a State of Emergency directing state officials to take all necessary actions to prepare for drought conditions. He also called on all Californians to increase their efforts to conserve water and requested a voluntary reduction in water use of 20 percent. As California's drought deepened, it became apparent that requests to reduce water consumption were not enough.

In July 2014, the State Water Resources Control Board (SWRCB) adopted an emergency



SOUTH TAHOE PUBLIC UTILITY DISTRICT  
Sixty-five years of safeguarding our resources.

2 0 1 5

regulation intended to restrict and reduce outdoor water use. The emergency regulation mandated minimum actions to conserve water supplies both for 2014 and into 2015. It required that urban water suppliers adopt and enforce mandatory restrictions prohibiting the following actions: washing down driveways and sidewalks; watering of outdoor landscapes in a manner that cause excess runoff; using a hose to wash a motor vehicle, unless the hose is fitted with a shut-off nozzle; and using potable water in a fountain or decorative water feature, unless the water is recirculated. The regulation also required larger water suppliers to activate their Water Shortage Contingency Plan to a level where outdoor irrigation restrictions are mandatory.

As emergency drought conditions persisted throughout California in the beginning of 2015, Governor Brown issued a new Executive Order on April 1, 2015, requiring for the first time in the state's history mandatory conservation for all residents. He directed the State Water Resources Control Board (SWRCB) to take immediate action to safeguard the state's remaining potable urban water supplies. On May 5, 2015, SWRCB adopted an expanded emergency conservation regulation requiring an immediate 25 percent reduction in water use statewide beginning on June 1, 2015. The regulation placed each urban water supplier into one of nine tiers which were assigned a conservation standard, ranging between four percent and 36 percent, as compared to the same time period in 2013. The regulation also included the following additional restrictions for all Californians: irrigation with potable water of ornamental turf on public street medians is prohibited; irrigating during or within 48 hours following measurable precipitation is prohibited; restaurants and other food service establishments can only serve water to customers on request; and hotels and motels must provide guests with the option of not having towels and linens laundered daily.

The SWRCB expanded emergency conservation regulations specifying new requirements for water suppliers as well. This included achieving the designated conservation standard, notifying customers about leaks that are within the customer's control, reporting monthly on water use, and compliance and enforcement of State-mandated and local restrictions. Local water suppliers were given the authority to fine property owners up to \$500 a day for failure to implement the water use prohibitions and restrictions. The regulation also gave SWRCB the authority to issue informational orders, conservation orders, or cease and desist orders to water suppliers for failure to meet their conservation standard. Water agencies that violate cease and desist orders are subject to a civil liability of up to \$10,000 a day.

On average, 50 percent of municipal daily water use in California is for outdoor landscaping. This was the primary driver for implementing mandatory restrictions on outdoor water use. But the State also recognized there were mounting concerns about groundwater management. In September 2014, Governor Brown signed historic legislation to ensure a sustainable supply of California groundwater. The four-year drought has increased groundwater extraction in many regions of the state and led to over-drafting and water shortages in some communities. This legislation, titled the Sustainable Groundwater Management Act, provides a foundation for the improved management of groundwater supplies by local authorities.

**Assisting Customers during the Drought** The South Tahoe Public Utility District supports the state's actions to protect California's water supply and is committed to conserving water. The District is currently in compliance with the state-mandated restrictions and, in fact, has had equivalent re-

**The South Tahoe Public Utility District supports the state's actions to protect California's water supply and is committed to conserving water.**



SOUTH TAHOE PUBLIC UTILITY DISTRICT  
Sixty-five years of safeguarding our resources.

2 0 1 5

restrictions in place for many years. Recognizing the importance of protecting our groundwater supply, the District adopted an ordinance establishing Water Conservation Stages and the prohibition of water waste in April 2004. The ordinance requires mandatory restrictions on outdoor water use, including a provision for designated watering days for residential and commercial customers.

In addition to adopting an ordinance, the District developed and implemented a comprehensive water conservation program. Water efficiency incentives, services, and resources are available to help residential and commercial customers use water wisely. Some of the programs available include water-efficient appliance rebates, Water Wise House Calls, irrigation efficiency evaluations, turf buy back programs, and leak detection assistance.

**Water efficiency incentives, services, and resources are available to help residential and commercial customers use water wisely.**

participating in this program, the customer is eligible for free water-saving devices (toilet flapper valves, shower heads, faucet aerators, etc.) and water-efficient appliance rebates. Though funding is limited, the District currently offers high-efficiency clothes washer and toilet rebates, as well as an irrigation efficiency rebate.

The average family of four uses approximately 400 gallons of water every day. To assist customers in reducing their indoor water use, the District began offering Water Wise House Calls to our residential customers. Upon request, a Water Conservation Program staff member will visit a home, assess the water usage, and provide customized water-saving tips. By

### Local Economic Conditions

Lake Tahoe is recognized as a very popular vacation destination in the United States. In 2014 USA Today ranked Tahoe South as the number one ski destination, while Oyster.com ranked Lake Tahoe as the second most beautiful lake in the United States. Even with these rankings, it cannot be ignored that multiple years of low snow fall amounts has had a devastating impact on the local ski industry. As a result, the ski resorts are becoming more creative and offering summer activities such as mountain biking, hiking, music events, and rope courses. Other winter events, such as the SnowGlobe music festival, attracted 40,000 visitors and helped maintain hotel occupancy levels. And although the drought dragged down total ski visits, summer visits pushed hotel occupancy up 8% according to DestiMetrics. Dry conditions in other parts of the state prompted visits to Lake Tahoe, which still has lots of water. The California State Parks Division reported that Emerald Bay State Park had a 40% increase in visit receipts. The annual Celebrity American Century Golf Championship reported record attendance of 41,800. Due to the positive statistics noted above, through September 30, 2014, the end of their fiscal year, the City of South Lake Tahoe reported an increase of 7.3% in Transient Occupancy Tax and an increase of 9% in sales tax compared to September 30, 2013, collections.

Several years have passed since construction stopped on a project near Stateline which would have brought retail space, condominiums, and a convention center to South Lake Tahoe. Until last summer, 2014, this large mixed-use project, The Chateau at Heavenly Village, remained stalled with the Lake Tahoe Development Company, multiple creditors, the City of South Lake Tahoe, El Dorado County, and the bankruptcy court doing what they could to move forward with resolution. The property was foreclosed and the largest creditor stepped in and provided funding to start and complete an initial phase of the project, including street level retail development, which has provided a much improved façade along Lake Tahoe Boulevard and a foundation for further development. A second phase of this project, including 32 condominiums, began this spring. It is still



**SOUTH TAHOE PUBLIC UTILITY DISTRICT**  
Sixty-five years of safeguarding our resources.

2 0 1 5

unknown if the originally planned convention center will be developed, but the permit for this project is still active and in effect. The biggest development on the South Shore this year was the \$60 million renovation of an older hotel converted to a Hard Rock hotel and casino. The Montbleu hotel and casino also invested in itself, completing approximately \$24 million in renovations. A well needed and anticipated renovation of the factory stores at the "Y" is planned for the spring of 2016.

The real estate market in South Lake Tahoe improved this year, which paralleled the California real estate trend. The median single family home price in June 2015 was \$369,000, up from \$335,000 in 2014 or 10.2%. Although the median price was up, a lack of inventory has resulted in the number of units sold being down. According to Chase International in Tahoe, with the economy improving property owners are no longer feeling compelled to sell.

At year end, the unemployment rate in South Lake Tahoe was 5.9%, down from 10.0% a year ago and 11.4% two years ago. Due to strong District management, wise Board of Directors' decisions, cost-conscious staff, and a strong pursuit of grant funding and low-cost financing, the District has remained financially strong and avoided staff layoffs or furloughs during the economic recession.

### Enterprise Operations

The District finances sewer and water operations through user charges, property tax receipts, and other income. District service charge revenue is stable, since approximately 50% of customers still pay flat rates for sewer and water services. Also, the District's metered water rates are structured with an 80% fixed component and 20% variable component. This structure nearly represents the District's actual fixed and variable cost structure. Water consumption fees currently represent only 6.4% of the District's 2015 service charge revenue and 4.1% 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 five 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. On July 1, 2014, water rates were increased 6.5% while sewer rates were increased 6%. Fiscal year 2014/15 was the first of a five year rate implementation schedule. The Board of Directors adopted an ordinance with a five-year rate increase schedule, but annually the rates for each of the remaining four years must be confirmed by the Board. The Board did confirm the rates from year two of the schedule effective July 1, 2015. 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 are comparable to average rates statewide and continue to be at or near the lowest in the Tahoe Basin.

For the last three years, 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 is forecasting cautiously for the next several years. 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

**A primary goal in carefully developing long-term financial plans is to minimize annual rate changes and to avert large rate fluctuations.**



SOUTH TAHOE PUBLIC UTILITY DISTRICT  
Sixty-five years of safeguarding our resources.

2 0 1 5

or sewer capacity. If the District continues to see a trend of increasing fees paid and recognized in the same year, the forecast may be revisited and adjusted. Commercial development projects continue to be slow to respond to the economic recovery, although the stalled convention center project near Stateline completed an initial phase of six new storefront properties last year and a residential condominium phase began this summer. Hopefully with a slowly improving economy, this project will continue to progress and expand. Another positive development was the construction of a BevMo store, although it did not require new capacity since it was constructed on the site which previously included a laundromat. Recently, the Board of Directors reduced the capacity charges for new or increased sewer service by 25% hoping to attract more development to the area.

Even though connection fee revenue, which is used for infrastructure replacement, declined for several consecutive years, the District has been able to move forward with several capital projects due to the receipt of grant funds, state program loans, and record low tax-exempt interest rates on borrowed funds. An active grant-seeking program is in place to bring in additional resources for both infrastructure and operations. In fiscal year 2015, the District recognized more than \$.6

million in grant funding following more than \$.4 million in 2014 and approximately \$1.6 million in fiscal year 2013. During the year more than \$7 million was invested in water and sewer infrastructure replacement. To further enhance the infrastructure planning process, the District is using advanced asset management technology. This database 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.

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

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

## Public Outreach

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

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

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

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



SOUTH TAHOE PUBLIC UTILITY DISTRICT  
Sixty-five years of safeguarding our resources.

2 0 1 5

Last year the District received from the California Special District Association a Certificate of Achievement in Transparency for its public outreach efforts. In addition, the District received The Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report fiscal year ended June 30, 2014. The District has received this award for 20 consecutive years. Last year the Municipal Information Systems Association of California also recognized the District's Information Technology Department with its Excellence in IT Practice Award for the second time. The District has applied for, and expects to receive this award again in fiscal year 2015/16.

### 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.

### Looking Forward to the Future

The ongoing California drought and resulting lack of snow has taken a toll on the South Lake Tahoe winter economy, but the summer visitors provided a much needed boost to the overall visit numbers, creating an actual year over year increase in City sales tax and transient occupancy tax revenues. With a good snow producing winter predicted, anticipation is high for a productive and active ski season, bringing much needed relief to the winter economy.

The District's revenues were on the decline for several years due to the economic recession but, for the first time in eight years, the District is projecting total revenues for fiscal year 2015/16 to be greater than total pre-recession revenues from 2008. With a ten-year \$103 million capital improvement plan to repair and replace an aging and undersized water and sewer system demanding attention, the District Board of Directors adopted a five-year rate increase schedule to specifically address these infrastructure issues. Fiscal year 2014/15 was the first of the five-years. Annually, in years two through four, District staff will recommend to the Board of Directors an increase up to the amount of the rates in the five-year schedule. The District is reliant on development related revenue collections, service charge rate increases, grants, and low-interest loans to complete infrastructure projects. The goal is to minimize the impact to the rate payers. With an improving economy, and an associated increase in development related revenues, the District may, with the help of grant funding, be able to adopt rate increases less than the maximum allowed increases in the five-year schedule.

Sincerely,

Richard H. Solbrig,  
General Manager

Paul Hughes,  
Chief Financial Officer





SOUTH TAHOE PUBLIC UTILITY DISTRICT  
Sixty-five years of safeguarding our resources.

2 0 1 5

## District Awards

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

### Employee of the Year



**Eileen Eidam**  
Administrative Assistant

### Crew of the Year



#### Information Technology

The Information Technology department provides expert hardware and software network services, training, and telephone system operation throughout the District to enable efficient use of data as an asset.





**SOUTH TAHOE PUBLIC UTILITY DISTRICT**  
Sixty-five years of safeguarding our resources.

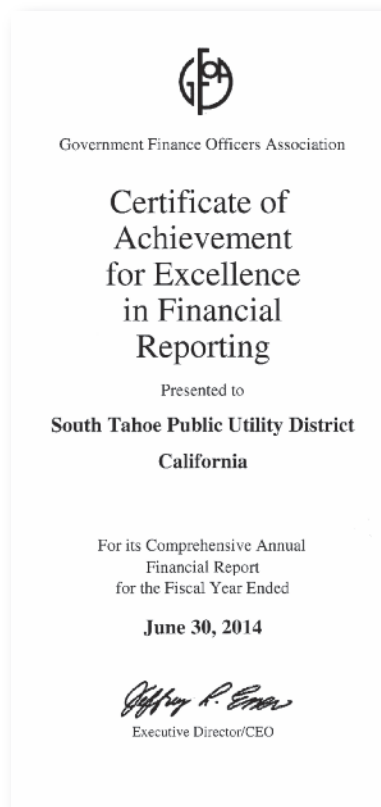
2 0 1 5

## District Honors

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to South Tahoe Public Utility District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

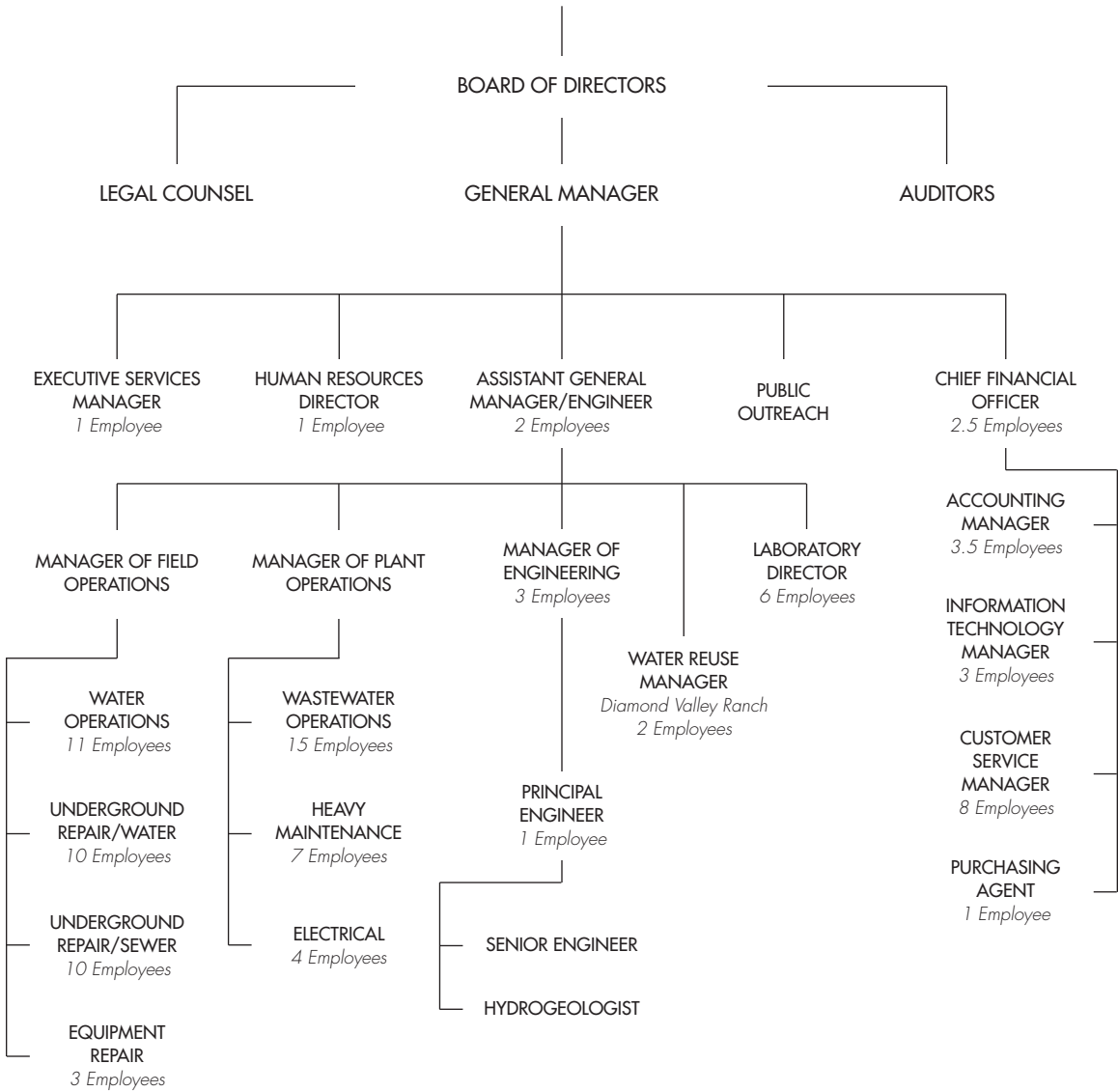




**SOUTH TAHOE PUBLIC UTILITY DISTRICT**  
 Sixty-five years of safeguarding our resources.

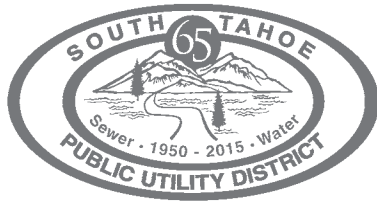
2 0 1 5

**CUSTOMERS OF THE SOUTH TAHOE PUBLIC UTILITY DISTRICT**





**SOUTH TAHOE PUBLIC UTILITY DISTRICT**  
Sixty-five years of safeguarding our resources.





Audit • Tax • Advisory

**Grant Thornton LLP**  
100 W Liberty Street, Suite 770  
Reno, NV 89501-1965

T 775.786.1520  
F 775.786.7091  
[www.GrantThornton.com](http://www.GrantThornton.com)

## Report of Independent Certified Public Accountants

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

### Report on the financial statements

We have audited the accompanying financial statements of the business-type activities of South Tahoe Public Utility District (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's responsibility for the financial statements

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

### Auditor's responsibility

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

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2015, 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.

## **Other matters**

### ***Required supplementary information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of contributions and proportionate share of net pension liability on pages 13 through 18 and 43 be presented to supplement the basic financial statements. Such information, although not a required 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. This required supplementary information is the responsibility of management. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America. These limited procedures 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.

### ***Report on 2014 summarized comparative information***

We have previously audited the District's 2014 basic financial statements (not present herein), and we expressed an unmodified opinion on the respective basic statements in our report dated November 12, 2014. The adoption of GASB 68 was reported as a cumulative effect adjustment to the beginning net position as of July 1, 2014. The District's 2014 summarized comparative information has not been restated as it is not practical to determine the deferred inflows and outflows of resources related to the pension liability.

### ***Other reporting required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report, November 19, 2015, 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 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 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.

*Grant Thornton LLP*

Reno, Nevada  
November 25, 2015

# 2 0 1 5

## 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, and since then more than \$76 million of infrastructure has been placed into service. With advances in asset management tools, the District now utilizes a strategic set of criteria to determine construction priorities. In fiscal year 2014-15, the District continued the replacement program, and a total of \$4.0 million was spent on waterline replacement and upsizing, booster station improvements, water storage facilities, and future planning. The following waterline projects were completed during the year.

Project Area	Total Lineal Feet	Spent as of June 30, 2015	Estimate to Complete
Saddle/Keller Waterline	5,190	\$1,524,976	\$ 0
State Streets (A) Waterline	17,865	4,865,372	0

Approximately 10% of the water distribution system is undersized and does not provide appropriate fire protection. 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.

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 completed installation of approximately 2,500 meters funded with a \$4.4 million grant. Through the end of 2014-15, an additional 3,500 meters have been installed. These additional installations increased the portion of the water system metered to approximately 54%. The amount spent on meter installations in fiscal year 2014-15 was \$2.1 million. The remaining unmetered service connections will have meters installed within the next four years and will be funded with a low cost loan through the California State Water Resources Control Board.

The Sewer Enterprise Fund also continues investing in its infrastructure. In fiscal year 2014-15 \$1.5 million was invested in sewer infrastructure improvements. Last fall, the District completed a three-year project to replace the sewer treatment headworks at a cost of approximately \$14 million. The District funded this project with reserves, a low-interest loan through the California State Water Resources Control Board State Revolving Fund program, and an additional installment agreement. Two projects which have been in the planning and design phase over the last few years will break ground in fiscal year 2015-16. The total investment in these pumping and recycled water land application critical infrastructure improvements will be approximately \$13.5 million, and will be funded with low cost loans through the California State Water Resources Control Board.

- During the year more than \$8 million was invested in sewer and water infrastructure.
- Net position of the District decreased \$4.3 million or 2.2% due to GASB 68 reporting requirements.
- The Sewer and Water Enterprise Funds' income (loss) is \$1,596,107 and (\$35,801), respectively.
- Operating revenue is up 5.9% due to an increase in service charge rates and residential and commercial development.
- Operating expenses are up .6% but came in 5.3% under budget.
- In fiscal year 2014-15, the District was awarded competitive grants totaling more than \$.9 million, following more than \$.4 million awarded in 2013-14 and \$1.6 million awarded in 2012-13. These grants will fund, among other things, waterline replacements, water pumping facilities, and water conservation programs.

# 2015

## Overview of the Basic Financial Statements

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

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

### Net Position

The condensed Statement of Net Position below shows the District is investing in capital assets while keeping its debt at manageable levels. For the year ended June 30, 2015, the District was required to implement GASB 68, Accounting and Financial Reporting for Pensions. Under the new GASB standards, each participating cost-sharing employer is required to report its actuarially determined proportionate share of the collective net pension liability, pension expense, and deferred outflows/deferred inflows of resources in their financial statements determined in conformity with GASB 68. Previously to GASB 68, the District was only required to report the actual payments submitted to the pension plan as an expense, and no liability or deferred inflows/deferred outflows. GASB 68 reporting requirements created a negative \$5.7 million impact to Total Net Position. Before posting the GASB 68 entries, Total Net Position showed an increase of \$1.4 million over the prior year. For more information on the District's pension plan, see Note G of the Notes to the Financial Statements.

#### Net Position (in thousands)

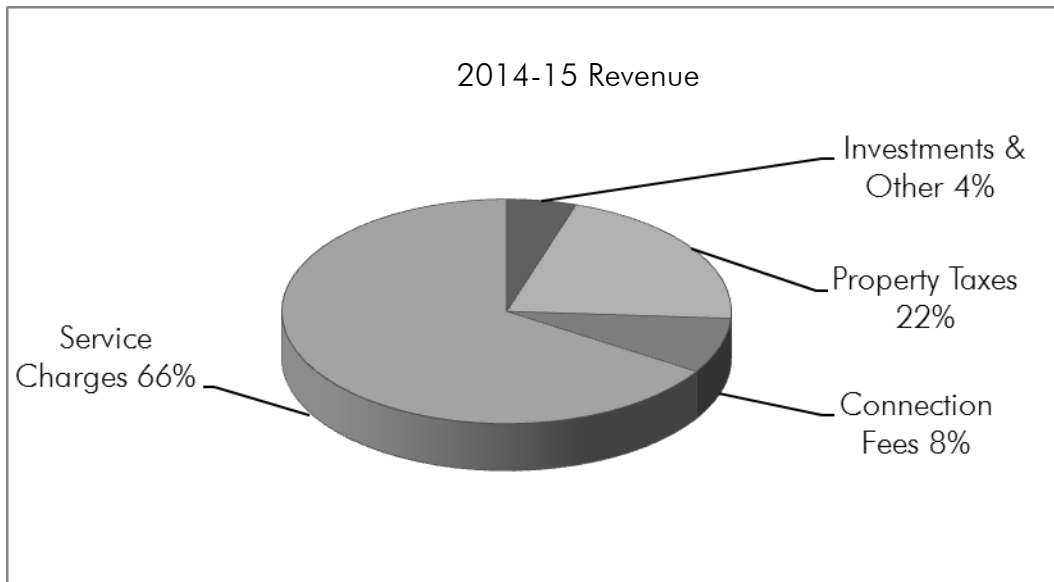
	June 30,		Change	Change
	2015	2014		
Current and other	\$ 45,740	\$ 47,179	\$ (1,439)	(3.1%)
Capital assets	205,259	203,899	1,360	0.7%
Total assets	<u>\$ 250,999</u>	<u>\$ 251,078</u>	<u>\$ ( 79)</u>	<u>(0.03%)</u>
Total deferred outflows	\$ 1,877	\$ 368	\$ 1,509	-
Debt outstanding	\$ 35,444	\$ 35,964	\$ (520)	(1.4%)
Net pension liability	5,945	-	5,945	-
Other liabilities	14,281	15,238	(957)	(6.3%)
Total liabilities	<u>\$ 55,670</u>	<u>\$ 51,202</u>	<u>\$ 4,468</u>	<u>8.7%</u>
Deferred inflows of resources	\$ 1,284	\$ -	\$ 1,284	-
Net investment in capital assets	\$ 169,814	\$ 172,025	\$ (2,211)	(1.3%)
Restricted for security deposits	165	165	-	-
Restricted of capital asset purchases	463	4,552	(4,089)	(89.8%)
Unrestricted	25,480	23,502	1,978	8.4%
Total net position	<u>\$ 195,922</u>	<u>\$ 200,244</u>	<u>\$ (4,322)</u>	<u>(2.2%)</u>



# 2015

## Revenue and Expenses

The District finances sewer and water operations through user charges, property tax receipts, and other income. Total revenue for fiscal year 2014-15 is \$31.8 million, a \$1.6 million or 5.3% increase from the prior year. The 2015 service charge revenue is up from the prior year, reflecting a 6.0% increase in sewer rates and a 6.5% increase in water rates. Connection fees are up \$169,000 or 6.8% due to an increase of both commercial and residential development. Property tax revenue is up by \$399,000 or 6.3%, compared to the prior year. El Dorado County estimates that property tax collections will be up approximately 5.3% for 2015-16 due to a slight increase in assessed values. Investment income is slightly down due to changes in available investment balances, while other income is down compared to the prior year due to fluctuations in miscellaneous income categories and timing of grant receipts.



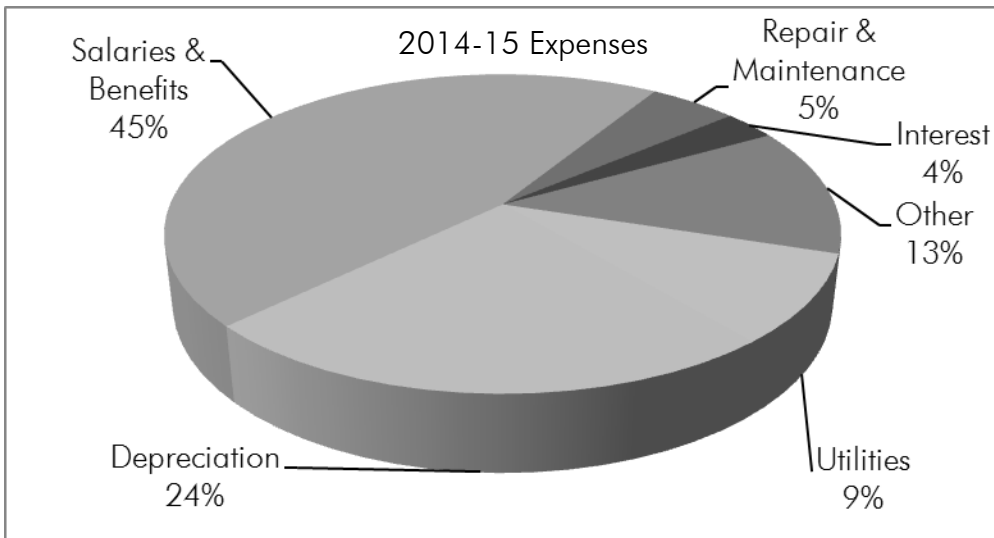
### Revenues (in thousands)

	Year ended June 30,		Change	Change
	2015	2014		
Service charges	\$ 21,048	\$ 19,858	\$ 1,190	6.0%
Connection fees	2,646	2,477	169	6.8%
Other	361	386	(25)	(6.5%)
Total operating revenue	24,055	22,721	1,334	5.9%
Property taxes	6,762	6,363	399	6.3%
Investments	206	217	(11)	(5.1%)
Other	791	905	(114)	(12.6%)
Total non-operating revenue	7,759	7,485	274	3.7%
Total revenue	\$ 31,814	\$ 30,206	\$ 1,608	5.3%

# 2015

## Revenue and Expenses - Continued

Total operating expenses for the current year are \$29.3 million, up \$.2 million from the prior year. The combined salaries and benefits are down \$.2 million or 1.3% due to required GASB 68 adjustments to pension expense. Salaries alone were up \$.2 million due to a 2.0% COLA implemented July 1, 2014. The GASB 68 entries reduced pension expense in the benefits category by \$.5 million. 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 Balance Sheet. The amount of capitalized labor for fiscal year 2015 was \$617,652 compared to \$627,597 in the prior year. When comparing salary and benefit totals year-to-year including the capitalized amounts, the 2015 decrease from the prior year was \$178,559 or 1.3%. Depreciation is up reflecting a continued investment in infrastructure projects. Repair and maintenance expenditures fluctuate year to year based on unexpected or planned projects. Combined operating and non-operating other expenses is nearly flat compared to the prior year. Interest expense is down due to one-time payments in the prior year related to debt refinancings.



	<u>Expenses</u> <i>(in thousands)</i>		Change	Change
	Year ended June 30, 2015	2014		
<u>Operating expenses:</u>				
Salaries and benefits	\$ 13,690	\$ 13,868	\$ (178)	(1.3%)
Depreciation	7,405	7,267	138	1.9%
Utilities	2,636	2,683	( 47)	(1.8%)
Repair and maintenance	1,612	1,488	124	8.3%
Other	3,924	3,774	150	4.0%
Total operating expenses	29,267	29,080	187	0.6%
<u>Non-operating expenses:</u>				
Interest expense	813	879	( 66)	(7.5%)
Other	173	312	( 139)	(44.6%)
Total non-operating expenses	986	1,191	( 205)	(17.2%)
Total expenses	\$ 30,253	\$ 30,271	\$ ( 18)	(0.1%)

# 2015

## Revenue and Expenses - Continued

The fiscal year 2014-15 income (loss) before capital contributions is \$1.6 million as compared to the budgeted income of (\$1.4) million and the actual prior year income of (\$.1) million. For the year, capital contributions increased net position an additional \$.3 million. The addition of GASB 68 resulted in a prior period adjustment in an amount of \$6.2 million to beginning net position.

	<u>Changes in Net Position</u>			
	<i>(in thousands)</i>			
	June 30,		Change	Change
2015	2014			
Beginning net position	\$ 200,244	\$ 199,608	\$ 636	0.3%
GASB 68 adjustment	(6,172)	-	(6,172)	-
Beginning net position restated	194,072	199,608	(5,536)	(2.8%)
Income (loss) before contributions	1,560	(67)	1,627	2,428.4%
Capital contributions	290	703	(413)	(58.7%)
Changes in net position	1,850	636	1,214	190.9%
Ending net position	\$ 195,922	\$ 200,244	\$ (4,322)	(2.2%)

## Capital Assets

The District's investment in its sewer and water systems is \$205 million at the end of the fiscal year net of depreciation. During the year, more than \$8 million was spent on new infrastructure and equipment. \$6.5 million was spent on water system improvements. As noted in the highlights, new waterlines improve system reliability, water pressure, and fire flow capability. \$1.5 was invested in sewer system improvements including treatment upgrades, line protection and recycled effluent projects.

Capital Assets  
*(net of depreciation, in thousands)*

	Sewer		Water		Total	
	2015	2014	2015	2014	2015	2014
Land and easements	\$ 22,843	\$ 22,843	\$ 1,903	\$ 1,903	\$ 24,746	\$ 24,746
Water rights	-	-	1,668	1,668	1,668	1,668
Plant and equipment	84,442	87,564	82,486	77,512	166,928	165,076
Construction in progress	7,895	7,231	4,022	5,178	11,917	12,409
Total	\$115,180	\$117,638	\$ 90,079	\$ 86,261	\$205,259	\$203,899

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

# 2 0 1 5

## Debt Administration

The District prefers to avoid funding capital improvement projects with debt, but will do so when necessary to keep service rates at reasonable levels. The last time the District received a formal credit rating in 2012, Fitch Ratings affirmed the District's ratings of AA+ for both Water and Sewer Funds, while Standard and Poor's increased its rating for the Sewer Fund to AA from AA- and affirmed the Water Fund rating of AA-. At year-end, the District had \$35.4 million in installment sales and loans outstanding as detailed below. As always, grant opportunities and low-interest subsidized loans are pursued by the District.

### Outstanding Debt at Year End (in thousands)

	June 30,	
	2015	2014
<u>Sewer Enterprise Fund:</u>		
California State Revolving Loan Fund (secured by sewer revenue)	\$ 2,172	\$ 2,279
California State Revolving Loan Fund (secured by sewer revenue)	839	875
California State Revolving Loan Fund (secured by sewer revenue)	1,160	1,214
Installment Sale Agreement (secured by sewer revenue)	5,695	5,943
Installment Sale Agreement (secured by sewer revenue)	8,620	9,423
Loan Agreement (secured by sewer revenue)	<u>7,363</u>	<u>7,861</u>
Total sewer enterprise fund	<u>25,849</u>	<u>27,595</u>
<u>Water Enterprise Fund:</u>		
Installment Sale Agreement (secured by water revenue)	7,270	8,369
California State Revolving Loan Fund (secured by water revenue)	<u>2,325</u>	<u>-</u>
Total water enterprise fund	<u>9,595</u>	<u>8,369</u>
Total debt	<u>\$ 35,444</u>	<u>\$ 35,964</u>

For additional information on Outstanding Debt, see Note F in the Notes to the Combined 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  
Proprietary Funds

June 30, 2015

(With comparative totals for June 30, 2014)

2 0 1 5

ASSETS AND DEFERRED OUTFLOW OF RESOURCES	Business-type Activities		Total	
	Enterprise Funds		2015	2014
	Sewer	Water		
<b>Current assets:</b>				
Cash and cash equivalents	\$ 12,889,680	\$ 527,944	\$ 13,417,624	\$ 11,625,381
Investments	2,007,240	1,034,033	3,041,273	900,712
Accounts receivable, net of allowance for doubtful accounts	275,179	1,798,350	2,073,529	2,304,606
Due from governmental agencies	28,129	1,263,152	1,291,281	665,546
Property tax receivable	6,750,185	-	6,750,185	6,407,605
Other current assets	340,976	921,450	1,262,426	1,047,137
Total current assets	<u>22,291,389</u>	<u>5,544,929</u>	<u>27,836,318</u>	<u>22,950,987</u>
<b>Noncurrent assets:</b>				
Restricted assets:				
Cash and cash equivalents	463,113	-	463,113	4,552,380
Certificate of deposit	50,000	115,000	165,000	165,000
Total restricted assets	<u>513,113</u>	<u>115,000</u>	<u>628,113</u>	<u>4,717,380</u>
Long-term accounts receivable	471,426	-	471,426	607,555
Due from governmental agencies, net of allowance for doubtful accounts	53,020	53,020	106,040	175,884
Investments	11,021,064	5,677,518	16,698,582	18,726,945
Other deferred expenses	-	-	-	-
Capital assets	208,696,485	125,978,519	334,675,004	326,468,874
Less accumulated depreciation	(93,515,903)	(35,900,187)	(129,416,090)	(122,569,787)
Total capital assets	<u>115,180,582</u>	<u>90,078,332</u>	<u>205,258,914</u>	<u>203,899,087</u>
Total noncurrent assets	<u>127,239,205</u>	<u>95,923,870</u>	<u>223,163,075</u>	<u>228,126,851</u>
Total assets	<u>\$ 149,530,594</u>	<u>\$ 101,468,799</u>	<u>\$ 250,999,393</u>	<u>\$ 251,077,838</u>
<b>Deferred outflows of resources:</b>				
Refunding loan costs	\$ 283,952	\$ 45,749	\$ 329,701	\$ -
Net pension liability	929,037	618,772	1,547,809	368,095
Total deferred outflows	<u>1,212,989</u>	<u>664,521</u>	<u>1,877,510</u>	<u>368,095</u>
<b>LIABILITIES AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 554,185	\$ 851,126	\$ 1,405,311	\$ 2,816,049
Unearned revenue	7,345,713	595,957	7,941,670	7,757,914
Accrued expenses	114,656	1,328,787	1,443,443	1,118,070
Accrued interest payable	307,948	82,514	390,462	421,722
Compensated absences - current	686,490	475,110	1,161,600	1,068,994
Long-term debt - current	1,790,323	647,123	2,437,446	2,844,219
Total current liabilities	<u>10,799,315</u>	<u>3,980,617</u>	<u>14,779,932</u>	<u>16,026,968</u>
<b>Noncurrent liabilities:</b>				
Compensated absences	1,149,915	788,324	1,938,239	2,055,629
Long-term debt	24,059,084	8,947,874	33,006,958	33,119,369
Net Pension Liability	3,598,804	2,346,324	5,945,128	-
Total noncurrent liabilities	<u>28,807,803</u>	<u>12,082,522</u>	<u>40,890,325</u>	<u>35,174,998</u>
Total liabilities	<u>39,607,118</u>	<u>16,063,139</u>	<u>55,670,257</u>	<u>51,201,966</u>
<b>Deferred inflows of resources:</b>				
Net pension liability	772,356	511,712	1,284,068	-
Invested in capital assets, net of related debt	89,331,175	80,483,337	169,814,512	172,025,061
Restricted for security deposits	50,000	115,000	165,000	165,000
Restricted for capital asset purchases	463,113	-	463,113	4,552,379
Unrestricted	20,519,821	4,960,132	25,479,953	23,501,527
Total net position	<u>\$ 110,364,109</u>	<u>\$ 85,558,469</u>	<u>\$ 195,922,578</u>	<u>\$ 200,243,967</u>

The accompanying notes are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Proprietary Funds

For The Year Ended June 30, 2015

(With comparative totals for June 30, 2014)

2 0 1 5

	Business-type Activities		Total	
	Enterprise Funds		2015	2014
	Sewer	Water		
Operating revenues:				
Charges for sales and services:				
Service charges	\$ 11,243,512	\$ 9,804,814	\$ 21,048,326	\$ 19,857,736
Connection and service fees	1,693,027	953,420	2,646,447	2,477,127
Other operating income	146,404	214,232	360,636	385,661
Total operating revenues	<u>13,082,943</u>	<u>10,972,466</u>	<u>24,055,409</u>	<u>22,720,524</u>
Operating expenses:				
Salaries, wages and employee benefits	8,281,710	5,407,954	13,689,664	13,868,223
Depreciation and amortization	4,532,063	2,873,491	7,405,554	7,266,377
Utilities	1,948,004	688,317	2,636,321	2,683,320
Repairs and maintenance	684,636	927,261	1,611,897	1,488,279
Other operating expenses	2,246,305	1,677,673	3,923,978	3,774,104
Total operating expenses	<u>17,692,718</u>	<u>11,574,696</u>	<u>29,267,414</u>	<u>29,080,303</u>
Operating loss	<u>(4,609,775)</u>	<u>(602,230)</u>	<u>(5,212,005)</u>	<u>(6,359,779)</u>
Nonoperating revenues (expenses):				
Tax revenue	6,733,690	28,146	6,761,836	6,362,637
Investment earnings	162,098	43,786	205,884	216,698
Aid from governmental agencies	98,979	404,438	503,417	539,624
Other nonoperating income	58,255	229,155	287,410	365,523
Interest expense	(714,457)	(98,598)	(813,055)	(879,398)
Other expense	(132,683)	(40,498)	(173,181)	(312,018)
Total nonoperating revenues	<u>6,205,882</u>	<u>566,429</u>	<u>6,772,311</u>	<u>6,293,066</u>
Income (loss) before contributions	1,596,107	(35,801)	1,560,306	(66,713)
Capital contributions	<u>34,865</u>	<u>255,212</u>	<u>290,077</u>	<u>702,863</u>
INCREASE IN NET POSITION	1,630,972	219,411	1,850,383	636,150
Net position at beginning of year, as previously reported	112,468,830	87,775,137	200,243,967	199,607,817
Change in Accounting Principle, GASB 68 adjustment	<u>(3,735,693)</u>	<u>(2,436,079)</u>	<u>(6,171,772)</u>	<u>-</u>
Net position at beginning of year, as restated	108,733,137	85,339,058	194,072,195	199,607,817
Net position at end of year	<u>\$ 110,364,109</u>	<u>\$ 85,558,469</u>	<u>\$ 195,922,578</u>	<u>\$ 200,243,967</u>

The accompanying notes are an integral part of this statement.

STATEMENT OF CASH FLOWS  
Proprietary Funds  
For The Year Ended June 30, 2015  
(With comparative totals for June 30, 2014)

2 0 1 5

	Business-type Activities		Total	
	Enterprise Funds		2015	2014
	Sewer	Water		
Cash flows from operating activities:				
Cash received from customers	\$ 13,551,570	\$ 10,694,165	\$ 24,245,735	\$ 21,738,084
Other income	146,404	214,232	360,636	385,661
Cash paid to employees for services	(8,583,058)	(5,621,775)	(14,204,833)	(13,872,783)
Cash paid to suppliers	(5,204,414)	(6,650,095)	(11,854,509)	(8,258,643)
Cash used in operating activities	<u>(89,498)</u>	<u>(1,363,473)</u>	<u>(1,452,971)</u>	<u>(7,681)</u>
Cash flows from non-capital financing activities:				
Tax revenue	6,391,110	28,146	6,419,256	5,966,359
Payments from / (to) governmental agencies	89,808	(24,549)	65,259	1,293,057
Cash provided by non-capital financing activities	<u>6,480,918</u>	<u>3,597</u>	<u>6,484,515</u>	<u>7,259,416</u>
Cash flows from capital and related financing activities:				
Purchase of capital assets	(1,802,133)	(4,474,809)	(6,276,942)	(5,986,454)
Repayment of debt	(1,744,997)	(1,099,223)	(2,844,220)	(3,378,633)
Proceeds from issuance of debt	-	2,325,036	2,325,036	-
Interest paid on notes payable	(734,162)	(182,044)	(916,206)	(846,714)
Contributed capital	34,865	255,212	290,077	702,863
Cash used in capital and related financing activities	<u>(4,246,427)</u>	<u>(3,175,828)</u>	<u>(7,422,255)</u>	<u>(9,508,938)</u>
Cash flows from investing activities:				
Interest and dividends on investments	145,419	34,733	180,152	174,756
Purchase of investments	(4,950,000)	(2,550,000)	(7,500,000)	(6,500,000)
Proceeds from sale of investments	4,892,629	2,520,906	7,413,535	6,449,258
Cash provided by investing activities:	<u>88,048</u>	<u>5,639</u>	<u>93,687</u>	<u>124,014</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,233,041	(4,530,065)	(2,297,024)	(2,133,189)
Cash and cash equivalents, beginning (including \$462,818 and \$4,089,562 reported in restricted assets for sewer and water, respectively)	<u>11,119,752</u>	<u>5,058,009</u>	<u>16,177,761</u>	<u>18,310,950</u>
Cash and cash equivalents, ending (including \$463,113 and \$0 reported in restricted assets for sewer and water, respectively)	<u>\$ 13,352,793</u>	<u>\$ 527,944</u>	<u>\$ 13,880,737</u>	<u>\$ 16,177,761</u>

STATEMENT OF CASH FLOWS - continued  
**Proprietary Funds**  
For The Year Ended June 30, 2015

2 0 1 5

	Business-type Activities		Total	
	Enterprise Funds		2015	2014
	Sewer	Water		
Reconciliation of operating loss to cash provided by operating activities:				
Operating loss	\$ (4,903,345)	\$ (799,045)	\$ (5,702,390)	\$ (6,359,779)
Adjustments to reconcile operating loss to cash (used in) provided by operating activities:				
Depreciation and amortization	4,532,063	2,873,491	7,405,554	7,266,377
(Increase) decrease in accounts receivable	300,618	66,588	367,206	(270,914)
(Increase) decrease in other assets	(18,920)	(196,369)	(215,289)	95,985
Increase (decrease) in accounts payable	(386,617)	(3,405,780)	(3,792,397)	(238,328)
Increase (decrease) in unearned revenue	314,413	(130,657)	183,756	(325,865)
Increase (decrease) in other payables	72,290	228,299	300,589	(175,157)
	<u>\$ (89,498)</u>	<u>\$ (1,363,473)</u>	<u>\$ (1,452,971)</u>	<u>\$ (7,681)</u>
Cash used in operating activities				
Non-cash capital and related financing activities:				
Capital assets included in accounts payable	<u>\$ 37,499</u>	<u>\$ 549,776</u>	<u>\$ 587,275</u>	<u>\$ 1,794,384</u>
Non-cash investing activities:				
Increase in fair value of investments	<u>\$ 16,679</u>	<u>\$ 9,053</u>	<u>\$ 25,732</u>	<u>\$ 41,942</u>

The accompanying notes are an integral part of this statement.



# 2 0 1 5

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles of South Tahoe Public Utility District (the "District") conform to generally accepted accounting principles applicable to governmental-type organizations. The following is a summary of the District's significant accounting policies:

### 1. Reporting Entity

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. 14, The Financial Reporting Entity. This criteria requires the reporting entity to have a separate elected governing body, that it be a legal separate entity and fiscally independent.

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

- Sewer Enterprise Fund
- Water Enterprise Fund

### 2. 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.

### 3. Budget

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

### 4. 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.

### 5. Investments

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

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

# 2 0 1 5

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

### 6. Reserves

The District uses the term "reserves" to refer to all cash and investments belonging to the District at any given time. The District's policy is to have reserves to adequately provide for infrastructure replacement, economic uncertainties, loss of revenue sources, local disasters and catastrophic events, cash flow requirements and unfunded mandates (i.e. new regulatory requirements). In addition, adequate reserves are an essential part of sound financial management and reflect positively on the District's credit standing. Reserves are based on management's estimates for the cash needs of the District and estimates may vary from actual.

The Reserve Policy adopted by the Board of Directors establishes the minimum and maximum amount of reserves for operations, capital, self-insurance and rate stabilization and when to use reserves.

### 7. Capital Assets

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

### 8. 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.

# 2 0 1 5

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

### **9. Pension Plan**

The California Public Employees Retirement System (PERS) values assets using a smoothing technique. PERS determines the expected value of assets (using the assumed actuarial rate of return) and adds one-fifteenth of the difference between the actual market value of assets and the expected value of assets to equal the asset valuation. In addition, the value of assets will not be less than 80% or greater than 120% of the actual market value of assets. The PERS actuarial methodology serves to diminish short-term market value fluctuations on employer contribution rates.

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 plans (Plans), 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. Investments are reported at fair value.

### **10. 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.

### **11. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

### **12. Operating and Non-operating Revenues**

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

# 2 0 1 5

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

### **13. Restricted Resources**

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

### **14. Comparative Information**

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. The data has not been restated for the adoption of GASB 68 as it was deemed not practical to determine the amount of deferred inflows and outflows of resources of the pension liability prior to July 1, 2014, as CalPERS had not performed the necessary valuations.

### **15. New Accounting Pronouncements**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68), which improves accounting and financial reporting by state and local governments for pensions. This statement supersedes GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, as well as Statement No. 50, *Pension Disclosures*. GASB 68 is effective for fiscal years beginning after December 15, 2014. The District adopted and implemented GASB 68 for fiscal year ended June 30, 2015. The implementation resulted in a reduction to net position of \$6,171,772 as of July 1, 2014. Additional impacts and recordings resulting from this implementation are reported in Note G.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. GASB 72 is effective for fiscal years beginning after June 15, 2015. The anticipated impact of this pronouncement is uncertain at this time.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. GASB 74 is effective for fiscal years beginning after June 15, 2016. The anticipated impact of this pronouncement is uncertain at this time.

# 2015

## NOTE B - CASH AND INVESTMENTS

Cash and investments as of June 30, 2015 consist of the following:

<u>Cash and cash equivalents:</u>	
Unrestricted:	
Cash on hand	\$ 2,250
Unrestricted deposits in financial institutions	1,381,228
Deposits in El Dorado County Treasury	185,732
Deposits in California Asset Management Program (CAMP)	158,015
Deposits in Local Agency Investment Fund (LAIF)	11,690,399
	<u>13,417,624</u>
Restricted:	
Deposits CAMP	<u>463,113</u>
<u>Investments:</u>	
Unrestricted:	
Agency notes	9,839,621
Corporate notes	5,786,710
Commercial paper	499,961
Municipal notes	115,081
Certificates of deposit	3,498,482
	<u>19,739,855</u>
Restricted:	
Certificates of deposit	<u>165,000</u>
Total cash and investments	<u><u>\$ 33,785,592</u></u>

### 1. Investments Authorized by the District's Investment Policy

The table below identifies investment types authorized by the District's Investment Policy. The table also identifies certain provisions of the District's Investment Policy that address interest rate risk, credit risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio	Maximum in One Issue
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
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%
LAIF	N/A	None	None
CAMP	N/A	None	None
Money market funds	N/A	20%	10%
El Dorado County pool	N/A	None	None

# 2015

## NOTE B - CASH AND INVESTMENTS - Continued

### 2. 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 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.

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:

Investment Type	Investment Maturities (in years)			
	Fair Value	Less than 1	1-2	3-5
Cash and deposits	\$ 5,232,692	\$ 2,894,666	\$ 1,938,249	\$ 399,777
Pooled investment funds	12,311,527	12,311,527	-	-
Agency notes	9,839,621	-	1,979,578	7,860,043
Corporate notes	5,786,710	1,340,855	2,247,098	2,198,757
Commercial paper	499,961	499,961	-	-
Municipal notes	115,081	-	115,081	-
	<u>\$ 33,785,592</u>	<u>\$ 17,047,009</u>	<u>\$ 6,280,006</u>	<u>\$10,458,577</u>

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

### 3. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of year end for each investment type.

Investment Type	Rating as of Year End									
	AAA	AA+	AA	AA-	A-1+	A-1	A+	A	A-	Not Rated
Cash and deposits	\$ -	\$ -	\$ -	\$1,598,867	\$200,125	\$1,299,553	\$399,937	\$ -	\$ -	\$14,045,737
Pooled investment funds	-	-	-	-	-	-	-	-	-	-
Agency notes	-	9,839,621	-	-	-	-	-	-	-	-
Corporate notes	399,675	793,309	826,693	765,114	-	-	1,827,015	1,024,415	150,489	-
Commercial paper	-	-	-	-	-	499,961	-	-	-	-
Municipal notes	-	-	-	-	-	-	-	-	-	115,081
	<u>\$399,675</u>	<u>\$10,632,930</u>	<u>\$826,693</u>	<u>\$2,363,981</u>	<u>\$200,125</u>	<u>\$1,799,514</u>	<u>\$2,226,952</u>	<u>\$1,024,415</u>	<u>\$150,489</u>	<u>\$14,160,818</u>

# 2 0 1 5

## NOTE B - CASH AND INVESTMENTS - Continued

### 4. Concentration Risk

Concentration risk is the risk of loss attributed to the magnitude of an investor's investment in a single issuer. To limit concentration risk, the District places a 10% limit on investments in any one non-governmental issuer. Investments exceeding 5% of the total investments, excluding external investment pools, is U.S. Treasury 26%.

### 5. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the depositor will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The District's Investment Policy requires the financial institution to either collateralize the deposits or cover them with Federal deposit insurance. The District's cash and deposits, totaling \$975,227 as of June 30, 2015, in financial institutions 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.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the investor will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. To eliminate investment custodial credit risk, the District's Investment Policy requires that all cash and securities in the District's portfolio be held in safekeeping in the District's name by a third party bank trust department, acting as agent for the District, under the terms of a custody agreement.

### 6. Pooled Investment Funds

Pooled investment funds consist of cash deposited in the interest-bearing El Dorado County Treasurer's Pooled Surplus Investment Fund, LAIF, and CAMP.

The fair value of the pooled investments deposited in the El Dorado County Treasurer's Pooled Surplus Investment Fund and CAMP are equal to the value of the pool shares, and the fair value of the pooled investments deposited in the California state pool is greater than the fair value of the pool shares.

The District's deposits are maintained in recognized pooled investment funds under the care of oversight agencies. The El Dorado County Treasurer's Investment Fund has a Treasury Policy Oversight Committee in addition to annual audits. The LAIF in addition to being part of a Pooled Money Investment Account with oversight provided by the Pooled Money Investment Board and an in-house Investment Committee also has oversight by the Local Agency Investment Advisory Board. The CAMP is a trust under the oversight of the CAMP Board of Trustees.

Because the District's deposits are maintained in recognized pooled investment funds under the care of a third party and the District's share of the pool does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits is required. The District's deposits in the Funds are considered to be highly liquid. The El Dorado County Treasurer, LAIF, and CAMP representatives have indicated there are no derivatives in the pools as of June 2015. LAIF does invest in structured notes and asset-based securities.

# 2015

## NOTE C - CAPITAL ASSETS

The summary of the changes in capital assets is as follows:

	July 1, 2014	Additions	Deletions	June 30, 2015
<u>Capital assets not being depreciated:</u>				
Land and easement	\$ 24,745,627	\$ -	\$ -	\$ 24,745,627
Water rights	1,668,308	-	-	1,668,308
Construction in progress	12,409,288	4,055,939	(4,547,995)	11,917,232
Total capital assets not being depreciated	<u>38,823,223</u>	<u>4,055,939</u>	<u>(4,547,995)</u>	<u>38,331,167</u>
<u>Capital assets being depreciated:</u>				
Plant and equipment	287,645,651	9,260,941	(562,755)	296,343,837
Less: Accumulated depreciation	<u>(122,569,787)</u>	<u>(7,405,554)</u>	<u>559,251</u>	<u>(129,416,090)</u>
Total capital assets being depreciated, net	<u>165,075,864</u>	<u>1,855,387</u>	<u>(3,504)</u>	<u>166,927,747</u>
Capital assets, net	<u>\$203,899,087</u>	<u>\$ 5,911,328</u>	<u>\$ (4,551,499)</u>	<u>\$205,258,914</u>

Depreciation expense for the year ended June 30, 2015 totaled \$7,405,554.

Construction in progress as of June 30, 2015 consisted of the following:

Aeration basin	\$ 82,553
Alpine County Master Plan	1,295,525
BMP projects, sewer	172,914
BMP projects, water	201,374
C-Line energy generation	189,305
C-Line reroute	236,334
Collection system master plan	731,829
Concrete coating project	187,101
DVR emergency storage basin	146,188
DVR environmental impact report	769,991
DVR irrigation improvements	1,560,682
DVR nutrient management	84,867
Erosion control - various	112,906
Fallon Leaf Lake upgrades	197,853
Luther Pass Pump Station power controls	625,661
Meters project	3,035,449
Primary clarifiers rehab	223,154
Tallac Creek sewer crossing	25,771
Trout Creek restoration	1,002,232
Water system optimization plan	484,518
Waterline evaluations	96,054
Waterline replacement, Bower	46,012
Wildwood interceptor	294,168
Other	114,791
	<u>\$ 11,917,232</u>



# 2 0 1 5

## NOTE D - ACCOUNTS RECEIVABLE AND AMOUNT DUE FROM GOVERNMENTAL AGENCIES

Short-term receivable at June 30, 2015 consists of the following:

	<u>Sewer</u>	<u>Water</u>
Customer receivables	\$ 268,694	\$ 522,928
Due from Federal Government	-	224,350
Due from State Government	28,129	1,038,802
Due from El Dorado County	-	151,219
Other receivables	54,454	1,160,483
	<u>351,277</u>	<u>3,097,782</u>
Allowance for doubtful accounts	<u>(47,969)</u>	<u>(36,280)</u>
Accounts receivable, net of allowance	<u>\$ 303,308</u>	<u>\$ 3,061,502</u>

Long-term receivable at June 30, 2015 consists of the following:

	<u>Sewer</u>	<u>Water</u>
Other receivables	\$ 471,426	\$ -
Due from State Government	<u>73,020</u>	<u>73,020</u>
	544,446	73,020
Allowance for doubtful accounts	<u>(20,000)</u>	<u>(20,000)</u>
Accounts receivable, net of allowance	<u>\$ 524,446</u>	<u>\$ 53,020</u>

Other 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.

# 2015

## NOTE E - CHANGES IN LONG-TERM LIABILITIES

During the year ended June 30, 2015, the following changes occurred in long-term liabilities:

	July 1, 2014	Additions	(Deletions)	June 30, 2015
<u>Long-term liabilities:</u>				
SRF Luther Pass Pump Station	\$ 2,279,429	\$ -	\$ (107,429)	\$ 2,172,000
SRF Headworks	874,497	-	(35,831)	838,666
SRF Emergency Retention Basin	1,213,772	-	(53,257)	1,160,515
11 Sewer Installment Agreement	5,943,222	-	(247,847)	5,695,375
12 Sewer Refunding	9,422,843	-	(803,125)	8,619,718
13 Sewer Refunding	7,860,642	-	(497,508)	7,363,134
13 Water Refunding	8,369,183	-	(1,099,223)	7,269,960
SRF Meters Phase I	-	2,325,036	-	2,325,036
Total debt	<u>\$ 35,963,588</u>	<u>\$ 2,325,036</u>	<u>\$ (2,844,220)</u>	<u>\$35,444,404</u>
Current debt	<u>\$ 2,844,219</u>			<u>\$ 2,437,446</u>
Long-term debt	<u>\$ 33,119,369</u>			<u>\$33,006,958</u>
Compensated absences	<u>\$ 3,124,623</u>	<u>\$ 1,514,095</u>	<u>\$ (1,538,879)</u>	<u>\$ 3,099,839</u>
Current portion	<u>\$ 1,068,994</u>			<u>\$ 1,161,600</u>
Long-term portion	<u>\$ 2,055,629</u>			<u>\$ 1,938,239</u>

At June 30, 2015, the long-term liabilities are as follows:

	June 30, 2015	Due Within One Year	Long-Term
<u>Long-term liabilities:</u>			
SRF Luther Pass Pump Station	\$ 2,172,000	\$ 110,329	\$ 2,061,671
SRF Headworks	838,666	36,798	801,868
SRF Emergency Retention Basin	1,160,515	54,695	1,105,820
11 Sewer Installment Agreement	5,695,375	256,976	5,438,399
12 Sewer Refunding	8,619,717	821,703	7,798,014
13 Sewer Refunding	7,363,134	509,822	6,853,312
13 Water Refunding	7,269,961	608,372	6,661,589
SRF Meters Phase I	2,325,036	38,751	2,286,285
Total long-term liabilities	<u>\$ 35,444,404</u>	<u>\$ 2,437,446</u>	<u>\$ 33,006,958</u>
Compensated absences	<u>\$ 3,099,839</u>	<u>\$ 1,161,600</u>	<u>\$ 1,938,239</u>

# 2015

## NOTE F - LONG-TERM DEBT

Long-term debt at June 30, 2015 consists of the following:

2013 Water Installment Sale Agreement with BBVA Compass Bank, secured by a first lien against all water revenues, due January 30, 2030, payable \$895,138 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, 2015, principal and interest payments accounted for 10.9% of total water revenues.	\$ 7,269,960
2011 California State Water Resources Control Board Revolving Fund loan secured by a first lien against all sewer revenues, due October 15, 2030, payable \$168,973 annually, including interest at 2.7%. The original amount of the debt was \$2,485,968 and was used for construction of the Luther Pass Pump Station Generator Replacement project. For the year ended June 30, 2015, principal and interest payments accounted for .8% of total water revenues.	2,172,000
2011 California State Water Resources Control Board Revolving Fund loan secured by a first lien against all sewer revenues, due October 15, 2032, payable \$59,442 annually, including interest at 2.7%. The original amount of the debt was \$909,386 and was used for construction of the Headworks Replacement project. For the year ended June 30, 2015, principal and interest payments accounted for .3% of total water revenues.	838,666
2011 California State Water Resources Control Board Revolving Fund loan secured by a first lien against all sewer revenues, due October 15, 2031, payable \$86,029 annually, including interest at 2.7%. The original amount of the debt was \$1,344,698 and was used for construction of the Emergency Retention Basin Liner project. For the year ended June 30, 2015, principal and interest payments accounted for .4% of total water revenues.	1,160,515
2011 Sewer Installment Sale Agreement with BBVA Compass Bank, secured by a first lien against all sewer revenues, due August 1, 2031, payable \$231,267 semi-annually, including interest at 3.65%. The original amount of the debt was \$6,525,000 and was used for construction of sewer infrastructure improvements. For the year ended June 30, 2015, principal and interest payments accounted for 2.3% of total water revenues.	5,695,375
2013 Sewer Installment Sale Agreement with BBVA Compass Bank, secured by a first lien against all sewer revenues, due August 1, 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, 2015, principal and interest payments accounted for 3.4% of total water revenues.	7,363,134
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, 2015, principal and interest payments accounted for 5.0% of total water revenues.	8,619,718
2014 California State Water Resources Control Board Revolving Fund loan secured by a first lien against all water revenues, due January 1, 2047, payable \$38,750.60 semi-annually, including interest of 0%. The original amount of the debt was \$2,325,036 and was used for installation of water meters. For the year ended June 30, 2015, interest payments accounted for 0% of the total water revenues.	2,325,036
	<hr/>
	35,444,404
	<hr/>
Less: Current principal maturities	(2,437,446)
	<hr/>
Total long-term notes payable	\$ 33,006,958

# 2015

## NOTE F - LONG-TERM DEBT - Continued

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

Years ending June 30,	Principal	Interest	Total
2016	\$ 2,437,446	\$ 851,347	\$ 3,288,793
2017	2,536,626	790,918	3,327,544
2018	2,598,620	728,924	3,327,544
2019	2,662,221	665,322	3,327,543
2020	2,580,274	600,071	3,180,345
2021-2025	12,602,349	2,055,760	14,658,109
2026-2030	7,657,397	712,450	8,369,847
2031-2047	2,369,471	44,955	2,414,426
	<u>\$ 35,444,404</u>	<u>\$ 6,449,747</u>	<u>\$ 41,894,151</u>

Interest charged on debt, including amounts capitalized totaling \$110,285 for the year ended June 30, 2015 was \$881,001.

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, 2015.

## NOTE G - PENSION PLAN

### 1. General Information about the Plans

In 2003, the District joined the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee defined benefit pension plan on a prospective basis. Employees were not given service credit for prior years of service with the District. All contributions to CalPERS are governed by Memorandums of Understanding (MOUs) between the employees and the District.

All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by CalPERS. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publically available reports that include a full description of the pension plans regarding benefit provisions, assumptions, membership information, and Comprehensive Annual Financial Reports can be found on the CalPERS website ([www.calpers.ca.gov](http://www.calpers.ca.gov)).

CalPERS provides 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. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees Retirement Law.

2 0 1 5

NOTE G - PENSION PLAN - Continued

1. General Information about the Plans - Continued

The Plans provisions and benefits in effect at June 30, 2015, are summarized as follows:

<u>Hire Date</u>	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Benefit amount	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years' service	5 years' service
Benefit payments	Monthly for life	Monthly for life
Required employee contribution	8.0%	6.25%
Required employer contribution	17.314%	6.25%
Retirement age	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%

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 the 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. For the year ended June 30, 2015, the contributions recognized as part of pension expense for the Plan were as follows:

Contributions – employer	\$ 1,516,067
Contributions – employee (paid by employer)	28,907

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of net pension liability of the Plans as follows:

<u>Reconciliation of net pension liability:</u>	
Beginning net pension, July 1, 2013	\$ 6,171,772
Pension expense	1,054,589
Employer contributions	(1,544,974)
Net new deferred in flows/outflows	<u>263,741</u>
Ending net pension liability June 30, 2014	<u>\$ 5,945,128</u>

# 2015

NOTE G - PENSION PLAN - Continued

**2. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued**

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, 2014, 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, 2013 rolled forward to June 30, 2014 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 for the Plan as of June 30, 2013 and 2014 was as follows:

Proportion – June 30, 2013	.233%
Proportion – June 30, 2014	<u>.241%</u>
Change – decrease	<u>(.008%)</u>

For the year ended June 30, 2015, the District recognized pension expense of \$1,054,990. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions subsequent to measurement date	\$ 1,545,374	\$ -
Adjustment due to differences in proportions	2,435	(287,742)
Difference between employers contribution and employers proportionate share of contributions	-	607,777
Net difference between projected and actual earnings on plan investments	-	(1,604,103)

Other amounts reported as deferred outflows of resources and deferred (Inflows) of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement Period Ended June 30,</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2015	\$ (502,921)
2016	(502,921)
2017	(482,543)
2018	(401,025)
2019	-
Thereafter	-

2 0 1 5

NOTE G - PENSION PLAN - Continued

**2. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued**

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial assumptions:	
Discount rate	7.5%
Inflation	2.75%
Payroll growth	3.0%
Projected salary increase	3.3% - 14.2% (1)
Investment rate of return	7.5% (2)
Mortality rate table	(3)
Post-retirement benefit increase	0% - 2.75% (4)

- (1) *Depending on age, service and type of employment*
- (2) *Net of pension plan investment expenses, including inflation*
- (3) *Derived using CalPER's membership data for all funds*
- (4) *Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter*

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 – 2011. Further details of the experience study can be found on the CalPERS website.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website.

# 2 0 1 5

## NOTE G PENSION PLAN – Continued

### **2. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions** - Continued

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would be 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11 – 60 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 fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.



# 2015

## NOTE G PENSION PLAN – Continued

### 2. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - Continued

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

Asset Class	New Strategic Allocation	Real Return Years 1-10 <sup>(a)</sup>	Real Return Years 11+( <sup>b</sup> )
Global equity	47.0%	5.25%	5.71%
Global fixed income	19.0%	0.99%	2.43%
Inflation sensitive	6.0%	0.45%	3.36%
Private equity	12.0%	6.83%	6.95%
Real estate	11.0%	4.50%	5.13%
Infrastructure and forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)
Total	100%		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% 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:

	1% Decrease	Current	1% Increase
Discount rate	6.50%	7.50%	8.50%
Net pension liability	\$9,831,934	\$5,945,128	\$2,719,448

**Pension Plan Fiduciary Net Position** – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

### 3. Payable to the Pension Plan

At June 30, 2015, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

# 2 0 1 5

## NOTE H - 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 (\$18,000 in 2015 and \$17,500 in 2014).

The 457 Plan assets, totaling \$13,866,042 at June 30, 2015, consist of investments in mutual funds. The assets under the District's 457 Plan are held in trust and are considered protected from the general creditors of the District.

## NOTE I - 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 K. The District carries commercial insurance to protect against the risk of errors and omissions. For each of the three most recent years, settlement of claims has not exceeded insurance coverage.

## NOTE J - COMMITMENTS AND CONTINGENCIES

### 1. Operating Leases

The District leases a reservoir right of way from the Bureau of Land Management. This lease has no termination date. Annual lease expense is \$9,400.

The District leases waterline, wastewater disposal and water tank access rights of way from the U.S. Forest Service. These leases have no termination date. Annual lease expense is \$83,400. This lease amount is calculated annually by the U.S. Forest Service.

### 2. Contractual Obligations

At June 30, 2015, the District's significant contractual commitments with outside firms for engineering, construction, consulting, and various other services totaled approximately \$5 million.

At June 30, 2015, the District's management was in negotiations with various contractors regarding change orders for work performed prior to year-end. Management has made estimates for amounts due at year end and has recorded them in accrued liabilities at year end.

### 3. Contingencies

Under the terms of federal and state grants, and under the provisions of the Single Audit Act of 1996, periodic audits are required and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, will be immaterial.

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.

# 2 0 1 5

## NOTE K - JOINT POWERS AUTHORITY

The District is a member of a joint powers authority, California Sanitation Risk Management Authority (CSRMA), for the operation of a common risk management and insurance program. The program covers workers' compensation, property and liability insurance. The membership includes public wastewater agencies within California. A Board of Directors consisting of representatives from member agencies governs the Authority. The Authority's Board of Directors controls the operations of the CSRMA, including selection of management and approval of operating budgets.

The following is a summary of the most current unaudited financial information for California Sanitation Risk Management Authority as of June 30, 2015:

Total assets	\$ 34,893,447
Total liabilities	23,890,426
Net assets	11,003,021
Total income	11,330,988
Total expense	11,293,661

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 provided under the 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 CAMP. CAMP provides professional investment services to California public agencies. Members of the authority can participate in the CAMP Cash Reserve Portfolio. The Authority is governed by a Board of Trustees, which is made up of experienced local government finance directors, treasurers, and school business officials. The Authority's Trustees control the operation of CAMP, including formation and implementation of its investment and operating policies.

The following is a summary of the most current audited financial information for CAMP Trust as of December 31, 2014 (the most recent information available):

Total assets	\$1,793,838,000
Total liabilities	431,000
Net assets	1,793,407,000
Net asset value per share	1
Total income	3,409,000
Total expenses	2,486,000
Net realized gain on sale of investments	55,000
Net increase in net assets resulting from operations	978,000

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

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

# 2 0 1 5

## NOTE L - PROPERTY TAX REVENUE

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

## NOTE M - INVESTMENT EARNINGS

Investment earnings consist of the following for the year ended June 30, 2015:

Interest income	\$ 219,363
Realized and unrealized losses	<u>(13,479)</u>
	<u>\$ 205,884</u>

## NOTE N - OTHER OPERATING EXPENSES

Other operating expenses are as follows for the year ended June 30, 2015:

Professional services	\$ 1,238,663
Insurance and unreimbursed claims	421,480
Chemical supplies	293,856
Operating permits	386,344
Office expense	215,892
Travel, meetings and education	244,904
Petroleum products	190,600
Research and monitoring	68,181
Miscellaneous expense	<u>864,058</u>
Total other operating expenses	<u>\$ 3,923,978</u>

REQUIRED SUPPLEMENTAL INFORMATION  
 COST SHARING DEFINED BENEFIT PENSION PLAN  
 California Public Employees Retirement System  
 Last 10 Years\*

2 0 1 5

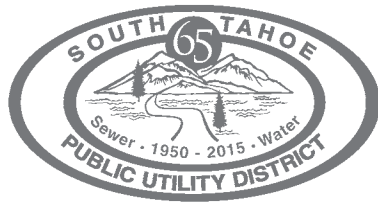
**SCHEDULE OF CONTRIBUTIONS**

	<u>June 30, 2014</u>
Contractually required contributions	\$ 1,380,453
Contributions in relation to contractually required contributions	<u>(1,380,453)</u>
Contribution deficiency (excess)	<u>-</u>
District's covered employee payroll	<u>\$ 8,813,523</u>
Contributions as a percentage of covered-employee payroll	<u>15.66%</u>
Contribution rate set by statute	<u>16.20%</u>

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

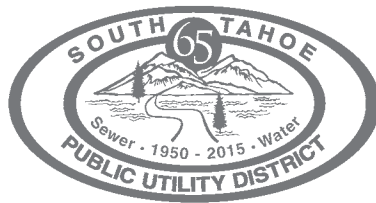
	<u>June 30, 2015</u>
Proportion of the net pension liability	.09554%
Proportionate share of the net pension liability	\$ 5,945,128
Covered employee payroll	\$ 8,813,523
Proportionate share of the net pension liability as a percentage of covered employee payroll	67.45%
Proportionate share of the fiduciary net position as a percentage of total pension liability	79.71%

\*Fiscal year 2015 was the first year of implementation; therefore, only one year is shown.





SOUTH TAHOE PUBLIC UTILITY DISTRICT  
Sixty-five years of safeguarding our resources.





# 2 0 1 5

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

<u>Contents</u>	<u>Page</u>
<u>Financial Trends Data</u>	
Changes in Net Position	46-47
Net Position by Component	48
<ul style="list-style-type: none"> <li>• These schedules present financial trend data for assessing the District's financial position over time.</li> </ul>	
<u>Revenue Capacity Data</u>	
Water and Sewer Service Charges – Billings and Collections	49
Annual Sewer and Water Rates	50
Annual Sewer Permits Issued	50
Rate Increase History	50
Annual Service Fee Comparison	51
Ten Largest Customers	52
Sewer and Water Service Charges by Type of Customer	53
Principal Employers	54
Property Tax Assessments and Levies – Sewer Enterprise Fund	55
Property Tax Rates All Direct and Overlapping Governments	55
Principal Property Taxpayers	56
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	
<u>Debt Capacity Data</u>	
Ratios of Outstanding Debt by Type	57
<ul style="list-style-type: none"> <li>• This schedule presents information on the District's debt burden per customer for both of its enterprise funds.</li> </ul>	
Pledged-Revenue Coverage	58
<ul style="list-style-type: none"> <li>• This schedule shows net revenue available for debt service and related coverage ratios.</li> </ul>	
<u>Operating Information</u>	
Capital Spending	59
Capital Asset Statistics by Function/Program	59
Detail of Capital Spending	60
<ul style="list-style-type: none"> <li>• These schedules provide information on the District's infrastructure replacement program and details spending on current large projects.</li> </ul>	
Wastewater Flows	61
<ul style="list-style-type: none"> <li>• The Wastewater Flow Schedule details the amount of influent customers send to the Wastewater Treatment Plant annually, monthly, and daily.</li> </ul>	
Water Production	62
<ul style="list-style-type: none"> <li>• The Water Production Schedule details potable water demand by customers annually, monthly, and daily.</li> </ul>	
<u>Demographic and Economic Information</u>	
Demographic Statistics	63
<ul style="list-style-type: none"> <li>• 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.</li> </ul>	
<u>Acknowledgments</u>	64

CHANGES IN NET POSITION  
Last Ten Fiscal Years

2 0 1 5

	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Operating revenues:				
Charges for sales and services:				
Service charges	\$21,048,326	\$19,857,736	\$19,905,104	\$18,996,769
Connection and service fees	2,646,447	2,477,127	1,732,924	985,935
Other operating income	<u>360,636</u>	<u>385,661</u>	<u>396,604</u>	<u>342,608</u>
Total operating revenues	<u>24,055,409</u>	<u>22,720,524</u>	<u>22,034,632</u>	<u>20,325,312</u>
Operating expenses:				
Salaries, wages and employee benefits	13,869,664	13,868,223	14,041,923	13,388,830
Depreciation and amortization	7,405,554	7,266,377	7,175,923	7,067,228
Utilities	2,636,321	2,683,320	2,746,641	2,494,186
Repairs and maintenance	1,611,897	1,488,279	1,427,598	1,408,910
Other operating expenses	3,923,978	3,774,104	3,135,358	2,857,630
Loss on disposal of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,418</u>
Total operating expenses	<u>29,267,414</u>	<u>29,080,303</u>	<u>28,527,443</u>	<u>27,226,202</u>
Operating income (loss)	<u>(5,212,005)</u>	<u>(6,359,779)</u>	<u>(6,492,811)</u>	<u>(6,900,890)</u>
Nonoperating revenues (expenses):				
Tax revenue	6,761,836	6,362,637	6,167,800	6,120,827
Investment earnings	205,884	216,698	146,637	300,142
Aid from governmental agencies	503,417	539,624	317,492	483,547
Other nonoperating income	287,410	365,523	282,581	250,967
Interest expense	(813,055)	(879,398)	(1,284,731)	(1,097,536)
Other expense	<u>(173,181)</u>	<u>(312,018)</u>	<u>(228,814)</u>	<u>(221,384)</u>
Total nonoperating revenues	<u>6,772,311</u>	<u>6,293,066</u>	<u>5,400,965</u>	<u>5,836,563</u>
Income before contributions	1,560,306	(66,713)	(1,091,846)	(1,064,327)
Capital contributions (reimbursements)	<u>290,077</u>	<u>702,863</u>	<u>1,252,318</u>	<u>1,547,745</u>
Change in net position	<u>\$ 1,850,383</u>	<u>\$ 636,150</u>	<u>\$ 160,472</u>	<u>\$ 483,418</u>

---

SOURCE: South Tahoe Public Utility District Finance Department

CHANGES IN NET POSITION - continued  
Last Ten Fiscal Years

# 2 0 1 5

<u>2010-11</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>
\$18,843,974	\$18,604,175	\$18,893,889	\$17,989,037	\$17,373,052	\$16,522,189
991,440	833,048	1,846,994	2,012,435	2,737,239	2,790,341
<u>400,643</u>	<u>336,922</u>	<u>336,923</u>	<u>352,641</u>	<u>234,907</u>	<u>254,806</u>
<u>20,236,057</u>	<u>19,774,145</u>	<u>21,077,806</u>	<u>20,354,113</u>	<u>20,345,198</u>	<u>19,567,336</u>
13,619,980	13,120,439	12,392,517	12,632,661	10,902,376	10,152,248
6,919,963	6,582,930	6,098,782	6,428,947	6,324,125	5,972,716
2,740,754	2,707,769	2,2633,497	3,051,521	2,811,641	2,758,794
1,381,239	1,297,337	1,631,748	1,936,648	1,268,018	1,129,517
3,234,225	3,002,659	2,975,492	3,191,607	3,354,115	2,514,282
<u>68,397</u>	<u>201,297</u>	<u>-</u>	<u>-</u>	<u>389,057</u>	<u>172,303</u>
<u>27,964,558</u>	<u>26,912,431</u>	<u>25,732,036</u>	<u>27,241,384</u>	<u>25,049,332</u>	<u>22,699,860</u>
<u>(7,728,501)</u>	<u>(4,654,230)</u>	<u>(6,887,271)</u>	<u>(4,704,134)</u>	<u>(3,132,524)</u>	<u>(4,214,175)</u>
6,198,253	6,638,488	6,667,671	6,404,070	6,284,784	5,391,989
306,131	443,430	1,649,122	2,264,933	2,326,466	2,168,782
360,360	212,228	344,530	1,111,171	604,736	624,185
317,025	665,179	530,507	448,190	446,864	438,463
(848,177)	(958,451)	(1,345,841)	(1,353,088)	(1,162,339)	(1,698,914)
<u>(216,855)</u>	<u>(228,414)</u>	<u>(196,410)</u>	<u>(183,917)</u>	<u>(152,609)</u>	<u>(156,957)</u>
<u>6,116,737</u>	<u>7,649,579</u>	<u>8,691,359</u>	<u>8,347,902</u>	<u>6,767,548</u>	<u>5,791,590</u>
(1,611,764)	(365,826)	2,995,349	1,804,088	3,643,768	3,635,024
<u>5,543,204</u>	<u>2,999,511</u>	<u>4,079,206</u>	<u>527,652</u>	<u>89,264</u>	<u>(787,626)</u>
<u>\$ 3,931,440</u>	<u>\$ 2,633,685</u>	<u>\$ 7,074,555</u>	<u>\$ 2,331,740</u>	<u>\$ 3,733,032</u>	<u>\$ 2,847,398</u>

**NET POSITION BY COMPONENT**  
Last Ten Fiscal Years

2 0 1 5

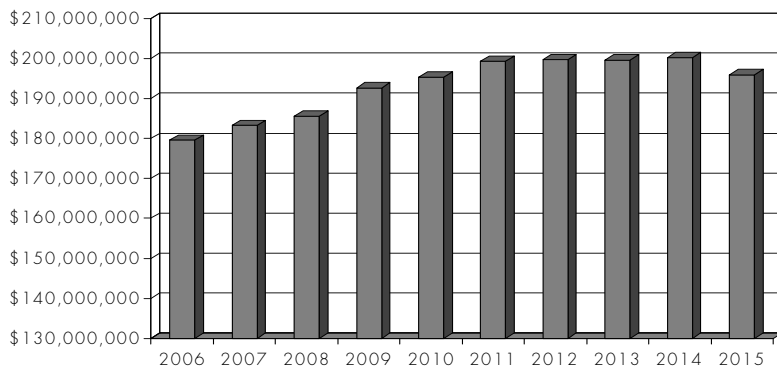
Last Ten Fiscal Years

	2014-15	2013-14	2012-13	2011-10	2010-11
Business-type activities					
Net investment in					
capital assets	\$169,814,512	\$172,911,935	\$171,826,113	\$171,743,660	\$168,387,320
Restricted for MTBE-					
related costs	-	-	380,322	473,264	2,789,890
Restricted for security					
deposits	165,000	165,000	275,000	275,000	275,000
Restricted for capital					
asset purchases	463,113	4,089,561	7,120,114	-	-
Unrestricted	<u>25,479,953</u>	<u>23,077,471</u>	<u>20,006,268</u>	<u>27,233,548</u>	<u>27,789,844</u>
Total business-type activities					
net position	<u>\$195,922,578</u>	<u>\$200,243,967</u>	<u>\$199,607,817</u>	<u>\$199,725,472</u>	<u>\$199,242,054</u>

	2009-10	2008-09	2007-08	2006-07	2005-06
Business-type activities					
Net investment in					
capital assets	\$160,847,520	\$152,139,268	\$147,205,534	\$145,236,132	\$136,226,186
Restricted for MTBE-					
related costs	7,355,783	10,527,539	11,332,020	12,936,572	17,268,718
Restricted for security					
deposits	275,000	275,000	235,000	235,000	265,000
Restricted for capital					
asset purchases	-	-	-	-	-
Unrestricted	<u>26,832,311</u>	<u>29,735,122</u>	<u>26,829,802</u>	<u>24,862,930</u>	<u>5,777,698</u>
Total business-type activities					
net position	<u>\$195,310,614</u>	<u>\$192,676,929</u>	<u>\$185,602,374</u>	<u>\$183,270,634</u>	<u>\$179,537,602</u>

*SOURCE: South Tahoe Public Utility District Finance Department*

**NET POSITION BY COMPONENT**



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

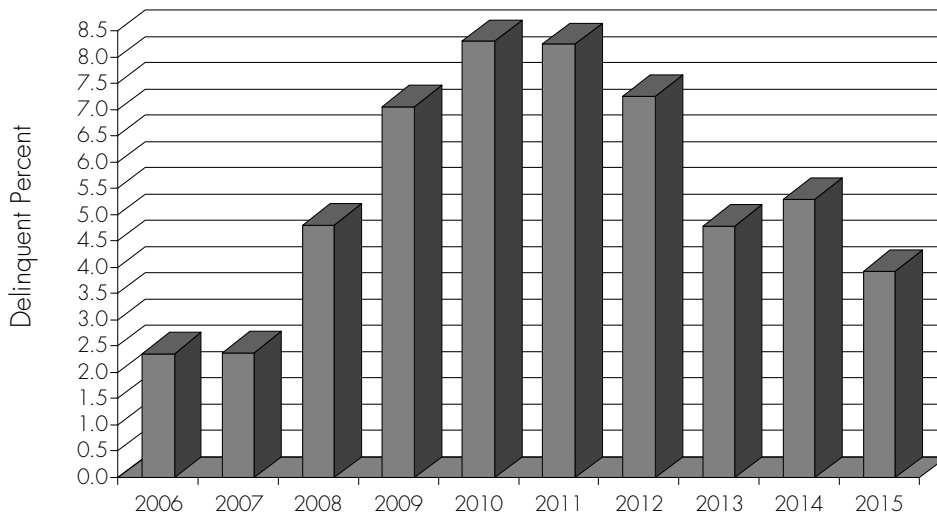
2 0 1 5

Fiscal Year	Delinquent Receivables	Delinquent Accounts	Annual Billing		Total Annual Billing	Delinquent Percent
			Sewer Charges	Water Charges		
2014-15	\$ 828,367	2,201	\$ 11,243,512	\$9,804,814	\$21,048,326	3.93
2013-14	1,054,102	2,403	10,562,647	9,295,089	19,857,736	5.30
2012-13	953,197	2,630	10,590,758	9,314,346	19,905,104	4.79
2011-12	1,379,416	2,615	10,183,438	8,813,331	18,996,769	7.26
2010-11	1,554,328	2,748	9,890,813	8,953,161	18,843,974	8.25
2009-10	1,546,885	2,790	9,735,755	8,868,420	18,604,175	8.31
2008-09	1,333,697	2,738	9,723,796	9,170,093	18,893,889	7.06
2007-08	865,533	2,462	9,327,457	8,661,580	17,989,037	4.81
2006-07	412,691	2,061	8,960,077	8,412,975	17,373,052	2.38
2005-06	389,590	1,892	8,573,375	7,948,814	16,522,189	2.36

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.

BILLINGS AND COLLECTIONS



**ANNUAL SEWER AND WATER RATES**  
Last Ten Fiscal Years

# 2 0 1 5

**TYPICAL SINGLE FAMILY RESIDENCE(1)**

Fiscal Year	Sewer	Water(3)	Total
2014-15	\$400.08	\$521.00	\$921.08
2013-14	\$377.40	\$489.20	\$866.60
2012-13	\$377.40	\$489.20	\$866.60
2011-12	\$359.40	\$479.58	\$838.98
2010-11	\$348.96	\$479.58	\$828.54
2009-10	\$342.12	\$467.88	\$810.00
2008-09	\$342.12	\$467.88	\$810.00
2007-08	\$325.80	\$445.60	\$771.40
2006-07	\$311.88	\$426.32	\$738.20
2005-06	\$299.88	\$409.92	\$709.80

**TYPICAL COMMERCIAL METERED WATER RATE(2)**

Fiscal Year	2" Meter Charge(3)	Consumption Charge Per 100 cu. ft.
2014-15	\$2,367.80	\$1.20
2013-14	\$1,918.80	\$1.37
2012-13	\$1,918.80	\$1.37
2011-12	\$1,407.12	\$1.85
2010-11	\$965.39	\$2.26
2009-10	\$941.84	\$2.20
2008-09	\$941.84	\$2.20
2007-08	\$914.40	\$2.12
2006-07	\$795.04	\$2.00
2005-06	\$764.44	\$1.92

**ANNUAL SEWER PERMITS ISSUED**  
Last Ten Fiscal Years

**RATE INCREASE HISTORY**  
Last Ten Fiscal Years

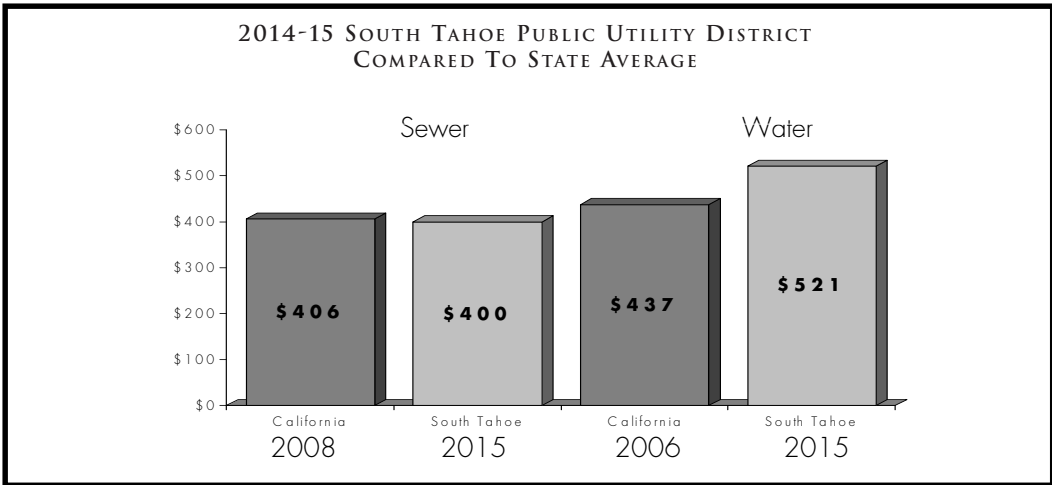
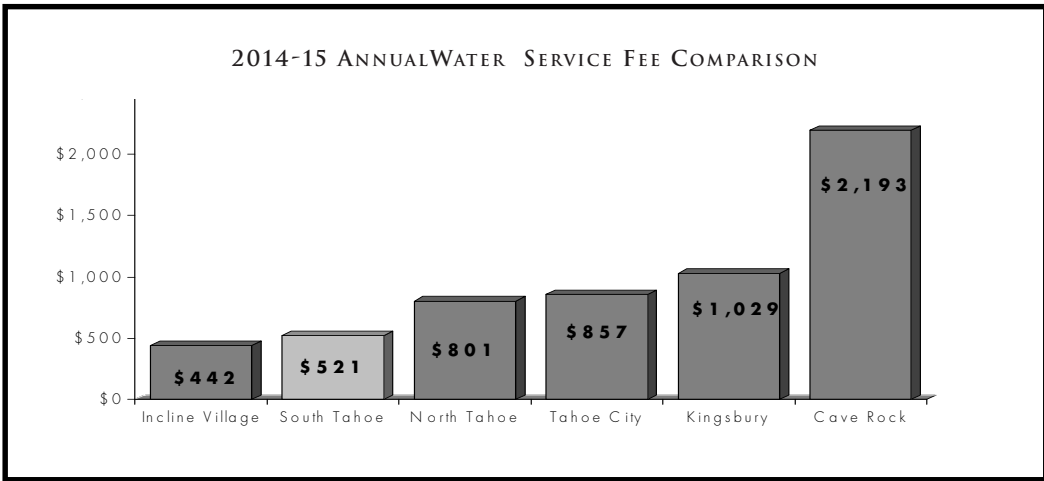
Fiscal Year	Number of Permits	Sewer	Water
2014-15	109	6.0%	6.5%
2013-14	96	0.0%	0.0%
2012-13	67	5.0%	2.0%
2011-12	50	3.0%	0.0%
2010-11	53	2.0%	2.5%
2009-10	62	0.0%	0.0%
2008-09	58	4.0%	4.0%
2007-08	114	4.0%	4.0%
2006-07	172	4.0%	4.0%
2005-06	184	3.5%	3.5%

*SOURCE: South Tahoe Public Utility District Customer Service Department*

**Notes:**

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

# 2015



SOURCES: South Tahoe Public Utility District Finance Department, California State Water Resources Control Board, and Black and Veatch Corporation.

Note: State sewer and water comparisons are based on the most recent available surveys.

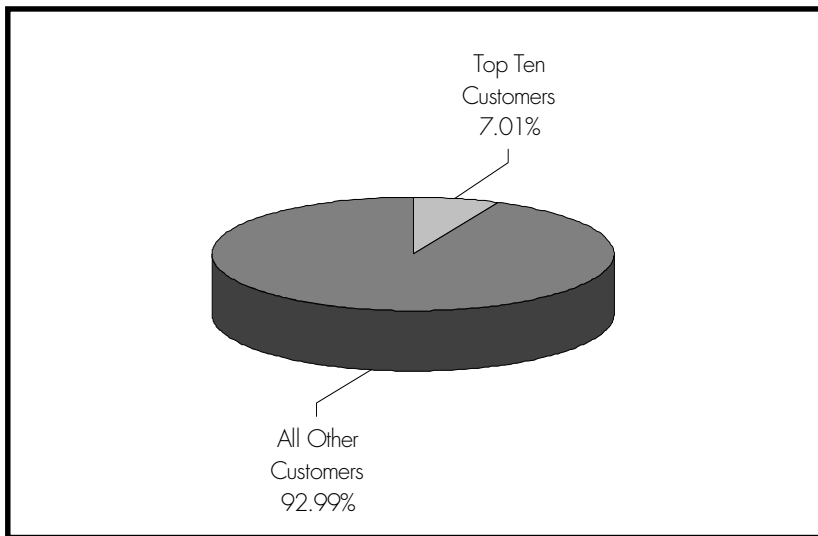
**TEN LARGEST CUSTOMERS**  
Current Year and Nine Years Ago

2 0 1 5

Customer	2014-15			2005-06		
	Total Revenue	Rank	% of Service Charge	Total Revenue	Rank	% of Service Charge
Heavenly Mountain Resort	\$ 222,587	1	1.06	\$ 215,485	1	1.30
City of South Lake Tahoe	211,420	2	1.00	90,276	8	0.55
Lake Tahoe Unified School District	167,461	3	0.80	113,460	5	0.69
Marriott Grand Residence	146,592	4	0.70	202,336	2	1.22
Lake Tahoe Resort Partners (Embassy Vacation Resorts)	145,124	5	0.69	100,797	7	0.61
Marriott Timberlodge	141,253	6	0.67	102,530	6	0.62
Tahoe Verde	132,936	7	0.63	145,475	3	0.88
Lake Tahoe Resort Hotel (Embassy Suites)	112,773	8	0.54	117,719	4	0.71
County of El Dorado	100,952	9	0.48	86,400	9	0.52
Barton Memorial Hospital	94,729	10	0.45	—	—	—
Lakeland Village	—	—	—	68,919	10	0.42
	\$1,475,827		7.01%	\$1,243,397		7.53%

SOURCE: South Tahoe Public Utility District Customer Service Department

**2014-15 TOTAL REVENUE**





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

2 0 1 5

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

Type of Customer	2009-10	2008-09	2007-08	2006-07	2005-06
Residential	\$14,435,526	\$14,541,849	\$13,850,793	\$13,464,452	\$13,052,132
Motel/Hotel/ Timeshare	1,663,568	1,738,703	1,648,852	1,587,923	1,530,660
Commercial	1,885,331	2,055,314	1,946,998	1,860,185	1,499,645
Government	616,079	553,747	538,521	457,063	436,562
Industrial	3,671	4,276	3,873	3,429	3,190
	\$18,604,175	\$18,893,889	\$17,989,037	\$17,373,052	\$16,522,189

SOURCE: South Tahoe Public Utility District Customer Service Department

PRINCIPAL EMPLOYERS (1)  
Current Year and Eight Years Ago

2 0 1 5

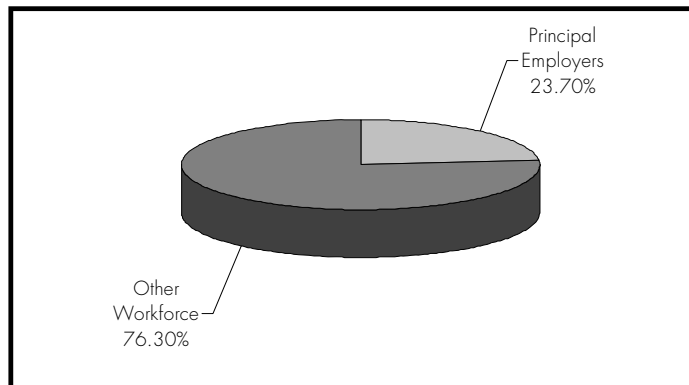
Employer	Type of Business	2014-15			2006-07		
		Number of Employees	Rank	% of Total Workforce	Number of Employees	Rank	% of Total Workforce
Barton Memorial Hospital	Health Services	713	1	6.1%	909	1	5.7%
Lake Tahoe Unified School District	Education	402	2	3.4%	458	2	2.9%
Heavenly Mountain Resort	Ski Industry	389	3	3.3%	157	9	0.9%
El Dorado County	Government	237	4	2.0%	225	7	1.4%
City of South Lake Tahoe	Government	199	5	1.7%	208	8	1.3%
Marriott Corporation	Lodging	196	6	1.7%	320	3	2.0%
Lake Tahoe Community College	Education	180	7	1.5%	260	4	1.6%
United States Forest Service	Government	159	8	1.4%	245	5	1.5%
Lake Tahoe Resort Hotel	Lodging	154	9	1.3%	-	-	-
Raley's	Food/Drug	152	10	1.3%	227	6	1.4%
South Tahoe Public Utility District	Utilities	-	-	-	113	10	0.7%
Subtotal		2,781		23.7%	3,122		19.4%
Total Workforce		11,762			15,874		

SOURCE: South Tahoe Public Utility District Finance Department

Note:

(1) The District began collecting this data in fiscal year 2006-07. Number of employees is based on full-time equivalents.

2014-15 TOTAL WORKFORCE



PROPERTY TAX ASSESSMENTS AND LEVIES -  
SEWER ENTERPRISE FUND

Last Ten Fiscal Years  
(Value in Thousands)

2 0 1 5

Fiscal Year	SECURED Assessed		UNSECURED Assessed		TOTAL (1) Assessed		County Admin. Fee
	Valuation	Levy	Valuation	Levy	Valuation	Levy	
2014-15	\$5,854,681	\$6,382	\$108,244	\$118	\$5,962,925	\$6,500	(\$117)
2013-14	\$5,625,443	\$6,075	\$108,508	\$117	\$5,733,951	\$6,192	(\$176)
2012-13	\$5,557,023	\$6,002	\$102,644	\$111	\$5,659,667	\$6,113	(\$182)
2011-12	\$5,636,704	\$5,950	\$102,857	\$108	\$5,739,561	\$6,058	(\$196)
2010-11	\$5,735,271	\$5,995	\$111,674	\$116	\$5,846,945	\$6,111	(\$181)
2009-10	\$6,175,232	\$6,354	\$129,755	\$133	\$6,304,987	\$6,487	(\$176)
2008-09	\$6,146,013	\$6,324	\$127,255	\$131	\$6,273,268	\$6,455	(\$168)
2007-08	\$5,870,154	\$6,099	\$118,129	\$123	\$5,988,283	\$6,222	(\$135)
2006-07	\$5,466,761	\$5,685	\$108,019	\$112	\$5,574,780	\$5,797	(\$129)
2005-06	\$4,879,227	\$4,708	\$ 92,663	\$ 89	\$4,971,890	\$4,797	(\$117)

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

Government	2009-10	2008-09	2007-08	2006-07	2005-06
County General Levy	1.0000	1.0000	1.0000	1.0000	1.0000
Lake Tahoe Unified School District	0.0452	0.0194	0.0190	0.0199	0.0219
<b>TOTAL</b>	<b>1.0452</b>	<b>1.0194</b>	<b>1.0190</b>	<b>1.0199</b>	<b>1.0219</b>

SOURCE: California Municipal Statistics, Inc.

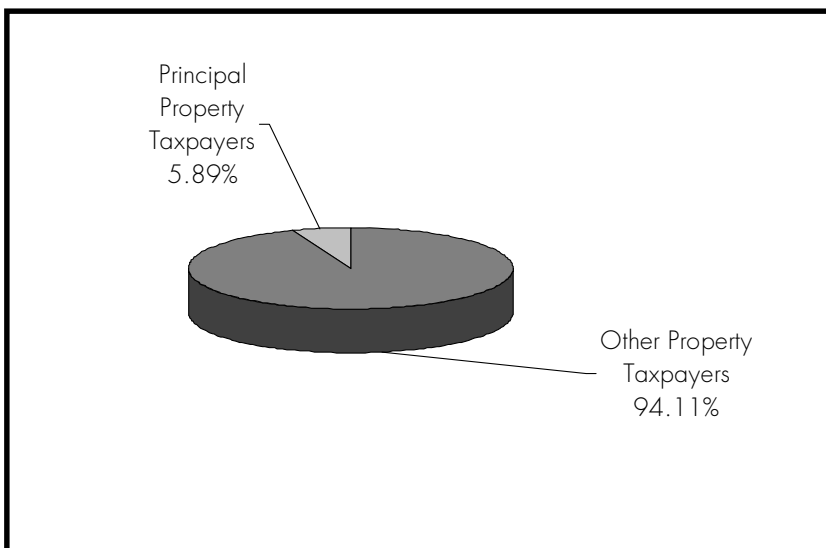
**PRINCIPAL PROPERTY TAXPAYERS**  
Current Year and Nine Years Ago

2 0 1 5

Taxpayer	2014-15			2005-06		
	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total District Taxable Assessed Value
Heavenly Valley LP	\$68,015,893	1	1.16	80,177,774	1	1.64
First American Trust FSB	60,495,836	2	1.03	-	-	-
Roppongi-Tahoe LP	53,421,465	3	0.91	45,831,551	3	0.94
Tahoe Stateline Venture CA	40,245,952	4	0.69	-	-	-
Trans-Sierra Investments	27,035,547	5	0.46	35,803,181	4	0.73
Tahoe Crescent Partnership LP	24,230,587	6	0.41	19,144,871	7	0.39
Marriott Ownership Resorts	19,429,698	7	0.33	55,000,654	2	1.13
South Tahoe Refuse Co. Inc.	18,864,077	8	0.32	-	-	-
Tahoe Verde Partnership	17,336,430	9	0.30	-	-	-
Seven Springs LP	16,333,108	10	0.28	14,363,939	8	0.29
Robert and Lisa Maloff	-	-	-	13,549,438	10	0.28
Lake Tahoe Resort Partners	-	-	-	25,721,600	5	0.53
Heavenly Resort Properties	-	-	-	22,251,933	6	0.46
Stardust Vacation Club	-	-	-	13,858,430	9	0.28
	\$345,408,593		5.89	\$325,703,371		6.67

SOURCE: California Municipal Statistics, Inc.

**2014-15 TAXPAYERS**



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

# 2 0 1 5

## Business-Type Activities

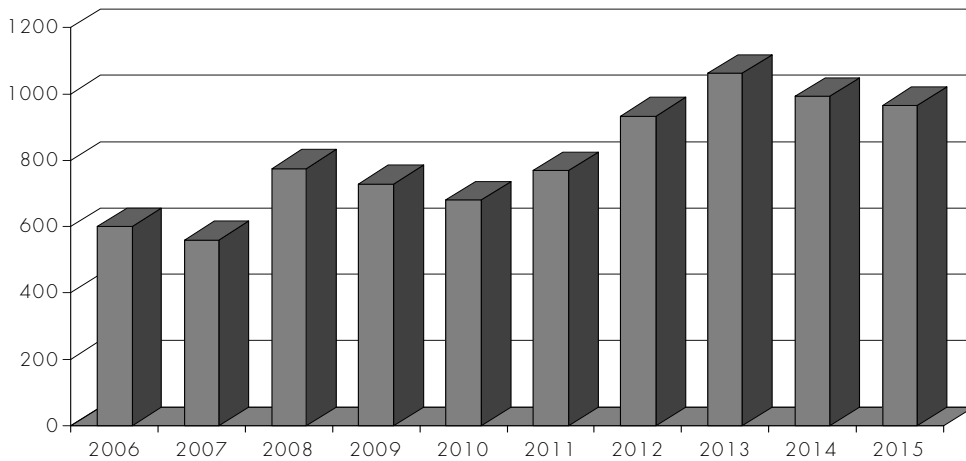
Fiscal Year	Water Revenue Bonds	Sewer Certificates of Participation	Term Loans	Total	Debt Per Capita(2)	Debt as a Share of Personal Income (2)
2014-15	-	-	\$35,444,404	\$35,444,404	\$ 966	3.51%
2013-14	-	-	35,963,588	35,963,588	993	3.54%
2012-13	-	-	38,633,753	38,633,753	1,062	3.89%
2011-12	2,075,821	10,275,000	21,336,503	33,687,324	934	3.45%
2010-11	2,693,216	10,925,000	14,161,846	27,780,062	774	3.00%
2009-10	3,290,610	11,555,000	11,327,157	26,172,767	732	2.81%
2008-09	3,863,004	12,165,000	11,857,073	27,885,077	729	2.68%
2007-08	4,410,398	12,760,000	12,362,963	29,533,361	776	-
2006-07	4,932,792	13,340,000	2,797,379	21,070,171	560	-
2005-06	5,435,186	13,910,000	3,163,206	22,508,392	600	-

SOURCE: South Tahoe Public Utility District Finance Department

Notes:

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

**2014-15 DEBT PER CAPITA**



PLEDGED REVENUE COVERAGE  
Last Ten Fiscal Years

2 0 1 5

Sewer Enterprise Fund

Fiscal Year	Gross Revenues (3)	Less: Operating Expenses (1)	Net Available Revenues	Principal	Debt Service Interest (2)	Coverage Ratio(s) (4)
2014-15	20,135,965	13,293,338	6,842,627	1,744,996	715,378	2.8
2013-14	19,228,580	13,318,177	5,910,403	1,754,718	786,223	2.3
2012-13	17,942,987	13,303,166	4,639,821	1,202,950	860,323	2.2
2011-12	17,299,509	12,653,254	4,646,255	1,266,372	1,129,094	1.9
2010-11	17,355,946	13,314,085	4,041,861	992,767	900,181	2.1
2009-10	17,588,600	12,813,050	4,775,550	958,001	944,510	2.5
2008-09	18,879,041	11,917,131	6,961,910	928,837	980,134	3.6
2007-08	19,107,236	12,874,867	6,232,369	756,639	957,138	3.6
2006-07	18,754,662	11,989,220	6,765,442	570,000	715,943	5.3
2005-06	17,578,947	11,200,223	6,378,724	560,000	627,944	5.4

Water Enterprise Fund

Fiscal Year	Gross Revenues(3)	Less: Operating Expenses (1)	Net Available Revenues	Principal	Debt Service Interest (2)	Coverage Ratio(s) (4)
2014-15	11,677,991	8,741,703	2,936,288	1,099,223	169,568	2.3
2013-14	10,976,426	8,807,867	2,168,559	1,630,817	200,218	1.2
2012-13	11,006,155	8,279,033	2,727,122	801,007	194,085	2.7
2011-12	10,181,286	7,727,104	2,454,182	868,357	204,168	2.3
2010-11	10,061,880	7,947,365	2,114,515	837,336	253,373	1.9
2009-10	10,144,870	7,744,865	2,400,005	801,913	277,603	2.2
2008-09	11,390,595	7,912,533	3,478,062	767,054	312,143	3.2
2007-08	11,475,241	8,121,487	3,353,754	827,779	347,622	2.9
2006-07	11,253,386	6,888,596	4,364,790	915,827	398,790	3.3
2005-06	10,611,808	6,235,725	4,376,083	866,450	518,846	3.2

SOURCE: South Tahoe Public Utility District Finance Department

Notes:

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

**CAPITAL SPENDING**  
Last Ten Fiscal Years

2 0 1 5

Fiscal Year	Total	Sewer Enterprise Fund	Water Enterprise Fund
2014-15	\$ 8,768,885	\$ 2,076,692	\$ 6,692,193
2013-14	7,959,385	2,436,062	5,523,323
2012-13	6,141,142	3,777,444	2,363,698
2011-12	15,335,954	10,117,597	5,218,357
2010-11	16,143,981	6,968,467	9,175,514
2009-10	13,780,961	3,642,667	10,138,294
2008-09	15,337,413	8,150,094	7,187,319
2007-08	10,908,357	5,165,166	5,743,191
2006-07	21,744,381	10,878,231	10,866,150
2005-06	15,891,735	3,276,428	12,615,307
	<b>\$132,012,193</b>	<b>\$56,488,848</b>	<b>\$75,523,345</b>

*SOURCE: South Tahoe Public Utility District Finance Department*

Note: Capital spending , less construction in progress deletions, ties to the change in Capital Assets on the Balance Sheet.

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
Last Six Fiscal Years

Fiscal Year	Sewer Lines (miles)	Sewer Treatment Capacity (million gallons)	Water Lines (miles)	Fire Hydrants	Water Storage Capacity (million gallons)
2014-15	336	7.7	254	1,737	9.3
2013-14	336	7.7	254	1,723	9.3
2012-13	336	7.7	254	1,693	9.3
2011-12	336	7.7	253	1,672	9.3
2010-11	336	7.7	253	1,656	9.3
2009-10	313	7.7	251	1,653	9.2

*SOURCE: South Tahoe Public Utility District Engineering Department*

Note: The District began collecting this data in fiscal year 2009-10

DETAIL OF CAPITAL SPENDING  
Fiscal Year Ending June 30, 2015

2 0 1 5

Project Description	Spending 2014-15	Spending To 6-30-15	Completion Date
<i>Sewer Projects:</i>			
C-Line Re-Routing/Energy Generation	\$ 18,104	\$ 425,639	In progress
Collection System Master Plan	(56,926)	731,830	In progress
DVR Irrigation Improvements Project	260,187	1,560,682	In progress
Bijou Erosion Control	72,631	321,504	6/30/2015
BMP Projects	1,317	172,914	In progress
DVR Emergency Storage Basin	-	146,188	In progress
Luther Pass Pump Station Power Control Update	467,372	625,661	In progress
Primary Clarifier 2 Rehab	128,980	128,980	In progress
Sewer Repair: Country Club, Bakersfield	3,290	405,280	6/30/2015
Tahoe Keys Forcemain Bypass	37,491	144,206	6/30/2015
Recycled Water Master Plan/E.I.R.	-	2,065,516	In progress
Headworks Improvement Project	73,246	13,054,074	6/30/2015
Concrete Coating Rehab Projects	-	187,101	In progress
Fallen Leaf Lake System Upgrades	55,264	197,853	In progress
Angora Creek Sewerline Protection	40,514	543,319	6/30/2015
Trout Creek Restoration	644,106	1,002,232	In progress
Wildwood Interceptor	-	294,168	In progress
Various Purchases/Projects Completed	195,859	360,297	Various
Various Projects in Progress	135,257	356,673	In progress
<b>Total Sewer Projects</b>	<b>\$ 2,076,692</b>	<b>\$22,724,117</b>	
<i>Water Projects:</i>			
Pioneer Trail Waterline	202,194	532,115	6/30/2015
Fire Hydrants Project	28,575	28,575	In progress
Water Meters Project	2,213,957	3,035,449	In progress
Bijou Erosion Control	18,820	166,352	6/30/2015
BMP Projects	672	201,375	In progress
State Streets Waterlines	2,464,422	5,215,648	6/30/2015
Bowers Avenue Waterline	-	46,012	In progress
Saddle/Keller Waterlines	1,435,951	1,699,677	6/30/2015
Waterline Evaluation Project	40,241	96,054	In progress
Water System Optimization Plan	-	484,518	In progress
Various Purchases/Projects Completed	235,113	235,113	Various
Various Projects in Progress	52,248	129,811	In progress
<b>Total Water Projects</b>	<b>\$ 6,692,193</b>	<b>\$11,870,699</b>	
<b>Total All Projects</b>	<b>\$ 8,768,885</b>	<b>\$34,594,816</b>	

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.



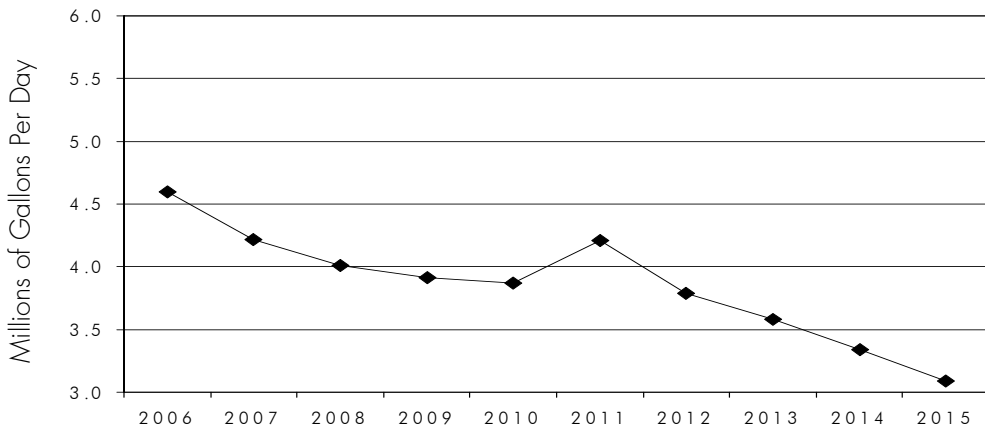
**WASTEWATER FLOWS**  
Last Ten Fiscal Years  
(In million gallons)

2 0 1 5

Monthly Flow	14-15	13-14	12-13	11-12	10-11	09-10	08-09	07-08	06-07	05-06
July	121	125	127	148	135	140	143	139	154	151
August	112	115	117	130	124	130	134	132	142	141
September	91	98	100	110	109	113	112	115	125	120
October	85	91	92	104	103	105	106	108	122	114
November	81	85	92	99	100	97	100	104	115	108
December	98	103	122	110	141	114	115	120	128	148
January	97	98	120	110	135	120	123	125	133	159
February	90	104	107	105	119	112	108	120	126	147
March	90	107	119	126	144	124	131	140	136	157
April	81	95	101	118	153	120	113	120	121	161
May	87	97	103	111	137	119	121	117	118	140
June	94	102	107	113	137	117	119	121	120	134
<b>Total Annual Flow</b>	<b>1,127</b>	<b>1,220</b>	<b>1,307</b>	<b>1,384</b>	<b>1,537</b>	<b>1,411</b>	<b>1,425</b>	<b>1,461</b>	<b>1,540</b>	<b>1,680</b>
<b>Average Monthly Flow</b>	<b>94</b>	<b>102</b>	<b>109</b>	<b>115</b>	<b>128</b>	<b>118</b>	<b>119</b>	<b>122</b>	<b>128</b>	<b>140</b>
<b>Average Daily Flow</b>	<b>3.09</b>	<b>3.34</b>	<b>3.58</b>	<b>3.79</b>	<b>4.21</b>	<b>3.87</b>	<b>3.90</b>	<b>4.00</b>	<b>4.22</b>	<b>4.60</b>

SOURCE: South Tahoe Public Utility District Laboratory Department

**AVERAGE DAILY WASTEWATER FLOW TREND**



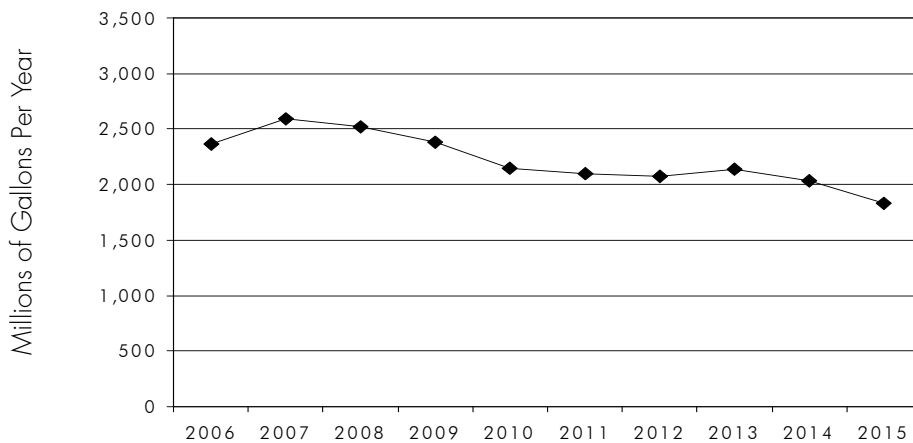
**WATER PRODUCTION**  
Last Ten Fiscal Years  
(In million gallons)

2 0 1 5

Monthly Production	14-15	13-14	12-13	11-12	10-11	09-10	08-09	07-08	06-07	05-06
July	279	285	306	285	329	329	361	381	350	346
August	241	273	296	289	320	307	355	381	343	328
September	212	224	240	232	267	268	294	280	276	251
October	142	140	160	139	147	147	178	164	167	167
November	97	99	104	107	120	122	116	118	119	122
December	117	144	128	132	138	157	152	162	176	153
January	129	129	138	122	127	136	141	149	183	137
February	99	99	107	101	105	99	111	118	132	121
March	99	98	104	99	113	106	110	123	135	134
April	102	111	114	107	99	100	111	118	132	119
May	129	185	198	210	133	128	209	219	245	199
June	181	249	240	251	203	244	243	304	331	285
<b>Annual Totals</b>	<b>1,827</b>	<b>2,036</b>	<b>2,135</b>	<b>2,074</b>	<b>2,101</b>	<b>2,143</b>	<b>2,381</b>	<b>2,517</b>	<b>2,589</b>	<b>2,362</b>
<b>Average Monthly Water Production</b>	<b>152</b>	<b>170</b>	<b>178</b>	<b>173</b>	<b>175</b>	<b>179</b>	<b>198</b>	<b>210</b>	<b>216</b>	<b>197</b>
<b>Average Daily Water Production</b>	<b>5.01</b>	<b>5.58</b>	<b>5.85</b>	<b>5.68</b>	<b>5.76</b>	<b>5.87</b>	<b>6.52</b>	<b>6.90</b>	<b>7.09</b>	<b>6.47</b>

SOURCE: South Tahoe Public Utility District Laboratory Department

**ANNUAL WATER PRODUCTION TREND**



DEMOGRAPHIC STATISTICS  
Last Ten Years

2 0 1 5

Fiscal Year	District Workforce (5)(8)	Total Workforce So. Lake Tahoe (4)	Unemployment Rate So. Lake Tahoe (4)(7)	School Enrollment (3)(9)	District Population (1)(2)	Per Capita Income (6)(10)	Personal Income (in thousands) (6)(10)
2014-15	109	11,762	5.90%	3,881	36,679	\$27,555	\$1,010,690
2013-14	110	14,931	10.03%	3,855	36,358	\$28,058	\$1,016,036
2012-13	111	15,096	11.44%	3,793	36,233	\$27,341	\$ 994,201
2011-12	111	15,379	14.20%	3,858	36,177	\$27,047	\$ 978,479
2010-11	113	15,247	16.47%	3,878	35,900	\$25,808	\$ 926,507
2009-10	115	15,684	17.10%	3,966	35,769	\$26,064	\$ 932,283
2008-09	116	15,752	16.02%	4,076	38,275	\$27,135	\$1,038,592
2007-08	113	15,969	9.25%	4,184	38,038	-	-
2006-07	113	15,874	6.87%	4,291	37,602	-	-
2005-06	113	15,129	5.71%	4,520	37,484	-	-

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) California Municipal Statistics, Inc.

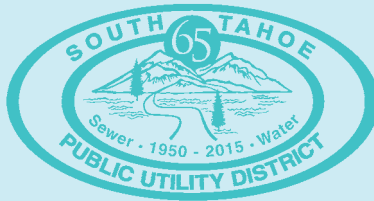
Notes:

- (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
- (10) The District began collecting this data in fiscal year 2008-09

## ACKNOWLEDGMENTS

# 2 0 1 5

- Special thanks go to Heidi Baugh, Tim Bledsoe, Garth Butz, Debbie Henderson, Paul Hughes, Ryan Lee, Matt Mendoza, Donielle Morse, Susan Rasmussen, Theresa Sherman, and the Laboratory Department.
- This Comprehensive Annual Financial Report has been prepared by the Finance Department.



# 2015

SOUTH TAHOE PUBLIC UTILITY DISTRICT  
Sixty-five years of safeguarding our resources.



1275 Meadow Crest Drive South Lake Tahoe, CA 96150  
PH 530.544.6474 FX 530.541.0614  
STPUD.US

