

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED **DECEMBER 31, 2025**

WITH INDEPENDENT AUDITOR'S REPORT

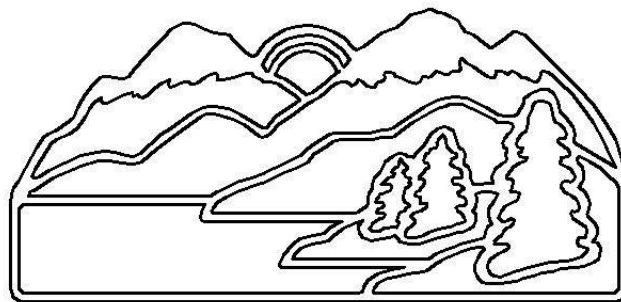
We put team success first and work to promote cooperation and commitment within the District to fulfill our mission and serve our community.

We believe that together we achieve more.

PREPARED BY THE ACCOUNTING DEPARTMENT



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Mission Statement

The Mission of the Tahoe City Public Utility TCPUD

is to serve the people, our community, and its environment.

It is our responsibility to provide safe and reliable water service, sewer service for the protection of public health, and parks and recreation services to enhance quality of life.

It is our commitment to accomplish these and other tasks within the scope of the Public Utility TCPUD Act, as amended, in a sound fiscal manner.

Tahoe City Public Utility TCPUD Board of Directors



Left to right

Judy Friedman, Board Vice President John Pang,
Ellie Beals, Board President Gail Scoville, Dan Wilkins

Vision Statement

Building a healthy mountain community through
our passion for public service

Strategic Planning

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



Sean Barclay, General Manager

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

**TAHOE CITY PUBLIC UTILITY DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2025**

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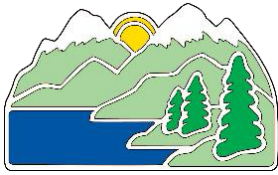
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INTRODUCTORY SECTION





TAHOE CITY PUBLIC UTILITY DISTRICT

BOARD OF DIRECTORS

John Pang
Dan Wilkins
Ellie Beals
Judy Friedman
Gail Scoville

GENERAL MANAGER

Sean Barclay

June 9, 2026

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

The Tahoe City Public Utility TCPUD (TCPUD) staff submit to you the Annual Comprehensive Financial Report (ACFR) for the year ended December 31, 2025. State law requires local governments to publish, within six months of the close of each fiscal year, a complete set of audited financial statements. The ACFR is published to fulfill that requirement for the fiscal year ended December 31, 2025.

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

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

MUN CPAs, LLP, has issued an unmodified ("clean") opinion on the TCPUD's financial statements for the year ended December 31, 2025. The independent auditor's report is located at the front of the financial section of this ACFR.

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

Profile of the Tahoe City Public Utility District

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

distribution, as well as parks, community facilities, and recreation services to the entire service area.

The TCPUD service area spans over 31 square miles along the north and west shore of Lake Tahoe, extending from Emerald Bay to Dollar Hill and west along the Truckee River to the Nevada County line. This region encompasses unincorporated areas of both Placer and El Dorado Counties providing essential public services including water, sewer, parks and recreation. The water service is delivered through nine water systems, serving approximately 6,193 customers and sewer services through an extensive sewer collection system supporting around 7,759 sewer customers. In addition, TCPUD offers a wide range of parks and recreation programs and facilities, serving over one million visitors annually.

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

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

The Board appoints a General Manager who oversees the day-to-day operations, and when necessary, forms special citizen advisory committees to address complicated issues requiring more community outreach or focused study. The General Manager, Sean Barclay, oversees a dynamic workforce consisting of 64 full time employees and 97 seasonal employees, that serve in four major departments: Utilities, which includes water and sewer operations; Parks & Recreation; Engineering, which also includes Technical Services and Geographical Information Systems; and Governance & Administrative Services.

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

The TCPUD Public Facilities Financing Corporation is a blended component unit of TCPUD and has a December 31 year-end. No assets, liabilities, or activity were reported as of and for the year ended December 31, 2025. For additional information see notes to the financial statements (Note 1. A Reporting Entity).

The TCPUD Public Financing Authority is a blended component unit of TCPUD and has a December 31 year-end. No assets, liabilities, or activity were reported as of and for the year ended December 31, 2025. For additional information see notes to the financial statements (Note 1. A Reporting Entity).

Water and Sewer Operations

TCPUD's water and sewer operations are funded primarily through user base rates, consumption charges, and, when available, additional income and grant revenue. The structure of the base charge is stable, as all customers pay base rates for both water and sewer services. For water services, the base charge accounts for approximately 82% of the total revenue generated from water customers, with the remainder coming from water usage, which is billed based on a tiered consumption structure. This tiered system is designed to closely match TCPUD's actual fixed and variable cost structure, ensuring fair pricing. In 2025, revenue generated from water usage made up approximately 18% of the total rate revenue collected from water customers.

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

In 2025, the Water Fund's financial position showed positive growth, with the net position at year-end totaling \$69,646,572—an increase of \$10,437,488, or 17.6%. This improvement in the net position was driven largely by an incoming transfer of general fund property tax dollars, as well as continued efficient operations, rate revenue increases, investment income, and capital grants.

Sewer charges represent approximately 98.9% of the revenue for sewer operations, providing a highly reliable and stable funding source. The charges are divided into two categories: residential and commercial, with residential charges accounting for 83.7% of total sewer service revenue. The Sewer Fund's overall financial position also strengthened in 2025, with the net position reaching \$30,643,888, an increase of \$2,825,348, or 10.2%. This growth was due to favorable

operational outcomes, increased revenue, capital grants, and lower-than-expected expenses, all of which contributed to the overall positive financial performance for the year.

General Fund Operations

The General Fund plays a crucial role in supporting essential operational services for parks and trails, the golf course and winter sports park, recreation programs, facility rentals, and capital projects. The primary source of operating revenue for the General Fund is property tax, which accounts for 63.9% of total operating revenues, amounting to \$11,302,444. This figure excludes capital grant revenue. The growth in home sales and changes in property ownership have led to the establishment of new base year values, which reflect current fair market values. As a result, property valuations have risen, which in turn has contributed to an increase in property tax revenue. This ensures the stability of property tax as the main source of funding for the General Fund's operations.

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

The General Fund experienced a decrease in its fund balance in 2025 of \$5,071,899. This is primarily due to a transfer of funds out to the water fund for Phase Three construction costs for the Madden Creek water system. The decrease was offset by an increase to property tax revenues and successful capital grants, which have contributed to strengthening the overall financial position of the General Fund.

Local Economy

Tourism is the primary economic driver in TCPUD's service area, with the region's economy closely tied to the year-round recreational opportunities available in the Lake Tahoe region. Lake Tahoe, as one of the premier alpine destinations in the world, and home to the largest alpine lake in North America, attracts approximately 15 million visitors annually, with North Lake Tahoe accounting for roughly 2 million of those visitors. The area offers a diverse range of recreational opportunities such as skiing, snowboarding, hiking, biking, golfing, boating, water skiing, and other outdoor pursuits, which continue to support tourism activity and contribute significantly to the local economy. Economic conditions within the District are also influenced by the nearby Sacramento and San Francisco Bay metropolitan regions due to their close geographic proximity and role as primary visitor markets.

As of early 2025, residential property values in the North Lake Tahoe region remained strong, with median home prices continuing to trend upward compared to the prior year. This trend indicates sustained demand for properties in the area, despite broader economic uncertainty. Stable property values remain important to TCPUD, as property tax revenue represents a

significant funding source for the District's Parks and Recreation Department and other General Fund supported services. Employment conditions remained relatively stable during 2025. California's unemployment rate was approximately 5.4% during the year, while Placer County continued to experience unemployment levels below the statewide average at approximately 4.0%. These indicators reflect continued economic stability within the District's regional service area despite broader statewide labor market challenges.

Placer County also collects a transient occupancy tax (TOT), a rental tax paid by guests staying in lodging accommodations such as hotels, motels, and short-term rentals. The TOT serves as an important indicator of the number of visitors coming to North Lake Tahoe's north and west shores. A portion of this tax is allocated to infrastructure projects that benefit the region. In the 2025-2026 fiscal year, TOT collections increased by 1.0% year-over-year. Additionally, TOT collections have grown by 42% over the last five years, reflecting the region's ongoing appeal and the steady rise in visitors over time.

TCPUD has long utilized TOT funds to support important infrastructure projects. The increase in collections for the 2025-2026 fiscal year, combined with the overall growth in TOT revenue over the past five years, highlights the region's resilience and continued popularity as a tourist destination. The resulting TOT revenue collected helps ensure the sustainability of key infrastructure projects.

Year in Review

The region's climate continues to play a significant role in shaping TCPUD's parks and recreation operations, directly influencing service delivery, facility accessibility, and operational planning. Winter weather conditions throughout 2024/2025 continued to reflect the variability typical of the Sierra Nevada region, with winter storms and seasonal snowfall impacting travel conditions, recreation access, and regional transportation infrastructure. Despite these challenges, TCPUD maintained continuity of essential services and parks and recreation facilities remained operational and accessible whenever conditions safely permitted.

TCPUD's operational preparedness, infrastructure resiliency, and established emergency response procedures continued to support uninterrupted service delivery during adverse weather events. Administrative and operational teams remained adaptable in responding to changing weather conditions, utilizing remote work capabilities and coordinated field operations as necessary to maintain business continuity. These measures helped ensure that critical services, customer support functions, and recreational amenities continued to be delivered efficiently and safely throughout the year.

Winter recreation activity and community participation remained strong throughout 2025 despite challenging weather conditions during portions of the winter season. TCPUD's Tahoe City Winter Sports Park continued to serve as a key regional recreational asset, supporting a variety of winter recreation opportunities and community events, including Breakfast with Santa, Holiday Camp and multiple SnowFest activities that attract both residents and visitors to the area. Winter Sports Park season pass sales increased modestly during the 2025/2026 season, and the facility continued

to experience strong participation in programs such as adult curling leagues, youth hockey, and seasonal recreation activities. Despite temporary weather-related closures during major storm events, TCPUD maintained continuity of operations and safely restored access to recreational amenities as conditions allowed.

During the summer season, Tahoe City Golf Course rounds decreased by 1.9% primarily due to temporary hole closures required during the construction of the new irrigation system, resulting in a corresponding year-over-year revenue decrease of \$12,198. The Lake Forest Boat Ramp (LFBR), which officially opens each year on May 1, saw a 9.9% decrease in total launches. Season pass launches increased but daily launches decreased. TCPUD continues to implement and evaluate a cost recovery pricing model at LFBR.

Recreation program participation increased by 4.7% year-over-year, driven largely by the continued success of the Recreation Afterschool Program (R.A.P.), which remains popular for its affordability, accessibility, and high-quality programming in a trusted environment that supports the needs of local families. As a result, recreation program fee revenue exceeded the prior year by \$30,087, or 5.7%.

Affordable housing continues to be a significant challenge throughout the North Tahoe–Truckee region. A substantial portion of the housing inventory is utilized as second homes or short-term vacation rentals, limiting the availability of workforce housing for permanent residents. Housing costs in the region remain significantly above national averages, leading to ongoing affordability pressures for employees and families seeking to live and work locally. These conditions impact the ability of local agencies to recruit and retain qualified employees.

TCPUD remains actively engaged with regional partners and local agencies to address workforce housing challenges and support long-term community sustainability. In response to evolving workforce needs, TCPUD continues to prioritize employee recruitment, retention, and organizational culture by emphasizing its Core Values of service, professionalism, teamwork, initiative, and communication. Through these efforts, TCPUD strives to maintain its position as a leading employer on the North Shore and to foster a positive, resilient, and service-oriented workplace culture.

The 2024/2025 winter season in the Sierra Nevada region produced near-average snowpack conditions, contributing positively to regional water supply reliability and helping to alleviate drought conditions. While seasonal weather patterns included periods of warmer temperatures and variable precipitation, statewide water supply conditions remained generally favorable entering 2025. TCPUD continues to monitor long-term water reliability and climate related impacts, including drought variability and changing snowpack for its water resource planning.

Wildfire risk continues to be a significant concern throughout California and the North Tahoe region due to heavily forested terrain, seasonal dry conditions, and periodic high wind events. Although wildfire activity varied across the state in 2025, the increasing frequency and severity of large wildfire events continue to emphasize the importance of proactive wildfire prevention,

emergency preparedness, and infrastructure resiliency. TCPUD continues to prioritize fire readiness and system reliability ,through ongoing review of emergency response plans, vegetation and hazard fuel removal around critical infrastructure, coordination with regional partners, and investment in water system improvements to enhance water distribution, storage capacity, redundancy, and regional interconnectivity to build capacity for fire suppression. Acceleration of this work relies on additional funding through grants and other external financial sources.

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

The following outlines the major 2022-2026 Strategic Plan and 2025 Operational Priorities in-progress or accomplished during the year:

- Pursued legislative advocacy for TCPUD initiatives. The initiative to support water infrastructure for fire suppression is on-going and has resulted in a measurable increase in understanding this critical issue among lawmakers. In 2025, the Tahoe Water Partnership (comprised of public and private Lake Tahoe Basin water agencies) worked to support the passage of H.R. 6938 the Commerce, Justice, Science; Energy and Water Development; and Interior Appropriations Act, 2026, which for the first time included \$2.125 million to support water infrastructure for fire suppression projects in Lake Tahoe. Ultimately, this legislation passed in January 2026. The Partnership also sponsored Assemblymember Bennett’s bill AB 372 Office of Emergency Services, State Match Funds, Water System Infrastructure Improvement to establish a program to secure funding for water infrastructure for fire suppression projects through the 2024 California voter enacted Proposition 4. AB 372 became a two-year bill and will be taken up in June 2026.
- The Board received updates throughout 2025 on the District’s Long-term Financial Planning (LTFP) efforts. Updates were made that built upon the framework and projections initially presented in 2024. At the end of 2025, the LTFP efforts culminated in discussions about the Tahoe Cedars Water System Reconstruction Project (specifically, customer service line relocation financial assistance), future Tahoe City Golf Clubhouse and site improvements, and future active recreation facility project.
- In November 2025, the Board adopted the maximum allowed 2026 water and sewer rates consistent with the 2025-2029 5-Year Water & Sewer Rate Study.
- Advanced implementation of the Tahoe Cedars and Madden Creek water system reconstruction projects, including selection of and award to a Design-build team for the Tahoe Cedars water system reconstruction project. Preliminary design work was initiated for that project. TCPUD also completed Phase 3 of the Madden Creek water system reconstruction project and finalized design of Phase 4.
- Pursued supplemental funding to reduce reliance on utility rates and property taxes for capital projects. In 2025, \$3,045,570 in capital grants supported water and parks projects.

- Facilitated the Leadership Development Program, expanding the initial launch of the Program in 2024. A second co-hort of six (6) District staff successfully completed the Program.
- The West Lake Tahoe Regional Water Treatment Plant Project was completed and commissioned in 2025, and will provide a drought-resistant, year-round water supply for up to 2,200 connections and improve fire suppression capacity. A Notice of Completion was issued, and staff worked to begin operating the system, comply with Department of Drinking Water permit requirement, and prepare all closeout documentation including as-builts and operations manuals.
- The previous TCPUD and NTPUD advancement of the North Lake Tahoe Active Recreation Assessment failed to meet the 67% supermajority threshold required, prompting the boards to delay placing the initiative on the November 2024 ballot, and subsequently, that project was postponed. However, the TCPUD Board was still interested in evaluating active recreation at the Tahoe City Community Center site. The Board participated in a series of consultant-led workshops to assess the feasibility of three options, including a wet/dry facility (pool and rec center), a wet facility only, and a dry facility only (rec center). Upon Board direction in 2026, TCPUD will seek community support for potentially moving one of these options forward.
- TCPUD continues to support the development of a community skate park in Tahoe City by engaging in land use discussions with the Tahoe Truckee Unified School District. The project aims to transform the Grove Street dog park into a skate park, with TCPUD assuming ownership and maintenance upon completion. The project is moving through the permitting process. This initiative reflects TCPUD's commitment to enhancing recreational opportunities in the North Lake Tahoe community.
- TCPUD executed a Development Agreement with the Tahoe Cross County Ski Education Association (TCCSEA) to support the Tahoe Cross-Country Lodge Replacement and Expansion Project. TCCSEA began construction of the parking lot and trailhead amenity. This partnership reflects TCPUD's dedication to enhancing recreational infrastructure in North Lake Tahoe.

Relevant Policies

The TCPUD Board adopted a comprehensive set of policies which provide prudent governance, ensuring TCPUD operates efficiently, ethically, and in compliance with relevant laws and regulations. During the year, the Board adopted a Social Media policy and a Parks & Recreation Cost Recovery policy. Additionally, based on the reserve policies for the General Fund and Enterprise Funds, the Board annually adjusts the reserve balances to ensure financial stability, mitigate unanticipated financial events, and provide for future capital purchases and projects. These policies can be found on the TCPUD website: www.tcpud.org/finance.

Strategic Planning, Long-term Financial Planning, and 2026 TCPUD Priorities

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

The 2026 TCPUD strategic and operational priorities include the following, note the list is not all inclusive:

- Continue succession planning and organization development with a focus on the recruitment of key managers and continued development of the Leadership Program.
- Actively monitor and pursue supplemental funding opportunities to offset the use of water rate revenue and property tax revenue. This includes submitting loan applications to finance the Tahoe Cedars and Madden Creek water system reconstruction projects.
- Initiate development of a District Information Technology Assessment, Technology Strategic Plan, and Cybersecurity Disaster Recovery Plan.
- Collaborate with the North Tahoe Public Utility District to develop a regional Greenhouse Gas Emissions Inventory Report.
- Develop and update policies and procedures in alignment with industry best practices, including Capital Asset and Supplies Inventory Policy, Investment Policy, EV Charging Policy and Private Water Lateral Relocation Policy, as well as updating the Informal Bidding Policy and Procedure.
- Collaborate with a consultant to conduct a needs and gaps analysis for upgrading TCPUD's Computerized Maintenance Management System (CMMS), develop a Request for Proposal (RFP), and select a new system to replace the current VueWorks platform.
- Continue to work with Kila Tahoe, LLC, the developer of the Tahoe City Lodge project adjacent to the Tahoe City Golf Course (TCGC). This project is important as it relates to the redevelopment TCGC Golf Course.
- Develop and implement a Parks & Recreation Cost Recovery Model based on industry best practices to ensure sustainable funding and equitable pricing for valuable community recreation and park services.
- Develop a new Cross Connection Control Plan compliant with State regulations.
- Completed the West Lake Tahoe Regional Water Treatment Plant.

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

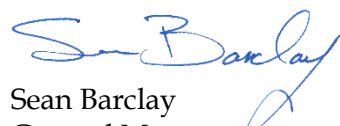
TCPUD continued to strengthen its Long-Term Financial Planning (LTFP) process as a key component of its overall Strategic Plan. This ongoing effort serves as an essential governance and management tool, supporting annual evaluations of long-term financial sustainability and guiding investment decisions to ensure reliable, high-quality service delivery for the community. The Long-Term Financial Plan is updated and presented to the board annually as part of the budget process, and is used in the financial decision-making process by the District.

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

Acknowledgements

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

Respectfully submitted,


Sean Barclay
General Manager


Ryan Philpott
Director of Finance and Administration/ Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Tahoe City Public Utility District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

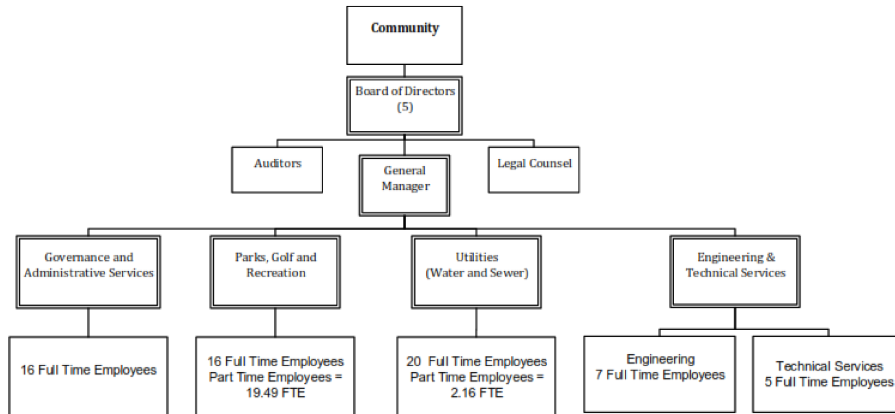
Christopher P. Morill

Executive Director/CEO

TAHOE CITY PUBLIC UTILITY DISTRICT

ORGANIZATIONAL CHART

DECEMBER 31, 2025



TAHOE CITY PUBLIC UTILITY DISTRICT

DISTRICT OFFICIALS

DECEMBER 31, 2025

Board of Directors

Judy Friedman
Gail Scoville
John Pang
Dan Wilkins
Ellie Beals

General Manager

Sean Barclay

Director of Finance and Administration

Ryan Philpott

Accounting Manager

Andrew Sherrer

FINANCIAL SECTION



Tahoe City Public Utility District



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Tahoe City Public Utility District (the District) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

TMJN CPAs, LLP

Sacramento, California
June 9, 2026

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

The management discussion and analysis (MD&A) of the Tahoe City Public Utility District's (the District) financial performance provides an overview of the District's financial activities for the year ended December 31, 2025. The intent of this discussion and analysis is to assess the District's financial performance. Therefore, it should be read in conjunction with the District's financial statements and notes to the financial statements to enhance understanding of the District's financial performance.

Financial Highlights

Government-Wide (in thousands)

- Change in Net Position: Increased by \$12,636 (8%) over the prior year. Of this increase:
 - \$17,505 is net investment in capital assets,
 - \$1,088 is restricted net position, and
 - \$(5,957) is unrestricted net position
- Capital Investments: Total capital asset investment was \$26,047, including:
 - \$19,263 in Enterprise Fund activities, and
 - \$6,784 in Governmental activities
- Long-Term Debt: Increased by \$659, an 4% increase over prior year.
- Pension Accounts: Net pension liability and related deferred outflows/inflows increased by \$487 (4%).
- OPEB Accounts: Net OPEB liability and related deferred outflows / inflows decreased by \$114 (32%).
- Government-Wide Program Revenues: Increased by \$2,902 (13%), due to:
 - Governmental activities expenses up \$611 (14%), and
 - Business-type activities expenses up \$2,291 (13%).
- Property Tax Revenue: Totaled \$11,442, up \$552 (5%) from the prior year.
- Interest Income: Reached \$2,198, down \$215 (9%)
- Debt Service: All scheduled debt payments were made on time.

Governmental Funds (in thousands)

- Long-term equipment and capital replacement balance of \$9,178 is down from the previous year by \$7,254 or 44%.
- Unassigned fund balance of \$15,449 is down from previous year by \$8,220 or 35%.
- General Fund revenues of \$17,685 are up \$1,075 or 7%.
- General Fund expenditures of \$15,439 are up \$4,229 or 38%.

Water Fund (in thousands)

- Net position is \$69,647, up from previous year by \$10,437 or 18%.
- Net investments in capital assets are \$62,877, up from last year by \$12,752 or 25%.
- Operating revenues of \$11,741 are up \$1,647 or 16%.
- Operating expenditures of \$10,101 are up \$1,180 or 13%.
- Capital grant revenue of \$566 was recorded and grant receivable of \$591 is due and outstanding.
- State Revolving Fund (SRF) loan proceeds received during the year are \$4,179 and \$315 in other receivables remain outstanding in connection with SRF loan proceeds.

Sewer Fund (in thousands)

- Net position of \$30,644 is up from previous year by \$2,825 or 10.2%.
- Net investment in capital assets are \$18,008 and are up \$332 or 2%.
- Operating revenues of \$7,238 are up \$562 or 8.4%.
- Operating expenditures of \$5,021 are down \$106 or 2%.

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 22 - 24 of this report.

Fund Financial Statements

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

Governmental Funds

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in assessing a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

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

The District adopts an annual budget for its general fund. A budgetary comparison statement has been provided on page 74 for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on page 27 of this report.

Proprietary Funds

Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses proprietary funds to account for water, sewer, technical services, and engineering departments.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail, and can be found on pages 29 - 33.

Notes to the Financial Statements

The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund statements. The notes to the financial statements can be found on pages 34 - 65 of this report.

Required Supplementary Information

This report presents required supplementary information concerning the District's progress in its obligation to provide pension benefits and other post-employment benefits to its employees and budgetary comparison information for the District's general fund. The required supplementary information can be found on pages 70 - 75 of this report.

Government-wide Financial Analysis

The statement of net position combines and consolidates the District's governmental funds' current financial resources (short-term spendable resources) with capital assets, long-term obligation, and other long-term assets and liabilities. The statement of net position also presents the enterprise funds. As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the governmental activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$62,639,430. For governmental activities, net position decreased by \$626,925 or less than 1%. For business-type activities, net position increased by \$13,262,836 or 15%.

The statement of net position can be found on pages 22 - 23 and is presented below in a condensed form for the purposes of this analysis.

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Summary of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and non-current	\$ 29,328,023	\$32,845,050	\$ 25,560,224	\$ 24,771,887	\$ 54,888,247	\$ 57,616,937
Capital assets, net	<u>40,767,883</u>	<u>37,067,202</u>	<u>101,944,673</u>	<u>86,493,105</u>	<u>142,712,556</u>	<u>123,560,307</u>
Total Assets	<u>70,095,906</u>	<u>69,912,252</u>	<u>127,504,897</u>	<u>111,264,992</u>	<u>197,600,803</u>	<u>181,177,244</u>
Deferred Outflows	<u>1,380,620</u>	<u>1,640,181</u>	<u>7,124,464</u>	<u>7,133,460</u>	<u>8,505,084</u>	<u>8,773,641</u>
LIABILITIES						
Current and other liabilities	2,062,578	1,663,991	6,471,953	3,319,090	8,534,531	4,983,081
Long-term liabilities outstanding	350,775	404,440	16,287,239	16,301,824	16,638,014	16,706,264
Net pension liability	4,979,201	5,525,895	8,942,469	10,047,419	13,921,670	15,573,314
Net other post employment benefit	<u>294,840</u>	<u>407,743</u>	<u>799,185</u>	<u>1,050,651</u>	<u>1,094,025</u>	<u>1,458,394</u>
Total Liabilities	<u>7,687,394</u>	<u>8,002,069</u>	<u>32,500,846</u>	<u>30,718,984</u>	<u>40,188,240</u>	<u>38,721,053</u>
DEFERRED INFLOWS	<u>1,149,702</u>	<u>284,009</u>	<u>1,838,055</u>	<u>651,844</u>	<u>2,987,757</u>	<u>935,853</u>
NET POSITION						
Net investment in capital assets	40,500,558	36,079,859	80,885,138	67,801,050	121,385,696	103,880,909
Restricted	2,030,397	941,924	51,200	51,200	2,081,597	993,124
Unrestricted	<u>20,108,475</u>	<u>26,244,572</u>	<u>19,354,122</u>	<u>19,175,374</u>	<u>39,462,597</u>	<u>45,419,946</u>
Total Net Position	<u>\$ 62,639,430</u>	<u>\$63,266,355</u>	<u>\$100,290,460</u>	<u>\$ 87,027,624</u>	<u>\$162,929,890</u>	<u>\$150,293,979</u>

- By far, the largest portion of the District's net position (74.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, right-to-use-equipment, vehicles, and infrastructure), less any related outstanding debt, accounts payable, and related liability used to acquire those assets. The District uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. A combination of fees, rate revenue, and property tax is used to liquidate these liabilities. For governmental activities, net investment in capital assets increased by \$4,420,699 or 12.3% and business-type activities, net investment in capital assets increased by \$13,084,088 or 19.3%.
- Unrestricted net position of \$39,462,597 is available to meet the District's ongoing obligation to its citizens and creditors and decreased \$5,957,349 or 13.1% over the previous year. For governmental activities, unrestricted net position of \$20,108,475 decreased by \$6,136,097 or 23.4%. For business-type activities, unrestricted net position of \$19,354,122 increased by \$178,748 or 0.9%.
- Total assets of \$197,600,803 increased by \$16,423,559 or 9.1%. Of this amount, capital assets represent \$19,152,249 or 116.6%; Net capital assets for governmental activities increased \$3,700,681 and business-type activities increased \$15,451,568, respectively.

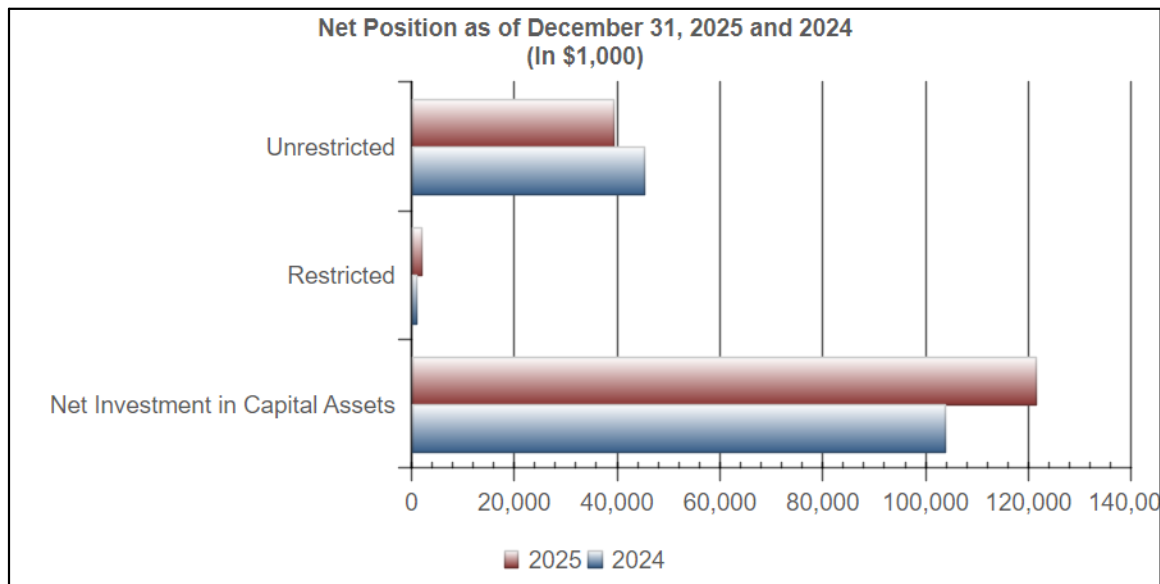
**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

- Deferred outflows of resources of \$8,505,084 decreased by \$268,557 and is due to the differences between expected and actual experience related to pension and OPEB and to the amortized value of excess consideration provided for acquisition related to Tahoe Cedars and Madden Creek water systems and Tahoe Swiss Utility Water Systems.
- Total liabilities of \$40,188,240 increased \$1,467,187 or 3.8%. Governmental activities decreased by \$314,675 or 3.9% and business-type activities increased by \$1,781,862 or 5.8%, respectively.
- Deferred inflows of resources of \$2,987,757 decreased \$2,051,904 by and is due to the change in assumptions and difference between projected and actual earnings of the plans.

During the year, the District pledged \$231,266 for 2025 debt payments from property tax revenue.

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

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



The statement of activities focuses on both the gross and net cost of various functions making up the District's governmental and business-type services, which are supported by charges for services, grants and contributions, property taxes, and other revenues. This statement summarizes and simplifies the user's analysis of the total costs and tax subsidy levels of the services offered by the District. All information is prepared on an accrual basis using the economic resources measurement focus. The District first calculated and recorded accumulated depreciation and amortization for its governmental activities as of January 1, 2004, and has included depreciation/amortization expense in the 2025 information. The statement of activities can be found on page 24 and is presented below in a condensed form for the purposes of this analysis.

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Changes in Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues						
Program Revenues						
Parks charges for services	\$ 1,947,581	\$ 1,972,762	\$ -	\$ -	\$ 1,947,581	\$ 1,972,762
Rec. charges for services	559,053	570,632	-	-	559,053	570,632
Water revenue	-	-	11,740,554	10,146,159	11,740,554	10,146,159
Sewer revenue	-	-	7,237,561	6,712,980	7,237,561	6,712,980
Operating grants and contributions	26,675	5,132	-	-	26,675	5,132
Capital grants and contributions	<u>2,543,438</u>	<u>1,917,610</u>	<u>1,345,520</u>	<u>1,173,567</u>	<u>3,888,958</u>	<u>3,091,177</u>
Total Program Revenues	<u>5,076,747</u>	<u>4,466,136</u>	<u>20,323,635</u>	<u>18,032,706</u>	<u>25,400,382</u>	<u>22,498,842</u>
Expenses						
Parks - direct expenses	9,203,868	8,252,921	-	-	9,203,868	8,252,921
Recreation - direct expenses	1,707,121	1,562,174	-	-	1,707,121	1,562,174
Water - direct expenses	-	-	10,401,711	9,195,897	10,401,711	9,195,897
Sewer - direct expenses	-	-	5,021,123	5,127,334	5,021,123	5,127,334
Interest on long-term debt	<u>100,614</u>	<u>11,377</u>	<u>-</u>	<u>213,299</u>	<u>100,614</u>	<u>224,676</u>
Total Expenses	<u>11,011,603</u>	<u>9,826,472</u>	<u>15,422,834</u>	<u>14,536,530</u>	<u>26,434,437</u>	<u>24,363,002</u>
Net revenue (expense)	(5,934,856)	(5,360,336)	4,900,801	3,496,176	(1,034,055)	(1,864,160)
General Revenues						
Property taxes	11,442,148	10,820,984	-	68,710	11,442,148	10,889,694
Investment earnings	1,276,880	1,488,580	921,186	924,977	2,198,066	2,413,557
Other revenue	<u>29,752</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues before transfers	<u>12,748,780</u>	<u>12,309,564</u>	<u>921,186</u>	<u>993,687</u>	<u>13,640,214</u>	<u>13,303,251</u>
Transfers	<u>(7,440,849)</u>	<u>(137,340)</u>	<u>7,440,849</u>	<u>137,340</u>	<u>-</u>	<u>-</u>
Total general revenues	<u>5,307,931</u>	<u>12,172,224</u>	<u>8,362,035</u>	<u>1,131,027</u>	<u>13,669,966</u>	<u>13,303,251</u>
Change in net position	<u>(626,925)</u>	<u>6,811,888</u>	<u>13,262,836</u>	<u>4,627,203</u>	<u>12,635,911</u>	<u>11,439,091</u>
Net position - beginning of year	<u>63,266,355</u>	<u>56,454,467</u>	<u>87,027,624</u>	<u>82,400,421</u>	<u>150,293,979</u>	<u>138,854,888</u>
Net position - end of year	<u>\$ 62,639,430</u>	<u>\$ 63,266,355</u>	<u>\$100,290,460</u>	<u>\$ 87,027,624</u>	<u>\$162,929,890</u>	<u>\$150,293,979</u>

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Governmental Activities

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

Governmental net position decreased year over year due to a transfer of funds to Business Type Activities to pay for Madden Creek Phase Three construction. Property tax revenue continues to increase yearly, and offset some of the net position decrease from the transfer. This growth attributed to higher assessed property values and property transfers that triggered reassessments under Proposition 13. Program revenues from parks, recreation services, and season passes remained relatively flat compared to the prior year.

Operating grant revenue increased by \$21,543 or 419.8%, reflecting a corresponding increase in eligible project-related expenditures. As grants are recognized only when qualifying expenses occur, higher spending during the year led directly to an increase in grant revenue. Interest income decreased by \$211,700 due to lower average cash balances held in pooled investment accounts, along with lower returns on the cash.

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

Total expenses increased by \$1,185,131 or 12.1% over the prior year. Personnel-related expenses rose by \$173,784 or 5.6%, primarily due to cost-of-living adjustments, merit increases, and retirement benefit costs. Other direct operating costs remained relatively stable.

Business-type Activities

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

The District has utilized property tax transfers from governmental operations to fund capital expenditures due to the low customer density in its service area, high environmental compliance costs in the Lake Tahoe Basin, and the need to maintain and replace aging infrastructure. This funding helps keep water and sewer rates affordable while addressing the community's critical infrastructure needs. In 2025, \$91,562 in property tax was transferred to the Water Fund to cover interest expenses for the West Lake Tahoe Regional Water Treatment Plant (WLTRWTP). A property tax transfer of \$5,765,696 was also made to pay for Madden Creek Phase Three construction costs.

Water and sewer revenues increased by \$1,594,395 (15.7%) and \$524,581 (7.8%), respectively, reflecting the implementation of the full Proposition 218 maximum rates for 2025. Capital grant revenue increased \$171,953 (14.6%), while interest income decreased by \$3,791.

Total expenses increased by \$915,434 (8.8%). Personnel costs, driven by cost-of-living adjustments, merit increases, retirement benefits, and rising supply costs, contributed to the overall expense increase. However, the primary driver was the adjustments to supply inventory carrying balances that were expensed as a result of new inventory policy updates in 2025.

Financial Analysis of the Government's Funds

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

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Governmental Funds

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

On December 31, 2025, the District's governmental funds reported combined fund balances of \$27,436,596 a decrease of \$5,071,899 or 15.6% in comparison with the prior year. Refer to the subsequent discussion on revenues and expenditures, which highlights the changes in the fund balance.

Approximately 56.3% or \$15,448,755, of the fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is: 1) not in spendable form \$439,017, 2) \$167,436 restricted for various projects and \$1,862,961 restricted for the Section 115 pension trust, 3) \$38,340 restricted for Section 125 Medical Reimbursement Accounts, 4) \$275,794 restricted for Health Reimbursement Arrangements, 5) \$9,178,166 for long-term equipment and capital replacement purposes, and 6) assigned \$26,127 for particular purposes. The general fund is the chief operating fund of the District.

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

	<u>2025 Actuals</u>	<u>% of Total</u>	<u>2024 Actuals</u>	<u>% of Total</u>	<u>Increase (Decrease)</u>	<u>% of Change</u>
Fees	\$ 1,126,656	6.4 %	\$ 1,123,674	6.8 %	\$ 2,982	0.3 %
Property taxes	11,302,444	63.9 %	10,681,280	64.3 %	621,164	5.8 %
Interest	1,276,880	7.2 %	1,488,580	9.0 %	(211,700)	(14.2)%
Grants	2,570,113	14.5 %	1,921,379	11.6 %	648,734	33.8 %
Other	<u>1,408,455</u>	<u>8.0 %</u>	<u>1,394,697</u>	<u>8.3 %</u>	<u>13,758</u>	<u>1.0 %</u>
Total Revenues	\$ <u>17,684,548</u>	<u>100.0 %</u>	\$ <u>16,609,610</u>	<u>100.0 %</u>	\$ <u>1,074,938</u>	<u>6.5 %</u>

Revenues increased by \$1,074,938 compared to the prior year. The following summarizes key drivers of this change:

- Fees increased slightly by \$2,982, primarily due to a Tahoe City Golf Course activity.
- Property tax revenue increased by \$621,164, largely driven by higher assessed property values resulting from ownership transfers and reassessments.
- Interest income decreased as a result of lower investment return rates.
- Grant revenue rose by \$648,734, primarily due to capital funding received for the West Shore Trail Project, which corresponded with related increases in capital outlay expenditures.

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Expenditures – The following table presents the expenditures by function compared to prior year amounts for the General Fund.

	<u>2025 Actuals</u>	<u>% of Total</u>	<u>2024 Actuals</u>	<u>% of Total</u>	<u>Increase (Decrease)</u>	<u>% of Change</u>
Public works - Parks	\$ 6,976,156	45.2 %	\$ 5,870,658	52.4 %	\$ 1,105,498	18.8 %
Recreation	1,480,494	9.6 %	1,319,359	11.8 %	161,135	12.2 %
Other operating	115,945	0.8 %	170,053	1.5 %	(54,108)	(31.8)%
Capital outlay	6,740,054	43.7 %	3,849,534	34.3 %	2,890,520	75.1 %
Debt service	<u>126,308</u>	<u>0.7 %</u>	<u>-</u>	<u>0.1 %</u>	<u>126,308</u>	<u>DIV/0 %</u>
Total Expenditures	\$ <u>15,438,957</u>	<u>100.0 %</u>	\$ <u>11,209,604</u>	<u>100.1 %</u>	\$ <u>4,229,353</u>	<u>74.3 %</u>

Expenditures increased by \$4,229,353 compared to the prior year. The following summarizes the key drivers of this change:

- Personnel costs increased by \$173,784, or 5.6%, due to planned cost-of-living and merit increases, associated benefit adjustments, and higher part-time staffing costs.
- Other expenditures increased due to various overhead allocations and related operational adjustments.
- Capital outlay accounted for \$2,890,520, or 68.3% of the year-over-year increase, primarily related to the West Shore Trail Project and vehicle purchases.

General Fund Budgetary Highlights

The following table shows the variances of actuals to budget. The revenue and expenditures budget comparison schedule can be found on page 74.

<u>Revenues:</u>	<u>Actual Amounts</u>	<u>Budget</u>	<u>Variance Favorable (Unfavorable)</u>	<u>% of Variance</u>
Fees	\$ 1,126,656	\$ 1,146,494	\$ (19,838)	(1.7)%
Property taxes	11,302,444	10,564,008	738,436	7.0 %
Interest	1,276,880	251,271	1,025,609	408.2 %
Grants	2,570,113	65,647	2,504,466	3,815.1 %
Other	<u>1,408,455</u>	<u>1,478,604</u>	<u>(70,149)</u>	<u>(4.7)%</u>
Total Revenues	\$ <u>17,684,548</u>	\$ <u>13,506,024</u>	\$ <u>4,178,524</u>	<u>30.9 %</u>

General Fund revenue exceeded budget by \$4,178,524. This favorable variance was primarily driven by higher-than-expected interest income, reflecting conservative budgeting assumptions. Property tax revenue also exceeded budget due to continued growth in assessed property values. Fee revenue came in below budget, largely due to reduced activity at the Lake Forest Boat Ramp and lower-than-anticipated usage of community buildings and sidewalk-related billings. Grant revenue exceeded budget projections due to the successful acquisition of capital grants beyond what was initially planned.

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Expenditures:	Actual Amounts	Budget	Variance Favorable (Unfavorable)	% of Variance
Public works - Parks	\$ 6,976,156	\$ 6,264,829	\$ (711,327)	(11.4)%
Recreation	1,480,494	1,806,138	325,644	18.0 %
Other operating	115,945	159,760	43,815	27.4 %
Capital outlay	6,740,054	9,133,818	2,393,764	26.2 %
Debt service	<u>126,308</u>	<u>-</u>	<u>(126,308)</u>	<u>(100.0)%</u>
Total Expenditures	\$ <u>15,438,957</u>	\$ <u>17,364,545</u>	\$ <u>1,925,588</u>	<u>(39.8)%</u>

General Fund expenditures were \$1,925,588 under budget, primarily due to reduced capital outlay. This was driven by lower-than-anticipated spending on the West Shore Trail Project and the Tahoe City Community Center Building Remodel project. Additional savings were realized in repairs and maintenance, snow removal, and personnel costs, all of which came in below budgeted levels.

Proprietary Funds

The District's proprietary funds statements provide the same type of information found in the government-wide financial statement, but in more detail broken out by the water fund and sewer fund. The statement of revenues, expense and changes in net position for the proprietary funds can be found on page 31.

On December 31, 2025, the net position for the water and sewer funds were \$69,646,572 and \$30,643,888 respectively, up 18% and 10.2%.

	Proprietary Funds		
	Water Fund	Sewer Fund	Total
Beginning net position	\$ 59,209,084	\$ 27,818,540	\$ 87,027,624
Change in net position	<u>10,437,488</u>	<u>2,825,348</u>	<u>13,262,836</u>
Ending Net Position	\$ <u>69,646,572</u>	\$ <u>30,643,888</u>	\$ <u>100,290,460</u>

The following chart shows how the ending net position breaks out for the water and sewer funds:

	Proprietary Funds		
	Water Fund	Sewer Fund	Total
Net investment in capital assets	\$ 62,876,650	\$ 18,008,488	\$ 80,885,138
Restricted for:			
Guarantees of permit performance	50,700	500	51,200
Unrestricted	<u>6,719,222</u>	<u>12,634,900</u>	<u>19,354,122</u>
Total Net Position	\$ <u>69,646,572</u>	\$ <u>30,643,888</u>	\$ <u>100,290,460</u>

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Water and sewer funds primarily rely on user charges and other income for their operations. Below are the 2025 water revenues and expenses compared to the previous year.

Revenues	Water Actuals		Increase (Decrease)	
	2025	2024	Amount	% Change
Charges for services	\$ 11,740,554	\$ 10,093,476	\$ 1,647,078	16.3 %
Capital grants	566,411	420,853	145,558	34.6 %
Interest income	336,187	293,156	43,031	14.7 %
Property tax for debt service	-	68,710	(68,710)	(100.0)%
Infrastructure improvement charge	755,198	752,714	2,484	0.3 %
Gain on disposal	-	23,552	(23,552)	(100.0)%
Transfer from general fund	<u>7,440,849</u>	<u>137,340</u>	<u>7,303,509</u>	<u>5,317.8 %</u>
Total Revenues	<u>20,839,199</u>	<u>11,789,801</u>	<u>9,049,398</u>	<u>76.8 %</u>
Less expenses	<u>10,401,711</u>	<u>9,380,063</u>	<u>1,021,648</u>	<u>10.9 %</u>
Change in Net Position	<u>\$ 10,437,488</u>	<u>\$ 2,409,738</u>	<u>\$ 8,027,750</u>	<u>333.1 %</u>

Water service revenues increased due to the implementation of the maximum allowable 2025 rates under Proposition 218. Property tax support is no longer used for the Tahoe Cedars and Madden Creek systems, as all customers have reached the water rates for all other water customers. Capital grant revenue reflects amounts received or accrued during the year and will decline until new grants are secured. Interest income decreased due to lower return rates. The Board approved using property tax to fund 50% of the future debt service on the WLTRWTP project, estimated at \$556,000 annually; currently, only interest on a portion of the loan is reflected. Additionally, property tax transfers from the General Fund increased significantly to pay for Madden Creek Phase Three construction costs. Expenses rose by 10.9%, primarily driven by year-end pension and OPEB adjustments in accordance with GASB 68 and 75.

Below are the 2025 sewer revenues and expenses compared to previous year:

Revenues	Sewer Actuals		Increase (Decrease)	
	2025	2024	Amount	% Change
Charges for services	\$ 7,237,561	\$ 6,675,118	\$ 562,443	8.4 %
Capital grants	23,911	-	23,911	100.0 %
Interest income	584,999	631,821	(46,822)	(7.4)%
Gain on disposal	<u>-</u>	<u>37,869</u>	<u>(37,869)</u>	<u>(100.0)%</u>
Total Revenues	<u>7,846,471</u>	<u>7,344,808</u>	<u>501,663</u>	<u>6.8 %</u>
Less expenses	<u>5,021,123</u>	<u>5,127,337</u>	<u>(106,214)</u>	<u>(2.1)%</u>
Change in Net Position	<u>\$ 2,825,348</u>	<u>\$ 2,217,471</u>	<u>\$ 607,877</u>	<u>27.4 %</u>

Sewer service revenues increased due to the implementation of 2025 base rates at the maximum levels allowed under Proposition 218. Interest income decreased as a result of lower return rates. Expenses decreased by 2.1%, primarily due to year-end pension and OPEB adjustments required under GASB 68 and 75.

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Capital Assets and Debt Administration

Capital Assets

As of December 31, 2025, the District's investment in capital assets totaled \$142,712,556 (net of accumulated depreciation/amortization), reflecting an 17.3% increase from the prior year. These assets include land, the water treatment plant, buildings, equipment, vehicles, and parking facilities, supporting both governmental and business-type operations.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 10,947,445	\$ 10,947,445	\$ 42,957	\$ 42,957	\$ 10,990,402	\$ 10,990,402
Facilities	19,778,426	21,493,532	57,164,650	46,590,036	76,943,076	68,083,568
Lease assets	106,718	3,610	-	-	106,718	3,610
Subscription assets	3,080	21,533	24,367	65,825	27,447	87,358
Office building and equipment	6,754,914	2,103,939	11,603,719	3,799,745	18,358,633	5,903,684
Vehicles	612,708	712,278	2,059,100	2,046,252	2,671,808	2,758,530
Construction in progress	<u>2,564,592</u>	<u>842,941</u>	<u>31,049,880</u>	<u>33,013,338</u>	<u>33,614,472</u>	<u>33,856,279</u>
Total Capital Assets, Net	<u>\$ 40,767,883</u>	<u>\$ 36,125,278</u>	<u>\$101,944,673</u>	<u>\$ 85,558,153</u>	<u>\$142,712,556</u>	<u>\$121,683,431</u>

During 2025, the District invested \$26,792,060 in capital projects and assets that benefit the community, including subscription-based IT arrangements (SBITAs) in accordance with GASB 96. Major projects included the West Shore Trail Rehabilitation, West Lake Tahoe Regional Water Treatment Plant, Madden Creek System Upgrades, 6th Avenue Sewer Line Replacement, and various vehicle and equipment purchases.

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

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

The following table presents the District's more significant capital additions during and 2025 and 2024:

	Additions to Capital Assets	
	2025	2024
<i>Governmental Activities</i>		
Administration Building Improvements	\$ 48,678	\$ 87,230
Admin. Building Air Handler Unit Replacements	-	(14,007)
TCGC / Irrigation Replacement	2,168,404	90,576
Tahoe City Community Center Building Improvements	243,420	73,961
Lake Forest Boat Ramp Restroom Replacement	2,482	50,879
Trail Rehab Project	3,761,147	3,202,634
Kilner Park Replacements & Upgrades	20,084	-
Vehicles and Equipment	102,955	168,159
EV Charging Station	265,129	48,372
Other projects	49,471	141,730
SBITAs	-	6,552
Total governmental activities	<u>6,661,770</u>	<u>3,856,086</u>
<i>Water Activities</i>		
West Lake Tahoe Water Treatment Plant	2,536,015	4,195,688
Madden Creek Water Interconnection	(8,787)	1,527
Madden Creek Water Systems Improvement	6,132,772	579,092
West Shore Storage Augmentation	19,988	82,321
Rubicon Tank 1 Feed Line Replacement	303,271	41,492
Lower Meeks Bay PRV Project	830,077	118,755
HWY 28 Conductor Crossing	814	273,502
Rubicon Wells 2&3 Backup Power	2,404,176	120,190
Smart Meter Replacement Program	-	335,092
Tahoe Cedars 2nd Ave. Water Main Replacement	3,115,960	473,067
Dardanelles Waterline Replacement	747	10,846
Tahoe Swiss Water Acquisition	2,640,768	94,021
The Villas Waterline Replacement	6,278	45,390
Tahoe Pines / Tahoe Swiss Upgrades	33,044	243,111
Glenridge Water System Upgrades	121,497	71,105
Vehicles, Mobile Equipment, Equipment	514,074	442,991
Other projects	173,288	100,109
SBITAs	<u>20,728</u>	<u>2,707</u>
Total water activities	<u>18,844,710</u>	<u>7,231,006</u>
<i>Sewer Activities</i>		
Dollar / Edgewater Sewer Line Replacement	1,559	10,286
Satellite Pump Station Controls	111,940	29,761
Line Replacement / Slip lining, Manhole Rehabilitation	77,924	20,545
Emergency Bypass Pump Stations	19,733	472,757
McKinney Sewer Pump Station	614	7,529
Sewer Pump Station Drywell Floor Recoat	12,335	239,186
6th Ave Sewer Line Replacement	10,882	1,142,853
Vehicles, Mobile Equipment, Equipment	427,557	442,990
Other projects	602,308	90,988
SBITAs	<u>20,728</u>	<u>2,707</u>
Total sewer activities	<u>1,285,580</u>	<u>2,459,602</u>
Total District Activities	<u>\$ 26,792,060</u>	<u>\$ 13,546,694</u>

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

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

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

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

As part of the 2020–2024 rate study, HDR also supported the development of a rate transition plan for the Tahoe Cedars and Madden Creek systems, acquired by the District in 2018. At acquisition, their rates were significantly lower than existing District rates. To ease the transition, the District used annual property tax revenue transfers to the water fund to offset the difference, in this way, existing customer rate revenue will not provide funding for the transition of the Tahoe Cedars and Madden Creek customers. As of 2025, rates for Tahoe Cedars and Madden Creek customers are aligned with District-wide rates.

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

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

Work is progressing on the West Lake Tahoe Regional Water Treatment Plant (WLTRWTP), with \$2,536,015 invested in 2025. The total project cost is estimated at \$27 million. To fund the project, the District has secured a \$20 million State Revolving Fund (SRF) loan and \$5.5 million in grant funding. The plant is scheduled to begin operations in fall 2025. Through long-term financial planning, the District identified a strategic initiative to develop an asset valuation and replacement strategy for its parks and facilities infrastructure. In 2025, capital project investments across various governmental assets—including multi-use trails, the 221 Fairway Administration Offices, the Tahoe City Community Center, park facilities, and vehicles and equipment—totaled \$6,661,770.

At December 31, 2025, the District utilized \$68,545,649 of gross depreciable capital assets at historical cost, consisting primarily of recreational facilities, in its governmental activities; and \$130,573,062 of gross depreciable capital assets at historical cost, consisting primarily of water and sewer plants, in its business-type activities.

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

In 2025, the District established a debt service reserve to meet the requirements of the SRF loan for the WLTRWTP. As part of its reserve policies, the District conducts an annual analysis to determine the appropriate reserve balances for the year. The reserve balances for governmental and business-type activities were updated and set as follows:

	Governmental Activities	Business-type Activities		Total Business-type
		Water	Sewer	
Operating reserve	\$ 1,880,461	\$ 1,808,484	\$ 1,268,934	\$ 3,077,418
Fleet & equipment replacement reserve	974,682	927,733	1,501,483	2,429,216
Infrastructure capital replacement reserve	6,203,484	1,500,000	8,245,141	9,745,141
Debt service reserve	-	1,112,493	-	1,112,493
Water system acquisition & infrastructure improvement property tax reserve	-	1,000,000	-	1,000,000
Priority projects capital reserve	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Reserves by Fund	\$ <u>11,058,627</u>	\$ <u>6,348,710</u>	\$ <u>11,015,558</u>	\$ <u>17,364,268</u>

The District's five-year capital plan for 2026–2030 totals \$268,895,173, supporting critical investments across all service areas. Funding includes \$770,775 in secured grants, \$5,076,557 in unsecured grants, and a mixture of State Revolving Fund loans, bonds, and interim financing sources specific to large water projects.

Planned Capital Investment:

- Water: \$124,578,782
- Sewer: \$21,390,406
- Parks and Recreation: \$19,712,984
- Vehicles and Equipment: \$3,013,000

This capital program is made possible through a mix of funding sources, including the water and sewer rate structure, Infrastructure Improvement Charge (IIC), grant funding, property tax revenue, and capital financing. During the year, \$3,888,958 in grant funds were awarded for various capital projects or the District's initiatives.

Long-term Debt

At the end of the current year, the District had total debt outstanding of \$17,541,389 backed by the full faith and credit of the government. Additional information on long-term debt can be found in the notes to the financial statements (See Note 6. Long-Term Liabilities).

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
State Revolving Loan	\$ 404,439	\$ 534,506	\$ 17,021,707	\$ 16,287,760	\$ 17,426,146	\$ 16,822,266
Lease liabilities	101,181	-	-	-	101,181	-
SBITA liabilities	<u>-</u>	<u>13,843</u>	<u>14,062</u>	<u>45,950</u>	<u>14,062</u>	<u>59,793</u>
Total Long-Term Debt	\$ <u>505,620</u>	\$ <u>548,349</u>	\$ <u>17,035,769</u>	\$ <u>16,333,710</u>	\$ <u>17,541,389</u>	\$ <u>16,882,059</u>

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

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

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

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

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

Economic Factors and Future Years' Budgets

The following 2026 Budget Summary and Key Financial Highlights are as follows:

The District's 2026 Operating and Capital Budget totals \$75,873,712, comprising \$24,992,663 for operations and \$50,881,049 for capital projects. This reflects an overall increase of \$21,788,465, or 40.3%, compared to 2025. Operating costs rose by 11.3%, while capital spending increased by 60.9%.

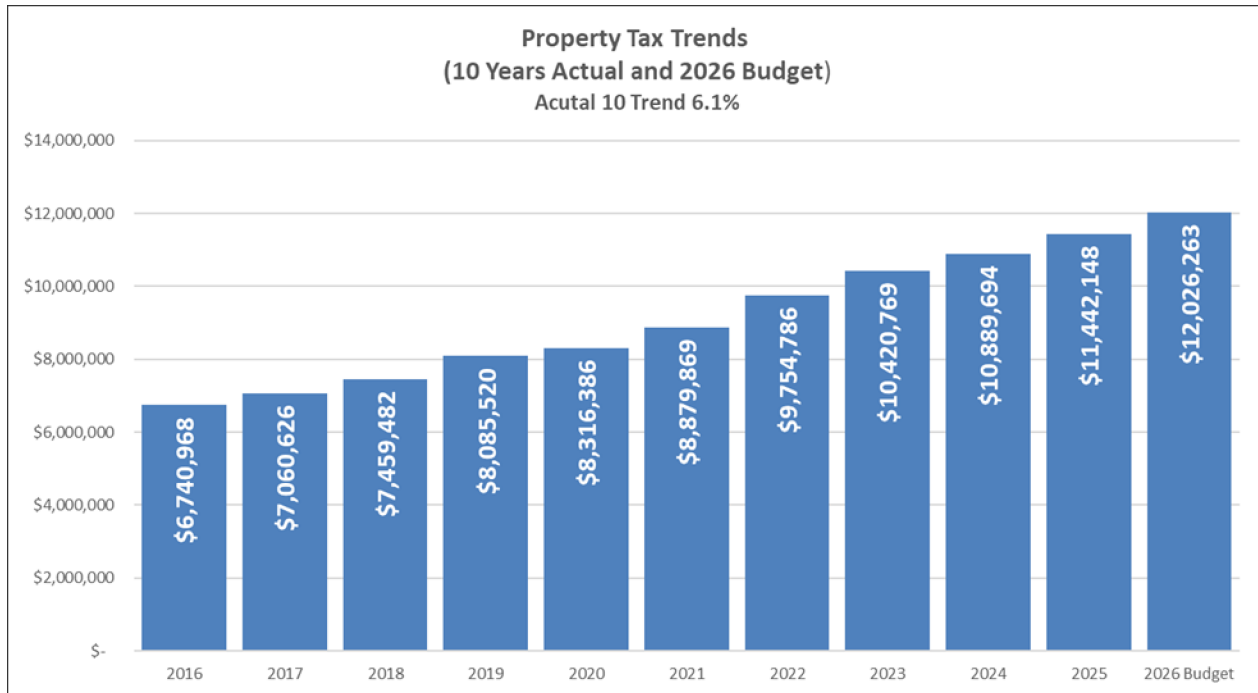
The 2026 water fund budget is \$47,028,567, an increase of \$16,268,733 or 52.9%, driven primarily by a 103% increase in capital projects and a 19.4% rise in operating expenses. The sewer fund budget is \$11,769,266, an increase of \$2,030,185 or 20.8%. The governmental fund budget decreased by \$7,097,631, or 40.5%, to a total of \$19,006,686, largely due to removal of the \$7.7 million property tax transfer to the water fund which existed in 2025.

In the 2026 budget, personnel costs make up 67.8% of the District's direct operating expenses, excluding depreciation and amortization. OPEB costs began to decline in 2024 and are expected to continue decreasing in 2026, driven by a four-year labor agreement negotiated in 2023 and effective January 1, 2024. This change in the agreement is designed to reduce the District's long-term Other Post Employment Benefits (OPEB) liabilities.

Water and sewer base rates, which provide stable revenue streams, account for 81.3% and 95.8% of their respective fund revenues. Under the 2024 Proposition 218 process, rate adjustments resulted in water and sewer revenues increasing from 2025 to 2026 by 9.5% and 8.5%, respectively. Beginning January 1, 2024, the Infrastructure Improvement Charge (IIC) was implemented to pay for the cost associated with reconstruction of the Tahoe Cedars and Madden Creek water systems which includes debt service for financing related to the projects.

Property tax revenue, budgeted at \$12,023,263 in 2026, remains the largest general fund revenue source, representing 75% of total revenue. This revenue is supported by ongoing growth in assessed property values and real estate turnover.

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**



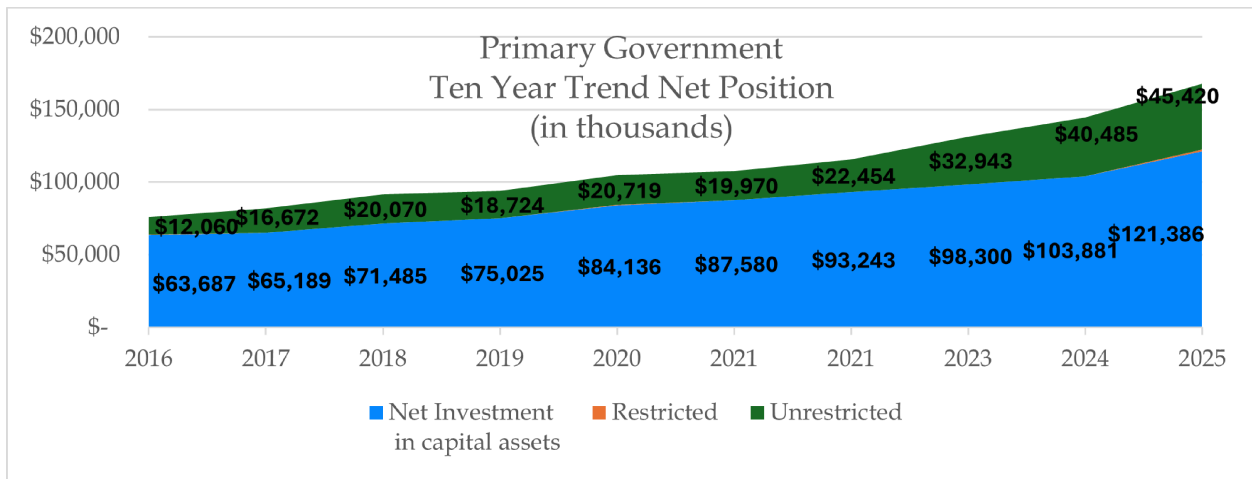
- In 2018, California enacted SB 606 and AB 1668 to establish a framework for water conservation and drought planning, requiring urban retail water suppliers to meet annual "Urban Water Use Objectives" (UWUOs) based on local conditions. These objectives address indoor and outdoor residential use, commercial/industrial irrigation, and water loss. Final regulations were adopted by the State Water Resources Control Board in July 2024, with full implementation starting in January 2025. The District has invested in smart metering, leak detection, and water loss tracking, resulting in a significant reduction in system water demands. The District's groundwater supplies are adequate to meet current and future needs, and ongoing investments in conservation will ensure compliance with the new standards.
- CalPERS completed its Asset Liability Management (ALM) process in November 2021, which runs on a four-year cycle. The CalPERS discount rate for year 2024–25 remained at 6.8%, consistent with the rate set during the 2021 Asset Liability Management (ALM) process. The District adopted its Financial Policy 2020 Pension Fundings in 2023 to ensure sustainable pension cost funding. In 2024, the Board established the Public Agencies Post Employment Benefits Trust, selecting PARS as the administrator, and authorized a \$779,000 transfer to the Section 115 Trust, representing 50% of the minimum target balance (3% of the District's pension accrued liability). In 2025, the District contributed \$885,417 to continue to fund toward the policy target balance. The next ALM cycle is scheduled for 2025, during which the discount rate and other actuarial assumptions will be reviewed and potentially adjusted.
- The Other Post-Employment Benefit (OPEB) policy, set for adoption in 2025, aims to ensure the sustainable funding of OPEB costs. Similar to its pension funding approach, the District funds the full actuarially determined contribution each year. Efforts during the 2023 union negotiation resulted in capping the post-retirement monthly stipend, generating future savings for the District's ratepayers.
- On December 15, 2023, the Board of Directors approved a new Memorandum of Understanding with the International Union of Operating Engineers, Local 39, covering classified employees from January 1, 2024, through December 31, 2027.

**TAHOE CITY PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Summary

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

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



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

Requests for Information

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

**TAHOE CITY PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and investments (Note 2)	\$ 17,138,511	\$ 21,498,385	\$ 38,636,896
Restricted cash and investments (Note 2)	2,344,531	930,346	3,274,877
Accounts receivable	-	1,271,232	1,271,232
Interest receivable	3,729	1,681	5,410
Taxes receivable	6,373,655	-	6,373,655
Grants receivable	2,393,952	615,322	3,009,274
Leases receivable (Note 3)	326,310	151,742	478,052
Facility improvement receivables	-	16,173	16,173
Other receivables	311,043	362,220	673,263
Allowance for doubtful accounts	(2,725)	(5,450)	(8,175)
Inventories	42,376	35,657	78,033
Prepaid items and other assets	396,641	682,916	1,079,557
Capital assets not being depreciated (Note 5)	13,512,037	31,092,837	44,604,874
Capital assets, net of accumulated depreciation (Note 5)	<u>27,255,846</u>	<u>70,851,836</u>	<u>98,107,682</u>
Total Assets	<u>70,095,906</u>	<u>127,504,897</u>	<u>197,600,803</u>
<u>Deferred Outflows of Resources</u>			
Pension related (Note 9)	1,094,838	2,748,227	3,843,065
OPEB related (Note 10)	285,782	643,968	929,750
Excess consideration provided for acquisition (Note 7)	<u>-</u>	<u>3,732,269</u>	<u>3,732,269</u>
Total Deferred Outflows of Resources	<u>1,380,620</u>	<u>7,124,464</u>	<u>8,505,084</u>
<u>LIABILITIES</u>			
Accounts payable	656,129	3,072,292	3,728,421
Accrued payroll and benefits payable	174,793	364,961	539,754
Employee medical reimbursement payable	312,346	-	312,346
Interest payable	1,824	178	2,002
Deposits payable	104,588	589,561	694,149
Other liabilities	167,745	1,107,427	1,275,172
Unearned revenue	141,405	-	141,405
Net pension liability (Note 9)			
Due in more than one year	4,979,201	8,942,469	13,921,670
Net OPEB liability (Note 10)			
Due in more than one year	294,840	799,185	1,094,025
Compensated absences (Note 6)			
Due within one year	348,903	589,004	937,907
Long-term liabilities (Note 6)			
Due within one year	154,845	748,530	903,375
Due in more than one year	<u>350,775</u>	<u>16,287,239</u>	<u>16,638,014</u>
Total Liabilities	<u>7,687,394</u>	<u>32,500,846</u>	<u>40,188,240</u>

See accompanying notes to the basic financial statements.

**TAHOE CITY PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2025**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related (Note 9)	742,994	1,467,385	2,210,379
OPEB related (Note 10)	72,287	232,333	304,620
Leases related (Note 3)	<u>334,421</u>	<u>138,337</u>	<u>472,758</u>
Total Deferred Inflows of Resources	<u>1,149,702</u>	<u>1,838,055</u>	<u>2,987,757</u>
<u>NET POSITION</u>			
Net investment in capital assets	40,500,558	80,885,138	121,385,696
Restricted for:			
Guarantee permit and payment performance	167,436	51,200	218,636
Section 115 Trust	1,862,961	-	1,862,961
Unrestricted	<u>20,108,475</u>	<u>19,354,122</u>	<u>39,462,597</u>
Total Net Position	<u>\$ 62,639,430</u>	<u>\$ 100,290,460</u>	<u>\$ 162,929,890</u>

See accompanying notes to the basic financial statements.

**TAHOE CITY PUBLIC UTILITY DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total Primary Government
					Governmental Activities	Business-Type Activities	
Governmental activities:							
Public works - parks	\$ 9,203,868	\$ 1,947,581	\$ -	\$ 2,543,438	\$ (4,712,849)	\$ -	\$ (4,712,849)
Recreation	1,707,121	559,053	26,675	-	(1,121,393)	-	(1,121,393)
Interest on long-term liabilities	<u>100,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,614)</u>	<u>-</u>	<u>(100,614)</u>
Total governmental activities	<u>11,011,603</u>	<u>2,506,634</u>	<u>26,675</u>	<u>2,543,438</u>	<u>(5,934,856)</u>	<u>-</u>	<u>(5,934,856)</u>
Business-type activities:							
Water	10,401,711	11,740,554	-	1,321,609	-	2,660,452	2,660,452
Sewer	<u>5,021,123</u>	<u>7,237,561</u>	<u>-</u>	<u>23,911</u>	<u>-</u>	<u>2,240,349</u>	<u>2,240,349</u>
Total business-type activities	<u>15,422,834</u>	<u>18,978,115</u>	<u>-</u>	<u>1,345,520</u>	<u>-</u>	<u>4,900,801</u>	<u>4,900,801</u>
Total primary government	<u>\$ 26,434,437</u>	<u>\$ 21,484,749</u>	<u>\$ 26,675</u>	<u>\$ 3,888,958</u>	<u>(5,934,856)</u>	<u>4,900,801</u>	<u>(1,034,055)</u>
General revenues:							
Property taxes					11,442,148	-	11,442,148
Interest income					1,276,880	921,186	2,198,066
Other revenue					29,752	-	29,752
Transfers					<u>(7,440,849)</u>	<u>7,440,849</u>	<u>-</u>
Total general revenues and transfers					<u>5,307,931</u>	<u>8,362,035</u>	<u>13,669,966</u>
Change in net position					(626,925)	13,262,836	12,635,911
Net position - January 1, 2025					<u>63,266,355</u>	<u>87,027,624</u>	<u>150,293,979</u>
Net position - December 31, 2025					<u>\$ 62,639,430</u>	<u>\$ 100,290,460</u>	<u>\$ 162,929,890</u>

See accompanying notes to the basic financial statements.

**TAHOE CITY PUBLIC UTILITY DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 17,138,511	\$ -	\$ 17,138,511
Restricted cash and investments	2,344,531	-	2,344,531
Interest receivable	3,729	-	3,729
Taxes receivable	6,373,655	-	6,373,655
Grants receivable	2,393,952	-	2,393,952
Leases receivable	326,310	-	326,310
Other receivables	311,043	-	311,043
Allowance for doubtful accounts	(2,725)	-	(2,725)
Inventories	42,376	-	42,376
Prepaid items and other assets	<u>396,641</u>	<u>-</u>	<u>396,641</u>
Total Assets	<u>\$ 29,328,023</u>	<u>\$ -</u>	<u>\$ 29,328,023</u>
<u>LIABILITIES AND FUND BALANCES</u>			
LIABILITIES			
Accounts payable	\$ 656,129	\$ -	\$ 656,129
Accrued payroll and benefits payable	174,793	-	174,793
Employee medical reimbursement payable	312,346	-	312,346
Deposits payable	104,588	-	104,588
Other liabilities	167,745	-	167,745
Unearned revenue	<u>141,405</u>	<u>-</u>	<u>141,405</u>
Total Liabilities	<u>1,557,006</u>	<u>-</u>	<u>1,557,006</u>
DEFERRED INFLOWS OF RESOURCES			
Leases related	<u>334,421</u>	<u>-</u>	<u>334,421</u>
Total Deferred Inflows of Resources	<u>334,421</u>	<u>-</u>	<u>334,421</u>
FUND BALANCES			
Nonspendable	439,017	-	439,017
Restricted	2,344,531	-	2,344,531
Assigned			
Long-term equipment and capital replacement	9,178,166	-	9,178,166
Contributions - projects	26,127	-	26,127
Unassigned	<u>15,448,755</u>	<u>-</u>	<u>15,448,755</u>
Total Fund Balances	<u>27,436,596</u>	<u>-</u>	<u>27,436,596</u>
Total Liabilities and Fund Balances	<u>\$ 29,328,023</u>	<u>\$ -</u>	<u>\$ 29,328,023</u>

See accompanying notes to the basic financial statements.

**TAHOE CITY PUBLIC UTILITY DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025**

Total fund balances of governmental funds	\$ 27,436,596
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds, net of accumulated depreciation of \$41,289,803.	40,767,883
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Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.

Deferred outflows - pension related	1,094,838
Deferred outflows - OPEB related	285,782
Deferred inflows - pension related	(742,994)
Deferred inflows - OPEB related	(72,287)

Long-term liabilities are not due in the current period and, therefore are not reported in the governmental funds.

Net pension liability	(4,979,201)
Net OPEB liability	(294,840)
Compensated absences	(348,903)
Long-term liabilities	(505,620)

Accrued interest payable from the current portion of interest due on long-term liabilities has not been reported in the governmental funds.	(1,824)
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Net position of governmental activities	\$ <u>62,639,430</u>
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See accompanying notes to the basic financial statements.

**TAHOE CITY PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Fees	\$ 1,126,656	\$ -	\$ 1,126,656
Property taxes	11,302,444	139,704	11,442,148
Interest	1,276,880	-	1,276,880
Grants	2,570,113	-	2,570,113
Other	<u>1,408,455</u>	<u>-</u>	<u>1,408,455</u>
Total Revenues	<u>17,684,548</u>	<u>139,704</u>	<u>17,824,252</u>
<u>EXPENDITURES</u>			
Current:			
Public works - parks	6,976,156	-	6,976,156
Recreation	1,480,494	-	1,480,494
Other operating	115,945	-	115,945
Capital outlay	6,740,054	-	6,740,054
Debt service:			
Principal	34,746	130,067	164,813
Interest	<u>91,562</u>	<u>9,637</u>	<u>101,199</u>
Total Expenditures	<u>15,438,957</u>	<u>139,704</u>	<u>15,578,661</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,245,591</u>	<u>-</u>	<u>2,245,591</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from the sale of assets	1,275	-	1,275
Inception of leases	122,084	-	122,084
Transfers out	<u>(7,440,849)</u>	<u>-</u>	<u>(7,440,849)</u>
Total Other Financing Sources (Uses)	<u>(7,317,490)</u>	<u>-</u>	<u>(7,317,490)</u>
Net Change in Fund Balances	(5,071,899)	-	(5,071,899)
Fund Balances - January 1, 2025	<u>32,508,495</u>	<u>-</u>	<u>32,508,495</u>
Fund Balances - December 31, 2025	<u>\$ 27,436,596</u>	<u>\$ -</u>	<u>\$ 27,436,596</u>

See accompanying notes to the basic financial statements.

**TAHOE CITY PUBLIC UTILITY DISTRICT
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025**

Reconciliation of the change in fund balances - total governmental funds to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$ (5,071,899)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset purchases	6,740,054
Depreciation and amortization expense	(2,141,249)
Contributed capital was reported in the government-wide statement of activities, but they did not require the use of current financial resources. Therefore, contributed capital was not reported as income in the governmental funds.	43,800
Debt proceeds provide current financial resources to governmental funds, however, issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Proceeds from lease liabilities	(122,084)
Principal payments	164,813
Accrued interest payable is interest due on long-term liabilities. This is the net change in accrued interest in the current period.	585
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Compensated absences	(44,482)
Changes in the net pension liability and related deferrals	(161,185)
Other post employment benefits and related deferrals	<u>(35,278)</u>
Change in net position of governmental activities	<u>\$ (626,925)</u>

See accompanying notes to the basic financial statements.

**TAHOE CITY PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025**

	<u>Proprietary Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary Funds</u>
<u>ASSETS</u>			
Current Assets			
Cash and investments	\$ 5,791,484	\$ 15,706,901	\$ 21,498,385
Accounts receivable	816,354	454,878	1,271,232
Interest receivable	940	741	1,681
Grants receivable	591,411	23,911	615,322
Leases receivable, current	21,041	-	21,041
Other receivables	334,778	27,442	362,220
Allowance for doubtful accounts	(2,725)	(2,725)	(5,450)
Inventories	35,657	-	35,657
Prepaid items and other assets	435,236	247,680	682,916
Total Current Assets	<u>8,024,176</u>	<u>16,458,828</u>	<u>24,483,004</u>
Non Current Assets			
Restricted cash and investments	907,603	22,743	930,346
Leases receivable, noncurrent	130,701	-	130,701
Facility improvement receivables	11,637	4,536	16,173
Capital assets not being depreciated	29,453,401	1,639,436	31,092,837
Capital assets, net of accumulated depreciation	54,407,640	16,444,196	70,851,836
Total Non-Current Assets	<u>84,910,982</u>	<u>18,110,911</u>	<u>103,021,893</u>
Total Assets	<u>92,935,158</u>	<u>34,569,739</u>	<u>127,504,897</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related	1,549,895	1,198,332	2,748,227
Net OPEB related	321,984	321,984	643,968
Excess consideration provided for acquisition	3,732,269	-	3,732,269
Total Deferred Outflows of Resources	<u>5,604,148</u>	<u>1,520,316</u>	<u>7,124,464</u>

See accompanying notes to the basic financial statements.

**TAHOE CITY PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
DECEMBER 31, 2025**

	<u>Proprietary Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary Funds</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	2,950,318	121,974	3,072,292
Accrued payroll and benefits payable	269,361	95,600	364,961
Interest payable	13	165	178
Deposits payable	448,895	140,666	589,561
Other liabilities	1,038,961	68,466	1,107,427
Compensated absences, current portion	389,148	199,856	589,004
Long-term liabilities, current portion	<u>746,311</u>	<u>2,219</u>	<u>748,530</u>
Total Current Liabilities	<u>5,843,007</u>	<u>628,946</u>	<u>6,471,953</u>
Non-Current Liabilities			
Net pension liability	5,269,108	3,673,361	8,942,469
Net OPEB liability	399,591	399,594	799,185
Long-term liabilities, noncurrent	<u>16,282,427</u>	<u>4,812</u>	<u>16,287,239</u>
Total Non-Current Liabilities	<u>21,951,126</u>	<u>4,077,767</u>	<u>26,028,893</u>
Total Liabilities	<u>27,794,133</u>	<u>4,706,713</u>	<u>32,500,846</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related	844,097	623,288	1,467,385
OPEB related	116,167	116,166	232,333
Leases related	<u>138,337</u>	<u>-</u>	<u>138,337</u>
Total Deferred Inflows of Resources	<u>1,098,601</u>	<u>739,454</u>	<u>1,838,055</u>
<u>NET POSITION</u>			
Net investment in capital assets	62,876,650	18,008,488	80,885,138
Restricted for:			
Guarantee permit and payment performance	50,700	500	51,200
Unrestricted	<u>6,719,222</u>	<u>12,634,900</u>	<u>19,354,122</u>
Total Net Position	<u>\$ 69,646,572</u>	<u>\$ 30,643,888</u>	<u>\$ 100,290,460</u>

See accompanying notes to the basic financial statements.

**TAHOE CITY PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Proprietary Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary Funds</u>
<u>OPERATING REVENUES</u>			
Service and inspection fees	\$ 11,459,872	\$ 7,086,358	\$ 18,546,230
Connection fees	37,900	12,200	50,100
Penalties and discounts	112,034	64,918	176,952
Other	<u>130,748</u>	<u>74,085</u>	<u>204,833</u>
Total Operating Revenue	<u>11,740,554</u>	<u>7,237,561</u>	<u>18,978,115</u>
<u>OPERATING EXPENSES</u>			
Personnel	2,754,904	1,635,275	4,390,179
Operations	5,380,175	2,474,737	7,854,912
Depreciation and amortization	<u>1,966,418</u>	<u>910,498</u>	<u>2,876,916</u>
Total Operating Expenses	<u>10,101,497</u>	<u>5,020,510</u>	<u>15,122,007</u>
Operating Income	<u>1,639,057</u>	<u>2,217,051</u>	<u>3,856,108</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	336,187	584,999	921,186
Amortization	(283,222)	-	(283,222)
Interest expense	<u>(16,992)</u>	<u>(613)</u>	<u>(17,605)</u>
Total Non-Operating Revenues (Expenses)	<u>35,973</u>	<u>584,386</u>	<u>620,359</u>
Income Before Transfers and Contributions	<u>1,675,030</u>	<u>2,801,437</u>	<u>4,476,467</u>
<u>TRANSFERS AND CONTRIBUTIONS</u>			
Capital grants	566,411	23,911	590,322
Infrastructure improvement charge	755,198	-	755,198
Transfers in	<u>7,440,849</u>	<u>-</u>	<u>7,440,849</u>
Total Transfers and Contributions	<u>8,762,458</u>	<u>23,911</u>	<u>8,786,369</u>
Change in net position	10,437,488	2,825,348	13,262,836
Net Position - January 1, 2025	<u>59,209,084</u>	<u>27,818,540</u>	<u>87,027,624</u>
Net Position - December 31, 2025	<u>\$ 69,646,572</u>	<u>\$ 30,643,888</u>	<u>\$ 100,290,460</u>

See accompanying notes to the basic financial statements.

**TAHOE CITY PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Cash received from customers	\$ 11,685,267	\$ 7,191,203	\$ 18,876,470
Cash paid to suppliers	(2,684,318)	(2,642,765)	(5,327,083)
Cash paid to employees	<u>(2,391,305)</u>	<u>(1,496,064)</u>	<u>(3,887,369)</u>
Net Cash Provided by Operating Activities	<u>6,609,644</u>	<u>3,052,374</u>	<u>9,662,018</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Transfers in	<u>7,440,849</u>	<u>-</u>	<u>7,440,849</u>
Net Cash Provided by Non-Capital Financing Activities	<u>7,440,849</u>	<u>-</u>	<u>7,440,849</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Acquisition of capital assets	(17,998,582)	(1,264,854)	(19,263,436)
Excess consideration provided for acquisition	(825,401)	-	(825,401)
Proceeds from SRF loan	4,179,253	-	4,179,253
Receipts from infrastructure improvement charge	755,198	-	755,198
Grants received	475,000	-	475,000
Principal paid on long-term liabilities	(15,944)	(15,944)	(31,888)
Interest paid on long-term liabilities	<u>(92,162)</u>	<u>(600)</u>	<u>(92,762)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(13,522,638)</u>	<u>(1,281,398)</u>	<u>(14,804,036)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received	<u>336,030</u>	<u>585,043</u>	<u>921,073</u>
Net Cash Provided by Investing Activities	<u>336,030</u>	<u>585,043</u>	<u>921,073</u>
Net Increase in Cash and Cash Equivalents	863,885	2,356,019	3,219,904
Cash and Cash Equivalents - January 1, 2025	<u>5,835,202</u>	<u>13,373,625</u>	<u>19,208,827</u>
Cash and Cash Equivalents - December 31, 2025	<u>\$ 6,699,087</u>	<u>\$ 15,729,644</u>	<u>\$ 22,428,731</u>
<u>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</u>			
Cash and investments	\$ 5,791,484	\$ 15,706,901	\$ 21,498,385
Restricted cash and investments	<u>907,603</u>	<u>22,743</u>	<u>930,346</u>
Total cash and cash equivalents	<u>\$ 6,699,087</u>	<u>\$ 15,729,644</u>	<u>\$ 22,428,731</u>

See accompanying notes to the basic financial statements.

**TAHOE CITY PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>			
Operating Income	\$ 1,639,057	\$ 2,217,051	\$ 3,856,108
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization expense	1,966,418	910,498	2,876,916
(Increase) decrease in:			
Accounts receivable	(116,098)	(40,735)	(156,833)
Leases receivable	20,359	-	20,359
Other receivables	59,921	(2,931)	56,990
Allowance for doubtful accounts	(217)	(217)	(434)
Facility improvement receivables	4,129	(2,475)	1,654
Inventories	536,050	38,563	574,613
Prepaid items and other assets	(294,101)	(165,600)	(459,701)
Pension related deferred outflows of resources	153,591	110,554	264,145
OPEB related deferred outflows of resources	143,515	143,515	287,030
Increase (decrease) in:			
Accounts payable	2,207,961	(60,416)	2,147,545
Accrued payroll and benefits payable	104,483	(7,222)	97,261
Deposit payable	136,778	19,575	156,353
Other liabilities	109,169	(150)	109,019
Compensated absences	30,401	(29,203)	1,198
Net pension liability	(642,490)	(462,460)	(1,104,950)
Net OPEB liability	(125,733)	(125,733)	(251,466)
Pension related deferred inflows of resources	678,327	488,255	1,166,582
OPEB related deferred inflows of resources	21,505	21,505	43,010
Leases related deferred inflows of resources	(23,381)	-	(23,381)
Net Cash Provided by Operating Activities	<u>\$ 6,609,644</u>	<u>\$ 3,052,374</u>	<u>\$ 9,662,018</u>

See accompanying notes to the basic financial statements.

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

The Tahoe City Public Utility District Public Facilities Financing Corporation (the Corporation) was formed on January 29, 1993, as a nonprofit public benefit corporation to provide assistance to the District by financing the acquisition, construction, and installation of public facilities; acquiring real and personal property on behalf of the District; and borrowing the necessary funds to pay the cost of such activities, including refinancing. The Corporation is controlled by the District and has the same governing body as the District, which also performs all accounting and administrative functions for the Corporation. The Corporation has a December 31 year-end and had no assets, liabilities, or activity as of and for the year ended December 31, 2025.

The Tahoe City Public Utility District Public Financing Authority (the Authority) was formed by the execution of a Joint Powers Authority between the District and the County of Placer on October 6, 2025. The purpose of the Authority is to provide assistance in the financing and refinancing of capital improvement projects, working capital, and other costs. The governing board is the same as the District who also performs all accounting and administrative functions of the authority. Separate financial statements for the Authority are not issued.

B. Basis of Presentation

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America. These standards require that the financial statements described below be presented.

Government-wide Financial Statements

The statement of net position and statement of activities display information on all of the nonfiduciary activities of the District, and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the District. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the District's business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

The fund financial statements provide information about the District's funds. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The fund types of the financial reporting entity are described below and are all presented as major.

Governmental Funds

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

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

Proprietary Funds

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

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

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and proprietary activities are presented using the economic resources measurement focus as defined in item "b" below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and deferred outflows of resources, and all liabilities and deferred inflows of resources (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and proprietary activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District defines available to be within 60 days of year-end or 120 days for capital projects. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Governmental capital asset acquisitions, including entering into contracts giving the District the right to use leased assets, are reported as expenditures in governmental funds. Proceeds of governmental long-term liabilities and financing through leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services.

Grant revenues are recognized in the year in which all eligibility requirements are met. Under the terms of grant agreements, the District may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position are available to finance program expenditures. The District's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal operations. The principal operating revenues of enterprise funds are charges for services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash, Cash Equivalents, and Investments

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

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

E. Restricted Cash and Investments

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

In year 2024, the Board of Directors approved the creation of a Section 115 Trust Agreement with U.S. Bank National Association, Trustee, and Public Agency Retirement Services (PARS), Trust Administrator. The Section 115 Trust was established as a means to set aside monies to fund the District's pension obligations. Contributions to the Section 115 trust are irrevocable, the assets are dedicated to providing benefits to plan members, and the assets are protected from creditors of the District. The purpose of the creation of the Section 115 Trust was to address the District's pension obligations by accumulating assets to reduce the net pension liability. However, in accordance with generally accepted accounting principles, the assets in the Section 115 Trust are not considered to have present service capacity as plan assets and are therefore considered restricted assets of the District rather than plan assets. Accordingly, the Section 115 Trust's assets are recorded as restricted for pension benefits in the District's General Fund rather than assets of the pension plan during the measurement of the net pension liability. The assets held in trust will be considered pension plan assets at the time they are transferred out of the Trust into the pension plan.

F. Inventories

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

G. Prepaid Items

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

H. Capital Assets

Government-wide Statements

In the government-wide financial statements, capital outlay with a cost of \$5,000 or more and an estimated useful life in excess of three years, are capitalized. All capital assets except right-to-use lease assets and subscription assets are valued at historical cost, or estimated historical cost if actual is unavailable. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation/amortization is recorded as an allocated expense in the statement of activities, with accumulated depreciation/amortization reflected in the statement of net position. Depreciation/amortization is provided over the assets' estimated useful lives using the straight-line method. The range of estimated useful lives by type of asset is as follows:

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

<u>Description</u>	<u>Estimated Life</u>
Land	N/A
Construction in progress	N/A
Water and sewer plant	10 - 50 years
Recreational facilities	10 - 20 years
Buildings	40 years
Lease & SBITA assets	3 - 20 years
Equipment	3 - 20 years
Vehicles	5 - 13 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently reports deferred outflows related to pension, OPEB, and excess consideration provided for acquisition.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently reports deferred inflows related to pension, OPEB, and leases.

J. Unearned Revenue

In the government-wide financial statements and proprietary fund financial statements, unearned revenue is recognized for transactions for which revenue has not yet been earned.

Typical transactions recorded as unearned revenues in the government-wide financial statements are grants received but not yet earned and prepaid charges for services.

In the fund financial statements, unearned revenue is recorded when revenue has not yet been earned or when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. At December 31, 2025, all deferred revenues in the fund financial statements represent revenues that were not earned at year-end. Therefore, all the deferred revenues in the fund financial statements were reported as unearned revenue in the government-wide financial statements.

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences

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

L. Long-Term Liabilities

In the government-wide financial statements and the proprietary fund financial statements, long-term liabilities, and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Initial issue bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, except for insurance, are expensed in the period incurred. Amortization of bond premiums or discounts, insurance costs, and deferred amounts on refunding are included in interest expense.

In the fund financial statements, governmental funds recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Pensions

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

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	December 31, 2024
Measurement Date	December 31, 2024
Measurement Period	December 31, 2023 - December 31, 2024

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Leases

Lessee

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

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

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonable certain to exercise.

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

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

Lessor

The District is a lessor for noncancellable leases for land. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund and proprietary fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

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

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

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Subscription-Based Information Technology Arrangements (SBITA)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The District uses various SBITA assets, such as software as a service and platform as a service. The related obligations are presented in amounts equal to the present value of subscription payments, payable during the remaining SBITA term. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

Q. Equity Classifications

Government-wide Statements

Net position is the excess of all the District's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined at the Government-wide level, and are described below:

- a. Net investment in capital assets - Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, lease liabilities, and subscription-based information technology arrangement (SBITA) liabilities, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable - Amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.
- b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (1) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.
- c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the government's highest level of decision-making authority.
- d. Assigned - Amounts that are constrained by the Board of Director's intent to be used for specific purposes through a resolution, but are neither restricted or committed.
- e. Unassigned - Amounts representing the residual classification for the general fund or any other fund with a negative fund balance.

Further detail about the District's fund balance classification is described in Note 8.

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Property Taxes

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

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

S. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

T. Future Governmental Accounting Standards Board Statements

These statements are not effective until January 1, 2026 or later. The District has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 103

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

Government Accounting Standards Board Statement No. 104

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34 and also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for the District's year ending December 31, 2026.

Government Accounting Standards Board Statement No. 105

In December 2025, GASB issued Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events. The requirements of this Statement will improve financial reporting related to subsequent events by (1) clarifying the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and (2) specifying the information items that are required to be disclosed about subsequent events. The requirements of this Statement are effective for the District's year ending December 31, 2027.

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of December 31, 2025 consisted of the following:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>Cash and cash equivalents:</u>			
Unrestricted:			
Cash on hand	\$ 1,000	\$ 300	\$ 1,300
Unrestricted deposits in financial institutions	<u>491,932</u>	<u>-</u>	<u>491,932</u>
Total unrestricted cash and cash equivalents	<u>492,932</u>	<u>300</u>	<u>493,232</u>
Restricted:			
Section 125 medical reimbursement	38,340	-	38,340
Health Reimbursement Arrangement (HRA)	275,794	-	275,794
Held in escrow	<u>-</u>	<u>877,698</u>	<u>877,698</u>
Total restricted cash and cash equivalents	<u>314,134</u>	<u>877,698</u>	<u>1,191,832</u>
Total cash and cash equivalents	<u>807,066</u>	<u>877,998</u>	<u>1,685,064</u>
<u>Investments:</u>			
Unrestricted:			
Local Agency Investment Fund (LAIF)	12,426	71,364	83,790
California CLASS	16,555,691	21,403,634	37,959,325
Placer County Treasury Investment Pool	<u>77,462</u>	<u>23,087</u>	<u>100,549</u>
Total unrestricted investments	<u>16,645,579</u>	<u>21,498,085</u>	<u>38,143,664</u>
Restricted:			
Certificates of deposit	167,436	52,648	220,084
Section 115 Trust	<u>1,862,961</u>	<u>-</u>	<u>1,862,961</u>
Total restricted investments	<u>2,030,397</u>	<u>52,648</u>	<u>2,083,045</u>
Total investments	<u>18,675,976</u>	<u>21,550,733</u>	<u>40,226,709</u>
Total cash and investments	<u>\$ 19,483,042</u>	<u>\$ 22,428,731</u>	<u>\$ 41,911,773</u>

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Cash Deposits

The carrying amounts of the District's cash balance is \$1,685,064 at December 31, 2025. Bank balances were \$1,821,000, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the District's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name.

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

Authorized Investments

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

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

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF), which is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis. The monies held in LAIF are not subject to categorization by risk category.

LAIF is administered by the State Treasurer and is audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office; 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized.

Investment in County Treasury Investment Pool

The District is a voluntary participant in the Placer County Treasury Investment Pool, which is regulated by California Government Code and administered by the Placer County Treasurer-Tax Collector. The investment pool is not registered with the Securities and Exchange Commission as an investment company.

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The County pool reports its investments at fair value; however, the District's investment in the pool is reported at amortized cost, which approximates fair value, based on the District's pro rata share of the pool. The balance available for withdrawal is based on the accounting records maintained by Placer County, and the District may withdraw funds from the pool with no redemption restrictions.

Investments in the Placer County Treasury Investment Pool are not subject to categorization by credit risk, interest rate risk, or custodial credit risk because the investment represents a participation in an external investment pool.

Investment in California Local Agency Sponsored Investment Fund (CLASS)

The District is a voluntary participant in the California Local Agency Sponsored Investment Fund (CLASS), which is regulated under California Government Code and administered by a joint powers authority representing participating local agencies. CLASS is not registered with the Securities and Exchange Commission as an investment company but operates in accordance with state investment regulations.

The fair value of the District's investment in CLASS is reported in the accompanying financial statements based on the District's pro rata share of the fair value of the underlying investments held by the pool. The District records its investment at amortized cost, which approximates fair value. Funds invested in CLASS are available for withdrawal in accordance with the terms of the investment agreement.

Investments in CLASS are not subject to categorization by risk type because the investment represents the District's participation in an external investment pool.

Certificates of Deposit

The District invests in certificates of deposit issued by financial institutions in accordance with the California Government Code. Certificates of deposit are generally carried at cost, which approximates fair value. Certificates of deposit may be subject to withdrawal penalties if redeemed prior to maturity.

Custodial credit risk associated with certificates of deposit is mitigated through collateralization requirements imposed by state law. As of December 31, 2025, the District's certificates of deposit were either fully insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with California Government Code.

Restricted Cash and Investments

Restricted cash and investments include amounts held for specific purposes and are not available for general operations. These balances include funds held in connection with employee benefit arrangements, such as Section 125 Medical Reimbursement Accounts and Health Reimbursement Arrangements (HRA), and amounts held in a Section 115 trust for the purpose of funding future benefit obligations. Assets held in these arrangements are reported at fair value when applicable.

The District also reports restricted cash and investments held in escrow, which are maintained by third parties in accordance with contractual or regulatory requirements. These funds are restricted as to use and are not available for District operations.

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the District's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the District to meet all projected obligations. At December 31, 2025, the District had no significant interest rate risk related to cash and investments held.

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the year ended December 31, 2025 for each investment type.

	Total	Rating as of Year End		
		S&P	Moody's	N/A
Local Agency Investment Fund (LAIF)	\$ 83,790	AAAm		Not rated
California CLASS	37,959,325			
Placer County Treasury Investment Pool	100,549			Not rated
Certificates of deposit	220,084			Not rated
Section 115 Trust	<u>1,862,961</u>			Not rated
Total	<u>\$ 40,226,709</u>			

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The District's investment policy contains limitations on the amount that can be invested in any one issuer. At December 31, 2025, the District had no concentration of credit risk and complied with the requirements of the District's investment policy.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or collateral securities that are in the possession of an outside party. At December 31, 2025, the District had no custodial credit risk related to investments.

The District's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the District's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$250,000 insured amount are collateralized.

Investment Valuation

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

The following is a description of the valuation methodologies used to estimate the fair value of investments. There have been no changes in the valuation techniques used at December 31, 2025. The certificates of deposit classified in level 2 are valued using broker quotes that utilize observable market inputs.

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the District's assets at fair value as of December 31, 2025.

	Fair Value Measurements Using			Fair Value
	Level 1	Level 2	Level	
Certificates of deposit	\$ -	\$ 220,084	\$ -	\$ 220,084
Total Investments	\$ -	\$ 220,084	\$ -	\$ 220,084

NOTE 3: LEASES RECEIVABLE

The District is reporting leases receivable of \$478,052 at December 31, 2025. The leases have terms that range from 23 months to 118 months and interest rates that range from 0.6020% to 3.0490%. For the year ended December 31, 2025, the District reported lease revenue of \$64,431 related to lease payments received for the following arrangements:

Description	Monthly Payment	Receivable Balance	Deferred Inflow	Revenue
Governmental Activities:				
Cafe Zenon	\$ 488	\$ 1,492	\$ 1,456	\$ 5,824
Green Envy	429	57,365	57,301	5,209
Tahoe City Kayak	447	22,378	24,176	4,185
Tahoe Mountain Air Sports	1,309	59,675	66,377	9,004
Tahoe Tree Company	<u>1,378</u>	<u>185,400</u>	<u>185,111</u>	<u>16,828</u>
Total Governmental Activities	<u>4,051</u>	<u>326,310</u>	<u>334,421</u>	<u>41,050</u>
Business-type Activities:				
Sprint Cell Tower	<u>1,697</u>	<u>151,742</u>	<u>138,337</u>	<u>23,381</u>
Total Business-type Activities	<u>1,697</u>	<u>151,742</u>	<u>138,337</u>	<u>23,381</u>
Total	<u>\$ 5,748</u>	<u>\$ 478,052</u>	<u>\$ 472,758</u>	<u>\$ 64,431</u>

Future payments due to the District under the non-cancelable agreements are as follows:

Governmental Activities

For the Year Ending December 31,	Principal	Interest	Total
2026	\$ 151,027	\$ 6,590	\$ 157,617
2027	133,102	2,981	136,083
2028	20,794	1,206	22,000
2029	<u>21,387</u>	<u>612</u>	<u>21,999</u>
Total	<u>\$ 326,310</u>	<u>\$ 11,389</u>	<u>\$ 337,699</u>

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3: LEASES RECEIVABLE (CONTINUED)

Business-type Activities

<u>For the Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 21,041	\$ 1,857	\$ 22,898
2027	25,909	1,551	27,460
2028	26,249	1,211	27,460
2029	26,594	866	27,460
2030	26,943	517	27,460
2031 - 2036	<u>25,006</u>	<u>163</u>	<u>25,169</u>
Total	<u>\$ 151,742</u>	<u>\$ 6,165</u>	<u>\$ 157,907</u>

NOTE 4: INTERFUND TRANSACTIONS

Due to/from Other Funds

There were no short term interfund loans between the funds at December 31, 2025.

Interfund Transfers to/from Other Funds

Transfers between funds during the year ended December 31, 2025 were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
General Fund	Water Fund	Debt service reserve funding	\$ 975,153
General Fund	Water Fund	Water system acquisition	700,000
General Fund	Water Fund	Madden Creek Pashe III Construction	<u>5,765,696</u>
Total Interfund Transfers			<u><u>\$ 7,440,849</u></u>

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, was as follows:

Governmental Activities:

	Balance at January 1, 2025	Additions	Retirements	Transfers	Balance at December 31, 2025
Capital assets not being depreciated					
Land	\$ 10,947,445	\$ -	\$ -	\$ -	\$ 10,947,445
Construction in progress	<u>842,941</u>	<u>6,558,815</u>	<u>-</u>	<u>(4,837,164)</u>	<u>2,564,592</u>
Total capital assets not being depreciated	<u>11,790,386</u>	<u>6,558,815</u>	<u>-</u>	<u>(4,837,164)</u>	<u>13,512,037</u>
Capital assets being depreciated					
Recreation facilities	55,511,415	-	-	-	55,511,415
Office and building equipment	6,711,763	102,955	-	4,837,164	11,651,882
Vehicles	1,212,695	-	-	-	1,212,695
Lease assets	52,798	122,084	(52,798)	-	122,084
Subscription assets	<u>58,993</u>	<u>-</u>	<u>(11,420)</u>	<u>-</u>	<u>47,573</u>
Total capital assets being depreciated	<u>63,547,664</u>	<u>225,039</u>	<u>(64,218)</u>	<u>4,837,164</u>	<u>68,545,649</u>
Less accumulated depreciation					
Recreation facilities	(34,017,883)	(1,715,106)	-	-	(35,732,989)
Office and building equipment	(4,607,824)	(289,144)	-	-	(4,896,968)
Vehicles	(500,417)	(99,570)	-	-	(599,987)
Lease assets	(49,188)	(18,976)	52,798	-	(15,366)
Subscription assets	<u>(37,460)</u>	<u>(18,453)</u>	<u>11,420</u>	<u>-</u>	<u>(44,493)</u>
Total accumulated depreciation	<u>(39,212,772)</u>	<u>(2,141,249)</u>	<u>64,218</u>	<u>-</u>	<u>(41,289,803)</u>
Total capital assets being depreciated, net	<u>24,334,892</u>	<u>(1,916,210)</u>	<u>-</u>	<u>4,837,164</u>	<u>27,255,846</u>
Total Capital Assets, Net	<u>\$ 36,125,278</u>	<u>\$ 4,642,605</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,767,883</u>

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:

Public works - parks	\$ 1,982,432
Recreation	<u>158,817</u>
Total governmental activities depreciation expense	<u>\$ 2,141,249</u>

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5: CAPITAL ASSETS (CONTINUED)

Business-type Activities:

	Balance at January 1, 2025	Additions	Retirements	Transfers	Balance at December 31, 2025
Capital assets not being depreciated					
Land	\$ 42,957	\$ -	\$ -	\$ -	\$ 42,957
Construction in progress	<u>33,013,338</u>	<u>18,321,802</u>	<u>-</u>	<u>(20,285,260)</u>	<u>31,049,880</u>
Total capital assets not being depreciated	<u>33,056,295</u>	<u>18,321,802</u>	<u>-</u>	<u>(20,285,260)</u>	<u>31,092,837</u>
Capital assets being depreciated					
Water and sewer plant	97,906,527	-	-	12,633,677	110,540,204
Office building and equipment	7,875,632	634,409	-	7,651,583	16,161,624
Vehicles	3,446,459	307,225	-	-	3,753,684
Subscription assets	<u>140,390</u>	<u>-</u>	<u>(22,840)</u>	<u>-</u>	<u>117,550</u>
Total capital assets being depreciated	<u>109,369,008</u>	<u>941,634</u>	<u>(22,840)</u>	<u>20,285,260</u>	<u>130,573,062</u>
Less accumulated depreciation					
Water and sewer plant	(51,316,491)	(2,059,063)	-	-	(53,375,554)
Office building and equipment	(4,075,887)	(482,018)	-	-	(4,557,905)
Vehicles	(1,400,207)	(294,377)	-	-	(1,694,584)
Subscription assets	<u>(74,565)</u>	<u>(41,458)</u>	<u>22,840</u>	<u>-</u>	<u>(93,183)</u>
Total accumulated depreciation	<u>(56,867,150)</u>	<u>(2,876,916)</u>	<u>22,840</u>	<u>-</u>	<u>(59,721,226)</u>
Total capital assets being depreciated, net	<u>52,501,858</u>	<u>(1,935,282)</u>	<u>-</u>	<u>20,285,260</u>	<u>70,851,836</u>
Total Capital Assets, Net	<u>\$ 85,558,153</u>	<u>\$ 16,386,520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,944,673</u>

Depreciation expense was charged to the business-type functions as follows:

Business-type Activities:

Water	\$ 1,966,418
Sewer	<u>910,498</u>
Total business-type activities depreciation expense	<u>\$ 2,876,916</u>

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of changes in the District's long-term liabilities for the year ended December 31, 2025:

	Balance at January 1, 2025	Additions	Reductions	Balance December 31, 2025	Current Portion
Governmental Activities:					
State Water Resources Control Board	\$ 534,506	\$ -	\$ (130,067)	\$ 404,439	\$ 132,411
Lease liabilities	-	122,084	(20,903)	101,181	22,434
Subscription liabilities	<u>13,843</u>	<u>-</u>	<u>(13,843)</u>	<u>-</u>	<u>-</u>
Total	<u>548,349</u>	<u>122,084</u>	<u>(164,813)</u>	<u>505,620</u>	<u>154,845</u>
Other liabilities:					
Compensated absences*	<u>304,421</u>	<u>44,482</u>	<u>-</u>	<u>348,903</u>	<u>348,903</u>
Total Governmental Activities	<u>\$ 852,770</u>	<u>\$ 166,566</u>	<u>\$ (164,813)</u>	<u>\$ 854,523</u>	<u>\$ 503,748</u>
Business-Type Activities:					
State Water Resources Control Board	\$ 16,287,760	\$ 733,947	\$ -	\$ 17,021,707	\$ 744,092
Subscription liabilities	<u>45,950</u>	<u>-</u>	<u>(31,888)</u>	<u>14,062</u>	<u>4,438</u>
Total	<u>16,333,710</u>	<u>733,947</u>	<u>(31,888)</u>	<u>17,035,769</u>	<u>748,530</u>
Other liabilities:					
Compensated absences*	<u>587,806</u>	<u>1,198</u>	<u>-</u>	<u>589,004</u>	<u>589,004</u>
Total Business-Type Activities	<u>\$ 16,921,516</u>	<u>\$ 735,145</u>	<u>\$ (31,888)</u>	<u>\$ 17,624,773</u>	<u>\$ 1,337,534</u>

*Reported at net amounts

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Governmental Activities

State Water Resources Control Board (State Revolving Fund) Financing

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

<u>For the Year</u> <u>Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 132,411	\$ 7,292	\$ 139,703
2027	134,798	4,905	139,703
2028	<u>137,230</u>	<u>2,474</u>	<u>139,704</u>
Total	\$ <u>404,439</u>	\$ <u>14,671</u>	\$ <u>419,110</u>

Leases

As part of normal operations, the District has entered into various lease agreements for equipment and vehicles. Leasing activities are not considered to be the District's primary operation. Some contracts have scheduled rent increased based on Consumer Price Index changes. As of December 31, 2025, the District had 2 active leases. The leases have payments that range from \$624 to \$3,172 and interest rates that range from 2.8850% to 6.1600%. During the year ended, December 31, 2025 the total combined value of the lease liability is \$101,181. During the year, the leases incurred \$20,903 in payments. Future payments are as follows:

<u>For the Year</u> <u>Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 22,434	\$ 5,437	\$ 27,871
2027	23,771	4,100	27,871
2028	25,172	2,698	27,870
2029	26,696	1,175	27,871
2030	<u>3,108</u>	<u>63</u>	<u>3,171</u>
Total	\$ <u>101,181</u>	\$ <u>13,473</u>	\$ <u>114,654</u>

Subscription-Based Information Technology Arrangements

As part of normal operation, the District has entered into subscription-based information technology arrangements (SBITAs) involving various software subscriptions. As of December 31, 2025, the District had no active SBITAs. During the year, the SBITAs incurred \$13,843 in payments.

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Business-Type Activities

State Water Resources Control Board (State Revolving Fund) Financing

The District signed a \$12,000,000 Construction Installment Sales Agreement 00000000002002021 (agreement) for Project No.3110011-005C with the California State Water Resources Control Board (SWRCB) on April 19, 2021, for the partial financing of the West Lake Tahoe Regional Water Treatment Plant (the Project) located in Tahoma, on the west shore of Lake Tahoe. Subsequently, on July 17, 2022, Amendment No. 1 to the agreement was approved to \$19,677,000 because of rising construction cost. During the year ended December 31, 2025, the District prepared and submitted reimbursement requests in the amount of \$733,947 to the SWRCB for reimbursable construction cost for the Project bringing the total reimbursement request at the end of the year ended December 31, 2025 to \$17,021,707. The Project's construction period is expected to extend into 2025 and debt service payments to begin by the end of 2026. Annual interest only payments will be made by the District until the Project is completed and the final reimbursement request has been made. Following completed construction of the project, the District will make 20 annual debt service payments which will be determined upon the final reimbursement request at an effective interest rate of 1.20%. The source of principal and interest payments for this loan is water rate revenue and general property tax revenues. Future payments are as follows:

For the Year Ending December 31,	Principal	Interest	Total
2026	\$ 744,092	\$ 200,484	\$ 944,576
2027	753,021	191,555	944,576
2028	762,058	182,519	944,577
2029	771,202	173,374	944,576
2030	780,457	164,120	944,577
2031 - 2035	4,045,034	677,848	4,722,882
2036 - 2040	4,293,632	429,250	4,722,882
2041 - 2045	<u>4,872,211</u>	<u>165,375</u>	<u>5,037,586</u>
Total	\$ <u>17,021,707</u>	\$ <u>2,184,525</u>	\$ <u>19,206,232</u>

Subscription-Based Information Technology Arrangements

As part of normal operation, the District has entered into subscription-based information technology arrangements (SBITAs) involving various software subscriptions. As of December 31, 2025, the District had one active SBITA. The SBITA has an interest rate of 2.3310%. During the year ended, December 31, 2025 the total value of the SBITA liability is \$14,062. During the year, the SBITAs incurred \$31,888 in payments. Future payments are as follows:

For the Year Ending December 31,	Principal	Interest	Total
2026	\$ 4,438	\$ 328	\$ 4,766
2027	4,684	224	4,908
2028	<u>4,940</u>	<u>115</u>	<u>5,055</u>
Total	\$ <u>14,062</u>	\$ <u>667</u>	\$ <u>14,729</u>

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 7: EXCESS CONSIDERATION PROVIDED FOR ACQUISITION

The District reports deferred outflows of resources related to excess consideration provided in connection with acquisitions, which represent amounts by which the consideration provided exceeded the identifiable net position acquired in accordance with applicable governmental accounting standards.

As of December 31, 2025, the District has recorded total excess consideration provided for acquisitions of \$5,733,231 for multiple water systems. Accumulated amortization related to this excess consideration totaled \$2,000,962 at December 31, 2025. Accordingly, the net deferred outflow of resources reported on the statement of net position related to excess consideration provided for acquisitions was \$3,732,269 at December 31, 2025.

The deferred outflows of resources related to excess consideration provided for acquisitions consist of amounts associated with acquisitions completed in 2018 and 2025, each of which is amortized on a systematic basis over an estimated 20-year period of future economic benefit. The deferred outflow associated with the 2018 acquisition has approximately 12 years remaining in its amortization period as of December 31, 2025.

During the current year, the District recorded an additional \$825,401 as a deferred outflow of resources related to the 2025 acquisition of a water plant, representing excess consideration provided that was not capitalized as part of the acquired capital assets. This deferred outflow is also being amortized over an estimated 20-year period, with 20 years remaining at December 31, 2025.

For the year ended December 31, 2025, amortization expense related to deferred outflows of resources for excess consideration provided for acquisitions totaled \$283,222, which is reported as a non-operating expense in the statement of revenues, expenses, and changes in net position.

NOTE 8: FUND BALANCE

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

As prescribed by GASB Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The District established the following fund balance policies:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District has classified prepaids and inventories as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: Amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

Committed: Amounts that can only be used for the specific purposes determined by formal action of the District's highest level of decision-making authority. The District's Board of Directors is the District's highest level of decision-making authority, and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the District's Board of Directors. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted or committed. The District's Board of Directors makes the final decision on assigned fund balances.

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 8: FUND BALANCE (CONTINUED)

Unassigned: This classification includes the residual balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The fund balances for the General Fund as of December 31, 2025, were distributed as follows:

	<u>General Fund</u>
Nonspendable	
Inventories	\$ 42,376
Prepays	<u>396,641</u>
Total Nonspendable	<u>439,017</u>
Restricted	
Health and medical reimbursements	314,134
Certificates of deposit - projects	167,436
Section 115 Trust	<u>1,862,961</u>
Total Restricted	<u>2,344,531</u>
Assigned	
Fleet & equipment replacement reserves	974,682
Infrastructure capital replacement reserves	6,203,484
Priority project capital reserves	2,000,000
Contributions - parks	<u>26,127</u>
Total Assigned	<u>9,204,293</u>
Unassigned	<u>15,448,755</u>
Total Fund Balance	<u>\$ 27,436,596</u>

At December 31, 2025, the Board designated the unrestricted net position of the proprietary funds as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Designated for:			
Operating reserve	\$ 1,808,484	\$ 1,268,934	\$ 3,077,418
Fleet & equipment replacement reserves	927,733	1,501,483	2,429,216
Infrastructure capital replacement reserves	1,500,000	8,245,141	9,745,141
Debt service reserve	1,112,493	-	1,112,493
Water system acquisition & infrastructure improvement property tax reserve	1,000,000	-	1,000,000
Unassigned	<u>370,512</u>	<u>1,619,342</u>	<u>1,989,854</u>
Total Unassigned Net Position	<u>\$ 6,719,222</u>	<u>\$ 12,634,900</u>	<u>\$ 19,354,122</u>

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 9: PENSION PLAN

Plan Description

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service.

The rate plan's provisions and benefits in effect at December 31, 2025, are summarized as follows:

Hire Date	Hired prior to January 1, 2013	Hired on or after January 1, 2013
Benefit Formula	2.7% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	55	62
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.7%	1.0% to 2.5%
Required Employee Contribution Rates	8.00%	7.75%
Required Employer Contribution Rates 24/25	16.02%	7.87%
Required Employer Contribution Rates 25/26	16.09%	7.96%
Required UAL Contribution 24/25	\$1,257,416	\$8,233
Required UAL Contribution 25/26	\$1,443,330	\$18,322

Funding Policy

The plan requires employee contributions equal to some percentage of the employees' annual covered salary. During year 2025 the employees paid 100% of the employee's contribution beginning with 2015. Pursuant to the labor contract, beginning January 1, 2020, Classic Members agreed to contribute 2.0% of salary, in addition to the employee contribution rate of 8%, toward their normal costs.

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

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 9: PENSION PLAN (CONTINUED)

The District's contributions to the risk pool in the Plan for the year ended December 31, 2025, were as follows:

	<u>Contributions</u>
Contributions - Employer	\$ 2,226,091
Contributions - Employee	\$ 662,088

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

As of December 31, 2025, the District reported a net pension liability of \$13,921,670 for its proportionate share of the net pension liability of the Plan.

In determining the District's proportionate share, the District's rate plan included in the Plan were assigned to the Miscellaneous risk pool. Estimates of the total pension liability and the fiduciary net position were determined for the individual rate plan and risk pool as of the valuation date, June 30, 2024. The District's rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The District's proportionate share percentage for the risk pool at the valuation date was calculated by dividing the District's net pension liability for its rate plan within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The District's proportionate share of the net pension liability as of June 30, 2025, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2025, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2025, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2025, was calculated by applying the District's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2025, to obtain the total pension liability and fiduciary net position as of June 30, 2025. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The District's proportionate share of the net pension liability as of June 30, 2025, and June 30, 2024, was as follows:

Proportion - June 30, 2024	0.32199 %
Proportion - June 30, 2025	<u>0.34898 %</u>
Change - increase	<u>0.02699 %</u>

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 9: PENSION PLAN (CONTINUED)

For the year ended December 31, 2025, the District recognized pension expense of \$2,312,218. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 1,825,258	\$ -
Change in employer's proportion	25,624	326,624
Difference between actual and expected experience	1,668,150	-
Difference between employer contributions and the employer's proportionate share of the risk pool's contributions	324,033	-
Net difference between projected and actual earning on plan investments	<u>-</u>	<u>1,883,755</u>
Total	<u>\$ 3,843,065</u>	<u>\$ 2,210,379</u>

The \$1,825,258 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31,	
2026	\$ 1,764,620
2027	(411,227)
2028	(826,858)
2029	(719,107)

Actuarial Assumptions

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Actuarial Cost Method	Entry-age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90% net of pension plan investment expenses, includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter

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

Changes in Assumptions

For the measurement period June 30, 2025, there were no changes in assumptions.

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 9: PENSION PLAN (CONTINUED)

Discount Rate

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

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

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

<u>Asset class</u>	<u>Assumed asset allocation</u>	<u>Real return years 1-10 (1) (2)</u>
Public Equity	37.0%	4.56%
Private Equity	17.0%	5.56%
Fixed Income	28.0%	2.53%
Real Assets	15.0%	3.03%
Private Debt	8.0%	4.93%
Strategic Leverage	(5.0)%	1.40%

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

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

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:

	<u>Discount Rate - 1% 5.90%</u>	<u>Current Discount Rate 6.90%</u>	<u>Discount Rate + 1% 7.90%</u>
Net pension liability	\$22,035,241	\$13,921,670	\$7,244,286

Pension Plan Fiduciary Net Position

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

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10: OTHER POST EMPLOYMENT BENEFITS

Plan Description

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

Employees Covered

As of the December 31, 2024 measurement period, the following employees were covered by the benefit terms:

Active employees	64
Inactive employees or beneficiaries currently receiving benefit payments	<u>41</u>
Total	<u><u>105</u></u>

Contributions

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

The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2025, the District paid \$302,602 of current retiree premiums, \$90,101 to the trust, and contributed \$44,348 in the form of an implied subsidy retirement premiums, for total contributions of \$437,051.

Actuarial Assumptions

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	December 31, 2024
Measurement Date	December 31, 2024
Actuarial Assumptions:	
Discount Rate	6.55%
Inflation	2.50%
Salary Increases	3.00% annually
Health Care Trend Rate	6.2% for 2025 decreasing to 3.9% by 2075
Mortality Rate	CalPERS 2021 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-2022
PEMHCA Minimum Increases	3.50% annually

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Changes in Assumptions

Trust create of return and discount rate: Increased from 6.50% to 6.55%, reflecting updated long-term rates of return provided by CalPERS in June 2024.

Healthcare Trend: Updated the base healthcare trend for 2026 from 5.6% to 6.0%.

Dependent Coverage: Updated the percentage of future retirees assumed to cover a dependent child in retirement from 20% to 30%, based on a review of past elections.

Discount Rate

The discount rate used to measure the net OPEB liability was 6.55% percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

Long-term Expected Rate of Return

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class at the December 31, 2024 measurement date are summarized in the following table:

<u>Asset class</u>	<u>Target Allocation CERBT-Strategy 1</u>	<u>Expected Real Rate of Return Years 1 - 5</u>
Global Equity	49.00%	3.90%
Fixed Income	23.00%	2.70%
REITs	20.00%	3.70%
TIPS	5.00%	1.70%
Commodities	3.00%	2.90%

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Net OPEB Liability

Changes in the net OPEB liability were as follows during the year ended December 31, 2025:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at January 1, 2025	\$ 5,013,390	\$ 3,554,996	\$ 1,458,394
Changes during the year:			
Service cost	155,679	-	155,679
Interest	325,909	-	325,909
Expected investment income	-	315,348	(315,348)
Contributions - employer	-	407,325	(407,325)
Change of benefit terms	(112,302)	-	(112,302)
Administrative expenses	-	(1,666)	1,666
Changes of assumptions	(12,648)	-	(12,648)
Benefit payments	(310,183)	(310,183)	-
Balance at December 31, 2025	\$ 5,059,845	\$ 3,965,820	\$ 1,094,025

For the year ended December 31, 2025, the District recognized OPEB expense of \$550,903. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	\$ 437,051	\$ -
Difference between actual and expected experience	105,699	112,434
Changes in assumptions	319,624	192,186
Net difference between projected and actual earnings on plan investments	67,376	-
Total	\$ 929,750	\$ 304,620

\$437,051 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ended December 31,	
2025	\$ 299,432
2026	108,858
2027	(87,247)
2028	(75,200)
2029	(40,682)
Thereafter	(17,082)

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

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

	Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
	5.55%	6.55%	7.55%
Net OPEB liability	\$1,695,455	\$1,094,025	\$588,831

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

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

	Rate - 1%	Current Healthcare Cost Trend Rate	Rate + 1%
		4%	
Net OPEB liability	\$739,285	\$1,094,025	\$1,569,656

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report at www.calpers.ca.gov.

NOTE 11: RISK MANAGEMENT

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

The following is a summary of financial information for ACWA-JPIA as of, September 30 2025, the latest date for which such audited information is available:

Total assets	\$ 317,463,759
Total deferred outflows of resources	2,865,947
Total liabilities	192,995,110
Total deferred inflows of resources	4,012,555
Net position	85,186,366
Operating revenues	228,301,624
Operating expenses	257,731,611
Nonoperating income	23,572,303

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

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 11: RISK MANAGEMENT (CONTINUED)

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

General, Automobile, Employment Practices & Public Officials' Liability. Broad coverage against third-party claims for District, its directors, employees, and volunteers. Covered up to the following limits: the JPIA pools for the first \$5 million and purchases excess coverage with limit up to \$55 million with aggregated policy limits.

Property Loss: Covered up to replacement value with a \$10,000 deductible per occurrence on scheduled buildings, fixed equipment and contents, actual cash value on scheduled mobile equipment with a \$2,500 deductible per occurrence and actual cash value on scheduled vehicles with a \$2,500 deductible per occurrence. JPIA is self-insured up to \$10,000,000 per loss and has purchased re-insurance coverage up to a \$500,000,000 limit per occurrence. Scheduled fixed equipment is covered for Accidental Mechanical Breakdown up to sub-limit of \$100,000,000 with deductible \$25,000 to \$50,000 depending on type of equipment.

Workers' Compensation: Covered for statutory limits, and Employer's Liability is covered up to \$2,000,000 per accident and \$2,000,000 per disease. JPIA is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

Cyber Liability: Including Cyber Security coverage includes breach response cost, up to \$3,000,000 per member. Aggregate Limit of \$5,000,000 with sub-limits. Cyber Liability retention is \$100,000.

Employee Dishonesty/Crime Supplement: Covered up to \$100,000 per occurrence with a \$1,000 deductible for employee dishonesty, forgery or alteration and computer fraud. The program covers all employees, the Board of Directors, and the Treasurer.

Earthquake and Flood Group Purchase – Difference In Conditions Policy - Covered up to \$25,000,000 for scheduled values, subject to deductible of 2.5% of value for Earthquake and with minimum \$25,000 deductible for flood.

The ACWA-JPIA is self-sustaining through member premiums, and in the event of significant claims may increase deposit requirements from its members. The District would be required to pay these amounts prior to terminating participation in JPIA. During year 2025, the District did not significantly reduce its insurance coverage from the prior year. Furthermore, settled claims have not exceeded any of the coverage amounts in any of the last three years and there were no reductions in the District's insurance coverage during the year ended December 31, 2025.

NOTE 12: CONTINGENCIES AND LITIGATION

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

NOTE 13: COMMITMENTS

At December 31, 2025, the District had outstanding commitments under construction contracts totaling \$4,474,419, including amounts related to active construction projects for contractor services and engineering construction support.

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 9, 2026 the date on which the financial statements were available for issuance.

On March 20, 2026, the District's Board of Directors adopted Resolution No. 26-13, authorizing the Tahoe City Public Utility District Public Financing Authority to issue revenue bonds in one or more series in an aggregate principal amount not to exceed \$7,000,000. The resolution also approved the execution and delivery of an Installment Purchase Agreement and related financing documents for the purpose of acquiring and financing certain capital improvements. No bonds had been issued, and no debt proceeds had been received as of December 31, 2025. Accordingly, this subsequent event has not been recognized in the accompanying financial statements.

On May 1, 2026, the District entered into an installment purchase agreement with a financial institution for the purpose of acquiring certain capital improvements in an amount not to exceed \$20,175,000, with the cost of issuance totaling approximately \$165,000. The installment purchase agreement has an interest rate of 4.25% and a maturity date of April 1, 2029. The installment payments are secured by a pledge and lien on the revenues and payable from from net revenues, including but not limited to the 2021 SWRCB installment sale agreement.

REQUIRED SUPPLEMENTARY INFORMATION

**TAHOE CITY PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF DECEMBER 31, 2025
LAST 10 YEARS**

	Measurement Period June 30,				
	2025	2024	2023	2022	2021
Proportion of the net pension liability	0.34898 %	0.32199 %	0.31385 %	0.31160 %	0.42265 %
Proportionate share of the net pension liability	\$13,921,670	\$15,573,314	\$5,693,767	\$4,580,482	\$ 8,025,238
Covered payroll	\$ 6,913,361	\$ 6,638,563	\$ 5,871,085	\$ 5,156,740	\$ 6,081,263
Proportionate share of the net pension liability as a percentage of covered payroll	201.37 %	234.59 %	267.31 %	282.75 %	131.97 %
Plan fiduciary net position as a percentage of the total pension liability	82.40 %	78.10 %	76.20 %	76.70 %	88.30 %

Notes to Schedule:

Benefit Changes

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

Changes in Assumptions

In November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For PERF C, these changes were implemented in the June 30, 2021, actuarial valuations for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50% to 2.30%, the administrative expense assumption was reduced from 0.15% to 0.10%, and the discount rate was reduced from 7.00% to 6.80%. As a result, for financial reporting purposes, the discount rate for the PERF C was lowered from 7.15% to 6.90% in year 2021-22. In 2021, 2020 and 2019, there were no changes. In 2018, the demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.50% discount rate.

**TAHOE CITY PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)
AS OF DECEMBER 31, 2025
LAST 10 YEARS**

	Measurement Period June 30,				
	2020	2019	2018	2017	2016
Proportion of the net pension liability	0.29760 %	0.29179 %	0.28664 %	0.27798 %	0.11008 %
Proportionate share of the net pension liability	\$12,553,153	\$11,684,818	\$10,802,729	\$10,958,295	\$ 9,525,374
Covered payroll	\$ 5,879,580	\$ 5,210,552	\$ 4,204,479	\$ 4,092,908	\$ 3,836,308
Proportionate share of the net pension liability as a percentage of covered payroll	213.50 %	224.25 %	256.93 %	267.74 %	248.30 %
Plan fiduciary net position as a percentage of the total pension liability	75.10 %	77.23 %	75.39 %	73.31 %	74.06 %

**TAHOE CITY PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE COST SHARING DEFINED BENEFIT PENSION PLAN
AS OF DECEMBER 31, 2025
LAST 10 YEARS**

	Year-End December 31,				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution (actuarially determined)	\$ 2,226,091	\$ 1,417,445	\$ 1,726,419	\$ 1,656,595	\$ 1,507,350
Contributions in relation to the actuarially determined contributions	<u>(2,226,091)</u>	<u>(1,417,445)</u>	<u>(1,726,419)</u>	<u>(1,656,595)</u>	<u>(1,507,350)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ 7,681,972	\$ 7,315,582	\$ 6,830,779	\$ 6,083,175	\$ 5,456,661
Contributions as a percentage of covered payroll	28.98 %	19.38 %	25.27 %	27.23 %	27.62 %

**TAHOE CITY PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE COST SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)
AS OF DECEMBER 31, 2025
LAST 10 YEARS**

	Year-End December 31,				
	2020	2019	2018	2017	2016
Contractually required contribution (actuarially determined)	\$ 1,197,927	\$ 1,010,743	\$ 862,196	\$ 799,269	\$ 703,529
Contributions in relation to the actuarially determined contributions	<u>(1,197,927)</u>	<u>(1,010,743)</u>	<u>(862,196)</u>	<u>(799,269)</u>	<u>(703,529)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ 5,155,864	\$ 4,766,829	\$ 4,246,526	\$ 3,988,868	\$ 3,962,012
Contributions as a percentage of covered payroll	23.23 %	21.20 %	20.30 %	20.04 %	17.76 %

**TAHOE CITY PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE MEASUREMENT PERIODS ENDED DECEMBER 31,
LAST 10 YEARS***

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Total OPEB liability				
Service cost	\$ 155,679	\$ 163,677	\$ 184,498	\$ 173,118
Interest	325,909	310,074	416,932	412,713
Changes of benefit terms	(112,302)	-	(1,927,265)	-
Actual vs. expected experience	-	-	(29,499)	112,668
Changes in assumptions	(12,648)	(217,326)	(52,342)	410,452
Benefit payments	<u>(310,183)</u>	<u>(325,065)</u>	<u>(321,503)</u>	<u>(299,266)</u>
Net change in total OPEB liability	46,455	(68,640)	(1,729,179)	809,685
Total OPEB liability, beginning	<u>5,013,390</u>	<u>5,082,030</u>	<u>6,811,209</u>	<u>6,001,524</u>
Total OPEB liability, ending	<u>\$ 5,059,845</u>	<u>\$ 5,013,390</u>	<u>\$ 5,082,030</u>	<u>\$ 6,811,209</u>
Plan fiduciary net position				
Contributions - employer	\$ 407,325	\$ 589,411	\$ 606,237	\$ 596,084
Net investment income	315,348	422,513	(573,489)	352,532
Benefit payments	(310,183)	(325,065)	(321,503)	(299,266)
Administrative expenses	<u>(1,666)</u>	<u>(3,259)</u>	<u>(1,402)</u>	<u>(1,374)</u>
Net change in plan fiduciary net position	410,824	683,600	(290,157)	647,976
Plan fiduciary net position, beginning	<u>3,554,996</u>	<u>2,871,396</u>	<u>3,161,553</u>	<u>2,513,577</u>
Plan fiduciary net position, ending (b)	<u>\$ 3,965,820</u>	<u>\$ 3,554,996</u>	<u>\$ 2,871,396</u>	<u>\$ 3,161,553</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 1,094,025</u>	<u>\$ 1,458,394</u>	<u>\$ 2,210,634</u>	<u>\$ 3,649,656</u>
Plan fiduciary net position as a percentage of the total OPEB liability	78.38 %	70.91 %	56.50 %	46.42 %
Covered-employee payroll	\$ 7,745,332	\$ 7,133,975	\$ 6,024,256	\$ 5,780,994
Total OPEB liability as a percentage of covered-employee payroll	14.1 %	20.4 %	36.7 %	63.1 %

* Schedule is intended to show information for ten years. Year 2018, was the first year of implementation, therefore only eight years are shown. Additional years' information will be displayed as it becomes available.

**TAHOE CITY PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS (CONTINUED)
FOR THE MEASUREMENT PERIODS ENDED DECEMBER 31,
LAST 10 YEARS***

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability				
Service cost	\$ 168,076	\$ 116,154	\$ 104,217	\$ 104,472
Interest	393,264	264,101	256,859	293,808
Changes of benefit terms	-	-	-	-
Actual vs. expected experience	-	478,967	-	126,579
Changes in assumptions	-	1,243,114	155,343	(786,838)
Benefit payments	<u>(265,654)</u>	<u>(215,793)</u>	<u>(242,377)</u>	<u>(248,242)</u>
Net change in total OPEB liability	295,686	1,886,543	274,042	(510,221)
Total OPEB liability, beginning	<u>5,705,838</u>	<u>3,819,295</u>	<u>3,545,253</u>	<u>4,055,474</u>
Total OPEB liability, ending	<u>\$ 6,001,524</u>	<u>\$ 5,705,838</u>	<u>\$ 3,819,295</u>	<u>\$ 3,545,253</u>
Plan fiduciary net position				
Contributions - employer	\$ 311,466	\$ 306,710	\$ 340,557	\$ 351,447
Net investment income	294,362	373,870	(123,850)	245,573
Benefit payments	(265,654)	(215,793)	(242,377)	(248,242)
Administrative expenses	<u>(1,066)</u>	<u>(436)</u>	<u>(617)</u>	<u>-</u>
Net change in plan fiduciary net position	339,108	464,351	(26,287)	348,778
Plan fiduciary net position, beginning	<u>2,174,469</u>	<u>1,710,118</u>	<u>1,736,405</u>	<u>1,387,627</u>
Plan fiduciary net position, ending (b)	<u>\$ 2,513,577</u>	<u>\$ 2,174,469</u>	<u>\$ 1,710,118</u>	<u>\$ 1,736,405</u>
Net OPEB liability, ending (a) - (b)	<u>\$ 3,487,947</u>	<u>\$ 3,531,369</u>	<u>\$ 2,109,177</u>	<u>\$ 1,808,848</u>
Plan fiduciary net position as a percentage of the total OPEB liability	41.88 %	38.11 %	44.78 %	48.98 %
Covered-employee payroll	\$ 5,020,628	\$ 4,768,493	\$ 4,263,542	\$ 4,136,867
Total OPEB liability as a percentage of covered-employee payroll	69.5 %	74.1 %	49.5 %	43.7 %

**TAHOE CITY PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31,
LAST 10 YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially Determined Contribution (ADC)	\$ 386,086	\$ 380,720	\$ 550,815	\$ 557,405
Contributions in relation to the ADC	<u>(437,051)</u>	<u>(407,325)</u>	<u>(589,411)</u>	<u>(606,237)</u>
Contribution deficiency (excess)	\$ <u>(50,965)</u>	\$ <u>(26,605)</u>	\$ <u>(38,596)</u>	\$ <u>(48,832)</u>
Covered-employee payroll	\$ 8,032,565	\$ 7,745,332	\$ 7,133,975	\$ 6,024,256
Contributions as a percentage of covered- employee payroll	5.44%	5.26%	8.26%	10.06%

* Schedule is intended to show information for ten years. Year 2018, was the first year of implementation, therefore only eight years are shown. Additional years' information will be displayed as it becomes available.

**TAHOE CITY PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31,
LAST 10 YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution (ADC)	\$ 551,739	\$ 280,921	\$ 278,168	\$ 337,850
Contributions in relation to the ADC	<u>(596,084)</u>	<u>(311,466)</u>	<u>(306,710)</u>	<u>(340,557)</u>
Contribution deficiency (excess)	\$ <u>(44,345)</u>	\$ <u>(30,545)</u>	\$ <u>(28,542)</u>	\$ <u>(2,707)</u>
Covered-employee payroll	\$ 5,780,994	\$ 5,020,628	\$ 4,768,493	\$ 4,263,542
Contributions as a percentage of covered-employee payroll	10.31%	6.20%	6.43%	7.99%

**TAHOE CITY PUBLIC UTILITY DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Fees	\$ 1,146,494	\$ 1,146,494	\$ 1,126,656	\$ (19,838)
Property taxes	10,564,008	10,564,008	11,302,444	738,436
Interest	251,271	251,271	1,276,880	1,025,609
Grants	65,647	65,647	2,570,113	2,504,466
Other	<u>1,478,604</u>	<u>1,478,604</u>	<u>1,408,455</u>	<u>(70,149)</u>
Total Revenues	<u>13,506,024</u>	<u>13,506,024</u>	<u>17,684,548</u>	<u>4,178,524</u>
<u>EXPENDITURES</u>				
Current:				
Public works - parks	6,264,829	6,264,829	6,976,156	(711,327)
Recreation	1,806,138	1,806,138	1,480,494	325,644
Other operating	159,760	159,760	115,945	43,815
Capital outlay	9,133,818	9,133,818	6,740,054	2,393,764
Debt service:				
Principal	-	-	34,746	(34,746)
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>91,562</u>	<u>(91,562)</u>
Total Expenditures	<u>17,364,545</u>	<u>17,364,545</u>	<u>15,438,957</u>	<u>1,925,588</u>
Excess (deficiency) of revenues over expenditures	<u>(3,858,521)</u>	<u>(3,858,521)</u>	<u>2,245,591</u>	<u>6,104,112</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from sales of assets	-	-	1,275	1,275
Inception of leases	-	-	122,084	122,084
Transfers out	<u>(7,702,150)</u>	<u>(7,702,150)</u>	<u>(7,440,849)</u>	<u>261,301</u>
Total Other Financing Sources (Uses)	<u>(7,702,150)</u>	<u>(7,702,150)</u>	<u>(7,317,490)</u>	<u>384,660</u>
Net change in fund balance	<u>\$(11,560,671)</u>	<u>\$(11,560,671)</u>	<u>(5,071,899)</u>	<u>\$ 6,488,772</u>
Fund balance - January 1, 2025			<u>32,508,495</u>	
Fund balance - December 31, 2025			<u>\$ 27,436,596</u>	

**TAHOE CITY PUBLIC UTILITY DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED DECEMBER 31, 2025**

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

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

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

STATISTICAL SECTION



Tahoe City Public Utility District

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	77 - 81
Revenue Capacity These schedules contain information to help assess the District's most significant local revenue sources - property tax, water, sewer, and capital grants.	82 - 84
Economic and Demographic Information These schedules offer demographic and economic indicators to help understand the environment within which the District's financial activities takes place.	85 - 90
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	91 - 95
Debt These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	96 - 97

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

Tahoe City Public Utility District
Net Position by Component
Last Ten Years
(accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>Governmental activities</u>										
Net investment										
in capital assets	\$ 40,500,558	\$ 36,079,859	\$ 34,061,897	\$ 33,621,825	\$ 34,607,266	\$ 34,596,638	\$ 27,032,074	\$ 28,305,788	\$ 26,571,841	\$ 27,344,369
Restricted	2,030,397	941,924	18,800	13,800	13,800	13,800	13,800	13,800	13,800	-
Unrestricted	20,108,475	26,244,572	22,373,770	16,665,281	10,956,119	8,290,698	14,327,930	9,585,207	7,940,288	4,073,347
Total governmental activities net position	62,639,430	63,266,355	56,454,467	50,300,906	45,577,185	42,901,136	41,373,804	37,904,795	34,525,929	31,417,716
<u>Business-type activities</u>										
Net investment										
in capital assets	80,885,138	67,801,050	64,237,945	59,621,017	52,972,992	49,539,591	47,992,681	43,178,935	38,617,239	36,342,147
Restricted	51,200	51,200	51,200	51,200	51,200	51,200	51,200	51,200	51,200	65,000
Unrestricted	19,354,122	19,175,374	18,111,276	16,278,218	11,497,406	11,679,357	6,391,318	9,138,349	12,129,844	12,598,329
Total business-type activities net position	100,290,460	87,027,624	82,400,421	75,950,435	64,521,598	61,270,148	54,435,199	52,368,484	50,798,283	49,005,476
<u>Primary Government</u>										
Net investment										
in capital assets	121,385,696	103,880,909	98,299,842	93,242,842	87,580,258	84,136,229	75,024,755	71,484,723	65,189,080	63,686,516
Restricted	2,081,597	993,124	70,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000
Unrestricted	39,462,597	45,419,946	40,485,046	32,943,499	22,453,525	19,970,055	20,719,248	18,723,556	20,070,132	16,671,676
Total primary government net position	\$ 162,929,890	\$ 150,293,979	\$ 138,854,888	\$ 126,251,341	\$ 110,098,783	\$ 104,171,284	\$ 95,809,003	\$ 90,273,279	\$ 85,324,212	\$ 80,423,192

Tahoe City Public Utility District
Change in Net Position
Last Ten Years
(accrual basis of accounting)

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>Expenses</u>										
<i>Governmental Activities</i>										
Public works-parks	\$ 9,203,868	\$ 8,252,921	\$ 6,752,266	\$ 5,450,117	\$ 6,495,067	\$ 5,692,211	\$ 5,809,167	\$ 5,703,060	\$ 4,885,727	\$ 4,057,584
Recreation	1,707,121	1,562,174	1,293,859	1,039,726	1,029,981	745,456	914,150	949,818	737,404	728,744
Interest on long-term debt	100,614	11,377	13,613	15,882	18,064	20,217	24,798	39,375	57,795	81,706
Total governmental activities	11,011,603	9,826,472	8,059,738	6,505,725	7,543,112	6,457,884	6,748,115	6,692,253	5,680,926	4,868,034
<i>Business-Type Activities</i>										
Water	10,401,711	9,409,196	7,323,692	6,030,293	7,611,616	6,887,232	6,019,804	5,425,053	4,667,945	3,946,936
Sewer	5,021,123	5,127,334	4,138,475	3,259,615	4,778,355	3,832,641	4,255,884	3,465,217	3,704,242	3,492,276
Total business-type activities	15,422,834	14,536,530	11,462,167	9,289,908	12,389,971	10,719,873	10,275,688	8,890,270	8,372,187	7,439,212
Total Expenses	\$ 26,434,437	\$ 24,363,002	\$ 19,521,905	\$ 15,795,633	\$ 19,933,083	\$ 17,177,757	\$ 17,023,803	\$ 15,582,523	\$ 14,053,113	\$ 12,307,246
<u>Program Revenues</u>										
<i>Governmental Activities</i>										
Charges for services										
Public works-parks	\$ 1,947,581	\$ 1,972,762	\$ 1,979,965	\$ 1,897,727	\$ 1,636,096	\$ 1,393,658	\$ 880,155	\$ 769,218	\$ 733,871	\$ 349,343
Recreation	559,053	570,632	585,260	480,278	273,632	84,960	353,116	338,586	275,719	295,913
Operating grants	26,675	5,132	28,524	61,362	22,274	42,446	418,801	428,612	374,748	394,768
Capital grants	2,543,438	1,917,610	350,494	63,650	23,566	2,333,921	193,518	1,443,556	134,616	2,585,198
Total governmental activities	5,076,747	4,466,136	2,944,243	2,503,017	1,955,568	3,854,985	1,845,590	2,979,972	1,518,954	3,625,222
<i>Business-Type Activities</i>										
Charges for services										
Water	11,740,554	10,146,159	9,247,178	8,765,589	8,317,778	7,642,523	6,880,247	6,442,160	4,982,871	4,513,097
Sewer	7,237,561	6,712,980	6,365,873	6,098,798	5,643,421	5,321,027	5,166,673	4,972,602	4,680,507	4,418,035
Operating grants	-	-	-	-	233,177	-	201	6,100	191,742	-
Capital grants	1,345,520	1,173,567	1,174,516	4,441,224	758,090	97,637	50,000	226,913	161,868	211,035
Total business-type activities	20,323,635	18,032,706	16,787,567	19,305,611	14,952,466	13,061,187	12,097,121	11,647,775	10,016,988	9,142,167
Total Program Revenues	\$ 25,400,382	\$ 22,498,842	\$ 19,731,810	\$ 21,808,628	\$ 16,908,034	\$ 16,916,172	\$ 13,942,711	\$ 14,627,747	\$ 11,535,942	\$ 12,767,389
<u>Net (Expense) Revenue</u>										
Governmental activities	\$ (5,934,856)	\$ (5,360,336)	\$ (5,115,495)	\$ (4,002,708)	\$ (5,587,544)	\$ (2,602,899)	\$ (4,902,525)	\$ (3,712,281)	\$ (4,161,972)	\$ (1,242,812)
Business-type activities	4,900,801	3,496,176	5,325,400	10,015,703	2,562,495	2,341,314	1,821,433	2,757,505	1,644,801	1,702,955
Total Primary Government	\$ 12,138,362	\$ 10,209,156	\$ 11,691,273	\$ 16,114,501	\$ 8,205,916	\$ 7,662,341	\$ 6,988,106	\$ 7,730,107	\$ 6,325,308	\$ 6,120,990

**Tahoe City Public Utility District
Change in Net Position (Continued)
Last Ten Years
(accrual basis of accounting)**

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<u>General Revenues</u>										
<i>Governmental activities</i>										
Property taxes	\$ 11,442,148	\$ 10,820,984	\$ 10,187,604	\$ 9,361,073	\$ 8,225,437	\$ 7,452,235	\$ 8,062,703	\$ 7,435,199	\$ 7,036,697	\$ 6,717,678
Interest income	1,276,880	1,488,580	1,081,452	231,489	38,156	177,996	308,831	225,163	123,975	120,327
Other	29,752	-	-	-	-	-	-	-	-	-
Transfers	(7,440,849)	(137,340)	-	(866,133)	-	(3,500,000)	-	-	-	(5,508,259)
Total governmental activities	5,307,931	12,172,224	11,269,056	8,726,429	8,263,593	4,130,231	8,371,534	7,660,362	7,160,672	1,329,746
<i>Business-Type Activities</i>										
Property taxes	-	68,710	233,165	393,713	654,432	864,151	22,817	24,283	23,929	23,290
Interest income	921,186	924,977	891,421	153,288	34,523	129,484	222,465	196,592	233,590	148,549
Transfers	7,440,849	137,340	-	866,133	-	3,500,000	-	-	-	5,508,259
Total business-type activities	8,362,035	1,131,027	1,124,586	1,413,134	688,955	4,493,635	245,282	220,875	257,519	5,680,098
Total Primary Government	\$ 13,669,966	\$ 13,303,251	\$ 12,393,642	\$ 10,139,563	\$ 8,952,548	\$ 8,623,866	\$ 8,616,816	\$ 7,881,237	\$ 7,418,191	\$ 7,009,844
<u>Change in Net Position</u>										
Governmental activities	\$ (626,925)	\$ 6,811,888	\$ 6,153,561	\$ 4,723,721	\$ 2,676,049	\$ 1,527,332	\$ 3,469,009	\$ 3,948,081	\$ 2,998,700	\$ 86,934
Business-type activities	13,262,836	4,627,203	6,449,986	11,428,837	3,251,450	6,834,949	2,066,715	2,978,380	1,902,320	7,383,053
Total Primary Government	\$ 12,635,911	\$ 11,439,091	\$ 12,603,547	\$ 16,152,558	\$ 5,927,499	\$ 8,362,281	\$ 5,535,724	\$ 6,926,461	\$ 4,901,020	\$ 7,469,987

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Fees	\$ 1,126,656	\$ 1,123,674	\$ 1,163,733	\$ 1,028,688	\$ 773,344	\$ 547,018	\$ 692,482	\$ 664,259	\$ 537,394	\$ 410,153
Property taxes	11,442,148	10,820,984	10,187,604	9,361,073	8,225,439	7,452,235	8,062,703	7,435,199	7,036,697	6,717,678
Interest	1,276,880	1,488,580	1,081,452	231,489	38,156	177,996	308,831	225,163	123,975	120,327
Grants	2,570,113	1,921,379	371,377	73,906	23,299	61,421	143,751	1,848,360	509,364	2,718,957
Other	1,408,455	1,394,697	1,363,132	1,357,526	1,146,020	984,546	1,009,357	467,365	486,034	521,582
Total revenues	17,824,252	16,749,314	14,167,298	12,052,682	10,206,258	9,223,216	10,217,124	10,640,346	8,693,464	10,488,697
Expenditures										
Current:										
Public works - Parks	6,976,156	5,870,658	5,154,807	4,157,433	3,785,278	3,392,981	3,308,613	2,989,372	2,938,775	2,333,481
Recreation	1,480,494	1,319,359	1,242,598	1,060,329	851,563	630,074	797,419	867,647	654,036	672,401
Other operating	115,945	170,053	159,380	153,691	398,382	228,242	384,368	98,985	86,651	103,784
Capital outlay	6,740,054	3,849,534	2,494,225	882,483	1,960,044	6,168,018	641,399	3,598,664	754,939	3,230,849
Debt service:										
Principal	164,813	127,763	125,500	123,277	121,094	118,950	294,113	447,007	672,749	648,609
Interest	101,199	11,941	14,203	16,426	18,610	20,754	25,721	40,550	63,143	87,393
Total expenditures	15,578,661	11,349,308	9,190,713	6,393,639	7,134,971	10,559,019	5,451,633	8,042,225	5,170,293	7,076,517
Revenues over (under) expenditures	2,245,591	5,400,006	4,976,585	5,659,043	3,071,287	(1,335,803)	4,765,491	2,598,121	3,523,171	3,412,180
Other Financing Sources (Uses)										
Proceeds from the sale of ass	1,275	26,386	50,306	46,437	12,905	12,000	20,400	-	11,250	-
Inception of leases	122,084	-	-	-	-	-	-	-	-	-
Transfers in from other funds	-	-	-	-	-	-	-	-	-	-
Transfers out to other funds	(7,440,849)	(137,340)	-	(866,133)	-	(3,500,000)	-	-	-	(5,508,259)
Total other financing sources	(7,317,490)	(110,954)	50,306	(819,696)	12,905	(3,488,000)	20,400	-	11,250	(5,508,259)
Net change in fund balances	(5,071,899)	5,289,052	5,026,891	4,839,347	3,084,192	(4,823,803)	4,785,891	2,598,121	3,534,421	(2,096,079)
Fund Balances										
Beginning of year	32,508,495	27,219,443	22,192,552	17,353,205	14,269,013	19,092,816	14,306,925	11,708,804	8,174,383	10,270,462
End of year	\$ 27,436,596	\$ 32,508,495	\$ 27,219,443	\$ 22,192,552	\$ 17,353,205	\$ 14,269,013	\$ 19,092,816	\$ 14,306,925	\$ 11,708,804	\$ 8,174,383
Debt Service as a Percentage of Noncapital Expenditures										
	3.01%	1.86%	2.09%	2.53%	2.70%	3.18%	6.65%	10.97%	16.67%	19.14%

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund										
Nonspendable	\$ 439,017	\$ 169,667	\$ 384,519	\$ 294,778	\$ 260,095	\$ 226,964	\$ 213,728	\$ 136,715	\$ 172,113	\$ 153,770
Restricted	2,344,531	941,924	18,800	13,800	13,800	13,800	13,800	13,800	13,800	-
Assigned	9,204,293	16,457,883	13,310,144	9,434,064	2,729,541	1,164,629	1,164,629	1,164,629	1,164,629	1,164,629
Unassigned	15,448,755	14,939,021	13,505,980	12,449,910	14,349,769	12,863,620	17,700,018	12,991,297	10,357,910	6,855,637
Total general fund	\$ 27,436,596	\$ 32,508,495	\$ 27,219,443	\$ 22,192,552	\$ 17,353,205	\$ 14,269,013	\$ 19,092,175	\$ 14,306,441	\$ 11,708,452	\$ 8,174,036

**Tahoe City Public Utility District
Property Tax Uses
Last Ten Fiscal Years (unaudited)**

Fiscal Year	Parks	% Change Inc. (Dec.)	Recreation	% Change Inc. (Dec.)	Golf Course Property	% Change Inc. (Dec.)	Water Fund	% Change Inc. (Dec.)	Sewer Fund	% Change Inc. (Dec.)	Debt Service	% Change Inc. (Dec.)	Reserves / Capital Expenditures	% Change Inc. (Dec.)	Total	% Change Inc. (Dec.)
2016	\$ 1,438,291	-9.4%	\$ 312,040	-5.8%	\$ 204,071	16.3%	\$ -	0.0%	\$ -	0.0%	\$ 745,777	0.0%	\$ 4,040,790	11.8%	\$ 6,740,969	6.4%
2017	\$ 1,261,408	-12.3%	\$ 353,146	13.2%	\$ 591,544	189.9%	\$ -	0.0%	\$ -	0.0%	\$ 746,402	0.1%	\$ 4,108,126	1.7%	\$ 7,060,626	4.7%
2018	\$ 1,316,481	4.4%	\$ 386,847	9.5%	\$ 530,921	-10.2%	\$ -	0.0%	\$ -	0.0%	\$ 498,622	-33.2%	\$ 4,726,611	15.1%	\$ 7,459,482	5.6%
2019	\$ 1,317,097	0.0%	\$ 404,883	4.7%	\$ 732,511	38.0%	\$ -	0.0%	\$ -	0.0%	\$ 342,267	-31.4%	\$ 5,288,762	11.9%	\$ 8,085,520	8.4%
2020	\$ 1,239,015	-5.9%	\$ 540,504	33.5%	\$ 733,832	0.2%	\$ 752,113	100.0%	\$ 89,387	100.0%	\$ 162,355	-52.6%	\$ 4,799,180	-9.3%	\$ 8,316,386	2.9%
2021	\$ 1,087,001	-12.3%	\$ 579,061	7.1%	\$ 1,072,912	46.2%	\$ 561,664	-25.3%	\$ 92,768	3.8%	\$ 139,704	-14.0%	\$ 5,346,762	11.4%	\$ 8,879,870	6.8%
2022	\$ 1,440,117	32.5%	\$ 573,812	-0.9%	\$ 950,158	-11.4%	\$ 376,484	-33.0%	\$ -	0.0%	\$ 156,932	12.3%	\$ 6,257,283	17.0%	\$ 9,754,787	9.9%
2023	\$ 1,875,470	30.2%	\$ 663,817	15.7%	\$ 1,270,653	33.7%	\$ 199,960	-46.9%	\$ -	0.0%	\$ 172,909	10.2%	\$ 6,237,961	-0.3%	\$ 10,420,769	6.8%
2024	\$ 2,026,300	8.0%	\$ 758,985	14.3%	\$ 1,454,245	14.4%	\$ -	-100.0%	\$ -	0.0%	\$ 208,413	20.5%	\$ 6,441,750	3.3%	\$ 10,889,693	4.5%
2025	\$ 2,067,351	10.2%	\$ 825,391	24.3%	\$ 1,667,983	31.3%	\$ -	-100.0%	\$ -	0.0%	\$ 231,266	33.8%	\$ 6,650,156	6.6%	\$ 11,442,148	9.8%

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

Fiscal Year	Fees for Service Parks	Operating Grants for Parks	Maintenance		Fees for Service Golf Property	Fees for Service Rec	Operating Grants for Recreation	Total
			Services Revenue for Parks					
2016	\$ 335,828	\$ 329,817	n/a		\$ 25,470	\$ 295,913	\$ 64,441	\$ 1,051,469
2017	\$ 367,142	\$ 349,577	n/a		\$ 366,729	\$ 275,719	\$ 25,171	\$ 1,384,338
2018	\$ 317,907	\$ 367,776	n/a		\$ 456,287	\$ 338,561	\$ 42,624	\$ 1,523,154
2019	\$ 371,450	\$ 44,031	\$ 334,816		\$ 508,704	\$ 353,115	\$ 39,423	\$ 1,651,540
2020	\$ 219,100	\$ 32,125	\$ 364,469		\$ 725,035	\$ 79,280	\$ 10,288	\$ 1,430,297
2021	\$ 530,100	\$ -	\$ 364,469		\$ 730,793	\$ 271,460	\$ 1,041	\$ 1,897,863
2022	\$ 535,415	\$ 20,021	\$ 470,947		\$ 880,365	\$ 448,381	\$ 38,135	\$ 2,393,264
2023	\$ 507,990	\$ -	\$ 498,028		\$ 874,739	\$ 550,258	\$ -	\$ 2,431,015
2024	\$ 438,545	\$ -	\$ 510,345		\$ 906,826	\$ 555,246	\$ -	\$ 2,410,962
2025	\$ 551,124	\$ -	\$ 500,818		\$ 906,545	\$ 627,974	\$ 26,675	\$ 2,613,135

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

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

**Tahoe City Public Utility District
Ten Largest Customers by Consumption
Current Year and 2020**

2025			2020		
Customer	Total Revenue	Rank	Customer	Total Revenue	Rank
TTUSD	\$ 116,367	1	TTUSD	\$ 87,166	1
US DEPT OF AGRICULTURE	\$ 72,039	2	HOMEWOOD VILLAGE RESORT	\$ 41,698	2
HOMEWOOD VILLAGE RESORT	\$ 62,600	3	US DEPT OF AGRICULTURE	\$ 36,926	3
STATE OF CALIFORNIA	\$ 57,889	4	STEPHEN & JANICE HAMILL	\$ 23,134	4
STATE OF CALIFORNIA	\$ 44,274	5	STATE OF CALIFORNIA	\$ 22,646	5
WSC INVESTORS LLC	\$ 40,717	6	NORTH TAHOE PUD	\$ 20,053	6
HOMEWOOD VILLAGE RESORT	\$ 39,070	7	BOATWORKS AT TAHOE LLC	\$ 19,384	7
TAHOE CITY PUD	\$ 34,099	8	SAFEWAY INC	\$ 18,337	8
BOATWORKS AT TAHOE LLC	\$ 29,831	9	TAHOE YACHT HARBOR LLC	\$ 17,159	9
TTUSD	\$ 20,536	10	HOMEWOOD VILLAGE RESORT	\$ 17,146	10

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

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

Fiscal Year	Placer County		El Dorado County	
	Amount	% Change	Amount	% Change
2016/2017	\$ 3,699,976,391	2.38%	\$ 991,180,172	5.09%
2017/2018	\$ 3,864,245,853	4.44%	\$ 1,040,463,983	4.97%
2018/2019	\$ 4,027,472,074	4.22%	\$ 1,112,925,301	6.96%
2019/2020	\$ 4,294,179,030	6.62%	\$ 1,149,479,810	3.28%
2020/2021	\$ 4,510,912,202	5.05%	\$ 1,209,559,779	5.23%
2021/2022	\$ 4,821,382,887	6.88%	\$ 1,295,760,276	7.13%
2022/2023	\$ 5,278,765,981	9.49%	\$ 1,396,881,769	7.80%
2023/2024	\$ 5,554,179,124	5.22%	\$ 1,484,206,750	6.25%
2024/2025	\$ 5,846,260,586	5.26%	\$ 1,553,453,472	4.67%
2025/2026	\$ 6,238,021,447	6.70%	\$ 1,630,581,215	4.96%

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

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

Fiscal Year	Tahoe Lake Elementary School		North Tahoe Middle School		North Tahoe High School	
	Number of Students	% Change	Number of Students	% Change	Number of Students	% Change
2016/2017	279	-7.92%	446	3.72%	398	9.94%
2017/2018	257	-7.89%	458	2.69%	408	2.51%
2018/2019	246	-4.28%	494	7.86%	428	4.90%
2019/2020	224	-8.94%	499	1.01%	426	-0.47%
2020/2021	241	7.59%	471	-5.61%	448	5.16%
2021/2022	246	2.07%	494	4.88%	428	-4.46%
2022/2023	292	18.70%	299	-39.47%	505	17.99%
2023/2024	286	-2.05%	285	-4.68%	491	-2.77%
2024/2025	285	-0.35%	289	1.40%	448	-8.76%
2025/2026	TBD	TBD	TBD	TBD	TBD	TBD

Source: California Department of Education

Source: <https://www.cde.ca.gov/sdprofile/details.aspx?cds=3166944609450>
<https://www.cde.ca.gov/sdprofile/details.aspx?cds=3166944603131>
<https://www.cde.ca.gov/sdprofile/details.aspx?cds=3166944313001>

TBD - 2025/2026 Enrollment numbers not yet posted

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

Fiscal Year	Collections*	
2025-2026	\$	28,691,715
2024-2025	\$	28,421,673
2023-2024	\$	29,498,406
2022-2023	\$	28,913,806
2021-2022	\$	20,166,349
2020-2021	\$	19,756,053
2019-2020	\$	19,665,039
2018-2019	\$	21,037,456
2017-2018	\$	17,905,680
2016-2017	\$	17,719,703

Source: Placer County Revenue Services

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

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

Year	District Workforce (actual FTEs) ⁽¹⁾	Placer County Population ⁽²⁾	El Dorado County Population ⁽²⁾	Median Household Income (Placer Co)	Median Household Income (El Dorado Co)	Unemployment Rate Placer County ⁽⁴⁾	Unemployment Rate El Dorado County ⁽⁴⁾
2025	80.29	428,181	190,770	Data Not Available ⁽⁵⁾	Data Not Available ⁽⁵⁾	4.2%	4.8%
2024	78.24 ⁽⁶⁾	412,892	186,622	\$115,845	\$107,289	4.0%	4.3%
2023	73.11 ⁽⁶⁾	410,706	187,285	\$110,020	\$107,063	4.0%	4.4%
2022	67.60	417,772	193,211	\$106,114	\$104,859	2.5%	2.8%
2021	67.35	409,044	191,992	\$103,588	\$88,770	3.2%	3.9%
2020	67.42	397,469	191,282	\$100,662	\$83,710	6.2%	8.3%
2019	64.98	403,711	193,227	\$97,668	\$86,202	3.2%	3.6%
2018	59.75	395,978	190,018	\$89,175	\$81,869	3.2%	3.7%
2017	56.62	389,387	188,185	\$81,366	\$78,464	3.8%	4.4%
2016	54.32	383,598	185,147	\$85,326	\$75,100	4.4%	5.1%

Source: (1) Tahoe City Public Utility District HR Department Workforce based on FTEs
(2) Populations derived from State of California Department of Finance
(3) MHI derived from Federal Reserve Bank of St. Louis
(4) Unemployment derived from Federal Reserve Bank of St. Louis
(5) To be released September 2026
(6) Corrected from previous ACFRs
<https://www.placer.ca.gov/7450/ 2021>

U.S. Census Bureau, Estimate of Median Household Income for Placer County, CA [MHICA06061A052NCEN], retrieved from FRED, Federal Reserve Bank of St. Louis;
<https://fred.stlouisfed.org/series/MHICA06061A052NCEN>, April 28, 2022.

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

	Budget									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Utilities (water and sewer)	20.00	20.00	19.00	19.00	19.00	19.00	18.00	18.00	16.00	14.86
Governance and Administrative Services	16.00	16.00	14.00	14.00	13.00	11.00	11.00	11.05	10.60	9.45
Engineering	7.00	7.00	7.00	7.00	5.85	6.85	6.85	6.85	4.85	4.90
Technical Services	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.95	5.40	5.55
Parks and Recreation										
Administration	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Parks	9.50	9.50	9.50	9.50	9.87	8.05	8.62	8.09	8.03	6.12
Recreation	4.50	4.50	4.50	4.50	4.13	3.96	3.38	2.91	3.01	3.69
Golf / Winter Sports Park	1.00	1.00	1.00	1.00	0.75	0.75	0.75	0.75	0.75	0.75
Total	64.00	64.00	61.00	61.00	58.60	55.61	54.60	53.60	49.64	46.32

**Excludes Board Members*

Source: Tahoe City Public Utility District Accounting Dept.

TAHOE CITY PUBLIC UTILITY DISTRICT
Budgeted Full Time Equivalents
Fiscal Years (unaudited)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Water	11.26	11.82	11.53	10.70	10.87	11.23	10.13	10.16	9.26	7.72
Sewer	10.91	10.34	10.05	10.26	10.05	8.80	9.32	9.84	8.74	8.64
Engineering	1.65	2.05	1.35	1.35	2.85	3.05	3.00	2.89	3.00	2.00
Technical Services/GIS	5.00	5.00	5.00	5.00	4.60	5.00	5.00	4.95	5.40	5.55
Projects	5.35	4.95	5.50	5.50	3.00	3.80	3.85	3.96	1.85	1.90
Parks	14.93	14.98	15.51	15.02	15.65	13.67	13.19	13.29	12.95	12.14
Recreation	13.63	13.64	11.35	10.40	9.46	8.85	8.80	9.12	8.27	7.07
Golf Course/Winter Sports Park	7.43	6.91	6.48	6.29	5.90	6.37	6.17	6.78	7.44	0.00
Governance and Administrative Services	16.00	16.17	14.43	14.68	13.48	11.00	11.00	11.05	10.60	10.17
Total	86.16	85.86	81.19	79.19	75.86	71.77	70.46	72.04	67.51	55.19

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Utilities:										
Water production (million gallons) ¹	572.6	525.6	469.9	509.7	568.9	585.7	531.0	558.7	386.8	351.8
Sewer flows (million gallons)	249.7	249.8	291.4	208.5	213.6	260.5	295.5	249.4	362.9	220.6
Lineal feet of sewer mains televised	176,610	154,182	248,861	146,660	177,978	143,765	158,365	215,900	118,800	142,558
Lineal feet of sewer mains cleaned	328,786	309,847	319,393	302,389	324,432	370,096	333,598	316,800	230,736	298,015
Technical Services:										
Permits issued - new	8	9	15	22	17	11	11	17	13	15
Permits issued - remodel	94	106	77	82	93	98	118	135	112	150
Number of sewer air tests ²	215	240	204	189	282	373	291	315	330	314
Escrow clearances processed	226	234	216	148	214	276	195	197	224	204
Plan checks completed	102	132	98	140	119	143	155	193	151	188
Parks:										
Miles of trails maintained	23	23	23	23	23	23	23	23	23	23
Number of facility rentals ³	289	227	192	230	171	-	262	172	226	229
Recreation:										
Numbers enrolled in youth programs ⁴	12,305	11,025	10,777	8,043	2,546	97	564	396	552	605
Numbers enrolled in adult programs ⁵	1,685	2,169	730	517	92	-	196	239	95	95
Number of camp enrollees ⁶	1,618	1,709	1,869	1,512	770	-	1,277	1,184	909	1,018

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

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

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

⁴ Youth Programs Include: All Rideout classes, contract classes, youth sports, snow days, RAP, Night out at Rideout, swim lessons, and swim team. 2020 programs cancelled due to COVID-19.

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

In 2022, all programs increased in participants, and new programs were added, but RAP is the primary driver for YoY increase as participation increased YoY by 4,211 participants.

⁵ Adult Programs Include: Adult Sports, Sailing, and yoga. 2020 programs cancelled due to COVID-19

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

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

Tahoe City Public Utility District
User Statistics, Last Ten Fiscal Years
Total number of users (unaudited)

Program	Unit of Measurement	Actuals									
		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Water	Customers	6,191	5,759	5,759	5,754	5,740	5,733	5,720	5,711	4,167	4,167
Sewer	Customers	7,760	7,758	7,737	7,759	7,725	7,732	7,721	7,702	7,689	7,674
Camp Skylandia	Enrolled Campers ⁽¹⁾	1,335	1,369	1,375	1,234	753	228	1,012	1,184	909	1,018
Concerts at Commons Beach	Individual Attendees ⁽²⁾	17,650	17,250	18,400	20,950	-	-	28,500	21,500	24,500	23,000
Tahoe City Golf Course	Rounds Played ⁽³⁾	21,427	21,844	19,014	21,375	18,678	25,015	11,800	9,489	8,545	10,228
Lake Forest Boat Ramp	Boats Launched	4,297	4,771	4,359	8,207	8,980	7,691	5,391	5,309	5,529	6,860
Bike Trails-Summer Usage	Users ⁽⁴⁾	579,975	468,813	312,267	262,655	247,544	329,617	377,016	278,208	252,080	277,196
Winter Sports Park (WSP)	Users ^{(5) (6)}	8,595	8,061	8,832	10,455	10,179	10,153	9,716	9,894	n/a	n/a

Source: Tahoe City Public Utility District

⁽¹⁾ 2020 summer activity cancelled due to COVID-19

⁽²⁾ 2020 & 2021 concerts were cancelled due to COVID-19 / prior years estimated

⁽³⁾ 2020 increased usage due to individuals looking for outdoor activity due to COVID-19

⁽⁴⁾ Bike trail usage based on data from trailer counters and reported through Eco Counter Software

⁽⁵⁾ WSP first season of operation is 2017/2018. Season crosses fiscal year.

Usage reported for the season ending March of the current year.

⁽⁶⁾ Totals do not include season pass holders as they were not tracked; Reporting daily visits only.

n/a - data not available / or no operations

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

Year	Residential Monthly Water Base Rate .75" meter	Commercial Monthly Water Base Rate .75" meter	Residential Monthly Sewer Base Rate	Commercial Monthly Sewer Base Rate Hotel Room w/Kitchen - per room
2016	\$62.50	\$75.25	\$38.41	\$15.63
2017	\$66.25	\$79.75	\$39.95	\$16.26
2018	\$70.25	\$84.50	\$42.92	\$17.46
2019	\$74.50	\$89.50	\$44.14	\$17.96
2020	\$79.31	\$79.31	\$46.79	\$19.04
2021	\$84.07	\$84.07	\$49.60	\$20.18
2022	\$87.43	\$87.43	\$51.83	\$21.39
2023	\$90.93	\$90.93	\$54.16	\$22.35
2024	\$94.57	\$94.57	\$56.60	\$24.90
2025	\$106.57	\$106.57	\$61.98	\$26.88

*Rates adjusted January 1. Prior to 2015, rates were adjusted at April 1 of each year.
Source: Tahoe City Public Utility District*

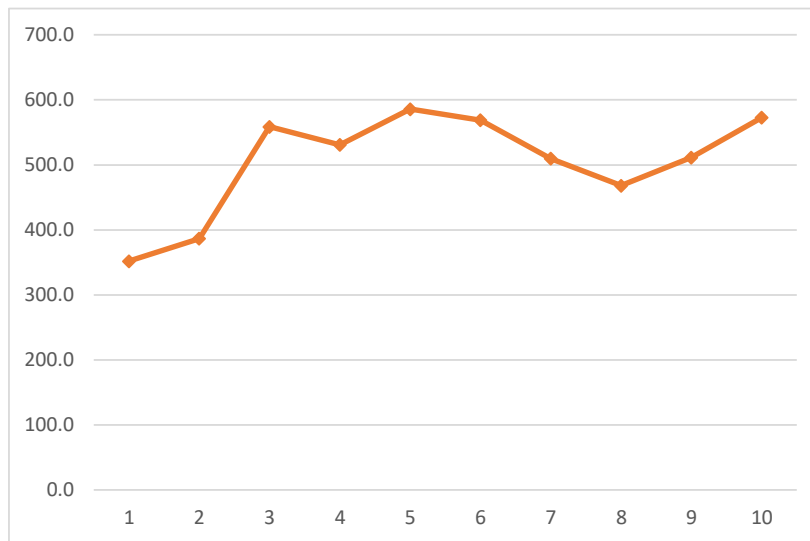
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10 yr. chg	\$44.07	\$31.32	\$23.57	\$11.25
10 yr. chg	74.7%	41.6%	61.4%	72.0%

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

Monthly Production	#	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Jan	#	19.0	23.3	30.4	34.7	29.8	28.7	27.0	22.9	26.6	28.3
Feb	#	15.9	21.9	24.3	24.4	24.0	23.0	19.5	23.1	20.7	23.0
Mar	#	12.5	18.1	24.7	22.1	22.3	24.5	25.1	20.8	18.0	22.7
April	#	12.9	16.1	23.0	20.9	17.7	22.3	19.5	21.9	20.4	20.5
May	#	20.0	17.5	32.9	24.3	43.2	43.8	21.6	22.7	28.1	36.3
June	#	42.9	47.4	64.5	52.0	72.7	80.8	59.4	43.1	68.5	80.9
July	#	62.8	68.7	90.4	94.6	86.9	91.0	81.2	78.2	92.4	101.8
Aug	#	60.3	64.3	94.8	88.7	93.4	86.7	80.0	88.3	85.0	91.8
Sept	#	48.7	51.3	84.4	81.7	84.8	77.5	73.8	65.8	62.3	80.3
Oct	#	29.9	31.4	44.3	42.1	62.1	48.9	56.9	42.9	55.0	45.7
Nov	#	12.1	12.8	23.8	21.1	25.9	20.2	22.5	20.9	18.4	19.9
Dec	#	14.8	14.2	21.4	24.4	22.8	21.5	23.4	17.5	16.1	21.4
Annual Totals	#	351.8	386.8	558.7	531.0	585.7	568.9	509.8	468.1	511.4	572.6
Average Monthly Water Production	#	29.3	32.2	46.6	44.2	48.8	47.4	42.5	39.0	42.6	47.7

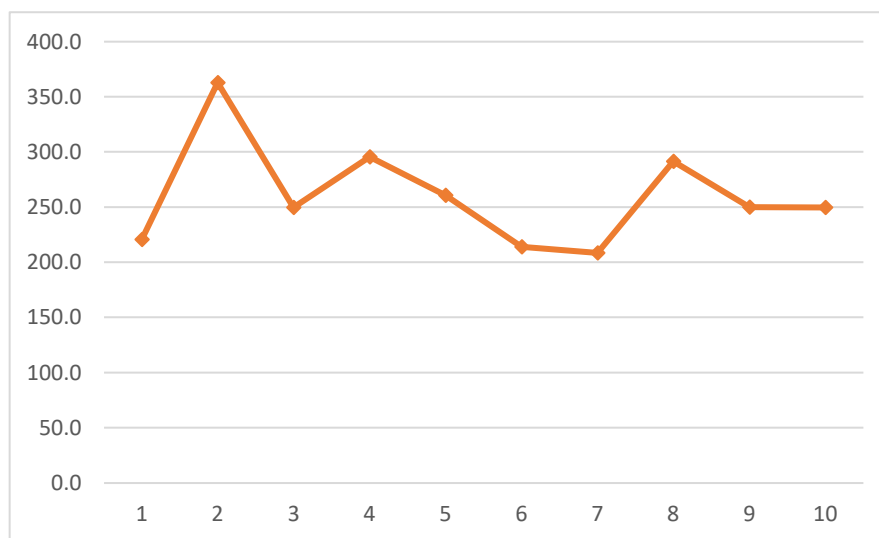
Source: Tahoe City Public Utility District Water Department
Increase in 2018 due to purchase of three water systems in January 2018



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

Monthly Sewer Flows	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Jan	18.2	30.6	18.3	21.0	20.1	17.8	18.2	23.4	18.9	18.6
Feb	20.2	51.4	15.8	21.7	19.9	19.2	17.6	17.9	19.6	21.0
Mar	26.0	44.9	23.9	28.5	19.7	20.1	20.8	26.5	24.6	25.1
April	21.5	50.2	30.5	37.0	20.9	18.6	20.0	34.2	29.3	27.5
May	16.8	38.0	22.2	33.5	21.6	17.2	18.4	44.3	27.0	20.7
June	17.1	25.1	21.8	26.8	23.7	20.3	18.8	28.4	24.3	28.4
July	23.4	30.2	29.0	31.8	29.6	24.8	24.5	31.3	27.3	27.7
Aug	18.6	24.4	23.9	26.1	26.7	16.7	18.3	24.0	22.3	22.5
Sept	13.5	17.8	18.4	20.0	21.7	10.1	13.5	17.4	15.2	14.7
Oct	11.9	15.1	14.1	15.0	19.5	13.7	11.0	14.1	12.9	12.9
Nov	11.1	17.0	14.1	15.0	17.5	14.4	10.3	13.2	12.1	13.0
Dec	22.2	18.2	17.5	19.1	19.6	20.9	17.1	16.9	16.3	17.6
Annual Totals	220.5	362.9	249.5	295.5	260.5	213.8	208.5	291.4	249.8	249.7
Average Monthly Sewer Flows	18.4	30.2	20.8	24.6	21.7	17.8	17.4	24.3	20.8	20.8

Source: Tahoe City Public Utility Sewer Department



**Tahoe City Public Utility District
Outstanding Debt by Debt Type
Last 10 Years**

	Governmental Activities									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
State Revolving Fund 2008 Special assessment bonds with governmental commitments	\$ 404,439	\$ 534,506	\$ 662,269	\$ 787,769	\$ 911,046	\$ 1,032,140	\$ 1,151,089	\$ 1,267,932	\$ 1,382,705	\$ 1,735,848
Pension related debt	-	-	-	-	-	-	-	12,513	25,026	37,539
Lease & SBITA liabilities	101,181	13,843	45,530	38,063	-	-	-	164,757	484,478	791,571
Total long-term debt	\$ 505,620	\$ 548,349	\$ 707,799	\$ 825,832	\$ 911,046	\$ 1,032,140	\$ 1,151,089	\$ 1,445,202	\$ 1,892,209	\$ 2,564,958

	Business-type Activities									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
State Revolving Fund 2021 Special assessment bonds with governmental commitments	\$ 17,021,707	\$ 16,287,760	\$ 11,507,648	\$ 5,688,184	\$ 2,794,450	\$ -	\$ -	\$ -	\$ -	\$ -
Lease & SBITA liabilities	-	-	-	-	-	-	44,617	88,113	130,794	172,678
Total long-term debt	\$ 17,035,769	\$ 16,333,710	\$ 11,570,938	\$ 5,688,184	\$ 2,794,450	\$ -	\$ 44,617	\$ 88,113	\$ 130,794	\$ 172,678

	Total									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
State Revolving Fund	\$ 17,426,146	\$ 16,822,266	\$ 12,169,917	\$ 6,475,953	\$ 1,151,089	\$ 1,151,089	\$ 1,151,089	\$ 1,267,932	\$ 1,382,705	\$ 1,735,848
Special assessment bonds with governmental commitments	-	-	-	-	-	-	44,617	100,626	155,820	210,217
Pension related debt	-	-	-	-	-	-	-	164,757	484,478	791,571
Lease & SBITA liabilities	115,243	59,793	108,820	38,063	-	-	-	-	-	-
Total long-term debt	\$ 17,541,389	\$ 16,882,059	\$ 12,278,737	\$ 6,514,016	\$ 1,151,089	\$ 1,151,089	\$ 1,195,706	\$ 1,533,315	\$ 2,023,003	\$ 2,737,636

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

Year	Governmental Activities	Business Type Activities	Total Debt	Customers	Debt per Customer ⁽¹⁾
2025	\$ 505,620	\$ 17,035,769	\$ 17,541,389	7,760	\$2,260
2024	\$ 548,349	\$ 16,333,710	\$ 16,882,059	7,758	\$2,176
2023	\$ 662,269	\$ 16,333,710	\$ 16,995,979	7,737	\$2,197
2022	\$ 707,799	\$ 11,570,938	\$ 12,278,737	7,759	\$1,583
2021	\$ 825,832	\$ 5,688,184	\$ 6,514,016	7,725	\$843
2020	\$ 911,046	\$ 2,794,450	\$ 3,705,496	7,732	\$479
2019	\$ 1,032,140	\$ -	\$ 1,032,140	7,721	\$134
2018	\$ 1,151,089	\$ 44,617	\$ 1,195,706	7,702	\$155
2017	\$ 1,445,202	\$ 88,113	\$ 1,533,315	7,689	\$199
2016	\$ 1,892,209	\$ 130,794	\$ 2,023,003	7,674	\$264
2015	\$ 2,564,958	\$ 172,678	\$ 2,737,636	7,665	\$357

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