

**TRUCKEE DONNER  
PUBLIC UTILITY DISTRICT**

PRIMARY GOVERNMENT ONLY

Including Report of Independent Auditors

December 31, 2020 and 2019

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## **Report of Independent Auditors**

The Board of Directors  
Truckee Donner Public Utility District

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Truckee Donner Public Utility District (the "District"), which comprise the consolidated statements of net position as of December 31, 2020 and 2019, and the related consolidated statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Truckee Donner Public Utility District as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

The consolidated financial statements referred to above include only the primary government of the District which consists of all departments that comprise the District's legal entity. The consolidated financial statements do not include financial data for the District's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the District's primary government. As a result, the primary government financial statements do not purport to, and do not present fairly the financial position of the reporting entity of the District as of December 31, 2020 and 2019, the results of operations, or its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America, the District has issued separate reporting entity financial statements, for which we have issued our report for the 2020 and 2019 statements dated June 18, 2021.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis on pages 6 through 10, the schedule of the District's proportionate share of the net pension liability on page 54, the schedule of contributions on page 55, the schedule of the District's change in the net OPEB liability and related ratios on page 56, the schedule of the District's OPEB contributions on page 57, and the schedule of investment returns on page 57, be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated 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 consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures in 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 consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated 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 Supplementary Information*

Our audits were conducted for the purpose of forming opinions on the consolidated financial statements that collectively comprise the District's consolidated financial statements. The accompanying consolidating statements of net position on page, and the related consolidating statements of revenues, expenses and changes in net position and cash flows as of and for the year ended December 31, 2020 on pages 60 through 65 are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic consolidated financial statements. The consolidating statements of net position, statements of revenues, expenses and changes in net position and cash flows have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic consolidated financial statements or to the basic consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating statements of net position, statements of revenues, expenses and changes in net position and cash flows are fairly stated in all material respects in relation to the basic consolidated financial statements as a whole.

*Moss Adams LLP*

Portland, Oregon  
June 18, 2021

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2020 and 2019

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As financial management of the Truckee Donner Public Utility District (the District), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the District for the years ended December 31, 2020 and 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial topics, provide an overview of the District's financial activity and identify changes in the District's financial position.

We encourage readers to consider the information presented here in conjunction with that presented within the basic financial statements. The reader should take time to read and evaluate all sections of this report, including the footnotes and other supplementary information that is provided, in addition to this management discussion and analysis.

**FINANCIAL HIGHLIGHTS**

The District's current assets increased \$5.1 million (13.4%) from \$38.2 million at December 31, 2019 to \$43.3 million at December 31, 2020, predominantly due to lower capital expenditures in 2020.

The District's total net position increased \$5.1 million (3.9%) from \$130.3 million at December 31, 2019, to \$135.4 million at December 31, 2020. The total increase in net position from operating activities was \$2.9 million, primarily due Electric Utility revenues higher than anticipated and purchased power costs lower than anticipated.

Operating revenues increased \$2.4 million (6.1%) from \$39.3 million in 2019 to \$41.7 million in 2020. Electric revenues increased 6.0% in 2020 compared to 2019. A 3% rate increase in 2020 along with a pandemic driven increase in electricity usage can be attributed to the increase. Water revenues increased 6.0% in 2020; a 3% water rate increase also occurred in 2020 and drier than average conditions in 2020 drove an increase in irrigation patterns by consumers compared to the prior year

Operating expenses of the District increased \$2.4 million (6.8%) from \$36.4 million in 2019 to \$38.8 million in 2020. The Electric Utility had an 8.5% increase in operating expenses due to wildfire mitigation costs 3.2%, purchased power costs 2.2%, internal labor shifting from capital to operations 2.0%, and all other costs net increase of 1.1%. The Water Utility had a 3.4% increase in operating expenses primarily due to impact of rate of pay increases on compensation costs. In addition the District as a whole experienced increased insurance, regulatory and maintenance material costs.

Non-operating revenues decreased 44.5% at \$0.53 million in 2020 compared to \$0.95 million in 2019 due to a decrease in investment income. Non-operating expenses decreased 42.8% from \$0.65 million in 2019 to \$0.16 million in 2020 primarily to a gain on sale of assets increase of \$0.23 million and a decrease in interest expense of \$0.05 million.

No new debt was incurred in 2020 or 2019.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2020 and 2019

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OVERVIEW OF THE FINANCIAL STATEMENTS

This report includes Management's Discussion and Analysis, Report of Independent Auditors, the Basic Financial Statements, (which includes the notes to the financial statements), Required Supplementary Information and additional Supplementary Information.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District are designed to provide readers with a broad overview of the District's finances similar to a private-sector business. They have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred, regardless of the timing of related cash flows. These statements offer short-term and long-term financial information about the District's activities.

The reporting entity consists of the primary government, which provides two utilities (electric utility and water utility), and the blended component units. Further details about the component units are provided in note 1(A).

The **Consolidated Statement of Net Position** presents information on all of the District's assets, deferred outflows of resources and liabilities, and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are reported in the **Consolidated Statements of Revenues, Expenses, and Changes in Net Position**. This statement provides a measurement of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its rates and other charges.

The **Consolidated Statement of Cash Flows** provides relevant information about the District's cash receipts and cash payments during the reporting period. This statement reports cash receipts and cash payments resulting from operating, non-capital financing, capital and related financing, and investing activities. When used with related disclosures and information in the other financial statements, the statement of cash flows should provide insight into (a) the District's ability to generate future net cash flows, (b) the District's ability to meet its obligations as they come due, (c) the District's needs for external financing, (d) the reasons for differences between operating income and associated cash receipts and payments, and (e) the effects on the District's financial position of both its cash and its non-cash investing, capital, and financing transactions during the period. The changes in cash balances are an important indicator of the District's liquidity and financial condition.

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the basic financial statements. This includes but is not limited to, significant accounting policies, significant financial statement balances and activities, material risks, commitments and obligations, and subsequent events, as applicable.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2020 and 2019

**DISTRICT HIGHLIGHTS**

The condensed financial statements at December 31, 2020, 2019, and 2018 are presented below.

<i>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</i>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>Increase (Decrease) 2020 - 2019</b>
Current assets	\$ 43,302,836	\$ 38,201,392	\$ 35,328,417	\$ 5,101,444
Non-current assets:				
Capital assets, net	132,031,519	133,812,252	130,173,550	(1,780,733)
Restricted assets	1,674,293	1,730,450	1,753,275	(56,157)
Other long-term assets	970,414	1,811,627	2,605,967	(841,213)
Total Assets	<u>177,979,062</u>	<u>175,555,721</u>	<u>169,861,209</u>	<u>2,423,341</u>
Deferred outflows of resources	<u>6,255,727</u>	<u>3,529,595</u>	<u>3,270,661</u>	<u>2,726,132</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 184,234,789</u></b>	<b><u>\$ 179,085,316</u></b>	<b><u>\$ 173,131,870</u></b>	<b><u>\$ 5,149,473</u></b>
 <i>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</i>				
Current liabilities	\$ 7,788,973	\$ 7,918,712	\$ 7,908,677	\$ (129,739)
Non-current Liabilities				
Long-term debt, net of current portion	15,002,503	18,209,353	21,465,155	(3,206,850)
Net pension liability	14,023,172	12,872,646	11,742,137	1,150,526
OPEB liability	5,975,587	4,328,352	4,408,729	1,647,235
Unearned revenues	<u>5,147,204</u>	<u>4,575,287</u>	<u>4,954,941</u>	<u>571,917</u>
Total Liabilities	<u>47,937,439</u>	<u>47,904,350</u>	<u>50,479,639</u>	<u>33,089</u>
Deferred inflows of resources	<u>868,870</u>	<u>849,728</u>	<u>259,666</u>	<u>19,142</u>
<b>NET POSITION</b>				
Net investment in capital assets	114,352,497	112,899,085	106,171,749	1,453,412
Restricted for debt service	8,628,262	8,258,364	6,892,478	369,898
Unrestricted	<u>12,447,721</u>	<u>9,173,789</u>	<u>9,328,338</u>	<u>3,273,932</u>
Total Net Position	<u>135,428,480</u>	<u>130,331,238</u>	<u>122,392,565</u>	<u>5,097,242</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b><u>\$ 184,234,789</u></b>	<b><u>\$ 179,085,316</u></b>	<b><u>\$ 173,131,870</u></b>	<b><u>\$ 5,149,473</u></b>

In 2020, the District's current assets increased \$5.1 million, due to increased cash reserves associated with the Electric Utility \$3.6 million and Water Utility of \$1.5 million. The District's capital expenditures of \$6.3 million were down \$3.3 million compared to 2019. This decrease was due to the timing of projects, as well as, the pandemic driven pause of expenditures to conserve cash reserves due to significant uncertainty as to the pandemic's impact on the District at the time. Net Long Term debt decreased \$3.3 million, due to annual reduction of existing debt. See note 5 for details on remaining debt. No new debt was issued in 2020 or 2019. In 2019, the District's current assets increased \$2.9 million, predominantly due to increased cash reserves associated with the Electric Utility and Net Long Term debt decreased \$3.2 million, due to annual reduction of existing debt.

"Restricted for debt service" represents amounts restricted for payments related to outstanding revenue bonds.

The District had income before capital contributions of \$3.1 million, \$3.3 million, and \$3.5 million for the years ended December 31, 2020, 2019, and 2018, respectively. Changes in the District's net position can be determined by reviewing the following Condensed Revenues, Expenses, and Changes in Net Position.

See accompanying auditors' report.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2020 and 2019

DISTRICT HIGHLIGHTS (Continued)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>Increase (Decrease) 2020 - 2019</u>
Sales to consumers	\$ 38,988,024	\$ 37,029,653	\$ 35,486,412	\$ 1,958,371
Other operating revenues	2,754,003	2,303,918	2,198,605	450,085
Total Operating Revenues	41,742,027	39,333,571	37,685,017	2,408,456
Operating expenses	38,847,181	36,383,962	34,092,086	2,463,219
Operating Income	2,894,846	2,949,609	3,592,931	(54,763)
Non-operating revenues (expenses)	158,601	305,965	(84,083)	(147,364)
Income before				
capital contributions	3,053,447	3,255,574	3,508,848	(202,127)
Capital contributions, net	2,043,795	4,683,099	4,652,720	(2,639,304)
<b>Change in net position</b>	5,097,242	7,938,673	8,161,568	(2,841,431)
Net Position, Beginning of Year	130,331,238	122,392,565	114,230,997	7,938,673
<b>NET POSITION, END OF YEAR</b>	<u>\$ 135,428,480</u>	<u>\$ 130,331,238</u>	<u>\$ 122,392,565</u>	<u>\$ 5,097,242</u>

Total operating revenues were \$41.7 million in 2020, \$39.3 million in 2019, and \$37.7 million in 2018. Electric revenues increased 6.0% in 2020 compared to 2019. A 3% rate increase in 2020 along with a pandemic driven increase in electricity usage can be attributed to the increase. Water revenues increased 6.0% in 2020; a 3% water rate increase also occurred in 2020 and drier than average conditions in 2020 drove an increase in irrigation patterns by consumers compared to the prior year. Electric revenues increased 4.9% in 2019 compared to 2018. A 3% rate increase in 2019 along with a colder winter can be attributed to the increase. Water revenues increased 2.6% in 2019 largely due to a 3% rate increase slightly offset by the colder winter resulting in later irrigation patterns.

Total operating expenses were \$38.8 million in 2020, \$36.4 million in 2019, and \$34.1 million in 2018. In 2020 compared to 2019, the Electric Utility had an 8.5% increase in operating expenses due to wildfire mitigation costs 3.2%, purchased power costs 2.2%, internal labor shifting from capital to operations 2.0%, and all other costs net increase of 1.1%. The Water Utility had a 3.4% increase in operating expenses primarily due to impact of rate of pay increases on compensation costs. In 2019, the increased operating expenses to 2018 can be attributed to increased tree trimming costs to reduce the risk of wildfire along with increased maintenance material costs. In addition, in both 2020 and 2019, the District as a whole experienced increased insurance and regulatory costs compared to the prior year.

In 2020 compared to 2019, non-operating revenues and expenses decreased \$0.15 million due primarily to a decrease in investment income of \$0.43 million, net gain on sale of assets increase of \$0.23 million, and a decrease in interest expense of \$0.05 million. In 2019 compared to 2018, non-operating revenues and expenses increased \$0.39 million due to an increase in investment income coupled by a decrease in interest expense in 2019.

**LONG-TERM DEBT**

Long-term debt includes revenue bonds and installment loans. At December 31, 2020, 2019, and 2018, the District had \$18.2 million, \$21.5 million, and \$24.6 million, respectively, in long-term debt outstanding.

No new debt was issued in 2020 or 2019.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2020 and 2019

**CAPITAL ASSETS**

As of December 31, 2020, 2019, and 2018, the District had \$132.0 million, \$133.8 million, and \$130.2 million, respectively, invested in a variety of capital assets, net of accumulated depreciation. A summary of capital assets is reflected in the following schedule.

	<b>CAPITAL ASSETS</b>		
<b>Plant Balances</b>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Electric distribution	\$ 71,894,379	\$ 67,692,719	\$ 64,204,691
Water distribution	121,483,082	120,131,130	116,378,593
General plant	19,316,644	18,450,143	16,513,295
Total	<u>212,694,105</u>	<u>206,273,992</u>	<u>197,096,579</u>
<b>Accumulated Depreciation</b>			
Electric distribution	(21,385,441)	(19,454,296)	(19,488,505)
Water distribution	(52,339,068)	(48,269,854)	(44,232,073)
General plant	(11,522,788)	(10,851,669)	(10,372,265)
Total	<u>(85,247,297)</u>	<u>(78,575,819)</u>	<u>(74,092,843)</u>
<b>Plant Sub-Total</b>			
Electric distribution	50,508,938	48,238,423	44,716,186
Water distribution	69,144,014	71,861,276	72,146,520
General plant	7,793,856	7,598,474	6,141,030
Total	<u>127,446,808</u>	<u>127,698,173</u>	<u>123,003,736</u>
<b>Construction work in progress</b>	<u>4,584,711</u>	<u>6,114,079</u>	<u>7,169,814</u>
<b>Net capital assets</b>	<u>\$ 132,031,519</u>	<u>\$ 133,812,252</u>	<u>\$ 130,173,550</u>

Net capital assets (additions, less retirements and depreciation) decreased \$1.8 million. The District ended 2020 with decreased construction work in progress of \$4.6 million compared to \$6.1 million in 2019; this includes the overhead pole replacement project, Truckee substation project, transformer project, and the SCADA reliability phase 5 project.

**ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES**

The District operates on a two year budget. The FY20 & FY21 Board approved Budget includes an assumption for customer growth in fiscal year 2020 and 2021 of 1%, consistent with what the District experienced in recent prior years. Revenue projections for fiscal year 2020 and 2021 include rate increases each year of 3% for both Electric and Water. For 2020 and 2021, Electric's rate increase was 3.0%, Water's rate increase was 3.0% for 2020 and 8.7% for 2021. Rates by rate class can be found on the District's website at [www.tdpud.org](http://www.tdpud.org). Expenditures for Electric and Water excluding debt service, were projected to increase approximately 3% compared to fiscal year 2019 budgeted expenditures for both 2020 and 2021. Overall, the pandemic's impact financially on the District has not been material, with certain cost increases, an increased in unpaid billings, more than offset by an increase in energy demands due to increased occupancies.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

The financial report is designed to provide readers with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Truckee Donner Public Utility District  
Attn: Treasurer  
11570 Donner Pass Road  
Truckee, CA 96161

See accompanying auditors' report.

## **FINANCIAL STATEMENTS**

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**CONSOLIDATED STATEMENTS OF NET POSITION**  
December 31, 2020 and 2019

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	2020	2019
<b>CURRENT ASSETS</b>		
Cash Funds		
Operating	\$ 14,546,689	\$ 12,607,007
Designated	14,498,107	12,635,745
Restricted	7,120,040	6,697,191
Total Cash Funds	36,164,836	31,939,943
Accounts receivable, net	2,269,108	1,705,864
Unbilled revenues	3,111,640	2,945,446
Accrued interest receivable	51,810	105,596
Materials and supplies	906,547	736,544
Prepaid expenses	671,824	643,240
Other	127,071	124,759
Total Current Assets	43,302,836	38,201,392
<b>NON-CURRENT ASSETS</b>		
Other Non-Current Assets		
Restricted investment fund	1,674,293	1,730,450
Special assessments receivable	783,721	1,562,702
Other	186,693	248,925
Total Other Non-Current Assets	2,644,707	3,542,077
<b>CAPITAL ASSETS</b>		
Utility plant	212,694,105	206,273,992
Accumulated depreciation	(85,247,297)	(78,575,819)
Construction work in progress	4,584,711	6,114,079
Total Capital Assets	132,031,519	133,812,252
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension	2,914,246	2,350,006
OPEB	2,822,218	600,263
Unamortized loss on refunding	478,372	511,174
Unamortized redemption premium	40,891	68,152
Total Deferred Outflows of Resources	6,255,727	3,529,595
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 184,234,789</b>	<b>\$ 179,085,316</b>

The accompanying notes are an integral part of these consolidated financial statements.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT  
PRIMARY GOVERNMENT ONLY  
CONSOLIDATED STATEMENTS OF NET POSITION**  
December 31, 2020 and 2019

<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>2020</u>	<u>2019</u>
<b>CURRENT LIABILITIES</b>		
Other Liabilities		
Accounts payable	\$ 2,880,841	\$ 3,107,418
Customer deposits	440,865	454,959
Other	1,183,100	995,795
Total Other Liabilities	<u>4,504,806</u>	<u>4,558,172</u>
Current Liabilities Payable From Restricted Assets		
Current portion of long-term debt	3,179,833	3,239,930
Accrued interest payable	104,334	120,610
Total Current Liabilities Payable from Restricted Assets	<u>3,284,167</u>	<u>3,360,540</u>
Total Current Liabilities	<u>7,788,973</u>	<u>7,918,712</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term debt, net of discounts and premiums	14,977,561	18,184,411
Net pension liability	14,023,172	12,872,646
Net OPEB liability	5,975,587	4,328,352
Installment loans	24,942	24,942
Unearned revenues	5,147,204	4,575,287
Total Non-Current Liabilities	<u>40,148,466</u>	<u>39,985,638</u>
Total Liabilities	<u>47,937,439</u>	<u>47,904,350</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension	537,295	544,868
OPEB	331,575	304,860
Total Deferred Inflows of Resources	<u>868,870</u>	<u>849,728</u>
<b>NET POSITION</b>		
Net investment in capital assets	114,352,497	112,899,086
Restricted for debt service	8,628,262	8,258,363
Unrestricted	12,447,721	9,173,789
Total Net Position	<u>135,428,480</u>	<u>130,331,238</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 184,234,789</u>	<u>\$ 179,085,316</u>

The accompanying notes are an integral part of these consolidated financial statements.

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**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
December 31, 2020 and 2019

	2020	2019
<b>OPERATING REVENUES</b>		
Sales to customers	\$ 38,988,024	\$ 37,029,653
Standby fees	133,470	137,580
Cap and trade proceeds	1,444,498	1,503,495
Other	1,176,035	662,843
Total Operating Revenues	41,742,027	39,333,571
 <b>OPERATING EXPENSES</b>		
Purchased power	11,285,537	10,754,898
Operations and maintenance	11,340,451	9,768,460
Consumer services	2,080,714	2,667,957
Administration and general	6,165,611	5,772,396
Depreciation	7,974,868	7,420,251
Total Operating Expenses	38,847,181	36,383,962
 Operating Income	2,894,846	2,949,609
 <b>NON-OPERATING REVENUE (EXPENSES)</b>		
Special tax revenue	-	-
Investment income	529,358	954,122
Interest expense	(576,597)	(628,860)
Amortization	(33,045)	(33,045)
Other non-operating revenues	-	-
Other non-operating expenses	-	-
Gain (loss) on disposition of assets	238,885	13,748
Total Non-Operating Revenue (Expenses)	158,601	305,965
 Income Before Contributions	3,053,447	3,255,574
 <b>CAPITAL &amp; OTHER CONTRIBUTIONS</b>	2,043,795	4,683,099
 <b>CHANGE IN NET POSITION</b>	5,097,242	7,938,673
 Net Position - Beginning of Year	130,331,238	122,392,565
 <b>NET POSITION - END OF YEAR</b>	\$ 135,428,480	\$ 130,331,238

The accompanying notes are an integral part of these consolidated financial statements.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
December 31, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from customers	\$ 41,002,317	\$ 39,359,150
Paid to suppliers for goods and services	(22,213,913)	(19,925,045)
Paid to employees for services	(8,367,200)	(7,090,512)
Net Cash Flows from Operating Activities	10,421,204	12,343,593
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	(1,000,803)	(920,000)
Interest payments on long-term debt	(57,094)	(80,177)
Net Cash Flows from Noncapital Financing Activities	(1,057,897)	(1,000,177)
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital expenditures for utility plant	(6,308,208)	(9,589,498)
Cost of disposal of property net of salvage	48,537	(170,589)
Capital contributions, connection and facility fees	2,480,190	2,540,734
Special assessments receipts	778,982	732,107
Special tax receipts	-	-
Principal payments on long-term debt	(2,266,145)	(2,213,093)
Interest payments on long-term debt	(508,762)	(534,370)
Cash Flows From Capital and Related Financing Activities	(5,775,406)	(9,234,709)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income received	525,456	843,289
Cash Flows from Investing Activities	525,456	843,289
 <b>Net Change in Cash and Cash Equivalents</b>	4,113,357	2,951,996
 CASH AND CASH EQUIVALENTS – Beginning of Year	31,887,959	28,935,963
 <b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	\$ 36,001,316	\$ 31,887,959
 <b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Developer and customer added capital assets	\$ 150,874	\$ 1,762,711
Recognition of prior period unearned revenues	\$ 855,354	\$ 5,688,114

The accompanying notes are an integral part of these consolidated financial statements.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
December 31, 2020 and 2019

	2020	2019
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH</b>		
<b>  FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 2,894,846	\$ 2,949,609
Noncash items included in operating income		
Depreciation and amortization	7,974,868	7,420,251
Depreciation charged to other accounts	455,294	477,592
Changes in assets and liabilities		
Accounts receivable	(725,616)	19,589
Materials and supplies	(170,003)	147,694
Prepaid expenses	(28,585)	41,577
Accounts payable	(246,393)	(66,520)
Customer deposits	(14,094)	5,991
Deferred Pension Contributions - GASB 68	30,709	1,367,347
Deferred OPEB Contributions - GASB 75	-	(46,149)
Other current liabilities	250,178	26,612
	<b>\$ 10,421,204</b>	<b>\$ 12,343,593</b>
 <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
<b>  TO THE BALANCE SHEET</b>		
Operating	\$ 14,546,689	\$ 12,607,007
Designated	14,498,107	12,635,745
Restricted funds - current	7,120,040	6,697,191
Restricted funds - non-current	1,674,293	1,730,450
Total Cash and Investments	37,839,129	33,670,393
Less: Long-term investments	(1,698,880)	(1,698,880)
Mark to market adjustments	(138,933)	(83,554)
	<b>\$ 36,001,316</b>	<b>\$ 31,887,959</b>

The accompanying notes are an integral part of these consolidated financial statements.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION

The Truckee Donner Public Utility District (the District) was formed and operates under the State of California Public Utility District Act. The District is governed by a board of directors which consists of five elected members. The District provides electric and water service to portions of Nevada and Placer Counties described as Truckee. The electric and water service operations are separately maintained and operated. These financial statements reflect the combined electric and water operations of the District. All significant transactions between electric and water operations have been eliminated. These eliminations include power purchases and rent for shared facilities.

The District's blended component units consist of organizations whose respective governing boards are comprised entirely of the members of the District's Board of Directors. These organizations are reported as if they are a part of the District's operations. The entities are legally separate, however, in the case of the Truckee Donner Public Utility District Financing Corporation, financial support has been pledged and financial and operational policies may be significantly influenced by the District.

**The financial results of these blended component units are not included in this Primary Government Only report. However, the District has issued an additional consolidated report that includes these component units.** A copy of that report can be requested from the District.

*Truckee Donner Public Utility District Financing Corporation* is a legal entity that was created to issue and administer Certificates of Participation on behalf of the District. (See note 5).

Separate standalone financial statements are not available for the blended component units described above. Unless noted, disclosures relating to the component units are the same as for the District.

B. ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The financial statements are reported using the economic resources measurement focus and 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 used. Revenues, expenses, gains, losses, assets and liabilities, that are a result of exchange and exchange like transactions, are recognized when the exchange takes place.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*C. USE OF ESTIMATES*

Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*D. CASH AND CASH EQUIVALENTS*

For the purpose of the accompanying statement of cash flows, the District considers all highly liquid instruments with original maturities of three months or less when purchased to be cash equivalents and are shown in the financial statements as “Cash Funds”.

*E. INVESTMENTS*

The District pools cash and investments. The District’s investment policy allows for investments in instruments permitted by the California Government Code and/or the investments permitted by the trust agreements on District financing. The District’s investment policy contains provisions intended to limit the District’s exposure to interest rate risk, credit risk, and concentration of credit risk. Investment income from pooled investments is allocated to all funds in the pool. Interest is allocated on the basis of month end cash amounts for each fund as a percentage of the total balance.

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 assets 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 3 inputs.

*F. DESIGNATED ASSETS*

The board has designated certain resources for future capital projects, replacements, and operational needs.

*G. RESTRICTED ASSETS*

Restricted assets are assets restricted by the covenants of long-term financial arrangements or other third party legal restrictions. Restricted assets are used in accordance with their requirements and where both restricted and unrestricted resources are available for use, restricted resources are used first and then unrestricted as they are needed.

*H. ACCOUNTS RECEIVABLE AND ALLOWANCES FOR DOUBTFUL ACCOUNTS*

Accounts receivable are recorded at the invoiced amount and are reported net of allowances for doubtful accounts of \$41,200 and \$13,100 for 2020 and 2019, respectively. Receivables are considered past due after 30 days and routine collection efforts begin. District Code allows for the Treasurer to write off delinquent account balances up to 0.17% of the amounts billed. This write off process occurs semi-annually.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*I. MATERIALS AND SUPPLIES*

Materials and supplies are recorded at average cost.

*J. DEBT PREMIUM, BOND ISSUANCE COSTS, AND DISCOUNTS*

Original issue and reacquired bond premiums and discounts relating to revenue bonds are amortized over the terms of the respective bond issues using the effective interest method. Debt issuance costs are expensed in the period incurred.

*K. SPECIAL ASSESSMENT RECEIVABLE*

Special assessment receivable represent amounts due from property owners within the Donner Lake Assessment District for improvements made by the District pursuant to an agreement with the property owners to improve their water quality as discussed in note 7.

*L. AMORTIZED EXPENSES*

In 2003, the District entered into a broadband dark fiber maintenance agreement with Sierra Pacific Communications (SPC) which is included in the line item "other non-current assets" in the accompanying Statement of Net Position. SPC subsequently assigned the agreement to AT&T. The agreement is expected to provide benefit to the District over the estimated 20-year life of the agreement. (See note 4).

*M. CAPITAL ASSETS*

Capital assets are generally defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life of at least two years.

Capital assets of the District are stated at the lower of cost or the acquisition value at the time of contribution to the District. Major outlays for plant are capitalized as projects are constructed. Depreciation on capital assets is calculated using the straight-line method over the estimated useful lives of the assets, which are as follows:

Distribution Plant	
Electric	23 – 35 years
Water	15 – 40 years
Computer software and hardware	3 – 7 years
Building and improvements	20 – 33 years
Equipment and furniture	4 – 10 years

It is the District's policy to capitalize interest paid on debt incurred for significant construction projects while those projects are under construction, less any interest earned on related unspent debt proceeds. No new debt related to capital assets was issued in 2020 and 2019; no interest was capitalized in 2020 or in 2019.

*N. COMPENSATED ABSENCES*

Under terms of employment, employees are granted sick leave and vacations in varying amounts. Only benefits considered to be vested are disclosed in these statements. Vested vacation and sick leave pay is accrued when earned in the financial statements. The liability is liquidated from general operating revenues of the utility.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*O. REVENUE RECOGNITION*

Unbilled revenues, representing estimated consumer usage for the period between the last meter reading and the end of the period, are accrued in the period of consumption. Water customers without meters are billed on a flat-rate basis, and revenues are recorded as billed. Revenues from connection fees are recognized upon completion of the connection. Income that the District has earned through investing its excess cash is reflected within income from investments when earned.

*P. REVENUE AND EXPENSE CLASSIFICATION*

The District distinguishes operating revenues and expenses from non-operating items in the preparation of its financial statements. Operating revenues and expenses generally result from providing electric and water services in connection with the District's principal ongoing operations. The principal operating revenues are sales to customers. The District's operating expenses include power purchases, labor, materials, services, and other expenses related to the delivery of electric and water services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses, or capital contributions and other.

*Q. POWER PURCHASES AND TRANSMISSION*

In 1999, the District entered into an agreement with Sierra Pacific Power Company dba NV Energy (SPPC), whereby SPPC will provide transmission services to the District through December 31, 2027. The District uses this transmission service to import energy over SPPC's transmission system to serve District load. In addition, the District purchases scheduling services from Utah Municipal Power Systems (UAMPS) and the scheduling services are included in the monthly power billings from UAMPS. The purchase of transmission services from SPPC represented 8.7% and 10.9% of total purchased power costs in 2020 and 2019, respectively.

In December of 2005, the District entered into an agreement with UAMPS. Subsequently, the District entered into several pooling appendices for power capacity and energy that relate to various time periods from January 2008 through March 2028. Also in 2009, the District signed an agreement with UAMPS for approximately 5 MW of the Nebo natural gas generation plant capacity. In August 2012, the Horse Butte Wind project began commercial operation and the District owns approximately 15 MW of nameplate capacity that generates about 5 MW on average. The District has also invested in the Veyo Heat Recovery project that came on line in mid-2016. The District receives about 1.7 MW of carbon-free generation from this resource. In September 2020 the District entered into 25-year Purchase Power Agreement with UAMPS for a 6MW share of the Red Mesa Solar Project. The Project is being developed by UAMPS and the Navajo Tribal Utility Authority for use by UAMPS members. It is scheduled to be online by June 1, 2022. The Red Mesa Solar Project price for energy is among the lowest wholesale price paid by the District for any resource. It is estimated that a 6MW share equates to about 10 percent of total annual District energy requirements.

In August of 2007, the District entered into an agreement with Western Area Power Administration (WAPA) for the delivery of Stampede Dam Hydroelectric generation. In accordance with this agreement, the District is entitled to a portion of the power generated by Stampede Dam. This generation is dependent upon the amount of water that is made available to the generator. This agreement is effective through 2024.

In 2019 and 2020, the UAMPS contract, along with its appendices, and the WAPA contract for Stampede Dam Hydroelectric generation comprised the majority of a diversified power portfolio that balanced risk and costs for the District.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*R. CAP AND TRADE PROGRAM PROCEEDS*

California Assembly Bill 32 (AB32) is an effort by the State of California to set a 2020 greenhouse gas (GHG) emissions reduction goal into law. AB32 requires California to lower greenhouse gas emissions to 1990 levels by 2020. Central to this initiative is the implementation of a cap and trade program, which covers major sources of GHG emissions in the State including power plants. The California Cap and Trade Program is designed to achieve cost-effective emissions reductions across the capped sectors. The program sets maximum statewide GHG emissions for all covered sectors each year (“cap”), and allows covered entities to sell off allowances (“trade”). An allowance is a tradable permit that allows the emission of one metric ton of CO<sub>2</sub>. The California carbon price is driven by allowance trading. The District is subject to AB32 and has excess allowances due to reducing carbon-based generation in its power portfolio.

In 2020 and 2019, the District sold its excess allowances in the program auctions and the proceeds were recorded as \$1,444,498 and \$1,503,495 operating revenue for the respective years. The auction proceeds are held in a restricted fund and are used to purchase qualified renewable power. (See note 2)

*S. INCOME TAXES*

As a government agency, the District is exempt from payment of federal and state income taxes.

*T. CONTRIBUTED CAPITAL ASSETS*

A portion of the District’s capital assets have been obtained through amounts charged to developers for plant constructed by the District; direct contributions of capital assets from developers and other parties; as well as assessments of local property owners. These items are recognized within capital assets as construction is completed for plant constructed by the District based on the cost of the items, when received for contributed capital assets based on the actual or estimated fair value of the contributed items, or upon completion of the related project for development agreements. The District records amounts received within capital contributions when a legally enforceable claim is established. Until the District meets the criteria to record the amounts described above as capital contributions, any amounts received are recorded within unearned revenues on the Statement of Net Position.

*U. OTHER – PENSION SIDEFUND*

As a result of implementing GASB Statement No. 68, the pension side-fund payoff that occurred in 2011 and which had been reported in the financial statements as an asset was written off due to the District’s participation in CalPERS cost-sharing multi-employer retirement benefit plan. However, the liability for the payoff remains until paid in full thru 2022. The intercompany fund transfers for the principal portion of the debt service between the electric and water utility is included as “other.”

*V. PENSION*

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) plans (Plans) and the additions to/deductions from the Plans’ 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. Investments are reported at fair value.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*W. RECENT ACCOUNTING PRONOUNCEMENTS IMPLEMENTED BY THE DISTRICT*

GASB Statement No. 84, *Fiduciary Activities*, addresses identifying fiduciary activities of all state and local governments. The general focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify component units and postemployment benefit arrangements that are fiduciary activities. The District has determined that this pronouncement has no changes in financial reporting of the District.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans*, is intended to improve the consistency of the reporting of fiduciary component units and enhance the comparability in the application of accounting and financial reporting requirements for deferred compensation plans. The District has determined that this pronouncement has no changes in financial reporting of the District.

*X. DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES*

*Deferred Outflows of Resources:* This separate financial statement element represents consumption of net position or fund balance that applies to future period(s) and so will not be recognized until that time.

*Deferred Inflows of Resources:* This separate financial statement element represents an acquisition of net position or fund balance that applies to future period(s) and so will not be recognized as an inflow of resources until that time.

*Y. UNAMORTIZED LOSS ON BOND REFUNDING*

For current and advanced refunding results in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt (Gain or loss) is deferred and amortized as a component of interest expense over the remaining life of the old debt or the new debt, whichever is shorter. These amounts are reported as deferred outflow on the statements of net position.

*Z. ACCOUNTING PRONOUNCEMENTS TO BE IMPLEMENTED IN UPCOMING YEARS*

GASB Statement No. 87, *Leases*, addresses accounting and financial reporting for leases by governments. This Statement increases the usefulness of financials statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases by establishing a single model of lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The District has not determined what impact, if any, this pronouncement will have on the financial statements. This statement is effective for the District fiscal year ending December 31, 2022.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Z. ACCOUNTING PRONOUNCEMENTS TO BE IMPLEMENTED IN UPCOMING YEARS*  
*(Continued)*

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, addresses interest costs incurred before the end of a construction period to be recorded as an expenditure in the applicable period. As a result, interest costs incurred before the end of a construction period will not be included in the historical cost of a capital asset reported. The District has not determined what impact this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending December 31, 2021.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Cash, cash equivalents and investments are recorded in accounts as either restricted or unrestricted as required by the District's certificates of participation indentures or other third-party legal restrictions. Restricted assets represent funds that are restricted by certificates of participation covenants or third party contractual agreements. Assets that are allocated by resolution of the Board of Directors are considered to be Board designated assets. Board designated assets are a component of unrestricted assets as their use may be redirected at any time by approval of the Board. Upon Board approval, assets from board designated accounts may be used to pay for selected capital projects. Such accounts have been designated by the Board for the following purposes:

**Electric Capital Replacement**

Starting in 2009, the Board set aside funds designated for future electric infrastructure replacement.

**Electric Vehicle Reserve**

Beginning in 2009, the Board set aside funds designated for future electric utility vehicle replacements.

**Electric Rate Reserve**

In compliance with Board rules, the District created an electric rate stabilization fund in anticipation of future costs. During both 2020 and 2019, there was no utilization of these funds to offset increased power costs in lieu of raising electric rates.

**Water Vehicle Reserve**

Beginning in 2009, the Board set aside funds designated for future Water Utility vehicle replacements.

**Prepaid Connection Fees**

In compliance with Board rules, the District has set aside prepaid connection fees to cover installation costs of water services.

**Debt Service Coverage and Operating Reserve Fund**

Effective 2007, the Board has voluntarily set aside funds to improve the District's cash-to-debt-service ratio. In 2020 no funds were used. In 2020 funds were used for capital improvement projects.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

**Donner Lake Assessment District Surcharge Fund**

The District established a monthly billing surcharge in the amount of \$6.65 applicable to customers in the Donner Lake area to provide revenue to pay the remainder of the cost of reconstruction effective October 2006.

**Deferred Liabilities Reserve**

Starting in 2018, the Board established a reserve to protect the District from volatility in pension, other post-employment benefits, and worker’s compensation premiums.

As of December 31, Board designated accounts at fair value consisted of the following:

	<u>2020</u>	<u>2019</u>
Electric capital replacement fund	\$ 3,649,736	\$ 2,419,674
Electric vehicle reserve	626,347	402,741
Electric rate reserve	5,973,501	5,852,452
Electric deferred liabilities reserve	2,085,918	2,053,044
Water vehicle reserve	197,987	-
Prepaid connection fees	77,788	76,837
Debt service & operating reserve fund	1,632,667	1,592,690
Donner Lake Assessment District surcharge fund	147,937	133,379
Water deferred liabilities reserve	106,226	104,928
Totals	<u>\$ 14,498,107</u>	<u>\$ 12,635,745</u>

Certain assets have been restricted by bond covenants or third party contractual agreements for the following purposes:

**Certificates of Participation**

Prepayments to the Trustee from the District for upcoming debt payments.

**Facilities Fees**

The District charges facilities fees to applicants for new service to cover the costs of infrastructure needed to meet their systems demand. The use of such funds is restricted by California state law.

**Department of Water Resources (DWR) Prop 55 Reserve Fund**

Regulations relating to the Department of Water Resources loan require the accumulation of a reserve fund as security for each principal and interest payment as they come due. Annual payments into the fund were required for each of the first ten years beginning April 1, 1996. The total reserve fund equals two semi-annual payments and was fully funded during 2006. These funds are set aside for the life of the borrowed amount. All of the reserve funds are invested in the State of California Local Agency Investment Fund.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

**Donner Lake Special Assessment District Improvement and Reserve Fund**

The District established the Donner Lake Special Assessment District (DLAD) Improvement Fund to account for all funds received from the Special Assessment Receivable, which will be used to pay the debt service costs related to the Donner Lake Water System project. The DLAD Improvement Fund also has a reserve fund as required by the California – Safe Drinking Water – State Revolving Fund (SRF). This fund is required to set aside \$40,043 semi-annually for ten years beginning in 2006. The reserve fund was fully funded as of December 31, 2016.

**AB32 Cap and Trade Auction Fund**

The District electric utility is identified as an “Electric Distribution Utility” under the Cap and Trade regulations and is therefore eligible to receive a direct allocation of allowances that can be sold in an auction. The proceeds from quarterly allowance auctions are held in this restricted fund and are used to purchase qualified renewable power. These funds are intended to mitigate the burden on the consumer without impacting a carbon price signal.

**Other (Area Improvement Funds)**

The District received funds from the County of Nevada, which are to be used only for improvements to specific areas within the District’s boundaries in Nevada County. These areas include various Nevada County assessment districts.

As of December 31, restricted cash and cash equivalents and investments at fair value consisted of the following:

	<u>2020</u>	<u>2019</u>
Certificates of Participation	\$ 571,993	\$ 557,673
Facilities fees	2,587,322	2,349,620
DWR-Prop 55 reserve fund	340,762	336,596
Donner Lake Special Assessment District improvement	2,804,343	2,767,820
Donner Lake Special Assessment District reserve fund	826,526	821,579
AB 32 Cap and Trade Auction fund	1,606,959	1,538,615
Other (area improvement funds)	<u>56,428</u>	<u>55,738</u>
Total Restricted Cash and Cash		
Equivalents and Investments	<u>\$ 8,794,333</u>	<u>\$ 8,427,641</u>

Cash and investments are comprised of the following cash and cash equivalents and investments as of December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 36,164,836	\$ 31,939,943
Investments – government bonds	<u>1,674,293</u>	<u>1,730,450</u>
Totals	<u>\$ 37,839,129</u>	<u>\$ 33,670,393</u>

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

Cash and cash equivalents and investments were \$37,839,129 and \$33,670,393 at December 31, 2020 and 2019, respectively. Cash equivalents substantially consist of deposits in the state pooled fund, Placer County pooled fund, money market funds and investments.

Adjustments necessary to record investments at fair market value are recorded in the operating statement as increases or decreases in investment income. Market values may have changed significantly after year end.

*FAIR VALUE MEASUREMENT*

The District applies the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which requires governmental entities, to report certain investments at fair value on the Statements of Net Position.

Investments are valued at fair value at December 31. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices for identical instruments in active markets. Level 2 inputs are quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model derived valuations in which all significant inputs are observable. Level 3 inputs are valuations derived from valuation techniques in which significant inputs are unobservable.

The District classifies its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The District has the following fair value measurements as of December 31, 2020:

- US Government bonds are valued using observable inputs (Level 2 inputs).

*INVESTMENTS AUTHORIZED BY THE DISTRICT'S INVESTMENT POLICY*

The District adopted an investment policy in 2006 which allowed for investments in instruments permitted by the California Government Code and/or the investments permitted by the trust agreements on District financing, including investments in the local government investment fund pool administered by the State of California (LAIF), Placer County Treasurer's Investment Portfolio (PCTIP) pooled investment and Utah Public Treasurers' Investment Fund (UPTIF). The District's investment policy contains provisions intended to limit the District's exposure to interest rate risk, credit risk, and concentration of credit risk. At December 31, 2020 and 2019 the District's deposits and investments at fair value were held as follows:

	<b>2020</b>	<b>2019</b>
Cash on hand	\$ 2,400	\$ 2,400
Deposits	3,073,484	1,287,103
LAIF	15,624,617	13,390,301
PCTIP	8,459,694	8,271,436
UPTIF	8,866,958	8,856,197
Money Market Funds	137,684	132,506
Government Bonds	1,674,293	1,730,450
Totals	<u>\$ 37,839,129</u>	<u>\$ 33,670,393</u>

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NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

*DISCLOSURES RELATING TO INTEREST RATE RISK*

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the District's investments by maturity for 2020 and 2019:

<u>Investments and Deposits</u>	<u>Maturity</u>
LAIF	3 months or less
PCTIP	3 months or less
UPTIF	3 months or less
Morgan Stanley Treasury	3 months or less
Fidelity Money Market Government Portfolio 57	3 months or less
Dreyfus Treasury Securities	3 months or less
Federal Farm Credit Banks	3 months or less

*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 the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF, PCTIF and UPTIF do not have a rating provided by a nationally recognized statistical rating organization. The Morgan Stanley Treasury is rated AAAm by S&P and Aaa-mf by Moody's. Federal Farm Credit Banks is rated AA+ by S&P and Aaa by Moody's. The Dreyfus Treasury Securities is rated Aaa-mf by Moody's and AAAm by S&P. The Fidelity Money Market is rated AAA-mf by Moody's and AAAm by S&P.

*CUSTODIAL CREDIT RISK*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless waived by the government unit). The market value of pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

As of December 31, 2020 and 2019 bank deposits exceeded FDIC insurance coverage as of December 31, 2020 and 2019 by \$2,524,887 and \$1,007,581, respectively.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker/dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or governmental investment pools (such as LAIF).

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NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)

*DEPOSIT IN STATE INVESTMENT POOL*

The District is a voluntary participant in the Local Agency Investment Fund (LAIF). This investment fund has an equity interest in the State of California's (State's) Pooled Money Investment Account (PMIA). PMIA funds are on deposit with the State's Centralized Treasury System and are managed in compliance with the California Government Code according to a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters, and maximum maturity of investments. 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 the LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the LAIF, which are recorded on an amortized cost basis.

*DEPOSIT IN PLACER COUNTY TREASURER INVESTMENT POOL*

The District is a voluntary participant in the Placer County Investment Portfolio (PCTIP). The District is eligible to participate in PCTIP because a portion of the District's service area is in Placer County. Investments are on deposit with the Placer County Treasurer and are managed in compliance with the California Government Code according to a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters, and maximum maturity of investments. 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 Placer County Treasurer for the entire PCTIP (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based on the accounting records maintained by the Placer County Treasurer, which are recorded on an amortized cost basis.

*DEPOSIT IN UTAH PUBLIC TREASURERS' INVESTMENT FUND*

The District is a voluntary participant in the Utah Public Treasurers' Investment Fund (UPTIF). The District is eligible to participate in (UPTIF) through its membership with Utah Associated Municipal Power Systems (UAMPS). Investments are on deposit with State of Utah public treasury and investments are restricted to those authorized by the Utah Money Management Act and rules of the Money Management Council of Utah. The fair value of the District's investments 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 UPTIF through UAMPS Member Retention Fund.

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**NOTE 3 – CAPITAL ASSETS**

Capital assets consist of the following at December 31, 2020 and 2019:

	January 1,			December 31,
	2020	Additions	Reductions	2020
<b>Plant Balances</b>				
Electric distribution	\$ 67,692,719	\$4,429,790	(\$228,130)	\$ 71,894,379
Water distribution	120,131,130	2,161,608	(809,656)	121,483,082
General plant	18,450,143	1,397,052	(530,551)	19,316,644
Total	206,273,992	7,988,450	(1,568,337)	212,694,105
<b>Accumulated Depreciation</b>				
Electric distribution	(19,454,296)	(2,350,811)	419,666	(21,385,441)
Water distribution	(48,269,854)	(4,879,104)	809,890	(52,339,068)
General plant	(10,851,669)	(1,156,262)	485,143	(11,522,788)
Total	(78,575,819)	(8,386,177)	1,714,699	(85,247,297)
<b>Plant Sub-Total</b>				
Electric distribution	48,238,423	2,078,979	191,536	50,508,938
Water distribution	71,861,276	(2,717,496)	234	69,144,014
General plant	7,598,474	240,790	(45,408)	7,793,856
Total	127,698,173	(397,727)	146,362	127,446,808
Construction work in progress	6,114,079	6,853,869	(8,383,237)	4,584,711
<b>Totals</b>	<b>\$ 133,812,252</b>	<b>\$ 6,456,142</b>	<b>\$ (8,236,875)</b>	<b>\$ 132,031,519</b>

	January 1,			December 31,
	2019	Additions	Reductions	2019
<b>Plant Balances</b>				
Electric distribution	\$ 64,204,692	\$ 5,482,262	\$ (1,994,235)	\$ 67,692,719
Water distribution	116,378,593	4,138,345	(385,808)	120,131,130
General plant	16,513,294	2,787,341	(850,492)	18,450,143
Total	197,096,579	12,407,948	(3,230,535)	206,273,992
<b>Accumulated Depreciation</b>				
Electric distribution	(19,488,505)	(2,159,666)	2,193,875	(19,454,296)
Water distribution	(44,232,073)	(4,423,754)	385,973	(48,269,854)
General plant	(10,372,265)	(1,199,000)	719,596	(10,851,669)
Total	(74,092,843)	(7,782,420)	3,299,444	(78,575,819)
<b>Plant Sub-Total</b>				
Electric distribution	44,716,187	3,322,596	199,640	48,238,423
Water distribution	72,146,520	(285,409)	165	71,861,276
General plant	6,141,029	1,588,341	(130,896)	7,598,474
Total	123,003,736	4,625,528	68,909	127,698,173
Construction work in progress	7,169,814	10,013,133	(11,068,868)	6,114,079
<b>Totals</b>	<b>\$ 130,173,550</b>	<b>\$ 14,638,661</b>	<b>\$ (10,999,959)</b>	<b>\$ 133,812,252</b>

As of December 31, 2020 and 2019, the plant in service included land and land rights of \$3,318,346 which are not being depreciated. A portion of the plant has been contributed to the District. When replacement is needed, the District replaces the contributed plant with District-financed plant.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
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NOTE 4 – TELECOMMUNICATION SERVICES

In 1999, the District initiated a project to expand its basic service offerings to include internet access, cable television and voice delivered over fiber optic networks (the broadband project). The District completed the broadband design project and obtained the necessary regulatory approvals and franchises needed to construct and launch the broadband project. A local cable television service provider filed an objection in September 2004 with the Nevada County Local Agency Formation Commission (LAFCO), the entity responsible for providing regulatory approval for the broadband project. After denying the cable television provider's request for a reconsideration of their approval of the District's project, the cable television provider filed a lawsuit against LAFCO. The District was not named in the lawsuit. A ruling on the lawsuit was received in January 2006. LAFCO prevailed on all portions of the cable television provider's claim. The cable television provider filed an appeal; however, in June of 2007, the Court ruled in favor of LAFCO, upholding the initial ruling.

Since 2009, the District has been exploring options to sell or lease the existing infrastructure to provide a return on investment in the project. Expenses incurred by the District on the broadband project total \$2,834,079, of which \$496,990 was expensed in 2014 for legal fees and preliminary feasibility studies. In 2020 and 2019 there were no material expenditures for this project. In 2019, The District signed a Memorandum of Understanding with Plumas Sierra Telecommunications to offer services utilizing these four fibers from Reno to Sacramento in future years.

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**NOTE 5 – LONG-TERM DEBT**

Long-term debt consisted of the following at December 31, 2020:

	<u>January 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2020</u>	<u>Due within one year</u>
Pension Obligation Bonds					
Electric, 2.47%					
due semi-annually to 2022	\$ 2,556,000	\$ -	\$ (978,000)	\$ 1,578,000	\$ 1,039,000
State Revolving Fund Loan –					
Water, 2.34%, due semi-annually					
beginning in 2006 to 2026	4,803,024	-	(692,489)	4,110,535	708,788
Certificates of Participation –					
Water, 1.54%					
due serially to 2021					
refinanced in 2016	1,331,000	-	(667,000)	664,000	605,000
Certificates of Participation –					
Water, 2.00% to 4.00%,					
due serially to 2035 (net					
premiums of \$394,005)	12,266,023	-	(612,018)	11,654,005	664,000
Department of Water Resources,					
3.18%, due semiannually to					
2021, secured by real					
and personal property	445,491	-	(294,638)	150,854	150,854
Installment loan, 4.58%					
due serially to 2023	47,745	-	(22,803)	24,942	12,191
Totals	<u>\$ 21,449,283</u>	<u>\$ -</u>	<u>\$ (3,266,948)</u>	<u>\$ 18,182,336</u>	<u>\$ 3,179,833</u>

Long-term debt consisted of the following at December 31, 2019:

	<u>January 1, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2019</u>	<u>Due within one year</u>
Pension Obligation Bonds					
Electric, 2.47%					
due semi-annually to 2022	\$ 3,476,000	\$ -	\$ (920,000)	\$ 2,556,000	\$ 978,000
State Revolving Fund Loan –					
Water, 2.34%, due semi-annually					
beginning in 2006 to 2026	5,479,589	-	(676,565)	4,803,024	692,489
Certificates of Participation –					
Water, 4.00% to 5.00%					
due serially to 2021					
refinanced in 2016	1,990,000	-	(659,000)	1,331,000	667,000
Certificates of Participation –					
Water, 2.00% to 4.00%,					
due serially to 2035 (net					
premiums of \$421,023)	12,858,041	-	(592,018)	12,266,023	585,000
Department of Water Resources,					
3.18%, due semiannually to					
2021, secured by real					
and personal property	731,001	-	(285,510)	445,491	294,638
Installment loan, 4.58%					
due serially to 2023	47,745	-	-	47,745	22,803
Totals	<u>\$ 24,582,376</u>	<u>\$ -</u>	<u>\$ (3,133,093)</u>	<u>\$ 21,449,283</u>	<u>\$ 3,239,930</u>

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
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NOTE 5 – LONG-TERM DEBT (Continued)

During April 2004, the District obtained financing in the form of a State Revolving Fund Loan, the proceeds of which were utilized in the replacement of the Donner Lake water system. The District submitted expenditures to the State for reimbursement of \$12,732,965. The semi-annual principal and interest payments are \$400,426 and commenced in 2006. In 2004, the remaining balance of \$12,227,122 was used to pay off the temporary lines of credit obtained in 2001 and 2002 to fund the Donner Lake project. (See note 7)

On October 12, 2006, through the Truckee Donner Public Utility District Financing Corporation on behalf of the District issued \$26,570,000 of Certificates of Participation to refund 100% of the outstanding balance of Certificates issued in 1996, complete the funding of the Donner Lake Assessment District water system, and fund water system capital improvements. The refunding portion of the 2006 COP's, totaling \$8,465,000, has an average interest rate of 4.10%. The refunded 1996 COP's had an average interest rate of 5.41%. The net proceeds of \$7,500,557 (after payment of \$63,733 in underwriting fees, insurance and other issuance costs) plus an additional \$1,315,194 of reserve fund monies were used to prepay the outstanding debt service requirements on the 1996 COP's. The terms of the Certificates call for payments to be made only from the net revenues of the Water Division and the debt is secured by this revenue. These revenues are required to be at least equal to 125% of the debt service for each year.

In 2015, a portion of the 2006 COP was refunded. Since a portion of the 2006 COP was used for advance refunding of previous COP, that portion could not be advance refunded at the time of the refunding. The new 2015 refunding did not require a reserve fund. The reserve fund was liquidated and applied towards reducing the debt principal. The estimated net present value savings were \$1,600,000 or 10% over the remaining life of issuance.

In 2016, the remaining portion of the 2006 COP was refunded. Due to the refunding an estimated net present value savings of \$222,000 was achieved.

Under the Safe Drinking Water Bond Law of 1986, the Department of Water Resources provided a \$5,000,000 loan to the District in 1993. The loan was to finance capital improvements to the public water supply and to reduce water quality hazards. The terms of the loan call for payments to be made only from the net revenues of the Water Division, which are required to be sufficient to pay the debt service for each year.

In June 2011, the District refunded (refinanced) an existing \$7.8 million pension side fund obligation for its participation in CalPERS. Prior to 2011, the annual side fund payments were expensed and described in the Notes to Financial Statements. The pension side fund liability was amortized through June 2022 with a 7.75% rate. This liability was not required to be reported on the District's Statement of Net Position, but the future pension expense was included in budget and rate calculations. The new refunding rate of 5% reduced the District's annual pension costs by almost \$100,000 through 2022. In 2016, the District refunded the pension side fund again earning the District annual savings of \$30,000 or \$164,000 in total.

As a normal part of its operations, the District finances the acquisition of certain assets through the use of installment loans. These loans have been used to finance the purchase of vehicles, equipment, and certain water system improvements. There were no additional installment loans in 2020 or in 2019.

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NOTE 5 – LONG-TERM DEBT (Continued)

Scheduled payments on debt are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,179,833	\$ 650,634	\$ 3,830,467
2022	1,907,221	486,560	2,393,781
2023	1,397,546	437,044	1,834,590
2024	1,440,023	393,367	1,833,390
2025	1,883,707	1,365,421	3,249,128
2026-2030	3,965,000	593,425	4,558,425
2031-2035	4,015,000	11,800	4,026,800
	<u>\$ 17,788,331</u>	<u>\$ 3,938,251</u>	<u>\$ 21,726,581</u>
Plus: Unamortized premiums	394,005		
	<u>\$ 18,182,336</u>		

NOTE 6 – UNEARNED REVENUES

Transactions that have not yet met revenue recognition requirements are recorded as a non-current liability and reflected in the accompanying Statement of Net Position. As of December 31, 2020 and 2019, unearned revenues consist of unearned special assessment revenues, development agreement deposits, connection fees, and other deposits.

Unearned revenues consisted of the following at December 31, 2020 and 2019:

	<u>January 1,</u> <u>2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2020</u>
Development agreement deposits	3,210,661	907,627	(233,369)	3,884,919
Connection fees and other deposits	1,364,626	1,405,210	(1,507,551)	1,262,285
Totals	<u>\$ 4,575,287</u>	<u>\$ 2,312,837</u>	<u>\$ (1,740,920)</u>	<u>\$ 5,147,204</u>

	<u>January 1,</u> <u>2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2019</u>
Development agreement deposits	3,727,796	2,051,670	(2,568,805)	3,210,661
Connection fees and other deposits	1,227,145	1,612,713	(1,475,232)	1,364,626
Totals	<u>\$ 4,954,941</u>	<u>\$ 3,664,383</u>	<u>\$ (4,044,037)</u>	<u>\$ 4,575,287</u>

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
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NOTE 7 – DONNER LAKE WATER COMPANY ACQUISITION

In 2001, the District acquired the Donner Lake Water Company by initiating an eminent domain lawsuit. As a part of the takeover, the District replaced the entire water system, which cost approximately \$15.6 million and was completed in 2006. The District initially estimated the replacement cost to be \$13 million. The Donner Lake property owners agreed to reimburse the District for the full costs of the replacement. Therefore, an assessment was placed on each Donner Lake homeowner's property for a pro-rata share of the \$13 million payable immediately or with an option to pay over 20 years. The assessment is collected by Nevada County and Placer County on behalf of the District and is secured by the Donner Lake property owners. A monthly \$6.65 water system upgrade surcharge is paid by the Donner Lake customers to reimburse the District for the \$2.6 million cost incurred in excess of the assessment.

In April 2004, the District obtained financing in the form of a State Revolving Fund Loan for \$12,732,965 at a rate of 2.34%. The District is required to fund a reserve account by making semi-annual reserve payments in the amount of \$40,043 for a 10-year period. The reserve fund was fully funded as of December 31, 2016.

As of December 31, 2020 and 2019, the assessment receivable from the property owners was \$1,562,702 and \$2,294,810. These amounts are shown as Special Assessments Receivable in the Statement of Net Position. The proceeds of the assessment and surcharge are placed in the Donner Lake Special Assessment District Improvement Fund and used to pay the debt service for the water system improvements.

NOTE 8 – EMPLOYEE BENEFIT PLANS

A. PENSION PLANS

**Plan Description** – All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans 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 costs of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefits is Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The 2.7% at 55 Miscellaneous Plan is closed to new entrants.

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NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

A. PENSION PLANS (Continued)

The plans' provisions and benefits in effect at December 31, 2020 are summarized as follows:

<b>Hire Date</b>	<b>Miscellaneous</b>	
	<b>Prior to January 1, 2013</b>	<b>On or after January 1, 2013</b>
<b>Benefit Formula</b>	2.7% @ 55	2% @ 62
<b>Benefit Vesting Schedule</b>	5 years service	5 years service
<b>Benefit Payments</b>	monthly for life	monthly for life
<b>Retirement Age</b>	50 and Up	52 and Up
<b>Monthly Benefits, as a % of eligible compensation</b>	2.0% - 2.7%	1.0% to 2.5%
<b>Required Employee Contributions Rates</b>	8%	6.75%
<b>Required Employer Contributions Rates</b>	12.514%	6.985%

**Contributions** – Section 208149(c) of the California Public Employee's Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions shown below are for the fiscal year of July 1, 2019 through June 30, 2020.

<b>Hire Date</b>	<b>Miscellaneous</b>	
	<b>Prior to January 1, 2013</b>	<b>On or after January 1, 2013</b>
<b>Benefit Formula</b>	2.7% @ 55	2% @ 62
<b>2020 Employer Contributions</b>	\$1,498,521	\$213,336
<b>2019 Employer Contributions</b>	\$1,248,232	\$160,568

B. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS

As of December 31, 2020, the District reported net pension liabilities for its proportionate shares of the net pension liability as follows:

<b>Proportionate Share of Net Pension Liability</b>	
<b>Fiscal Year Ending</b>	
June 30, 2020	June 30, 2019
\$14,023,172	\$12,872,646

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NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

B. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS (*Continued*)

The District's net pension liability is measured as a proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2020 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan for the measurement date of June 30, 2020 and June 30, 2019 is as follows:

Measurement Date	Percentage Share of Risk Pool		Change
	June 30, 2020	June 30, 2019	
Percentage of Plan NPL	0.33245%	0.32145%	0.01100%

At December 31, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ 100,019
Differences between expected and actual experience	722,656	-
Differences between projected and actual investment earnings	416,581	-
Differences between employer's contributions and proportionate share of contributions	-	437,276
Change in employer's proportion	470,436	-
Pension contributions made subsequent to the measurement date	1,304,573	-
Total	\$ 2,914,246	\$ 537,295
	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 396,231	\$ -
Differences between expected and actual experience	824,788	-
Differences between projected and actual investment earnings	-	225,054
Differences between employer's contributions and proportionate share of contributions	-	319,814
Change in employer's proportion	348,223	-
Pension contributions made subsequent to the measurement date	780,764	-
Total	\$ 2,350,006	\$ 544,868

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NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

B. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS (*Continued*)

\$1,304,573 is reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended</u> <u>December 31</u>	<u>Amount</u>
2021	\$162,936
2022	400,786
2023	308,852
2024	199,804
	<u>\$1,072,378</u>

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

	<b>Miscellaneous 2020</b>
<b>Valuation Date</b>	June 30, 2019
<b>Measurement Date</b>	June 30, 2020
<b>Actuarial Cost Method</b>	Entry-Age Normal Cost Method
<b>Actuarial Assumptions:</b>	
<b>Discount Rate</b>	7.15%
<b>Inflation</b>	2.50%
<b>Salary Increase</b>	Varies by Entry Age and Service
<b>Investment Rate of Return</b>	7.15% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
<b>Mortality (1)</b>	Derived using CalPERS membership data for all funds

(1) The mortality table used was developed based on CalPERS' specific data. The Table includes 15 years of mortality improvements using 90 percent of Scale MP 2016 published by the Society of Actuaries. For more details on this table, please refer to the 2018 experience study report.

All underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2020 valuation were based on results of a December 2018 CalPERS Experience Study and Review of Actuarial Assumptions. Further details of the Experience Study can be found on the CalPERS website.

**Discount Rate** - The discount rate used to measure the total pension liability as of December 31, 2020 was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate used is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

B. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS *(Continued)*

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long term (11 + years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown below was adopted by CalPERS' Board effective on July 1, 2019.

<b>Asset Class</b>	<b>New Strategic Allocation</b>
Global Equity	50.0%
Private Equity	8.0%
Fixed Income	28.0%
Real Assets	13.0%
Liquidity	1.0%
Total	100.0%

**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 each Plan, calculated using the discount rate for each 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% point lower or 1% point higher than the current rate:

<b>Miscellaneous</b>	
Measurement Date	June 30, 2020
<b>1% Decrease</b>	6.15%
Net Pension Liability	\$21,690,021
<b>Current Discount Rate</b>	7.15%
Net Pension Liability	\$14,023,172
<b>1% Increase</b>	8.15%
Net Pension Liability	\$7,688,295

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NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

B. PENSION LIABILITIES, PENSION EXPENSES AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES RELATED TO PENSIONS (*Continued*)

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

C. PAYABLE TO THE PENSION PLAN

At December 31, 2020 and 2019 respectively the District did not report a payable for outstanding required contributions to the pension plan.

D. DEFERRED COMPENSATION PLAN

The District maintains two deferred compensation plans: a 401(a) and a 457 plan, (the Plans) for certain qualified employees. The District matches 6.78% of eligible employee contributions. In 2020 the total match was \$195,156 compared to \$162,913 in 2019. The District has no liability for losses under the Plans, but does have the duty of due care that would be required of an ordinary prudent investor. The District has not reflected the Plans' assets and corresponding liabilities (if any) on the accompanying Statement of Net Position.

E. OTHER POST EMPLOYMENT BENEFITS (OPEB)

**General Information** - As discussed in Note 1, beginning with the year ended December 31, 2019, the District adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The District's retiree Benefits Plan (the Plan) recognizes benefit payments when due and payable in accordance with the benefit terms. The Plan's fiduciary net position has been determined on the same basis as is reported by the Plan in calculating the fiduciary net position (Net OPEB Liability), deferred outflows of resources and deferred inflows of resource and associated OPEB expense.

The District administers a single-employer defined-benefit post-employment healthcare plan. Dependents are eligible to enroll.

**Benefits Provided** – Retirees are eligible for a District contribution towards premiums for the retiree health plans(s) if they have 10+ years of District service. The maximum District contribution is based on years of service. The Retiree is eligible for 50% of the following maximums, with a minimum of 10 years of service, plus 5% for each year of service over 10 years: \$475 per person enrolled in the plan, if not eligible for Medicare, and \$375 per person enrolled, if eligible for Medicare.

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NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

E. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

**Employees Covered** – At December 31, 2020 (the valuation date), the benefit terms covered the following employees:

<u>Category</u>	<u>Count</u>
Active Employees	64
Inactive Employees, spouses, or beneficiaries currently receiving payments(s)	65
Inactive employees entitled to but not yet receiving benefit payment(s)	-
Total	<u>129</u>

**Contributions** – The District pays benefits as they come due and contributes additionally to the Trust annually. The District’s annual contribution to the Trust as of December 31, 2020 and 2019 was \$110,000 and \$100,000, respectively.

**Net OPEB Liability** – The District’s net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020.

*Actuarial Assumptions*

The total OPEB Liability in the December 31, 2020 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 2.50%

Salary Increases: Base salary increases in year one: 2.750%. Additional merit-based increases based on CalPERS.

Investment Rate of Return: 7.33%

Healthcare cost trend rates: 7.00% in the first year, trending down to 4.04% over 55 years

Mortality Rates: Based on CalPERS tables

The discount rate used to measure the total OPEB liability was 7.33%. The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.



**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
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NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

E. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

**Sensitivity of the net OPEB liability to changes in the discount rate** - The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.33%) or one percentage point higher (8.33%) is as follows:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
	6.33%	7.33%	8.33%
<b>Net OPEB Liability</b>	\$ 6,700,987	\$ 5,975,587	\$ 5,341,808

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates** - The net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00%) or one percentage point higher (8.00%) than current healthcare cost trend rates is as follows:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
	6.00%	7.00%	8.00%
	Decreasing to	Decreasing to	Decreasing to
	3.04%	4.04%	5.04%
<b>Net OPEB Liability</b>	\$5,560,334	\$5,975,587	\$6,448,417

**OPEB Plan Fiduciary Net Position** – CERBT issues a publicly available financial report for the overall OPEB plan's fiduciary net position which may be obtained from CalPERS at PO Box 942709, Sacramento, Ca. 94229-2709.

**OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB** - For the year ended December 31, 2020, the District recognized an OPEB expense of \$390,769. At December 31, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the follow sources:

	<b>2020</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 1,622,453	\$ 21,304
Changes of assumptions	261,082	232,745
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	77,526
District contributions made subsequent to the measurement date	938,683	-
<b>Total</b>	\$ 2,822,218	\$ 331,575

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
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NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

E. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 25,566
Changes of assumptions	-	279,294
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	-
District contributions made subsequent to the measurement date	212,101	-
	388,162	-
Total	\$ 600,263	\$ 304,860

The \$938,683 reported as deferred outflows of resources related to contributions subsequent to the December 31, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	Amount
2021	\$272,331
2022	\$272,335
2023	\$276,098
2024	\$220,250
2025	\$279,641
remaining	<u>\$231,305</u>
	\$1,551,960

NOTE 9 – SELF FUNDED INSURANCE

The District has a self-funded vision insurance program and claims were processed by and on behalf of the District. The District did not maintain a claim liability; rather claims were expensed as paid. The amount of claims paid for each of the past three years have not been material.

NOTE 10 – SEGMENT DISCLOSURE

The District has issued revenue bonds to finance electric and water distribution facilities. The District also issued special tax bonds secured by tax revenues from Mello-Roos Community Facilities Districts. Each project has an external requirement to be reported separately, and investors in the revenue bonds and special tax bonds rely solely on the revenue generated by the individual projects for repayment. Summary financial information for each project is presented on the following pages for the years ending December 31, 2020 and 2019.

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**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
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NOTE 10 – SEGMENT DISCLOSURE (Continued)

*STATEMENT OF NET POSITION*

	December 31, 2020			
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>Electric</b>	<b>Water</b>	<b>Eliminations</b>	<b>Grand Total</b>
Current assets	\$ 31,018,878	\$ 12,283,958	\$ -	\$ 43,302,836
Non-current assets:				
Capital assets, net	59,492,672	72,538,847	-	132,031,519
Restricted assets	-	2,458,014	-	2,458,014
Other long term assets	186,693	-	-	186,693
Total Noncurrent Assets	59,679,365	74,996,861	-	134,676,226
Deferred outflows of resources				
Pension	1,748,548	1,165,698	-	2,914,246
OPEB	1,693,331	1,128,887	-	2,822,218
Unamortized loss on refunding	-	478,372	-	478,372
Unamortized redemption premium	40,891	-	-	40,891
Total Deferred Outflows of Resources	3,482,770	2,772,957	-	6,255,727
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 94,181,013</b>	<b>\$ 90,053,776</b>	<b>\$ -</b>	<b>\$ 184,234,789</b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
Current liabilities	\$ 4,995,944	\$ 2,793,029	\$ -	\$ 7,788,973
Non-current Liabilities				
Long-term debt, net of current portion	551,751	14,450,752	-	15,002,503
Net pension liability	8,413,903	5,609,269	-	14,023,172
OPEB liability	3,585,352	2,390,235	-	5,975,587
Unearned revenues	3,996,087	1,151,117	-	5,147,204
Total Noncurrent Liabilities	16,547,093	23,601,373	-	40,148,466
Total Liabilities	21,543,037	26,394,402	-	47,937,439
Deferred inflows of resources				
Pension	322,377	214,918	-	537,295
OPEB	198,945	132,630	-	331,575
Total Deferred Inflows of Resources	521,322	347,548	-	868,870
Net Position				
Net investment in capital assets	57,914,672	56,437,825	-	114,352,497
Restricted for debt service	2,354,515	6,273,747	-	8,628,262
Unrestricted	11,847,467	600,254	-	12,447,721
Total Net Position	72,116,654	63,311,826	-	135,428,480
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 94,181,013</b>	<b>\$ 90,053,776</b>	<b>\$ -</b>	<b>\$ 184,234,789</b>

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
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NOTE 10 – SEGMENT DISCLOSURE (Continued)

	<b>December 31, 2019</b>			
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>Electric</b>	<b>Water</b>	<b>Eliminations</b>	<b>Grand Total</b>
Current assets	\$ 27,392,285	\$ 10,812,929	\$ (3,822)	\$ 38,201,392
Non-current assets:				
Capital assets, net	58,755,925	75,056,327	-	133,812,252
Restricted assets	-	1,730,450	-	1,730,450
Other long-term assets	248,925	1,562,702	-	1,811,627
Total Noncurrent Assets	<u>59,004,850</u>	<u>78,349,479</u>	<u>-</u>	<u>137,354,329</u>
Deferred outflows of resources				
Pension	1,410,003	940,003	-	2,350,006
OPEB	360,158	240,105	-	600,263
Unamortized loss on refunding		511,174	-	511,174
Unamortized redemption premium	68,152	-	-	68,152
	<u>1,838,313</u>	<u>1,691,282</u>	<u>-</u>	<u>3,529,595</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 88,235,448</u></b>	<b><u>\$ 90,853,690</u></b>	<b><u>\$ (3,822)</u></b>	<b><u>\$ 179,085,316</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>				
Current liabilities	\$ 5,083,892	\$ 2,838,642	\$ (3,822)	\$ 7,918,712
Non-current Liabilities				
Long-term debt, net of current portion	1,602,942	16,606,411	-	18,209,353
Net pension liability	7,723,588	5,149,058	-	12,872,646
OPEB liability	2,597,011	1,731,341	-	4,328,352
Unearned revenues	3,431,825	1,143,462	-	4,575,287
Total Noncurrent Liabilities	<u>15,355,366</u>	<u>24,630,272</u>	<u>-</u>	<u>39,985,638</u>
Total Liabilities	<u>20,439,258</u>	<u>27,468,914</u>	<u>(3,822)</u>	<u>47,904,350</u>
Deferred inflows of resources				
Pension	326,921	217,947	-	544,868
OPEB	182,916	121,944	-	304,860
Total Deferred Inflows of Resources	<u>509,837</u>	<u>339,891</u>	<u>-</u>	<u>849,728</u>
Net Position				
Net investment in capital assets	56,177,122	56,721,963	-	112,899,085
Restricted for debt service	2,455,343	5,803,021	-	8,258,364
Unrestricted	8,653,888	519,901	-	9,173,789
Total Net Position	<u>67,286,353</u>	<u>63,044,885</u>	<u>-</u>	<u>130,331,238</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b><u>\$ 88,235,448</u></b>	<b><u>\$ 90,853,690</u></b>	<b><u>\$ (3,822)</u></b>	<b><u>\$ 179,085,316</u></b>

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
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NOTE 10 – SEGMENT DISCLOSURE (Continued)

*STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION*

	<b>Year ended December 31, 2020</b>			
	<b>Electric</b>	<b>Water</b>	<b>Eliminations</b>	<b>Grand Total</b>
Operating Revenues				
Sales to consumers	\$ 25,451,966	\$ 13,536,058	\$ -	\$ 38,988,024
Other operating revenues	4,019,447	470,799	(1,736,243)	2,754,003
Operating expenses	(23,009,999)	(9,598,557)	1,736,243	(30,872,313)
Depreciation	(3,012,752)	(4,962,116)	-	(7,974,868)
Non-operating revenues (expenses)	312,226	(153,625)	-	158,601
Income (loss) before capital & other contributions	3,760,888	(707,441)	-	3,053,447
Capital contributions, net	1,069,413	974,382	-	2,043,795
<b>CHANGE IN NET POSITION</b>	<b>4,830,301</b>	<b>266,941</b>	<b>-</b>	<b>5,097,242</b>
Net Position, Beginning	67,286,353	63,044,885	-	130,331,238
<b>NET POSITION, ENDING</b>	<b>\$ 72,116,654</b>	<b>\$ 63,311,826</b>	<b>\$ -</b>	<b>\$ 135,428,480</b>
	<b>Year ended December 31, 2019</b>			
	<b>Electric</b>	<b>Water</b>	<b>Eliminations</b>	<b>Grand Total</b>
Operating Revenues				
Sales to consumers	\$ 24,239,706	\$ 12,789,947	\$ -	\$ 37,029,653
Other operating revenues	3,568,272	417,479	(1,681,833)	2,303,918
Operating expenses	(21,093,225)	(9,552,319)	1,681,833	(28,963,711)
Depreciation	(2,893,711)	(4,526,540)	-	(7,420,251)
Non-operating revenues (expenses)	572,803	(266,838)	-	305,965
Income (loss) before capital & other contributions	4,393,845	(1,138,271)	-	3,255,574
Capital contributions, net	2,472,463	2,210,636	-	4,683,099
<b>CHANGE IN NET POSITION</b>	<b>6,866,308</b>	<b>1,072,365</b>	<b>-</b>	<b>7,938,673</b>
Net Position, Beginning	60,420,045	61,972,520	-	122,392,565
<b>NET POSITION, ENDING</b>	<b>\$ 67,286,353</b>	<b>\$ 63,044,885</b>	<b>\$ -</b>	<b>\$ 130,331,238</b>

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
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NOTE 10 – SEGMENT DISCLOSURE (Continued)

*STATEMENTS OF CASH FLOWS*

	<b>Year ended December 31, 2020</b>			
	<b>Electric</b>	<b>Water</b>	<b>Eliminations</b>	<b>Grand Total</b>
<b>NET CASH PROVIDED BY (USED IN)</b>				
Operating activities	\$ 6,300,565	\$ 4,120,639	\$ -	\$ 10,421,204
Noncapital financing activities	(1,057,897)	-	-	(1,057,897)
Capital and related financing activities	(2,694,747)	(3,080,659)	-	(5,775,406)
Investing activities	312,748	212,708	-	525,456
<b>Net increase (decrease) in cash and cash equivalents</b>	2,860,669	1,252,688	-	4,113,357
Cash and Cash Equivalents, Beginning	23,175,596	8,712,363	-	31,887,959
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$ 26,036,265</b>	<b>\$ 9,965,051</b>	<b>\$ -</b>	<b>\$ 36,001,316</b>

  

	<b>Year ended December 31, 2019</b>			
	<b>Electric</b>	<b>Water</b>	<b>Eliminations</b>	<b>Grand Total</b>
<b>NET CASH PROVIDED BY (USED IN)</b>				
Operating activities	\$ 8,270,006	\$ 4,073,587	\$ -	\$ 12,343,593
Noncapital financing activities	(1,000,177)	-	-	(1,000,177)
Capital and related financing activities	(6,146,527)	(3,088,182)	-	(9,234,709)
Investing activities	499,432	343,857	-	843,289
<b>Net increase (decrease) in cash and cash equivalents</b>	1,622,734	1,329,262	-	2,951,996
Cash and Cash Equivalents, Beginning	21,552,862	7,383,101	-	28,935,963
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<b>\$ 23,175,596</b>	<b>\$ 8,712,363</b>	<b>\$ -</b>	<b>\$ 31,887,959</b>

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
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**NOTE 11 – MARTIS VALLEY GROUNDWATER MANAGEMENT EFFORTS**

The Martis Valley aquifer underlies about 35,000 acres in both Placer and Nevada counties, near the Town of Truckee. It is the main groundwater supply for numerous public and private entities. This area has seen significant growth in the last few decades with more planned for the future. Maintaining an adequate water supply and protecting water quality are critical for the region's future.

The Truckee Donner Public Utility District (TDPUD), Northstar Community Services District (NCSD) and Placer County Water Agency (PCWA) are the three primary public water agencies with jurisdiction in the Martis Valley Groundwater Basin (MVGB). Together, the TDPUD, NCSD and PCWA (Partnership Agencies) partnered to submit a Groundwater Management Plan and to help develop a groundwater model for the Martis Valley basin.

The Martis Valley Groundwater Management Plan (GMP) was prepared in 2013 to reflect current water resources planning in the region and to incorporate the latest information and understanding of the underlying groundwater basin. This collaborative effort provided the guidance necessary to align groundwater policy. In addition to the GMP, a computer model of the groundwater basin was developed by the Desert Research Institute, which incorporated available data and enhanced understanding of the groundwater basin. A climate change modeling component out to the end of the century was part of the overall Federal study effort.

Partner agencies each adopted the GMP in February 2012 and the model and associated report was completed in 2015. The total cost of the project was approximately \$1,000,000, which includes federal funding of approximately \$500,000 from the U.S. Bureau of Reclamation and \$250,000 from the Lawrence Livermore National Laboratory; and contributions of \$150,000 from TDPUD and \$100,000 from the other members of the Partnership Agencies.

In mid-2016, the California Sustainable Groundwater Management Act of 2014 (SGMA) took effect for which the District was the submitting agency of a SGMA Alternate Submittal in December, 2016 on behalf of the Town of Truckee, Placer County, Nevada County, PCWA, and Northstar CSD (Local SGMA Agencies). The SGMA Alternative Submittal was intended to comply with the new regulations. There was an adopted MOA amongst the six local agencies for this compliance project which covers the time period for preparation of the SGMA Alternative Submittal, possible conditional acceptance of the plan by DWR, and submittal of a first-year annual report. DWR had two years by statute to review the SGMA Alternative Submittal.

In 2019, DWR was required to undergo groundwater basin prioritization which is the basis for compliance obligation for SGMA. The MVGB had previously been prioritized as medium priority. DWR's final Determination was to re-prioritize MVGB to low priority. This was a significant act that resulted in a direct reduction in regulatory burden and future regulatory costs that would be required for groundwater management. To ensure continued stewardship and management of the MVGB, the District and its local partners have agreed to return to the 2013 GMP framework which was never fully implemented due to SGMA. There was a kick-off meeting for the GMP in 2020 and the three local water agencies have hired a hydro geologic consultant to prepare the first annual report as required by the GMP. The consultant's report will be presented to the GMP Stakeholder Working Group at the annual meeting this summer.

**NOTE 12 – CLAIMS AND JUDGMENTS**

From time to time, the utility is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of management and the utility's legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the utility's financial position or results of operations.

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT**  
**PRIMARY GOVERNMENT ONLY**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2020 and 2019

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**NOTE 13 – RISK MANAGEMENT**

The utility is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

On March 11, 2020, the World Health Cooperative assessed the novel coronavirus (COVID-19) outbreak and characterized it as a pandemic. Subsequent to the declaration of a pandemic, a variety of federal, state and local governments have taken actions in response to the pandemic, which have ranged by jurisdiction, and the pandemic resulted in a variety of negative economic consequences. To date, the pandemic's resulting impact to the District has not been material. Future potential negative financial impacts to the District related to the pandemic cannot be accurately estimated, however, based on current trends the impact is not forecasted to be material.

**NOTE 14 – SUBSEQUENT EVENT**

Subsequent to year end, on June 2, 2021 the Board of Directors approved the early extinguishment of the Donner Lake Assessment District related State Revolving Fund Loan debt on July 1, 2021 in the amount of \$3.8 million, saving \$202,000 in interest expense compared to scheduled loan pay down through 1/1/2026. The District has accumulated sufficient restricted cash funds available to make this early loan pay off due to the March 2021 maturity of a long-term investment made in 2007 related to the Donner Lake Assessment District restricted funds, as well as, the timing of assessments in advance of scheduled loan payments.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT  
PRIMARY GOVERNMENT ONLY  
REQUIRED SUPPLEMENTARY INFORMATION**  
December 31, 2020 and 2019

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**COST SHARING DEFINED BENEFIT PENSION PLANS**

**Schedule of the District's Proportionate Share of the Net Pension Liability**  
Cost Sharing Defined Benefit Plans  
As of June 30  
Last Ten Years\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Portion of Net Pension Liability	0.33245%	0.32145%	0.31157%	0.30379%	0.29837%	0.29209%	0.09982%
Proportionate Share of The Net Pension Liability	\$14,023,172	\$12,872,646	\$11,742,137	\$11,975,655	\$10,250,329	\$8,013,400	\$6,210,985
Covered - Employee Payroll	\$7,619,022	\$7,602,120	\$7,375,933	\$7,108,563	\$6,670,248	\$6,162,431	\$6,278,545
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	184.05%	169.33%	159.20%	168.47%	153.67%	130.04%	98.92%
Plan's Fiduciary Net Position	\$43,589,560	\$40,367,745	\$29,308,590	\$27,244,095	\$30,950,578	\$30,725,516	\$30,386,101
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	75.66%	75.82%	75.26%	73.31%	75.12%	79.31%	89.17%

\* Fiscal year 2014 was the 1st year of implementation, therefore only seven years are shown

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT  
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December 31, 2020 and 2019

**COST SHARING DEFINED BENEFIT PENSION PLANS - CONTINUED**

	<b>Schedule of Contributions</b>						
	Cost Sharing Defined Benefit Plans						
	December 31						
	Last Ten Years*						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution (Actuarially Determined)	\$1,711,857	\$1,408,800	\$1,246,476	\$1,138,758	\$1,011,908	\$950,147	\$943,118
Contributions in Relation to the Actuarially Determined Contributions	<u>\$1,711,857</u>	<u>\$1,408,800</u>	<u>\$1,246,476</u>	<u>\$1,138,758</u>	<u>\$1,048,897</u>	<u>\$949,634</u>	<u>\$943,118</u>
Contribution deficiency (excess)	\$0	(\$0)	\$0	\$0	(\$36,989)	\$513	\$0
Covered - Employee Payroll	\$7,619,022	\$7,602,120	\$7,375,933	\$7,108,563	\$6,670,248	\$6,162,431	\$6,278,545
Contributions as a percentage of covered-employee payroll	22%	19%	17%	16%	16%	15%	15%

\* Fiscal year 2014 was the 1st year of implementation, therefore only seven years are shown

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT  
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December 31, 2020 and 2019

**Schedule of Changes in The District's Net OPEB Liability and Related Ratios**

<b>Measurement Date:</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
<b>Report Date:</b>	<b>December 31, 2020</b>	<b>December 31, 2019</b>	<b>December 31, 2018</b>
<b><u>Total OPEB Liability</u></b>			
Service Cost	\$168,811	\$178,856	\$170,473
Interest	476,373	457,563	448,374
Changes in Benefit Terms	0	0	0
Differences Between Expected and Actual Experience	1,814,336	(29,828)	0
Changes of Assumptions	306,886	(233,084)	0
Benefit Payments	(276,678)	(244,700)	(214,280)
Implicit Rate Subsidy Credit	(270,562)	(270,061)	(254,930)
<b>Net Change in Total OPEB Liability</b>	<b>\$2,219,166</b>	<b>(\$141,254)</b>	<b>\$149,637</b>
<b>Total OPEB Liability - Beginning of Year</b>	<b>6,473,886</b>	<b>6,615,140</b>	<b>6,465,503</b>
<b>Total OPEB Liability - End of Year (a)</b>	<b>\$8,693,052</b>	<b>\$6,473,886</b>	<b>\$6,615,140</b>
<b><u>Plan Fiduciary Net Position</u></b>			
Net Investment Income	\$473,144	(\$110,318)	\$167,459
Contributions			
Employer - District's Contribution	376,674	294,698	256,280
Employer - Implicity Subsidy	270,562	270,061	254,930
Benefit Payments, Including Refunds of Employee Contributions	(276,678)	(244,700)	(214,280)
Implicit Rate Subsidy Fulfilled	(270,562)	(270,061)	(254,930)
Administrative Expense	(1,209)	(557)	(519)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>571,931</b>	<b>(60,877)</b>	<b>208,940</b>
<b>Plan Fiduciary Net Position - Beginning of Year</b>	<b>2,145,534</b>	<b>2,206,411</b>	<b>1,997,471</b>
<b>Plan Fiduciary Net Position - End of Year (b)</b>	<b>2,717,465</b>	<b>2,145,534</b>	<b>2,206,411</b>
<b>District's Net OPEB liability - End of Year = (a) -(b)</b>	<b>\$5,975,587</b>	<b>\$4,328,352</b>	<b>\$4,408,729</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<b>31.3%</b>	<b>33.1%</b>	<b>33.4%</b>
<b>Covered Employee Payroll</b>	<b>\$7,604,103</b>	<b>\$7,400,587</b>	<b>\$7,202,518</b>
<b>District's Net OPEB Liability as a Percentage of Covered-Employee Payroll</b>	<b>78.58%</b>	<b>58.49%</b>	<b>61.21%</b>

**Notes to Schedule:** The District adopted GASB 75 for the fiscal Year Ending December 31,2018

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT  
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December 31, 2020 and 2019

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**Other Post Employment Benefits - Schedule of Investment Returns**

	Measurement Date: Report Date:	December 31, 2019 December 31, 2020	December 31, 2018 December 31, 2019	December 31, 2017 December 31, 2018
Annual Money-Weighted Rate of Return, Net of Investment Expense		21.56%	-4.94%	8.30%

The annual money-weighted rate of return, net of investment expenses, is the net investment income for the year divided by the average net position for the year (less investment expenses).

**Notes to Schedule:** The District adopted GASB 75 for the fiscal Year Ending December 31, 2018

**Other Post Employment Benefits - Schedule of Contributions**

	Measurement Date: Report Date:	December 31, 2019 <u>December 31, 2020</u>	December 31, 2018 <u>December 31, 2019</u>	December 31, 2017 <u>December 31, 2018</u>
Actuarially Determined Contribution		\$532,225	\$614,761	\$569,210
Less: Actual Contributions		<u>647,236</u>	<u>564,759</u>	<u>511,210</u>
Contribution Deficiency (Excess)		<u>(\$115,011)</u>	<u>\$50,002</u>	<u>\$58,000</u>
Covered - Employee Payroll		\$7,604,103	\$7,400,587	\$7,202,518
Contributions as a Percentage of Covered-Employee Payroll		8.51%	7.63%	7.10%

**Notes to Schedule:** The District adopted GASB 75 for the fiscal Year Ending December 31, 2018

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT  
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December 31, 2020 and 2019

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**Other Post Employment Benefits - Actuarial Assumptions**

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2020 were from the December 21, 2019 valuation.

**Methods and assumptions used to determine contributions:**

**Assumptions and Methods**

Actuarial Cost Method	Entry age normal, level percent of pay
Amortization Method	Closed period, level percent of pay
Amortization Period	20 years
Inflation	2.50%
Assumed Payroll Growth Year 1	2.750%
Healthcare Trend Rates	7.00%, trending down to 4.04% over 55 years
Rate of Return on Assets	7.33%
Mortality Rate	CalPERS Rates utilizing the decrement table Mort and Disb Rates_PA Misc from the CalPERS OPEB assumption model revised May 14, 2018.
Retirement Rates	CalPERS Rates based on CalPERS assumption model revised May 14, 2018 for the periods 1997 through 2017.

## **SUPPLEMENTARY INFORMATION**

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT  
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December 31, 2020

**CONSOLIDATING STATEMENT OF NET POSITION**

As of December 31, 2020

	Electric Operations	Water Operations	Eliminations	Totals
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>CURRENT ASSETS</b>				
Funds				
Operating	\$ 11,441,611	\$ 3,105,078	\$ -	\$ 14,546,689
Designated	12,335,503	2,162,604	-	14,498,107
Restricted	2,355,089	4,764,951	-	7,120,040
Total Funds	26,132,203	10,032,633	-	36,164,836
Accounts receivable, net	1,497,143	771,965	-	2,269,108
Unbilled revenues	2,230,001	881,639	-	3,111,640
Accrued interest receivable	18,715	33,095	-	51,810
Materials and supplies	713,566	192,981	-	906,547
Prepaid expenses	365,912	305,912	-	671,824
Other	61,338	65,733	-	127,071
Total Current Assets	31,018,878	12,283,958	-	43,302,836
<b>NON-CURRENT ASSETS</b>				
Other Non-Current Assets				
Restricted funds	-	1,674,293	-	1,674,293
Special assessments receivable	-	783,721	-	783,721
Other	186,693	-	-	186,693
Total Other Non-Current Assets	186,693	2,458,014	-	2,644,707
<b>CAPITAL ASSETS</b>				
Utility plant	86,608,800	126,085,305	-	212,694,105
Accumulated depreciation	(30,582,586)	(54,664,711)	-	(85,247,297)
Construction work in progress	3,466,458	1,118,253	-	4,584,711
Total capital assets	59,492,672	72,538,847	-	132,031,519
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	1,748,548	1,165,698	-	2,914,246
OPEB	1,693,331	1,128,887	-	2,822,218
Unamortized loss on refunding	-	478,372	-	478,372
Unamortized redemption premium	40,891	-	-	40,891
Total deferred outflows of resources	3,482,770	2,772,957	-	6,255,727
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 94,181,013</b>	<b>\$ 90,053,776</b>	<b>\$ -</b>	<b>\$ 184,234,789</b>

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT  
PRIMARY GOVERNMENT ONLY  
SUPPLEMENTARY INFORMATION**

December 31, 2020

	<u>Electric Operations</u>	<u>Water Operations</u>	<u>Eliminations</u>	<u>Totals</u>
<b>NET POSITION AND LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Other liabilities				
Accounts payable	\$ 2,793,899	\$ 86,942	\$ -	\$ 2,880,841
Customer deposits	352,705	88,160	-	440,865
Other	797,578	385,522	-	1,183,100
Total other liabilities	<u>3,944,182</u>	<u>560,624</u>	<u>-</u>	<u>4,504,806</u>
Current liabilities payable from restricted assets:				
Current portion of long-term debt	1,051,191	2,128,642	-	3,179,833
Accrued interest payable	571	103,763	-	104,334
Total Current Liabilities Payable from Restricted Assets	<u>1,051,762</u>	<u>2,232,405</u>	<u>-</u>	<u>3,284,167</u>
Total Current Liabilities	<u>4,995,944</u>	<u>2,793,029</u>	<u>-</u>	<u>7,788,973</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term debt, net of discounts and premiums	526,809	14,450,752	-	14,977,561
Net pension liability	8,413,903	5,609,269	-	14,023,172
OPEB liability	3,585,352	2,390,235	-	5,975,587
Installment loans	24,942	-	-	24,942
Unearned revenues	3,996,087	1,151,117	-	5,147,204
Total non-current liabilities	<u>16,547,093</u>	<u>23,601,373</u>	<u>-</u>	<u>40,148,466</u>
Total Liabilities	<u>21,543,037</u>	<u>26,394,402</u>	<u>-</u>	<u>47,937,439</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	322,377	214,918	-	537,295
OPEB	198,945	132,630	-	331,575
Total deferred inflows of resources	<u>521,322</u>	<u>347,548</u>	<u>-</u>	<u>868,870</u>
<b>NET POSITION</b>				
Net investment in capital assets	57,914,672	56,437,825	-	114,352,497
Restricted for debt service	2,354,515	6,273,747	-	8,628,262
Unrestricted	11,847,467	600,254	-	12,447,721
Total Net Position	<u>72,116,654</u>	<u>63,311,826</u>	<u>-</u>	<u>135,428,480</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 94,181,013</u>	<u>\$ 90,053,776</u>	<u>\$ -</u>	<u>\$ 184,234,789</u>

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT  
PRIMARY GOVERNMENT ONLY  
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December 31, 2020

**CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

	Electric Operations	Water Operations	Eliminations	Totals
<b>OPERATING REVENUES</b>				
Sales to customers	\$ 25,451,966	\$ 13,536,058	\$ -	\$ 38,988,024
Interdepartmental sales	1,226,706	2,693	(1,229,399)	-
Standby fees	18,670	114,800	-	133,470
Cap and trade proceeds	1,444,498	-	-	1,444,498
Other	1,329,573	353,306	(506,844)	1,176,035
Total Operating Revenues	<u>29,471,413</u>	<u>14,006,857</u>	<u>(1,736,243)</u>	<u>41,742,027</u>
<b>OPERATING EXPENSES</b>				
Purchased power	11,285,537	-	-	11,285,537
Operations and maintenance	6,748,580	5,821,270	(1,229,399)	11,340,451
Consumer services	1,340,108	740,606	-	2,080,714
Administration and general	3,635,774	3,036,681	(506,844)	6,165,611
Depreciation	3,012,752	4,962,116	-	7,974,868
Total Operating Expenses	<u>26,022,751</u>	<u>14,560,673</u>	<u>(1,736,243)</u>	<u>38,847,181</u>
Operating Income	<u>3,448,662</u>	<u>(553,816)</u>	<u>-</u>	<u>2,894,846</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>				
Investment income	352,203	177,155	-	529,358
Interest expense	(2,247)	(574,350)	-	(576,597)
Amortization	(27,261)	(5,784)	-	(33,045)
Gain (loss) on disposition of assets	(10,469)	249,354	-	238,885
Total Non-Operating Expenses	<u>312,226</u>	<u>(153,625)</u>	<u>-</u>	<u>158,602</u>
Income Before Contributions	3,760,888	(707,441)	-	3,053,447
<b>CAPITAL &amp; OTHER CONTRIBUTIONS, net</b>				
Capital Contributions	707,553	1,336,242	-	2,043,795
Intercompany Debt Service - Pension Sidefund	361,860	(361,860)	-	-
Total Capital and Other Contributions, net	<u>1,069,413</u>	<u>974,382</u>	<u>-</u>	<u>2,043,795</u>
<b>CHANGE IN NET POSITION</b>	4,830,301	266,941	-	5,097,242
NET POSITION - Beginning of Year	<u>67,286,353</u>	<u>63,044,885</u>	<u>-</u>	<u>130,331,238</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 72,116,654</u>	<u>\$ 63,311,826</u>	<u>\$ -</u>	<u>\$ 135,428,480</u>

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**TRUCKEE DONNER PUBLIC UTILITY DISTRICT  
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December 31, 2020

**CONSOLIDATING STATEMENT OF CASH FLOWS – PAGE 1 OF 2**

For the Year Ended December 31, 2020

	Electric Operations	Water Operations	Eliminations	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Received from customers	\$ 29,251,280	\$ 13,487,280	\$ (1,736,243)	\$ 41,002,317
Paid to suppliers for goods and services	(17,511,627)	(6,438,529)	1,736,243	(22,213,913)
Paid to employees for services	(5,439,088)	(2,928,112)	-	(8,367,200)
Net Cash Flow s from Operating Activities	<u>6,300,565</u>	<u>4,120,639</u>	<u>-</u>	<u>10,421,204</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Principal payments on long-term debt	(1,000,803)	-	-	(1,000,803)
Interest payments on long-term debt	(57,094)	-	-	(57,094)
Net Cash Flow s from Noncapital Financing Activities	<u>(1,057,897)</u>	<u>-</u>	<u>-</u>	<u>(1,057,897)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Capital expenditures for utility plant	(3,754,601)	(2,553,607)	-	(6,308,208)
Cost of disposal of property net of salvage	(200,817)	249,354	-	48,537
Capital contributions, connection and facility fees	1,207,440	1,272,750	-	2,480,190
Special assessments receipts	-	778,982	-	778,982
Special tax receipts	-	-	-	-
Principal payments on long-term debt	-	(2,266,145)	-	(2,266,145)
Interest payments on long-term debt	53,231	(561,993)	-	(508,762)
Cash Flow s From Capital and Related Financing Activities	<u>(2,694,747)</u>	<u>(3,080,659)</u>	<u>-</u>	<u>(5,775,406)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income received	312,748	212,708	-	525,456
Cash Flow s from Investing Activities	<u>312,748</u>	<u>212,708</u>	<u>-</u>	<u>525,456</u>
<b>Net Change in Cash and Cash Equivalents</b>	2,860,669	1,252,688	-	4,113,357
CASH AND CASH EQUIVALENTS – Beginning of Year	<u>23,175,596</u>	<u>8,712,363</u>	<u>-</u>	<u>31,887,959</u>
<b>CASH AND CASH EQUIVALENTS – END OF YEAR</b>	<u>\$ 26,036,265</u>	<u>\$ 9,965,051</u>	<u>\$ -</u>	<u>\$ 36,001,316</u>

**TRUCKEE DONNER PUBLIC UTILITY DISTRICT  
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December 31, 2020

**CONSOLIDATING STATEMENT OF CASH FLOWS – PAGE 2 OF 2  
For the Year Ended December 31, 2020**

	Electric Operations	Water Operations	Eliminations	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH</b>				
<b>FLOWS FROM OPERATING ACTIVITIES</b>				
Operating income	\$ 3,448,662	\$ (553,816)	\$ -	\$ 2,894,846
Noncash items included in operating income				
Depreciation and amortization	3,012,752	4,962,116	-	7,974,869
Depreciation charged to other accounts	259,825	195,469	-	455,294
Intercompany Transfer	361,860	(361,860)	-	-
Accounts receivable	(578,090)	(147,526)	-	(725,616)
Materials and supplies	(153,003)	(17,000)	-	(170,003)
Prepaid expenses	4,623	(33,208)	-	(28,585)
Accounts payable	(253,906)	7,513	-	(246,393)
Customer deposits	(3,903)	(10,191)	-	(14,094)
Deferred Pension Contributions - GASB 68	18,424	12,285	-	30,709
Other current liabilities	183,321	66,857	-	250,178
	<u>\$ 6,300,565</u>	<u>\$ 4,120,639</u>	<u>\$ -</u>	<u>\$ 10,421,205</u>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>				
	<u>\$ 6,300,565</u>	<u>\$ 4,120,639</u>	<u>\$ -</u>	<u>\$ 10,421,205</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET</b>				
Operating	11,441,612	3,105,078	\$ -	\$ 14,546,690
Designated	12,335,503	2,162,604	-	14,498,107
Restricted bond funds - current	2,355,089	4,764,951	-	7,120,040
Restricted bond funds - non-current	-	1,674,293	-	1,674,293
Total Cash and Investments	<u>26,132,204</u>	<u>11,706,926</u>	<u>-</u>	<u>37,839,130</u>
Less: Long-term investments	-	(1,698,880)	-	(1,698,880)
Mark to market adjustment	(95,939)	(42,994)	-	(138,932)
	<u>\$ 26,036,265</u>	<u>\$ 9,965,053</u>	<u>\$ -</u>	<u>\$ 36,001,318</u>
<b>TOTAL CASH AND CASH EQUIVALENTS</b>				
	<u>\$ 26,036,265</u>	<u>\$ 9,965,053</u>	<u>\$ -</u>	<u>\$ 36,001,318</u>