

**TRUCKEE DONNER
PUBLIC UTILITY DISTRICT**

PRIMARY GOVERNMENT ONLY

Including Report of Independent Auditors

December 31, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017, 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 2018 and 2017 statements dated April 22, 2019.

As discussed in Note 1 of the financial statements, the District adopted the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions, effective January 1, 2018. The beginning of year net position has been adjusted for this change. Our opinion is not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedule of the District's proportionate share of the net pension liability, the schedule of contributions, the schedule of the District's change in the total OPEB liability and related ratios, the schedule of the District's OPEB contributions, and the schedule of investment returns, 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 consolidating statements of net position, 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, 2018 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
April 22, 2019

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018 and 2017

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, 2018 and 2017. 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 \$1.5 million (4.5%) from \$33.8 million at December 31, 2017 to \$35.3 million at December 31, 2018, predominantly due to higher than anticipated revenues for the Electric Utility.

The District's total net position increased \$4.8 million (4.1%) from \$117.6 million at December 31, 2017, to \$122.4 million at December 31, 2018. The total increase in net position from operating activities was \$8.2 million, primarily due to higher than anticipated revenues for the Electric Utility coupled with strong capital contributions for both Electric and Water related to infrastructure constructed for new development within the District's service area was offset by a reduction in net position. The reduction in net position at the beginning of 2018 of \$3.4 million is due to a change in accounting principle to comply with GASB statement 75 for Other Postemployment Benefit reporting. (See note 8 and 14).

Operating revenues decreased \$0.70 million (-2.0%) from \$38.3 million in 2017 to \$37.6 million in 2018. Electric revenues decreased 4% in 2018 compared to 2017 respectfully. A 3% rate increase in 2018 was offset by a milder winter than 2017 respectfully. Water revenues increased 4% in 2018; a 3% water rate increase also occurred in 2018 and the milder winter resulted in earlier irrigation patterns by consumers than the prior year.

Operating expenses of the District decreased \$1.6 million (4.5%) from \$35.7 million in 2017 to \$34.0 million in 2018. Operating expenses in 2017 for the Electric Utility included all of the extra expenses associated with the extreme winter storms that occurred in Q1, and were subsequently reimbursed by FEMA and CalOES in 2017.

Non-operating revenues increased 57.0% at \$0.6 million in 2018 compared to \$0.4 million in 2017 due primarily to an increase in investment income. Non-operating expenses decreased 8.3% from \$0.78 million in 2017 to \$0.71 million in 2018 primarily due to a decrease in interest expense.

No new debt was incurred in 2018.

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.

See accompanying auditors' report.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018 and 2017

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018 and 2017

DISTRICT HIGHLIGHTS

The condensed financial statements at December 31, 2018, 2017, and 2016 are presented below.

CONSOLIDATED STATEMENT OF NET POSITION

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2018	2017	2016	Increase (Decrease) 2018 - 2017
Current assets	\$ 35,328,418	\$ 33,803,415	\$ 28,913,981	\$ 1,525,003
Non-current assets:				
Capital assets, net	130,173,550	123,114,074	123,602,331	7,059,476
Restricted assets	1,753,275	1,818,513	1,876,032	(65,238)
Other long-term assets	2,605,967	3,848,264	4,618,396	(1,242,297)
Total Assets	<u>169,861,210</u>	<u>162,584,266</u>	<u>159,010,740</u>	<u>7,276,944</u>
Deferred outflows of resources	<u>3,270,661</u>	<u>4,350,842</u>	<u>4,764,564</u>	<u>(1,080,181)</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$173,131,871</u></u>	<u><u>\$166,935,108</u></u>	<u><u>\$ 163,775,304</u></u>	<u><u>\$ 6,196,763</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current liabilities	\$ 7,908,678	\$ 7,445,020	\$ 7,262,461	\$ 463,658
Non-current Liabilities				
Long-term debt, net of current portion	21,465,155	24,609,395	27,642,726	(3,144,240)
Net pension liability	11,742,137	11,975,655	10,250,329	(233,518)
OPEB liability	4,408,729	1,116,568	719,217	3,292,161
Unearned revenues	4,954,941	3,654,076	3,073,507	1,300,865
Total Liabilities	<u>50,479,640</u>	<u>48,800,714</u>	<u>48,948,240</u>	<u>1,678,926</u>
Deferred inflows of resources	<u>259,666</u>	<u>551,932</u>	<u>1,597,126</u>	<u>(292,266)</u>
NET POSITION				
Net investment in capital assets	106,171,749	95,717,888	93,421,545	10,453,861
Restricted for debt service	6,892,478	6,419,333	6,011,469	473,145
Unrestricted	9,328,338	15,445,241	13,796,924	(6,116,903)
Total Net Position	<u>122,392,565</u>	<u>117,582,462</u>	<u>113,229,938</u>	<u>4,810,103</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u><u>\$173,131,871</u></u>	<u><u>\$166,935,108</u></u>	<u><u>\$ 163,775,304</u></u>	<u><u>\$ 6,196,763</u></u>

In 2018, the District's current assets increased \$1.5 million, predominantly due to increased cash reserves associated with the Electric Utility. The District continued to focus on capital asset replacements including mainline replacement, meter replacements, SCADA improvements and replacements, and the main building customer service area improvement increasing capital assets a total of \$7.0 million in 2018 compared to 2017 respectfully. Other Long Term assets decreased \$1.2 million, due to the scheduled collection of special assessments receivable. Net Long Term debt decreased \$4.4 million, due to annual reduction of existing debt. See note 5 for details on remaining debt. No new debt was issued in 2018.

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

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018 and 2017

The District had income before capital contributions of \$3.5 million, \$2.3 million, and \$1.8 million for the years ended December 31, 2018, 2017, and 2016, respectively. Changes in the District's net position can be determined by reviewing the following Condensed Revenues, Expenses, and Changes in Net Position.

CONDENSED REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	2018	2017	2016	Increase (Decrease) 2018 - 2017
Sales to consumers	\$ 35,486,412	\$ 34,462,146	\$ 33,026,587	\$ 1,024,266
Other operating revenues	2,198,605	3,873,207	2,577,122	(1,674,602)
Total Operating Revenues	37,685,017	38,335,353	35,603,709	(650,336)
Operating expenses	34,092,086	35,702,131	33,101,672	(1,610,045)
Operating Income	3,592,931	2,633,222	2,502,037	959,709
Non-operating revenues (expenses)	(84,083)	(377,526)	(688,423)	293,443
Income before capital contributions	3,508,848	2,255,696	1,813,614	1,253,152
Capital contributions, net	4,652,720	2,096,828	1,699,110	2,555,892
Change in net position	8,161,568	4,352,524	3,512,724	3,809,044
Net Position, Beginning of Year	117,582,462	113,229,938	109,717,214	4,352,524
Less: Restatement for change in accounting principles	(3,351,465)	-	-	(3,351,465)
Net Position, Beginning of Year, as adjusted	114,230,997	113,229,938	109,717,214	1,001,059
NET POSITION, END OF YEAR	\$122,392,565	\$117,582,462	\$ 113,229,938	\$ 4,810,103

Total operating revenues were \$37.7 million in 2018, \$38.3 million in 2017, and \$35.6 million in 2016. In 2018, electric revenues decreased 4% in 2018 compared to 2017. A 3% rate increase in 2018 was offset by a mild winter compared to the 2017 extreme winter. Water revenues increased 4.0%; a 3% rate increase in 2018 was implemented. Additionally irrigation patterns for consumers started earlier in 2018 due to the milder winter than 2017.

Total operating expenses were \$34.1 million in 2018, \$35.7 million in 2017, and \$33.1 million in 2016. Electric expenses normalized in 2018 compared to 2017 as 2017 includes extraordinary expenses incurred from the extreme winter storms that year that were subsequently reimbursed by CalOES and FEMA.

Non-operating revenues increased \$.3 million due to an increase in investment income coupled by a decrease in interest expense in 2018.

In 2018 the District implemented Governmental Accounting Standards Board (GASB) Statement of Governmental Accounting Standards (SGAS) No. 75 "Accounting and Financial Reporting for Postemployment Benefits other than Pensions" (GASB No. 75). The primary objective of GASB No. 75 is to improve accounting and financial reporting for postemployment benefits. Under GASB No. 75, the District is required to report the net other postemployment benefits liability and deferred inflows and outflows in the statement of Net Position. The District's net position at the beginning of 2018 was reduced \$3.4 million for this new standard. (See Note 9 and 15).

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018 and 2017

CAPITAL ASSETS

As of December 31, 2018, 2017, and 2016, the District had \$130.1 million, \$123.1 million, and \$123.6 million, respectively, invested in a variety of capital assets, net of accumulated depreciation. A summary of capital assets is reflected in the following schedule.

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Electric distribution facilities	\$ 64,204,691	\$ 60,416,920	\$ 58,345,690
Water distribution facilities	116,378,593	112,596,747	108,860,825
General plant	16,513,295	15,782,620	15,062,278
Sub-totals	197,096,579	188,796,287	182,268,793
Less: Accumulated depreciation	<u>(74,092,843)</u>	<u>(68,563,235)</u>	<u>(63,372,738)</u>
Net of accumulated depreciation	123,003,736	120,233,052	118,896,055
Construction work in progress	7,169,814	2,881,021	4,706,276
Net capital assets	<u><u>\$130,173,550</u></u>	<u><u>\$123,114,073</u></u>	<u><u>\$ 123,602,331</u></u>

Net capital assets (additions, less retirements and depreciation) increased \$7.0 million compared to 2017 respectfully. The District ended 2018 with increased construction work in progress of \$7.2 million compared to \$2.9 million in 2017; this includes the mainline replacement, meter replacements, and main building customer service area improvement project. Electric and Water Utility distribution assets in 2018 were both replaced at a slightly faster pace than accumulated depreciation.

LONG-TERM DEBT

Long-term debt includes revenue bonds and notes payable. At December 31, 2018, 2017, and 2016, the District had \$21.5 million, \$24.6 million, and \$27.6 million, respectively, in long-term debt outstanding, net current maturities.

No new debt was issued in 2018.

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The District operates on a two year budget. The FY18 & FY19 Board approved Budget includes an assumption for growth in fiscal year 2019 of 1%, Consistent with what the District experienced in fiscal year 2018. Revenue projections for fiscal year 2019 include rate increases of 3% for both Electric and Water. Rates by rate class can be found on the District's website at www.tdpud.org. Expenditures for Electric and Water excluding debt service, were projected to increase approximately 3% compared to fiscal year 2018 budgeted expenditures.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2018 and 2017

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

FINANCIAL STATEMENTS

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

CONSOLIDATED STATEMENTS OF NET POSITION

December 31, 2018 and 2017

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		<u>2018</u>	<u>2017</u>
CURRENT ASSETS			
Cash Funds			
Operating		\$ 9,602,733	\$ 8,460,571
Designated		13,958,250	13,710,369
Restricted		<u>5,308,325</u>	<u>4,830,995</u>
Total Cash Funds		28,869,308	27,001,935
Accounts receivable, net		1,767,648	2,694,266
Unbilled revenues		2,907,072	2,629,457
Accrued interest receivable		98,105	73,033
Materials and supplies		884,238	677,896
Prepaid expenses		684,816	633,191
Other		<u>117,230</u>	<u>93,637</u>
Total Current Assets		<u>35,328,417</u>	<u>33,803,415</u>
NON-CURRENT ASSETS			
Other Non-Current Assets			
Restricted investment fund		1,753,275	1,818,513
Special assessments receivable		2,294,810	3,005,178
Other		<u>311,157</u>	<u>843,086</u>
Total Other Non-Current Assets		<u>4,359,242</u>	<u>5,666,777</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension		2,286,573	3,651,391
OPEB		344,700	-0-
Unamortized loss on refunding		543,976	576,778
Unamortized redemption premium		<u>95,412</u>	<u>122,673</u>
Total Deferred Outflows of Resources		<u>3,270,661</u>	<u>4,350,842</u>
CAPITAL ASSETS			
Utility plant		197,096,579	188,796,288
Accumulated depreciation		(74,092,843)	(68,563,235)
Construction work in progress		<u>7,169,814</u>	<u>2,881,021</u>
Total Capital Assets		<u>130,173,550</u>	<u>123,114,074</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		<u>\$ 173,131,870</u>	<u>\$ 166,935,108</u>

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

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

CONSOLIDATED STATEMENTS OF NET POSITION

December 31, 2018 and 2017

<i>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</i>	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Other Liabilities		
Accounts payable	\$ 3,173,938	\$ 2,345,746
Customer deposits	448,968	488,196
Other	1,035,235	994,615
Total Other Liabilities	<u>4,658,141</u>	<u>3,828,557</u>
Current Liabilities Payable From Restricted Assets		
Current portion of long-term debt	3,117,221	3,411,314
Accrued interest payable	133,315	205,149
Total Current Liabilities Payable from Restricted Assets	<u>3,250,536</u>	<u>3,616,463</u>
Total Current Liabilities	<u>7,908,677</u>	<u>7,445,020</u>
NON-CURRENT LIABILITIES		
Long-term debt, net of discounts and premiums	21,428,556	24,561,650
Net pension liability	11,742,137	11,975,655
Net OPEB liability	4,408,729	1,116,568
Installment loans	36,599	47,745
Unearned revenues	4,954,941	3,654,076
Total Non-Current Liabilities	<u>42,570,962</u>	<u>41,355,694</u>
 Total Liabilities	 <u>50,479,639</u>	 <u>48,800,714</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	244,597	551,932
OPEB	15,069	-0-
Total Deferred Inflows of Resources	<u>259,666</u>	<u>551,932</u>
NET POSITION		
Net investment in capital assets	106,171,749	95,717,888
Restricted for debt service	6,892,479	6,419,333
Unrestricted	9,328,337	15,445,241
Total Net Position	<u>122,392,565</u>	<u>117,582,462</u>
 <i>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</i>	 <i>\$ 173,131,870</i>	 <i>\$ 166,935,108</i>

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

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TRUCKEE DONNER PUBLIC UTILITY DISTRICT

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

December 31, 2018 and 2017

	2018	2017
OPERATING REVENUES		
Sales to customers	\$ 35,486,412	\$ 34,462,146
Standby fees	143,320	154,970
Cap and trade proceeds	1,186,320	1,140,372
Other	868,965	2,577,865
Total Operating Revenues	37,685,017	38,335,353
OPERATING EXPENSES		
Purchased power	11,001,858	11,327,300
Operations and maintenance	9,056,263	10,241,955
Consumer services	2,152,817	2,593,005
Administration and general	5,002,288	5,008,231
Depreciation	6,878,860	6,531,640
Total Operating Expenses	34,092,086	35,702,131
Operating Income	3,592,931	2,633,222
NON-OPERATING REVENUE (EXPENSES)		
Special tax revenue	-	-
Investment income	629,092	393,977
Amortization	(681,414)	(745,996)
	(33,045)	(33,045)
	-	-
	-	-
Gain on disposition of assets	1,284	7,538
Total Non-Operating Revenue (Expenses)	(84,083)	(377,526)
Income Before Contributions	3,508,848	2,255,696
CAPITAL & OTHER CONTRIBUTIONS	4,652,720	2,096,828
CHANGE IN NET POSITION	8,161,568	4,352,524
Net Position - Beginning of Year, before adjustment	117,582,462	113,229,938
Less: Restatement for change in accounting principal	(3,351,465)	-
Net Position - Beginning of Year, as adjusted	114,230,997	113,229,938
NET POSITION - END OF YEAR	\$ 122,392,565	\$ 117,582,462

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

TRUCKEE DONNER PUBLIC UTILITY DISTRICT
CONSOLIDATED STATEMENTS OF CASH FLOWS
December 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers	\$ 38,294,792	\$ 37,790,910
Paid to suppliers for goods and services	(18,317,973)	(20,134,075)
Paid to employees for services	(7,139,320)	(7,486,250)
Net Cash Flows from Operating Activities	12,837,499	10,170,585
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Principal payments on long-term debt	(1,269,000)	(404,000)
Interest payments on long-term debt	(160,464)	(63,590)
Net Cash Flows from Noncapital Financing Activities	(1,429,464)	(467,590)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital expenditures for utility plant	(11,609,527)	(5,381,950)
Cost of disposal of property net of salvage	(125,836)	(126,018)
Capital contributions, connection and facility fees	3,573,769	1,805,481
Special assessments receipts	710,368	687,698
Special tax receipts	-	-
Principal payments on long-term debt	(2,169,333)	(2,424,060)
Interest payments on long-term debt	(565,765)	(613,400)
Cash Flows From Capital and Related Financing Activities	(10,186,324)	(6,052,249)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income received	660,870	477,236
Cash Flows from Investing Activities	660,870	477,236
Net Change in Cash and Cash Equivalents	1,882,581	4,127,982
CASH AND CASH EQUIVALENTS – Beginning of Year	27,053,382	22,925,400
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 28,935,963	\$ 27,053,382

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

TRUCKEE DONNER PUBLIC UTILITY DISTRICT
CONSOLIDATED STATEMENTS OF CASH FLOWS
December 31, 2018 and 2017

	2018	2017
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$ 3,592,931	\$ 2,633,222
Noncash items included in operating income		
Depreciation and amortization	6,878,870	6,531,640
Depreciation charged to other accounts	178,114	344,042
Changes in assets and liabilities		
Accounts receivable and unbilled revenues	649,002	(592,348)
Materials and supplies	(206,340)	(20,915)
Prepaid expenses and other current assets	(51,625)	(173,927)
Accounts payable	828,192	(160,769)
Customer deposits	(39,228)	20,027
Deferred Pension Contributions - GASB 68	435,033	1,431,141
Other current liabilities	572,550	158,472
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 12,837,499	\$ 10,170,585
 RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE BALANCE SHEET		
Operating	\$ 9,602,733	\$ 8,460,571
Designated	13,958,250	13,710,369
Restricted funds - current	5,308,325	4,830,995
Restricted funds - non-current	1,753,275	1,818,513
Total Cash and Investments	30,622,583	28,820,448
Less: Long-term investments	(1,698,880)	(1,698,880)
Mark to market adjustments	12,260	(68,186)
TOTAL CASH AND CASH EQUIVALENTS	\$ 28,935,963	\$ 27,053,382

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

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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 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

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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 \$18,100 and \$25,200 for 2018 and 2017, 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

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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 2018 and 2017; no interest was capitalized in 2018 or in 2017.

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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 6.1% and 7.8% of total purchased power costs in 2017 and 2018, 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 will expect about 1.7 MW of carbon-free generation from this resource.

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 2018 and 2017, 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 cost for the District.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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 CO₂. 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 2018 and 2017, the District sold its excess allowances in the program auctions and the proceeds were recorded as \$1,186,320 and \$1,140,372 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

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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

W. RECENT ACCOUNTING PRONOUNCEMENTS IMPLEMENTED BY THE DISTRICT

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for other post-employment benefits (OPEB) (not including pensions) and would replace GASB statements 45 and 57. Statement 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to OPEB. The District implemented the statement in the current year (See Note 8 and 14).

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. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (ARO's). The District has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the District's fiscal year ending December 31, 2019.

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 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, 2019.

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, 2020.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 2018 and 2017, there was no utilization of these funds to offset increased power costs in lieu of raising electric rates.

Reserve for Future Meters

Prior to 1992, connection fees charged to applicants for water service included an amount, which was maintained in a designated fund, to offset the cost of future metering. In 2008, the Board adopted an ordinance to charge a \$5 monthly surcharge to all customers of treated water beginning January 2009 through December 2013. Water meters and automated meter reading devices are being installed, and customers will be billed volumetrically in accordance with California Assembly Bill 2572. As meters are installed, these funds are used to pay for related costs. In 2018 the meter fund was fully depleted.

Water Vehicle Reserve

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

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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

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 2018 funds were used for capital improvement projects.

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 2017, 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>2018</u>	<u>2017</u>
Electric capital replacement fund	\$ 3,547,434	\$ 4,035,103
Electric vehicle reserve	521,293	602,706
Electric rate reserve	5,545,624	5,449,424
Electric deferred liabilities reserve	2,010,947	1,000,000
Reserve for future meters	-	507,653
Water vehicle reserve	235,493	60,897
Prepaid connection fees	75,957	80,261
Debt service & operating reserve fund	1,799,719	1,869,954
Donner Lake Assessment District surcharge fund	119,751	104,371
Water deferred liabilities reserve	102,032	-
Totals	<u>\$ 13,958,250</u>	<u>\$ 13,710,369</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.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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

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.

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>2018</u>	<u>2017</u>
Certificates of Participation	\$ 575,626	\$ 1,020,999
Facilities fees	1,416,480	671,866
DWR-Prop 55 reserve fund	327,308	319,873
Donner Lake Special Assessment District improvement	2,679,245	2,634,240
Donner Lake Special Assessment District reserve fund	811,379	811,765
AB 32 Cap and Trade Auction fund	1,197,362	1,137,796
Other (area improvement funds)	54,200	52,969
Total Restricted Cash and Cash Equivalents and Investments	<u>\$ 7,061,600</u>	<u>\$ 6,649,508</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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

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

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 28,869,308	\$ 27,001,935
Investments – government bonds	1,753,275	1,818,513
Totals	<u>\$ 30,622,583</u>	<u>\$ 28,820,448</u>

Cash and cash equivalents and investments were \$30,622,583 and \$28,820,448 at December 31, 2018 and 2017, 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, 2018:

- US Government bonds and cash equivalents 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, 2018 and 2017 the District's deposits and investments at fair value were held as follows:

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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

	<u>2018</u>	<u>2017</u>
Cash on hand	\$ 2,400	\$ 2,400
Deposits	1,538,997	1,083,310
LAIF	10,284,840	9,915,618
PCTIP	8,068,948	7,933,761
UPTIF	8,813,143	7,446,510
Money Market Funds	160,980	620,336
Government Bonds	1,753,275	1,818,513
Totals	<u>\$ 30,622,583</u>	<u>\$ 28,820,448</u>

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 2018 and 2017:

<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	03/02/2021

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.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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

As of December 31, 2018 and 2017 all deposits were fully insured or collateralized.

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).

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.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 3 – CAPITAL ASSETS

Capital assets consist of the following at December 31, 2018 and 2017:

	<u>January 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2018</u>
Electric distribution facilities	\$ 60,416,921	\$ 5,100,497	\$ (1,312,726)	\$ 64,204,692
Water distribution facilities	112,596,747	3,836,606	(54,760)	116,378,593
General plant	15,782,620	921,628	(190,954)	16,513,294
	<u>188,796,288</u>	<u>9,858,731</u>	<u>(1,558,440)</u>	<u>197,096,579</u>
Less: Accumulated depreciation	(68,563,234)	(7,203,036)	1,673,427	(74,092,843)
Construction work in progress	2,881,021	11,929,099	(7,640,306)	7,169,814
Totals	<u>\$ 123,114,075</u>	<u>\$ 14,584,794</u>	<u>\$ (7,525,319)</u>	<u>\$ 130,173,550</u>

	<u>January 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31, 2017</u>
Electric distribution facilities	\$ 58,345,690	\$ 2,191,342	\$ (120,111)	\$ 60,416,921
Water distribution facilities	108,860,825	4,898,966	(1,163,044)	112,596,747
General plant	15,062,278	988,813	(268,471)	15,782,620
	<u>182,268,793</u>	<u>8,079,121</u>	<u>(1,551,626)</u>	<u>188,796,288</u>
Less: Accumulated depreciation	(63,372,738)	(6,840,212)	1,649,716	(68,563,234)
Construction work in progress	4,706,276	5,554,478	(7,379,733)	2,881,021
Totals	<u>\$ 123,602,331</u>	<u>\$ 6,793,387</u>	<u>\$ (7,281,643)</u>	<u>\$ 123,114,075</u>

As of December 31, 2018 and 2017, 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.

NOTE 4 – TELECOMMUNICATION SERVICES

In 1999, the District initiated a project to expand their 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 as of December 31, 2018 on the broadband project total \$2,834,079, of which \$496,990 was expensed in 2014 for legal fees and preliminary feasibility studies. In 2018 and 2017 there were no material expenditures for this project.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

In 2018, 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.

NOTE 5 – LONG-TERM DEBT

Long-term debt consisted of the following at December 31, 2018:

	January 1, 2018	Additions	Reductions	December 31, 2018	Due within one year
Pension Obligation Bonds					
Electric, 2.47%					
due semi-annually to 2022	4,745,000	-	(1,269,000)	3,476,000	920,000
State Revolving Fund Loan –					
Water, 2.34%, due semi-annually					
beginning in 2006 to 2026	6,140,596	-	(661,007)	5,479,589	676,565
Certificates of Participation –					
Water, 4.00% to 5.00%					
due serially to 2021					
refinanced in 2016	2,634,000	-	(644,000)	1,990,000	659,000
Certificates of Participation –					
Water, 2.00% to 4.00%,					
due serially to 2035 (net					
premiums of \$448,041)	13,435,059	-	(577,018)	12,858,041	565,000
Department of Water Resources,					
3.18%, due semiannually to					
2021, secured by real					
and personal property	1,007,651	-	(276,650)	731,001	285,510
Installment loan, 4.58%					
due serially to 2023	58,403	-	(10,658)	47,745	11,146
Totals	<u>\$ 28,020,709</u>	<u>\$ -</u>	<u>\$ (3,438,333)</u>	<u>\$ 24,582,376</u>	<u>\$ 3,117,221</u>

Long-term debt consisted of the following at December 31, 2017:

	January 1, 2017	Additions	Reductions	December 31, 2017	Due within one year
Pension Obligation Bonds					
Electric, 2.47%					
due semi-annually to 2022	\$ 5,149,000	\$ -	\$ (404,000)	\$ 4,745,000	\$ 1,269,000
State Revolving Fund Loan –					
Water, 2.34%, due semi-annually					
beginning in 2006 to 2026	6,786,402	-	(645,806)	6,140,596	661,006
Certificates of Participation –					
Water, 4.00% to 5.00%					
due serially to 2021					
refinanced in 2016	3,266,000	-	(632,000)	2,634,000	644,000
Certificates of Participation –					
Water, 2.00% to 4.00%,					
due serially to 2035 (net					
premiums of \$475,059)	13,997,077	-	(562,018)	13,435,059	550,000
Department of Water Resources,					
3.18%, due semiannually to					
2021, secured by real					
and personal property	1,275,743	-	(268,092)	1,007,651	276,650
Installment loan, 4.58%					
due serially to 2023	374,548	-	(316,145)	58,403	10,658
Totals	<u>\$ 30,848,770</u>	<u>\$ -</u>	<u>\$ (2,828,061)</u>	<u>\$ 28,020,709</u>	<u>\$ 3,411,314</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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 8).

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 2018 or in 2017.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 5 – LONG-TERM DEBT (Continued)

Scheduled payments on debt are:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 3,117,221	\$ 724,222	\$ 3,841,443
2020	3,228,784	648,447	3,877,231
2021	3,179,833	563,954	3,743,787
2022	1,907,221	486,560	2,393,781
2023	1,397,546	437,044	1,834,590
2024-2028	5,618,730	1,547,688	7,166,418
2029-3033	4,410,000	753,525	5,163,525
2034-2038	1,275,000	62,800	1,337,800
	<u>\$ 24,134,335</u>	<u>\$ 5,224,240</u>	<u>\$ 29,358,575</u>
Plus: Unamortized premiums	448,041		
	<u>\$ 24,582,376</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, 2018 and 2017, 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, 2018 and 2017:

	<u>January 1,</u> <u>2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2018</u>
Development agreement deposits	2,768,422	2,306,700	(1,347,326)	3,727,796
Connection fees and other deposits	885,654	1,440,232	(1,098,741)	1,227,145
Totals	<u>\$ 3,654,076</u>	<u>\$ 3,746,932</u>	<u>\$ (2,446,067)</u>	<u>\$ 4,954,941</u>
	<u>January 1,</u> <u>2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>December 31,</u> <u>2017</u>
Development agreement deposits	2,237,331	1,134,433	(603,342)	2,768,422
Connection fees and other deposits	836,177	823,218	(773,741)	885,654
Totals	<u>\$ 3,073,507</u>	<u>\$ 1,957,651</u>	<u>\$ (1,377,083)</u>	<u>\$ 3,654,076</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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 is fully funded as of December 31, 2016.

As of December 31, 2018 and 2017, the assessment receivable from the property owners was \$2,294,810 and \$3,005,178 respectively, of which \$757,171 and \$736,020 is due in the next year. 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.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

A. PENSION PLANS (Continued)

The plans' provisions and benefits in effect at December 31, 2018 are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Benefit Formula	2.7% @ 55	2% @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50 and Up	52 and Up
Monthly Benefits, as a % of eligible compensation	2.0% - 2.7%	1.0% to 2.5%
Required Employee Contributions Rates	8%	6.25%
Required Employer Contributions Rates	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, 2017 through June 30, 2018.

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date	2.7% @ 55	2% @ 62
Benefit Formula	2.7% @ 55	2% @ 62
2018 Employer Contributions	\$1,136,849	\$109,627
2017 Employer Contributions	\$1,044,745	\$94,014

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

As of December 31, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability as follows:

<u>Proportionate Share of Net Pension Liability</u>	
<u>Fiscal Year Ending</u>	
June 30, 2018	June 30, 2017
\$11,742,137	\$11,975,655

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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

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

June 30, 2018 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, 2018 and June 30, 2017 is as follows:

Measurement Date	Percentage Share of Risk Pool		Change
	June 30, 2018	June 30, 2017	
Percentage of Plan NPL	0.31157%	0.30379%	0.00778%

For the years ended December 31, 2018 and 2017 the District recognized pension expense of \$1,528,763 and \$2,269,611 respectively. At December 31, 2018 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$1,010,564	
Differences between expected and actual experience	297,214	
Differences between projected and actual investment earnings	58,050	
Differences between employer's contributions and proportionate share of contributions		244,597
Change in employer's proportion	215,948	
Pension contributions made subsequent to the measurement date	704,797	
Total	\$2,286,573	\$244,597

\$704,797 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31	Amount
2019	\$1,141,622
2020	\$675,519
2021	(\$374,348)
2022	(\$105,614)
	\$1,337,179

Actuarial Assumptions – The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

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

	Miscellaneous 2018
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.625%
Payroll Growth	2.875%
Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality (1)	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 2017 experience study report.

All underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on results of a December 2017 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, 2018 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.

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

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

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

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, 2018.

Asset Class	New Strategic Allocation
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:

Miscellaneous	
Measurement Date	June 30, 2018
1% Decrease	6.15%
Net Pension Liability	\$18,415,604
Current Discount Rate	7.15%
Net Pension Liability	\$11,742,137
1% Increase	8.15%
Net Pension Liability	\$6,233,300

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, 2018 and 2017 respectively the District did not report a payable for outstanding required contributions to the pension plan.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

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 2018 and 2017, the total match was \$134,457 and \$106,332 in the respective years. 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 2, beginning with the year ended December 31, 2018, 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 retire at age 50+ and 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.

Employees Covered – At June 30, 2017 (the census date), the benefit terms covered the following employees:

<u>Category</u>	<u>Count</u>
Active Employees:	68
Inactive Employees, spouses, or beneficiaries currently receiving payment(s):	53
<u>Inactive employees entitled to but not yet receiving benefit payment(s):</u>	<u>0</u>
Total	121

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, 2018 was \$100,000.

Net OPEB Liability – The District's net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2017.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

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

Actuarial Assumptions

The total OPEB Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation: 2.17%

Salary Increases: Base salary increases in year one: 2.875%. Base salary increases in subsequent years: 2.85%. Additional merit-based increases based on CalPERS.

Investment Rate of Return: 7.00%

Healthcare cost trend rates: 7.00% in the first year, trending down to 3.84% over 58 years

Mortality Rates: Based on CalPERS tables

The discount rate used to measure the total OPEB liability was 7.00%. 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.

Changes in the Net OPEB Liability – The changes in the net OPEB liability for the Plan are as follows:

	Increases (Decreases)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(c) = (a) - (b)
Balance as of Report Date December 31, 2017	\$6,465,503	\$1,997,471	\$4,468,032
Changes for the year:			
Service Cost	170,473	-	170,473
Interest	448,374	-	448,374
Differences between Expected and Actual Experience	-	-	-
Contributions	-	-	-
Employer - District's Contribution	-	256,280	(256,280)
Employer - Implicit Subsidy	-	254,930	(254,930)
Net Investment Income	-	167,459	(167,459)
Benefit Payments, Including Refunds of Employee Contributions	(214,280)	(214,280)	-
Implicit Rate Subsidy Fulfilled	(254,930)	(254,930)	-
Administrative Expenses	-	(519)	519
Net Changes	149,637	208,940	(59,303)
Balance as of Report Date December 31, 2018	\$6,615,140	\$2,206,411	\$4,408,729

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

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 (6.00% or one percentage point higher (8.00%) is as follows:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	6.00%	7.00%	8.00%
Net OPEB Liability	\$4,995,687	\$4,408,729	\$3,902,103

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:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	6.00%	7.00%	8.00%
	Decreasing to	Decreasing to	Decreasing to
	<u>2.84%</u>	<u>3.84%</u>	<u>4.84%</u>
Net OPEB Liability	\$4,122,339	\$4,408,729	\$4,736,191

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, 2018, the District recognized an OPEB expense of \$466,976. At December 31, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	-
District contributions made subsequent to the measurement date	344,700	(15,069)
Total	<u>\$344,700</u>	<u>(\$15,069)</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 8 – EMPLOYEE BENEFIT PLANS (Continued)

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

The \$344,700 reported as deferred outflows of resources related to contributions subsequent to the December 31, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended December 31</u>	<u>Amount</u>
2019	(\$3,767)
2020	(\$3,767)
2021	(\$3,767)
2022	<u>(\$3,768)</u>
	(\$15,069)

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 project has an external requirement to be reported separately, and investors in the revenue 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, 2018 and 2017.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 10 – SEGMENT DISCLOSURE (Continued)

STATEMENT OF NET POSITION

	December 31, 2018			
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Electric	Water	Eliminations	Grand Total
Current assets	\$ 25,903,974	\$ 9,424,443	\$ -	\$ 35,328,417
Non-current assets:				
Capital assets, net	53,535,186	76,638,364	-	130,173,550
Restricted assets	-	1,753,275	-	1,753,275
Other long term assets	311,157	2,294,810	-	2,605,967
Total Noncurrent Assets	<u>53,846,343</u>	<u>80,686,449</u>	<u>-</u>	<u>134,532,792</u>
Deferred outflows of resources				
Pension	1,371,944	914,629	-	2,286,573
OPEB	206,820	137,880	-	344,700
Unamortized loss on refunding	-	543,976	-	543,976
Unamortized redemption premium	95,412	-	-	95,412
Total Deferred Outflows of Resources	<u>1,674,176</u>	<u>1,596,485</u>	<u>-</u>	<u>3,270,661</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 81,424,493</u>	<u>\$ 91,707,377</u>	<u>\$ -</u>	<u>\$ 173,131,870</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current liabilities	\$ 5,114,243	\$ 2,794,434	\$ -	\$ 7,908,677
Non-current Liabilities				
Long-term debt, net of current portion	2,592,599	18,872,556	-	21,465,155
Net pension liability	7,045,282	4,696,855	-	11,742,137
OPEB liability	2,645,237	1,763,492	-	4,408,729
Unearned revenues	3,451,288	1,503,653	-	4,954,941
Total Noncurrent Liabilities	<u>15,734,406</u>	<u>26,836,556</u>	<u>-</u>	<u>42,570,962</u>
Total Liabilities	<u>20,848,649</u>	<u>29,630,990</u>	<u>-</u>	<u>50,479,639</u>
Deferred inflows of resources				
Pension	146,758	97,839	-	244,597
OPEB	9,041	6,028	-	15,069
Total Deferred Inflows of Resources	<u>155,799</u>	<u>103,867</u>	<u>-</u>	<u>259,666</u>
Net Position				
Net investment in capital assets	50,048,040	56,123,709	-	106,171,749
Restricted for debt service	1,777,693	5,114,785	-	6,892,478
Unrestricted	8,594,312	734,026	-	9,328,338
Total Net Position	<u>60,420,045</u>	<u>61,972,520</u>	<u>-</u>	<u>122,392,565</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 81,424,493</u>	<u>\$ 91,707,377</u>	<u>\$ -</u>	<u>\$ 173,131,870</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 10 – SEGMENT DISCLOSURE (Continued)

	<u>December 31, 2017</u>			
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	Electric	Water	Eliminations	Grand Total
Current assets	\$ 23,717,604	\$ 10,085,811	\$ -	\$ 33,803,415
Non-current assets:				
Capital assets, net	48,257,502	74,856,572	-	123,114,074
Restricted assets	-	1,818,513	-	1,818,513
Other long-term assets	843,086	3,005,178	-	3,848,264
Total Noncurrent Assets	<u>49,100,588</u>	<u>79,680,263</u>	<u>-</u>	<u>128,780,851</u>
Deferred outflows of resources				
Pension	2,190,835	1,460,556	-	3,651,391
Unamortized loss on refunding	-	576,778	-	576,778
Unamortized redemption premium	122,673	-	-	122,673
	<u>2,313,508</u>	<u>2,037,334</u>	<u>-</u>	<u>4,350,842</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u>\$ 75,131,700</u>	<u>\$ 91,803,408</u>	<u>\$ -</u>	<u>\$ 166,935,108</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current liabilities	\$ 4,702,463	\$ 2,742,557	\$ -	\$ 7,445,020
Non-current Liabilities				
Long-term debt, net of current portion	3,523,745	21,085,650	-	24,609,395
Net pension liability	7,185,392	4,790,263	-	11,975,655
OPEB liability	669,941	446,627	-	1,116,568
Unearned revenues	2,612,137	1,041,939	-	3,654,076
Total Noncurrent Liabilities	<u>13,991,215</u>	<u>27,364,479</u>	<u>-</u>	<u>41,355,694</u>
Total Liabilities	<u>18,693,678</u>	<u>30,107,036</u>	<u>-</u>	<u>48,800,714</u>
Deferred inflows of resources				
Pension	331,159	220,773	-	551,932
Total Deferred Inflows of Resources	<u>331,159</u>	<u>220,773</u>	<u>-</u>	<u>551,932</u>
Net Position				
Net investment in capital assets	43,501,844	52,216,044	-	95,717,888
Restricted for debt service	1,842,553	4,576,780	-	6,419,333
Unrestricted	10,762,466	4,682,775	-	15,445,241
Total Net Position	<u>56,106,863</u>	<u>61,475,599</u>	<u>-</u>	<u>117,582,462</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 75,131,700</u>	<u>\$ 91,803,408</u>	<u>\$ -</u>	<u>\$ 166,935,108</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 10 – SEGMENT DISCLOSURE (Continued)

STATEMENTS OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION

	Year ended December 31, 2018			
	Electric	Water	Eliminations	Grand Total
Operating Revenues				
Sales to consumers	\$ 23,045,437	\$ 12,440,975	\$ -	\$ 35,486,412
Other operating revenues	3,454,838	429,540	(1,685,773)	2,198,605
Operating expenses	(20,236,775)	(8,662,224)	1,685,773	(27,213,226)
Depreciation	(2,730,525)	(4,148,335)	-	(6,878,860)
Non-operating revenues (expenses)	344,897	(428,980)	-	(84,083)
Income (loss) before capital & other contributions	3,877,872	(369,024)	-	3,508,848
Capital contributions, net	2,446,189	2,206,531	-	4,652,720
CHANGE IN NET POSITION	6,324,061	1,837,507	-	8,161,568
Net Position, Beginning	56,106,863	61,475,599	-	117,582,462
Less, Restatement for change in accounting period	(2,010,879)	(1,340,586)	-	(3,351,465)
Net Position, Beginning of Year, as adjusted	54,095,984	60,135,013	-	114,230,997
NET POSITION, ENDING	\$ 60,420,045	\$ 61,972,520	\$ -	\$ 122,392,565

	Year ended December 31, 2017			
	Electric	Water	Eliminations	Grand Total
Operating Revenues				
Sales to consumers	\$ 22,660,258	\$ 11,801,888	\$ -	\$ 34,462,146
Other operating revenues	5,046,862	538,960	(1,151,137)	4,434,685
Operating expenses	(22,108,454)	(8,774,652)	1,151,137	(29,731,969)
Depreciation	(2,624,534)	(3,907,106)	-	(6,531,640)
Non-operating revenues (expenses)	140,304	(517,830)	-	(377,526)
Income (loss) before capital & other contributions	3,114,436	(858,740)	-	2,255,696
Capital contributions, net	1,254,137	842,691	-	2,096,828
CHANGE IN NET POSITION	4,368,573	(16,049)	-	4,352,524
Net Position, Beginning	51,738,290	61,491,648	-	113,229,938
NET POSITION, ENDING	\$ 56,106,863	\$ 61,475,599	\$ -	\$ 117,582,462

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 10 – SEGMENT DISCLOSURE (Continued)

STATEMENTS OF CASH FLOWS

	Year ended December 31, 2018			
	Electric	Water	Eliminations	Grand Total
NET CASH PROVIDED BY (USED IN)				
Operating activities	\$ 8,346,474	\$ 4,491,025	\$ -	\$ 12,837,499
Noncapital financing activities	(1,429,464)	-	-	(1,429,464)
Capital and related financing activities	(5,164,526)	(5,021,798)	-	(10,186,324)
Investing activities	350,522	310,348	-	660,870
Net increase (decrease) in cash and cash equivalents	2,103,006	(220,425)	-	1,882,581
Cash and Cash Equivalents, Beginning	19,449,856	7,603,526	-	27,053,382
CASH AND CASH EQUIVALENTS, ENDING	\$ 21,552,862	\$ 7,383,101	\$ -	\$ 28,935,963
	Electric	Water	Eliminations	Grand Total
NET CASH PROVIDED BY (USED IN)				
Operating activities	\$ 6,624,835	\$ 3,545,750	\$ -	\$ 10,170,585
Noncapital financing activities	(467,590)	-	-	(467,590)
Capital and related financing activities	(2,328,476)	(3,723,773)	-	(6,052,249)
Investing activities	181,261	295,975	-	477,236
Net increase in cash and cash equivalents	4,010,030	117,952	-	4,127,982
Cash and Cash Equivalents, Beginning	15,439,826	7,485,574	-	22,925,400
CASH AND CASH EQUIVALENTS, ENDING	\$ 19,449,856	\$ 7,603,526	\$ -	\$ 27,053,382

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 Basin. 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.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 11 – MARTIS VALLEY GROUNDWATER MANAGEMENT EFFORTS (Continued)

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 groundwater management plan, 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 was part of the overall Federal study effort.

Partner agencies each adopted the Groundwater Management Plan (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.

Earlier in 2018, 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 results 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.

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.

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.

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

NOTE 14 - CHANGE IN ACCOUNTING PRINCIPLE

As a result of implementing GASB Statement No. 75, the District has restated beginning net position as of January 1, 2018 by \$3,351,465 to \$114,230,997 as follows:

<u>Description of Restatement</u>	<u>Amount</u>
Decrease Liabilities and increase Net Position by removing OPEB liability established from GASB Statement No. 45 compliance	\$ (1,116,568)
Increase Liabilities and decrease Net Position by adding in the Net OPEB Liability beginning balance as of January 1, 2018	<u>4,468,033</u>
Total Restatement Activity	\$ 3,351,465

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REQUIRED SUPPLEMENTARY INFORMATION

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018 and 2017

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Portion of Net Pension Liability	0.31157%	0.30379%	0.29837%	0.29209%	0.09982%
Proportionate Share of The Net Pension Liability	\$11,742,137	\$11,975,655	\$10,250,329	\$8,013,400	\$6,210,985
Covered - Employee Payroll	\$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	159.20%	168.47%	153.67%	130.04%	98.92%
Plan's Fiduciary Net Position	\$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	75.26%	73.31%	75.12%	79.31%	89.17%

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

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2018 and 2017

Schedule of Contributions

Cost Sharing Defined Benefit Plans

December 31

Last Ten Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution (Actuarially Determined)	\$1,246,476	\$1,138,758	\$1,011,908	\$950,147	\$943,118
Contributions in Relation to the Actuarially Determined Contributions	\$1,246,476	\$1,138,758	\$1,048,897	\$949,634	\$943,118
Contribution deficiency (excess)	\$0	(\$0)	(\$36,989)	\$513	\$0
Covered - Employee Payroll	\$7,375,933	\$7,108,563	\$6,670,248	\$6,162,431	\$6,278,545
Contributions as a percentage of covered-employee payroll	17%	16%	16%	15%	15%

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

TRUCKEE DONNER PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018 and 2017

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

Measurement Date: December 31, 2017
Report Date: December 31, 2018

Total OPEB Liability

Service Cost	\$170,473
Interest	448,374
Benefit Payments	(214,280)
Implicit Rate Subsidy Fulfilled	(254,930)
	\$149,637
Net Change in Total OPEB Liability	\$149,637
Total OPEB Liability - Beginning of Year	6,465,503
Total OPEB Liability - End of Year (a)	\$6,615,140

Plan Fiduciary Net Position

Net Investment Income	\$167,459
Contributions	
Employer - District's Contribution	256,280
Employer - Implicity Subsidy	254,930
Benefit Payments, Including Refunds of Employee Contributions	(214,280)
Implicit Rate Subsidy Fulfilled	(254,930)
Administrative Expense	(519)
	208,940
Net Change in Plan Fiduciary Net Position	208,940
Plan Fiduciary Net Position - Beginning of Year	1,997,471
Plan Fiduciary Net Position - End of Year (b)	2,206,411
District's Net OPEB liability - End of Year = (a) -(b)	\$4,408,729
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	33.35%
Covered Employee Payroll	\$7,202,518
District's Net OPEB Liability as a Percentage of Covered-Employee Payroll	61.21%

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

TRUCKEE DONNER PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018 and 2017

Other Post Employment Benefits - Schedule of Investment Returns

Report Date: December 31, 2018

Annual Money-Weighted Rate of Return, Net of Investment Expense

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

TRUCKEE DONNER PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018 and 2017

Other Post Employment Benefits - Schedule of Contributions

	Report Date:	<u>December 31, 2018</u>
Actuarially Determined Contribution		\$569,210
Less: Actual Contributions		511,210
Contribution Deficiency		<u>\$58,000</u>
Covered - Employee Payroll		<u>\$7,202,518</u>
Contributions as a Percentage of Covered-Employee Payroll		7.10%

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

TRUCKEE DONNER PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018 and 2017

Other Post Employment Benefits - Actuarial Assumptions

Actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2018 were from the June 30, 2017 valuation.

Methods and assumptions used to determine contributions:

Assumptions and Methods

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry age normal, level percent of pay
Amortization Method	Closed period, level percent of pay
Amortization Period	20 years
Inflation	2.75%
Assumed Payroll Growth Year 1	2.875%
Assumed Payroll Growth Year 2	2.875%
Healthcare Trend Rates	7.00%, trending down to 3.84%
Rate of Return on Assets	7.00%
Mortality Rate	CalPERS Rates utilizing the decrement table Mort and Disb Rates_PA Misc from the CalPERS OPEB assumption model revised December 20, 2017.
Retirement Rates	CalPERS Rates based on CalPERS Experience Study for the period from 1997 to 2014.

SUPPLEMENTAL INFORMATION

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

SUPPLEMENTARY INFORMATION

December 31, 2018 and 2017

CONSOLIDATING STATEMENT OF NET POSITION

As of December 31, 2018

	<u>Electric Operations</u>	<u>Water Operations</u>	<u>Eliminations</u>	<u>Totals</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
CURRENT ASSETS				
Funds				
Operating	\$ 8,084,641	\$ 1,518,092	\$ -	\$ 9,602,733
Designated	11,625,297	2,332,953	-	13,958,250
Restricted	<u>1,779,657</u>	<u>3,528,668</u>	-	<u>5,308,325</u>
Total Funds	21,489,595	7,379,713	-	28,869,308
Accounts receivable, net	1,117,478	650,170	-	1,767,648
Unbilled revenues	2,079,166	827,906	-	2,907,072
Accrued interest receivable	49,451	48,654	-	98,105
Materials and supplies	711,111	173,127	-	884,238
Prepaid expenses	400,755	284,061	-	684,816
Other	<u>56,418</u>	<u>60,812</u>	-	<u>117,230</u>
Total Current Assets	<u>25,903,974</u>	<u>9,424,443</u>	-	<u>35,328,417</u>
NON-CURRENT ASSETS				
Other Non-Current Assets				
Restricted funds	-	1,753,275	-	1,753,275
Special assessments receivable	-	2,294,810	-	2,294,810
Other	<u>311,157</u>	-	-	<u>311,157</u>
Total Other Non-Current Assets	<u>311,157</u>	<u>4,048,085</u>	-	<u>4,359,242</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	1,371,944	914,629	-	2,286,573
OPEB	206,820	137,880	-	344,700
Unamortized loss on refunding	-	543,976	-	543,976
Unamortized redemption premium	<u>95,412</u>	-	-	<u>95,412</u>
Total deferred outflows of resources	<u>1,674,176</u>	<u>1,596,485</u>	-	<u>3,270,661</u>
CAPITAL ASSETS				
Utility plant	76,222,195	120,874,384	-	197,096,579
Accumulated depreciation	(27,171,103)	(46,921,740)	-	(74,092,843)
Construction work in progress	<u>4,484,094</u>	<u>2,685,720</u>	-	<u>7,169,814</u>
Total capital assets	<u>53,535,186</u>	<u>76,638,364</u>	-	<u>130,173,550</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 81,424,493</u>	<u>\$ 91,707,377</u>	<u>\$ -</u>	<u>\$ 173,131,870</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

SUPPLEMENTARY INFORMATION

December 31, 2018 and 2017

	Electric Operations	Water Operations	Eliminations	Totals
NET POSITION AND LIABILITIES				
CURRENT LIABILITIES				
Other liabilities				
Accounts payable	\$ 3,109,764	\$ 64,174	\$ -	\$ 3,173,938
Customer deposits	361,337	87,631	-	448,968
Other	710,659	324,576	-	1,035,235
Total other liabilities	<u>4,181,760</u>	<u>476,381</u>	-	<u>4,658,141</u>
Current liabilities payable from restricted assets:				
Current portion of long-term debt	931,146	2,186,075	-	3,117,221
Accrued interest payable	1,337	131,978	-	133,315
Total Current Liabilities Payable from Restricted Assets	<u>932,483</u>	<u>2,318,053</u>	-	<u>3,250,536</u>
Total Current Liabilities	<u>5,114,243</u>	<u>2,794,434</u>	-	<u>7,908,677</u>
NON-CURRENT LIABILITIES				
Long-term debt, net of discounts and premiums	2,556,000	18,872,556	-	21,428,556
Net pension liability	7,045,282	4,696,855	-	11,742,137
OPEB liability	2,645,237	1,763,492	-	4,408,729
Installment loans	36,599	-	-	36,599
Unearned revenues	3,451,288	1,503,653	-	4,954,941
Total non-current liabilities	<u>15,734,406</u>	<u>26,836,556</u>	-	<u>42,570,962</u>
Total Liabilities	<u>20,848,649</u>	<u>29,630,990</u>	-	<u>50,479,639</u>
DEFERRED INFLOWS OF RESOURCES				
Pension	146,758	97,839	-	244,597
OPEB	9,041	6,028	-	15,069
Total deferred inflows of resources	<u>155,799</u>	<u>103,867</u>	-	<u>259,666</u>
NET POSITION				
Net investment in capital assets	50,048,040	56,123,709	-	106,171,749
Restricted for debt service	1,777,694	5,114,785	-	6,892,479
Unrestricted	8,594,311	734,026	-	9,328,337
Total Net Position	<u>60,420,045</u>	<u>61,972,520</u>	-	<u>122,392,565</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITIK	<u>\$ 81,424,493</u>	<u>\$ 91,707,377</u>	<u>\$ -</u>	<u>\$ 173,131,870</u>

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

SUPPLEMENTARY INFORMATION

December 31, 2018 and 2017

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

For the Year Ended December 31, 2018

	Electric Operations	Water Operations	Eliminations	Totals
OPERATING REVENUES				
Sales to customers	\$ 23,045,437	\$ 12,440,975	\$ -	\$ 35,486,412
Interdepartmental sales	1,220,022	2,224	(1,222,246)	-
Standby fees	20,040	123,280	-	143,320
Cap and trade proceeds	1,186,320	-	-	1,186,320
Other	1,028,456	304,036	(463,527)	868,965
Total Operating Revenues	26,500,275	12,870,515	(1,685,773)	37,685,017
OPERATING EXPENSES				
Purchased power	11,001,858	-	-	11,001,858
Operations and maintenance	4,868,872	5,409,637	(1,222,246)	9,056,263
Consumer services	1,389,855	762,962	-	2,152,817
Administration and general	2,976,190	2,489,625	(463,527)	5,002,288
Depreciation	2,730,525	4,148,335	-	6,878,860
Total Operating Expenses	22,967,300	12,810,559	(1,685,773)	34,092,086
Operating Income	3,532,975	59,956	-	3,592,931
NON-OPERATING REVENUE (EXPENSES)				
Investment income	376,219	252,873	-	629,092
Interest expense	(2,691)	(678,723)	-	(681,414)
Amortization	(27,261)	(5,784)	-	(33,045)
Gain (loss) on disposition of assets	(1,370)	2,654	-	1,284
Total Non-Operating Expenses	344,897	(428,980)	-	(84,083)
Income Before Contributions	3,877,872	(369,024)	-	3,508,848
CAPITAL & OTHER CONTRIBUTIONS, net				
Capital Contributions	2,109,229	2,543,491	-	4,652,720
Intercompany Debt Service - Pension Sidefund	336,960	(336,960)	-	-
Total Capital and Other Contributions, net	2,446,189	2,206,531	-	4,652,720
CHANGE IN NET POSITION				
	6,324,061	1,837,507	-	8,161,568
NET POSITION - Beginning of Year, before adjustment	56,106,863	61,475,599	-	117,582,462
LESS: Restatement for change in accounting principal	(2,010,879)	(1,340,586)	-	-
NET POSITION - Beginning of Year, as adjusted	54,095,984	60,135,013	-	114,230,997
NET POSITION - END OF YEAR	\$ 60,420,045	\$ 61,972,520	\$ -	\$ 122,392,565

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

SUPPLEMENTARY INFORMATION

December 31, 2018 and 2017

CONSOLIDATING STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2018

	Electric Operations	Water Operations	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Received from customers	\$ 26,943,262	\$ 13,037,303	\$ (1,685,773)	\$ 38,294,792
Paid to suppliers for goods and services	(13,957,673)	(6,046,073)	1,685,773	(18,317,973)
Paid to employees for services	(4,639,115)	(2,500,205)	-	(7,139,320)
Net Cash Flow s from Operating Activities	8,346,474	4,491,025	-	12,837,499
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Principal payments on long-term debt	(1,269,000)	-	-	(1,269,000)
Interest payments on long-term debt	(160,464)	-	-	(160,464)
Net Cash Flow s from Noncapital Financing Activities	(1,429,464)	-	-	(1,429,464)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital expenditures for utility plant	(7,397,001)	(4,212,526)	-	(11,609,527)
Cost of disposal of property net of salvage	(128,490)	2,654	-	(125,836)
Capital contributions, connection and facility fees	2,272,449	1,301,320	-	3,573,769
Special assessments receipts	-	710,368	-	710,368
Special tax receipts	-	-	-	-
Principal payments on long-term debt	(10,658)	(2,158,675)	-	(2,169,333)
Interest payments on long-term debt	99,174	(664,939)	-	(565,765)
Cash Flow s From Capital and Related Financing Activities	(5,164,526)	(5,021,798)	-	(10,186,324)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income received	350,522	310,348	-	660,870
Cash Flow s from Investing Activities	350,522	310,348	-	660,870
Net Change in Cash and Cash Equivalents	2,103,006	(220,425)	-	1,882,581
CASH AND CASH EQUIVALENTS – Beginning of Year	19,449,856	7,603,526	-	27,053,382
CASH AND CASH EQUIVALENTS – END OF YEAR	\$ 21,552,862	\$ 7,383,101	\$ -	\$ 28,935,963

TRUCKEE DONNER PUBLIC UTILITY DISTRICT

SUPPLEMENTARY INFORMATION

December 31, 2018 and 2017

For the Year Ended December 31, 2018

	<u>Electric Operations</u>	<u>Water Operations</u>	<u>Eliminations</u>	<u>Total</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH				
FLOWS FROM OPERATING ACTIVITIES				
Operating income	\$ 3,532,975	\$ 59,956	\$ -	\$ 3,592,931
Noncash items included in operating income				
Depreciation and amortization	2,730,525	4,148,345	-	6,878,870
Depreciation charged to other accounts	191,841	(13,727)	-	178,114
Intercompany Transfer	336,960	(336,960)	-	-
Accounts receivable and unbilled revenues	144,023	504,979	-	649,002
Materials and supplies	(192,077)	(14,263)	-	(206,340)
Prepaid expenses and other current assets	(9,614)	(42,011)	-	(51,625)
Accounts payable	797,651	30,541	-	828,192
Customer deposits	(37,996)	(1,232)	-	(39,228)
Deferred Pension Contributions - GASB 68	261,019	174,014	-	435,033
Other current liabilities	<u>591,167</u>	<u>(18,617)</u>	<u>-</u>	<u>572,550</u>
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 <u>\$ 8,346,474</u>	 <u>\$ 4,491,025</u>	 <u>\$ -</u>	 <u>\$ 12,837,499</u>
 RECONCILIATION OF CASH AND CASH EQUIVALENTS				
TO THE BALANCE SHEET				
Operating	\$ 8,084,641	\$ 1,518,092	\$ -	\$ 9,602,733
Designated	11,625,297	2,332,953	-	13,958,250
Restricted bond funds - current	1,779,657	3,528,668	-	5,308,325
Restricted bond funds - non-current	<u>-</u>	<u>1,753,275</u>	<u>-</u>	<u>1,753,275</u>
Total Cash and Investments	21,489,595	9,132,988	-	30,622,583
 Less: Long-term investments	 -	 (1,698,880)	 -	 (1,698,880)
Mark to market adjustment	<u>63,267</u>	<u>(51,007)</u>	<u>-</u>	<u>12,260</u>
 TOTAL CASH AND CASH EQUIVALENTS	 <u>\$ 21,552,862</u>	 <u>\$ 7,383,101</u>	 <u>\$ -</u>	 <u>\$ 28,935,963</u>