TUOLUMNE UTILITIES DISTRICT

Annual Financial Report June 30, 2020

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Tuolumne Utilities District

Annual Financial Report

June 30, 2020

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Independent Auditor’s Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tuolumne Utilities District
Sonora, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Tuolumne Utilities District (the District), which comprise the statements of net position of the Water Fund and Sewer Fund as of June 30, 2020, and the related statements of revenues, expenses, changes in net position, and cash flows for the year then ended and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

To the Board of Directors
Tuolumne Utilities District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District's Water Fund and Sewer Fund as of June 30, 2020 and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

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 Proportionate Share of the Net Pension Liability, the Schedule of Contributions to the Pension Plan, the Schedule of Changes in the Net OPEB Liability/(Assets) and Related Ratios and the Schedule of Employer Contributions to the OPEB Plan be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Richardson & Company, LLP

September 25, 2020

Management’s Discussion and Analysis

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Introduction

In this discussion and analysis, management provides an overview of the Tuolumne Utilities District's ("the District") financial position at June 30, 2020 and its financial performance for the year then ended. Condensed financial information from 2019 is also presented for comparison only. Limited information is presented about conditions and events that may affect the District's future financial position and performance. The intent is to provide context for understanding the financial statements and the District's prospects, and assistance interpreting the financial statements. This discussion and analysis present management's perspective and should be read in conjunction with the District's financial statements and accompanying notes which follow this discussion and analysis.

Financial Statements

The District's financial statements include a statement of net position; a statement of revenues, expenses and changes in net position; and a statement of cash flows. These financial statements, together with the related footnotes, are known as the "basic financial statements" and comply with generally accepted accounting principles, which for all state and local governments including the District, are set forth in Governmental Accounting Standards Board (GASB) Statements. In many, but not all cases, GASB Statements incorporate the provisions of Financial Accounting Standards Board Statements which establish generally accepted accounting principles for nongovernmental entities. The District's activities are business-type activities and are accounted for as an enterprise fund. The accounting principles for an enterprise fund more closely resemble those of a commercial entity than a government.

Statement of Net Position

The statement of net position provides information about assets, deferred outflows of resources, obligations (liabilities), deferred inflows of resources, and net position of the District at a specific point in time. All amounts (except for investments in marketable debt securities) are shown at cost. Therefore, the liabilities, and net position sections of this statement reveal the sources of the District's capital, and the assets section shows how the capital has been used. The net position section reveals the life to date results of operations. Current assets and current liabilities are shown separately from other assets and liabilities to enable the reader to evaluate the adequacy of the District's working capital. Working capital is the excess of current assets over current liabilities, and current assets and current liabilities are those which liquidate within one year.

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses and changes in net position provides information regarding the District's financial performance during the year. The difference between revenues and expenses is the change in net position for the period. The total net position in the balance sheet represents the life to date accumulation of changes in net position.

Revenues earned, and expenses incurred during the year are presented in three categories: operating, nonoperating, and capital contributions. This allows the reader to evaluate the financial results of operating activities separately from other sources of income and expense.

The statement ends by showing how net income for the year, including capital contributions, accounts for the change in net position that occurred during the year.

Statement of Cash Flows

Because revenues and expenses are not identical to cash flows, generally accepted accounting principles require we provide the statement of cash flows. The statement of cash flows reports sources and uses of cash and cash equivalents in four categories: operating activities, noncapital financing activities, capital financing activities, and investing activities. The statement also presents a reconciliation of the differences between net income from operations and net cash flows from operations.

Financial Highlights

Condensed Statements of Net Position
For the Years Ended June 30

	2020	2019	Dollar Change	Percentage Change
Current assets	$ 21,168,054	$ 17,947,629	$ 3,220,425	18%
Restricted and other noncurrent assets	8,701,023	9,962,596	(1,261,573)	-13%
Capital assets	73,936,498	70,830,399	3,106,099	4%
Deferred outflows of resources	4,278,213	4,864,165	(585,952)	-12%
Total assets and deferred outflows of resources	$ 108,083,788	$ 103,604,789	$ 4,478,999	4%
Current liabilities	$ 2,256,948	$ 2,867,906	$ (610,958)	-21%
Noncurrent liabilities	25,333,255	26,217,525	(884,270)	-3%
Deferred inflows of resources	2,016,721	1,026,994	989,727	96%
Net position	78,476,864	73,492,364	4,984,500	7%
Total liabilities, deferred inflows of resources, and net position	$ 108,083,788	$ 103,604,789	$ 4,478,999	4%

2020 and 2019 Balance Sheets Compared

Current assets increased by $3.2 million during 2020 mainly due to the change in net income, less reduction of payables as described below. Within current assets, cash and investments unrestricted, accounts receivable, intergovernmental receivable, miscellaneous receivable, and inventory and all increased from 2019, while property taxes receivable, interest receivable, and prepaid expenses each decreased. Restricted and other noncurrent assets decreased by $1.3 million from 2019 due to the use of restricted fees on infrastructure projects described below.

The District invested $6.3 million in infrastructure improvements which were offset by depreciation expense of $3.2 million and asset disposals of $26 thousand, for a net increase in the capital assets of $3.1 million.

Total current liabilities decreased by $611 thousand primarily due to timing of year-end invoices related to capital projects in progress. Payroll payable and deposits increased over 2019, while accounts payable, accrued interest payable, current portion of compensated absences, and current portion of long-term debt all decreased.

Long-term liabilities decreased by $884 thousand. The noncurrent portion of compensated absences and net pension liability increased over 2019, while the noncurrent portion of long-term debt and net OPEB liability decreased. Long-term debt decreased due to scheduled principal payments. Net position increased by $5 million. Deferred outflows and inflows of pension and OPEB resources decreased by $586 thousand and increased by $990 thousand respectively.

Condensed Statements of Changes in Net Position
For the Years Ended June 30

	2020	2019	Dollar Change	Percentage Change
Operating revenues	$ 21,644,642	$ 20,453,236	$ 1,191,406	6%
Nonoperating revenues	2,217,274	2,310,158	(92,884)	-4%
Total revenues	23,861,916	22,763,394	1,098,522	5%
Operating expenses	20,535,212	19,034,518	1,500,694	8%
Nonoperating expenses	103,058	119,394	(16,336)	-14%
Total expenses	20,638,270	19,153,912	1,484,358	8%
Net income (loss) before capital contributions	3,223,646	3,609,482	(385,836)	-11%
Capital contributions	1,760,854	1,880,808	(119,954)	-6%
Change in net position	4,984,500	5,490,290	(505,790)	-9%
Beginning net position	73,492,364	68,002,074	5,490,290	8%
Ending net position	$ 78,476,864	$ 73,492,364	$ 4,984,500	7%

Condensed Statements of Revenues
For the Years Ended June 30

	2020	2019	Dollar Change	Percentage Change
Operating revenues				
Service charges	$ 21,644,642	$ 20,453,236	$ 1,191,406	6%
Total operating revenues	21,644,642	20,453,236	1,191,406	6%
Nonoperating revenues				
Property taxes	1,104,255	1,073,072	31,183	3%
Intergovernmental revenue	304,271	371,469	(67,198)	-18%
Debt service recovery charges	222,448	259,991	(37,543)	-14%
Investment income	506,372	563,630	(57,258)	-10%
Other income	105,102	72,077	33,025	46%
Gain (loss) on disposal of property	(25,174)	(30,081)	4,907	-16%
Total nonoperating revenues	2,217,274	2,310,158	(92,884)	-4%
Capital contributions	1,760,854	1,880,808	(119,954)	-6%
Total revenues	$ 25,622,770	$ 24,644,202	$ 978,568	4%

2020 and 2019 Revenues Compared

The comparative statement of revenues shows changes from 2020 to 2019 in the District's revenues, classified into operating, nonoperating, and capital categories. Total revenues increased $978 thousand. Total operating revenues increased $1.2 million mainly due to scheduled annual rate increases. Nonoperating revenues decreased $93 thousand. Capital contributions decreased by $120 thousand.

2020 and 2019 Operating Expenses Compared

Condensed Statements of Operating Expenses
For the Years Ended June 30

	2020	2019	Dollar Change	Percentage Change
Personnel	$ 11,715,425	$ 11,193,594	$ 521,831	5%
Chemicals & supplies	1,828,290	1,143,416	684,874	60%
Services	1,012,835	1,133,236	(120,401)	-11%
Repairs	673,926	635,619	38,307	6%
Utilities	485,855	454,152	31,703	7%
General & administrative	1,582,886	1,356,056	226,830	17%
Depreciation	3,235,995	3,118,445	117,550	4%
Total operating expenses	$ 20,535,212	$ 19,034,518	$ 1,500,694	8%

2020 and 2019 Nonoperating Expense Compared

Nonoperating expense consists of interest expense, which was $103 thousand and $119 thousand for 2020 and 2019, respectively, a decrease of approximately $16 thousand.

Capital Assets and Debt Administration

Capital assets include the District's water and wastewater system infrastructure of treatment plants, ditches, wells, pipelines, pumps, other buildings, and equipment.

2020 and 2019 Capital Assets Compared

Net capital assets totaled $74 million at June 30, 2020 and increased $3.1 million from the previous year due to additions of approximately $6.3 million, net of depreciation of $3.2 million. See Note 3 to the basic financial statements.

2020 and 2019 Long-term Debt Compared

At June 30, 2020 there was $3 million of long-term debt outstanding which decreased by approximately $508 thousand from 2019 due to maturities of existing debt. See Note 4 to the basic financial statements.

Infrastructure Improvements 2020

MONO VISTA TANK – The District replaced two bolted steel tanks in poor condition with a new 500,000-gallon bolted steel tank on the same site. The project incorporated innovative design features such as external roof rafters and force air ventilation to extend the expected useful life of the tank. The project is consistent with the District's strategic goals of consolidating infrastructure to reduce future operations and maintenance burdens.

TUOLUMNE WATER MAIN – The project represents the District's share above and beyond the $400,000 grant received to replace 1,150 linear feet of 12-inch water main pipeline and 900 linear feet of 8-inch water main pipeline within the townsite of Tuolumne. The project replaces an older asbestos cement water main that served as the only supply line to the entire water system.

ONEIL TUNNEL IMPROVEMENTS – This project involved installing a 210 feet of HDPE pipeline within a tunnel that was at risk of collapse. The HDPE pipeline was encased in concrete slurry to ensure reliable long-term service to downstream raw water customers on the Table Mountain Ditch.

TANK VENTILATION IMPROVEMENTS – TUD staff designed and a contractor installed a forced air ventilation system on 10 existing water storage tanks to reduce the concentration of chlorine vapor and the relative humidity inside the tank. The purpose of the project is to reduce corrosion and extend the useful life of the protective coatings within the tanks.

SARATOGA SEWER LIFT STATION – District forces reconstructed the Saratoga Sewer Lift Station. The old facility had a single corroded sump and outdated electrical and controls. The new lift station has new primary and overflow sumps and new pump controls to improve reliability and performance.

CURED-IN-PLACE PIPE SEWER REHABILITATION – This project involved rehabilitating 7,321 feet of sewer main using cured-in-place pipe. This method has proven to be a cost-effective alternative to traditional dig and replace methods. Each year, District staff identifies segments of pipe that would be good candidates for cured-in-place pipe and bids are solicited from contractors who specialize in this type of work.

JAMESTOWN TRANSMISSION MAIN REPLACEMENT – The project installed complete service lateral replacements on Main Street and complete main/service lateral replacements in the Mother Lode West subdivision. The objective of these projects was to reduce the number of after-hour calls and financial impact that continues to burden the District while increasing system efficiency and reliability.

SEWER REALIGNMENT – HILLCREST & PALEMONE – This project realigned, replaced, and improved access to a section of the sewer main located in an older portion of the City of Sonora. Sewer pipelines in this area had an unusually high rate of sewer backups resulting in many hours of staff response and potential impacts to private property.

Infrastructure Improvements Currently Under Construction 2020

PHOENIX LAKE PRESERVATION AND RESTORATION – The project involves dredging Phoenix Lake to restore up to 150 acre-feet of storage capacity, while improving water quality. Construction is underway with completion slated for October 2021. Roughly 85% of the total cost of approximately $6 million is being funded by grants from Proposition 84.

CUESTA HEIGHTS PROJECT – Phases 3&4 of a multi-year project to consolidate three water tanks into one 600,000-gallon treated water storage tank. The Gopher, 420K, and Saratoga tanks are in disrepair and need to be replaced. The project will also construct two new pump stations and allow for the abandonment of the 420K, Racetrack, and Shaws Flat pump stations resulting in improved system reliability and fire flow. A new pump station and tank are currently under construction and shall be operational by the end of 2020.

SONORA REGIONAL WASTEWATER TREATMENT PLANT IMPROVEMENTS – The District is finalizing design and securing funding to undertake a wholesale reconstruction of its Sonora Regional Wastewater Treatment Facility. The current facility was constructed in the mid 1970's and has reached the end of its useful life. State regulators have put TUD on notice that they plan to issue new permit requirements that will obligate TUD to improve the treatment processes. Additionally, TUD forecasts a need to expand use of recycled water in the local area. The project is scheduled to begin construction in Spring 2021. The new facility will include new headworks, extended aeration activated sludge process, secondary clarification, tertiary filtration, chlorine disinfection, and solids digestion and dewatering facilities. The new facility should become operational in early 2023.

SIERRA PINES WATER TREATMENT FACILITY – The District has completed preliminary design on a new regional water treatment facility to be constructed on District owned property at Sierra Pines. Phase 1 of the project will involve constructing a treatment facility capable of producing 3 million gallons per day and will enable the District to abandon and consolidate existing treatment facilities serving Cedar Ridge, Crystal Falls, Lakewood, Phoenix Lake Park, Ponderosa Hills, and Scenic View Estates areas. The District and its environmental consultant expect to complete CEQA and NEPA compliance for the project in Fall 2020. The District will continue to seek grant and loan financing for the project. Until funding is secured, there is no schedule for completing design and beginning construction.

UPPER COLUMBIA JUNIOR COLLEGE SEWER LIFT STATION: District forces are reconstructing a lift station serving Columba Junior College. The old facility had a single corroded sump and outdated valving, electrical, and controls. The new lift station will include new primary and overflow sumps resulting in improved reliability and performance. Construction is expected to be completed by the end of 2020.

WILLOW SPRINGS WATER DISTRIBUTION IMPROVEMENTS - The water distribution system within the Willow Springs area is constructed primarily of old, undersized, galvanized steel pipe with a high rate of failure. This project, implemented by the District's own forces, involved replacing over 6,000 linear feet of galvanized pipe with new PVC water mains appropriately sized to deliver fire flow. In addition to replacing water mains, new water service laterals and meter assemblies were installed.

APPLE VALLEY SEWER LIFT STATION: District forces are reconstructing a lift station serving the Apple Valley Estates area. The old facility had a single sump with surface mounted pumps that were susceptible to occasional flooding from adjacent Chicken Creek. The project involves site and drainage improvements to alleviate future flooding. The new facility will include new sumps, pumps, controls, and a new building. Construction is expected to be completed by the end of 2020.

Other Future Considerations

As of this writing, the nation, along with the world, is experiencing its first modern day pandemic crisis that has wrought along with it an economic crisis with numbers not seen since the great depression of 1929. In response, federal, state, and local government is working hard to safely and effectively continue to provide services to the community consistent with its mission. For the Tuolumne Utilities District, this means continuing to provide the lifeblood of the community: vital high-quality water supplies and wastewater services, both safely and reliably, while doing so at a fair value.

Achieving this goal is not a simple task. Beneath the surface is a vast array of aging infrastructure, deferred capital improvements, and unfunded regulatory mandates that must all come together to make this system work 24/7 each day of the year. The current system is comprised of numerous components spread across the county: fifteen treatment plants, hundreds of miles of pipelines and water conveyance facilities, hundreds of water storage tanks, pump stations, wells, valves, and systems to control the diversion, treatment, and delivery of high-quality, reliable water to each household. In turn, TUD collects the wastewater, conveys it to treatment plants, and reclaims the wastewater for its beneficial end use – recycled water. The system is old, failing, and in many cases, beyond repair. Under current laws and cost of replacement, these expenses are huge, and without partnerships, difficult if not impossible for TUD to keep rates down while working under a poor economy-of-scale (i.e., small number of connections per mile of pipeline). TUD has largely been successful in keeping rates down through partnerships, grants, and careful, prudent decision-making.

The fiscal year 2020-2021 budget represents a delicate balance to achieve the many goals and objectives as outlined in the district's strategic plan. These efforts include attracting and maintaining a hard-working employee workforce to carry out the day-to-day mission, continued investment in funding priority infrastructure replacement, and implementing strategic initiative, such as regionalizing, consolidating, and interconnecting water treatment plants and systems, diversifying water supplies and diversion points, and acquiring senior water rights and water and hydropower systems that serve Tuolumne County from the Pacific Gas & Electric. Balancing these initiatives represent an enormous effort by the organization to acquire the necessary information to assist the Board of Directors and the community make wise, informed, balanced decisions.

The Tuolumne Utilities District is a locally owned county water district under California law with elected officials who live within the community. By and large, TUD staff also lives in the community, resulting in a truly representative form of local government with TUD board members and staff involved in every aspect of our community. As we respond to this un-invited and unexpected dual crisis of the pandemic and economic fallout, we do so as a member of the community and as a team to balance the competing needs and demands of the organization and the community.

The Board of Directors' vision for the District as an innovator and leader in the water and wastewater utility industry is both reasonable and achievable but will take time to realize. The many under-sized, under-performing, and aging systems TUD inherited during its creation in 1992 will take a sustained, incremental commitment by the Board of Directors, staff, the community, and its partners to rebuild these systems toward the goal of reliability, efficiency, and resiliency in the face of climate change, drought, and threat of fire. The District's planning efforts over the last several years serve as a framework to discuss and prioritize projects to meet the vision and mission of the District as new information emerges: (1) Treated Water System Optimization Plan; (2) Strategic Plan Update; (3) Capital Improvement Plan Update; (4) Ditch Modernization Report; (5) Regional Wastewater Treatment Plant Modernization and Regional Septage Receiving System Upgrade; and (6) Replacement and Strategic Consolidation of Water Storage Tanks. These efforts highlight solutions to improve water supply reliability for all water users, potable and raw water, through consolidation of many of the small water treatment plants scattered across Tuolumne County into two regional water treatment plants, consolidation of water storage tanks into a strategic mesh of potable water storage facilities, strategically located off stream raw water storage facilities, along with many improvements to distribution lines, collection facilities, pumping plants and lift stations.

TUD's goal of water supply reliability could improve through acquisition of water rights, storage and conveyance facilities, and the operation of these facilities. Considering the long-term water supply contract between the TUD and the Investor-Owned Utility, Pacific Gas & Electric, and its ongoing bankruptcy due to recent fires, now may be the time to move toward acquisition of these facilities. Accomplishing this goal will be a herculean effort that will require the partnership of all Tuolumne County agencies, non-profits, the community, and its many partners.

Lastly, TUD is committed to safety! Accomplishing the goals identified above requires the retention and recruitment of top talent committed to safety energetically working toward implementation of these priorities and to carry forth the Board's goal of operating the district in a financially sustainable manner. This budget supports a balanced path forward toward these goals. Though it will take years, and successive budgets that focus on infrastructure investment, along with the building of reserves to meet future infrastructure costs, the Board of Directors' strong vision in this regard will serve as a guide to staff and a commitment to our customers to operate the District in a financially responsible manner to deliver high-quality, reliable water and wastewater services at a fair value.

Requests for Information

This discussion is intended to provide management's perspective on the District's financial position and results of operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 18885 Nugget Blvd., Sonora CA 95370 or via our website at www.tudwater.com.

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Basic Financial Statements

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Tuolumne Utilities District
Statements of Net Position - Proprietary Funds
June 30, 2020

	Water	Sewer	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CURRENT ASSETS			
Cash and cash equivalents unrestricted	$ 3,813,311	$ 10,958,856	$ 14,772,167
Accounts receivable	3,603,557	1,380,049	4,983,606
Property taxes receivable	758	14,500	15,258
Intergovernmental receivable	646,615	59,984	706,599
Miscellaneous receivable	55,063	67,342	122,405
Interest receivable	52,021	22,295	74,316
Prepaid expenses	123,716	53,021	176,737
Inventory	221,876	95,090	316,966
Total Current Assets	8,516,917	12,651,137	21,168,054
NONCURRENT ASSETS			
Restricted and Other Noncurrent Assets			
Cash and cash equivalents restricted	323,058	8,166,383	8,489,441
Assessments receivable	-	211,582	211,582
Total Restricted and Other Noncurrent Assets	323,058	8,377,965	8,701,023
Capital Assets			
Non-depreciable	6,246,167	3,273,093	9,519,260
Depreciable, net of accumulated depreciation	44,179,388	20,237,850	64,417,238
Total Capital Assets	50,425,555	23,510,943	73,936,498
Total Noncurrent Assets	50,748,613	31,888,908	82,637,521
TOTAL ASSETS	59,265,530	44,540,045	103,805,575
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan	2,133,737	914,459	3,048,196
OPEB plan	861,012	369,005	1,230,017
Total Deferred Outflows of Resources	2,994,749	1,283,464	4,278,213
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 62,260,279	$ 45,823,509	$ 108,083,788
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	$ 249,111	$ 233,568	$ 482,679
Payroll payable	352,028	123,890	475,918
Deposits payable	347,743	71,463	419,206
Accrued interest payable	13,185	4,799	17,984
Current portion of compensated absences	405,335	173,715	579,050
Current portion of long-term debt	173,818	108,293	282,111
Total Current Liabilities	1,541,220	715,728	2,256,948
NONCURRENT LIABILITIES			
Long-term debt	2,507,177	193,684	2,700,861
Compensated absences	641,436	274,901	916,337
Net pension liability	9,285,588	3,979,538	13,265,126
Net OPEB liability	5,915,652	2,535,279	8,450,931
Total Noncurrent Liabilities	18,349,853	6,983,402	25,333,255
TOTAL LIABILITIES	19,891,073	7,699,130	27,590,203
DEFERRED INFLOWS OF RESOURCES			
Pension plan	528,786	226,623	755,409
OPEB plan	882,918	378,394	1,261,312
Total Deferred Inflows of Resources	1,411,704	605,017	2,016,721
NET POSITION			
Net investment in capital assets	47,744,560	23,208,966	70,953,526
Restricted for capital	69,756	8,048,665	8,118,421
Restricted for debt service	253,302	117,718	371,020
Unrestricted	(7,110,116)	6,144,013	(966,103)
TOTAL NET POSITION	40,957,502	37,519,362	78,476,864
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 62,260,279	$ 45,823,509	$ 108,083,788

The accompanying notes to the financial statements are an integral part of this statement.

Tuolumne Utilities District
Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2020

	Water	Sewer	Total
OPERATING REVENUES			
Service charges	$ 15,174,738	$ 6,469,904	$ 21,644,642
Total Operating Revenues	15,174,738	6,469,904	21,644,642
OPERATING EXPENSES			
Personnel	8,496,707	3,218,718	11,715,425
Chemicals & supplies	1,236,508	591,782	1,828,290
Services	672,995	339,840	1,012,835
Repairs	469,550	204,376	673,926
Utilities	315,153	170,702	485,855
General & administrative	1,189,203	393,683	1,582,886
Depreciation	2,198,651	1,037,344	3,235,995
Total Operating Expenses	14,578,767	5,956,445	20,535,212
Net Income From Operations	595,971	513,459	1,109,430
NONOPERATING REVENUES (EXPENSES)			
Property taxes	829,511	274,744	1,104,255
Intergovernmental revenue	244,287	59,984	304,271
Debt service recovery charges	222,448	-	222,448
Investment income	76,033	430,339	506,372
Other income	95,268	9,834	105,102
Gain (loss) on capital assets	(25,174)	-	(25,174)
Interest expense	(84,114)	(18,944)	(103,058)
Total Nonoperating Revenues (Expenses)	1,358,259	755,957	2,114,216
Net Income Before Capital Contributions	1,954,230	1,269,416	3,223,646
CAPITAL CONTRIBUTIONS			
Capital grants	1,278,548	-	1,278,548
Contributed capital	18,480	114,747	133,227
Facilities capital charges	225,831	123,248	349,079
Total Capital Contributions	1,522,859	237,995	1,760,854
Change in Net Position	3,477,089	1,507,411	4,984,500
Net Position, Beginning of Year	37,480,413	36,011,951	73,492,364
Net Position, End of Year	$ 40,957,502	$ 37,519,362	$ 78,476,864

The accompanying notes to the financial statements are an integral part of this statement.

Tuolumne Utilities District
Statements of Cash Flows
For the Year Ended June 30, 2020

	Water	Sewer	Total
OPERATING ACTIVITIES			
Receipts from customers and users	$ 14,897,720	$ 6,416,902	$ 21,314,622
Payments to employees and benefit providers	(7,678,001)	(2,892,605)	(10,570,606)
Payments to suppliers for goods and services	(4,571,949)	(1,572,290)	(6,144,239)
Cash Provided by Operating Activities	2,647,770	1,952,007	4,599,777
NONCAPITAL FINANCING ACTIVITIES			
Property taxes and assessments received	886,391	357,413	1,243,804
Receipts from customers for debt recovery	222,448	-	222,448
Other income	95,268	9,792	105,060
Receipts from other governments	439,767	199,208	638,975
Cash Provided by Noncapital Financing Activities	1,643,874	566,413	2,210,287
CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(4,398,625)	(2,061,401)	(6,460,026)
Principal paid on long-term debt	(351,420)	(157,246)	(508,666)
Receipts from other governments - capital grants	855,907	-	855,907
Receipts from other governments - contributed capital	18,480	207,547	226,027
Receipts from customers and users - facility fees	225,831	123,248	349,079
Interest paid on long-term debt	(84,968)	(21,177)	(106,145)
Cash (Used) by Capital and Related Financing Activities	(3,734,795)	(1,909,029)	(5,643,824)
INVESTING ACTIVITIES			
Investment interest earnings	119,986	449,176	569,162
Cash (Used) Provided by Investing Activities	119,986	449,176	569,162
Net Increase in Cash and Cash Equivalents	676,835	1,058,567	1,735,402
Cash and Cash Equivalents, Beginning of Year	3,459,534	18,066,672	21,526,206
Cash and Cash Equivalents, End of Year	$ 4,136,369	$ 19,125,239	$ 23,261,608
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION			
Cash and cash equivalents unrestricted	$ 3,813,311	$ 10,958,856	$ 14,772,167
Cash and cash equivalents restricted	323,058	8,166,383	8,489,441
Total cash and cash equivalents	$ 4,136,369	$ 19,125,239	$ 23,261,608
RECONCILATION OF NET INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Net Income (Loss) From Operations	$ 595,971	$ 513,459	$ 1,109,430
Depreciation	2,198,651	1,037,344	3,235,995
Change in deferred outflows	410,166	175,786	585,952
Change in net pension liability	529,399	226,886	756,285
Change in net OPEB liability	(987,067)	(419,383)	(1,406,450)
Change in deferred inflows	692,808	296,919	989,727
(Increase) decrease in operating assets			
Accounts receivable	(249,242)	(16,245)	(265,487)
Miscellaneous receivables	(45,403)	(45,704)	(91,107)
Prepaid expenses	30,124	12,910	43,034
Inventory	(17,004)	(7,288)	(24,292)
(Increase) decrease in operating liabilities			
Accounts payable	(701,660)	122,471	(579,189)
Payroll payable	69,569	1,406	70,975
Deposits payable	17,627	8,947	26,574
Compensated absences	103,831	44,499	148,330
Net Cash Provided by Operating Activities	$ 2,647,770	$ 1,952,007	$ 4,599,777
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Donated infrastructure	$ -	$ 92,800	$ 92,800

The accompanying notes to the financial statements are an integral part of this statement.

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Notes to the Basic Financial Statements

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Notes to the Basic Financial Statements

NOTE 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The Tuolumne Utilities District (District) was organized in 1992 as a result of combining the Tuolumne Regional Water District and the County Water Department under Division 12 of the California Water Code. The District is governed by an elected five-member Board of Directors. This District's Board is elected at large and has the authority to develop and operate water facilities for consumption and hydroelectric power generation, and sewer facilities for collection treatment and disposal of sewage. The Board of Directors has the authority to fix rates and charges for the District's commodities and services. The District may also incur indebtedness, including issuing bonds, and is exempt from federal and state income taxes. The District has no component units.

The majority of TUD's customers reside in or near the community of Sonora, California and several other surrounding communities. The District is a water and wastewater utility that has 587 raw water connections, 14,105 water connections and 6,184 wastewater connections. Approximately 95% of the water the District distributes originates from the South Fork Stanislaus River and is impounded in Pacific Gas and Electric Company's (PG&E) Lyons and Pinecrest Reservoirs and the other 5% of water is supplied through wells. The District owns and operates a total of 72 miles of ditch, flume, pipe, and tunnel infrastructure that diverts water from the PG&E system at various locations. The District operates 11 permitted water systems including 3 groundwater systems, 15 water treatment plants, 78 treated water storage tanks and reservoirs, 51 booster stations and stores water at Phoenix Lake. There are approximately 50 wells in varying states of activity. The District operates and maintains 140 miles of sewer collection system, 30 sewer lift stations collecting approximately 1.3 million gallons of wastewater each day and sent for treatment to the Sonora Regional Wastewater Treatment Plant.

B. Basis of Accounting

These financial statements are prepared in conformity with accounting principles generally accepted ("GAAP") in the United States of America. The Governmental Accounting Standards Board ("GASB") is the acknowledged standard setting body for accounting and financial reporting standards followed by government entities in the United States of America. The District is presented as two enterprise funds for water and sewer activities, respectively. A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific government activity. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business where activities are financed in whole or in substantial part by fees charged in exchange for goods and service provided by the District. The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place, so revenues are recognized when earned rather than when received, and expenses are recorded when incurred rather than when paid.

The District classifies as operating revenues those charges for goods and services which constitute the primary business activities of the District. Operating expenses are those required to provide the primary goods and services of the District and to earn the operating revenues. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses, which includes nonexchange transactions and ancillary activities.

C. Cash and Cash Equivalents

GAAP allows a financial statement issuer to choose the focus of the statement of cash flows as either cash or "cash and cash equivalents". The District reports restricted and unrestricted cash, including bank deposits and the District's investment in the State of California Local Agency Investment Fund (LAIF), as well as cash equivalents in the statement of cash flows. The District defines cash equivalents as certain highly liquid investments with an original maturity of three months or less, including only money market mutual funds.

D. Restricted Assets

The use of some assets can be restricted to certain purposes by law, by grantors of the assets, by legislative acts of the Board of Directors, or by contracts to which the District is a party. When the District has a choice to use either restricted or unrestricted funds the District's policy is normally to use restricted funds first. The District's restricted assets are cash and cash equivalents held for future debt service payments and unspent capacity fees collected for capital improvements.

E. Receivables

Trade and property tax receivables are not shown net of an allowance for uncollectible amounts because the amounts estimated by management to be uncollectible are immaterial. The funds include a year-end accrual for services through the end of the fiscal year which have not yet been billed. Property taxes are levied as of January 1 on property values assessed as of the same date. State statutes provide that the property tax rate is limited generally to one percent of assessed value, and can be levied by only the county, and shared by applicable jurisdictions within the county. The County of Tuolumne collects the taxes and distributes them to taxing jurisdictions on the basis of assessed valuations subject to voter approved debt. Property taxes are due to the county on November 1 and February 1 and become delinquent after December 10 and April 10. The District recognizes property tax revenues in the year for which they are levied. Intergovernmental receivables include receivables due from other governments for State pass-through grants and other reimbursements.

Assessments receivable represents amounts due from property owners as a result of the special assessment district formed August 28, 1983 to provide funding for the design and construction of four wastewater collection facilities. The Tuolumne County Treasurer forwards capital contributions from the special assessment district to Tuolumne Utilities District as the proceeds are received.

F. Inventory

Inventories are valued at cost based upon physical determinations made at the end of each year. Inventories are assumed to be consumed on the "last in, first out" basis.

G. Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

H. Capital Assets

Property, plant, equipment and infrastructure are reported at historical cost. If the individual cost is less than $5,000 or the estimated useful life is less than five years, then the cost is reported as an expense rather than as a capital asset. A new capitalization threshold of $50,000 was approved in June 2020 that will be effective July 1, 2020. The Donated property and assets constructed by developers are recorded at acquisition value at the date of donation. Depreciation is provided using the straight-line method for assets other than land. Estimated useful lives as are follows:

Assets	Years
Utility systems and buildings	10-50
Transportation and other equipment	5-20
Office furniture and equipment	5-15

I. Compensated Absences

The total amount of liability for compensated absences is reflected in the basic financial statements. It is the government's policy to permit employees to accumulate earned but unused vacation, sick pay, comp time off, admin time, and floating holiday benefits. There is liability for a portion of unpaid accumulated sick leave since the District does have a collective bargaining agreement with or on behalf of its employees which provides payments up to 100 percent of the accumulated and unused portion of sick leave amounts when employees separate from service with the District either at retirement or other termination of employment.

J. Use of Estimates

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

K. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the District's pension plans under GASB 68 as described in Note 7 and other postemployment benefits under GASB 75 in Note 8.

L. Pension Plan

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

M. Other Postemployment Benefits (OPEB) Plan

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

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

Notes to the Basic Financial Statements

NOTE 2 – Cash and Investments

A. Classification

The District pools all of its cash and investments except those funds required to be held by outside fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash is allocated to the various funds on average cash balances. Interest income from cash and investments held with fiscal agents is credited directly to the related funds.

Cash and investments are reported in the financial statements as follows:	
Statement of Net Position	
Cash and cash equivalents unrestricted	$ 14,772,167
Cash and cash equivalents restricted	8,489,441
Total cash and investments	$ 23,261,608

Cash and investments as of June 30, 2020 consist of the following:	
Cash on hand	$ 425
Deposits with financial institutions	533,221
Local Agency Investment Fund (LAIF)	22,508,225
Held by bond trustee:	
Deposits with financial institutions	153,283
Money market mutual funds	66,454
Total cash and investments	$ 23,261,608

B. Investment Policy

California statutes authorize districts to invest idle, surplus or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

As specified in Government Code Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing the District's funds, the primary objectives, in priority order, of the District's investment activities and of the District's investment policy shall be (1) safety, (2) liquidity, and (3) yield. It is the policy of the District to invest public funds in a manner to obtain the highest return obtainable with the maximum security while meeting the daily cash flow demands of the District as long as investments meet the criteria established by this policy for safety and liquidity and conform to all laws governing the investment of District funds.

The District is provided a broad spectrum of eligible investments under California Government Code Sections 53600–53609 (authorized investments), 53630–53686 (deposits and collateral), and 16429.1 (Local Agency Investment Fund). The District may choose to restrict its permitted investments to a smaller list of securities that more closely fits the District's cash flow needs and requirements for liquidity.

Investment Type	Maximum Maturity	Maximum Limit (%)*	Minimum Rating
Local Agency Bonds	5 years	50%	AA
U.S. Treasury Obligations	5 years	100%	n/a
State Obligations – CA	5 years	100%	A
State Obligations – Other	5 years	20%	AA
CA Local Agency Obligations	5 years	50%	AA
U.S. Agency Obligations	5 years	100%	AAA
Bankers' Acceptances	180 days	40%	A
Commercial Paper	270 days	25%	A1/P1/F1
Certificates of Deposit	5 years	30%/40%	n/a
Repurchase Agreements	1 year	20%	None
Reverse Repurchase	92 days	20%	A
Medium-Term Notes	5 years	30%	A
Mutual and Money Market Mutual Funds	n/a	20%	Multiple
Joint Powers Authority	n/a	20%	Multiple
Collateralized Bank Deposits	5 years	20%	AA
County Pooled Investment	n/a	30%	None
Local Agency Invest Fund	n/a	None	n/a

*Excluding amounts held by the bond trustee that are not subject to California Government Code restrictions.

The District complied with the provisions of the California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, the institutions in which deposits were made and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

C. Investments Authorized by Debt Agreements

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy.

D. Interest Rate Risk and Credit Risk

Interest rate risk is the risk that increases in market interest rates will decrease the market value of an investment. Normally, the longer the remaining maturity of an investment, the greater is the sensitivity of its market value to changes in the 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 distribution of the District's investments by maturity:

Investment Type	12 months or less	Total
Local Agency Investment Fund	$ 22,508,225	$ 22,508,225
Money market mutual funds	66,454	66,454
Total investments	$ 22,574,679	22,574,679
Cash in bank and on hand		686,929
Total cash and investments		$ 23,261,608

Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating by Standard & Poor's required by the California Government Code or the District's investment policy and the actual rating as of June 30, 2020 for each investment type:

Investment Type	Minimum Rating	Ratings as of Year End AAA	Not Rated	Total
Local Agency Investment Fund	N/A	$ -	$ 22,508,225	$ 22,508,225
Held by bond trustee:				
Money market mutual funds	AAA	66,454	-	66,454
Total investments		$ 66,454	$ 22,508,225	$ 22,574,679

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated in California Government Code. The District has no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments.

E. 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 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 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 deposits, other than the following provision for deposits: 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 so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2020, the carrying amounts of the District's deposits were $686,504 and the balances in financial institutions were $897,788. Of the balance in financial institutions, $403,283 was covered by federal depository insurance and $494,505 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District.

F. California Local Agency Investment Fund

LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is $101,607,078,218 managed by the State Treasurer. Of that amount, 3.37% is invested in structured notes and asset-back securities. No amounts were invested in derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. There are no restrictions or limitations on withdrawals from LAIF.

NOTE 3 – Capital Assets

Changes in capital assets accounts for the year ended June 30, 2020 are summarized below:

	Balance July 1, 2019	Additions	Disposals	Transfers	Balance June 30, 2020
Capital assets, not being depreciated:					
Land	$ 5,107,125	$ 28,038	$ -	$ -	$ 5,135,163
Construction in progress	3,050,130	5,453,939	-	(4,119,972)	4,384,097
Total capital assets, not being depreciated	8,157,255	5,481,977	-	(4,119,972)	9,519,260
Capital assets, being depreciated					
Water utility system - infrastructure	72,592,472	-	-	3,197,653	75,790,125
Sewer utility system - infrastructure	41,206,245	92,800	-	854,403	42,153,448
Buildings - administration	3,916,609	-	-	67,916	3,984,525
Equipment and machinery	7,690,449	793,850	(33,169)	-	8,451,130
Total capital assets, being depreciated	125,405,775	886,650	(33,169)	4,119,972	130,379,228
Accumulated depreciation					
Water utility system - infrastructure	(32,859,663)	(1,801,549)	-	-	(34,661,212)
Sewer utility system - infrastructure	(23,055,932)	(859,562)	-	-	(23,915,494)
Buildings - administration	(1,816,266)	(116,250)	-	-	(1,932,516)
Equipment and machinery	(5,000,770)	(458,634)	6,636	-	(5,452,768)
Total accumulated depreciation	(62,732,631)	(3,235,995)	6,636	-	(65,961,990)
Capital assets, being depreciated, net	62,673,144	(2,349,345)	(26,533)	4,119,972	64,417,238
Total capital assets, net	$ 70,830,399	$ 3,132,632	$ (26,533)	$ -	$ 73,936,498

NOTE 4 – Long-Term Debt

The District generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. The District's debt issues and transactions are summarized on the following page. All the District's debt are direct borrowings.

A. Required disclosure of long-term debt activity

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
Special Assessment Bonds					
1984 Clean Water Assessment District	$ 134,097	$ -	$ (54,000)	$ 80,097	$ -
Certificates of Participation					
1991 COP	617,000	-	(37,000)	580,000	39,000
Loans Payable					
2007 LaSalle	325,127	-	(103,247)	221,880	108,293
2005 LaSalle	118,010	-	(118,010)	-	-
2005 SDWSRF - Railbed	13,479	-	(2,451)	11,028	1,225
1996 SDWR - 53314 Valle Vista	8,916	-	(5,892)	3,024	3,024
1991 SDWR - 58224	15,823	-	(7,779)	8,044	8,044
2008 SDWSRF - 06CX405	334,301	-	(16,715)	317,586	8,358
2011 SDWSRF - 10CX110	803,065	-	(51,331)	751,734	26,111
2012 SDWSRF - 2011CX102	989,230	-	(51,780)	937,450	26,338
Lease Payable					
2017 Wells Fargo	132,590	-	(60,461)	72,129	61,718
Total Long-Term Debt	$ 3,491,638	$ -	$ (508,666)	$ 2,982,972	$ 282,111

B. Description of individual long-term debt issues outstanding

1984 Clean Water Assessment Bonds

A special assessment district was formed August 28, 1983 to provide funding for the design and construction of four wastewater collection facilities in the communities of Willow Springs, Mono Vista, Crystal Falls Unit #1, and Ranchos Poquitos that experienced chronic failures of on-site septic systems. The Tuolumne County Treasury forwards capital contributions from special assessment districts to the District as the proceeds are received. A loan agreement with the United States Department of Agriculture, Rural Development was also obtained in August 1983, payable in installments of interest semi-annually and principal annually through July 2, 2022, including interest at 5%. The original amount of the debt was $1,230,000.

1991 Certificates of Participation (COP)

On March 1, 1991 the District issued $1,100,000 of 1991 net revenue Certificates of Participation. The issue was used to provide funds to design and construct a new water treatment plant (Columbia Water Project) with a capacity of 1 million gallons per day and one storage tank with a capacity of 150,000 gallons. These Certificates are held by the United States Department of Agriculture, Rural Development, and mature through March 1, 2031. The Certificates are not subject to prepayment and interest is paid semi-annually on February 15 and August 15 and principal is paid annually on February 15 and have a stated interest rate of 6%. The Certificates require that a reserve be maintained in an amount equal to 100% of the maximum annual debt service.

An invested deposit in the amount of $74,035 is held on behalf of the District by the Trustee.

Should the District fail to make the required payments or meet the covenants in the Installment Sale or Trust Agreement, all remaining principal and interest will become due and payable immediately.

2007 LaSalle Loan

On January 18, 2007, the District entered into an Installment Sale Agreement with LaSalle Bank National Association for the purchase of land. The agreement is secured by a first lien against all water revenues, "at Parity" with the 1996 Installment Sale Agreement. The District covenants that it shall prescribe, revise and collect such charges for the services and facilities of the wastewater system which shall produce wastewater revenues sufficient in each fiscal year to provide net wastewater revenues equal to at least 1.25 times debt service coming due and payable during such fiscal year. The loan is paid semi-annually in installments of $58,859 which includes interest at 4.83% for a period of 15 years, maturing on January 18, 2022.

Should the District fail to make the required payments or meet the covenants in the Installment Sale Agreement, all remaining principal and interest will become due and payable immediately. In the event of default, seller shall also have the right to apply to require the District to charge and collect rates for service sufficient to meet all requirements of this agreement.

2005 LaSalle Loan

On March 23, 2005, the District entered into an Installment Sale Agreement with LaSalle Bank National Association for the design and construction of two water storage tanks in the Crystal Falls (1.5 MG) and Sonora (1 MG) water systems. The agreement is secured by a first lien against all water revenues, "at Parity" with the 1991 COP's and the 1994 and 1996 Installment Sale Agreements. The District covenants that it shall prescribe, revise and collect such charges for the services and facilities of the water system which shall produce water revenues sufficient in each fiscal year to provide net water revenues equal to at least 1.25 times debt service coming due and payable during such fiscal year. The loan is paid semi-annually in installments of $61,080 which includes interest at 4.75%, final payment was made on February 20, 2020.

2005 SDWSRF Loan

In 2005, the District entered into a Revolving Fund Agreement with the California State Department of Water Resources, State Revolving Fund for the design and construction of a treated water distribution system including remote read meters to approximately 50 rural residences along an untreated raw water conveyance. The Agreement pledged water fund revenues. The zero-interest rate loan is paid semi-annually in principal installments of $1,225 for a period of 20 years, maturing on January 1, 2025.

Delinquent interest charges shall accrue at the rate of one tenth of one percent (0.1%) per day. Should the District fail to make the required payments or meet the covenants in the agreement with the State all remaining principal and interest payments will become due and payable immediately.

1996 SDWR Loan

In 1996, the District entered into a Loan Agreement with the California State Department of Water Resources for the design and construction of a treated water distribution system. The Agreement is secured by real and personal property. The loan is paid semi-annually in installments of $3,076 which includes interest at 3.46%, maturing on October 1, 2020. Should the District fail to make the required payments or meet the covenants in the agreement with the State all remaining principal and interest payments will become due and payable immediately.

1991 SDWR Loan

In 1991, the District entered into a Loan Agreement with the California State Department of Water Resources for the design and construction of water distribution improvements to the Columbia water system. The Agreement is secured by real and personal property. The loan is paid semi-annually in installments of $4,123 which includes interest at 3.37%, maturing on April 21, 2021.

2008 SDWSRF Loan

In 2008, the District entered into a Revolving Fund Agreement with the California State Department of Water Resources, State Revolving Fund for the design and construction of a water treatment plant. The Agreement includes a covenant to establish rates and changes in amounts enough to generate net income equal to 1.1 times that of debt service on all obligations until the loan is repaid in full. The Agreement pledged water fund revenues. The zero-interest rate loan is paid semi-annually in principal installments of $8,358 for a period of 30 years, maturing on July 1, 2039. Delinquent interest charges shall accrue at the rate of one tenth of one percent (0.1%) per day. Should the District fail to make the required payments or meet the covenants in the agreement with the State all remaining principal and interest payments will become due and payable immediately.

2011 SDWSRF Loan

In 2011, the District entered into a Revolving Fund Agreement with the California State Department of Public Health, Safe Drinking Water State Revolving Fund for Monte Grande water improvements. The Agreement pledged water fund revenues. The loan is paid semi-annually in installments of $34,788 which includes interest at 2.3086% for a period of 20 years, maturing on January 1, 2033. Delinquent interest charges shall accrue at the rate of one tenth of one percent (0.1%) per day. Should the District fail to make the required payments or meet the covenants in the agreement with the State all remaining principal and interest payments will become due and payable immediately.

2012 SDWSRF Loan

In 2012, the District entered into a Revolving Fund Agreement with the California State Department of Public Health, Safe Drinking Water State Revolving Fund for Crystal Falls/Willow Springs water improvements. The Agreement includes a covenant to establish rates and changes in amounts sufficient to generate net income equal to 1.2 times that of debt service on all obligations until the loan is repaid in full. The Agreement pledged water fund revenues. The loan is paid semi-annually in installments of $37,135 which includes interest at 2.3035% for a period of 20 years, maturing on July 1, 2035. Delinquent interest charges shall accrue at the rate of one tenth of one percent (0.1%) per day. Should the District fail to make the required payments or meet the covenants in the agreement with the State all remaining principal and interest payments will become due and payable immediately.

2017 Wells Fargo Lease

In 2016, the District entered into a Lease-Purchase Agreement with Wells Fargo Equipment Finance for the purchase of a Vac-Con truck. The agreement is secured with the Equipment. The cost on the truck is $424,187. The accumulated depreciation at June 30, 2020 is $56,634. The lease is paid monthly in installments of $5,219 which includes interest at 2.06% for a period of 5 years, maturing on October 12, 2021. Lessor may impose a late charge of 5% of the amount past due (or the maximum amount permitted by applicable law if less). Should the District fail to make the required payments or meet the covenants in the Agreement, all remaining principal and interest payments will become due and payable immediately. The Bank could also repossess the truck and sell or lease it.

C. Debt service requirements to maturity

The annual requirements to amortize principal and interest on the above long-term debt at June 30, 2020 are as follows:

Years ending June 30,	Principal	Interest	Total
2021	$ 282,111	$ 89,684	$ 371,795
2022	345,882	75,758	421,640
2023	197,457	64,648	262,105
2024	176,893	58,834	235,727
2025	182,484	53,467	235,951
2026-2030	988,190	178,317	1,166,507
2031-2035	698,024	34,799	732,823
2036-2040	111,931	-	111,931
	$ 2,982,972	$ 555,507	$ 3,538,479

D. Reserve Requirements, Pledged Revenues, and Rate Covenants

Debt covenants for the installment sale agreements to LaSalle Bank National Association, the loan agreements to the California State Department of Public Health, the United States Department of Agriculture, and the Certificates of Participation include reserve requirements be maintained by the District equal to the annual debt service payments. The District is in compliance with those covenants as of June 30, 2020.

As noted above in the individual debt issues outstanding, the District has pledged future water and sewer system revenues, net of specified operating expenses, to repay debt in the original amount of $5,390,661. Proceeds of these issues were used to refund certain debt issuances as described above and to fund improvements to the District's water and sewer systems. The debts are payable solely from water and sewer system revenues and are payable through July 1, 2039 and January 18, 2022, respectively. Annual principal and interest payments on the debts are expected to require approximately 7% of net revenues for water systems and 5% net revenues for sewer systems. Total principal and interest remaining to be paid on the debts was $2,588,545 at June 30, 2020.

Cash basis debt service paid during the year ended June 30, 2020 total $436,217 and $179,698 for water and sewer systems, respectively. Total water and sewer system net revenues calculated in accordance with the covenants were $4,236,995 and $2,325,704, respectively, at June 30, 2020.

NOTE 5 – Net Position

Net Position is the excess of all the District's assets outflows over all its liabilities. Net Position is divided into three categories as follows:

Net Investment in Capital Assets describes the portion of net position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the District cannot unilaterally alter, or is restricted by enabling legislation. These principally include facility capacity fees received for use on capital projects, fees charged for the provision of future water resources and debt service reserve funds. The debt service reserve is established under the terms of the various debt agreements to be used in the event of inadequate funds to pay debt service.

	Water	Sewer	Total
Restricted for capital:			
§ 66013 capacity fees-treatment	$ 69,756	$ 314,871	$ 384,627
§ 66013 capacity fees-disposal	-	94,909	94,909
Capital recovery-collection	-	4,518,633	4,518,633
Capital recovery-transmission	-	115,438	115,438
Capital recovery-treatment	-	3,004,814	3,004,814
Total restricted for capital	$ 69,756	$ 8,048,665	$ 8,118,421
Restricted for debt service	$ 253,302	$ 117,718	$ 371,020

Unrestricted describes the portion of net position which is not restricted as to use. Included within the unrestricted category are Designations. Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended, or removed by Board action. On June 9, 2020 the Board adopted the District Reserve Policy establishing designated reserves for the water and sewer funds. The unrestricted net position in the water fund is negative, so no amounts are available for designation in that fund. The following is a summary of designated net position balances at June 30, 2020:

	Water	Sewer	Total
Operating Fund Reserve - purpose is to provide working capital to meet cash flow needs during normal operations and to support the operation, maintenance and administration of the District. The reserve is intended to reduce impacts from unforeseen events. The target reserve for this fund is established as a range between a minimumof 90 days of annual operation and maintenance ("O&M") and a maximum of 270 days of O&M.	n/a	$ 1,281,470	$ 1,281,470
Contingency/Emergency Fund Reserve - purpose is to protect the District against the financial impacts from unanticipated catastrophes or emergencies. The target reserve is two percent (2%) of annual O&M.	n/a	102,519	102,519
Capital Improvement Projects Fund Reserve - purpose is to fund future replacement of system capital assets and capital projects and to provide a cushion for changes in the long-range capital improvement facilities. The target reserve is planned revenue-funded capital projects for the upcoming fiscal year as adopted by the Board.	n/a	2,861,707	2,861,707
Total designated net position	$ -	$ 4,245,696	$ 4,245,696

NOTE 6 – Compensated Absences

It is the District policy to permit employees to accumulate earned but unused vacation, sick leave pay and compensatory time off (CTO) benefits. All vacation, sick pay and CTO is recorded as an expense and a liability at the time the benefit is earned.

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
Vacation	$ 521,818	$ 492,164	$ (396,520)	$ 617,462	$ 396,521
Sick leave	805,539	221,521	(165,832)	861,228	165,832
Comp time	19,700	57,386	(60,389)	16,697	16,697
	$ 1,347,057	$ 771,071	$ (622,741)	$ 1,495,387	$ 579,050

Vacation Pay

Vacation pay is accrued and credited to regular full-time employees after three months of service and are entitled to take up to one-week accrued vacation with pay after 1,040 hours of actual continuous service. Hourly and salary employees are limited to a maximum vacation credit accrual of 360 hours and 440 hours, respectively. Once an employee has accrued the maximum hours of vacation pay, no further accrual is allowed. Vacation credit is accumulated as follows:

Years of Service	Equivalent Days per Annum
0 – 2 years	10
3 – 9 years	15
10 – 19 years	20
20 years and over	25

Sick Leave Pay

Regular full-time employees receive 3.692 hours of sick leave credit for each pay period worked. There is no limit on the maximum amount of sick leave hours accrued. Employees terminating District service in good standing shall be compensated for accrued sick leave as follows. The rate of compensation paid at termination is the employee's current base rate of pay for the first 240 hours and 50% for all additional hours accrued. An employee retiring from the District with five or more years of service may elect to convert accumulated sick leave hours to additional PERS retirement service at the rate of .004 year of service credit for each day of unused sick leave per Government Code Section 20862.8.

Compensatory Time Off (CTO)

An hourly employee may elect to accrue CTO in lieu of receiving overtime pay. Employees with accrued CTO credit may take up to a maximum of five days at any one time. Any unused CTO credits will be paid out by November 30 of each year.

NOTE 7 – Pension Plan

A. General Information about the Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple employer defined benefit pension plan, the Miscellaneous Risk Pool, and following rate plans administered by the California Public Employees' Retirement System (CalPERS).

- Miscellaneous First Level Plan
- Miscellaneous Second Level Plan
- PEPRA Miscellaneous Plan

CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and District 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, www.calpers.ca.gov.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous		
	First Level	Second Level	PEPRA
Hire date	Prior to November 16, 2012	November 16, 2012 to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	6.75%
Required employer contribution rates	13.182%	10.221%	6.985%

In addition to the contribution rates above, the District was also required to make a payment of $771,352 toward its unfunded actuarial liability during the year ended June 30, 2020.

All rate plans except the PEPRA plan are closed to new members that are not already CalPERS participants.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS's annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the contributions recognized as part of pension expense were as follows:

	Miscellaneous			
	First Level	Second Level	PEPRA	Total
Contributions - employer	$1,246,940	$ 28,443	$151,136	$1,426,519

B. Net Pension Liability

As of June 30, 2020, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan in the amount of $13,265,126.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2019 and 2020 was as follows:

Proportion - June 30, 2019	0.33191%
Proportion - June 30, 2020	0.33126%
Change - (Decrease)	-0.00065%

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

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Long-term Rate of Return	7.15% (1)

(1) See long-term expected rate of return section below.

The underlying mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS' website under Forms and Publications.

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

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

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

Asset Class[1]	Assumed Asset Allocation	Real Return Years 1-10[2]	Real Return Years 11+[3]
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%

[1] In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

[2] An expected inflation of 2.00% used for this period.

[3] An expected inflation of 2.92% used for this period.

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

C. Net Pension Liability

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability for the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.15%) or 1-percentage point higher (8.15%) than the current rate:

Discount Rate - 1% (6.15%)	
Net Pension Liability	$ 20,250,265
Current Discount Rate (7.15%)	
Net Pension Liability	$ 13,265,126
Discount Rate + 1% (8.15%)	
Net Pension Liability	$ 7,499,387

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

D. Pension Expenses and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2020, the District recorded pension expense of $2,764,856 for the Plan. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to measurement date	$ 1,426,519	$ -
Differences between expected and actual experience	921,319	(71,384)
Change of assumptions	632,542	(224,231)
Net difference between projected and actual earnings on pension plan investments	-	(231,915)
Adjustments due to differences in proportions	62,471	(213,506)
Difference between actual and allocated contribution	5,345	(14,373)
Total	$ 3,048,196	$ (755,409)

The $1,426,519 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized as future pension expense as follows:

Fiscal Year Ended June 30	
2021	$ 923,028
2022	(205,177)
2023	101,552
2024	46,865
2025	-
Thereafter	-
	$ 866,268

E. Payable to the Pensions Plan

At June 30, 2020, the District had no outstanding contributions to the Plan.

NOTE 8 – Other Postemployment Benefits (OPEB) Plan

Plan Description

The District has established a Retiree Health Benefits Plan ("OPEB Plan") and participates in an agent multiple-employer defined benefit retiree healthcare plan. The OPEB benefits are provided in accordance with negotiated memoranda of understanding with employee groups that was most recently adopted by the Board of Directors in Resolution 4-18 on February 13, 2018. The OPEB Plan provides eligible employees who retire directly from the

District, up to 100% contribution of the monthly CalPERS health insurance premiums for retiree medical coverage dependent on hire date and years of service. At the time of retirement eligible employees must be age 50 (52 for PEPRA members) with 5 years CalPERS service or disability. Surviving spouses are also eligible for this benefit based on annuity election. When the retiree and/or spouse turn 65, benefits are reduced to include coverage provided by Medicare. The District-covered retiree health benefits are as follows:

- Employees hired before March 1, 2006 (Union) and December 1, 2005 (Non-Union), their spouse or registered domestic partner and disabled dependent(s), are eligible for an amount equal to the cost of the Other Northern California PERS Choice Non-Medicare premium up to the Employee plus one rate.
- Employees hired on or after March 1, 2006 (Union) and December 1, 2005 (Non-Union) but before May 1, 2013, their spouse or registered domestic partner and disabled dependent(s), are eligible for an amount up to the cost of the Other Northern California PERS Choice Non-Medicare premium up to the Employee plus one rate based on the following vesting schedule:

Credited Years of Service	% of Contribution
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20 or more	100%

- Employees hired on or after May 1, 2013 are eligible for an amount up to the maximum of the minimum employer contributions per month as prescribed in Section 22892(b) (1) of the Government Code, currently $139.00 per month for 2020.

Employees Covered

As of the June 30, 2019 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	80
Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to but not yet receiving benefits	-
Total	139

Contributions

On July 28, 2009 the District passed a resolution to participate in the California Employers' Retiree Benefit Trust (CERBT) Fund, an irrevocable trust to fund OPEB. CERBT is administered by CalPERS and is managed by an appointment board not under the control of the District's Board of Directors. This Trust is not considered a component unit by the District and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709 or on its website at www.calpers.ca.gov under Forms and Publications.

The contribution requirements of the plan members and the District are established and may be amended by the Board of Directors. The District's Board of Directors adopted an annual prefunding contribution policy for a 10-year phase in to full Actuarially Determined Contribution (ADC), based on a percentage of the ADC, starting with 10% in fiscal year 2015 and increasing in 10% increments annually until 100% is achieved. The annual contribution for the fiscal year ended June 30, 2020 is based on 60% of the ADC with $434,976 in cash contributions to the trust, $644,275 in direct benefit payments to retirees, an implied subsidy of $149,000, and $1,766 in administrative expenses paid outside of the trust for a total of $1,230,017. Plan members did not make any contributions to the OPEB Plan.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019 based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Contribution Policy	10-year phase-in to Full Actuarially Determined Contribution (ADC): Pay Go, plus Percentage x (ADC- Pay Go) Percentage: 10% in 14/15, increasing by 10% annually, until reaching 100% in 23/24 forward
Discount Rate	6.75% at June 30, 2018; 6.75% at June 30, 2019
Expected Long-Term Investment Rate of Return	Same as discount rate - expected District contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	2.75% per annum
Mortality, Reitrement Termination, and Disability	CalPERS 1997-2015 Experience Study
Mortality Improvement [1]	Post-retirement mortality projected fully generational with Scale MP-18
Salary Increases	Aggregate - 3.00% annually Merit - CalPERS 1997-2015 Experience Study
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years
Healthcare participation for future retirees	Currently covered - 100%; Currently waived - 80%; PEMHCA Minimum only - 60%
Cap Increases	Cap: Healthcare trend
PEMHCA Minimum increases	4.25% after 2020

Notes:
[1] Retirement mortality information was derived from data collected during 1997 to 2015 CalPERS experience Study dated December 2017. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

The long-term expected rate of return on OPEB plan investments of 6.75% was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	59%	4.82%
Fixed Income	25%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the District's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB Plan's fiduciary net position is projected to be sufficient to make projected OPEB benefit payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

Net OPEB Liability/(Asset)		
1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
$10,648,509	$8,450,931	$6,652,522

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

Net OPEB Liability/(Asset)		
1% Decrease	Current Healthcare Trend	1% Increase
$6,463,455	$8,450,931	$10,922,024

Changes in the OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2019 *(Valuation Date June 30, 2018)*	$ 16,455,987	$ 6,598,606	$ 9,857,381
Changes Recognized for the Measurement Period			
Service Cost	391,389	-	391,389
Interest	1,109,764	-	1,109,764
Difference Between Actual and Expected Experience	(1,223,320)	-	(1,223,320)
Assumption Changes	(126,732)	-	(126,732)
Contributions - Employer	-	1,139,617	(1,139,617)
Contributions - Employee	-	-	-
Net Investment Income	-	421,036	(421,036)
Benefit Payments and Refunds	(812,865)	(812,865)	-
Administrative Expenses	-	(3,102)	3,102
Net Changes	(661,764)	744,686	(1,406,450)
Balance as of June 30, 2020 *(Valuation Date June 30, 2019)*	$ 15,794,223	$ 7,343,292	$ 8,450,931

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial that may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service Lifetime (EARSL) (7.1 years in 2020)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of $817,451. As of fiscal year ended June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (1,051,021)
Changes of assumptions	-	(108,882)
Net difference between projected and actual earnings on plan investments	-	(101,409)
Employer contributions made subsequent to the measurement date	1,230,017	-
Total	$ 1,230,017	$ (1,261,312)

The $1,230,017 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2021	$ (239,691)
2022	(238,691)
2023	(198,691)
2024	(184,932)
2025	(190,149)
Thereafter	(209,158)
Total	$ (1,261,312)

NOTE 9 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District participates in the Special District Risk Management Authority (SDRMA) Property and Liability Insurance Program for risk of loss. The program provides general liability, property, commercial auto, boiler and machinery, employment practices, employee dishonesty coverage, employment benefits liability, public official errors and omissions and public official personal liability insurance coverage.

SDRMA is composed of California public entities and is organized under a joint powers agreement pursuant to California Government Code Section 6500 et seq. The purpose of SDRMA is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group-purchased insurance and administrative services.

The District paid no material uninsured losses during the last three fiscal years and had no significant reductions in coverage during the year. Liabilities of the District are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. The District considers claims incurred and reported, as well as claims incurred but not reported, to be immaterial and has not accrued an estimate of such claims payable.

The District's maximum coverage as of June 30, 2020 consisted of $10 million for general liability, public officials and employees' errors, employment practices liability and auto liability. In addition, the District has property coverage of $1 billion and boiler and machinery coverage of $100 million.

NOTE 10 – Tuolumne Stanislaus Integrated Regional Water Management Authority

The Tuolumne Stanislaus Integrated Regional Water Management Authority (RWMA) was created on March 11, 2014, by a Joint Exercise of Powers Agreement by and between the following public agencies: Chicken Ranch Rancheria of Me-Wuk Indians, City of Angels Camp, Groveland Community Services District, Murphys Sanitary District, Tuolumne County, Tuolumne Utilities District, and Twain Harte Community Services District. Each of the parties to this Agreement share a common interest in maximizing the beneficial use of water within the Tuolumne-Stanislaus Region and find that it would be to their mutual advantage and the public's benefit to coordinate the implementation and funding of the Tuolumne-Stanislaus Integrated Regional Water Management Plan (Plan). The RWMA will be the decision-making body of the Plan going forward. The RWMA will also set the annual budget for the Plan as it will be funded solely by the members. Section 6.1 of the Joint Exercise of Powers Agreement indicates that, to the greatest extent permitted by law, the debts, liabilities and obligations of the Authority shall not be debts, liabilities or obligations of the Member entities. Consequently, the District would not be liable for the liabilities of the RWMA if the agreement were to be terminated.

NOTE 11 – Commitments and Contingencies

Contract Commitments

On January 28, 2020, the District awarded a contract for evaluation, design, prepare specifications, and to provide inspection and testing services to ensure quality installation of shotcrete surfacing on the Phoenix Dam Spillway Rehabilitation Project in the amount of $51,141. This phase of the project is expected to be completed within the 2020 fiscal year.

On February 25, 2020, the District awarded a consulting services contract for construction management for the Phoenix Lake Restoration Project in the amount of $536,808. Staff propose to use $50,000 in the remaining Small Community Wastewater Planning Grant from the State Water Resources Control Board and to fund the balance out of reserves. The District's goal is to begin construction in Summer 2020. These costs are eligible for reimbursement under the Prop. 84 Round 2 Grant Agreement with the Tuolumne-Stanislaus IRWMA.

On March 24, 2020, the District awarded a contract for preparation of construction plans, specifications, cost estimates and permit applications for the Sonora Regional Wastewater Treatment Facility Improvement Project in the amount of $730,270. The District has submitted a funding application to the United States Department of Agriculture (USDA) Rural Development. This phase of the project is expected to be completed within the 2020 fiscal year. All costs associated with the engineering design are eligible for reimbursement through both the USDA Rural Development and the California State Revolving Fund funding programs.

On May 5, 2020, the District awarded a construction agreement for the Phoenix Lake Preservation and Restoration Project in the amount of $4,170,540; along with authorization for approval of contract change orders up to $180,000. These costs are eligible for reimbursement under the Prop. 84 Grant Agreements with the Tuolumne-Stanislaus IRWMA. The District's required local match is $1,279,708.

On May 12, 2020, the District awarded a contract for the construction of the Gopher Tank Replacement Project in the amount of $1,319,987; along with authorization for approval of contract change orders that when added to the original contract amount, do not exceeding the awarded funding amount provided by the Community Development Block Grant. In November 2019, the District was awarded CDBG grant funding through Tuolumne County in the amount of $1,743,750. The project is expected to be completed within the 2021 fiscal year.

On May 26, 2020, the District awarded a contract for the 2020 Districtwide Hot Mix Asphalt Trench Paving Project in the amount of $168,260. The project is expected to be completed within the 2021 fiscal year.

Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Other Contingency

The District receives a base allocation of water from the South Fork Stanislaus River under a 1983 agreement with the Pacific Gas and Electric Company (PG&E) to meet the water supply needs of multiple Tuolumne County communities at no cost (Note: The no cost charge for water was in exchange for the District taking on the responsibility for operating and maintaining 70 miles of gold rush era water conveyance ditches to approximately 600 raw water customers and 11 water treatment plants throughout the county). This water is vital to the wellbeing of Tuolumne County as it is currently the sole source of water to these communities. TUD is in exclusive negotiations with PG&E to acquire facilities and water rights on the South Fork Stanislaus River. TUD is also commencing negotiations with the United States Bureau of Reclamation to secure a water supply contract from New Melones Reservoir to diversify its water supply source and enhance water supply reliability to its customers throughout the county. Water supply reliability is important as it serves the foundation for a high quality of life for communities across Tuolumne County. Given California's perennially water short communities across the state, the senior water rights TUD is seeking to acquire from PG&E represents a valuable asset not only within Tuolumne County, but to partners outside Tuolumne County. If PG&E sells its water rights to an external party, the District could lose access to the water it needs for its customers or could have to pay market value for the water resulting in substantial costs to the District.

NOTE 12 – New Accounting Standards

In June 2017, the GASB issued Statement No. 87, *Leases.* This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* This Statement enhances disclosures about capital assets and the cost of borrowing for a reporting period and simplifies the accounting for interest cost incurred before the end of a construction period. Interest cost incurred before the end of a construction period will be recognized as an expense rather than being recorded as part of the cost of capital assets in a business-type activity or enterprise fund and interest cost incurred by a fund using the current financial resources measurement focus before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61.* The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if the holding meets the definition of an investment. Special-purpose governments engaged in only fiduciary activities, fiduciary funds and endowments should measure the majority equity interest that meets the definition of an investment at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit because it is considered to be financially accountable for the legally separate organization and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2018.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020.* This Statement addresses a number of practice issues identified during the implementation of certain GASB Statements, including 1) the effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-03, *Leases*, for interim financial statements; 2) reporting of intra-entity transfers between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan; 3) the applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; 4) the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; 5) measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; 6) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; 7) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and 8) terminology used to refer to derivative instruments. This Statement is applicable for items 1) and 7) above upon its issuance and is effective for the other items above for reporting periods beginning after June 15, 2020.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement addresses issues related to public-private and public-public partnership arrangements (PPPs). PPPs are arrangements in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This statement requires that PPPs that meet the definition of a lease apply guidance in Statement No. 87, *Leases*, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of a service concession arrangement. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement No. 87, as amended. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements that include an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief to governments due to the COVID-19 pandemic by postponing the effective dates of Statements and Implementation Guides that first become effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. Effective dates of the following Statements and Implementation Guides were postponed by one year: Statements No. 83, 84 and 88 to 93 as well as Implementation Guide No's 2018-1, 2019-1 and 2019-2. Effective dates for Statement No. 87 and Implementation Guide No. 2019-3 were postponed by 18 months. The requirements of this Statement are effective immediately.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA). This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

The District will analyze the impact of these new Statements prior to the effective dates listed above.

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Required Supplementary Information

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Tuolumne Utilities District
Required Supplementary Information
For the Year Ended June 30, 2020

Schedule of the Proportionate Share of the Net Pension Liability (Unaudited)

Last 10 Years [(1)]

	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.33126%	0.33191%	0.33136%	0.33270%	0.34498%	0.31728%
Proportionate share of the net pension liability	$13,265,126	$12,508,841	$13,062,426	$11,557,713	$9,464,307	$7,841,471
Covered-employee payroll - measurement period	$ 5,801,469	$ 5,392,242	$ 5,434,973	$ 5,135,879	$4,820,795	$4,610,405
Proportionate share of the net pension liability as percentage of covered-employee payroll	228.65%	231.98%	240.34%	225.04%	196.32%	170.08%
Plan fiduciary net position as a percentage of the total pension liability	74.46%	74.80%	72.43%	74.06%	78.40%	79.82%

Notes to Schedule:

(1) Omitted Years: GASB 68 was implemented during 2014. No information was available prior to this date.

(2) Change in Benefit Terms: The figures above do not include any liability that may have resulted from plan changes which occurred after the June 30, 2017 valuation date as no plan changes have occurred.

(3) Changes in Assumptions: In 2017, the accounting discount rate was reduced from 7.65% to 7.15%

Tuolumne Utilities District
Required Supplementary Information
For the Year Ended June 30, 2020

Schedule of Contributions to the Pension Plan (Unaudited)

Last 10 Years [1]

	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	$ 1,426,519	$ 1,588,783	$ 1,404,740	$ 1,323,718	$ 1,217,505	$ 1,177,724
Contributions in relation to the actuarially determined contributions	$ (1,426,519)	$ (1,588,783)	$ (1,404,740)	$ (1,323,718)	$ (1,217,505)	$ (1,177,724)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll - fiscal year	$ 6,035,628	$ 5,801,469	$ 5,392,242	$ 5,434,973	$ 5,135,879	$ 4,820,795
Contributions as a percentage of covered-employee payroll	23.64%	27.39%	26.05%	24.36%	23.71%	24.43%
Methods and assumptions used to determine contribution rates:						
Valuation date	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Actuarial cost method			Entry age normal cost method			
Amortization method			Level percent of pay			
Asset valuation method			Market value			
Discount rate	7.25% [2]	7.375% [2]	7.5% [2]	7.5% [2]	7.5% [2]	7.5% [2]
Projected salary increases			Varies by entry age and service			
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Payroll growth	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%
Retirement age and mortailty	(5)	(4)	(4)	(3)	(3)	(3)

Notes to Schedule:

(1) Omitted Years: GASB 68 was implemented during 2014. No information was available prior to this date.

(2) Net of pension plan investment expenses, includes inflation.

(3) Probabilities of retirement and mortality are based on CalPERS' 2010 Experience Study for the period from 1997 to 2007.

(4) Probabilities of retirement and mortality are based on CalPERS' 2014 Experience Study for the period from 1997 to 2011.

(5) Probabilities of retirement and mortality are based on CalPERS' 2017 Experience Study for the period from 1997 to 2015.

Tuolumne Utilities District
Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Schedule of Changes in Net OPEB Liabiliy/(Assets) and Related Ratios (Unaudited)

Measurement Period	2018/2019	2017/2018	2016/2017
Total OPEB Liability			
Service Cost	$ 391,389	$ 379,989	$ 369,000
Interest	1,109,764	1,066,973	1,027,000
Difference Between Actual and Expected Experience	(1,223,320)	-	-
Assumption Changes	(126,732)	-	-
Benefit Payments Including Refunds	(812,865)	(835,975)	(780,000)
Changes of Benefit Terms	-	-	-
Net Changes	**(661,764)**	**610,987**	**616,000**
Total OPEB Liability (beginning of year)	**16,455,987**	**15,845,000**	**15,229,000**
Total OPEB Liability (end of year)	**$ 15,794,223**	**$ 16,455,987**	**$ 15,845,000**
Plan Fiduciary Net Position			
Contributions - Employer	$ 1,139,617	$ 1,147,381	$ 1,013,000
Contributions - Employee	-	-	-
Net Investment Income	421,036	467,057	553,000
Benefit Payments and Refunds	(812,865)	(835,975)	(780,000)
Administrative Expenses	(3,102)	(10,857)	(3,000)
Other Changes	-	-	-
Net Changes	**744,686**	**767,606**	**783,000**
Plan Fiduciary Net Position (beginning of year)	**6,598,606**	**5,831,000**	**5,048,000**
Plan Fiduciary Net Position (end of year)	**$ 7,343,292**	**$ 6,598,606**	**$ 5,831,000**
Net OPEB Liability/(Asset)	$ 8,450,931	$ 9,857,381	$ 10,014,000
Fiduciary Net Position as a percentage of the Total OPEB Liability	46.49%	40.10%	36.80%
Covered Employee Payroll - measurement period	$ 5,996,680	$ 5,860,003	$ 5,883,257
Net OPEB Liability as a percentage of Covered Employee Payroll	140.93%	168.21%	170.21%

Notes to Schedule:

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Tuolumne Utilities District
Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

Schedule of Employer Contributions to the OPEB Plan (Unaudited)

	2019/2020	2018/2019	2017/2018
Actuarially Determined Contribution (ADC) - employer fiscal year	$ 1,371,000	$ 1,327,000	$ 1,463,000
Contributions in Relation to the ADC	1,230,017	1,139,533	1,147,382
Contribution Deficiency/(Excess)	$ 140,983	$ 187,467	$ 315,618
Covered Employee Payroll - employer fiscal year	$ 6,405,089	$ 5,996,680	$ 5,860,003
Contributions as a percentage of Covered Employee Payroll	19.20%	19.00%	19.58%

Notes to Schedule:

*Actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020 were from the Jun 2017 actuarial valuation.

Methods and Assumptions to Determine Contributions:

Actuarial Cost Method	Entry Age Normal, level percentage of payroll		
Amortization Method	Level percentage of payroll		
Remaining Amortization Period	13 years	14 years	15 years
Asset Valuation Method	Investment gains and losses spread over 5-year rolling period		
Discount Rate	6.75%	6.75%	7.25%
General Inflation	2.75%	2.75%	3.00%
Medical Trend	4.00% to 7.50%	4.00% to 7.50%	5.00% to 7.20%
Mortality	CalPERS 1997-2011 Experience Study		
Mortality Improvement	Postretirement mortality projected fully generational with Scale MP-2016		

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will b displayed up to 10 years as information becomes available.