



Tahoe-Truckee Sanitation Agency  
Regular Board Meeting  
February 14, 2018

# TAHOE-TRUCKEE SANITATION AGENCY

A Public Agency  
13720 Butterfield Drive  
TRUCKEE, CALIFORNIA 96161  
(530) 587-2525 • FAX (530) 587-5840



## Directors

*S. Lane Lewis: President*  
*Dale Cox: Vice President*  
*Jon Northrop*  
*Dan Wilkins*  
*Blake Tresan*

## General Manager

*LaRue Griffin*

## BOARD OF DIRECTORS REGULAR MEETING NOTICE AND AGENDA

**Date:** February 14, 2018

**Time:** 9:00 AM

**Place:** Board Room, Tahoe-Truckee Sanitation Agency, 13720 Butterfield Drive, Truckee, California

Members of the public will have the opportunity to directly address the Agency Board of Directors concerning any item listed on the Agenda below before or during consideration of that item. To better accommodate members of the public and staff, some Agenda items may be considered in an order different than listed below.

### I. Call to Order, Roll Call, and Pledge of Allegiance

**II. Public Comment** Discussion items only, no action to be taken. Any person may address the Board at this time upon any subject that is within the jurisdiction of Tahoe-Truckee Sanitation Agency and that does not appear on the agenda. Any matter that requires action may be referred to staff for a report and action at a subsequent Board meeting. Please note there is a five (5) minute limit per person. In addition to or in lieu of public comment, any person may submit a written statement concerning Agency business to be included in the record of proceedings and filed with the meeting minutes. Any such statement must be provided to the recording secretary at the meeting.

**III. Consent Agenda** Consent Agenda items are routine items that may be approved without discussion. If an item requires discussion, it may be removed from the Consent Agenda prior to action.

1. Approval of the minutes of the regularly scheduled Board meeting on January 10, 2018.
2. Approval of general fund warrants.
3. Approval of financial statements and status of investments.
4. Approval of progress payment estimate no.1 for the purchase of ammonium analyzers and controllers.
5. Approval of progress payment estimate no.1 for the Digital Scanning of Sewer Lines project.

### IV. Regular Agenda

1. Presentation of the annual financial audit for fiscal year 2016-2017.
2. Approval to receive and file the annual financial audit for fiscal year 2016-2017.
3. Approval to ratify the solicitation of bids for the Building 27 Main Service Upgrade project.
4. Approval of Ordinance No. 1-2018.

5. Discussion of employee handbook revision procedure.
6. Review status of State Route 89/Fanny Bridge Community Revitalization project.
7. Report concerning recent *Hawaii Wildlife Fund v. County of Maui* decision and NPDES permit requirement.

**V. Management Team Report**

1. Operations, Engineering, Maintenance and IT Manager Reports.
2. General Manager Report.

**VI. Board of Director Comment** Opportunity for directors to ask questions for clarification, make brief announcements and reports, provide information to staff, request staff to report back on a matter, or direct staff to place a matter on a subsequent agenda.

**VII. Closed Session**

1. Conference with General Manager, as Agency real property negotiator, concerning price and terms of payment relating to potential to real property exchange with Truckee Tahoe Airport District concerning Nevada County APN 019-440-81, APN 049-040-24 and APN 049-040-25 pursuant to Government Code Section 54956.8.
2. Closed session conference with legal counsel regarding existing adjudicatory administrative proceeding, IBEW Local 1245 v. Agency (Public Employee Relations Board Case Nos. SA-CE-1017-M & SA-RR-1172-M) under Government Code section 54956.9(d)(1) (IBEW petition for recognition and unfair labor practice charge).
3. Closed session for public employee performance evaluation of the General Manager.

**VIII. Adjournment**

Posted and Mailed, 02/09/18



LaRue Griffin  
Secretary to the Board

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, then please contact Roshelle Chavez at 530-587-2525 or 530-587-5840 (fax). Requests must be made as early as possible, and at least one-full business day before the start of the meeting.

Documents and material relating to an open session agenda item that are provided to the T-TSA Board of Directors less than 72 hours prior to a regular meeting will be available for public inspection and copying at the Agency's office located at 13720 Butterfield Drive, Truckee, CA.

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** I

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**Subject:** Call to Order, Roll Call, and Pledge of Allegiance.

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** II

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**Subject:** Public Comment.

**Background:** Discussion items only, no action to be taken. Any person may address the Board at this time upon any subject that is within the jurisdiction of Tahoe-Truckee Sanitation Agency and that does not appear on the agenda. Any matter that requires action may be referred to staff for a report and action at a subsequent Board meeting. There is a five (5) minute limit per person.

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** III-1

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**Subject:** Approval of the minutes of the regularly scheduled Board meeting on January 10, 2018.

**Background:** Minutes from the regularly scheduled Board meeting.

**Fiscal Impact:** None.

**Previous Board Action:** None.

**Recommendation:** Approve the minutes of the regularly scheduled Board meeting on January 10, 2018.

**BOARD OF DIRECTORS**  
**REGULAR MEETING MINUTES**

January 10, 2018

**I. CALL TO ORDER:**

President Lewis called the regular meeting of the Tahoe-Truckee Sanitation Agency Board of Directors to order at 9:00 AM. Roll call and Pledge of Allegiance followed.

Directors Present: S. Lane Lewis, NTPUD  
Dale Cox, SVPSD  
Jon Northrop, ASCWD  
Blake Tresan, TSD  
Dan Wilkins, TCPUD

Staff Present: LaRue Griffin, General Manager  
Roshelle Chavez, Administrative Services Manager  
Michael Peak, Operations Manager  
Jason Parker, Engineering Manager  
Robert Gray, IT Manager  
Richard P. Shanahan, Agency Counsel  
Michelle Mackey, Administration Department  
Dawn Davis, Administration Department  
Mike Smith, Engineering Department  
Aaron Carlsson, Engineering Department  
Kevin Woods, IT Department  
Laura Mader, Laboratory Department  
Bill Pindar, Laboratory Department  
Kristen Davis, Laboratory Department  
Robert Holmes, Maintenance Department  
Jim Redmond, Maintenance Department  
Philip Fay, Maintenance Department  
Justin Parrish, Maintenance Department  
Mark Heidelberger, Maintenance Department  
Anthony Salinas, Maintenance Department

Public Present: Bud Haley, Member of the Public

II. Public Comment:

Agency staff, Mr. Philip Fay, addressed the Board and provided his opinion on the handling of documents that were submitted to the Board Directors and expressed his opinion on the Board minutes preparation. Both documents and minutes pertained to the December 13, 2018 Board meeting.

No action was taken by the Board.

III. Consent Agenda

1. Approval of the minutes of the regularly scheduled Board meeting on December 13, 2017.

The Board discussed minutes preparation and directed that minutes be prepared to include action item and general summaries of public comment with submitted written public correspondences attached. The December 13, 2018 minutes are to include documents submitted at public comment during that meeting.

2. Approval of General Fund Warrants.
3. Receive and file financial statements, status of investments.

**MOTION** by Director Wilkins, **SECOND** by Director Northrop to approve the Consent Agenda items; unanimously approved.

The Board approved the motion by the following vote:

AYES: Directors Cox, Wilkins, Northrop, Tresan and President Lewis  
NOES: None  
ABSENT: None  
ABSTAIN: None

Motion passed.

IV. Regular Agenda

1. Customer appeal of sewer service charges for APN 19-090-02-000.

The Board Directors held a discussion concerning the customer appeal for relief of past due sewer charges concerning Mr. Bud Haley, owner of the building on APN 19-090-02-000. Mr. Griffin provided a summary of the actual charges and the simulated accounting of charges on the property had the delinquent charges been collected through the County tax roll at the end of every fiscal year. The simulated accounting reflected a balance of \$8,479.20. Discussion was held on the parcel billing history and Mr. Haley provided a history of his circumstances.



**MOTION** by Director Wilkins, **SECOND** by Director Northrop to reduce the compound interest charges to amend the current balance due to \$8,479.20, provided Mr. Bud Haley submit payment in full within 60 days of January 10, 2018, and that, if the adjusted balance is not paid in full by that deadline, the past due balance will revert to the former amount of \$26,750.48; unanimously approved.

The Board approved the motion by the following roll call vote:

AYES: Directors Cox, Wilkins, Northrop, Tresan and President Lewis  
NOES: None  
ABSENT: None  
ABSTAIN: None

Motion passed.

2. Approval to solicit bids for the 2018 Clarifier Painting Project.

**MOTION** by Director Wilkins, **SECOND** by Director Northrop to solicit bids for the 2018 Clarifier Painting Project; unanimously approved.

The Board approved the motion by the following vote:

AYES: Directors Cox, Wilkins, Northrop, Tresan and President Lewis  
NOES: None  
ABSENT: None  
ABSTAIN: None

Motion passed.

3. Approval of CH2M Hill Task Order No. 30.

**MOTION** by Director Cox, **SECOND** by Director Northrop to approve CH2M Hill Task Order No. 30; unanimously approved.

The Board approved the motion by the following vote:

AYES: Directors Cox, Wilkins, Northrop, Tresan and President Lewis  
NOES: None  
ABSENT: None  
ABSTAIN: None

Motion passed.

4. Discussion of State Route 89/Fanny Bridge Community Revitalization Project-Related TRI Relocation Agreement and proposed amendment and indemnity agreement with State Department of Transportation

Mr. Griffin informed the Board that an amendment to the TRI relocation agreement has been submitted to all parties and the Agency will approve the amendment after the indemnity agreement with the State Department of Transportation has been executed and finalized.

No action was taken by the Board.

V. Management Team Report

1. Operations, Maintenance, Engineering and IT Reports

Mr. Peak provided an update on current and past projects for the operations department and reported that all waste discharge requirements were met for the month except for a minor pH violation at Well 31.

Mr. Parker provided an update on current and past projects for the engineering department. Mr. Parker added that he received a project routing request from the Town of Truckee regarding the Avery Hotel site after the January Agenda was finalized and would research the development history for past agreements or contracts to determine if there were any existing outstanding fees or costs associated with the property.

Mr. Gray provided an update on current and past projects for the IT department.

No action was taken by the Board.

2. General Manager Report

Mr. Griffin provided a brief update on the status of various ongoing projects, none of which required action by the Board. No action was taken by the Board.

VI. Board of Directors Comment

Director Wilkins provided comment that the Town of Truckee changed its Traffic Impact Fee Program to stop charging by a per unit basis and change to a per square foot basis.

Director Cox requested an agenda item be placed on the February Board meeting agenda to discuss the procedural review of the employee handbook. Director Wilkins requested staff prepare a list of items that should be updated in the handbook and an estimated time to perform an update.

No action was taken by the Board.

VII. Closed Session

The Board went into closed session with legal counsel and Mr. Griffin at 10:30 AM.

1. Conference with General Manager, as Agency real property negotiator, concerning price and terms of payment relating to potential to real property exchange with Truckee Tahoe Airport District concerning Nevada County APN 019-440-81, APN 049-040-24 and APN 049-040-25 pursuant to Government Code Section 54956.8.
2. Closed session conference with legal counsel regarding existing adjudicatory administrative proceeding, IBEW Local 1245 v. Agency (Public Employee Relations Board Case Nos. SA-CE-1017-M & SA-RR-1172-M) under Government Code section 54956.9(d)(1) (IBEW petition for recognition and unfair labor practice charge).
3. Closed session for public employee performance evaluation of the General Manager.

The meeting was reopened at 11:40 AM. Nothing to report from closed session.

VIII. ADJOURNMENT:

There being no further business, the meeting adjourned at 11:40 PM.

LaRue Griffin  
Secretary to the Board

Approved: \_\_\_\_\_

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** III-2

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**Subject:** Approval of general fund warrants.

**Background:** Warrants paid and payable for the previous calendar months.

**Fiscal Impact:** Decrease in Agency general fund per the warrant amounts.

**Previous Board Action:** None.

**Recommendation:** Approve general fund warrants paid and payable.

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** III-3

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**Subject:** Approval of financial statements and status of investments.

**Background:** Financial statements and status of investments for the previous calendar month.

**Fiscal Impact:** None.

**Previous Board Action:** None.

**Recommendation:** Approve financial statements and status of investments.

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** III-4

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**Subject:** Approval of progress payment estimate no.1 for the purchase of ammonium analyzers and controllers.

**Background:** The Agency currently has four (4) Hach amtax ammonium analyzers which were installed in 2006 and budgeted for replacement in the 2017-2018 Upgrade and Rehabilitation Fund budget. The purchase of the ammonium analyzers and controllers was awarded to Hach and they have provided the analyzers and controllers to the Agency.

Attached are the progress payment estimate and staff report for consideration of the approval of the progress pay estimate.

**Fiscal Impact:** \$90,854.17.

**Previous Board Action:** The Board of Directors awarded the purchase of the ammonium analyzers and controllers to Hach in the amount of \$100,949.08 at the December 13, 2017 Board meeting.

**Recommendation:** Approve progress payment estimate no.1 for the purchase of ammonium analyzers and controllers.



# T-TSA Memo

Date: February 7, 2018  
To: LaRue Griffin, General Manager  
From: Jay Parker, Engineering Manager  
RE: Progress Pay Estimate No. 1 - Ammonium Analyzers and Controllers

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As of February 7, 2018, T-TSA has received all of the equipment to be delivered under the Furnishing Ammonium Analyzers and Controllers contract. Hach, the manufacturer and supplier of the equipment submitted a number of invoices that reflect the project total of \$100,949.08. However, in accordance with our agreement with Hach, we are withholding 10% of the payment until 90 days after invoicing to allow for completion of successful startup.

Installation of the units by Agency staff is ongoing. Once we complete the installation, we will schedule for a Hach representative to come to the project site for inspection and completion of a manufacturer's certificate of proper installation.

In the meantime, it is recommended that the T-TSA Board of Directors approve the 90% payment in accordance with Progress Pay Estimate (PPE) No. 1.

Tahoe-Truckee Sanitation Agency  
 Furnishing Ammonium Analyzers and Controllers

Progress Pay Estimate No. 1  
 Through February 1, 2018

OWNER:  
 Tahoe-Truckee Sanitation Agency  
 13720 Butterfield Drive  
 Truckee, CA 96161

CONTRACTOR:  
 Hach Company  
 5600 Lindbergh Drive  
 Loveland, Colorado 80538

ITEM NO.	BID ITEM DESCRIPTION	UNIT PRICE	CONTRACT QUANTITY	UNIT	CONTRACT TOTAL	QUANTITY OR PERCENTAGE	UNIT	TOTAL EARNED
1.	90% Within 30 days of Invoice Date	\$90,854.17	1	LS	\$90,854.17	100%	LS	\$90,854.17
2.	10% Within 90 days of Invoice Date	\$10,094.91	1	LS	\$10,094.91	0%	LS	\$0.00
								\$0.00
								\$0.00
								\$0.00
								\$0.00
<b>TOTAL</b>					<b>\$100,949.08</b>			<b>\$90,854.17</b>

TOTAL EARNED TO DATE: \$90,854.17  
 0% TOTAL RETENTION: \$0.00  
 TOTAL AMOUNT PREVIOUSLY PAID: \$0.00  
**TOTAL AMOUNT DUE CONTRACTOR: \$90,854.17**

ACCEPTED BY:  
 Hach Company

BY: Stacy Damfers  
 DATE: 2/1/2018

APPROVED BY:  
 Tahoe-Truckee Sanitation Agency

BY: \_\_\_\_\_  
 DATE: \_\_\_\_\_



**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** III-5

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**Subject:** Approval of progress payment estimate no.1 for the Digital Scanning of Sewer Lines project.

**Background:** The project includes digital scanning of Schedules V & VI of the TRI along the Truckee River corridor between Tahoe City and Truckee performed by Hoffman Southwest Corporation, dba Professional Pipe Services (ProPipe). The digital scanning produces high quality, three-dimensional, digital, panoramic videos and viewing software to provide virtual desktop inspections of the TRI from any perspective.

Attached are the progress payment estimate and staff report for consideration of the approval of the progress pay estimate.

**Fiscal Impact:** \$81,767.12.

**Previous Board Action:** The Board of Directors awarded the Digital Scanning of Sewer Lines project to Hoffman Southwest Corporation, dba Professional Pipe Services (ProPipe) at the July 12, 2017 Board meeting.

**Recommendation:** Approve progress payment estimate no.1 for the Digital Scanning of Sewer Lines project.



# T-TSA Memo

Date: February 8, 2018  
To: LaRue Griffin, General Manager  
From: Jay Parker, Engineering Manager  
RE: Digital Scanning of Sewer Lines

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As of the date of this memorandum, T-TSA has received a large number of deliverables for the referenced project from its contractor, Hoffman Southwest Corporation dba Professional Pipe Services (ProPipe). In reviewing the materials provided, it was found that some of the information is incomplete and not in conformance with the contract documents. However, there is also a large amount of information that has been provided that may be approved in its current form.

Staff believes that it would be justified and reasonable to provide partial payment to ProPipe since the bulk of the work has been performed, even though some of the work needs to be readdressed. Staff estimates that the project is approximately 75 percent complete, taking into account all of the field work that has already been performed, the pipeline models have been fully generated, and most deliverables have been provided.

It is recommended that the T-TSA Board of Directors approve the 75 percent payment in accordance with Progress Pay Estimate (PPE) No. 1. The remaining amount would be paid once all deliverables are in full conformance with the contract documents.

Tahoe-Truckee Sanitation Agency  
 Digital Scanning of Sewer Lines (2017)

Progress Pay Estimate No. 1  
 Through February 8, 2018

OWNER:  
 Tahoe-Truckee Sanitation Agency  
 13720 Butterfield Drive  
 Truckee, CA 96161

CONTRACTOR:  
 Hoffman Southwest Corp. (dba ProPipe)  
 249 Paseo Tesoro  
 Walnut, CA 91789

ITEM NO.	BID ITEM DESCRIPTION	UNIT PRICE	CONTRACT QUANTITY	UNIT	CONTRACT TOTAL	QUANTITY OR PERCENTAGE	UNIT	TOTAL EARNED
1.	Base Bid	\$2.75	30,603	LF	\$84,157.98	75%	LS	\$63,118.48
2.	Additive Bid Alternate	\$1.00	30,603	LF	\$30,602.90	75%	LS	\$22,952.18
<b>TOTAL</b>					<b>\$114,760.88</b>			<b>\$86,070.66</b>

TOTAL EARNED TO DATE: **\$86,070.66**  
 5% TOTAL RETENTION TO DATE: **\$4,303.53**  
 TOTAL AMOUNT PREVIOUSLY PAID: **\$0.00**  
**TOTAL AMOUNT DUE CONTRACTOR: \$81,767.12**

ACCEPTED BY:  
 Hoffman Southwest Corp. (dba ProPipe)

APPROVED BY:  
 Tahoe-Truckee Sanitation Agency

BY: Angel Munnell  
 DATE: 2-8-18

BY: \_\_\_\_\_  
 DATE: \_\_\_\_\_

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** IV-1

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**Subject:** Presentation of the annual financial audit for fiscal year 2016-2017.

**Background:** Damore, Hamric & Schneider, Inc. has completed the Agency annual financial audit for fiscal year 2016-2017. The audit report consists of the management discussion and analysis report, the independent auditor's report and basic financial statements of the Agency.

Mr. Ron Ley of Damore, Hamric & Schneider, Inc. will be in attendance at the Board meeting to provide a presentation of the audit report which is attached for reference.

**Fiscal Impact:** \$27,500 (based on time and expenses).

**Previous Board Action:** The Board approved the audit engagement letters as submitted by Damore, Hamric & Schneider, Inc. at the April 13, 2017 Board meeting.

**Recommendation:** None.



***TAHOE-TRUCKEE SANITATION AGENCY***

Financial Statements  
Supplementary Information  
and  
Independent Auditor's Report

For the Fiscal Years Ended June 30, 2017 and 2016

Tahoe-Truckee Sanitation Agency

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June 30, 2017 and 2016

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Tahoe-Truckee Sanitation Agency  
Truckee, California

We have audited the accompanying financial statements of the business-type activities of Tahoe-Truckee Sanitation Agency as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Tahoe-Truckee Sanitation Agency as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 and the required supplementary information related to the pension and post-employment healthcare plans on pages 42 through 44 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.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Tahoe-Truckee Sanitation Agency's basic financial statements. The supplementary information contained in Schedules 1 and 2, are presented for purposes of additional analysis and are not a required part of the financial statements.

These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



DAMORE, HAMRIC & SCHNEIDER, INC.  
Certified Public Accountants

January 23, 2018



## Tahoe-Truckee Sanitation Agency

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017 and 2016

The Tahoe-Truckee Sanitation Agency (Agency) is presenting the following discussion and analysis in order to provide a review of the Agency's financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with T-TSA's financial statements to gain an understanding of the Agency's overall financial position.

#### **FINANCIAL HIGHLIGHTS**

Tahoe-Truckee Sanitation Agency was formed for the purpose of planning, administering, and coordinating wastewater treatment and disposal services throughout the North and West Tahoe and Truckee areas to protect the public health and the environment. Tahoe-Truckee Sanitation Agency is required to meet some of the most stringent discharge requirements in the country. In June of 2008, T-TSA completed an expansion project at a cost of \$75 million to increase overall capacity to 9.6 mgd, which should accommodate growth in the service area population through the year 2020. T-TSA entered into a State Revolving Fund loan with the California State Water Resources Control Board on February 24, 2004 to provide financing for the plant capacity expansion. Over the course of the project, the Agency borrowed \$50.1 million, which it is repaying over 20 years at an annual payment of approximately \$3.2 million. This is a significant factor in assessing the Agency's overall financial activities during the fiscal year ended June 30, 2017.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of the management discussion and analysis report, the independent auditor's report and basic financial statements of the Agency. The financial statements also include the notes to the financial statements, which explain and give further detail of the data provided.

#### **REQUIRED FINANCIAL STATEMENTS**

The Agency's financial statements are prepared in conformity with generally accepted accounting principles as they apply to government units on an accrual basis. These statements offer short and long-term financial information about its activities. The Statement of Net Position includes all of the Agency's assets and liabilities. It presents the financial position of the Agency and provides information about the nature and amount of resources and obligations at fiscal year-end.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of operations over the past year, and can be used to determine whether T-TSA has successfully recovered its costs through service charges and property taxes.

Tahoe-Truckee Sanitation Agency

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017 and 2016

**REQUIRED FINANCIAL STATEMENTS (Continued)**

The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It provides insight into the sources and uses of cash and the changes in cash balances during the reporting period.

**NET POSITION**

Table A-1 Condensed Statement of Net Position summarizes activities leading to a \$2.2 million increase in Net Position. FYE 2017 Total Assets increased due to cash provided by operating activities, noncapital financing activities (property taxes), and interest earned, and were decreased by long-term debt repayment, capital expenditures, and depreciation expense. Pension related Deferred Outflows, Net Pension Liability, and Deferred Inflows resulting from the GASB 68 adjustments also contributed to the increase in Net Position by \$418,313.

**Table A-1**  
Condensed Statement of Net Position

	FYE 6/30/2017	FYE 6/30/2016	Change in Dollars	Percent Change
Current Assets	\$ 27,863,168	\$ 25,196,248	\$ 2,666,920	11%
Restricted Assets	23,744,590	24,827,832	( 1,083,242)	-4%
Net Capital Assets	<u>86,152,315</u>	<u>88,472,281</u>	<u>( 2,319,966)</u>	-3%
Total Assets	<u>137,760,073</u>	<u>138,496,361</u>	<u>( 736,288)</u>	-1%
Deferred Pension Outflows (Note 7)	<u>3,427,897</u>	<u>587,605</u>	<u>2,840,292</u>	483%
Total Assets and Deferred Outflows of Resources	<u>\$ 141,187,970</u>	<u>\$ 139,083,966</u>	<u>\$ 2,104,004</u>	2%
Current Liabilities Unrestricted	\$ 1,397,179	\$ 1,464,477	(\$ 67,298)	-5%
Current Liabilities Restricted	2,981,217	2,985,583	( 4,366)	0%
Long Term Liabilities	<u>41,998,515</u>	<u>41,402,669</u>	<u>595,846</u>	1%
Total Liabilities	<u>46,376,911</u>	<u>45,852,729</u>	<u>524,182</u>	1%
Deferred Pension Inflows (Note 7)	<u>1,342,483</u>	<u>1,965,006</u>	<u>( 622,523)</u>	-32%
Total Liabilities and Deferred Inflows of Resources	<u>\$ 47,719,394</u>	<u>\$ 47,817,735</u>	<u>(\$ 98,341)</u>	0%
Net Investment in Capital Assets	\$ 55,427,663	\$ 55,361,024	\$ 66,639	0%
Restricted for Wastewater Capital Reserve	20,294,802	21,330,508	( 1,035,706)	-5%
Restricted for State Loan	2,917,227	2,898,346	18,881	1%
Unrestricted	<u>14,828,884</u>	<u>11,676,353</u>	<u>3,152,531</u>	27%
Total Net Position	<u>\$ 93,468,576</u>	<u>\$ 91,266,231</u>	<u>\$ 2,202,345</u>	2%

Tahoe-Truckee Sanitation Agency

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017 and 2016

**CHANGE IN NET POSITION**

Table A-2 represents the change in the Agency's net position. Operating expenses for FYE 2017 decreased by approximately \$2 million to \$14.5 million, primarily due to pension expense adjustments under GASB 68 which varied significantly (\$2.2 million) between last year and this year.

The Agency relies on property tax revenue, classified as non-operating revenue, to fund a portion of its general and administrative operating expenses. Property tax revenue increased to \$3.3 million compared to \$3.2 million for FYE 2016. T-TSA also relies on connection fee income for capital improvement projects, which decreased to \$1.3 million in FYE 2017 from \$1.6 million in FYE 2016 due to a reduction in residential and commercial construction projects.

**Table A-2**  
Condensed Statement of Revenues, Expenses and Changes in Net Position

	FYE 6/30/2017	FYE 6/30/2016	Change in Dollars	Percent Change
Operating Revenues/Service Charges	\$ 12,487,274	\$ 12,476,260	\$ 11,014	0%
Operating Expenses	<u>14,463,376</u>	<u>16,454,282</u>	<u>( 1,990,906)</u>	- 12%
Net Operating Loss	(\$ 1,976,102)	(\$ 3,978,022)	\$ 2,001,920	- 50%
Property Tax Revenues	\$ 3,278,320	\$ 3,163,732	\$ 114,588	4%
Other Non-Operating Revenues & Expenses	<u>( 357,497)</u>	<u>( 577,309)</u>	<u>219,812</u>	- 38%
Non-Operating Revenues & Expenses	<u>\$ 2,920,823</u>	<u>\$ 2,586,423</u>	<u>\$ 334,400</u>	13%
Income (Loss) before Capital Contributions	\$ 944,721	(\$ 1,391,599)	\$ 2,336,320	- 168%
Capital Contributions/Connection Fees	<u>1,257,624</u>	<u>1,567,620</u>	<u>( 309,996)</u>	- 20%
Change in Net Position	<u>\$ 2,202,345</u>	<u>\$ 176,021</u>	<u>\$ 2,026,324</u>	1151%
Net Position, Beginning of Year	\$ 91,266,231	\$ 91,090,210	\$ 176,021	0%
Ending Net Position	<u>\$ 93,468,576</u>	<u>\$ 91,266,231</u>	<u>\$ 2,202,345</u>	2%

Tahoe-Truckee Sanitation Agency

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017 and 2016

**BUDGETARY HIGHLIGHTS**

Table A-3 demonstrates an overall positive variance in property tax revenues and operating expenses. Setting adequate levels of rates and charges have resulted in the Agency's ability to operate and maintain its facilities and to service debt requirements. Actual Operations & Maintenance and Administrative & General expenses were less than the budgeted amounts due to a combination of organizational structure, contractual services, and pension expense adjustments as mentioned under changes in net position above.

**Table A-3**  
Budgeted Summary

	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative) Variance</u>
Service & Other Charge Revenue	\$ 12,550,000	\$ 12,487,274	(\$ 62,726)
Property & In Lieu Tax Revenue	<u>2,230,000</u>	<u>3,278,320</u>	<u>1,048,320</u>
Total Operating Revenue	<u>\$ 14,780,000</u>	<u>\$ 15,765,594</u>	<u>\$ 985,594</u>
Operations & Maintenance	\$ 12,550,000	\$ 10,185,900	\$ 2,364,100
Administrative & General	<u>2,230,000</u>	<u>1,314,491</u>	<u>915,509</u>
Total Operating Expenses	<u>\$ 14,780,000</u>	<u>\$ 11,500,391</u>	<u>\$ 3,279,609</u>
Total Positive Variance	<u>\$ 0</u>	<u>\$ 4,265,203</u>	<u>\$ 4,265,203</u>

**CAPITAL ASSETS AND LONG TERM DEBT**

In October 2008, the Agency began making payments of \$3.2 million per year to repay the State Revolving Fund Loan. The SRF loan the Agency received has a fixed 2.6% rate, which consists of 1.6% in interest and a 1% service charge and is repayable over 20 years.

**OTHER ECONOMIC FACTORS AFFECTING FUTURE FINANCIAL POSITION AND OPERATIONS**

The key economic factors affecting T-TSA's future financial position and operations are the fluctuations of the local construction market, the rate of inflation, and future cost increases of new equipment and materials.

Tahoe-Truckee Sanitation Agency

STATEMENTS OF NET POSITION

June 30, 2017 and 2016

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

<u>Current Assets:</u>	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents	\$ 27,109,009	\$ 24,478,774
Accrued Interest Receivable	62,812	34,159
Accounts Receivable	285,786	294,571
Inventory	121,902	94,310
Due from Other Governmental Agencies	<u>283,659</u>	<u>294,434</u>
 Total Current Assets	 <u>\$ 27,863,168</u>	 <u>\$ 25,196,248</u>
 <u>Restricted Assets:</u>		
Cash and Cash Equivalents	\$ 23,685,825	\$ 24,718,700
Accrued Interest Receivable	53,406	32,130
Accounts Receivable - Connection Fees	<u>5,359</u>	<u>77,002</u>
 Total Restricted Assets	 <u>\$ 23,744,590</u>	 <u>\$ 24,827,832</u>
 <u>Non-Current Assets:</u>		
Net Capital Assets	<u>\$ 86,152,315</u>	<u>\$ 88,472,281</u>
 Total Assets	 <u>\$ 137,760,073</u>	 <u>\$ 138,496,361</u>
 <u>Deferred Outflows of Resources:</u>		
Deferred Pension Outflows (Note 7)	<u>\$ 3,427,897</u>	<u>\$ 587,605</u>
 Total Assets and Deferred Outflows of Resources	 <u><u>\$ 141,187,970</u></u>	 <u><u>\$ 139,083,966</u></u>

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

Tahoe-Truckee Sanitation Agency

STATEMENTS OF NET POSITION

June 30, 2017 and 2016

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

<u>Current Liabilities (Payable from Current Assets):</u>	<u>2017</u>	<u>2016</u>
Accounts Payable	\$ 387,003	\$ 358,989
Compensated Absences Payable	914,144	1,055,217
Customer Deposits	200	1,500
Accrued Expenses	<u>95,832</u>	<u>48,771</u>
Total Current Liabilities (Payable from Current Assets)	<u>\$ 1,397,179</u>	<u>\$ 1,464,477</u>
<u>Current Liabilities (Payable from Restricted Assets):</u>		
Accounts Payable	\$	\$ 25,050
Accrued Interest Payable	532,561	573,928
Loan Payable - State of California, Current Portion	<u>2,448,656</u>	<u>2,386,605</u>
Total Current Liabilities (Payable from Restricted Assets)	<u>\$ 2,981,217</u>	<u>\$ 2,985,583</u>
<u>Long-Term Liabilities:</u>		
Loan Payable - State of California, Net of Current Portion	\$ 28,275,996	\$ 30,724,652
Net Pension Liability (Note 7)	<u>13,722,519</u>	<u>10,678,017</u>
Total Long -Term Liabilities	<u>\$ 41,998,515</u>	<u>\$ 41,402,669</u>
<u>Deferred Inflows of Resources:</u>		
Deferred Pension Inflows (Note 7)	<u>\$ 1,342,483</u>	<u>\$ 1,965,006</u>
Total Liabilities and Deferred Inflows of Resources	<u>\$ 47,719,394</u>	<u>\$ 47,817,735</u>
<u>Net Position:</u>		
Net Investment in Capital Assets	\$ 55,427,663	\$ 55,361,024
Restricted for Waste Water Capital Reserve	20,294,802	21,330,508
Restricted for State Loan Repayment	2,917,227	2,898,346
Unrestricted	<u>14,828,884</u>	<u>11,676,353</u>
Total Net Position	<u>\$ 93,468,576</u>	<u>\$ 91,266,231</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 141,187,970</u>	<u>\$ 139,083,966</u>

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

Tahoe-Truckee Sanitation Agency

STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION

For the Fiscal Years Ended June 30, 2017 and 2016

<u>Operating Revenues:</u>	<u>2017</u>	<u>2016</u>
Service Charges	\$ 12,477,179	\$ 12,328,555
Other Services	10,095	147,705
 Total Operating Revenues	 <u>\$ 12,487,274</u>	 <u>\$ 12,476,260</u>
 <u>Operating Expenses:</u>		
Operations & Maintenance	\$ 10,185,900	\$ 11,849,464
Administrative & General	1,314,491	1,639,732
Depreciation	<u>2,962,985</u>	<u>2,965,086</u>
 Total Operating Expenses	 <u>\$ 14,463,376</u>	 <u>\$ 16,454,282</u>
 Operating Loss	 <u>(\$ 1,976,102)</u>	 <u>(\$ 3,978,022)</u>
 <u>Non-Operating Revenues:</u>		
Property Taxes	\$ 3,046,098	\$ 2,935,461
Interest Earned	375,845	217,742
Interest Expense	( 819,525)	( 881,052)
In-Lieu Taxes	232,222	228,271
Aid from Other Governmental Agencies	24,897	25,851
Other Income	<u>61,286</u>	<u>60,150</u>
 Total Non-Operating Revenues	 <u>\$ 2,920,823</u>	 <u>\$ 2,586,423</u>
 Net Income (Loss) Before Capital Contributions	 \$ 944,721	 (\$ 1,391,599)
 Capital Contributions - Connection Fees	 <u>1,257,624</u>	 <u>1,567,620</u>
 Change in Net Position	 \$ 2,202,345	 \$ 176,021
 Net Position, Beginning of Year	 <u>91,266,231</u>	 <u>91,090,210</u>
 Net Position, End of Year	 <u>\$ 93,468,576</u>	 <u>\$ 91,266,231</u>

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

Tahoe-Truckee Sanitation Agency

STATEMENTS OF CASH FLOWS

For the Fiscal Years Ended June 30, 2017 and 2016

<u>Cash Flows from Operating Activities:</u>	<u>2017</u>	<u>2016</u>
Receipts from Customers	\$ 12,494,759	\$ 12,344,988
Payments to Suppliers	( 3,715,069)	( 3,948,239)
Payments to Employees	( 8,293,125)	( 7,851,825)
Other Payments	( 4,100)	( 4,400)
Net Cash Provided by Operating Activities	<u>\$ 482,465</u>	<u>\$ 540,524</u>
 <u>Cash Flows from Noncapital Financing Activities:</u>		
Property Taxes Collected	\$ 3,056,873	\$ 2,936,285
Aid from Other Governmental Agencies and Other Income	<u>318,404</u>	<u>314,272</u>
Net Cash Provided by Noncapital Financing Activities	<u>\$ 3,375,277</u>	<u>\$ 3,250,557</u>
 <u>Cash Flows from Capital and Related Financing Activities:</u>		
Acquisition of Capital Assets	(\$ 668,069)	(\$ 669,090)
Principal Payment on Loan	( 2,386,605)	( 2,326,125)
Interest Payments on Loan	( 860,892)	( 921,372)
Capital Contributions	<u>1,329,267</u>	<u>1,499,374</u>
Net Cash Used by Capital and Related Financing Activities	<u>(\$ 2,586,299)</u>	<u>(\$ 2,417,213)</u>
 <u>Cash Flows from Investing Activities:</u>		
Interest Received on Investments	<u>\$ 325,916</u>	<u>\$ 184,406</u>
Net Increase in Cash and Cash Equivalents	\$ 1,597,360	\$ 1,558,274
Cash and Cash Equivalents, Beginning of Year	<u>49,197,474</u>	<u>47,639,200</u>
Cash and Cash Equivalents, End of Year	<u>\$ 50,794,834</u>	<u>\$ 49,197,474</u>
 <u>Cash and Cash Equivalents Classified in the Balance Sheet:</u>		
Current Assets	\$ 27,109,009	\$ 24,478,774
Restricted Assets	<u>23,685,825</u>	<u>24,718,700</u>
	<u>\$ 50,794,834</u>	<u>\$ 49,197,474</u>

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



Tahoe-Truckee Sanitation Agency

STATEMENTS OF CASH FLOWS

For the Fiscal Years Ended June 30, 2017 and 2016

Reconciliation of Operating Loss

to Net Cash Provided by Operating Activities:

	<u>2017</u>	<u>2016</u>
Operating Loss	(\$ 1,976,102)	(\$ 3,978,022)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation	\$ 2,962,985	\$ 2,965,086
Changes in Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources:		
(Increase) Decrease in:		
Accounts Receivable	8,785	( 131,072)
Inventory	( 27,592)	25,748
Deferred Outflows of Resources	( 2,840,292)	11,843
Increase (Decrease) in:		
Accounts Payable	28,014	30,798
Accrued Compensated Absences	( 141,073)	( 17,181)
Customer Deposits	( 1,300)	( 200)
Accrued Expenses	47,061	( 91,633)
Deferred Inflows of Resources	( 622,523)	( 781,088)
Net Pension Liability	<u>3,044,502</u>	<u>2,506,245</u>
Total Adjustments	<u>\$ 2,458,567</u>	<u>\$ 4,518,546</u>
Net Cash Provided by Operating Activities	<u>\$ 482,465</u>	<u>\$ 540,524</u>

Capital and Related Financing Activities

Acquisition of Capital Assets	\$ 643,019	\$ 694,140
(Increase)/Decrease in Accounts Payable	<u>25,050</u>	<u>( 25,050)</u>
Cash Used for Acquisition of Capital Assets	<u>\$ 668,069</u>	<u>\$ 669,090</u>

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

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization and Description of the Agency - The Tahoe-Truckee Sanitation Agency was formed in May 1972, under the provisions of the Tahoe-Truckee Sanitation Agency Act that was passed by the State Legislature and signed into law by the Governor on November 17, 1971. The Agency consists of all the area within the following five districts:

- (1) Alpine Springs County Water District
- (2) North Tahoe Public Utility District
- (3) Squaw Valley Public Service District
- (4) Tahoe City Public Utility District
- (5) Truckee Sanitary District

The Truckee Sanitary District services a portion of Northstar Community Services District through contract.

The Agency was formed to provide major sewage facilities for the North and West Lake Tahoe Area, Alpine Meadows, Squaw Valley, Truckee River, Donner Lake and Martis Valley areas. The facilities of the Agency have been receiving sewage collected by each of the five districts and has been transporting it to its treatment disposal site since February 1978.

The Reporting Entity:

The Agency, for financial purposes, includes all of the funds relevant to the operations of the Tahoe-Truckee Sanitation Agency. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Tahoe-Truckee Sanitation Agency.

One entity that is not a part of the Agency's reporting entity but was in part, created by the Agency for special purposes, is accounted for as a jointly governed organization. Additional information regarding the Agency's jointly governed organization is provided in Notes 10 and 11. The following is a description of the jointly owned organization in which the Agency participates.

The California Sanitation Risk Management Authority (CSRMA) was created by a Joint Exercise of Powers Agreement between the Tahoe-Truckee Sanitation Agency and several other member Agencies. The Authority is organized under Government Code Section 6500 as a separate and distinct public entity and is governed by a Board comprised of one member appointed by the governing body of each party to the agreement. The governing board appoints its own management and approves its own budget.

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- B. Basis of Accounting - The accounting policies of the Agency conform with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting.

Operating revenues are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The entity is a special purpose governmental enterprise fund that operates as a stand-alone business-type.

- C. Financial Statements Presentation - Governmental Accounting Standards Board Statement No. 34 "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*" established standards for external financial reporting for all state and local governmental entities which includes a statement of net position, a statement of activities and changes in net position and a statement of cash flows. It requires the classification of net assets into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- *Net investment in capital assets* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net assets component as the unspent proceeds. The Agency had debt of \$30,724,652 and \$33,111,257 as of June 30, 2017 and 2016, respectively.

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

C. Financial Statements Presentation (Continued):

- *Restricted* - This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net assets* - This component of net position consists of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

D. Budgetary Control - The Board adopts an operating budget at the beginning of each year.

E. Cash, Certificates of Deposit and Savings - Deposits of the Agency are located at various financial institutions within the state and are recorded at cost. (See Note 2 for additional disclosure of Agency deposits.)

For purposes of the statement of cash flows, the Agency considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

F. Investments - Investments in equity securities with readily determinable fair values, open-end mutual funds, and debt securities are valued at their fair values in the balance sheet. Investments in external investment pools are valued on the basis of \$1 in the statement of net position.

G. Accounts Receivable - The accounts receivable consist of charges for service fees, connection fees and property taxes. Fees are considered to be fully collectible, since the Agency liens the property for unpaid charges. Therefore, no allowance for uncollectible fees is provided.

H. Capital Assets - Capital assets are defined by the Agency as assets with an initial, individual cost of \$1,000 or more with an estimated useful life in excess of one year.

Capital assets are stated at cost, less accumulated depreciation and amortization computed by the straight-line method. Estimated useful lives are as follows:

Utility Plant	20 - 50 Years
Machinery and Equipment	4 - 8 Years

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

H. Capital Assets (Continued):

Depreciation on the cost or value of contributed assets is included in operating expenses in arriving at net income.

*Repairs and Maintenance* - Repairs and maintenance expenditures are charged to expense as incurred and major renewals and betterments are capitalized.

I. Restricted Net Position - Legally segregated net position is recorded as restricted. The Agency has the following restricted net assets:

- *Waste Water Capital Expense* - The restricted net assets consist of connection fees and the earnings thereon and are restricted for the acquisition and/or construction of sewer infrastructure necessary to increase capacity for service.
- *State Loan* - The restricted net assets consist of connection fee revenues pledged as collateral for repayment of the loan upon completion of construction.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the Agency's policy is to apply restricted net position first.

J. Board-Designated Net Position - The Agency has designated a portion of the unrestricted net position for major Plant Replacement Reserve in order to provide funds for future replacement of plant and equipment. Excess resources from operations are transferred into the reserve each year. The designated balances as of June 30, 2017 and 2016 were \$14,828,883 and \$11,676,353, respectively.

K. Pension - For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency'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.

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

- L. Other Post Employment Benefit Plan - The Agency is a member of the California Employers' Retiree Benefit Trust (CERBT) fund plan, which covers all eligible full-time and part-time employees with at least 30 days of service. For information about the benefit plan, see Note 8.
  
- M. Compensated Absences - The Agency accrues a liability for unpaid vacation and sick pay in accordance with GASB 16. Sick pay is accumulated at the rate of one day per month. Unused sick leave is to be paid at the rate of 50% upon termination or 100% upon death or retirement. Vacation pay is accumulated at various rates depending on length of service. Vacation pay accrued in excess of 30 days is paid at the end of each year.
  
- N. Revenue Recognition - Property Taxes - Property taxes are attached as an enforceable lien on property as of March 1. Taxes are levied on November 1 and February 1 and are due and payable at that time.  
  
Property tax revenues are recognized in the fiscal period for which they are levied and in which they become available.
  
- O. Inventory - Inventory is recorded at lower of cost or market using the first-in, first-out method.
  
- P. Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
  
- Q. Subsequent Events Review - Management has evaluated subsequent events through the date of the audit report, which is the date the financial statements were available to be issued.
  
- R. Reclassifications - Certain amounts in fiscal year 2016 have been reclassified to conform to the fiscal year 2017 presentation.

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

S. Accounting Pronouncements that have been Implemented in the Current Financial Statements - The Agency has adopted GASB Statement No. 82 – *Pension Issues—An Amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer’s pension liability is measured as of a date other than the employer’s most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The Agency implemented sections (1) and (3) of the Statement.

T. Newly Issued Accounting Pronouncements, But Not Yet Effective - The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2017, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 75 - In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, with required implementation for the Agency during the year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for other postemployment benefits (OPEB) by establishing standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. It will require the Agency to report a net OPEB liability for the difference between the present value of projected pension benefits for past service and restricted resources held in trust for the payment of benefits. The Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The Statement is required to be implemented retroactively and will require a restatement of beginning net position.

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

T. Newly Issued Accounting Pronouncements, But Not Yet Effective (Continued):

Governmental Accounting Standards Board Statement No. 83 - In November 2016, the GASB issued Statement No. 83 –*Certain Asset Retirement Obligations*, with required implementation for the Agency during the year ended June 30, 2019. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The impact of the implementation of this Statement to the Agency’s financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 84 - In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*, with required implementation for the Agency during the year ended June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The impact of the implementation of this Statement to the Agency’s financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 85 - In March 2017, the GASB issued Statement No. 85 – *Omnibus 2017*, with required implementation for the Agency during the year ended June 30, 2018. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The impact of the implementation of this Statement to the Agency’s financial statements has not been assessed at this time.

U. Deferred Outflow/Deferred Inflow of Resources - In addition to assets, the financial statements report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.



Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

U. Deferred Outflow/Deferred Inflow of Resources (Continued):

Contributions made to the Agency's pension plan after the measurement date but before the fiscal year-end are recorded as a deferred outflow of resources. Additional factors involved in the calculation of the Agency's pension expense and net pension liability include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the Agency's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 7 for further details related to these pension deferred outflows and inflows.

NOTE 2 CASH, CASH EQUIVALENTS, AND INVESTMENTS:

A. Deposits:

The carrying amounts of the Agency's deposits were \$641,126 and \$1,519,597 while the banks' balances were \$729,334 and \$1,624,453 for the years ended June 30, 2017 and 2016, respectively. Of these amounts, \$359,572 and \$421,592 were covered by federal depository insurance. The remaining balances of \$369,762 and \$1,202,861 for the years ended June 30, 2017 and 2016, respectively, were exposed to custodial credit risk with deposits uninsured and collateralized with securities held by the pledging financial institution or its agent but not in the Agency's name.

*Custodial Credit Risk* - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover 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 requires California banks, and savings and loans to 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. The market value of pledged securities in the collateral pool must equal at least 110% of the total amount deposited by public agencies. All deposits in excess of insurance from the Federal Deposit Insurance Corporation are collateralized with

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

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

A. Deposits (Continued):

eligible securities, as described by the Agency's investment policy, in amounts equal to at least 110% of the Agency's carrying value of the deposits (demand deposits and certificates of deposit).

B. Investments:

*Investment in State Investment Pool* - The Agency's LAIF investment is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The Agency is a voluntary participant in the investment pool. LAIF, being an investment pool, is subject to fair value measurement; however, as they are not measured at fair value, they are not subject to the fair value hierarchy.

As of the end of the year, the Agency had the following investments:

	2017		2016	
	Carrying Amount	Market Value	Carrying Amount	Market Value
LAIF	<u>\$ 50,153,708</u>	<u>\$ 50,100,579</u>	<u>\$ 47,677,877</u>	<u>\$ 47,707,496</u>

Structured notes and asset-backed securities comprised 2.89% and 2.81% of LAIF's total portfolio for all investors as of June 30, 2017 and 2016, respectively. Fair value of a pool share was \$0.998940671 and \$1.000621222 for those same periods. The cost value of a pool share was constant at \$1.00.

*Investment Policy* - Statutes authorize the Agency to invest in obligations of the U.S. Treasury, agencies and instrumentalities within the State, State Treasury, bankers' acceptances, and commercial paper of the highest ranking provided by Moody's Investors Service, Inc., or Standard and Poor's Corporation, repurchase or reverse repurchase agreements, and the State's Local Agency Investment Fund (LAIF).

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

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

B. Investments (Continued):

The investment policy set by the directors of the Agency is more conservative than that set by state statute. The policy allows the Agency's treasurer to invest in certificates of deposit, U.S. Treasury Bills and Notes, Placer County Investment Fund, and the LAIF.

*Fair Value of Investments* - The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), other than quoted prices - included within Level 1 that are observable for the asset or liability, either directly or indirectly (Level 2 measurements); and the lowest priority to unobservable inputs ( Level 3 measurements).

Deposits and withdrawals in governmental investment pools, such as LAIF are made on the basis of \$1 and not fair value. Accordingly, the Agency's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. The Agency does not have any investments that are subject to the fair value hierarchy at June 30, 2017 or 2016.

*Interest Rate Risk* - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

*Credit Risk* - Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Investments in LAIF are subject to credit risk, with the full faith and credit of the State of California collateralizing these investments. The Agency's investment in LAIF has not been rated by a nationally recognized statistical organization.

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

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

B. Investments (Continued):

<u>Summary of Cash and Investments:</u>	<u>2017</u>	<u>2016</u>
Cash Deposits	\$ 641,126	\$ 1,519,597
Investments	<u>50,153,708</u>	<u>47,677,877</u>
Total	<u>\$ 50,794,834</u>	<u>\$ 49,197,474</u>

Balance Sheet Classification:

Cash and Cash Equivalents:		
Unrestricted	\$ 27,109,009	\$ 24,478,774
Restricted	<u>23,685,825</u>	<u>24,718,700</u>
Total	<u>\$ 50,794,834</u>	<u>\$ 49,197,474</u>

NOTE 3 ACCOUNTS RECEIVABLE:

The accounts receivable at year-end are comprised of the following:

	<u>2017</u>	<u>2016</u>
Service Charges - Regular Collections	\$ 66,226	\$ 55,654
Property Taxes	187,976	159,201
Other	<u>31,584</u>	<u>79,716</u>
	<u>\$ 285,786</u>	<u>\$ 294,571</u>

As mentioned in the Summary of Significant Accounting Policies, certain accounts receivable uncollected at the end of the year are transferred to the county and become recorded liens on the property, thereby substantially reducing the Agency's exposure to uncollectible accounts. These amounts are presented as due from Other Government Agencies, separate from other accounts receivable.

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 4 RESTRICTED ASSETS:

Restricted assets as of June 30, 2017 are identified by use as follows:

	Waste Water Capital Reserve	State Loan	Total
Cash and Cash Equivalents	\$ 20,768,598	\$ 2,917,227	\$ 23,685,825
Accrued Interest Receivable	53,406		53,406
Accounts Receivable	5,359		5,359
	<u>20,827,363</u>	<u>2,917,227</u>	<u>23,744,590</u>
<u>Total Restricted Assets</u>			
<u>Current Liabilities Payable</u>			
<u>from Restricted Assets:</u>			
Accrued Interest Payable	\$ 532,561	\$	\$ 532,561
Current Portion of Long-Term Debt	2,448,656		2,448,656
	<u>2,981,217</u>	<u>0</u>	<u>2,981,217</u>
<u>Total Current Liabilities</u>			
<u>(Payable from Restricted Assets)</u>			

Restricted assets as of June 30, 2016 are identified by use as follows:

	Waste Water Capital Reserve	State Loan	Total
Cash and Cash Equivalents	\$ 21,820,354	\$ 2,898,346	\$ 24,718,700
Accrued Interest Receivable	32,130		32,130
Accounts Receivable	77,002		77,002
	<u>21,929,486</u>	<u>2,898,346</u>	<u>24,827,832</u>
<u>Total Restricted Assets</u>			
<u>Current Liabilities Payable</u>			
<u>from Restricted Assets:</u>			
Accounts Payable	\$ 25,050	\$	\$ 25,050
Accrued Interest Payable	573,928		573,928
Current Portion of Long-Term Debt	2,386,605		2,386,605
	<u>2,985,583</u>	<u>0</u>	<u>2,985,583</u>
<u>Total Current Liabilities</u>			
<u>(Payable from Restricted Assets)</u>			

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 5 CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2017 was as follows:

<u>Capital Assets not being Depreciated:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 2,174,726	\$	\$	\$ 2,174,726
Total Capital Assets not being Depreciated	\$ 2,174,726	\$ 0	\$ 0	\$ 2,174,726
<u>Capital Assets being Depreciated:</u>				
Sewage Treatment and Collection	\$ 138,962,307	\$ 544,415	\$	\$ 139,506,722
General Plant and Equipment	3,915,350	98,604	31,338	3,982,616
Vehicles	1,209,947			1,209,947
Total Capital Assets being Depreciated	\$ 144,087,604	\$ 643,019	\$ 31,338	\$ 144,699,285
Less Accumulated Depreciation for:				
Sewage Treatment and Collection	\$ 53,244,547	\$ 2,792,032	\$	\$ 56,036,579
General Plant and Equipment	3,353,314	154,549	31,338	3,476,525
Vehicles	1,192,188	16,404		1,208,592
Total Depreciation	\$ 57,790,049	\$ 2,962,985	\$ 31,338	\$ 60,721,696
Net Capital Assets	\$ 88,472,281	(\$ 2,319,966)	\$ 0	\$ 86,152,315

Capital asset activity for the year ended June 30, 2016 was as follows:

<u>Capital Assets not being Depreciated:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 2,174,726	\$	\$	\$ 2,174,726
Total Capital Assets not being Depreciated	\$ 2,174,726	\$ 0	\$ 0	\$ 2,174,726
<u>Capital Assets being Depreciated:</u>				
Sewage Treatment and Collection	\$ 138,349,229	\$ 613,078	\$	\$ 138,962,307
General Plant and Equipment	3,895,830	80,191	60,671	3,915,350
Vehicles	1,216,573		6,626	1,209,947
Total Capital Assets being Depreciated	\$ 143,461,632	\$ 693,269	\$ 67,297	\$ 144,087,604
Less Accumulated Depreciation for:				
Sewage Treatment and Collection	\$ 50,464,090	\$ 2,780,457	\$	\$ 53,244,547
General Plant and Equipment	3,258,137	155,848	60,671	3,353,314
Vehicles	1,170,033	28,781	6,626	1,192,188
Total Depreciation	\$ 54,892,260	\$ 2,965,086	\$ 67,297	\$ 57,790,049
Net Capital Assets	\$ 90,744,098	(\$ 2,271,817)	\$ 0	\$ 88,472,281

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 6 LONG-TERM DEBT:

Loans Payable - On November 6, 2004, the Agency entered into an agreement with the California State Water Resources Control Board to borrow funds for the construction of additional sewage processing facilities. The California State Water Resources Control Board released Loan funds to the Agency upon submission of expense reports. During the construction phase, the loan accrued interest at an annual fixed rate of 2.6%, which added to the principal balance of the loan. Modification of the loan was required upon completion of the project. The new terms required the Agency to pay an annual interest rate of 1.6% and an annual service charge of 1.0%. The loan began amortization over a 20-year repayment period on October 31, 2008 with equal annual payments of \$3,247,497.

As of June 30, 2017, the annual repayment requirements of the loan were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest and Service Charge</u>
2018	\$ 2,448,656	\$ 798,841
2019	2,512,321	735,176
2020	2,577,642	669,856
2021-2025	13,929,025	2,308,461
2026-2028	<u>9,257,008</u>	<u>485,482</u>
Total Requirements	\$ 30,724,652	\$ 4,997,816
Less - Current Portion	<u>2,448,656</u>	<u>798,841</u>
Long-Term Portion	<u>\$ 28,275,996</u>	<u>\$ 4,198,975</u>

The following is a summary of loan transactions for the years ended June 30, 2017 and 2016:

	<u>Balance July 1,</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30,</u>	<u>Amount Due Within One Year</u>
	<u>2016</u>			<u>2017</u>	
Loans Payable	<u>\$ 33,111,257</u>	<u>\$ 0</u>	<u>\$ 2,386,605</u>	<u>\$ 30,724,652</u>	<u>\$ 2,448,656</u>
	<u>2015</u>			<u>2016</u>	
Loans Payable	<u>\$ 35,437,382</u>	<u>\$ 0</u>	<u>\$ 2,326,125</u>	<u>\$ 33,111,257</u>	<u>\$ 2,386,605</u>

Total interest expense was \$819,525 and \$881,052 for the years ended June 30, 2017 and 2016, respectively. Interest was expensed to operations for both years.

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 7 PENSION:

General Information about the Pension Plan:

Plan Description - All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the Tahoe-Truckee Sanitation Agency. The Agency's employer rate plans in the miscellaneous risk pool include the Miscellaneous plan (Miscellaneous) and the PEPRM Miscellaneous plan (PEPRM Miscellaneous). The Agency does not have any rate plans in the safety risk pool.

Benefits Provided - The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRM Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the Optional Settlement 2W Death Benefit, or the 1959 Survivor Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8%	6.5%
Required employer contribution rates	12.252%	7.066%



Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 7 PENSION (Continued):

Contribution Description - Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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' 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The Tahoe-Truckee Sanitation Agency's contributions to the risk pool in the Plan for the years ended June 30, 2017 and 2016, were as follows:

	<u>Miscellaneous Plan</u>	
	<u>2017</u>	<u>2016</u>
Miscellaneous Risk Pool	<u>\$ 1,081,422</u>	<u>\$ 1,016,255</u>

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - As of June 30, 2017 and 2016, the Agency reported net pension liability of \$13,722,519 and \$10,678,017, respectively, for its proportionate share of the net pension liability. The Agency's net pension liability for each risk pool is measured as the proportionate share of each risk pool's net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 7 PENSION (Continued):

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

The Agency's proportionate share of the net pension liability as of June 30, 2015, the valuation date, was calculated as follows:

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2015. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The Agency's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the Tahoe-Truckee Sanitation Agency's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The Agency's proportionate share of the net pension liability as of June 30, 2016, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2016, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2016, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer rate plan's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2016, was calculated by applying the Agency's proportionate share percentages as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2016, to obtain each employer rate plan's total pension liability and fiduciary net position as of June 30, 2016. The fiduciary net position was then subtracted from the total pension liability to obtain the net pension liability as of the measurement date.

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 7 PENSION (Continued):

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

The Agency's proportionate share of the net pension liability for the plan as of the measurement date June 30, 2016, was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2015 (Valuation Date)	0.389216%
Proportion - June 30, 2016 (Measurement Date)	<u>0.395020%</u>
Change - Increase (Decrease)	<u><u>0.005804%</u></u>

The Agency's proportionate share of the net pension liability for the plan as of the measurement date June 30, 2015, was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2014 (Valuation Date)	0.391281%
Proportion - June 30, 2015 (Measurement Date)	<u>0.389216%</u>
Change - Increase (Decrease)	<u><u>( 0.002065%)</u></u>

The Agency recognized pension expense of \$663,108 and \$1,077,757 at June 30, 2017 and 2016, respectively. Pension expense is comprised of various elements including service cost, interest, changes in benefit terms, investment experience, and the amortization of deferred outflows and inflows of resources, which are all factors used by the actuaries in the calculation of the net pension liability.

At June 30, 2017, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension Contributions Subsequent to Measurement Date Changes of Assumptions	\$ 1,081,422	\$ ( 295,656)
Differences between Expected and Actual Experiences	21,151	
Differences between Actual and Required Contributions		( 1,046,827)
Adjustment due to Differences in Proportions	627,339	
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>1,697,985</u>	
Total	<u>\$ 3,427,897</u>	<u>(\$ 1,342,483)</u>

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 7 PENSION (Continued):

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued):

It should be noted that a deferred outflow of \$1,081,422 was recognized as pension expense related to contributions subsequent to the measurement date, but the entire amount will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts (i.e. amounts other than contributions subsequent to the measurement date) reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflow/(Inflows) of Resources
2018	(\$ 179,661)
2019	( 101,467)
2020	738,395
2021	546,725
2022	
Thereafter	
Total	<u>\$ 1,003,992</u>

At June 30, 2016, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions	\$	(\$ 459,909)
Differences between Expected and Actual Experiences	48,611	
Differences between Actual and Required Contributions		( 624,361)
Adjustment due to Differences in Proportions	538,994	
Net Difference between Projected and Actual Earnings on Pension Plan Investments		( 880,736)
Total	<u>\$ 587,605</u>	<u>(\$ 1,965,006)</u>

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 7 PENSION (Continued):

Actuarial Assumptions – For the measurement period ended June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability determined in the June 30, 2015 actuarial accounting valuation. The June 30, 2016 and June 30, 2015 total pension liability was determined using the following actuarial methods and assumptions:

	<u>Miscellaneous</u>
Valuation Date (VD)	June 30, 2015 and 2014
Measurement Date (MD)	June 30, 2016 and 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase (1)	Varies By Age and Length of Service
Investment Rate of Return (2)	7.50%
Mortality Rate Table (3)	Derived using CalPERS' Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service and type of employment

(2) Net of pension plan investment and Administrative expenses; including inflation

(3) The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

Changes of Assumptions - There were no changes of assumptions during the measurement period June 30, 2016. Deferred inflows of resources for changes of assumptions presented in the financial statements represent the unamortized portion of the changes of assumptions related to prior measurement periods.

Discount Rate - The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2016 based on June 30, 2015 Valuations*, that can be obtained from the CalPERS website.

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 7 PENSION (Continued):

Discount Rate (Continued):

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

CalPERS is scheduled to review all actuarial assumptions as part of its regular asset liability management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the year ended 2017-18. CalPERS will continue to check the materiality of the difference in calculation until such time as CalPERS has changed their methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 11 years) and the long-term (11- 60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 7 PENSION (Continued):

Discount Rate (Continued):

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

Asset Class	June 30, 2017		
	New Strategic Allocation	Real Return Years 1 – 10 (a)	Real Return Years 11+ (b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	1.00%	( 0.55%)	( 1.05%)
Total	<u>100.00%</u>		

Asset Class	June 30, 2016		
	New Strategic Allocation	Real Return Years 1 – 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	( 0.55%)	( 1.05%)
Total	<u>100.00%</u>		

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

(b) An expected inflation of 3.0% used for this period.

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 7 PENSION (Continued):

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate:

The following presents the Agency's proportionate share of the net pension liability of the each risk pool as of the measurement date, calculated using the discount rate, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

At June 30, 2017, the discount rate comparison was the following:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability/(Asset)	\$ 20,771,653	\$ 13,722,519	\$ 7,896,761

At June 30, 2016, the discount rate comparison was the following:

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65%)	Discount Rate + 1% (8.65%)
Plan's Net Pension Liability/(Asset)	\$ 17,450,605	\$ 10,678,017	\$ 5,086,460

NOTE 8 POST-RETIREMENT HEALTH CARE BENEFITS (OPEB):

Plan Description:

The Agency's defined benefit postemployment healthcare plan, California Employers' Retiree Benefit Trust (CERBT) provides post-retirement health care benefits to all employees who retire from the Agency on or after attaining age 50 with at least five years of service. CERBT is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administrated by CalPERS, which acts as a common investment and administrative agent for participating public employees within the State of California. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 Q Street - Sacramento, CA 95811.



Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 8 POST-RETIREMENT HEALTH CARE BENEFITS (OPEB):

Plan Description (Continued):

The CERBT has 43 retirees and eligible members of their families receiving benefits and has a total of 133 active participants and dependents. Of that total, 126 are not yet eligible to receive benefits. The Board of Directors has the authority to establish and amend benefit provisions of the Plan.

Annual OPEB Cost and Net OPEB Obligation:

The Agency is required to contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC for the CERBT was \$22,359 for the years ended June 30, 2017 and 2016, respectively. The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, 2017 and 2016 were as follows:

June 30, 2017

Annual Required Contribution	\$ 22,359
Interest on OPEB Obligation	
Adjustment to Annual Required Contribution	
Annual OPEB Cost	<u>\$ 22,359</u>
Contributions Made	
Change in Net OPEB Obligation (Asset)	\$ 22,359
Net OPEB Obligation (Asset), Beginning of Year	<u>( 6,843,320)</u>
Net OPEB Obligation (Asset), End of Year	<u><u>(\$ 6,820,961)</u></u>

June 30, 2016

Annual Required Contribution	\$ 22,359
Interest on OPEB Obligation	
Adjustment to Annual Required Contribution	
Annual OPEB Cost	\$ 22,359
Contributions Made	<u>444,304</u>
Change in Net OPEB Obligation (Asset)	(\$ 421,945)
Net OPEB Obligation (Asset), Beginning of Year	<u>( 6,421,375)</u>
Net OPEB Obligation (Asset), End of Year	<u><u>(\$ 6,843,320)</u></u>

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 8 POST-RETIREMENT HEALTH CARE BENEFITS (OPEB) (Continued):

Annual OPEB Cost and Net OPEB Obligation (Continued):

Trend Information:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Employer Contributions</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB (Asset)</u>
June 30, 2015	\$ 106,975	\$ 446,970	417.83%	(\$ 6,421,375)
June 30, 2016	\$ 22,359	\$ 444,304	1987.14%	(\$ 6,843,320)
June 30, 2017	\$ 22,359	\$ 0	0.00%	(\$ 6,820,961)

In addition to the contribution to the CERBT, the Agency paid retiree premiums directly to providers and was not reimbursed by the CERBT in the amount \$444,304 for the year ended June 30, 2016. The CERBT did not pay any premiums directly to providers for the year ended June 30, 2017.

Funding Status and Funding Progress:

As of June 30, 2015, the most recent actuarial valuation date, the plan was 118.6% funded. The actuarial accrued liability was \$7,525,123 and the actuarial value of assets was \$8,924,344 resulting in an unfunded actuarial accrued liability (UAAL) of negative \$1,399,221. The annual covered payroll was \$4,769,334 and the ratio of the UAAL to the annual covered payroll was negative 29.3%.

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on values that the Agency's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 8 POST-RETIREMENT HEALTH CARE BENEFITS (OPEB) (Continued):

Actuarial Methods and Assumptions:

Calculations of benefits for financial reporting purposes were based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used were designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The entry age normal actuarial cost method was used in the June 30, 2015 valuation. The individual components of the ARC were calculated as a level dollar amount. The actuarial assumptions included a 7.0% investment rate of return. The annual healthcare cost trend rate of 4.0% was the ultimate rate. Both the rate of return and the healthcare cost trend rate include an assumed inflation rate of 2.75%. The annual payroll cost adjustment was 2.75%. The actuarial valuation of CERBT assets used a 5-year smoothing formula with a 20% corridor around market value.

NOTE 9 PROPERTY TAXES:

The Agency has a gross assessed valuation of \$16.990 billion and \$16.128 billion for the fiscal years ended June 30, 2017 and 2016, respectively. The tax rate for the administration expenses of the Agency was computed by the counties under Proposition 13. The tax rates assessed were within legal limits as allowed by law.

NOTE 10 RISK MANAGEMENT:

The Agency 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. In order to protect itself from the above risks, the Agency participates in the CSRMA, a public entity risk pool currently operating as a common risk management and loss prevention program for 62 member sanitation districts. The Agency pays an annual premium to CSRMA for its general insurance coverage. The CSRMA purchases excess insurance (\$15,500,000 in 2017 and 2016) to reduce its exposure to large losses on the self-insured program. Members can be assessed a supplemental assessment if funds are insufficient to pay losses. The Agency continues to carry commercial insurance for all other risks of loss, including employee health and accident insurance.

Tahoe-Truckee Sanitation Agency

NOTES TO FINANCIAL STATEMENTS

June 30, 2017 and 2016

NOTE 11 RELATED PARTY TRANSACTIONS:

Because the Agency has entered into a joint powers agreement with others to form a separate entity to provide insurance coverage, the Agency has related party transactions with this entity. During the year ended June 30, 2017, the Agency paid CSRMA \$170,801 for insurance coverage and received \$15,327 in dividends. During the year ended June 30, 2016, the Agency paid CSRMA \$177,243 for insurance coverage and received \$19,911 in dividends. There were no payments of claims which fell under the \$25,000 deductible during the years ended June 30, 2017, and 2016.

NOTE 12 PROPOSITION 218:

Proposition 218, which was approved by the voters in November 1996, provides procedures governing an increase in existing fees or the imposition of new fees by the Agency. The Agency complies with its requirements.

NOTE 13 COMMITMENTS AND CONTINGENCIES:

The Agency has entered into construction and consulting commitments totaling \$3,167,758 and \$1,030,227 for fiscal years ended June 30, 2017 and 2016, respectively. As of June 30, 2017, the amount earned on the contracts was \$194,834 with a remaining balance of \$2,972,924. As of June 30, 2016, the amount earned on the contracts was \$447,826 with a remaining balance of \$582,401.

**REQUIRED SUPPLEMENTARY INFORMATION**

Tahoe-Truckee Sanitation Agency

SCHEDULE OF FUNDING PROGRESS (UNAUDITED) - OTHER POST  
EMPLOYMENT BENEFITS

June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL As a % of Payroll
6/30/2011	5,308,321	6,375,515	\$ 1,067,194	83.3%	4,975,528	21.4%
6/30/2013	7,604,638	6,875,388	(\$ 729,250)	110.6%	4,591,264	-15.9%
6/30/2015	8,924,344	7,525,123	( 1,399,221)	118.6%	4,769,334	-29.3%

Note:

This information is intended to help users assess the OPEB funding status on a going concern basis, assess progress made in accumulating assets to pay benefits and make comparisons with other public employers.

Tahoe-Truckee Sanitation Agency

SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY

As of June 30, 2017

LAST TEN YEARS\*

Fiscal Year Ended	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2015	June 30, 2014
Plan's Proportion of the Net Pension Liability/(Asset)	0.158585%	0.155568%	0.129553%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 13,722,519	\$ 10,678,017	\$ 8,171,772
Plan's Covered Payroll	\$ 4,483,071	\$ 4,318,577	\$ 4,378,738
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	306.10%	247.26%	186.62%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Agency's Total Pension Liability	73.79%	78.53%	83.26%

Notes to Schedule:

Change of benefit terms – In 2017, there were no changes to the benefit terms.

Changes in assumptions – In 2017, there were no changes to the benefit terms. In 2016, the discount rate changed from 7.50% (net of administrative expenses in 2014) to 7.65% as of June 30, 2015 measurement date to correct adjustments which previously reduced the discount rate for administrative expenses. There were no changes in assumptions during the measurement period ended June 30, 2014.

\*Fiscal Year 2015 was the first year of implementation, therefore only three years are shown.

Tahoe-Truckee Sanitation Agency

SCHEDULE OF THE AGENCY'S PENSION PLAN CONTRIBUTIONS

As of June 30, 2017

LAST TEN YEARS\*

<u>Schedule of Pension Plan Contributions:</u>	<u>Fiscal Year</u> <u>2017</u>	<u>Fiscal Year</u> <u>2016</u>	<u>Fiscal Year</u> <u>2015</u>
Contractually required Contribution (actuarially determined)	\$ 1,081,422	\$ 1,016,255	\$ 758,609
Actual Contributions During the Measurement Period	<u>( 1,081,422)</u>	<u>( 1,016,255)</u>	<u>( 758,609)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered payroll	\$ 4,483,071	\$ 4,318,577	\$ 4,378,738
Contributions as a percentage of covered payroll	24.12%	23.53%	17.32%

\*Fiscal Year 2015 was the first year of implementation, therefore only three years are shown.



**SUPPLEMENTARY INFORMATION**

## COMPARISON OF BUDGET TO ACTUAL

For the Fiscal Year Ended June 30, 2017

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Positive (Negative) Variance With Budget
<u>Revenues:</u>				
Service and Other Charges	\$ 12,550,000	\$ 12,550,000	\$ 12,487,274	(\$ 62,726)
Property and In Lieu Taxes	<u>2,230,000</u>	<u>2,230,000</u>	<u>3,278,320</u>	<u>1,048,320</u>
	<u>\$ 14,780,000</u>	<u>\$ 14,780,000</u>	<u>\$ 15,765,594</u>	<u>\$ 985,594</u>
<u>Expenses:</u>				
Operations and Maintenance	\$ 12,550,000	\$ 12,550,000	\$ 10,185,900	\$ 2,364,100
Administrative and General	<u>2,230,000</u>	<u>2,230,000</u>	<u>1,314,491</u>	<u>915,509</u>
	<u>\$ 14,780,000</u>	<u>\$ 14,780,000</u>	<u>\$ 11,500,391</u>	<u>\$ 3,279,609</u>
Transfers from Rehab Reserve	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Total Positive Variance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,265,203</u>	<u>\$ 4,265,203</u>

NOTE: Budget versus actual schedule includes only budgeted items.

COMPARISON OF BUDGET APPROPRIATIONS TO ACTUAL EXPENDITURES

For the Fiscal Year Ended June 30, 2017

	OPERATIONS AND MAINTENANCE			ADMINISTRATIVE AND GENERAL			TOTALS		
	Budgeted Appropriations	Actual Expenditures	Positive/ (Negative) Variances	Budgeted Appropriations	Actual Expenditures	Positive/ (Negative) Variances	Budgeted Appropriations	Actual Expenditures	Positive/ (Negative) Variances
<b>Budgeted Operating Expense:</b>									
Salaries and Wages	\$ 5,618,250	\$ 4,470,703	\$ 1,147,547	\$ 600,000	\$ 552,639	\$ 47,361	\$ 6,218,250	\$ 5,023,342	\$ 1,194,908
Employee Benefits	3,062,000	2,469,405	592,595	373,500	240,992	132,508	3,435,500	2,710,397	725,103
Directors' Fees				12,000	4,100	7,900	12,000	4,100	7,900
Transportation Expense									
- Gas and Oil	20,000	10,012	9,988	5,500	3,521	1,979	25,500	13,533	11,967
Insurance				115,000	85,355	29,645	115,000	85,355	29,645
Memberships	16,750	12,891	3,859	27,000	24,166	2,834	43,750	37,057	6,693
Office Expense				95,000	53,736	41,264	95,000	53,736	41,264
Fees, Licenses and Permits				160,000	146,026	13,974	160,000	146,026	13,974
Operating Supplies	1,390,000	1,026,227	363,773				1,390,000	1,026,227	363,773
Contractual Services	665,500	565,598	99,902	95,000	51,020	43,980	760,500	616,618	143,882
Professional Services				300,000	117,971	182,029	300,000	117,971	182,029
Printing and Publications				30,000	15,879	14,121	30,000	15,879	14,121
Rents and Leases	19,500	10,734	8,766	5,000	4,506	494	24,500	15,240	9,260
Repairs and Maintenance	362,000	305,501	56,499		230 (	230)	362,000	305,731	56,269
Research and Monitoring	85,000	90,098 (	5,098)	1,000		1,000	86,000	90,098 (	4,098)
Training	58,000	46,913	11,087	30,000	1,977	28,023	88,000	48,890	39,110
Uncollectible Accounts				13,000	3,290	9,710	13,000	3,290	9,710
Utilities	1,153,000	1,060,802	92,198	18,000	9,083	8,917	1,171,000	1,069,885	101,115
Equipment				350,000		350,000	350,000		350,000
Instrumentation and Electrical	100,000	117,016 (	17,016)				100,000	117,016 (	17,016)
<b>Totals</b>	<b>\$ 12,550,000</b>	<b>\$ 10,185,900</b>	<b>\$ 2,364,100</b>	<b>\$ 2,230,000</b>	<b>\$ 1,314,491</b>	<b>\$ 915,509</b>	<b>\$ 14,780,000</b>	<b>\$ 11,500,391</b>	<b>\$ 3,279,609</b>

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** IV-2

---

**Subject:** Approval to receive and file the annual financial audit for fiscal year 2016-2017.

**Background:** Damore, Hamric & Schneider, Inc. has completed the Agency annual financial audit for fiscal year 2016-2017. The audit report consists of the management discussion and analysis report, the independent auditor's report and basic financial statements of the Agency.

**Fiscal Impact:** \$27,500 (based on time and expenses).

**Previous Board Action:** The Board approved the audit engagement letters as submitted by Damore, Hamric & Schneider, Inc. at the April 12, 2017 Board meeting.

**Recommendation:** Receive and file the annual financial audit for fiscal year 2016-2017.

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** IV-3

---

**Subject:** Approval to ratify the solicitation of bids for the Building 27 Main Service Upgrade project.

**Background:** CH2M HILL has been contracted to provide engineering design and construction assistance to the Agency for the Building 27 Main Service Upgrade project which includes replacement of 15 main breakers. The design has been completed and the project is ready for bid solicitation. Due to schedule constraints, bids have been solicited commencing February 14.

Attached are the project plans and staff report for consideration of ratifying the solicitation of bids for the Building 27 Main Service Upgrade project.

**Fiscal Impact:** The engineering construction cost estimate is \$490,000.

**Previous Board Action:** The Board approved CH2M Hill Task Order No. 29 to provide engineering design and construction assistance to the Agency for the Building 27 Main Service Upgrade project at the November 8, 2017 Board meeting.

**Recommendation:** Approve to ratify the solicitation of bids for the Building 27 Main Service Upgrade project.



# T-TSA Memo

Date: February 7, 2018  
To: LaRue Griffin, General Manager  
From: Jay Parker, Engineering Manager  
RE: Building 27 Main Service Upgrade Project

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Last year, staff embarked on a new project entitled the Building 27 Main Service Upgrade Project (Project). Following a reliability assessment performed by T-TSA's instrumentation and electrical (I&E) department, the I&E supervisor recommended that a Project be developed to replace existing, aging main switchgear circuit breakers with new models to improve serviceability and reliability. The new breakers are designed to fit into the existing panels.

The completed Work will provide Owner with fifteen (15) new retro-fill power circuit breakers in Switchgear 27 with no modifications to the buses needed and includes new network modules and new ethernet cables to new ethernet switches added to existing network panels mounted on Switchgear 27. More specifically, twelve (12) existing Allis-Chalmers power circuit breakers will be retro-filled and three (3) existing Square "D" Masterpack power circuit breakers will be replaced.

The breakers in Building 27 are scheduled to be replaced in a sequence that preserves T-TSA's ability to continuously operate should there be complications with the installation. The switchgear, which feeds approximately 80 percent of the plant, was originally designed and constructed into two separate, divided sections which may be isolated from each other using a tie-breaker. The power distribution system has been designed such that the various MCCs around the plant may be fed from the switchgear on either "side" of the tie-breaker. This redundancy will allow the contractor to work on one "half" of the power feed, without disrupting T-TSA's ability to feed from the other "half" in case the unexpected occurs.

The Project field work is slated to occur starting September 17, 2018 and ending October 26, 2018. The engineer's estimate for this Project is \$490,000.

It is recommended that the T-TSA Board of Directors ratify the release of the Project for solicitation of bids.









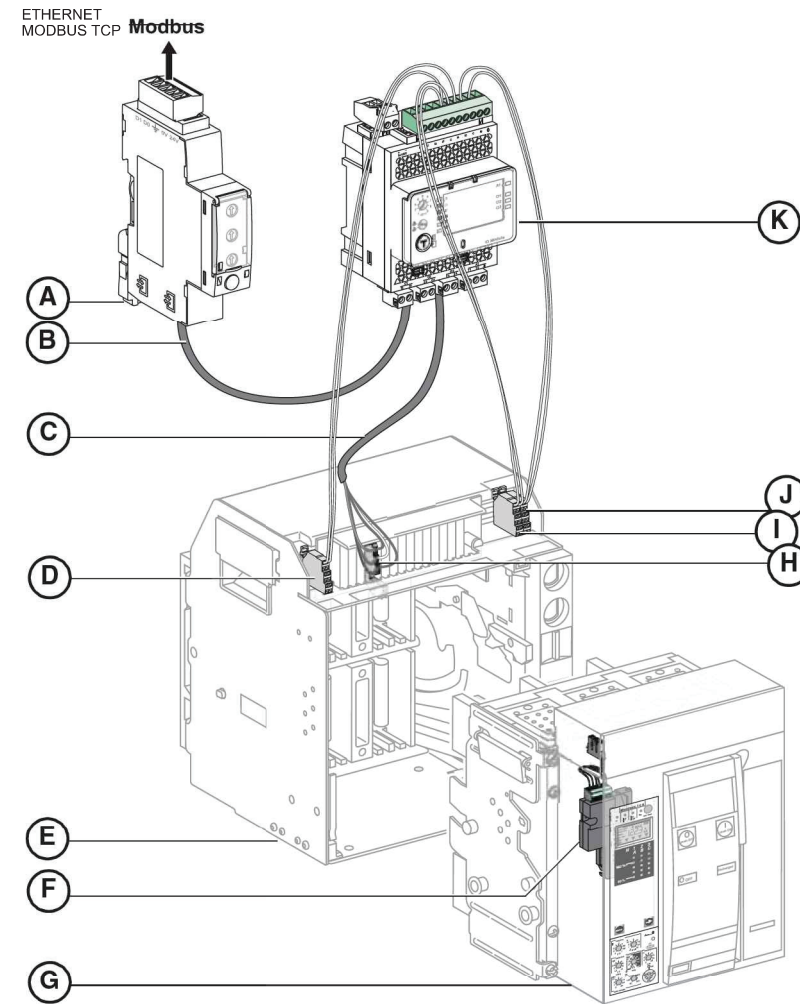








1 PHOTO  
NTS  
E-2



- A. IFE Ethernet interface for low voltage circuit breaker
- B. ULP cable
- C. Circuit breaker ULP cord
- D. Circuit breaker disconnected position contact (CD)
- E. Circuit breaker cradle
- F. BCM ULP communication module
- G. Drawout circuit breaker
- H. Drawout terminal block
- I. Circuit breaker connected position contact (CE)
- J. Circuit breaker test position contact (CT)
- K. I/O (Input/Output) application module for low voltage circuit breaker

CIRCUIT BREAKER DETAIL  
NTS



NO.	DATE	DR	REVISION	BY	B MEMEO
			CHK	APVD	
			R STEED	APVD	
			T HILL	APVD	
			K VOLLMERS	APVD	

2525 AIRPARK DRIVE  
REDDING, CA 96001  
(530) 243-5231

BUILDING 27 MAIN SERVICE UPGRADE PROJECT  
TRUCKEE, CALIFORNIA  
TAHOE-TRUCKEE SANITATION AGENCY

**ch2m**  
ELECTRICAL  
SWITCHGEAR 27 DETAILS

VERIFY SCALE	
BAR IS ONE INCH ON ORIGINAL DRAWING.	
DATE	FEBRUARY 2018
PROJ	133841
DWG	E-5
SHEET	7 of 7

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**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** IV-4

---

**Subject:** Approval of Ordinance No. 1-2018.

**Background:** In 2017, the California Legislature adopted and the Governor signed Assembly Bill No. 494 and Senate Bill No. 229. These bills amend Government Code section 65852.2, subsection (f) to impose certain connection charge restrictions and sewer connection imitations on special districts (which include the Agency) with respect to Accessory Dwelling Units (ADU).

The new legislation requires that sewer connection charges for Accessory Dwelling Units (when not exempt from such charges) must be proportionate to the burden of the proposed Accessory Dwelling Unit upon the sewer system, based upon either its size or number of plumbing fixtures.

The current Agency ordinance authorizes the Agency to collect the full connection charge of \$5,000 per ADU (equal to a residence), which now violates state law as the requirement is to assess a charge that is “proportionate to the burden of the proposed accessory dwelling unit, based upon either its size or the number of its fixture units.”

Approval of the ordinance will ensure the Agency is in compliance with recent regulations until further analysis and coordination with the member entities is completed. If appropriate, an amendment to the ordinance may be executed at a later date. Attached is Ordinance No. 1-2018.

**Fiscal Impact:** Varies depending on ADU connections.

**Previous Board Action:** None.

**Recommendation:** Approve Ordinance No. 1-2018.

## ORDINANCE NO. 1-2018

### AN ORDINANCE OF THE BOARD OF DIRECTORS OF THE TAHOE-TRUCKEE SANITATION AGENCY CONCERNING ACCESSORY DWELLING UNITS, SEWER CONNECTION CHARGES, AND SEWER CONNECTIONS

BE IT ORDAINED by the Board of Directors of Tahoe-Truckee Sanitation Agency as follows:

**1. Purpose and Authority.** The purpose of this ordinance is to implement Government Code section 65852.2, subsection (f), as amended in 2017 by Assembly Bill No. 494 and Senate Bill No. 229, concerning accessory dwelling units, sewer connection charges, and sewer connections. This ordinance is adopted pursuant to Agency Act sections 67 and 80, Government Code section 65852.2, and other applicable law.

**2. Background Recitals.** This ordinance is adopted with reference to the following background recitals:

a. Agency Ordinance No. 2-2015 sets forth the Agency rules and regulations concerning sewer connections, sewer connection permit requirements, and payment of Agency sewer connection charges and service charges. Ordinance No. 2-2015 treats all residential dwelling units similarly for purposes of these requirements and it does not distinguish or provide any special rules concerning Accessory Dwelling Units.

b. In 2017, the California Legislature adopted and the Governor signed Assembly Bill No. 494 and Senate Bill No. 229. These bills amend Government Code section 65852.2, subsection (f) to impose certain connection charge restrictions and sewer connection limitations on special districts (which include the Agency) with respect to Accessory Dwelling Units.

c. Ordinance No. 2-2015 is not consistent with Government Code section 65852.2, subsection (f), as amended. The Agency therefore adopts this ordinance to amend Ordinance No. 2-2015 and implement section 65852.2, subsection (f).

d. The new legislation requires that sewer connection charges for Accessory Dwelling Units (when not exempt from such charges) must be proportionate to the burden of the proposed Accessory Dwelling Unit upon the sewer system, based upon either its size or number of plumbing fixtures. The Agency has determined to calculate such connection charges on a size or square footage basis relative to the median square feet of floor area in a new single-family house. In 2014, according to U.S. Department of Housing and Urban Development and Census Bureau data, the median square feet of floor area in new single-family houses constructed in the western United States was 2,453. (See 2014 Characteristics of New Housing report (<https://www.census.gov/construction/chars/pdf/c25ann2014.pdf>), p. 345.)

**3. Definitions.** The following definitions apply to this ordinance:

a. “Accessory Dwelling Unit” means the following: (1) an attached or a detached residential dwelling unit that (i) provides complete independent living facilities for one or more persons, (ii) includes permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as a single-family dwelling, and (iii) has a total floorspace area that does not exceed 50% of the primary dwelling living area or 1,200 square feet (for an attached accessory dwelling unit) or that does not exceed 1,200 square feet (for a detached accessory dwelling unit); (2) an efficiency unit as defined at Health and Safety Code section 17958.1; or (3) a manufactured home as defined at Health and Safety Code section 18007.

b. “Exempt Accessory Dwelling Unit” means an Accessory Dwelling Unit that (1) is on a single-family lot and there is no other Accessory Dwelling Unit on the lot, (2) is within a zone for single-family use, (3) is contained within the existing space of a single-family residence or accessory structure (e.g., studio, pool house, or other similar structure), (4) has independent exterior access from the existing residence, and (5) has side and rear setbacks that are sufficient for fire safety.

**4. Connection Charge Restrictions**

a. The Agency shall not impose or collect a sewer connection charge for a new Exempt Accessory Dwelling Unit.

b. For any other new Accessory Dwelling Unit, the sewer connection charge amount shall be determined by the following formula:

$$\text{[Accessory Dwelling Unit square footage} \div 2,453] \times \text{amount of current residential dwelling unit connection charge}$$

c. In calculating the Accessory Dwelling Unit square footage for purposes of subsection (b), the Agency shall apply the same principles as applied to the calculation of school district developer fees (which are calculated on a square footage basis) and the meaning of “assessable space” at Government Code section 65995.

**5. Restriction on Separate Sewer Connection**

a. The Agency shall not require the installation of a new or separate sewer connection directly between a new Exempt Accessory Dwelling Unit and the sanitary sewer system.

b. For any other new Accessory Dwelling Unit, the Agency may require a new or separate sewer connection directly between the Accessory Dwelling Unit and the sanitary sewer system.

**6. Sewer Service Charges.** An Accessory Dwelling Unit (including an Exempt Accessory Dwelling Unit) shall be considered a residential dwelling unit under Ordinance No. 2-2015 for purposes of calculating and determining the amount of Agency sewer service charges for the subject parcel.



**7. Relationship to Ordinance No. 2-2015.** This ordinance amends and modifies Ordinance No. 2-2015. If there is any conflict between this ordinance and Ordinance No. 2-2015 as applied to an Accessory Dwelling Unit, this ordinance shall govern. Ordinance No. 2-2015 shall continue to apply to Accessory Dwelling Units, except as otherwise provided by this ordinance.

**8. Effective Date.** This ordinance shall be effective 30 days from the date of its adoption.

**9. Posting.** This ordinance shall be posted within the Agency in at least three conspicuous places within ten days after its adoption.

PASSED AND ADOPTED at a meeting of the Board of Directors of the Tahoe-Truckee Sanitation Agency on this 14<sup>th</sup> day of February 2018, at Truckee, California, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Lane Lewis, President  
Board of Directors  
TAHOE-TRUCKEE SANITATION AGENCY

Attest:

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LaRue Griffin, Secretary of the Board  
TAHOE-TRUCKEE SANITATION AGENCY

#### CERTIFICATE

I hereby certify that the foregoing is a full, true and correct copy of Ordinance 1-2018, duly and regularly adopted by the Board of Directors of Tahoe-Truckee Sanitation Agency, County of Nevada, State of California, on February 14, 2018.

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LaRue Griffin  
Secretary of the Board

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** IV-5

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**Subject:** Discussion of employee handbook revision procedure.

**Background:** At the January 10, 2018 Board meeting, staff was directed to prepare a procedure to update the Agency employee handbook, prepare a list of staff recommended changes and determine an expected time period to perform such update.

Attached is a staff report addressing the request of the Directors.

**Fiscal Impact:** None.

**Previous Board Action:** None.

**Recommendation:** No action required.



# T-TSA Staff Report

Date: February 6, 2018  
To: LaRue Griffin, General Manager  
From: Roshelle Chavez, Administrative Services Manager  
RE: Employee Handbook

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At the January 10, 2018 Board of Directors meeting, the Directors requested staff provide a procedure to update the Employee Handbook, a list of staff recommended items to be updated in the Employee Handbook, and an expected time period for such update.

Upon review, there appears to be no Agency written procedure to update a handbook so I propose the following procedure. It should be noted the procedure assumes an Ad Hoc committee is appointed to participate in the process and will be overseen by the human resource administrator.

## **Procedure**

1. Agency Board Ad Hoc committee is appointed and meets with HR Administrator/General Manager to discuss updates to the handbook
2. Agency submits a draft of an updated handbook to special labor law counsel
3. Labor law counsel reviews Agency submission and updates to include compliance with current laws & regulations
4. Ad Hoc committee reviews updated handbook
5. Ad Hoc committee and HR Administrator/General Manager solicits comments from staff
6. Labor law counsel performs final legal review of substantive changes made
7. Ad Hoc committee provides recommendation to the Board of Directors
8. Board of Directors adopts handbook

Through implementation experience, there are numerous items that staff feels should be further clarified, added or updated. I have summarized the main points below but will provide a detailed list as the process commences.

## **Updated Items**

1. Update references to current and expired positions
2. Update rules and regulations that apply to temporary employees
3. Update definition on employee status
4. Update leave benefits (holiday, floating, sick, vacation, time, accruals, etc.)
5. Update FMLA regulations
6. Update HRA benefit
7. Update reimbursement policy (certifications, training, travel, etc.)
8. Evaluate drug and alcohol policy
9. Update award incentive programs

10. Add physical testing requirements per position
11. Add a grievance policy for employees to pursue a grievance up to the Board of Directors
12. Add a complaint procedure for complaints of harassment and discrimination
13. Add a policy and procedure for recruitment (job announcements, applications, etc.)

I expect the entire process to take approximately 4 to 6 months depending on the level and quantity of review and revisions upon commencement. It should be noted, based on the proposed procedure additional time may be needed as we fill the human resources position. I will be able to provide additional information or address questions at the Board meeting should they arise.

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** IV-6

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**Subject:** Review status of State Route 89/Fanny Bridge Community Revitalization project.

**Background:** An agreement between the T-TSA, North Tahoe Public Utility District (NTPUD), Tahoe City Public Utility District (TCPUD), and Central Federal Lands Highway Division has been executed to define the rights and duties of each party during the TRI relocation associated with the State Route 89/Fanny Bridge Community Revitalization project.

An amendment to the TRI relocation agreement and a related indemnity agreement with the State Department of Transportation have been executed. The TRI initially planned to be removed will instead be abandoned in place.

**Fiscal Impact:** None.

**Previous Board Action:** None.

**Recommendation:** No action required.

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** IV-7

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**Subject:** Report concerning recent *Hawaii Wildlife Fund v. County of Maui* decision and NPDES permit requirement.

**Background:** On February 1, the U.S. Court of Appeals for the Ninth Circuit<sup>1</sup> issued a decision that could significantly expand the types of facilities required to obtain National Pollutant Discharge Elimination System (NPDES) permits under the federal Clean Water Act (CWA).

A brief report of the court ruling and its potential effects to the Agency will be presented at the Board meeting.

**Fiscal Impact:** None.

**Previous Board Action:** None.

**Recommendation:** No action required.

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** V-1

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**Subject:** Operations, Engineering, Maintenance and IT Manager Reports.

**Background:** Department Manager reports for the previous and current months.

**Fiscal Impact:** None.

**Previous Board Action:** None.

**Recommendation:** No action required.

# **Operations Board Report**

## **January 2018**

**All plant waste discharge requirements were met for the month of January.**

### **Operations Report:**

- Daily average plant influent flow for November was 3.99 MG. Maximum instantaneous flow rate was 7.68 MG.
- Half of the activated sludge systems were in-service during the month to accommodate flows and loadings.
- U-crew prepared primary and chem. clarifiers for painting project pre-bid inspections.
- U-crew cleaned rapid mix basin, side #1 so maintenance could complete repair work on basin mixer.
- Overall, plant operations ran well.

**Michael Peak**  
**Operations Manager**



**BOARD OF DIRECTORS MONTHLY OPERATIONS REPORT - January of 2018**

FLOW DATA		31	Days
Maximum 7-Day Average Flow	5.52		MGD
Monthly Flow Average	3.99		MGD
Average Flow This Month Last Year	5.98		MGD
5-Year Average for This Month	4.24		MGD
	Jan-17		

MONTHLY AVERAGE EFFLUENT QUALITY				
	5-Yr Avg - Jan	Dec-17	Jan-18	Limits
Turbidity "daily maximum"	2.1	1.40	1.8	10
Suspended Solids	1.6	0.80	0.9	10
COD	36	26.0	31	45
Total Nitrogen	4.3	1.67	1.9	mg/l
Total Phosphorus	0.47	0.36	0.43	mg/l

COSTS		
	Dec-17	Jan-18
Chemicals	\$72,845	\$96,430
Power	\$67,239	\$81,095
Monthly Sludge Disposal Charge	\$16,261	\$21,680
Chemical, Power & Sludge Costs/M.G.	\$1,278	\$1,610

◆ **Projects:** In the month of January, Engineering staff continued working on the following projects:

- 2018 Clarifier Painting Project
- Building 27 Main Service Upgrade Project
- Ammonium Analyzers and Controllers
- Digital Scanning of Sewer Lines
- Multi-use Digester Pump
- TRI MH 81 to 83 Improvements Project

◆ **Project Planning Meetings:** Engineering staff assisted in review of construction documents and/or attended coordination meetings for the following projects:

- SR 89/Fanny Bridge Community Revitalization Project
- Avery Hotel II

**Jay Parker**  
**Engineering Manager**

## **IT Monthly Report for January 2018**

### T-TSA Plant Information System (PIS)

Daily material and energy usage being programmed in PLCs for transfer to PIS.  
Work started on notification/ready status system of PIS.  
Developing documentation server for PIS and GIS systems.

### T-TSA SCADA Information System (SIS)

Runtimes being configured for Powerflex equipment  
Configuration of software for Web App to communication with Siemens Controllers  
Power Monitoring being programmed for daily totalization upload to PIS and SIS.  
Building 27  
Building 81  
Protocol established and modules are programmed

### SCADA HMI Virtual Machine Development and Software Upgrade

Configuration of Wonderware Application Server being installed  
Planning of Intouch (Stand alone) to (Archestra platform)  
Configuration of new Historian with push forward to cloud capabilities  
Virtual Machine (SCADAMAIN10) configured and ready for installation  
\*Installation of newest version of Wonderware and System Platform.

### Telemetry Site Upgrade

Programming Raspberry PI Server application  
Programming SCADA Information System integrate with PIS  
Unit is installed in Alpine Springs telemetry cabinet and uploading all data through cell modem to SIS

### BNR PLC Failure

PLC CPU failure for BNR system.  
Replaced with only spare unit from BNR Pilot PLC  
Ordered a refurbished CPU  
Inventory of all spare parts and ordered missing spares from secondary market ~ \$10,000  
Including:  
Power Supplies  
Ethernet and Profibus Comm modules  
Memory modules  
Interface modules  
All parts have been received, and previous CPU is still getting worked on by Siemens  
Test bench developed and starting testing of all spare equipment

### Communication and Configuration with Ammonia Analyzers and Profibus Communications

With the purchase of the new Hach Ammonia Analyzers with Profibus communications, our SCADA system needs to be programmed to receive and analyze multitude of new data that will be available.  
Networking being completed  
PLC configuration being developed

## BNR Blower Cabinet Environment Monitoring and Logging

Programming of IoT data collector that will monitor the following:

1. Motor bearing temperature X2
2. Inside ambient cabinet temperature
3. Outside ambient cabinet temperature
4. Non-contact blower housing temperature

This logged data along with software analysis will provide us with operational efficiency scores along with predictive maintenance data

Programming server software that will take data from each of the blowers and distribute to SCADA, SIS, and PIS.

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** V-2

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**Subject:** General Manager Report.

**Background:** General Manager report for the previous and current months.

**Fiscal Impact:** None.

**Previous Board Action:** None.

**Recommendation:** No action required.



**To:** T-TSA Board of Directors  
**From:** LaRue Griffin, General Manager  
**RE:** General Manager Report – Regular Board Meeting February 14, 2018

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1. Management and staff continue to monitor operations and potential impacts effecting the SAT.
2. Management and staff continue to implement the PIS program.
3. Management and staff continue project/budget management.
4. Management and staff continue Agency asset management.
5. Management drafted job descriptions for new positions.
6. Management and staff held interviews for the Maintenance Manager position.
7. Management worked with legal counsel on labor negotiations.
8. Management served as the interim maintenance department manager.

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** VI

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**Subject:** Board of Director Comment.

**Background:** Opportunity for directors to ask questions for clarification, make brief announcements and reports, provide information to staff, request staff to report back on a matter, or direct staff to place a matter on a subsequent agenda.

**From:** LaRue Griffin, General Manager

**Meeting Date:** February 14, 2018

**Item:** VII

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**Subject:** Closed Session.

1. Conference with General Manager, as Agency real property negotiator, concerning price and terms of payment relating to potential to real property exchange with Truckee Tahoe Airport District concerning Nevada County APN 019-440-81, APN 049-040-24 and APN 049-040-25 pursuant to Government Code Section 54956.8
2. Closed session conference with legal counsel regarding existing adjudicatory administrative proceeding, IBEW Local 1245 v. Agency (Public Employee Relations Board Case Nos. SA-CE-1017-M & SA-RR-1172-M) under Government Code section 54956.9(d)(1) (IBEW petition for recognition and unfair labor practice charge).
3. Closed session for public employee performance evaluation of the General Manager.