



June 8, 2021

To the Board of Directors  
Tahoe City Public Utility District  
221 Fairway Drive  
Tahoe City, California 96145

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of Tahoe City Public Utility District for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 14, 2020. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Tahoe City Public Utility District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by Tahoe City Public Utility District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting Tahoe City Public Utility District's financial statements were:

Depreciation – based on the District's capitalization policy and useful lives estimates.

Allowance for Uncollectible Receivables – based on status of current payments and known collection issues.

Net Pension Liability and Net Other Post-Employment Benefits (OPEB) Liability – based on actuarial valuations.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The material misstatements in Attachment A were detected as a result of audit procedures were corrected by management.

##### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated June 8, 2021.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Tahoe City Public Utility District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Tahoe City Public Utility District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedule for the General Fund, the schedule of the proportionate share of the net pension liability, the schedule of contributions to the net pension liability, the schedule of changes in the net OPEB liability and related ratios, and the schedule of contributions to the OPEB plan, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the introductory and statistical sections of the Annual Comprehensive Financial Report, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Tahoe City Public Utility District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in blue ink that reads "Mann, Urrutia, Nelson CPAs" followed by a stylized flourish.

Mann, Urrutia, Nelson CPAs & Associates LLP

**TAHOE CITY PUBLIC UTILITIES DISTRICT  
SUMMARY OF AUDIT ADJUSTMENTS  
DECEMBER 31, 2020**

<b>Description</b>	<b>Effect - Increase (Decrease)</b>				
	<b>Assets</b>	<b>Liabilities</b>	<b>Net Assets</b>	<b>Revenue</b>	<b>Expenses</b>
<b>Entry to remove contributed capital from capital outlay in fund financial statements</b>				\$ (2,250,000)	\$ (2,250,000)
<b>Total Effect</b>				<u>\$ (2,250,000)</u>	<u>\$ (2,250,000)</u>
<b>Balance Sheet Effect</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		