SOUTH TAHOE PUBLIC UTILITY DISTRICT

ANNUAL FINANCIAL REPORT
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024

MUN CPAs, LLP
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SACRAMENTO, CALIFORNIA 95833

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JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Tahoe Public Utility District
South Lake Tahoe, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and each major fund of South Tahoe Public Utility District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the District, as of June 30, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited the District's 2023 basic financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 28, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension related schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

MUN CPAs, LLP

Sacramento, California
December 16, 2024

Financial Highlights

The District has long been addressing the aging water system infrastructure, including undersized waterlines. The District finances water and sewer operations through user charges, property tax receipts, and other income. District service charge revenue is stable, since 100% of customers pay flat rates for sewer services. Also, the District's metered water rates are approximately structured with a 75% fixed component and 25% variable component. This structure nearly represents the District's actual fixed and variable cost structure. Water consumption revenues currently represent only 11.3% of the District's 2024 combined water and sewer service charge revenue and 7.2% of total revenues; therefore, fluctuations in actual usage do not materially impact operating income. As expected, water consumption fees become a larger portion of the District's revenues over 2023 and 2024 as the District installed meters to 99.9% of its service area to comply with the state mandate requiring water systems to be completely metered by 2025.

Each year the District updates its Ten-Year Financial Plan to assess its long-term financial condition. A primary goal in carefully developing long-term financial plans is to minimize annual rate changes and to avert large rate fluctuations. Fiscal year 2023/24 represented year five of a five-year rate implementation schedule with a new Proposition 218 Rate Study to take place in late FY 2023-24 and implementation schedule to be effective July 1, 2024. In 2019 the Board of Directors adopted an ordinance with a five-year rate increase schedule, but annually the rates for each year require confirmation by the Board. The maximum annual rate increases allowed for fiscal years 2020 – 2024 are 6% and 5% to the water and sewer service charge rates. For fiscal year 2024, the Board adopted a 9.5% increase for water and sewer rates in 2024.

The District has been able to move forward with several capital projects due to the infrastructure-specific rate increases, receipt of grant funds, state program loans, and low-tax exempt interest rates on borrowed funds. The District continues to utilize the State Revolving Fund loan program whenever possible. The tax-exempt interest rates associated with this funding are approximately half compared to standard tax-exempt loans. Utilizing this program has saved the District's customers millions of dollars.

Careful stewardship of financial resources, along with a focus on long-term financial planning, provides the District with a firm financial base. The District has shown its financial abilities in its capability in responding to the operational requirements of the water and sewer systems while responsibly investing in infrastructure replacement.

- During the year approximately $13 million was invested in sewer and water infrastructure improvements and equipment.
- Net position of the District increased $2.8 million or 1.3%.
- The Sewer and Water Enterprise Funds' net income is $819,863 and $1,993,535, respectively.
- Operating revenue is up 8.2% primarily due to an increase in service charges.
- Combined operating and nonoperating expenses including depreciation increased 9.8% from the prior year.
- An active grant-seeking program is in place to bring in additional resources for both infrastructure and operations. The District recognized approximately $2.3 million in grant funding.

Overview of the Basic Financial Statements

The District's basic financial statements are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. An important part of the basic financial statements is the accompanying notes, which provide the users with additional information required by generally accepted accounting principles (GAAP). Preceding the basic financial statements is Management's Discussion and Analysis, which is required supplementary information to the basic financial statements.

The Statement of Net Position includes the District's assets and liabilities. The difference between assets and liabilities is reported as net position. The Statement of Revenues, Expenses and Changes in Net Position account for revenue, expenses, and capital contributions and calculates the change in net position. Over time, increases or decreases in net position serve as a key indicator of the District's financial position. The Statement of Cash Flows provides details on the changes in cash and cash equivalents during the year. By contrast the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are prepared on an accrual basis, meaning revenues are recorded when earned, and expenses are recorded when incurred regardless of the timing of cash receipts and payments.

Net Position

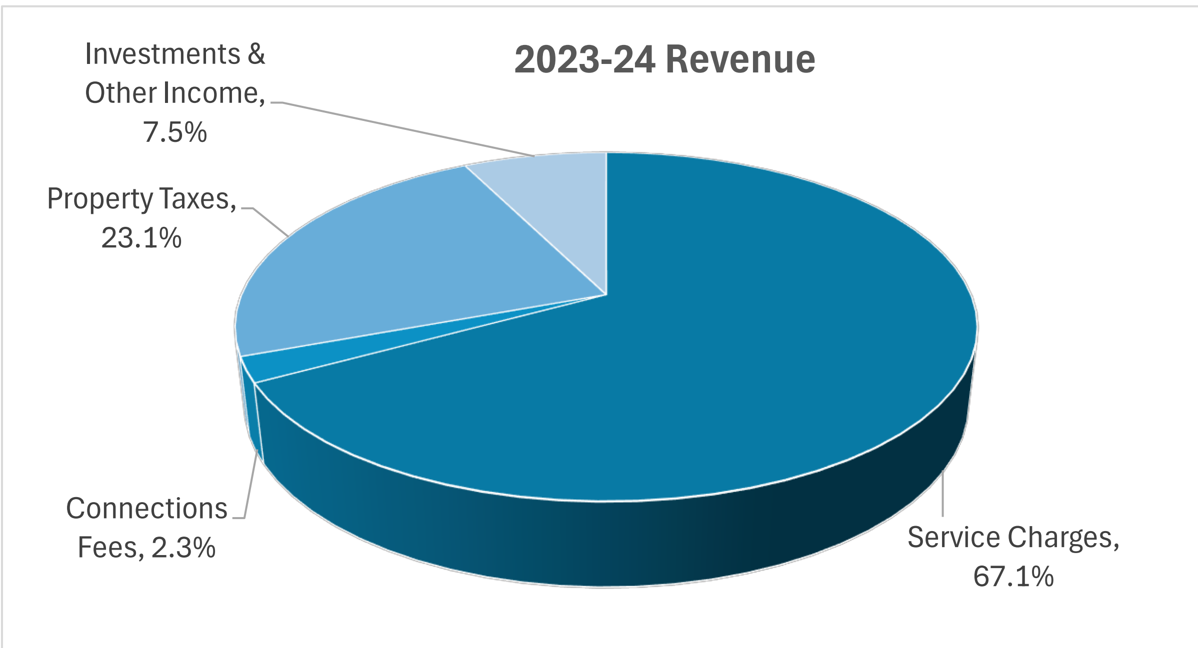
The condensed Statement of Net Position below shows the District is investing in capital assets while keeping its debt at manageable levels. For the year ended June 30, 2015, the District was required to implement GASB 68, Accounting and Financial Reporting for Pensions. Under the new GASB standards, each participating cost-sharing employer is required to report its actuarially determined proportionate share of the collective net pension liability, pension expense, and deferred outflows/deferred inflows of resources in their financial statements determined in conformity with GASB 68. Previously to GASB 68, the District was only required to report the actual payments submitted to the pension plan as an expense and no liability or deferred outflows/deferred inflows. The net pension liability reported in the Statement of Net Position for years ended June 30, 2024 and 2023 was approximately $16.1 million and $14.4 million respectively. For more information on the District's pension plan, see Note 9 of the Notes to the Financial Statements.

Net Position
(in thousands)

	June 30			
	2024	2023	Change	Change
Current and other	$ 63,728	$ 59,839	$ 3,889	6.5%
Capital assets	253,875	241,610	12,265	5.1%
Total assets	$317,603	$301,449	$16,154	5.4%
Deferred outflows of resources	$7,508	$7,348	$159	2.2%
Debt outstanding	$ 61,177	$ 51,198	$9,979	19.5%
Net Pension Liability	16,082	14,442	1,640	11.4%
Other liabilities	9,915	8,318	1,597	19.2%
Total liabilities	$ 87,174	$ 73,958	$13,216	17.9%
Deferred inflows of resources	$13,235	$12,949	$285	2.2%
Net investment in capital assets	$192,872	$190,609	$ 2,263	1.2%
Restricted for security deposits	165	165	0	0.0%
Restricted for debt service payment	1,849	1,849	0	0.0%
Unrestricted	29,816	29,266	550	1.9%
Total net position	$224,702	$221,889	$2,813	1.3%

Revenue and Expenses

The District finances sewer and water operations through user charges, property tax receipts, and other income. Total revenue for fiscal year 2023-24 is $49.7 million, a $3.7 million or 8.2% increase from the prior year. The 2024 service charge revenue is up by $2.9 million due to 9.5% increases on both water and sewer service charge rates. Connection fees have decreased by $942,000 or 44.8%. Due to the limited number of vacant lots, many developers are razing older homes and constructing new ones on the same lot which require no, or little, additional water or sewer capacity. Property tax revenue is up $647,000 or 6%, compared to the prior year reflecting an increase in property assessed values. Investment income is up due to a higher interest rate environment and recorded increases to the fair value of investments, while other income has decreased by $341,000 primarily due to lower state and federal aid received which did not include funding for FEMA disaster associated expenditures as in the prior fiscal year.

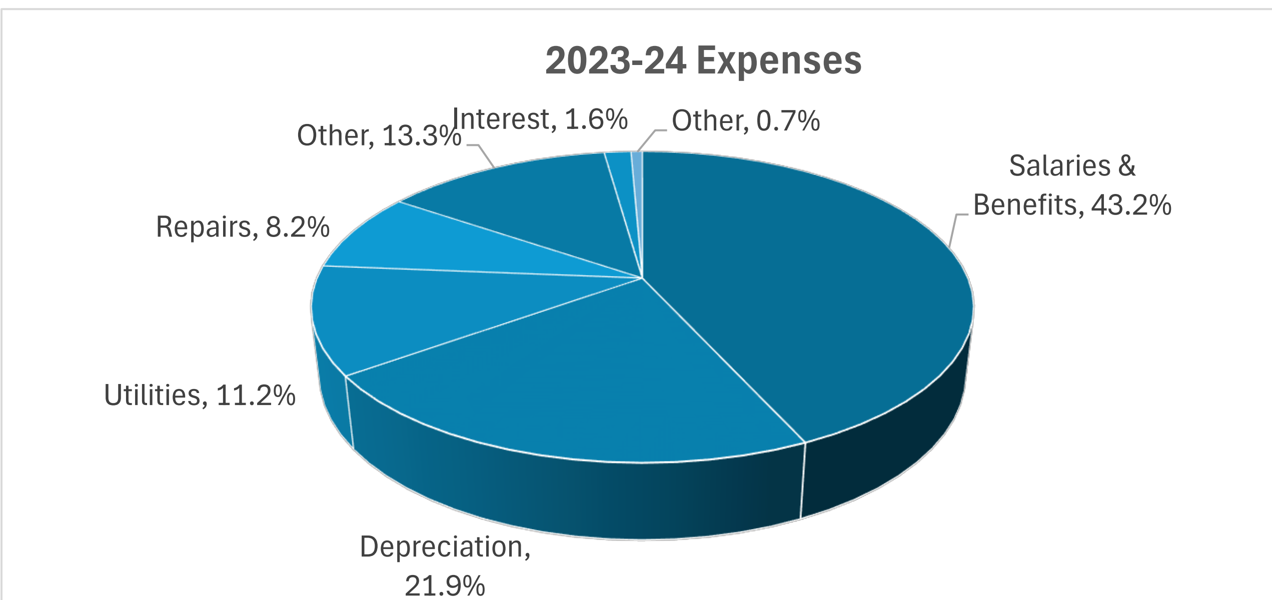


Revenues
(in thousands)

	June 30 2024	June 30 2023	Change	Change
Service charges	$33,346	$30,414	$ 2,932	9.6%
Connection fees	1,161	2,103	(942)	(44.8%)
Other	899	653	246	37.6%
Total operating revenue	35,406	33,170	2,236	6.7%
Property taxes	11,502	10,855	647	6.0%
Investments	1,675	461	1,214	263.4%
Other	1,133	1,474	(341)	(23.1%)
Total non-operating revenue	14,310	12,790	1,520	11.9%
Total revenue	$49,716	$45,960	$ 3,756	8.2%

Revenue and Expenses - Continued

Total operating expenses for the current year are $47.4 million, up $4.3 million from the prior year. The increase in salaries and benefits was $2.4 million, or 13.4%. The District's policy is to capitalize labor associated with capital projects. The capitalized portion of salaries and benefits in the amount of $1.2 million for 2024 is not accounted for in operating expenses, as it is included in capital assets on the Statement of Net Position. The GASB 68 pension expense adjustment for fiscal year 2024 was approximately $1.3 million compared to $154,352 in the prior year. The year-over-year change of the required GASB 68 pension expense recognition was $1.1 million. Similar to the capitalized labor, this adjustment impacts the Statement of Net Position. Salaries and benefits increased by 13.4% due primarily to an initial 2.5% cost of living adjustment (COLA) plus an additional 3.5% salary increase applied retroactively to July 1, 2023 as well as a 12% increase in Health and Welfare benefits. Depreciation expense increased by 1.9% illustrating the District's continued investment in new infrastructure. Utilities, which fluctuate year to year due to winter severity, increased 33.5% in 2024 due to continued rate increases implemented by the local power supplier. Repair and maintenance expenditures, which increased 5.1%, fluctuate year by year based on unexpected or planned projects. Combined operating and non-operating other expenses fluctuate year to year depending on the level of contracted and other professional services utilized by the District. Due to the PNC (trustee) deadline of payments in 2022-2023, (2) loans were paid twice resulting in double interest expense. In 2023-24 Interest expense decreased 9.0% primarily due to only a single payment due of these same loans.



Expenses
(in thousands)

	June 30 2024	June 30 2023	Change	Change
Operating expenses:				
Salaries and benefits	$20,955	$18,475	$ 2,480	13.4%
Depreciation	10,647	10,453	194	1.9%
Utilities	5,437	4,074	1,363	33.5%
Repair and maintenance	3,978	3,785	193	5.1%
Other	6,438	6,298	140	2.2%
Total operating expenses	47,455	43,085	4,370	10.1%
Non-operating expenses:				
Interest expense	758	833	(75)	(9.0%)
Other	322	286	36	12.5%
Total non-operating expenses	1,080	1,119	(39)	(3.5%)
Total expenses	$48,535	$44,204	$ 4,331	9.8%

The fiscal year 2023-24 income before capital contributions is $1.2 million as compared to the actual prior year of $1.8 million. For the year, capital contributions increased net position an additional $1.6 million.

Changes in Net Position
(in thousands)

	June 30 2024	June 30 2023	Change	Change
Beginning net position	$221,889	$218,067	$3,822	1.8%
Income before contributions	1,181	1,756	(575)	(32.8%)
Capital contributions	1,633	2,066	(433)	(21.0%)
Changes in net position	2,813	3,822	(1,009)	(26.4%)
Ending net position	$224,702	$221,889	$2,813	1.3%

Capital Assets

The District's investment in its sewer and water systems is $254 million at the end of the fiscal year net of depreciation. During the year, approximately $13 million was spent on new infrastructure and equipment. $8.2 million was spent on water system improvements. As noted in the highlights, new waterlines improve system reliability, water pressure, and fire flow capability. For the year $4.6 million was invested in sewer system improvements including pumping and treatment upgrades, line replacement, and recycled water projects.

Capital Assets
(net of depreciation, in thousands)

	Sewer		Water		Total	
	2024	2023	2024	2023	2024	2023
Land and easements	$ 23,035	$ 23,035	$ 2,096	$ 2,096	$ 25,131	$ 25,131
Water rights	-	-	1,668	1,668	1,668	1,668
Plant and equipment	98,435	99,545	98,043	94,586	196,478	194,131
Intangible right-to-use software agreements	198	29	199	30	397	59
Construction in Progress	15,455	10,656	14,745	9,965	30,200	20,621
Total	$137,123	$133,265	$116,751	$108,345	$253,874	$241,610

For additional information on Capital Assets, see Note 4 in the Notes to Financial Statements.

Debt Administration

The District prefers to avoid funding capital improvement projects with debt, but will do so when necessary to keep service rates at reasonable levels. At year-end, the District had $60.2 million in installment sales and loans outstanding as detailed below. As always, grant opportunities and low-interest subsidized loans are pursued by the District.

Outstanding Debt at Year End
(in thousands)

	June 30, 2024	June 30, 2023
Sewer Enterprise Fund:		
California State Revolving Loan Fund (secured by sewer revenue)	6,479	6,699
California State Revolving Loan Fund (secured by sewer revenue)	3,763	3,891
Sewer Refunding (secured by sewer revenue)	2,293	2,913
Sewer Refunding (secured by sewer revenue)	502	1,489
Installment Sale Agreement (secured by sewer revenue)	3,028	3,349
California State Revolving Loan Fund (secured by sewer revenue)	896	926
California State Revolving Loan Fund (secured by sewer revenue)	486	502
California State Revolving Loan Fund (secured by sewer revenue)	4,412	3,444
2021 Wastewater Revenue Refunding Bonds (secured by sewer revenue)	4,285	4,770
California State Revolving Loan Fund (secured by sewer revenue)	1,899	0
California State Revolving Loan Fund (secured by sewer revenue)	413	0
Total sewer enterprise fund	28,456	27,983
Water Enterprise Fund:		
Water Refunding (secured by water revenue)	2,654	2,859
California State Revolving Loan Fund (secured by water revenue)	2,627	2,744
California State Revolving Loan Fund (secured by water revenue)	779	830
California State Revolving Loan Fund (secured by water revenue)	9,048	9,307
California State Revolving Loan Fund (secured by water revenue)	3,040	3,133
California State Revolving Loan Fund (secured by water revenue)	4,877	1,799
California State Revolving Loan Fund (secured by water revenue)	8,735	1,785
Total water enterprise fund	31,760	22,457
Total debt	$ 60,216	$ 50,440

For additional information on Outstanding Debt, see Note 7 in the Notes to the Financial Statements.

Contacting the District's Financial Management

This financial report is designed to provide the District's elected officials, customers, investors, and creditors with an assessment of the District's financial condition and an accounting of the public's money. If you have questions about this report or need more financial information, contact the Chief Financial Officer, South Tahoe Public Utility District, 1275 Meadow Crest Drive, South Lake Tahoe, CA 96150.

SOUTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2023)

	Business-type Activities Enterprise Funds		Total	
	Sewer	Water	2024	2023
ASSETS				
Current assets				
Cash and cash equivalents (Note 2)	$ 9,196,094	$ 4,621,766	$ 13,817,860	$ 9,809,809
Investments (Note 2)	248,777	152,477	401,254	1,801,341
Accounts receivable, net of allowance (Note 3)	2,031,399	1,796,183	3,827,582	3,296,500
Due from governmental agencies (Note 3)	1,579,712	562,650	2,142,362	2,566,244
Property tax receivable	11,311,047	-	11,311,047	10,775,917
Interest receivable	176,512	106,360	282,872	205,573
Leases receivable - current (Note 5)	38,841	38,841	77,682	77,682
Other current assets	362,999	1,115,600	1,478,599	1,380,044
Total current assets	24,945,381	8,393,877	33,339,258	29,913,110
Noncurrent assets				
Restricted assets:				
Cash and cash equivalents (Note 2)	587,907	1,260,882	1,848,789	1,732,071
Certificate of deposit (Note 2)	50,000	115,000	165,000	165,000
Total restricted assets	637,907	1,375,882	2,013,789	1,897,071
Long-term accounts receivable (Note 3)	805,239	-	805,239	739,191
Due from governmental agencies (Note 3)	73,020	73,020	146,040	146,040
Investments (Note 2)	15,987,975	9,799,082	25,787,057	25,449,021
Capital assets, net of accumulated depreciation (Note 4)	137,123,801	116,750,934	253,874,735	241,610,111
Leases receivable - long-term (Note 5)	818,358	818,358	1,636,716	1,694,536
Total noncurrent assets	155,446,300	128,817,276	284,263,576	271,535,970
Total Assets	180,391,681	137,211,153	317,602,834	301,449,080
DEFERRED OUTFLOW OF RESOURCES				
Refunding loan costs	56,226	-	56,226	80,029
Changes in the net pension liability (Note 9)	4,503,580	2,947,802	7,451,382	7,267,704
Total Deferred Outflows of Resources	$ 4,559,806	$ 2,947,802	$ 7,507,608	$ 7,347,733

See accompanying notes to the basic financial statements.

SOUTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2023)

	Business-type Activities Enterprise Funds		Total	
	Sewer	**Water**	**2024**	**2023**
LIABILITIES				
Current liabilities				
Accounts payable and other liabilities	$ 1,976,830	$ 2,560,148	$ 4,536,978	$ 3,316,948
Unearned revenue (Note 6)	-	18,113	18,113	11,005
Accrued expenses	13,351	29,333	42,684	156,154
Accrued payroll liabilities	273,655	190,048	463,703	476,811
Construction retainage	870,672	351,525	1,222,197	876,661
Accrued interest payable	218,551	116,783	335,334	313,186
Deposits payable	-	480,000	480,000	370,000
Compensated absences - current portion (Note 8)	903,849	675,759	1,579,608	1,924,306
Long term liabilities - current portion (Note 7)	2,439,548	1,220,205	3,659,753	3,486,868
Total current liabilities	6,696,456	5,641,914	12,338,370	10,931,939
Noncurrent liabilities				
Compensated absences - long term portion (Note 8)	726,956	508,926	1,235,882	873,853
Long term liabilities - long term portion (Note 7)	26,825,122	30,692,274	57,517,396	47,711,060
Net pension liability (Note 9)	9,748,765	6,332,888	16,081,653	14,442,141
Total long-term liabilities	37,300,843	37,534,088	74,834,931	63,027,054
Total Liabilities	43,997,299	43,176,002	87,173,301	73,958,993
DEFERRED INFLOWS OF RESOURCES				
Property tax receivable	11,311,047	-	11,311,047	10,775,917
Changes in the net pension liability (Note 9)	178,823	119,214	298,037	470,114
Lease receivable (Note 5)	812,889	812,889	1,625,778	1,702,908
Total Deferred Inflows of Resources	12,302,759	932,103	13,234,862	12,948,939
NET POSITION				
Net Investment in capital assets	107,915,357	84,956,428	192,871,785	190,609,305
Restricted for security deposits	50,000	115,000	165,000	165,000
Restricted for debt service payment	587,907	1,260,882	1,848,789	1,848,789
Unrestricted	20,098,165	9,718,540	29,816,705	29,265,787
Total Net Position	$ 128,651,429	$ 96,050,850	$ 224,702,279	$ 221,888,881

See accompanying notes to the basic financial statements.

SOUTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Business-type Activities Enterprise Funds		Total	
	Sewer	Water	2024	2023
OPERATING REVENUE				
Charges for sales and services:				
Service charges	$ 18,267,376	$ 15,078,768	$ 33,346,144	$ 30,414,093
Connection and service fees	485,860	675,407	1,161,267	2,103,094
Other operating income	626,644	272,091	898,735	652,723
Total operating revenues	19,379,880	16,026,266	35,406,146	33,169,910
OPERATING EXPENSES				
Salaries, wage and employee benefits	12,775,801	8,179,024	20,954,825	18,475,148
Depreciation and amortization	5,795,246	4,852,142	10,647,388	10,453,285
Utilities	4,024,735	1,412,159	5,436,894	4,073,566
Repairs and maintenance	1,402,920	2,575,007	3,977,927	3,784,730
Other operating expenses (Note 15)	4,406,979	2,031,174	6,438,153	6,298,043
Total operating expenses	28,405,681	19,049,506	47,455,187	43,084,772
OPERATING LOSS	(9,025,801)	(3,023,240)	(12,049,041)	(9,914,862)
NONOPERATING REVENUE (EXPENSE)				
Tax revenue	8,147,219	3,354,900	11,502,119	10,855,218
Investment earnings (Note 14)	1,141,604	533,459	1,675,063	460,838
Aid from governmental agencies	199,672	509,275	708,947	1,127,089
Other nonoperating income	162,042	262,080	424,122	347,242
Interest expense	(400,255)	(358,203)	(758,458)	(833,191)
Other expense	(275,925)	(46,064)	(321,989)	(286,121)
Total nonoperating revenue, net	8,974,357	4,255,447	13,229,804	11,671,075
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(51,444)	1,232,207	1,180,763	1,756,213
CAPITAL CONTRIBUTIONS				
Capital contributions	871,307	761,328	1,632,635	2,065,677
CHANGE IN NET POSITION	819,863	1,993,535	2,813,398	3,821,890
TOTAL NET POSITION, BEGINNING OF YEAR	127,831,566	94,057,315	221,888,881	218,066,991
TOTAL NET POSITION, END OF YEAR	$ 128,651,429	$ 96,050,850	$ 224,702,279	$ 221,888,881

See accompanying notes to the basic financial statements.

SOUTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Business-type Activities Enterprise Funds		Total	
	Sewer	Water	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 19,086,417	$ 15,839,707	$ 34,926,124	$ 31,299,368
Payments to suppliers	(4,647,390)	(3,043,173)	(7,690,563)	(11,074,050)
Payments to employees	(11,506,743)	(7,687,981)	(19,194,724)	(18,192,699)
Other operating payments	(4,406,979)	(2,031,174)	(6,438,153)	(6,298,043)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(1,474,695)	3,077,379	1,602,684	(4,265,424)
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES				
Tax revenue	7,612,089	3,354,900	10,966,989	10,085,602
Payments from (to) governmental agencies	(128,084)	1,418,564	1,290,480	(8,363)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	7,484,005	4,773,464	12,257,469	10,077,239
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(9,746,533)	(13,258,751)	(23,005,284)	(16,225,385)
Repayment of debt	(2,893,402)	(724,923)	(3,618,325)	(3,937,919)
Proceeds from issuance of debt	3,279,586	10,028,696	13,308,282	6,123,530
Interest paid on long-term debt	(402,657)	(309,850)	(712,507)	(865,179)
Contributed capital	871,307	761,328	1,632,635	2,065,677
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(8,891,699)	(3,503,500)	(12,395,199)	(12,839,276)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment earnings	853,961	388,506	1,242,467	695,168
Purchase of investments	(8,760,798)	(5,369,522)	(14,130,320)	(13,985,000)
Proceeds from sale of investments	11,304,557	4,243,111	15,547,668	20,225,850
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	3,397,720	(737,905)	2,659,815	6,936,018
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	515,331	3,609,438	4,124,769	(91,443)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	9,268,670	2,273,210	11,541,880	11,633,323
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 9,784,001	$ 5,882,648	$ 15,666,649	$ 11,541,880

See accompanying notes to the basic financial statements.

SOUTH TAHOE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2023)

	Business-type Activities Enterprise Funds		Total	
	Sewer	**Water**	**2024**	**2023**
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION				
Unrestricted cash and cash equivalents	$ 9,196,094	$ 4,621,766	$ 13,817,860	$ 9,809,809
Restricted cash and cash equivalents	587,907	1,260,882	1,848,789	1,732,071
TOTAL CASH AND CASH EQUIVALENTS	$ 9,784,001	$ 5,882,648	$ 15,666,649	$ 11,541,880
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES				
Operating loss	$ (9,025,801)	$ (3,023,240)	$ (12,049,041)	$ (9,914,862)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:				
Depreciation and amortization	5,795,246	4,852,142	10,647,388	10,453,285
Net change in deferred outflows and inflows	283,112	(180,867)	102,245	(7,765,212)
Construction-in-progress write-off	236,891	145,645	382,536	204,796
(Increase) decrease in:				
Receivables	(293,463)	(303,667)	(597,130)	(1,565,634)
Other assets	(68,820)	(29,735)	(98,555)	72,819
Increase (decrease) in:				
Accounts payable	388,219	831,811	1,220,030	(2,768,082)
Net pension liability	983,707	655,805	1,639,512	8,611,905
Unearned revenue	-	7,108	7,108	(199,908)
Other payables	226,214	122,377	348,591	(1,394,531)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ (1,474,695)	$ 3,077,379	$ 1,602,684	$ (4,265,424)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Increase in fair value of investments	$ 488,681	$ 208,841	$ 697,522	$ 394,046
Total Non-Cash Investing, Capital, and Financing Activities	$ 488,681	$ 208,841	$ 697,522	$ 394,046

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The South Tahoe Public Utility District (the "District"), a public agency established on September 28, 1950, (pursuant to Section 9 of "The Public Utility District Act") supplies drinking water and provides sewage collection, treatment, and export to protect Tahoe's delicate ecosystem. Managing this complex operation requires an uncommon environmental sensitivity.

For financial reporting purposes, the District includes all funds that are controlled by or dependent on the District's Board of Directors. Management has determined the District to be a single reporting entity for financial reporting purposes by applying the criteria set forth in Statement of Governmental Accounting Standards No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*. This criteria requires the reporting entity to have a separate elected governing body, that it be a legal separate entity and fiscally independent.

The District reports the following major funds:

Sewer Enterprise Fund - This fund is used to account for wastewater business-like activities provided to the general public. These activities are financed by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Water Enterprise Fund - This fund is used to account for water business-like activities provided to the general public. These activities are financed by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

B. Measurement Focus, Basis of Accounting and Presentation

The financial statements have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States.

Measurement Focus

The statement of net position and the statement of revenues, expenses, and changes in net position, are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources (whether current or noncurrent) associated with the operation of the District are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The financial records of the District are maintained on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred.

C. Budget

The District develops and adopts an annual budget; however, this budget is a management tool and is not a legal requirement.

D. Cash and Cash Equivalents

The District considers cash and all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The District's cash and cash equivalents consist of cash, deposits in financial institutions, money market accounts, certificates of deposit and pooled investments. Cash and cash equivalents invested for specific requirements, such as deposits for construction projects, are segregated as restricted cash and cash equivalents.

Deposits of cash and cash equivalents must comply with the District's Investment Policy which complies with the California Government Code. The policy requires deposits in financial institutions to be FDIC insured or fully collateralized.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Investments

Investments consist of unrestricted and restricted federal agency notes, corporate notes, supranationals, municipal bonds, treasury obligations and certificates of deposit. The District records its investments at fair value. Changes in fair value are reported as investment earnings in the statement of revenues, expenses, and changes in net position.

Monies not required for the immediate operations of the District are invested in accordance with the District's Investment Policy.

F. Accounts Receivable

Accounts receivable represent service charges and other revenues billed and uncollected at year-end, along with amounts accrued for items billed after year-end for service periods before year-end. Each year the District records liens for delinquent charges and collects through the property tax bill for active accounts, and pursues full-collection for closed accounts with unpaid balances. The District records an allowance for doubtful accounts for non-recoverable collections.

G. Inventory

Inventory is valued at cost, using the first in first out method (FIFO). Inventory consists of supplies used in the maintenance of water and sewer lines. The cost is recorded as an expense as inventory items are consumed.

H. Capital Assets

Capital assets are recorded at cost except in those cases where facilities are donated by private developers or special assessment districts. In the latter cases, assets are recorded at acquisition value. At the date of donation, assets are capitalized when they are expected to have useful lives of three years or greater and the original cost is $5,000 or more. All depreciation is computed on the straight-line basis over the following useful lives:

	Years
Sewer Enterprise	
Subsurface lines	10 - 70
Sewage collection facilities	5 - 40
Sewage treatment	3 - 40
Sewage disposal	5 - 100
General plant and administration	3 - 50
Water Enterprise	
Source of supply	10 - 40
Pumping plant	12 - 30
Water treatment plant	4 - 35
Transmission and distribution	20 - 74
General plant	3 - 20

I. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave, which will be paid to employees upon separation from the District's service. For employees hired after January 1, 2013, earned but unused sick time will not be paid upon separation from the District's services. The cost of vacation and sick leave is recorded in the period accrued.

J. Pension Plan

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 South Tahoe Public Utility District PERS (the Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Contributions

Capital contributions are grant monies received from the federal and state government in aid of construction, and assets contributed by Special Assessment Districts or real estate developers.

L. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

M. Operating and Non-operating Revenues and Expenses

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the principal ongoing operations of sewer and water services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

N. Property taxes

Secured property taxes are attached as an enforceable lien and levied on property as of January 1st. Taxes are due in two installments, on or before December 10th and April 10th. The District recognizes property tax receivables on January 1st and defers revenue recognition until the period for which the property taxes are levied (July 1st through June 30th). Property tax revenue is derived from property tax assessments levied within the entire District. The Board of Directors is using these funds to subsidize the Water and Sewer Enterprise Fund operations. The District relies upon the competency of the County of El Dorado for assessing the property tax and establishing a lien date, and for billing, collecting and distributing its share of the property tax revenue.

O. Restricted Resources

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

P. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Q. Net Position

Net position represents the residual interest in District assets and deferred outflows after liabilities and deferred inflows are deducted. Net position is presented in three broad components: net investment in capital assets; restricted; and unrestricted. Net investment in capital assets includes capital assets, net of accumulated depreciation, and outstanding principal balances of debt and related deferred outflows and inflows attributable to the acquisition, construction or improvement of those assets. Net position is restricted when constraints are imposed by third parties or by law through constitutional provisions or enabling legislation. All other net position is unrestricted. Operating losses outside of depreciation are funded by operating and capital reserves.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Leases

Lessor

The District is a lessor for noncancellable leases for cell tower sites. The District recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimate and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

S. Subscription-Based Information Technology Arrangements (SBITA)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) solftware, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The District uses various SBITA assets, such as software as a service and platform as a service. The related obligations are presented in amounts equal to the present value of subscription payments, payable during the remaining SBITA term. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

T. Comparative Information

Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District’s financial position and operations. Certain amounts presented in the prior year have been reclassified in order to be consistent with the current year’s presentation.

U. Implementation of Government Accounting Standards Board Statements

Effective July 1, 2023, the District implemented the following accounting and financial reporting standards:

Governmental Accounting Standards Board Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for guarantees. There was no financial impact to the District as a result of implementation.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Accounting Standards Board Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections - An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. There was no financial impact to the District as a result of implementation.

V. Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2024 or later and may be applicable for the District. However, the District has not determined what impact, if any, these pronouncements will have on the financial statements.

Governmental Accounting Standards Board Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for the District's fiscal year ending June 30, 2025.

Governmenalt Accounting Standards Board Statement No. 102

In December 2023, GASB issued Statement No, 102, *Certain Risk Disclosures*. The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A *concentration* is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. The requirements of this statement are effective for the District's fiscal year ending June 30, 2025.

Governmental Accounting Standards Board Statement No. 103

In April 2024, GASB issued Statement No, 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for the District's fiscal year ending June 30, 2026.

Governmental Accounting Standards Board Statement No. 104

In September 2024, GASB issued Statement No, 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34 and also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for the District's fiscal year ending June 30, 2026.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2024 consisted of the following:

Cash and cash equivalents:	
Unrestricted:	
Cash on hand	$ 2,450
Unrestricted deposits in financial institutions	9,896,422
Deposits in Local Agency Investment Fund (LAIF)	3,089,245
Deposits in El Dorado County Treasury	510,644
Deposits in California Asset Management Program (CAMP)	319,099
Total unrestricted cash and cash equivalents	13,817,860
Restricted:	
Restricted for debt service payments	1,848,789
Total restricted cash and cash equivalents	1,848,789
Total cash and cash equivalents	15,666,649
Investments:	
Unrestricted:	
Federal agency and instrumentalities	1,303,996
U.S. corporate debt	5,314,451
Asset backed securities	4,409,207
Municipal bonds	244,797
U.S. Treasury obligations	14,133,189
Negotiable certificates of deposit	782,671
Total unrestricted investments	26,188,311
Restricted:	
Negotiable certificates of deposit - security deposits	165,000
Total investments	26,353,311
Total cash and investments	$ 42,019,960

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury obligations	5 Years	None	None
Federal agency and instrumentalities			
Callable	5 Years	25%	None
Asset backed securities	5 Years	20%	None
Other	5 Years	None	None
Supranationals	5 Years	30%	None
Municipal bonds	5 Years	None	None
U.S. corporate debt	5 Years	30%	10%
Negotiable certificates of deposit	5 Years	30%	10%
Commercial paper	270 days	25%	10%
Bank deposits	N/A	20%	10%
Bankers' acceptances	180 days	40%	10%
Pooled investment funds			
LAIF	N/A	None	None
CAMP	N/A	None	None
El Dorado County pool	N/A	None	None
Money market funds	N/A	20%	10%

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. One way the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities. A portion of the portfolio is always maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for the District's operations and capital improvement program.

In addition, the Investment Policy limits the purchase of securities to those with maturities of five years or less. Longer investments require prior authorization of the Board of Directors. Certain investments that are highly sensitive to interest rate fluctuations are prohibited by the Investment Policy.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2024:

		Investment Maturities (in years)		
Investment Type	**Fair Value**	**Less than 1**	**1-2**	**3-5**
Federal agency and instrumentalities	$ 1,303,996	$ -	$ 1,070,737	$ 233,259
U.S. corporate debt	5,314,451	461,028	4,703,716	149,707
Asset backed securities	4,409,207	-	2,031,460	2,377,747
Municipal bonds	244,797	68,430	176,367	-
U.S. Treasury obligations	14,133,189	-	14,133,189	-
Negotiable certificates of deposit	947,671	40,000	907,671	-
	$ 26,353,311	$ 569,458	$ 23,023,140	$ 2,760,713

As provided in the Investment Policy, the District should target a maximum allocation of 25% to callable Federal agency securities.

Concentration of Credit Risk

Concentration of Credit risk is the risk of loss attributed to the magnitude of an investor's investment in a single issuer. To limit this risk, the District places a limit on the amount that can be invested in any one issuer to the lessor of the amount stipulated by the California Government Code or 10% of investments, with the exception of U.S. Treasury obligation bonds, U.S. Agency securities, and pooled investment funds.

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.

Presented below is the actual rating as of June 30, 2024 for each investment type.

		Rating as of Fiscal Year End	
Investment Type	**Total**	**S&P**	**N/A**
Federal agency and instrumentalities	$ 1,303,996	AA+	
Municipal bonds	81,593	AA	
Municipal bonds	163,204	AA-	
U.S. corporate debt	1,458,022	A	
U.S. corporate debt	1,680,327	A-	
U.S. corporate debt	839,168	A+	
U.S. corporate debt	643,753	AA-	
U.S. corporate debt	693,181	BBB+	
Asset-backed security	4,075,816	AAA	
Asset-backed security	333,391		Not rated
U.S. Treasury obligations	14,133,189	AA+	
Negotiable certificates of deposit	497,603	A	
Negotiable certificates of deposit	285,068	AA-	
Negotiable certificates of deposit	165,000		Not rated
	$ 26,353,311		

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the depositor will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's Investment Policy requires the financial institution to either collateralize the deposits or cover them with Federal deposit insurance. The District's cash and deposits in financial institutions, totaling $1,700,998 as of June 30, 2024, are secured by federal depository insurance for $617,973 with the remainder covered by collateral held by an agent of the pledging bank in the District's name.

Investment Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 1 and 3 inputs.

Following is a description of the valuation methodologies used to estimate the fair value of investments. There have been no changes in the valuation techniques used at June 30, 2024. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while District management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

U.S. Treasuries, Government Agencies, Corporate Bonds, Municipal Bonds, Asset Backed Securities, and Negotiable Certificates of Deposit: Fair values are based on quoted market prices for similar securities in markets that are not active, and model-based techniques for which all significant assumptions are observable in the market, resulting in a level 2 valuation.

The following tables set forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2024.

	Level 1	Level 2	Level 3	Total
Federal agency and instrumentalities	$ -	$ 1,303,996	$ -	$ 1,303,996
U.S corporate debt	-	5,314,451	-	5,314,451
Asset backed securities	-	4,409,207	-	4,409,207
Municipal bonds	-	244,797	-	244,797
U.S. Treasury obligations	-	14,133,189	-	14,133,189
Negotiable certificates of deposit	-	947,671	-	947,671
Total assets at fair value	$ -	$ 26,353,311	$ -	$ 26,353,311

NOTE 3: ACCOUNTS RECEIVABLE AND AMOUNTS DUE FROM GOVERNMENTAL AGENCIES

Short-term receivables at June 30, 2024 consisted of the following:

	Sewer	Water	Total
Customer receivables	$ 2,120,320	$ 1,815,035	$ 3,935,355
Other receivables	8,513	56,393	64,906
Allowance for doubtful accounts	(97,434)	(75,245)	(172,679)
Accounts receivable, net of allowance	$ 2,031,399	$ 1,796,183	$ 3,827,582
Due from Federal Government	$ 1,177,141	$ 354,098	$ 1,531,239
Due from California	402,571	146,852	549,423
Due from El Dorado County	-	61,700	61,700
Due from governmental agencies	$ 1,579,712	$ 562,650	$ 2,142,362

Long-term receivables at June 30, 2024 consisted of the following:

	Sewer	Water	Total
Accounts receivable			
Customer receivables	$ 805,239	$ -	$ 805,239
Due from governmental agencies			
Due from California	$ 73,020	$ 73,020	$ 146,040

Long-term customer receivables are submitted to the County of El Dorado for collection through a special property tax assessment or if unpaid, ultimately through foreclosure on the property.

NOTE 4: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	July 1, 2023	Additions	Retirements	Transfers	June 30, 2024
Capital assets not being depreciated					
Land and easement	$ 25,131,228	$ -	$ -	$ -	$ 25,131,228
Water rights	1,668,308	-	-	-	1,668,308
Construction in progress	20,620,820	13,850,496	(217,807)	(4,053,316)	30,200,193
Total capital assets not being depreciated	47,420,356	13,850,496	(217,807)	(4,053,316)	56,999,729
Capital assets being depreciated					
Plant and equipment	390,407,187	8,816,856	(99,168)	4,053,316	403,178,191
Intangible right-to-use software agreements	185,463	462,467	-	-	647,930
Total capital assets being depreciated and amortized	390,592,650	9,279,323	(99,168)	4,053,316	403,826,121
Less accumulated depreciation and amortization					
Plant and equipment	(196,276,322)	(10,522,854)	99,168	-	(206,700,008)
Intangible right-to-use software agreements	(126,573)	(124,534)	-	-	(251,107)
Total accumulated depreciation and amortization	(196,402,895)	(10,647,388)	99,168	-	(206,951,115)
Total capital assets being depreciated, net	584,782,405	(1,368,065)	-	4,053,316	600,701,127
Capital assets, net	$ 241,610,111	$ 12,482,431	$ (217,807)	$ -	$ 253,874,735

NOTE 4: CAPITAL ASSETS (CONTINUED)

Construction in progress as of June 30, 2024 consisted of the following:

Al Tahoe Pump St Rehab	$ 184,489
Al Tahoe Well Rehab	236,954
Al Tahoe/Bayview Backup Power	595,102
Baldwin Beach Gravity Rehab/Replacement	156,060
Bijou #1 Waterline Replacement	163,652
Bijou PS Rehab	523,497
Blower System Upgrades	628,567
Collection System Master Plan	470,654
FLL ES 1-3 Stanford Camp Rehab	910,967
Keller-Heavenly Water System Improvement	7,185,362
Luther Pass PS Tanks Rehab	1,453,349
Master Plan-Alpine County	456,675
Meter Installation Final Phase	837,022
Meyers SEZ Erosion Control	287,250
Paloma Well Rehab 2021	817,302
RAS Building Rehab	263,452
SCADA Historian Upgrades	199,121
SCADA Upgrades	155,454
Secondary Clarifier #1 Rehab	1,514,950
Tahoe Keys Sewer PS Rehab	6,280,354
Upper Truckee Sewer PS Rehab	1,711,819
Water System Optimization Plan	216,141
Waterline - Herbert Walkup Ph1	3,337,641
Other projects	1,614,359
	$ 30,200,193

Depreciation and amortization expense for the year ended June 30, 2024 was charged to the different activities as follows:

Sewer	$ 5,795,246
Water	4,852,142
	$ 10,647,388

NOTE 5: LEASES RECEIVABLE

The District is reporting leases receivable of $1,714,398 (split between current amount $77,682 and noncurrent amount of $1,636,716) at June 30, 2024. For 2024, the District reported lease revenue of $18,501 and interest revenue of $809 related to lease payments received. These leases are summarized as follows:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
AT&T	$ 598,168	$ 6,937	$ 259
Verizon	1,116,230	11,564	550
Total	$ 1,714,398	$ 18,501	$ 809

AT&T Lease - On September 19, 2021, the District entered into an initial five year lease agreement with AT&T, Inc. for the lease of a certain portion of property owned by the District. Based on this agreement, the District is receiving monthly payments through 2026. There are four extension options of five years each. The District is reasonably certain the lessee will renew this lease for the four extensions.

Verizon Lease - On January 25, 2019, the District entered into an initial five year lease agreement with Verizon Communications, Inc. for the lease of a certain portion of property owned by the District. Based on this agreement, the District is receiving monthly payments through 2024. There are four extension options of five years each. The District is reasonably certain the lessee will renew this lease for the four extensions.

At June 30, 2024, future minimum lease payments due to the District are as follows:

Year Ending June 30	Amount
2025	$ 60,956
2026	62,785
2027	64,668
2028	66,608
2029	68,606
2030 - 2034	375,168
2035 - 2039	434,922
2040 - 2044	504,194
2045 - 2047	99,989
Total lease payments	1,737,896
Less interest	(23,498)
Present value of leases receivable	$ 1,714,398

NOTE 6: UNEARNED REVENUE

Unearned revenue represents revenues that had been collected or billed, but not yet earned. Unearned revenue consisted of the following at June 30, 2024:

	Sewer	Water	Total
Meters sold but not issued	$ -	$ 18,113	$ 18,113

NOTE 7: LONG TERM LIABILITIES

During the year ended June 30, 2024, the following changes occurred in long-term liabilities:

	July 1, 2023	Additions	Reductions	June 30, 2024	Current Portion
2012 Sewer Refunding	$ 1,488,522	$ -	$ (986,664)	$ 501,858	$ 501,858
2013 Sewer Refunding	2,913,193	-	(619,963)	2,293,230	635,308
SRF Luther Pass Power	3,890,806	-	(127,801)	3,763,005	129,846
SRF Diamond Valley Ranch Irrigation Imp.	6,699,160	-	(220,047)	6,479,113	223,567
SRF Aeration Basin #2 Rehabilitation	926,465	-	(30,049)	896,416	30,560
SRF Primary Clarifier #1 Rehabilitation	502,088	-	(16,286)	485,802	16,562
Chase Bank Sewer Loan	3,348,559	-	(320,890)	3,027,669	327,923
2021 Wastewater Revenue Refunding Bond	4,770,000	-	(485,000)	4,285,000	500,000
Tahoe Keys Wastewater Pump Station Rehab	3,444,033	967,469	-	4,411,502	-
Upper Truckee SPS Rehab	-	412,568	-	412,568	-
SRF Secondary Clarifiers	-	1,899,551	-	1,899,551	-
Premium on bond	744,213	-	(86,704)	657,509	-
2013 Water Refunding	2,858,945	-	(205,337)	2,653,608	417,692
SRF Meters Phase 1	2,744,107	-	(116,771)	2,627,336	58,385
SRF Meters Phase 2	830,549	-	(51,324)	779,225	52,148
SRF Meters Phase 3 - 5	9,306,753	-	(258,550)	9,048,203	263,204
SRF Waterline Replacement	3,132,855	-	(92,943)	3,039,912	94,530
Keller Heavenly Water System Improvement Project	1,799,366	3,077,948	-	4,877,314	-
Rocky I SRF Loan	1,784,684	6,950,750	-	8,735,434	260,322
Subscription (SBITA) Liability	13,630	462,468	(173,204)	302,894	147,848
Total	$ 51,197,928	$ 13,770,754	$ (3,791,533)	$ 61,177,149	$ 3,659,753

A description of the long-term liabilities at June 30, 2024 follows:

2012 Sewer Refunding

2012 Sewer Installment Sale Agreement with BBVA Compass Bank, secured by a first lien against all sewer revenues, due September 1, 2024, payable $507,630 semi-annually, including interest at 2.3%. The original amount of the debt was $10,605,000 and was used for construction of sewer infrastructure improvements and was also used to repay the 2004 Sewer Revenue Certificates of Participation, which funded sewer infrastructure improvements.

2013 Sewer Refunding

2013 Sewer Installment Sale Agreement with BBVA Compass Bank, secured by a first lien against all sewer revenues, due August 2027, payable $343,919 semi-annually, including interest at 2.46%. The original amount of the debt was $8,400,000 and was used to repay the 2007 Sewer Installment Sale Agreement, which funded sewer infrastructure improvements.

SRF Luther Pass Power

2015 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all sewer revenues, due August 30, 2047, payable $190,054 annually, including interest of 1.6%. The original amount of the debt was $4,444,057 and was used for construction of Luther Pass Pump Station upgrades.

SRF Diamond Valley Ranch Irrigation Improvement

2015 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all sewer revenues, due December 31, 2047, payable $322,058 annually, including interest of 1.6%. The original amount of the debt was $8,860,890 and was used for construction of the Diamond Valley Ranch Irrigation improvements.

NOTE 7: LONG TERM LIABILITIES (CONTINUED)

SRF Aeration Basin #2 Rehabilitation

2018 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all sewer revenues, due December 31, 2047, payable $45,799 annually, including interest of 1.7%. The original amount of the debt was $1,070,077 and was used for the rehabilitation of aeration basin #2.

SRF Primary Clarifier #1 Rehabilitation

2018 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all sewer revenues, due December 31, 2047, payable $24,820 annually, including interest of 1.7%. The original amount of the debt was $580,153 and was used for the rehabilitation of primary clarifier #1.

Chase Bank Sewer Loan

2017 Installment Sale Agreement with Chase Bank, secured by a first lien against all sewer revenues, due December 1, 2032, payable $196,074 semi-annually, including interest at 2.18%. The original amount of the debt was $5,000,000 and was used for construction of the sewer plant generator and building.

2021 Wastewater Revenue Refunding Bond

2021 Wastewater Revenue Refunding Bond, secured by a first pledge of net revenues of the wastewater system, due August 1, 2031, payable semi-annually, including interest at 2 - 4%. The original amount of the bond was $5,745,000 and was used for prepayment of the outstanding principal balances of three loans from the California State Water Resources Control Board and prepayment of Installment Sale Agreement with BBVA Compass Bank, all of which funded wastewater infrastructure improvements. The bonds issuance included an original issue premium of $932,073, which is being amortized over the life of the bonds.

Tahoe Keys Wastewater Pump Station Rehabilitation Project

During the fiscal year ended June 30, 2022, the District entered into a loan agreement with the State Water Resources Control Board's Division of Financial Assistance. The loan is dated February 14, 2022, and is in the principal amount of up to $6,189,331. The District is drawing down on the loan as the project progresses. Annual payments will begin July 2025. Interest is to accrue at a rate of 0.9% per annum and will begin with each disbursement. Final payment date is set at July 31, 2059.

Upper Truckee SPS Rehab

During the fiscal year end June 30, 2022, the District entered into a loan agreement with the State Water Resources Control Board's Division of Financial Assistance. The loan is dated March 14, 2022, and is in the principal amount of up to $4,280,375. The District is drawing down on the loan as the project progresses. Annual payments will begin December 2025. Interest is to accrue at 0.8% per annum and will begin with each disbursement. Final payment date is set at December 31, 2054.

SRF Secondary Clarifiers

During the fiscal year end June 30, 2022, the District entered into a loan agreement with the State Water Resources Control Board's Division of Financial Assistance. The loan is dated March 25, 2022, and is in the principal amount of up to $5,281,344. The District is drawing down on the loan as the project progresses. Annual payments will begin March 2026. Interest is to accrue at 0.8% per annum and will begin with each disbursement. Final payment date is set at March 30, 2054.

2013 Water Refunding

2013 Water Installment Sale Agreement with BBVA Compass Bank, secured by a first lien against all water revenues, due January 30, 2030, payable $237,786 semi-annually, including interest at 2.27%. The original amount of the debt was $10,000,000 and was used for construction of water infrastructure improvements and was also used to repay the 2001 Water Refunding and 1999 Installment Sale Agreement, both of which funded water infrastructure improvements.

NOTE 7: LONG TERM LIABILITIES (CONTINUED)

SRF Meters Phase 1

2014 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all water revenues, due January 1, 2047, payable $58,385 semi-annually, including interest of 0%. The original amount of the debt was $3,503,116 and was used for installation of water meters. Imputed interest for this loan is not material.

SRF Meters Phase 2

2017 California State Water Resources Control Board Revolving Fund Loan secured by a first lien against all water revenues, due July 1, 2037, payable $32,204 semi-annually, including interest of 1.6%. The original amount of the debt was $1,098,593 and was used for installation of water meters.

SRF Meters Phase 3 -5

In 2018, the District entered into a revolving fund loan agreement with California State Water Resources Control Board to provide funding for phases 3 through 5 of the water meter installation project. The loan is secured by a first lien against all water revenues. Funds are drawn on the agreement as work is completed up to a maximum approved amount of $14,010,534. Annual principal and interest payments will occur each April 22, commencing April 15, 2022. This loan accrues interest at a rate of 1.8% annually. As of June 30, 2024 the District incurred a total of $13,829,053 in Phase 3 - 5 costs, of which $4,000,000 has been forgiven.

SRF Waterline Replacement

In 2018, the District entered into a revolving fund loan agreement with California State Water Resources Control Board to provide funding for the waterline replacement project. The loan is secured by a first lien against all water revenues. Funds are drawn on the agreement as work is completed up to a maximum approved amount of $3,627,005. Semi-annual principal payments will occur each January 1 and July 1, commencing January 1, 2020. The loan accrues interest at a rate of 1.7% annually. Final payment is due July 1, 2049.

Keller Heavenly Water System Improvement Project

In 2021, the District entered into a revolving fund loan agreement with California State Water Resources Control Board to provide funding for the drinking water construction project. The loan is secured by a first lien against all water revenues. Funds are drawn on the agreement as work is completed up to a maximum approved amount of $5,500,000. Annual principal payments will occur each October 15, commencing October 15, 2024. The loan accrues interest at a rate of 1.2% annually. Final payment is due October 15, 2043.

2021 Rocky I SRF Loan

During the fiscal year ended June 30, 2022, the District entered into a loan agreement with the State Water Resources Control Board's Division of Financial Assistance. The loan is dated February 23, 2022, and is in the principal amount of up to $9,000,000. The District is drawing down on the loan as the project progresses. Annual payments will begin December 2024. Interest is to accrue at a rate of 1.2% per anum and will begin with each disbursement. Final payment date is set at December 31, 2053.

NOTE 7: LONG TERM LIABILITIES (CONTINUED)

Principal and interest maturities of long-term debt are as follows:

Years ending June 30,	Principal	Interest	Total
2025	$ 3,511,905	$ 839,482	$ 4,351,387
2026	3,487,464	852,504	4,339,968
2027	3,610,533	778,736	4,389,269
2028	3,347,078	702,998	4,050,076
2029	3,072,003	637,912	3,709,915
2030 - 2034	12,026,679	2,390,522	14,417,201
2035 - 2039	9,172,966	1,698,514	10,871,480
2040 - Thereafter	21,988,118	1,812,265	23,800,383
	$ 60,216,746	$ 9,712,933	$ 69,929,679

Interest charges on debt for the year ended June 30, 2024 totaled $820,306.

Debt covenants for the installment sale agreements to BBVA Compass Bank and the California State Water Resource Control Board Revolving Fund include thresholds for minimum net water and sewer revenue and maximum outstanding debt obligations. The District is in compliance with the requirements as of June 30, 2024.

Subscriptions (SBITAs)

The District has entered into subscription-based information technology arrangements (SBITAs) involving various software subscriptions. The total costs of the District's subscription assets are recorded as $585,308, less accumulated amortization of $188,485.

The future subscription payments under SBITA agreements are as follows:

Years ending June 30,	Principal	Interest	Total
2025	$ 147,848	$ 9,228	$ 157,076
2026	155,046	5,307	160,353
Total	$ 302,894	$ 14,535	$ 317,429

NOTE 8: COMPENSATED ABSENCES

Compensated absences balance and activity for the year ended June 30, 2024 were as follows:

	July 1, 2023	Additions	Reductions	June 30, 2024	Current Portion
Compensated absences	$ 2,798,159	$ 2,510,049	$ (2,492,718)	$ 2,815,490	$ 1,579,608

NOTE 9: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety and miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the safety or miscellaneous pools. The District sponsors two rate plans (both miscellaneous). Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits.

The District has one local Miscellaneous Retirement Benefit Plan, with two tiers. Tier I benefits for members hired before January 1, 2013 are under the 2.7% @ 55 retirement formula, and Tier II benefits for members hired on or after January 1, 2013 are under the 2% at 62 retirement formula.

Tier I final compensation is calculated using the highest average pay rate and special compensation during a three year period. Tier I employee contributions are shared by the employer and employee. This tier and retirement formula is closed to employees hired on or after January 1, 2013 with the exception of employees considered to be Classic Members with a break in CalPERS qualified employment of less than 6 months and who did not receive a refund of their contributions on deposit with the retirement fund. Tier II final compensation is calculated using the highest average pay rate and special compensation during any consecutive three-year period. Tier II employee contributions are paid by the employee.

The rate plan's provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous Plan	
	Hired prior to January 1, 2013	Hired on or after January 1, 2013
Benefit Formula	2.7% at 55	2.0% at 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50 - 55	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.0% - 2.7%	1.0% - 2.5%
Required Employee Contribution Rate	8.00%	7.75%
Required Employer Contribution Rate	15.30%	7.96%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's contributions to the Plan for the year ended June 30, 2024 were $2,434,781.

NOTE 9: PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2024, the District reported a net pension liability of $16,081,653 for its proportionate share of the net pension liability of the Plan.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability of the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's' long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability of the Plan as of June 30, 2024 and 2023 was follows:

Proportion - June 30, 2023	0.30864 %
Proportion - June 30, 2024	0.32161 %
Change - increase	0.01297 %

For the year ended June 30, 2024, the District recognized pension expense of $3,720,314. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 2,434,781	$ -
Change in employer's proportion	560,010	-
Difference between actual and expected experience	821,538	127,440
Changes in assumptions	970,922	-
Difference between employer contributions and the employer's proportionate share of the risk pool's contributions	60,367	170,597
Net difference between projected and actual earning on plan investments	2,603,764	-
Total	$ 7,451,382	$ 298,037

$2,434,781 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ended June 30,	
2025	$ 1,548,510
2026	1,023,215
2027	2,072,127
2028	74,712

NOTE 9: PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90% net of pension plan investment expenses, includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies

(1): The mortality table used was developed based on CalPERS' specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report that can be found on the CalPERS website.

Changes in Assumptions

Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

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

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

NOTE 9: PENSION PLAN (CONTINUED)

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

Asset class	Assumed asset allocation	Real return years 1-10 (1) (2)
Global Equity - Cap weighted	30.0%	4.54%
Global Equity Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0)%	(0.59)%

(1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021-2022 Asset Liability Management study.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
Net pension liability	$25,523,352	$16,081,653	$8,310,323

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. The annual financial report can be obtained at calpers.ca.gov.

NOTE 10: DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan (the "457 Plan") created in accordance with Internal Revenue Code Section 457. The 457 Plan permits the employees to defer a portion of their salary until future years. A third party administrator maintains deferrals in a trust capacity. The deferred compensation is not available to employees until termination, retirement, death or unforeseen emergency. Participants may elect to contribute, through salary reductions, up to the IRC (g) limit ($23,000 in 2023).

The 457 Plan assets totaled $21,397,418 at June 30, 2024. Plan assets consist of investments in mutual funds, which are held in trust and are considered protected from the general creditors of the District.

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. To protect the District from these risks, it is a member of a risk management program as discussed in Note 13. The District carries commercial insurance to protect against the risk of errors and omissions. For each of the three most recent years, settlement of claims has not exceeded insurance coverage.

NOTE 12: COMMITMENTS AND CONTINGENCIES

A. Contractual Obligations

At June 30, 2024, the District's significant contractual commitments with outside firms for engineering, construction, consulting, and various other services totaled approximately $15.3 million.

B. Contingencies

The District has received federal and state grants for specific purposes that are subject to review and audit by the federal and state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

The District is also subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to such actions will not materially affect the financial position or results of operations of the District.

NOTE 13: JOINT POWERS AUTHORITY

The District is a member of a joint powers authority, Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA), for the operation of a common risk management and insurance program. The program covers workers' compensation, property and liability insurance. The membership includes public water agencies within California. ACWA JPIA is governed by a Board of Directors consisting of representatives from member agencies, which controls the operations of the ACWA JPIA, including selection of management and approval of operating budgets.

The following is a summary of the most current audited financial information for ACWA JPIA as of September 30, 2023 (the most recent information available):

Total assets	$ 288,462,503
Total deferred outflows of resources	4,654,911
Total liabilities	167,203,667
Total deferred inflows of resources	5,200,835
Net assets	120,712,912
Total income	248,013,664
Total expense	240,084,673

If the District's deposits are not adequate to meet costs of claims and expenses, a retrospective adjustment to make up the difference, subject to minimum and maximum amounts, can take place. Coverage under this program has not changed and settled claims resulting from these risks have not exceeded coverage in any of the past three years.

The District is also a member of a joint powers authority, California Asset Management Program (CAMP), which provides professional investment services to California public agencies. Members of CAMP can participate in the Cash Reserve Portfolio. CAMP is governed by a Board of Trustees, which is made up of experienced local government finance directors, treasurers, and school business officials. Trustees control the operation of CAMP, including formation and implementation of its investment and operating policies.

NOTE 13: JOINT POWERS AUTHORITY (CONTINUED)

The following is a summary of the most current audited financial information for the CAMP portfolio as of December 31, 2023 (the most recent information available):

Total assets	$ 18,414,254,191
Total liabilities	1,847,744
Net assets	18,412,406,447
Total income	6,475,270,524
Total expenses	14,179,355
Net increase in net assets resulting from operations	6,461,091,169

Complete financial statements for CAMP can be obtained from the PFM Asset Management, LLC at 50 California Street, Suite 2300, San Francisco, California 94111.

The relationships between South Tahoe Public Utility District and the joint powers authorities are such that ACWA JPIA and CAMP are not component units of the District for financial reporting purposes.

NOTE 14: INVESTMENT EARNINGS

Investment earnings consisted of the following for the year ended June 30, 2024:

Interest income	$ 1,319,766
Net realized and unrealized gains	355,297
	$ 1,675,063

NOTE 15: OTHER OPERATING EXPENSES

Other operating expenses consisted of the following for the year ended June 30, 2024:

Professional services	$ 2,631,058
Operating permits	512,572
Chemical supplies	656,008
Office expense	347,278
Insurance and unreimbursed claims	963,239
Travel, meetings, and education	176,947
Research and monitoring	76,609
Equipment and building rent expense	223,597
Fuel expenses	274,330
Taxes, street lighting, and mitigation	121,896
Community incentive	90,579
Dues and certification	149,759
Miscellaneous expense	214,281
	$ 6,438,153

NOTE 16: SUBSEQUENT EVENTS

In December 2024, the Board of Directors approved the issuance of Water COPs in an amount not to exceed $16 million and Wastewater COPS in an amount not to exceed $22 million. The District anticipates issuing the COPs in January 2025.

Management has evaluated events subsequent to June 30, 2024 through December 16, 2024, the date on which the financial statements were available to be issued. Management has determined no other subsequent events requiring disclosure have occurred.

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH TAHOE PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, 2024
LAST 10 YEARS

	Measurement Period				
	2023	2022	2021	2020	2019
Proportion of the net pension liability	0.32161 %	0.30864 %	0.30705 %	0.28265 %	0.27119 %
Proportionate share of the net pension liability	$ 16,081,653	$ 14,442,141	$ 5,830,236	$ 11,922,413	$ 10,859,922
Covered payroll	$ 10,972,141	$ 10,974,014	$ 10,844,940	$ 10,293,860	$ 9,849,757
Proportionate share of the net pension liability as a percentage of covered payroll	146.57 %	131.60 %	53.76 %	115.82 %	110.26 %
Plan fiduciary net position as a percentage of the total pension liability	76.21 %	76.68 %	88.29 %	75.10 %	75.26 %

Notes to Schedule:

Benefit changes: In 2015, benefit terms were modified to base public safety employee pensions on a final three-year average salary instead of a final five-year average salary.

Changes in assumptions: In November 2021, the CalPERS Board of Administration adopted new investment portfolios as well as several changes to actuarial assumptions. For PERF C, these changes were implemented in the June 30, 2021, actuarial valuations for funding purposes. Included in these changes were assumptions for inflation, the discount rate, and administrative expenses, as well as demographic assumptions including changes to mortality rates. The inflation assumption was reduced from 2.50 percent to 2.3 percent, the administrative expense assumption was reduced from 0.15 percent to 0.10 percent, and the discount rate was reduced from 7.00 percent to 6.80 percent. As a result, for financial reporting purposes, the discount rate for the PERF C was lowered from 7.15 percent to 6.90 percent in Fiscal Year 2021-22. In 2021, 2020 and 2019, there were no changes. In 2018, the demographic assumptions and inflation rate were changed in accordance with the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

SOUTH TAHOE PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)
AS OF JUNE 30, 2024
LAST 10 YEARS

	Measurement Period				
	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.26155 %	0.25724 %	0.24871 %	0.25560 %	0.24100 %
Proportionate share of the net pension liability	$ 9,857,219	$ 10,140,589	$ 8,639,873	$ 7,012,372	$ 5,945,128
Covered payroll	$ 9,650,512	$ 9,307,465	$ 9,428,197	$ 8,791,579	$ 8,813,523
Proportionate share of the net pension liability as a percentage of covered payroll	102.14 %	108.95 %	91.64 %	79.76 %	67.45 %
Plan fiduciary net position as a percentage of the total pension liability	75.26 %	73.31 %	74.06 %	78.40 %	79.82 %

SOUTH TAHOE PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE COST SHARING DEFINED BENEFIT PENSION PLAN
AS OF JUNE 30, 2024
LAST 10 YEARS

	Fiscal Year-End				
	2024	2023	2022	2021	2020
Contractually required contribution (actuarially determined)	$ 2,434,781	$ 2,299,876	$ 2,202,759	$ 2,070,278	$ 1,813,910
Contributions in relation to the actuarially determined contributions	2,434,781	2,299,876	2,202,759	2,070,278	1,813,910
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 12,350,230	$ 10,972,141	$ 10,974,014	$ 10,844,940	$ 10,293,860
Contributions as a percentage of covered payroll	19.71 %	20.96 %	20.07 %	19.09 %	17.62 %

SOUTH TAHOE PUBLIC UTILITY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS TO THE COST SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)
AS OF JUNE 30, 2024
LAST 10 YEARS

	Fiscal Year-End				
	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 1,601,072	$ 1,446,366	$ 1,369,744	$ 1,278,986	$ 1,545,374
Contributions in relation to the actuarially determined contributions	1,601,072	1,446,366	1,369,744	1,278,986	1,545,374
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 9,849,757	$ 9,650,512	$ 9,307,465	$ 9,428,197	$ 8,791,579
Contributions as a percentage of covered payroll	16.25 %	14.99 %	14.72 %	13.57 %	17.58 %

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
South Tahoe Public Utility District
South Lake Tahoe, California

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of South Tahoe Public Utility District (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 16, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

MUN CPAs, LLP

Sacramento, California
December 16, 2024

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
South Tahoe Public Utility District
South Lake Tahoe, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited South Tahoe Public Utility District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

MUN CPAs, LLP

Sacramento, California
December 16, 2024

SOUTH TAHOE PUBLIC UTILITY DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Program Title	Federal AL Number	Contract/ Pass-through Number	Passed-Through to Subrecipients	Expenditures
U.S. Environmental Protection Agency				
Pass-Through State Water Resources Control Board:				
Drinking Water State Revolving Fund	66.468		$ -	$ 2,632,540
Total U.S. Environmental Protection Agency			-	2,632,540
U.S. Department of Homeland Security				
Pass-Through State of California Governor's Office of Emergency Services:				
Severe Winter Storms - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4683-DR-CA	-	62,771
Severe Winter Storms - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 4699-DR-CA	-	598,750
Total 97.036			-	661,521
Pass-Through State of California Governor's Office of Emergency Services:				
Hazard Mitigation Grant:				
Backup Power Supply Project	97.039	FEMA-4353-DR-CA	-	51,155
Paloma Well/Keller Booster Emergency Generators	97.039	FEMA-5380-FM-CA	-	70,537
Al Tahoe/Bayview Well Backup Generator	97.039	FEMA-4558-FM-CA	-	53,647
Total 97.039			-	175,339
Total U.S. Department of Homeland Security			-	836,860
U.S. Department of the Treasury				
Pass-Through City of South Lake Tahoe:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	C-074-2022	-	89,847
Pass-Through State Water Resources Control Board:				
Coronavirus State/Local Fiscal Recovery 2022	21.027	3560000C25/ 3940COVIDARREAR	-	238,611
Total U.S. Department of the Treasury			-	328,458

SOUTH TAHOE PUBLIC UTILITY DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Program Title	Federal AL Number	Contract/ Pass-through Number	Passed-Through to Subrecipients	Expenditures
U.S. Department of Agriculture				
Direct Program:				
State and Private Forestry Cooperative Fire Assistance:				
Blackbart Area Fire Protection Water Infrastructure	10.698	22-DG-11052012-124	-	496,148
NTPUD - Carnelian Bay Fire Protection Water Infrastructure	10.698	23-DG-11052012-165	1,683,492	2,547
TCPUD - Fire Flow Capacity Improvements and Hyrdrant Installation	10.698	22-DG-11052012-124	317,669	-
IVGID - Crystal Peak Watermain Replacement	10.698	22-DG-11052012-124	124,011	-
Total 10.698			2,125,172	498,695
Resources Assistants Program:				
Baldwin Beach Sewer Realignment Project	10.699	23-PA-11051900-013	-	222,997
Total U.S. Department of Agriculture			2,125,172	721,692
U.S. Department of the Health and Human Services				
Direct Programs:				
Low Income Household Water Assistance	93.499	FY2022/2024	-	37,340
Total U.S. Department of Interior			-	37,340
Total Expenditures of Federal Awards			$ 2,125,172	$ 4,556,890

NOTE 1: SCOPE OF AUDIT PURSUANT TO UNIFORM GUIDANCE

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance provided to South Tahoe Public Utility District under programs of the Federal Government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2: REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the District. The District's reporting entity is defined in Note 1 of the District's financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule. When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity.

NOTE 3: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant and contract revenues are recorded for financial reporting purposes when the District has met the qualifications for the respective grants and contracts.

NOTE 4: CLAIMS

The District has received federal grants for specific purposes that are subject to review and audit by the Federal Government. Although such audits could result in expenditure disallowances under the grant terms, any required reimbursements are not expected to be material.

NOTE 5: INDIRECT COSTS

The District elected not to use the 10% de minimus indirect cost rate, and did not charge indirect costs to federal grants during the year ended June 30, 2024.

SOUTH TAHOE PUBLIC UTILITY DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on basic financial statements	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance?	No

Major programs are as follows:

AL Number	Name of Federal Program
21.027	Coronavirus State/Local Fiscal Recovery 2022
97.036	Disaster Declarations Cal OES - Severe Winter Storms

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

No current year findings relating to the financial statements which are required to be reported in accordance with *Generally Accepted Government Auditing Standards*.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No current year findings and questioned costs for federal awards as defined in section 200.516 of the Uniform Guidance.

SOUTH TAHOE PUBLIC UTILITY DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

None