Financial Statements
June 30, 2023

Douglas County Lake Tahoe Sewer Authority

Douglas County Lake Tahoe Sewer Authority

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EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

To the Board of Trustees
Douglas County Lake Tahoe Sewer Authority
Zephyr Cove, Nevada

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Douglas County Lake Tahoe Sewer Authority (the "Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2023, and the respective changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Authority 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 opinion.

Responsibility 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 Authority'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 GAAS 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 GAAS 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 Authority'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 Authority'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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, schedule of proportionate share of the net pension liability on page 35, schedule of Authority contributions on page 36, the schedule of changes in the Authority's total OPEB liability and related ratios on page 37, and the notes to required supplemental information on page 38 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The statement of revenues, expenses and changes in net position – budget and actual and the statement of cash flows – budget and actual are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the statement of revenues, expenses and changes in net position – budget and actual and the statement of cash flows – budget and actual are 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 November 7, 2023 on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

Eide Bailly LLP

Reno, Nevada
November 7, 2023

Douglas County Lake Tahoe Sewer Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

June 30, 2023

As management of the Douglas County Lake Tahoe Sewer Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2023.

Financial Highlights

In October 2019, the Authority obtained a $9,000,000 loan from the State Revolving Loan Fund, to pay for rehabilitation of the more than 40-year-old aeration basins and upgrade the headworks and grit removal processes. Aeration basins were re-coated and fine bubble diffusers and hybrid blowers were installed, bringing the aeration technology at the plant into the 21st century. A headworks package which combines grit and grease removal was installed. The last draw on that loan was received in October 2022 with the first principal payments beginning in January 2023.

The new equipment and technology changed many aspects of the wastewater treatment process. In the 2023 fiscal year staff adapted the previous treatment strategies, based on daily lab testing to respond to the demands of the new system. The year was spent learning new treatment process procedures which resulted in increased lab testing and chemical costs but decreased biosolids hauling costs. The new process significantly improved effluent quality, as reported quarterly to the Nevada Division of Environmental Protection (NDEP).

The primary cost driver for the fiscal year was the severe winter weather, first huge amounts of snow that began in November 2022 and continued into March 2023, and then flooding from rain on snow in March 2023. Removing snow from the plant and off-site pump stations caused an almost 77% increase in overtime, more than $23,100 over the prior year, and more than $12,000 in snow equipment and repair costs. The flooding event which impacted the Authority's Beach Pump Station added more than $13,000 in emergency repair costs after $3,388 in insurance reimbursement.

Near the end of the 2022 fiscal year, the Authority's Board of Trustees approved a system-wide assessment of the Authority's collection system, much of which is more than 50 years old. The assessment will cost approximately $200,000 in the coming year and will provide the necessary information to prioritize repair or replacement of line segments as may be needed in the years ahead.

In the 2015 fiscal year, as required by the Government Accounting Standards Board (GASB), the Authority implemented GASB Pronouncement 68. That standard required that local governments report a proportionate share of the Public Employees Retirement System (PERS) net liability on the local government's financial statements. In June 2023, Nevada PERS issued a report entitled Schedule of Employer Allocations, Schedule of Pension Amounts by Employer, and Related Notes for the Fiscal Year Ended June 30, 2022. Per that report, over the past fiscal year the Authority's proportionate share of the PERS liability increased by $1,225,317 or 84.2%.

In the 2018 fiscal year, the Authority adopted GASB Pronouncement 75, which replaced GASB 45, related to Other Post-Employment Benefits (OPEB) consisting of health care benefits paid currently and in the future on behalf of retirees. GASB 45 dictated that OPEB liabilities actuarially determined and accrued since 2012 be recognized on the face of the Authority financial statements. GASB 75 states that all OPEB liabilities even prior to 2012 be recognized in the financial statements. A roll-forward was completed this year utilizing the 2022 actuarial evaluation by MacLeod Watts, resulting in a decrease to the Authority's OPEB liability of $191,801or 19.0%.

In the 2022 fiscal year, the Authority adopted GASB Pronouncement 96 which requires that Subscription-Based Information Technology Arrangements (SBITAS) be recognized as right-to-use subscription assets and corresponding subscription liabilities for such contracts with a specified term. Previously, the Authority recorded multi-year subscriptions as Prepaid Expenses at the end of each fiscal year, but recorded annual subscriptions as an expense in the year they were paid. In accordance with GASB 96, all SBITAS were prorated to reflect the portion used in the 2023 fiscal year, with the rest recorded as Prepaid Expenses. No liabilities were recorded as all SBITAS were paid for up front.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which are comprised of two components: 1) the financial statements, and 2) notes to the financial statements that explain in more detail the information in the financial statements.

Required Financial Statements

The financial statements of the Authority report information about the Authority's accounting methods which are similar to those methods used by private-sector companies. These statements provide both long-term and short-term information about the Authority's overall financial status.

The statement of net position provides information about the nature and the amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It provides one way to measure the financial health of the Authority by providing the basis for evaluating the capital structure of the Authority and assessing the liquidity and financial position of the Authority. However, to fully understand the Authority's financial picture it is necessary to consider non-financial factors such as changes in economic conditions, population and commercial customer growth, and new or changed government legislation.

The current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the financial results of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges.

The Statement of Cash Flows reports cash receipts and payments, and net changes in cash resulting from operating, investing and financing activities. It also provides answers to such questions as where cash came from, what cash was used for, and the change in the cash balance during the reporting period.

Financial Analysis of the Authority

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the Authority, assets exceeded liabilities by more than $37 million at the close of the 2023 fiscal year. The current fiscal year's net position is $1,082,790 more than the prior year's.

As can be seen in Table A-1, the largest portion of the Authority's net position reflects its investment in capital assets (i.e., sewer lines, treatment facilities, buildings, machinery and equipment). The Authority uses these capital assets to provide sewage treatment services for its customers. Consequently, these assets are not available for future spending.

29.8% or $11,020,936 of the Authority's net position represents resources that are subject to external restrictions on how those resources may be used. The remaining balance of unrestricted net position in the amount of $3,559,319 as of June 30, 2023 may be used to support operating and maintenance expenses.

As shown in Table A-2, for the fiscal year 2023, total revenues increased by $902,863 or 17.0%. This increase is largely due to a 5.5% increase in sewer rates and much higher investment interest earnings.

Total expenses including depreciation and amortization increased by $383,918 or 8.1%. $104,162 of the increase was from higher utility bills caused by severe winter weather and increases in electric power rates. Maintenance and Repair expenses also increased by $46,872 over the prior year, attributable to snow removal and storm damage.

Sewer user charges include operations and maintenance costs as well as a capital assessment. The capital assessment for Fiscal Year 2023 increased by $250,000 for a total of $2,250,000. With the increased expenses referenced above, the total sewer user charges increased by 10.1% or $515,890.

Budgetary Highlights

The Authority adopts annual Operations and Maintenance and Capital budgets outlining the estimated expenditures for programs or projects already authorized or to be considered by the Authority's Board of Trustees. Annually, unspent funds may be carried over to the succeeding fiscal year budget if a budgetary surplus exists.

In fiscal year 2023, operating expenses including depreciation were $766,821 or 13.5% less than budgeted. The Authority initially budgeted an operating increase in net position of $37,264. However, at year end, the actual operating increase was $711,157 with an overall $1,082,790 increase in net position.

At budget time, ahead of each fiscal year, the Authority sets operations and maintenance rates for the three contracted participating districts based on their estimated flow percentage contribution as applied to the estimated operating expenses for the coming year. At the end of every fiscal year, the rates are adjusted to reflect the actual operating expenses attributable to each district applied to the actual flow contribution. For Fiscal Year 2023, that adjustment resulted in the districts receiving 11.1%, 1.6% and 6.6% rate decreases. The refunds will be credited to the third quarter invoices of the coming fiscal year.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2023, the Authority's capital assets amounted to $31,766,070 net of accumulated depreciation and amortization as shown in Table A-3, a decrease of $1,039,581, attributable to increased depreciation from assets recently capitalized.

During the year, almost $1.1 million were spent on the Authority's capital improvement projects and the replacement of operating equipment. More than $308,000 was spent on electrical and pumping system improvements at the Main and Beach off-site pump stations, with the remaining amounts split between finishing up the Plant Upgrades Project and in-house equipment replacement. More than $500,000 of the projects and equipment replaced was performed by in-house staff, saving the Authority from paying the cost of contract labor.

In fiscal year 2024, the Authority plans to finish the upgrades to its pump stations and design work will begin to replace a portion of the aging export line which carries effluent over Kingsbury Grade to the Carson Valley. Including debt service on the State Revolving Fund Loans, capital expenditures for the coming year are expected to be approximately $2.15 million.

Economic Factors and Next Year's Budgets and Rates

A valid indicator of the economy in the area can be based on sewer flows within the service area. Casinos and hotels comprise the major industry in the area, in 2022 accounting for 87% of all commercial flows within the Authority. The balance of revenue from in-Authority users is received from small commercial and residential users. Commercial users are assessed on metered water flows. Residential users are flat rated.

2022 was a good year for the casinos and hotels. Business boomed with freedom from pandemic restrictions and great weather conditions helping to increase tourism. Overall, commercial flows in 2022 increased by more than 22% over 2021.

The fiscal year 2024 budget reflects operating expenses that total $5,916,882 including depreciation and amortization, an increase of 3.9% over those budgeted for fiscal year 2023. The increase in estimated operating expenses is attributable to inflationary costs in most line items, particularly utilities, chemicals, and fuels.

The Authority is considered by the Nevada Department of Taxation to be an enterprise fund, which means that operating expenses must be covered by the sewer rates charged. For the 2024 fiscal year, In-Authority residential rates remained the same as the 2023 year, $576 per year. Rates to the participating districts vary according to their flow contributions but the average rate increase was less than 1.4%. Due to higher commercial flows in the prior calendar year, In-Authority commercial rates decreased by 9.5%, from $12.48 to $11.29 per 1,000 gallons.

Requests for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances and to demonstrate the Authority's accountability for the revenues it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Douglas County Lake Tahoe Sewer Authority, P.O. Box 578, Zephyr Cove, NV 89448.

Table A-1
Condensed Summary of Statements of Net Position

	June 30, 2023	June 30, 2022	Increase/ (Decrease)
Current, restricted and other assets	$ 17,692,072	$ 16,397,402	$ 1,294,670
Long term restricted assets	490,000	245,000	245,000
Capital assets	31,766,070	32,805,651	(1,039,581)
Total assets	49,948,142	49,448,053	500,089
Deferred outflows of resources	1,085,125	1,055,012	30,113
Current Liabilities	1,146,333	620,496	525,837
Long Term Liabilites	12,333,133	12,260,439	72,694
Total liabilities	13,479,466	12,880,935	598,531
Deferred inflows of resources	451,461	1,602,580	(1,151,119)
Net position			
Invested in capital assets	22,522,085	23,217,111	(695,026)
Restricted	11,020,936	9,438,700	1,582,236
Unrestricted	3,559,319	3,363,739	195,580
Total net position	$ 37,102,340	$ 36,019,550	$ 1,082,790

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

	June 30,		Increase/
	2023	2022	(Decrease)
Operating revenues			
Sewer user charges	$ 5,603,699	$ 5,087,809	$ 515,890
Other income	36,162	31,263	4,899
Nonoperating revenues	571,448	189,374	382,074
Total revenues	6,211,309	5,308,446	902,863
Operating expenses	2,977,235	2,673,351	303,884
Depreciation and amortization	1,951,469	1,869,917	81,552
Gain on disposal of assets	(370)	21,104	(21,474)
Debt service interest	200,185	180,229	19,956
Total expenses	5,128,519	4,744,601	383,918
Change in net position	1,082,790	563,845	518,945
Net position, beginning of year	36,019,550	35,455,705	563,845
Net position, end of year	$ 37,102,340	$ 36,019,550	$ 1,082,790

Table A-3
Capital Assets

	June 30, 2023	June 30, 2022	Increase/ (Decrease)
Land	$ 1,103,434	$ 1,103,434	$ -
Plant and lines	61,595,963	52,507,932	9,088,031
Equipment and other assets	5,167,092	4,859,162	307,930
Building improvements	798,812	798,812	-
Construction in progress	1,131,541	9,619,269	(8,487,728)
	69,796,842	68,888,609	908,233
Less: Accumulated depreciation and amortization	(38,030,772)	(36,082,958)	(1,947,814)
Net property, plant, equipment and building improvements	$ 31,766,070	$ 32,805,651	$ (1,039,581)

Assets	
Current Assets	
Cash	$ 173,310
Cash equivalents	387,540
Investments in LGIP	5,626,741
Cash in custody of other governments	22,997
Accounts receivable	54,014
Supply inventory	42,015
Prepaid expenses	152,816
Interest receivable	23,689
Total current assets	6,483,122
Current Restricted Assets	
Repair and replacement	
Cash	36,879
Cash equivalents	460,294
Investments in LGIP	1,880,694
Short-term certificate of deposit investments	1,225,000
Accounts receivable	3,338
Interest receivable	32,944
	3,639,149
Construction	
Cash	1,767,395
Cash equivalents	5,375
Investments in LGIP	3,692,779
Interest receivable	6,865
Short-term certificate of deposit investments	735,000
SRF debt service restricted investments	791,077
	6,998,491
Total current restricted assets	10,637,640
Long-Term Assets	
Long-term certificate of deposit investments	490,000
Restricted Long-Term Assets	
Repair and replacement	
Long-term certificate of deposit investments	490,000
Capital Assets	
Capital assets not being depreciated	2,234,975
Capital assets being depreciated, net	29,531,095
	31,766,070
Other Assets	
Deposits	81,310
Total assets	49,948,142

Deferred Outflows of Resources	
Pension requirement	$ 964,351
Postemployment retirement obligation	120,774
Total deferred outflows of resources	1,085,125
Liabilities	
Current Liabilities, Payable from Current Assets	
Accounts payable	398,377
Accrued compensation and other expenses	169,822
Current portion of long-term debt	578,134
Total current liabilities payable from current assets	1,146,333
Current Liabilities, Payable from Restricted Assets	
Repair and replacement	
Accounts payable	8,249
Construction	
Accounts payable	98,455
Total current liabilities payable from restricted assets	106,704
Noncurrent Liabilities	
Accrued compensation	63,921
OPEB liability	815,758
PERS proportionate liability	2,680,899
Long-term debt, less current portion	8,665,851
Total noncurrent liabilities	12,226,429
Total liabilities	13,479,466
Deferred Inflows of Resources	
Pension requirement	307,475
Postemployment retirement obligation	143,986
Total deferred inflows of resources	451,461
Net Position	
Net investment in capital assets	22,522,085
Restricted for debt service	791,077
Restricted for construction	6,108,959
Restricted for repair and replacement	4,120,900
Unrestricted	3,559,319
Total net position	$ 37,102,340

Douglas County Lake Tahoe Sewer Authority
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2023

Operating Revenues	
Charges for services and assessments	$ 5,603,699
Other income	36,162
Total operating revenues	5,639,861
Operating Expenses	
Salaries, wages and benefits	1,731,120
Electrical and other utilities	476,861
Chemicals and supplies	80,979
Legal and accounting	99,702
Engineering and consulting	65,845
Repairs and maintenance	249,276
Insurance	94,874
Fuels and lubricants	30,767
Other operating expenses	147,811
Depreciation and amortization	1,951,469
Total operating expenses	4,928,704
Operating Income	711,157
Nonoperating Revenues (Expenses)	
Consolidated taxes	137,984
Interest income	430,904
Debt service interest	(200,185)
Gain on disposal of assets	370
Capacity fees	2,560
Total nonoperating revenues	371,633
Change in Net Position	1,082,790
Net Position, Beginning of Year	36,019,550
Net Position, End of Year	$ 37,102,340

Operating Activities	
Cash received from customers	$ 5,524,558
Cash payments to suppliers for goods and services	(1,087,272)
Cash payments to employees for services including benefits	(1,845,573)
Net Cash from Operating Activities	2,591,713
Noncapital and Related Financing Activities	
Consolidated taxes	137,984
Capital and Related Financing Activities	
Acquisition and construction of capital assets	(1,093,094)
Cash from disposal of asset	370
Cash received for capacity fees	2,560
State revolving fund loan proceeds	748
Debt service interest	(200,185)
Payments on long-term debt	(345,303)
Net Cash used for Capital and Related Financing Activities	(1,634,904)
Investing Activities	
Sale of investments	490,000
Purchase of long-term certificates of deposit	(2,695,000)
Restricted investments	(18,136)
Interest income on investments	377,525
Net Cash used for Investing Activities	(1,845,611)
Net Change in Cash and Cash Equivalents	(750,818)
Cash and Cash Equivalents, Beginning of Year	14,804,822
Cash and Cash Equivalents, End of Year	$ 14,054,004

Reconciliation of operating income to net cash from operating activities	
Operating income	$ 711,157
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	1,951,469
Net pension expense	(25,457)
Net other post employment benefits expense	(122,259)
Change in assets and liabilities	
Supply inventory	(4,667)
Prepaid expenses	(16,589)
Accounts receivable	7,283
Accounts payable and accrued liabilities	90,776
Net Cash from Operating Activities	$ 2,591,713
Non-Cash Capital and Related Financing Activities	
Change in contracts and retention payable	$ (181,206)

Note 1 - Summary of Significant Accounting Policies

A summary of the Douglas County Lake Tahoe Sewer Authority's (the "Authority") significant accounting policies applied in the preparation of the accompanying financial statements follows.

Reporting Entity

The Authority was originally formed as Douglas County Sewer Improvement District No. 1 ("District") in 1953 to provide a public agency for collection, treatment, and disposal of sewage from the unincorporated area known as Stateline, Nevada. After Douglas County proposed an Ordinance to take over the District, and the Ordinance was not passed, in 2017 the Nevada State Legislature heard and adopted Senate Bill 472, now codified as Nevada Revised Statute 335, abolishing the District and replacing it with the Douglas County Lake Tahoe Sewer Authority. All duties of the District, all assets, liabilities, contracts, and accounting procedures were transferred to and adopted by the Authority at the time of the switch-over.

Governmental Accounting and Financial Reporting Standards, adopted by the Governmental Accounting Standards Board, set forth the criteria for determining oversight responsibility. Manifestations of oversight responsibility, which the Authority possesses, include (1) financial interdependency, (2) accountability for fiscal matters, (3) ability to select the governing authority, (4) the ability to designate management, and (5) the ability to significantly influence operations. The Authority is located in Douglas County, Nevada; however, it is not included in or part of the financial statements of Douglas County.

The Authority's financial statements have been prepared on the basis of the governmental proprietary fund concept, as adopted by the Governmental Accounting Standards Board. The governmental proprietary fund concept provides that activities operated in a manner similar to private business enterprises and financed through fees and charges assessed primarily to the users of the services, be presented as a single enterprise fund.

Certain liquid assets of the Authority are restricted for emergency repair/replacement, capital construction, and debt service requirements, and are thus categorized separately on the Statement of Net Position. The sources and nature of these restrictions are discussed in Note 3.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Proprietary funds are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. This means that all assets and all liabilities (whether current or non-current) are included on their statement of net position. Their reported net position is segregated into net investment in capital assets, restricted and unrestricted components. Under the accrual basis of accounting method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for services. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Capacity fees are charged to a third party for the purchase of the capacity right of gallons per day of average daily flow in the treatment plant facilities and are recognized as revenue when such rights are sold.

The properties within the boundaries of this Authority are charged annual assessments for maintenance, operation and modification of the system. In addition, four other participating districts are charged annual assessments for their share of maintenance, operation and modifications of the system. Annual assessments are recognized as revenue when the services are provided.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents and Investments

The Authority considers cash and all short-term investments with original maturities of three months or less, and investments held with the State of Nevada Local Government Investment Pool, to be cash equivalents, as well as cash in custody with the State of Nevada.

Investments are recorded at fair value, which is the same as the value of the pool shares. The State of Nevada Local Government Investment Pool is an unrated external investment pool that does not provide information on realized or unrealized gain or loss activity. Accordingly, changes in the investment pool are reflected as net investment income in the accompanying financial statements. Based on the nature of the investment policies, all amounts are available on demand, except for certificate of deposits, and are therefore, classified as cash equivalents on the Statement of Cash Flows.

Accounts Receivable

The Authority considers receivables at June 30, 2023 to be fully collectible; therefore, no allowance for doubtful accounts is required.

Inventories and Prepaid Expenses

All inventories are valued at the lower of cost or market using the first-in, first-out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses. The cost of prepaid expenses is recorded as an expense when consumed rather than when purchased.

Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

New capital assets and construction projects are capitalized when completed and/or placed in service.

Property, plant, equipment and building improvements of the Authority are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Land	Not depreciated
Facilities	25-50 years
Plant lines	15-30 years
Equipment and other assets	3-20 years
Leasehold improvements	Over life of lease

Accrued Vacation and Sick Leave

All vacation pay is accrued in the financial statements when it is earned. The Authority's employee policies allow employees to buy-out or be paid for a portion of their vacation leave on a yearly basis. Remaining vacation time may be accumulated by employees at fiscal year-end up to 240 hours and compensatory time may be accrued up to 96 hours. Unused vacation and compensatory hours up to the maximum accrual are payable to employees upon retirement or termination. Additionally, employees receive accrued sick pay of up to 960 hours, at 25% of their current hourly rate upon retirement or voluntary termination. The financial statements reflect the vacation and compensatory time accrual plus 25% accrual of sick pay for all employees calculated at the June 30, 2023 rate of pay.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense, information about the fiduciary net position of the Public Employees' Retirement System of Nevada (PERS) and additions to/deductions from PERS' 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. Investments are reported at fair value.

Other Post-Employment Benefits

For purposes of measuring the Authority's OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense, information about the fiduciary net position of the Authority's OPEB Plans and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the Authority's OPEB Plans. For this purpose, the Authority recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources until then. The Authority has pension and Other Post-Employment Benefit (OPEB) related amounts that qualify for reporting in this category. Pension related deferred outflows of resources are discussed in depth in Note 7 and 8, respectively.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time. The Authority has pension and OPEB related amounts that qualify for reporting in this category. Pension related deferred inflows of resources are discussed in depth in Note 7 and Note 8, respectively.

Fair Value

The Authority follows the provisions of the fair value measurement standard which defines the fair value of assets, establishes a framework for measuring the fair value of assets, and outlines the required disclosures related to fair market measurements. The standard defines fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

The standard established a fair value hierarchy for disclosure that classified inputs for valuation techniques into three levels as follows:

Level 1 – Observable inputs are readily available quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 – Inputs for the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 – Inputs are unobservable for an asset or liability in which there is little or no market data. Assets in this category generally include investments where independent pricing information was not obtainable for a significant portion of the underlying assets.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Authority include the accrued other post-employment benefits (OPEB) and PERS net pension liability. Actual results could differ from those estimates.

New Accounting Standard Pronouncement

As of July 1, 2022, the Authority adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset - an intangible asset - and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The Statement

requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. The Authority has evaluated this guidance and determined that is has no impact on the Authority's financial statements.

Note 2 - Compliance with Nevada Revised Statutes (NRS) and the Nevada Administrative Code

The authority conformed to all significant statutory constraints on its financial administration during the year.

Note 3 - Restricted Assets

Repair and Replacement

As provided under the Authority ordinance dated April 18, 2003, annexation and out-of-Authority capacity fees charged for connection to the Authority's sewage system shall be deposited in the Plant Repair and Replacement Fund and restricted as to application for the purpose of making emergency repairs, reconstructing repairs or expanding the Authority's sewage system.

Construction

As provided under the Authority ordinance dated April 18, 2003, special assessments collected from properties within this Authority, and the participating Authority's with whom the Authority is engaged by contract to provide wastewater treatment, are restricted to capital expenditures for the construction and improvements of the Authority's sewage system.

SRF Debt Service Restricted Investments

As a condition of the 2006 and 2019 Clean Water State Revolving Fund (SRF) Loan contracts, bond reserve accounts were set up with the Local Government Investment Pool (LGIP). These accounts were funded with 10% of every SRF loan draw up to the required amounts of $140,497 for the 2006 loan and $650,580 for the 2019 loan.

Note 4 - Cash/Cash Equivalents and Investments

As of June 30, 2023, the Authority has cash deposits in the amount of $1,977,584 and the amount is carried at cost. The bank's balance of $2,798,531 is FDIC insured up to $250,000, and fully collateralized with the Nevada State Collateral Pool, as described below.

In the case of deposits, custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's policy is to voluntarily participate in the Nevada State Collateral Pool for public fund deposits. Depository banks are required to place acceptable securities of no less than 102% of market value of the total deposits of public entities in Nevada with a third-party custodian. The collateral pool is administered and monitored by the Nevada State Treasurer's Office. Due to its participation in the Nevada State Collateral Pool, the Authority's deposits were fully insured and collateralized, and as such, were not exposed to any custodial credit risk at June 30, 2023.

Investments consist of amounts held in the Nevada State Local Government Investment Pool (LGIP) and certificates of deposit. Deposits are held in interest bearing checking and money market accounts. The LGIP operates under NRS and is administered by the Office of the State Treasurer. The LGIP invests in securities as allowed by statute. The LGIP is valued at NAV and therefore is not valued according to the hierarchy. At June 30, 2023, investments of $11,200,214 are on deposit with LGIP and $853,209 are on deposit in interest bearing checking and money market accounts. At June 30, 2023, the LGIP had a weighted average maturity of 113 days. The Authority is able to withdraw funds on a daily basis and has no outstanding commitments as of June 30, 2023.

The Authority is a voluntary participant in the State of Nevada Local Government Investment Pool (LGIP), which has regulatory oversight from the Board of Finance of the State of Nevada. The Authority's investment in the LGIP is equal to its original investment plus monthly allocations of interest income, and realized and unrealized gains and losses, which is the same as the value of the pool shares. The Authority's investment in the LGIP is reported at fair value. Fair value is determined on a daily basis.

Cash is maintained in one commercial bank. The Authority does not currently have a deposit policy related to custodial credit risk.

Cash/cash equivalents totaled the following at June 30, 2023:

Operating	
Cash	$ 173,310
Cash equivalents	387,540
Investments in LGIP	5,626,741
Cash in custody of other governments	22,997
Repair and replacement	
Cash	36,879
Cash equivalents	460,294
Investments in LGIP	1,880,694
Construction	
Cash	1,767,395
Cash equivalents	5,375
Investments in LGIP	3,692,779
	$ 14,054,004

The Authority’s investment holdings of $2,205,000 in certificates of deposit as of June 30, 2023 are categorized as Level 2 investments in accordance with the fair value hierarchy.

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as interest rate risk and credit risk may affect fixed income securities, which are particularly sensitive to credit risks and changes in interest rates.

Nevada Revised Statute sections 355.165, 355.167, and 355.170 authorize the Authority to invest in obligations of the U.S. Treasury, certificates of deposit, and money market mutual funds which are registered with the Securities and Exchange Commission, are rated "AAA" by a nationally recognized rating service, and in securities issued by the federal government or agencies of the federal government. All of the Authority's investments meet those criteria.

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. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Authority's Investment Policy requires that investments mature in no more than three years. The certificates of deposit are "laddered" in such a way that eight (8) certificates of deposit of $245,000 each will mature before June 30, 2024, and four (4) more of $245,000 each before June 30, 2025. These policies minimize the Authority's interest rate risk.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Authority manages credit risk by diversifying its investments by institution, and continuously investing a portion of its portfolio in pooled investment funds, money market accounts and interest-bearing checking accounts to ensure appropriate liquidity. At June 30, 2023, the following investments exceed 5% of the Authority's investments:

Bank	Percentage
US Bank Natl'l Association	8.33%
American Express Nat'l Bank	8.33%
Internat'l Bk Chicago	8.33%
Goldman Sachs Bank USA	8.33%
Parkway Bk & Trust	8.33%
Pacific Premier Bk Irvine	8.33%
Flushing Bk	8.33%
First Nat'l Bk Omaha	8.33%
Bk of Hapoalim NY	8.33%
Morgan Stanley Bk NA	8.33%
Bank of Baroda	8.33%
Associate Bk Green Bay	8.33%

Note 5 - Property, Plant, Equipment and Building Improvements

Property, plant, equipment and building improvements consist of the following as of June 30, 2023:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Capital assets being depreciated				
Wastewater reclamation plant and lines	$ 40,532,971	$ 9,039,858	$ -	$ 49,572,829
Collection lines	1,881,779	48,173	-	1,929,952
Equipment and other assets	4,859,162	313,715	(5,785)	5,167,092
Building improvements	798,812	-	-	798,812
Effluent disposal facility	10,093,182	-	-	10,093,182
	58,165,906	9,401,746	(5,785)	67,561,867
Less accumulated depreciation and amortization				
Wastewater reclamation plant and lines	(25,413,416)	(1,291,004)	-	(26,704,420)
Collection lines	(1,130,670)	(64,806)	-	(1,195,476)
Equipment and other assets	(2,886,772)	(389,879)	3,655	(3,272,996)
Building improvements	(799,994)	(943)	-	(800,937)
Effluent disposal facility	(5,852,106)	(204,837)	-	(6,056,943)
	(36,082,958)	(1,951,469)	3,655	(38,030,772)
Net capital assets being depreciated	22,082,948	7,450,277	(2,130)	29,531,095
Capital assets not being depreciated				
Land	1,103,434	-	-	1,103,434
Construction in progress	9,619,269	714,313	(9,202,041)	1,131,541
Net capital assets not being depreciated	10,722,703	714,313	(9,202,041)	2,234,975
	$ 32,805,651	$ 8,164,590	$ (9,204,171)	$ 31,766,070

Note 6 - Long-Term Debt

On May 25, 2006, the Authority entered into a loan contract (Note 1) with the State of Nevada in order to complete Phases II and III of the Reservoir Lining Project. The maximum amount available on that contract from the "Clean Water State Revolving Fund" was $2,000,000. Interest on loan funds disbursed under that contract accrues interest at the rate of 3.2375%, payable semiannually on January 1st and July 1st, of each year. In connection with that loan, the Authority delivered a $2 million bond to the State Treasurer as collateral. Seven draws were made on the loan in the total amount of $1,225,304. Principal and interest payments are due on this loan twice a year in the amount of $45,392. During the 2023 year, $80,485 of the loan principal was repaid, leaving the Authority with a balance of $257,563 at June 30, 2023. In connection with this loan, $140,497 of the Authority's funds are held by the Local Government Investment Pool as collateral and are restricted for use by the Authority.

On August 28, 2007, the Authority entered into another loan contract (Note 2) with the State of Nevada to complete the main pump station Redundant Force Main Project. The maximum amount available on the contract from the "Clean Water State Revolving Fund" was $1,200,000. Those loan funds accrue interest at the rate of 2.875%, payable semiannually on January 1st and July 1st, of each year. In connection with that loan, the Authority delivered a $1.2 million bond to the State Treasurer as collateral. Two draws were made on the loan in the total amount of $694,766. Principal and interest payments are due twice a year in the amount of $24,857. During the 2023 year, $42,796 of the loan principal was repaid, leaving the Authority with a balance of $208,444 at June 30, 2023.

On October 3, 2019, the Authority entered into a third loan contract (Note 3) with the State of Nevada to complete the rehabilitation of its aerations basins and install other treatment plant upgrades. The maximum amount available on the contract from the "Clean Water State Revolving Fund" is $9,000,000. In connection with this loan, ten percent (10%) of each draw amount was transferred to the Authority's bond reserve account at the Local Government Investment Pool as collateral until the balance reached $650,568. Those funds are restricted for use by the Authority. Interest on loan funds disbursed under the most recent contract accrues at the rate of 2.08%, payable semiannually on January 1st and July 1st, of each year. In connection with that loan, the Authority delivered a $9.0 million bond to the State Treasurer as collateral. During the 2023 fiscal year, the final draw on the loan was made in the amount of $748. During the pendency of construction, only interest payments were made but, following the final draw on the loan, the first principal and interest payment was made on January 1, 2023. In the future, until the loan is paid off in 2040, principal and interest payments will be due twice a year in the amount of $315,618. During the 2023 year, $222,022 of the principal was repaid, leaving the Authority with a balance of $8,777,978 on June 30, 2023.

Following is a summary of the activity in the notes payable account regarding the above-three loans for the year ended June 30, 2023:

	Principal Outstanding June 30, 2022	Additions/ Issued	Payments	Principal Outstanding June 30, 2023	Current Portion June 30, 2024
Direct Borrowing					
Note 1	$ 338,048	$ -	$ 80,485	$ 257,563	$ 83,112
Note 2	251,240	-	42,796	208,444	44,035
Note 3	8,999,252	748	222,022	8,777,978	450,987
	$ 9,588,540	$ 748	$ 345,303	$ 9,243,985	$ 578,134

The annual requirements to amortize the existing principal drawn on the three (3) State Revolving Fund loans are as follows:

Years ending June 30,	Direct Borrowing Principal	Interest	Total
2024	$ 578,134	$ 193,599	$ 771,733
2025	591,551	180,182	771,733
2026	605,291	166,442	771,733
2027	527,843	153,107	680,950
2028	514,408	141,685	656,093
2029-2033	2,607,515	548,665	3,156,180
2034-2038	2,891,747	264,434	3,156,181
2039-2040	927,496	19,358	946,854
	$ 9,243,985	$ 1,667,472	$ 10,911,457

The Authority's outstanding Note 3 allows for a ten-day grace period. A penalty in the amount of .1% of the defaulted payment will be due for each day of nonpayment beyond the grace period. In addition, Note 3 may be terminated upon violation of any material provision of the loan contract after such violation has been called to the attention of the Authority and after failure of the Authority to bring itself into compliance within a reasonable time as established by the State of Nevada.

Compensated Absences

The following schedule summarize the changes in the compensated absences liability as of June 30, 2023:

Year Ended June 30,	Beginning Balance	Increases	Decreases	Ending Balance	Due Within 1 Year
2023	$ 139,203	$ 39,949	$ 14,413	$ 164,739	$ 100,818

Note 7 - Pension Plan

Plan Description

The Authority contributes to the Public Employees Retirement System (PERS or the System), a cost-sharing, and multiple-employer defined benefit public employees' pension plan administered by the State of Nevada. PERS has 221 participating employers. There are no non-employer contributing entities identified in the 2022 GASB 68 Report or the 2022 ACFR issued by the System. PERS provides retirement benefits, disability benefits, annual cost-of-living adjustments, and death benefits to plan members, both Regular and Police/Fire classes, and beneficiaries. The Authority's employees are considered Regular members. The System was established by the Nevada Legislature in 1947, and the provisions are set forth in Nevada Revised Statutes Chapter 286. PERS issues an Annual Comprehensive Financial Report, which may be obtained by writing to the Public Employees Retirement System of Nevada, 693 West Nye Lane, Carson City, Nevada 89703 or by visiting the website at www.nvpers.org.

Benefits Provided

Benefits, as required by the Nevada Revised Statutes (NRS or statute), are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months with special provisions for members entering the System on or after January 1, 2010 and July 1, 2015.

Monthly benefit allowances for members are computed at 2.50% of average compensation for each accredited year of service prior to July 1, 2001. For service earned on and after July 1, 2001, this multiplier is 2.67% of average compensation. For members entering the System on or after January 1, 2010 there is a 2.50% service time factor and for members entering the System on or after July 1, 2015, there is a 2.25% factor. The System offers several alternatives to the unmodified service retirement allowance which, in general, allow the retired employee to accept a reduced service retirement allowance payable monthly during his or her lifetime and various optional monthly payments to a named beneficiary after his or her death.

Post-retirement increases are provided by authority of NR 286.575-579.

Vesting

Regular plan members entering the System prior to January 1, 2010 are eligible for retirement at age 65 with five years of service, at age 62 with ten years of service, or at any age with thirty years of service. Regular plan members entering the System on or after January 1, 2010 are eligible for retirement at age 65 with five years of service or age 62 with 10 years of service, or any age with thirty years of service. Regular members who entered the System on or after July 1, 2015 are eligible for retirement at age 65 with 5 years of service, at age 62 with 10 years of service, at age 55 with 30 years of service, or any age with 33 1/3 years of service.

The normal ceiling limitation on monthly benefits allowances is 75% of average compensation. However, a member who has an effective date of membership before July 1, 1985 is entitled to a benefit of up to 90% of average compensation. Members become fully vested as to benefits upon completion of five years of service.

Contributions

The authority for establishing and amending the obligation to make contributions and member contribution rates is set by statute. Contributions are shared equally by employer and employee. The Authority is an Employer-Paid agency which means that employees take a reduced salary, and the contributions are paid by the Authority.

The System's basic funding policy provides for periodic contributions at a level pattern of cost as a percentage of salary throughout an employee's working lifetime in order to accumulate sufficient assets to pay benefits when due.

The System receives an actuarial valuation on an annual basis indicating the contribution rates required to fund the System on an actuarial reserve basis. Contributions made are in accordance with the required rates established by the Nevada Legislature. These statutory rates are increased or decreased pursuant to NRS 286.421 and 286.450.

The actuary funding method used is the Entry Age Normal Cost Method. It is intended to meet the funding objective and result in a relatively level long-term contributions requirement as a percentage of salary.

For the fiscal years ending June 30, 2023 and 2022 the Statutory Employer-Pay contribution rate for Regular Members was 29.75%. With the adoption of GASB 82, in the 2018 fiscal year, one-half of the contribution is considered employees' salaries, and their portion of the contribution.

The Authority's contributions were $323,704 for the year ended June 30, 2023. Of this amount, $161,852 was classified as Employer contributions and $161,852 was classified as Member contributions.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the Authority reported a liability of $2,680,899 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's allocation percentage of the net pension liability was based on the employer portion of the total contributions due on wages paid during the measurement period relative to the total employer contributions for all employers for the period ended June 30, 2022. At June 30, 2022, the Authority's portion was .01485 percent of the total, which was a decrease of .00111% from its proportion measured at June 30, 2021.

For the year ended June 30, 2023, the Authority recognized pension expense of $298,247. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 347,132	$ (1,915)
Changes of assumptions	344,380	-
Net difference between projected and actual earnings on investments	32,708	-
Changes in proportion and differences between actual contributions and proportionate share of contributions	78,279	(305,560)
Contributions subsequent to the measurement date	161,852	-
	$ 964,351	$ (307,475)

The $161,852 reported as deferred outflows of resources resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year 2024. The net difference between projected and actual investment earnings on pension plan investments will be recognized over five years. All the other above deferred outflow and deferred inflows will be recognized over the average expected remaining services lives, which was 5.70 years for the measurement period ending June 30, 2022. The amount reported as deferred outflows(inflows)of resources will be recognized in pension expense as follows:

Years ending June 30,	
2024	$ 10,623
2025	46,255
2026	50,571
2027	353,013
2028	34,562
2029	-
	$ 495,024

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Payroll Growth	3.50%
Investment rate of return/discount rate	7.25%
Productivity pay increases	0.50%
Projected salary increases	4.20% - 9.10%, depending on service and including inflation and productivity increases
Consumer Price Index	2.50%
Other Assumptions	Same as those used in the June 30, 2022 funding actuarial valuation

Mortality rates for healthy regular members and contingent beneficiaries were based on Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table with rates increased by 30% for males and 15% for females. For ages before age 40, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Tables. For ages 40 through 50, the rates were smoothed between the above tables.

Mortality rates for disabled regular members were based on Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table with rates increased by 20% for males and 15% for females.

Mortality rates for current beneficiaries were based on Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table with rates increased by 15% for males and 30% for females. For ages before age 35, mortality rates are based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table. For ages 35 through 45, the rates were smoothed between the above tables.

Mortality rates for pre-retirement regular members were based on Pub-2010 General Employee Amount-Weighted Above-Median Mortality Table.

The mortality tables were projected generationally with the two-dimensional mortality improvement scale MP-2020.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial valuation completed on June 30, 2020.

Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

There were no changes in assumptions from June 30, 2021 to June 30, 2022.

PERS Investment Policy – PERS' policies which determine the investment portfolio target asset allocation are established by the PERS Board. The asset allocation is reviewed annually and is designed to meet the future risk and return needs of the System.

The following was the PERS' Board adopted policy target asset allocation as of June 30, 2022:

Asset Class	Target Allocation	Long-Term Geometric Expected Real Rate of Return*
U.S. stocks	42%	5.50%
International stocks	18%	5.50%
U.S. bonds	28%	0.75%
Private markets	12%	6.65%

*As of June 30, 2022, PERS' long-term inflation assumption was 2.50%

Discount Rate

The discount rate used to measure the total pension liability was 7.25% as of June 30, 2022, which was the same as that used as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, the pension plan's fiduciary net position at June 30, 2022 was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Pension Liability Discount Rate Sensitivity

The following represents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
The Authority's proportional share of the net pension liability	$ 4,116,057	$ 2,680,899	$ 1,496,678

Note 8 - Other Post-Employment Benefits

Plan Description

Authority Plan – Since September 1, 2008, the Authority has had in place a single-employer post-employment benefits program available to retirees of the Authority. The Plan provides eligible employees who retire from the Authority the ability to continue their coverage under the health plans offered by the Authority to its active employees, including medical, dental, vision and life insurance coverage. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB No. 75. No separate financial reports are issued.

PEBP – The Authority's employees who retired prior to September 1, 2008 were enrolled in the State of Nevada Public Employees' Benefit Plan (PEBP). Public employees who met the eligibility requirements for retirement had the option upon retirement to continue group insurance including medical, dental, vision, accidental death and dismemberment, travel accident, long-term disability, mental health, substance abuse and life insurance benefits. Nevada Administrative Code 287.530 bestowed this benefit upon the retiree. The Public Employees' Benefits Program administers these benefits as a multiple employer cost sharing plan. Complete financial statements for the State Retirees' Health and Welfare Benefits Fund can be obtained from the Accounting Department at the Public Employees Benefit Program, 901 South Stewart Street, Carson City, Nevada 89701.

Funding Policy

Authority Plan – The Authority has adopted a schedule to determine its contribution to each retiree's OPEB benefits based on the amount of time each retiree has served Nevada government employers. That OPEB schedule will be reviewed on an annual basis, as part of the budgeting process, and may be amended by the Board of Directors. In July 2009, the first actuarial study was done by Bickmore Risk Associates, and funding options were thereafter considered by the Authority's Board. Due to the small size of the Authority and its few employees, it was determined the Pay-As-You-Go method would be adopted.

For fiscal year 2023, the Authority contributed $39,464 for current premiums. Plan members receiving benefits contributed varying amounts depending on the types and levels of coverage sought, and the number of people under their plans selected, up to a maximum of $772 per month.

PEBP – Public employers' contributions for each fiscal year, and sometimes fiscal quarters are determined by the Nevada State Department of Administration, Budget Division. For Authority retirees currently on the PEBP benefits plan, the retiree's monthly contributions are deducted from pension checks. The cost varies depending on which health plan the retiree chooses as well as the amount of the subsidy paid by the Authority. The Authority pays its required contribution monthly when PEBP invoices are received.

For fiscal year 2023, the Authority's contributions toward the PEBP plan totaled $16,531. These amounts vary by year due to state Department of Administration changes in the subsidy limits.

Employees Covered by Benefit Term

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Authority Plan

Active employees	12
Retirees and surviving spouses	10
Active plan members	22

PEBP

Inactive employees or beneficiaries currently receiving benefit payments	5

Actuarial Methods and Assumptions

The actuary firm of MacLeod Watts, performed a valuation of the Authority Plan and the PEBP, dated June 30, 2021. The results below are based on a roll-forward of that data.

Actuarial valuations include projections of the sharing of benefit-related costs that are based on labor association agreements and an established pattern of practice. The total OPEB liability in the actuarial valuation for each plan was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified.

	Authority Plan	PEBP
Valuation date	June 30, 2021	June 30, 2021
Measurement date	June 30, 2022	June 30, 2022
Actuarial cost method	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay
Inflation	2.5% per year	2.5% per year
Healthcare cost trend rates	5.8% in 2023, fluctuates to ultimate rate of 3.9% in 2076 and later	5.8% in 2023, fluctuates to ultimate rate of 3.9% in 2076 and later
Salary increases	3.0%	3.0%
Discount rate	3.69%	3.69%
Retirement age	45 to 75	45 to 75
Mortality	Scale MP-2021 set forward one year	Scale MP-2021 set forward one year
Mortality improvement	MW Scale 2022 applied generationally from 2020	MW Scale 2022 applied generationally from 2020

The actuarial assumptions used in the June 30, 2021 valuation, were based on actual census data.

Discount Rate

The discount rate is the same for both Plans. The discount rate at the roll forward measurement date was 3.69% reflecting the change in the municipal bond rate, for Fidelity Municipal Bond AA 20 Year Maturity Yield as of June 30, 2022. The discount rate at the 2021 valuation date was 1.92% based on the Fidelity Municipal Bond AA 20 Year Maturity Yield as of June 30, 2021. Benefit payments are funded on a pay-as you go basis.

Changes in the Total OPEB Liabilities

	Authority Plan	PEBP	Total
Balance, July 1, 2022	$ 660,951	$ 346,608	$ 1,007,559
Changes for year			
Service cost	10,171	-	10,171
Interest	12,525	6,496	19,021
Changes in assumptions or other inputs	(110,924)	(55,651)	(166,575)
Benefit payments	(37,781)	(16,637)	(54,418)
Balance, June 30, 2023	$ 534,942	$ 280,816	$ 815,758

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

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.69%) or 1-percentage-point higher (4.69%) than the current discount rate:

	1% Decrease in Discount Rate (2.69%)	Discount Rate (3.69%)	1% Increase in Discount Rate (4.69%)
Authority Plan	$ 592,994	$ 534,942	$ 486,902
PEBP	310,261	280,816	255,775
Total OPEB liability	$ 903,255	$ 815,758	$ 742,677

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.80% decreasing to 2.90%) or 1-percentage-point higher (6.80% decreasing to 4.90%) than the current healthcare cost trend rates.

	1% Decrease	Health Care Cost Trend	1% Increase
Authority Plan	$ 534,942	$ 534,942	$ 534,942
PEBP	253,564	280,816	312,360
Total OPEB liability	$ 788,506	$ 815,758	$ 847,302

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

For the year ended June 30, 2023, the Authority recognized OPEB expense of $(17,109) for the Authority Plan and $(49,155) for the PEBP, for a total OPEB expense of $(66,264).

For the year ended June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows related to OPEB as follows:

	Authority Plan	PEBP	Total
Deferred outflows of resources			
Changes of assumption	$ 47,742	$ -	$ 47,742
Differences between expected and actual experiences	17,037	-	17,037
Contributions subsequent to the measurement date	39,464	16,531	55,995
	$ 104,243	$ 16,531	$ 120,774
Deferred inflows of resources			
Changes of assumption	$ 109,055	$ -	$ 109,055
Differences between expected and actual experiences	34,931	-	34,931
	$ 143,986	$ -	$ 143,986

Deferred outflows of resources from employer contributions subsequent to the measurement date in the amount of $55,995 will be recognized as a reduction in the OPEB liability in the year ending June 30, 2023. The remaining amounts reported as deferred outflows of resource and deferred inflows of resources, net ($79,207) related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	Authority Plan	PEBP
2024	$ (32,569)	$ -
2025	(15,918)	-
2026	(3,026)	-
2027	(6,970)	-
2028	(11,566)	-
Thereafter	(9,158)	-
	$ (79,207)	$ -

Douglas County Lake Tahoe Sewer Authority
Schedule of Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.01485%	0.01596%	0.01512%	0.01672%	0.01725%	0.01861%	0.02096%	0.01960%
Authority's proportionate share of the net pension liability	$ 2,680,899	$ 1,455,582	$ 2,106,093	$ 2,280,194	$ 2,352,581	$ 2,474,613	$ 2,820,680	$ 2,245,886
Authority's covered payroll	$ 1,185,907	$ 1,185,519	$ 1,124,090	$ 1,246,144	$ 1,245,377	$ 1,264,884	$ 1,307,235	$ 1,324,729
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	226%	123%	187%	203%	189%	199%	223%	172%
PERS fiduciary net position as a percentage of the total pension liability	75.12%	77.04%	76.46%	75.24%	74.40%	72.20%	75.13%	76.31%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available the Authority will present information only for those years for which information is available.

Notes to schedule:	2022-2021	2020-2017	2016-2014
Inflation rate	2.50%	2.75%	3.50%
Payroll growth	3.50%	5.00%	5.00%
Investment rate of return / discount rate	7.25%	7.50%	8.00%
Productivity pay increase	0.50%	0.50%	0.75%
Projected salary increase**	4.20% to 9.10%	4.25% to 9.15%	4.60% to 9.75%
Consumer price index	2.50%	2.75%	3.50%
Mortality rates			
Healthy***	Pub-2010 General and Safety Healthy Retiree and Employee	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality
Disabled	Pub-2010 Non-Safety and Safety Disabled Retiree Amount-Weighted	Headcount-Weighted RP-2014 Healthy	RP-2000 Combined Healthy Mortality
Current beneficiaries***	Pub-2010 Contingent Survivor and General Employee	Headcount-Weighted RP-2014 Healthy	N/A
Pre-retirement***	Employee Pub-2010 General and Safety Employee	Headcount-Weighted RP-2014 Healthy	N/A
Future mortality improvement	Generational Projection Scale MP-2020	6 years	N/A

** Depending on service. Rates include inflation and productivity increases.
***Amount-Weighted Above-Median.

Douglas County Lake Tahoe Sewer Authority

Schedule of Authority Contributions
Public Employee's Retirement System of Nevada
Last Ten Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 161,852	$ 163,333	$ 167,064	$ 157,579	$ 161,415	$ 160,670	$ 167,155	$ 181,723
Contributions in relation to the statutorily required contribution	(161,852)	(163,333)	(167,064)	(157,579)	(161,415)	(160,670)	(167,155)	(181,723)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 1,175,399	$ 1,185,907	$ 1,185,519	$ 1,124,090	$ 1,246,144	$ 1,245,377	$ 1,264,884	$ 1,307,235
Contributions as a percentage of covered payroll	13.77%	13.77%	14.09%	14.02%	12.95%	12.90%	13.22%	13.90%
Contribution rate set by statute	29.75%	29.75%	29.25%	29.25%	28.00%	28.00%	28.00%	28.00%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until ten years of data is available the Authority will present information only for those years for which information is available.

Douglas County Lake Tahoe Sewer Authority

Schedule of Changes in the Authority's Total OPEB Liability and Related Ratios

Last Ten Fiscal Years*

Authority Plan	2023	2022	2021	2020	2019	2018
Service cost	$ 10,171	$ 15,374	$ 12,920	$ 21,297	$ 20,692	$ 22,256
Interest	12,525	14,577	17,199	26,369	26,071	23,140
Differences between expected and actual experience	-	24,541	-	-	-	-
Changes in assumptions or other inputs	(110,924)	40,800	42,634	(180,296)	(4,615)	(52,851)
Benefit payments	(37,781)	(27,876)	(31,569)	(44,318)	(48,965)	(53,303)
Net change in total OPEB liability	(126,009)	67,416	41,184	(176,948)	(6,817)	(60,758)
Total OPEB liability, beginning of year	660,951	593,535	552,351	729,299	736,116	796,874
Total OPEB liability, ending of year	$ 534,942	$ 660,951	$ 593,535	$ 552,351	$ 729,299	$ 736,116
Covered Payroll	$ 1,182,031	$ 1,228,276	$ 1,154,753	$ 1,233,218	$ 907,276	$ 1,109,730
Total OPEB Liability as a percentage of covered payroll	45.26%	53.81%	51.40%	44.79%	80.38%	66.33%

PEBP	2023	2022	2021	2020	2019	2018
Interest	$ 6,496	$ 8,103	$ 9,862	$ 8,029	$ 8,538	$ 8,279
Differences between expected and actual experience	-	(5,782)	-	-	-	-
Changes in assumptions or other inputs	(55,651)	22,497	23,824	103,248	(1,438)	(17,250)
Benefit payments	(16,637)	(17,874)	(18,178)	(17,814)	(32,468)	(36,978)
Net change in total OPEB liability	(65,792)	6,944	15,508	93,463	(25,368)	(45,949)
Total OPEB liability, beginning of year	346,608	339,664	324,156	230,693	256,061	302,010
Total OPEB liability, ending of year	$ 280,816	$ 346,608	$ 339,664	$ 324,156	$ 230,693	$ 256,061
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Total OPEB Liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

No assets are held in trust for either Plan.

*GASB Statement No. 75 requires ten years of information to be presented in this table. However, until ten years of data is available the Authority will present information only for those years for which information is available.

Total OPEB Liability

	Authority Plan	PEBP
Valuation date	June 30, 2021	June 30, 2021
Measurement date	June 30, 2022	June 30, 2022
Actuarial cost method	Entry Age Normal Level % of Pay	Entry Age Normal Level % of Pay
Inflation	2.5% per year	2.5% per year
Healthcare cost trend rates	5.8% in 2023, fluctuates to ultimate rate of 3.9% in 2076 and later	5.8% in 2023, fluctuates to ultimate rate of 3.9% in 2076 and later
Salary increases	3.0%	3.0%
Discount rate	3.69%	3.69%
Retirement age	45 to 75	45 to 75
Mortality	Scale MP-2021 set forward one year	Scale MP-2021 set forward one year
Mortality improvement	MW Scale 2022 applied generationally from 2020	MW Scale 2022 applied generationally from 2020

Supplementary Information
June 30, 2023

Douglas County Lake Tahoe Sewer Authority

	Final Augmented Budget	Actual	Variance
Operating Revenues			
Charges for services and assessments	$ 5,719,789	$ 5,603,699	$ (116,090)
Other fees, revenue	13,000	36,162	23,162
Total operating revenues	5,732,789	5,639,861	(92,928)
Operating Expenses			
Salaries, wages and benefits	1,838,894	1,731,120	107,774
Electrical and other utilities	536,620	476,861	59,759
Chemicals and supplies	99,250	80,979	18,271
Legal and accounting	98,300	99,702	(1,402)
Engineering and consulting	61,000	65,845	(4,845)
Repairs and maintenance	444,650	249,276	195,374
Insurance and other operating expenses	340,916	242,685	98,231
Fuels and lubricants	40,160	30,767	9,393
Depreciation and amortization	2,235,735	1,951,469	284,266
Total operating expenses	5,695,525	4,928,704	766,821
Operating Income	37,264	711,157	673,893
Nonoperating Revenues			
Consolidated taxes	137,984	137,984	-
Interest income	250,000	430,904	180,904
Gain on disposal of assets	-	370	370
Capacity fees	-	2,560	2,560
Total nonoperating revenues	387,984	571,818	183,834
Nonoperating Expenses			
Debt service interest	202,107	200,185	(1,922)
Change in Net Position	$ 223,141	$ 1,082,790	$ 859,649

	Final Augmented Budget	Actual	Variance
Operating Activities			
Cash received from customers	$ 5,732,789	$ 5,524,558	$ (208,231)
Cash payments to suppliers for goods and services	(1,620,896)	(1,087,272)	533,624
Cash payments to employees for services including benefits	(1,838,893)	(1,845,573)	(6,680)
Net Cash from Operating Activities	2,273,000	2,591,713	318,713
Noncapital and Related Financing Activities			
Consolidated taxes	137,984	137,984	-
Capital and Related Financing Activities			
Acquisition and construction of capital assets	(1,000,000)	(1,093,094)	(93,094)
Cash from disposal of assets	-	370	370
Cash received for capacity fees	-	2,560	2,560
State revolving fund loan proceeds	-	748	748
Debt service interest	(202,107)	(200,185)	1,922
Payments on long-term debt	(569,626)	(345,303)	224,323
Net Cash used for Capital and Related Financing Activities	(1,771,733)	(1,634,904)	136,829
Investing Activities			
Sale of investments	-	490,000	490,000
Purchase of Investments	(2,205,000)	(2,695,000)	(490,000)
Restricted investments	-	(18,136)	(18,136)
Interest income on investments	250,000	377,525	127,525
Net Cash used for Investing Activities	(1,955,000)	(1,845,611)	109,389
Net Change in Cash and Cash Equivalents	(1,315,750)	(750,818)	564,931
Cash and Cash Equivalents, Beginning of Year	13,628,179	14,804,822	1,176,643
Cash and Cash Equivalents, End of Year	$ 12,312,429	$ 14,054,004	$ 1,741,574

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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 Trustees
Douglas County Lake Tahoe Sewer Authority
Zephyr Cove, Nevada

We have audited, 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 *(Government Auditing Standards)*, the financial statements of the business-type activities of Douglas County Lake Tahoe Sewer Authority (the "Authority"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 7, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 entity'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.



Reno, Nevada
November 7, 2023

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Auditor's Comments

To the Board of Directors
Douglas County Lake Tahoe Sewer Authority
Zephyr Cove, Nevada

In connection with our audit of the financial statements of the Douglas County Lake Tahoe Sewer Authority (the "Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, nothing came to our attention that caused us to believe that the Authority failed to comply with the specific requirements of Nevada Revised Statutes cited below. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Authority's noncompliance with the requirements of Nevada Revised Statutes cited below, insofar as they relate to accounting matters.

Current Year Statute Compliance

The required disclosure on compliance with Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

Progress on Prior Year Statute Compliance

There were no potential statute violations reported in the June 30, 2022 audit report.

Current Year Recommendations

There were no findings communicated for the year ended June 30, 2023.

Prior Year Recommendations

There were no findings communicated for the year ended June 30, 2022.

Eide Bailly LLP

Reno, Nevada
November 7, 2023