CASEY NEILON

November 19, 2024

To the Board of Trustees and Management
Douglas County Lake Tahoe Sewer Authority
Zephyr Cove, NV 89448

We have audited the financial statements of the governmental activities and major fund of the Douglas County Lake Tahoe Sewer Authority (the "Authority") as of and for the year ended June 30, 2024.Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 26, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Authority adopted the new Statement of Governmental Accounting Standards (GASB Statement) Statement No. 100, *Accounting Changes and Errors Corrections* in 2024. The implementation of this statement had no impact to the Authority. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management's estimates relating to pension and OPEB information and the related assets and liabilities. Management's estimate of the pension information is based on the actuarial report provided by the State of Nevada, management's estimate of the OPEB information is based on the actuarial valuation performed by MacLeod Watts, an actuary firm. We evaluated the key factors and assumptions used to develop the pension and OPEB information and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

> The disclosure relate to pension and OPEB information in Notes 8 and 9.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following listing of journal entries were misstatements noted during our audit, and were corrected by management.

Account	Description	Debit	Credit
To record GASB 87 inception of lease			
121.4000	Lease Receivable	482,260.00	
207.4000	Deferred inflows- Lease		482,260.00
Total		**482,260.00**	**482,260.00**
To record current year GASB 87 activity			
207.4000	Deferred inflows- Lease	56,264.00	
307.4000CN	GASB 87- Lease Adjustment	6,736.00	
121.4000	Lease Receivable		50,796.00
652.4300CN	Interest Income- Lease		12,204.00
Total		**63,000.00**	**63,000.00**

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 19, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis, pension information and other postemployment benefit information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Statement of Revenues, Expenses and Changes in Net Position – Budget and Actual, and the Statement of Cash Flows – Budget and Actual, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This report is intended solely for the information and use of the governing body and management of the Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Casey Neilon, Inc.

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