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Financial Statements
June 30, 2024

Douglas County Lake Tahoe Sewer Authority

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Casey Neilon, Inc.
Accountants and 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

Opinions

We have audited the accompanying financial statements of the business-type activities of the Douglas County Lake Tahoe Sewer Authority (the "Authority") as of and for the year ended June 30, 2024, 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 financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Authority, as of June 30, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal

control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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, and pension and other post-employment benefit information on pages 4-10 and 35-38, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 Revenue, Expenses and Changes in Net Position - Budget and Actual and the Statement of Cash Flow - Budget and Actual on page 39-40 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 auditing standards generally accepted in the United States of America. In our opinion, the Statement of Revenue, Expenses and Changes in Net Position - Budget and Actual and the Statement of Cash Flow - 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 19, 2024, 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.

Casey Neilon, Inc.

Carson City, Nevada
November 19, 2024

Douglas County Lake Tahoe Sewer Authority

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

June 30, 2024

As management of the Douglas County Lake Tahoe Sewer Authority (the "Authority," "DCLTSA"), 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, 2024.

Financial Highlights

In July 2022, the Authority put online major components of a $9,000,000 project rehabilitating 40-year-old aeration basins and upgrading the headworks and grit removal processes. The new equipment and technology changed many aspects of the wastewater treatment process. In the 2023 and 2024 fiscal years staff adapted the previous treatment strategies, based on daily lab testing to respond to the demands of the new system. While lab testing and chemical costs increased, the volume of biosolids decreased, resulting in lower hauling and disposal costs. The new process significantly improved effluent quality, as reported quarterly to the Nevada Division of Environmental Protection (NDEP).

Personnel costs increased 11% in the 2024 fiscal year. However, only 4% of that increase was due to wages. The Public Employees Retirement System (PERS) does an annual actuarial study to apportion pension expense among the participating entities. That pension expense number increased from 2023 by more than $97,000, or 32%.

Near the end of the 2022 fiscal year, the Authority's Board of Trustees approved a system-wide assessment of DCLTSA's collection system, much of which is more than 50 years old. That physical line camera work and assessment cost approximately $120,000 in the 2024 fiscal year and the engineering portion of the assessment is not yet complete. Information from the assessment will be used 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 PERS net liability on the local government's financial statements. In June 2024, 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, 2023. Per that report, over the past fiscal year the Authority's proportionate share of the PERS liability decreased by $128,939 or 4.8%.

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. An actuarial evaluation as of June 30, 2023 was completed by MacLeod Watts, resulting in a decrease to the Authority's OPEB liability of $14,702 or 1.8%.

In the 2022 fiscal year, the Authority adopted GASB Pronouncement 96 which requires that Subscription-Based Information Technology Arrangements (SBITA) 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 2024 fiscal year, with the rest recorded as prepaid expenses. No liabilities were recorded as all SBITAs were paid for up front.

In the 2024 fiscal year, the Authority applied GASB Pronouncement 87 to lease payments received from NV Energy for the right to park their fleet vehicles on the Authority property. GASB 87 requires the lessor to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, and recognize interest revenue on the lease receivable and an inflow of resources from the deferred inflows of resources in a systematic and rational manner over the term of the lease. In accordance with GASB 87, at the end of fiscal year June 30, 2024, $425,996 is reported as deferred inflows of resources for lease, restricted for construction and $431,464 is recorded as lease receivable on the Statement of Net Position.

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 $38.4 million at the close of the 2024 fiscal year. The current fiscal year's net position is $1,312,405 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 net 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.

33.1% or $12,704,789 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 $4,094,456 as of June 30, 2024 may be used to support operating and maintenance expenses.

As shown in Table A-2, for the fiscal year 2024, total revenues increased by $988,072 or 15.9%. This increase is largely due to non-operating income from the rental and lease of parking space on DCLTSA property and higher investment interest earnings.

Total expenses including depreciation and amortization increased by $758,457 or 14.8%. $396,508 of the increase was from higher depreciation incurred when the $9,000,000 Aeration Basin and Plant Upgrades project was capitalized at the end of the 2023 fiscal year.

Sewer user charges include operations and maintenance costs as well as a capital assessment. The capital assessment portion of rates for Fiscal Year 2024 totaled $2,250,000. With the increased expenses referenced above, the total sewer user charges increased by 5.3% or $299,543.

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 2024, operating expenses including depreciation were $345,586 or 5.7% less than budgeted. The Authority initially budgeted an operating loss of $40,557. However, at year end, the actual operating gain was $220,119 with an overall $1,148,077 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 2024, that adjustment resulted in the districts receiving 6.4%, 1.2% and 6.8% 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, 2024, the Authority's capital assets amounted to $30,281,351 net of accumulated depreciation and amortization as shown in Table A-3, a decrease of $1,484,719 compared to the prior year, which is attributable to increased depreciation and amortization from assets recently capitalized.

During the year, more than $862,000 was spent on the Authority's capital improvement projects and the replacement of operating equipment. More than $535,000 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. $685,000 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 2025, the Authority plans to finish the upgrades to its pump stations, repave and replace roads and concrete sidewalks, and begin the permitting process 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 $1.8 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 2023 accounting for 91% 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.

In 2022, business for the casinos and hotels boomed with freedom from pandemic restrictions and great weather conditions helping to increase tourism. However, in 2023 extreme weather conditions, snow and then rain, impacted travel and tourism suffered. Overall, commercial flows in 2023 decreased by 4% from 2022.

The fiscal year 2025 budget reflects operating expenses that total $6,166,853 including depreciation and amortization, an increase of 1.98% over those budgeted for fiscal year 2024. That increase is due largely to increased estimated depreciation with the other budgeted operating expenses increasing less than 0.4%.

DCLTSA 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 2025 fiscal year, In-Authority residential rates increased by 3.1% to $594 per year. Rates to the participating districts vary according to their flow contributions. Two districts received rate decreases averaging 4.3%. One of the districts, that had significantly higher flows than in prior years, received a 7.5% rate increase. Due to lower overall commercial flows in the prior calendar year, In-Authority commercial rates increased by 1.6%, from $11.29 to $11.47 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,		Increase/
	2024	2023	(Decrease)
Current, restricted and other assets	$ 18,858,605	$ 17,692,072	$ 1,166,533
Non-current restricted assets	1,715,000	490,000	1,225,000
Capital assets	30,281,351	31,766,070	(1,484,719)
Total assets	50,854,956	49,948,142	906,814
Deferred outflows of resources	965,184	1,085,125	(119,941)
Current Liabilities	1,080,214	1,146,333	(66,119)
Non-current liabilities	11,501,047	12,333,133	(832,086)
Total liabilities	12,581,261	13,479,466	(898,205)
Deferred inflows of resources	824,134	451,461	372,673
Net position			
Net investment in capital assets	21,615,500	22,522,085	(906,585)
Restricted	12,704,789	11,020,936	1,683,853
Unrestricted	4,094,456	3,559,319	535,137
Total net position	$ 38,414,745	$ 37,102,340	$ 1,312,405

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

	June 30,		Increase/
	2024	2023	(Decrease)
Operating revenues			
Sewer user charges	$ 5,903,242	$ 5,603,699	$ 299,543
Other income	18,173	36,162	(17,989)
Non-operating revenues	1,277,966	571,448	706,518
Total revenues	7,199,381	6,211,309	988,072
Operating expenses	3,353,319	2,977,235	376,084
Depreciation and amortization	2,347,977	1,951,469	396,508
Gain on disposal of assets	(1,250)	(370)	(880)
Debt service interest	186,930	200,185	(13,255)
Total expenses	5,886,976	5,128,519	758,457
Change in net position	1,312,405	1,082,790	229,615
Net position, beginning of year	37,102,340	36,019,550	1,082,790
Net position, end of year	$ 38,414,745	$ 37,102,340	$ 1,312,405

Table A-3
Capital Assets

	June 30, 2024	June 30, 2023	Increase/ (Decrease)
Land	$ 1,103,434	$ 1,103,434	$ -
Plant and lines	61,618,031	61,595,963	22,068
Equipment and other assets	5,345,358	5,167,092	178,266
Leasehold improvements	798,812	798,812	-
Construction in progress	1,793,283	1,131,541	661,742
	70,658,918	69,796,842	862,076
Less: Accumulated depreciation and amortization	(40,377,567)	(38,030,772)	(2,346,795)
Net property, plant, equipment and leasehold improvements	$ 30,281,351	$ 31,766,070	$ (1,484,719)

FINANCIAL STATEMENTS

Douglas County Lake Tahoe Sewer Authority
Statement of Net Position
June 30, 2024

ASSETS	
Current Assets	
Cash and cash equivalents	
Cash	$ 182,197
Deposits in investment accounts	420,193
Investments in LGIP	5,922,915
Cash in custody of other governments	22,997
Short-term certificate of deposit investments	490,000
Accounts receivable	133,259
Supply inventory	32,747
Prepaid expenses	31,416
Interest receivable	33,348
Total current assets	7,269,072
Current Restricted Assets	
Repair and replacement	
Cash and cash equivalents	
Cash	33,608
Deposits in investment accounts	546,870
Investments in LGIP	2,021,165
Short-term certificate of deposit investments	490,000
Interest receivable	27,048
	3,118,691
Construction	
Cash and cash equivalents	
Cash	1,418,869
Deposits in investment accounts	45,388
Investments in LGIP	4,373,187
Lease receivable	431,464
Interest receivable	70,302
Short-term certificate of deposit investments	1,225,000
State revolving fund debt service restricted investments	825,322
	8,389,532
Total current restricted assets	11,508,223
Restricted Non-current Assets	
Repair and replacement	
Long-term certificate of deposit investments	1,225,000
Construction	
Long-term certificate of deposit investments	490,000
Total restricted non-current assets	1,715,000
Capital Assets	
Capital assets not being depreciated	2,896,717
Capital assets being depreciated, net	27,384,634
Total capital assets	30,281,351
Other Assets	
Deposits	81,310
TOTAL ASSETS	50,854,956
DEFERRED OUTFLOWS OF RESOURCES	
Pension requirement	824,888
Postemployment retirement obligation	140,296
TOTAL DEFERRED OUTFLOWS OF RESOURCES	965,184

Douglas County Lake Tahoe Sewer Authority
Statement of Net Position
June 30, 2024

LIABILITIES	
Current Liabilities, Payable From Current Assets	
Accounts payable	$ 228,910
Accrued compensation and other expenses	167,315
Current portion of long-term debt	591,551
Total current liabilities payable from current assets	987,776
Current Liabilities, Payable From Restricted Assets	
Construction	
Accounts payable	92,438
Non-current Liabilities	
Accrued compensation	73,731
Other post-employment benefits liability	801,056
Pension proportionate liability	2,551,960
Long-term debt, less current portion	8,074,300
Total non-current liabilities	11,501,047
TOTAL LIABILITIES	12,581,261
DEFERRED INFLOWS OF RESOURCES	
Pension requirement	304,450
Postemployment retirement obligation	93,688
Lease, restricted for construction	425,996
TOTAL DEFERRED INFLOWS OF RESOURCES	824,134
NET POSITION	
Net investment in capital assets	21,615,500
Restricted for debt service	825,322
Restricted for construction	7,535,776
Restricted for repair and replacement	4,343,691
Unrestricted	4,094,456
TOTAL NET POSITION	$38,414,745

Douglas County Lake Tahoe Sewer Authority
Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2024

OPERATING REVENUES	
Charges for services and assessments	$ 5,903,242
Other income	18,173
Total operating revenues	5,921,415
OPERATING EXPENSES	
Salaries, wages and benefits	1,923,180
Electrical and other utilities	467,577
Chemicals and supplies	114,276
Legal and accounting	97,555
Engineering and consulting	133,718
Repairs and maintenance	307,272
Insurance	104,441
Fuels and lubricants	28,255
Other operating expenses	177,045
Depreciation and amortization	2,347,977
Total operating expenses	5,701,296
Operating Income	220,119
NONOPERATING REVENUES (EXPENSES)	
Consolidated taxes	137,984
Net investment income	887,170
Lease income	174,772
Debt service interest	(186,930)
Gain on disposal of assets	1,250
Capacity fees	78,040
Total non-operating revenues	1,092,286
Change in Net Position	1,312,405
Net Position, Beginning of Year	37,102,340
Net Position, End of Year	$38,414,745

Douglas County Lake Tahoe Sewer Authority
Statement of Cash Flows
Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 5,809,223
Cash payments to suppliers for goods and services	(1,440,901)
Cash payments to employees for services including benefits	(1,992,901)
Net cash provided by operating activities	2,375,421
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Consolidated taxes	137,984
CASH FLOWS FORM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(868,026)
Cash received for capacity fees	78,040
Lease income	181,509
Debt service interest	(186,930)
Payments on long-term debt	(578,134)
Net cash used for capital and related financing activities	(1,373,541)
CASH FLOWS FROM INVESTING ACTIVITIES	
Restricted investments	(34,244)
Purchase of long-term certificates of deposit	(980,000)
Interest income on investments	807,765
Net cash used for investing activities	(206,479)
Net Change in Cash and Cash Equivalents	933,385
Cash and Cash Equivalents, Beginning of Year	14,054,004
Cash and Cash Equivalents, End of Year	$14,987,389
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 220,119
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,347,977
Net pension expense	7,499
Net other post employment benefits expense	(84,522)
Change in assets and liabilities:	
Supply inventory	9,268
Prepaid expenses	121,400

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of 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,

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

operation and modification of the system. In addition, three 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 ("LGIP"), 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 LGIP 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 certificates of deposit, and are therefore classified as cash equivalents on the Statement of Net Position.

Accounts Receivable

The Authority considers receivables at June 30, 2024 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 estimated fair market 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 asset lives are not capitalized.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

Lease

In accordance with GASB Statement No. 87, *Leases*, the lease receivable is initially measured at the net present value of the future minimum lease payments expected to be received. The payments are recognized as a reduction of the lease receivable and interest income is as payments are received. The deferred inflow of resources at the time of implementation was recorded as an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight line basis over the life of the 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 at employees' pay rate as of June 30, 2024.

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 (OPEB)

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 OPEB related amounts that qualify for reporting in this category. Pension and OPEB related deferred outflows of resources are discussed in depth in Note 8 and Note 9, respectively.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial 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 as well as future lease incomes that qualify for reporting in this category. Pension and OPEB related deferred inflows of resources are discussed in depth in Note 8 and Note 9, respectively. Lease related deferred inflows of resources are further discussed in Note 5.

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 OPEB liability and PERS net pension liability. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements - Adopted

During the year ended June 30, 2024, the Authority implemented the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections*. Issued in June 2022, the primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Authority has implemented GASB Statement No. 100 and has determined that it does not have an material effect on the financial statements.

New Accounting Pronouncements – Not Yet Adopted

The following GASB pronouncements have been issued, but are not effective as of June 30, 2024:

GASB Statement No. 101, *Compensated Absences*. Issued in June 2022, Governments commonly provide benefits to employees in the form of compensated absences. The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Statement No. 101 will be effective for the Authority for fiscal year ending June 30, 2025.

GASB Statement No. 102, *Certain Risk Disclosures*. Issued in December 2023, the primary objective of this Statement is to enhance the quality and completeness of financial reporting by ensuring that stakeholders are informed about significant risks that could impact the entity's financial position. Statement No. 102 will be effective for the Authority for fiscal year ending June 30, 2025.

The Authority will implement new GASB pronouncements no later than the required effective date. The Authority is currently evaluating whether or not the above listed new GASB pronouncements will have a significant effect on the Authority's financial statements.

Subsequent Events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through November 19, 2024, the date the financial statements were available to be issued.

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.

NOTE 3 - RESTRICTED ASSETS (CONTINUED)

Construction

As provided under the Authority ordinance dated April 18, 2003, special assessments collected from properties within this Authority, and the participating districts 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.

State Revolving Fund Debt Service Restricted Investments

As a condition of the 2006 and 2019 State Revolving Fund ("SRF") Loan contracts, bond reserve accounts were set up with the 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 $684,825 for the 2019 loan. As the loans were for Construction Fund projects, the restricted investments are included in Construction Fund restricted assets.

NOTE 4 – CASH/CASH EQUIVALENTS AND INVESTMENTS

As of June 30, 2024, the Authority has cash deposits totaled $1,634,674 carried at cost. The bank balance of $1,701,748 is insured up to $250,000 by FDIC, and is fully insured and collateralized with the Nevada State Collateral Pool, as described below.

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. 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% 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, 2024.

Investments are held in the Nevada State LGIP, deposits in interest bearing checking and money market accounts and certificates of deposit investments having an initial maturity date of three months or less are considered cash equivalents. Certificates of deposit with an initial maturity date of more than three months are considered as investments. At June 30, 2024, the Authority reported cash and cash equivalents of $14,987,389. Of this amount, investments held in LGIP totaled $12,317,267 and deposits in interest bearing checking and money market accounts totaled $1,012,451. In addition, cash in custody of other governments is considered a cash equivalent.

NOTE 4 – CASH/CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Cash/cash equivalents consist of the following at June 30, 2024:

	2024
Operating	
Cash	$ 182,197
Deposits in investment accounts	420,193
Investments in LGIP	5,922,915
Cash in custody of other governments	22,997
Repair and replacement	
Cash	33,608
Deposits in investment accounts	546,870
Investments in LGIP	2,021,165
Construction	
Cash	1,418,869
Deposits in investment accounts	45,388
Investments in LGIP	4,373,187
	$ 14,987,389

The Authority's investment holdings of $3,920,000 in certificates of deposit as of June 30, 2024 are categorized as Level 2 investments in accordance with the fair value hierarchy. At June 30, 2024, the LGIP balances included $6,585,947 of level 1 investments and $5,731,320 of level 2 investments, and a weighted average maturity of 82 days.

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, with at least 60% of the investment portfolio maturing in less than three years. The certificates of deposit are "laddered" in such a way that nine (9) certificates of deposit of $245,000 each will mature before June 30, 2025, and seven (7) more of $245,000 each before June 30, 2026. These policies minimize the Authority's interest rate risk.

NOTE 4 – CASH/CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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, 2024, the following investments exceed 5% of the Authority's investments:

Bank	Percentage
Bk of China/New York	6.25%
First Nat'l Bk Omaha	6.25%
Bk of Hapoalim NY	6.25%
Charles Schwab Bk	6.25%
First Bk of Puerto Rico	6.25%
Bank of America	6.25%
Morgan Stanley Bk NA	6.25%
Bank of Baroda	6.25%
Citibank Nat'l Assoc.	6.25%
Bk of New York Mellon	6.25%
Flagstar Bk Nevada	6.25%
UBS Bk USA	6.25%
Barclays Bk Delaware	6.25%
Discover Bk	6.25%
Goldman Sachs Bk USA NY	6.25%
Morgan Stanley Private Bk	6.25%

NOTE 5 - LEASE

The Authority entered into a lease agreement with NV Energy (the "lessee"). The lessee is required to pay monthly lease payment of $9,000 for the right to use the Authority's property. The lease agreement commenced on November 1, 2023 and is set to expire on November 1, 2028, and provides the lessee an option to extend the agreement for up to five additional one year terms.

In accordance with GASB Statement No. 87, Leases, the lease receivable is initially measured at the net present value of the future minimum lease payments expected to be received. The payments are recognized as a reduction of the lease receivable and interest income is as payments are received. The deferred inflow of resources at the time of implementation was recorded as an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight line basis over the life of the lease.

As the lessee is not reasonably certain to exercise the option to extend, the lease receivable and deferred inflow of resources do not reflect the extended term. The Authority has used an incremental borrowing rate equal to the five year Treasury rate of 4.54% to discount the future minimum lease payments expected to be received.

NOTE 5 - LEASE (CONTINUED)

Following is a schedule of the principal and interest on the lease:

Year Ending June 30	Principal	Interest	Total
2025	$ 90,267	$ 17,733	$ 108,000
2026	94,453	13,547	108,000
2027	98,834	9,167	108,000
2028	103,417	4,583	108,000
2029	44,494	506	45,000
	$ 431,464	$ 45,536	$ 477,000

NOTE 6 – CAPITAL ASSETS

Capital assets consist of the following as of June 30, 2024:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Capital assets being depreciated				
Wastewater reclamation plant and lines	$ 49,572,829	$ 22,068	$ -	$ 49,594,897
Collection lines	1,929,952	-	-	1,929,952
Equipment and other assets	5,167,092	179,448	(1,182)	5,345,358
Leasehold improvements	798,812	-	-	798,812
Effluent disposal facility	10,093,182	-	-	10,093,182
	67,561,867	201,516	(1,182)	67,762,201
Less accumulated depreciation and amortization				
Wastewater reclamation plant and lines	(26,704,420)	(1,651,520)	-	(28,355,940)
Collection lines	(1,195,476)	(65,609)	-	(1,261,085)
Equipment and other assets	(3,272,996)	(425,307)	1,182	(3,697,121)
Leasehold improvements	(800,937)	(704)	-	(801,641)
Effluent disposal facility	(6,056,943)	(204,837)	-	(6,261,780)
	(38,030,772)	(2,347,977)	1,182	(40,377,567)
Net capital assets being depreciated	29,531,095	(2,146,461)	-	27,384,634
Capital assets not being depreciated				
Land	1,103,434	-	-	1,103,434
Construction in progress	1,131,541	731,677	(69,935)	1,793,283
Net capital assets not being depreciated	2,234,975	731,677	(69,935)	2,896,717
	$ 31,766,070	$ (1,414,784)	$ (69,935)	$ 30,281,351

NOTE 7 - LONG-TERM DEBT

On May 25, 2006, the Authority entered into a loan contract 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 year end June 30, 2024, $83,112 of the loan principal was repaid, leaving the Authority with a balance of $174,451 as of June 30, 2024. In connection with this loan, $140,497 of the Authority's funds are held by the LGIP as collateral and are restricted for use by the Authority.

On August 28, 2007, the Authority entered into another loan contract 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 year ended June 30, 2024, $44,035 of the loan principal was repaid, leaving the Authority with a balance of $164,409 as of June 30, 2024.

On October 3, 2019, the Authority entered into a third loan contract 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 LGIP as collateral until the balance reached $684,825. 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. Principal and interest payments will be due twice a year in the amount of $315,618. During the year ended June 30, 2024, $450,987 of the principal was repaid, leaving the Authority with a balance of $8,326,991 on June 30, 2024.

Following is a summary of the activity in the notes payable account regarding the above-three loans for the year ended June 30, 2024:

	Principal Outstanding June 30, 2023	Additions/ Issued	Payments	Principal Outstanding June 30, 2024	Current Portion June 30, 2024
Direct Borrowing					
Note 1	$ 257,563	$ -	$ 83,112	$ 174,451	$ 85,825
Note 2	208,444	-	44,035	164,409	45,310
Note 3	8,777,978	-	450,987	8,326,991	460,416
	$ 9,243,985	$ -	$ 578,134	$ 8,665,851	$ 591,551

NOTE 7 - LONG-TERM DEBT (CONTINUED)

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

	Direct Borrowing		
Years ending June 30,	Principal	Interest	Total
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	500,147	131,089	631,236
2030-2034	2,662,033	494,147	3,156,180
2035-2039	2,952,207	203,973	3,156,180
2040	312,371	3,249	315,620
	$ 8,665,851	$ 1,473,874	$ 10,139,725

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 summarizes the changes in the compensated absences liability as of June 30, 2024:

Year Ended June 30,	Beginning Balance	Increases	Decreases	Ending Balance	Due Within one Year
2024	$ 164,739	$ 25,983	$ 35,615	$ 155,107	$ 81,376

NOTE 8 - 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 236 participating employers. There are no non-employer contributing entities identified in the 2023 GASB 68 Report or the 2023 AFCR 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.

NOTE 8 - PENSION PLAN (CONTINUED)

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 as 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 60 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.

NOTE 8 - PENSION PLAN (CONTINUED)

Contributions (Continued)

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, 2024, the Statutory Employer-Pay contribution rate for Regular Members was 33.5%. 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 $387,436 for the year ended June 30, 2024. Of this amount, $193,718 was classified as employer contributions and $193,718 was classified as member contributions.

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

At June 30, 2024, the Authority reported a liability of $2,551,960 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023. At June 30, 2023, the Authority's portion was .01398 percent of the total, a decrease of .00087% from its proportion measured at June 30, 2022.

For the plan year ended June 30, 2023, the Authority recognized pension expense of $201,217. 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	$ 332,632	
Changes of assumptions	239,167	
Net difference between projected and actual earnings on investments	-	(23,886)
Changes in proportion and differences between actual contributions and proportionate share of contributions	59,371	(280,564)
Contributions subsequent to the measurement date	193,718	
	$ 824,888	$ (304,450)

The $193,718 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 2025. 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, 2023.

NOTE 8 - PENSION PLAN (CONTINUED)

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

Deferred outflows (inflows) of resources will be recognized in pension expense as follows:

Reporting period ending June 30,	
2025	$ 7,258
2026	17,971
2027	302,324
2028	906
2029	(1,739)
	$ 326,720

Reconciliation of the net pension liability at June 30, 2024 is as follows:

Reconciliation of net pension liability	
Beginning net pension liability, July 1, 2023	$ 2,680,899
Pension expense	201,217
New net deferred inflows/outflows	(330,156)
Ending net pension liability, June 30, 2024	$ 2,551,960

Actuarial Assumptions

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Productivity pay increases	0.50%
Projected salary increases	4.20% - 9.10%, depending on service and including inflation and productivity increases
Investment rate of return	7.25%
Consumer price index	2.50%
Other assumptions	Same as those used in the June 30, 2023 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.

NOTE 8 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (continued)

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, 2023 valuation were based on the results of the actuarial experience study dated September 10, 2021 and adopted by the PERS Board. 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, 2023.

There were no changes in assumptions from June 30, 2022 to June 30, 2023.

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, 2023:

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, 2023, 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, 2023, which was the same as that used as of June 30, 2022. 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, 2023 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, 2023.

NOTE 8 - PENSION PLAN (CONTINUED)

Actuarial Assumptions (continued)

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	$ 3,971,224	$ 2,551,960	$ 1,380,650

NOTE 9 - 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 $36,846 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 $947 per month.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy (continued)

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 $16,979. 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, 2023, the following employees were covered by the benefit terms:

Authority Plan

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

PEBP

Inactive employees or beneficiaries currently receiving benefit payments	5
Inactive employees entitled to, but not yet receiving benefit payments	-
Active plan members	-
	5

Actuarial Methods and Assumptions

The actuary firm of MacLeod Watts, performed a valuation of the Authority Plan and the PEBP, dated June 30, 2023. The results below are based on 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.

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (continued)

	Authority Plan	PEBP
Valuation date	6/30/2023	6/30/2023
Measurement date	6/30/2023	6/30/2023
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	7.0% in 2024, fluctuating to ultimate 3.9% in 2075 and later	PEBP post-Medicare: 4.5% per year
Salary increases	3%	3%
Discount rate	3.86%	3.86%
Retirement age	45 to 75	45 to 75
Mortality	Nevada PERS 2021 Experience Study Report	Nevada PERS 2021 Experience
Mortality Improvement	MW Scale 2022 projected 2018 forward	MW Scale 2022 projected

The actuarial assumptions used in the June 30, 2023 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 3.86% reflecting the change in the municipal bond rate, for Fidelity Municipal Bond AA 20 Year Maturity Yield as of June 30, 2023. The discount rate at the 2022 valuation date was 3.69% based on the Fidelity Municipal Bond AA 20 Year Maturity Yield as of June 30, 2022. Benefit payments are funded on a pay-as you go basis.

Changes in the Total OPEB Liabilities

	Authority Plan	PEBP	Total
Balance, July 1, 2023	$ 534,942	$ 280,816	$ 815,758
Changes for year			
Service cost	7,366	-	7,366
Interest	19,283	10,057	29,340
Difference between expected and actual experience	30,540	(17,653)	12,887
Changes in assumptions or other inputs	15,822	(24,122)	(8,300)
Benefit payments	(39,464)	(16,531)	(55,995)
Net changes	33,547	(48,249)	(14,702)
Balance, June 30, 2024	$ 568,489	$ 232,567	$ 801,056

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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 (2.86%) or 1-percentage-point higher (4.86%) than the current discount rate:

	1% Decrease in Discount Rate (2.86%)	Discount Rate (3.86%)	1% Increase in Discount Rate (4.86%)
Authority Plan	$ 626,904	$ 232,567	$ 518,766
PEBP	256,465	568,489	212,225
Total OPEB liability	$ 883,369	$ 801,056	$ 730,991

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 (6.00% decreasing to 2.90%) or 1-percentage-point higher (8.00% decreasing to 4.90%) than the current healthcare cost trend rates.

	1% Decrease	Health Care Cost Trend	1% Increase
Authority Plan	$ 553,560	$ 232,567	$ 584,615
PEBP	226,459	568,489	239,164
Total OPEB liability	$ 780,019	$ 801,056	$ 823,779

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

For the year ended June 30, 2024, the Authority recognized OPEB expense of $1,021 for the Authority Plan and $(31,718) for the PEBP, for a total OPEB expense of $(30,697).

For the plan 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	$ 47,218	$ -	$ 47,218
Differences between expected and actual experiences	$ 39,253	-	$ 39,253
Contributions subsequent to the measurement date	36,846	16,979	53,825
Total	$ 123,317	$ 16,979	$ 140,296
Deferred inflows of resources			
Changes of assumption	$ 81,890	$ -	$ 81,890
Differences between expected and actual experiences	11,798	-	11,798
Total	$ 93,688	$ -	$ 93,688

NOTE 9 - OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Expense, Deferred Outflows and Deferred Inflows Related to OPEB (continued)

Deferred outflows of resources from employer contributions subsequent to the measurement date in the amount of $53,825 will be recognized as a reduction in the OPEB liability in the plan year ending June 30, 2024. The remaining amounts reported as deferred outflows of resource and deferred inflows of resources, net ($7,217) related to OPEB will be recognized in OPEB expense as follows:

Reporting period ending June 30,	Authority Plan	PEBP
2025	$ (8,977)	$ -
2026	3,915	-
2027	(29)	-
2028	(4,625)	-
2029	(2,217)	-
Thereafter	4,716	-
	$ (7,217)	$ -

REQUIRED SUPPLEMENTAL INFORMATION

Douglas County Lake Tahoe Sewer Authority
Schedule of Authority Contributions
Public Employees' Retirement System of Nevada
Last Ten Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 193,718	$ 161,852	$ 163,333	$ 167,064	$ 157,579	$ 161,415	$ 160,670	$ 167,155	$ 181,723
Contributions in relation to the statutorily required contribution	(193,718)	(161,852)	(163,333)	(167,064)	(157,579)	(161,415)	(160,670)	(167,155)	(181,723)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's covered payroll	$ 1,241,778	$ 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	15.60%	13.77%	13.77%	14.09%	14.02%	12.95%	12.90%	13.22%	13.90%
Contribution rate set by statute	33.50%	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 Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's portion of the net pension liability	0.01398%	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	$ 2,551,960	$ 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	$ 1,175,399	$ 1,185,907	$ 1,185,519	$ 1,185,519	$ 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	217%	226%	123%	187%	203%	189%	199%	223%	172%
PERS fiduciary net position as a percentage of the total pension liability	76.16%	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.

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

	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 7,366	$ 10,171	$ 15,374	$ 12,920	$ 21,297	$ 20,692	$ 22,256
Interest	19,283	12,525	14,577	17,199	26,369	26,071	23,140
Change of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	30,540	-	24,541	-	-	-	-
Changes in assumptions or other inputs	15,822	(110,924)	40,800	42,634	(180,296)	(4,615)	(52,851)
Benefit payments	(39,464)	(37,781)	(27,876)	(31,569)	(44,318)	(48,965)	(53,303)
Net change in total OPEB liability	33,547	(126,009)	67,416	41,184	(176,948)	(6,817)	(60,758)
Total OPEB liability - beginning of year	534,942	660,951	593,535	552,351	729,299	736,116	796,874
Total OPEB liability - ending of year	$ 568,489	$ 534,942	$ 660,951	$ 593,535	$ 552,351	$ 729,299	$ 736,116

PEBP

	2024	2023	2022	2021	2020	2019	2018
Service cost	$ -	$ -	$ -	$ -	$ -	$ -	
Interest	10,057	6,496	8,103	9,862	8,029	8,538	8,279
Change of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(17,653)	-	(5,782)	-	-	-	-
Changes in assumptions or other inputs	(24,122)	(55,651)	22,497	23,824	103,248	(1,438)	(17,250)
Benefit payments	(16,531)	(16,637)	(17,874)	(18,178)	(17,814)	(32,468)	(36,978)
Net change in total OPEB liability	(48,249)	(65,792)	6,944	15,508	93,463	(25,368)	(45,949)
Total OPEB liability - beginning of year	280,816	346,608	339,664	324,156	230,693	256,061	302,010
Total OPEB liability - ending of year	$ 232,567	$ 280,816	$ 346,608	$ 339,664	$ 324,156	$ 230,693	$ 256,061

*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 presentinformation only for those years for which information is available.

See Notes to Required Supplementary Information

Total OPEB Liability

	Authority Plan	PEBP
Valuation date	6/30/2023	6/30/2023
Measurement date	6/30/2023	6/30/2023
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	7.0% in 2024, fluctuating to ultimate 3.9% in 2075 and later	PEBP post-Medicare: 4.5% per year
Salary increases	3%	3%
Discount rate	3.86%	3.86%
Retirement age	45 to 75	45 to 75
Mortality	Nevada PERS 2021 Experience Study Report	Nevada PERS 2021 Experience
Mortality Improvement	MW Scale 2022 projected 2018 forward	MW Scale 2022 projected

SUPPLEMENTAL INFORMATION

Douglas County Lake Tahoe Sewer Authority
Statement of Revenues, Expenses and Changes in Net Position – Budget and Actual
June 30, 2024

	Final Augmented Budget	Actual	Variance - Favorable (Unfavorable)
OPERATING REVENUES			
Charges for services and assessments	$ 5,993,325	$ 5,903,242	$ (90,083)
Other fees, revenue	13,000	18,173	5,173
Total operating revenues	6,006,325	5,921,415	(84,910)
OPERATING EXPENSES			
Salaries, wages and benefits	2,050,518	1,923,180	127,338
Electrical and other utilities	476,853	467,577	9,276
Chemicals and supplies	131,472	114,276	17,196
Legal and accounting	103,800	97,555	6,245
Engineering and consulting	200,110	133,718	66,392
Repairs and maintenance	314,925	307,272	7,653
Insurance and other operating expenses	337,787	281,486	56,301
Fuels and lubricants	27,860	28,255	(395)
Depreciation and amortization	2,403,557	2,347,977	55,580
Total operating expenses	6,046,882	5,701,296	345,586
Operating gain (loss)	(40,557)	220,119	260,676
NONOPERATING REVENUES			
Consolidated taxes	137,984	137,984	-
Interest income	260,500	887,170	626,670
Lease income	-	174,772	174,772
Gain on disposal of assets	-	1,250	1,250
Capacity fees	-	78,040	78,040
Total nonoperating revenues	398,484	1,279,216	880,732
NONOPERATING EXPENDITURES			
Debt service interest	193,599	186,930	6,669
Total nonoperating expenditures	193,599	186,930	6,669
Change in Net Position	$ 164,328	$ 1,312,405	$ 1,148,077

Douglas County Lake Tahoe Sewer Authority
Statement of Cash Flows – Budget and Actual
Year Ended June 30, 2024

	Final Augmented Budget	Actual	Variance - Favorable (Unfavorable)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 6,006,325	$ 5,809,223	$ (197,102)
Cash payments to suppliers for goods and services	(1,592,807)	(1,440,901)	151,906
Cash payments to employees for services including benefits	(2,050,518)	(1,992,901)	57,617
Net cash provided by operating activities	2,363,000	2,375,421	12,421
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(1,390,000)	(868,026)	521,974
Consolidated taxes	137,984	137,984	-
Lease Income	-	181,509	181,509
Cash received for capacity fees	-	78,040	78,040
Debt service interest	(193,599)	(186,930)	6,669
Payments on long-term debt	(578,134)	(578,134)	-
Net cash used in capital and related financing activities	(2,023,749)	(1,235,557)	788,192
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments	-	(980,000)	(980,000)
Restricted investments	-	(34,244)	(34,244)
Interest income on investments	235,500	807,765	572,265
Net cash provided by investing activities	235,500	(206,479)	(441,979)
Net Change in Cash and Cash Equivalents	574,751	933,385	358,634
Cash and Cash Equivalents, Beginning of Year	13,898,938	14,054,004	155,066
Cash and Cash Equivalents, End of Year	$14,473,689	$14,987,389	$ 513,700

COMPLIANCE SECTION

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Douglas County Lake Tahoe Sewer Authority (the "Authority"), as of and for the year ended June 30, 2024, 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 19, 2024.

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 opinions 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 or significant deficiencies 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.

Casey Neilon, Inc.

Carson City, Nevada
November 19, 2024

AUDITOR'S COMMENTS

Casey Neilon, Inc.
Accountants and Advisors

To the Board of Trustees
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 (Authority) as of and for the year ended June 30, 2024, 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 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 the Nevada Revised Statutes and the Nevada Administrative Code is contained in Note 2 to the financial statements.

Progress on Prior Year Statute Compliance
The Authority monitored all significant constraints on its financial administration during the year June 30, 2024

Current Year Recommendations
No material weaknesses or significant deficiencies were reported over Nevada Revised Statutes.

Progress on Prior Year Recommendations
No material weaknesses or significant deficiencies were reported.

Nevada Revised Statute 354.6241
In connection with our audit, nothing came to our attention that caused us to believe that the Authority had not complied in all material respects with NRS 354.6241, including:

- Use of funds established
- Use of generally accepted accounting principles
- Limitations on reserves
- Recording sources of revenue and transfers available
- Statutory and regulatory requirements applicable to the fund
- Ending retained earning amounts

Casey Neilon, Inc.
Reno, Nevada
November 19, 2024