

**SIERRA LAKES  
COUNTY WATER DISTRICT**

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**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
for the year ended June 30, 2023**

**ROBERT W. JOHNSON**  
**Certified Public Accountant**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Sierra Lakes County Water District  
Soda Springs, California

**Report on the Audit of the Financial Statements**

**Opinions**

We have audited the financial statements of the business-type activities and the fiduciary fund of Sierra Lakes County Water District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary fund of Sierra Lakes County Water District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's Office and State Regulations governing Special Districts.

**Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the State Controller's Minimum Audit Requirements for California Special Districts. 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 Sierra Lakes County Water District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- exercise professional judgement 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 Sierra Lakes County Water District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sierra Lakes County Water District's ability to continue as a going concern for a reasonable period of time.

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Management has omitted the Management's Discussion and Analysis. Our opinion on the basic financial statements is not affected by this missing information. We have applied certain limited procedures to the other 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 an opinion on the financial statements that collectively comprise Sierra Lakes County Water District's basic financial statements. The accompanying supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Robert W. Johnson, An Accountancy Corporation*

Citrus Heights, California  
September 29, 2023

SIERRA LAKES COUNTY WATER DISTRICT  
 PROPRIETARY FUND – WATER & SEWER  
 STATEMENT OF NET POSITION  
 for the year ended June 30, 2023

ASSETS AND DEFERRED OUTFLOWS

Current assets:		
Cash (Note 3)		\$ 1,450,985
Accounts receivable, billings		40,629
Interest receivable		8,926
Prepaid expenses		<u>5,189</u>
Total current assets		1,505,729
Capital assets, at cost (Note 4):		
Water plant	\$ 8,866,657	
Sewer plant	<u>6,081,541</u>	
	14,948,198	
Less accumulated depreciation	<u>(7,796,240)</u>	
	7,151,958	
Construction in progress	323,744	
Land	<u>1,365,770</u>	
		8,841,472
Restricted assets (Note 3):		
Cash in OPEB account		879,779
Deferred outflows (Notes 7 and 8):		
Pension related amounts	330,234	
OPEB related amounts	<u>150,466</u>	
		<u>480,700</u>
		<u>\$11,707,680</u>

See notes to financial statements

## LIABILITIES, DEFERRED INFLOWS AND NET POSITION

Current liabilities:

Current portion of long-term debt (Note 5)	\$ 161,558
Accounts payable and accrued charges	103,077
Prepaid water/sewer service fees	212,247
Accrued interest	27,990
Compensated absences	<u>7,242</u>
Total current liabilities	<u>512,114</u>

Non-current liabilities:

Notes payable, net of current portion (Note 5)	3,806,438
Total OPEB liability (Note 8)	867,335
Net pension liability (Note 7)	<u>141,590</u>
Total non-current liabilities	<u>4,815,363</u>
Total liabilities	<u>5,327,477</u>

Deferred inflows (Notes 7 and 8):

Pension related amounts	\$ 102,568	
OPEB related amounts	<u>638,444</u>	
		741,012

Net position:

Net investment in capital assets	8,841,472	
Restricted (Note 6)	-	
Unrestricted	<u>(3,202,281)</u>	
		<u>5,639,191</u>
		<u>\$11,707,680</u>

SIERRA LAKES COUNTY WATER DISTRICT  
 PROPRIETARY FUND – WATER & SEWER  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 for the year ended June 30, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues:			
Water sales	\$ 874,220	\$ -	\$ 874,220
Sewer service	-	1,212,519	1,212,519
Connection fees	5,658	24,180	29,838
Penalties and costs	4,006	4,007	8,013
Other	<u>10,463</u>	<u>10,512</u>	<u>20,975</u>
Total operating revenues	<u>894,347</u>	<u>1,251,218</u>	<u>2,145,565</u>
Operating expenses:			
Pumping	47,070	-	47,070
Treatment	379,853	-	379,853
Transmission and distribution	383,495	-	383,495
Administrative and general	185,997	185,997	371,994
Depreciation	162,109	137,512	299,621
Collection	-	294,994	294,994
Disposal	<u>-</u>	<u>673,148</u>	<u>673,148</u>
Total operating expenses	<u>1,158,524</u>	<u>1,291,651</u>	<u>2,450,175</u>
Operating income (loss)	<u>( 264,177)</u>	<u>( 40,433)</u>	<u>( 304,610)</u>
Non-operating revenues (expenses):			
Property taxes	285,522	285,523	571,045
Interest income	25,313	25,313	50,626
Interest expense	-	( 111,889)	( 111,889)
Capital processing costs	-	( 37,845)	( 37,845)
Other	<u>77,536</u>	<u>-</u>	<u>77,536</u>
	<u>388,371</u>	<u>161,102</u>	<u>549,473</u>
Income before capital contributions (carried forward)	124,194	120,669	244,863

See notes to financial statements



SIERRA LAKES COUNTY WATER DISTRICT  
 PROPRIETARY FUND – WATER & SEWER  
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION, continued  
 for the year ended June 30, 2023

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Income before capital contributions (brought forward)	\$ 124,194	\$ 120,669	\$ 244,863
Capital contributions	<u>600,000</u>	<u>600,000</u>	<u>1,200,000</u>
Changes in net position	<u>\$ 724,194</u>	<u>\$ 720,669</u>	1,444,863
Total net position:			
Beginning of year			<u>4,194,328</u>
End of year			<u>\$5,639,191</u>

See notes to financial statements

SIERRA LAKES COUNTY WATER DISTRICT  
 PROPRIETARY FUND – WATER & SEWER  
 STATEMENT OF CASH FLOWS  
 for the year ended June 30, 2023

Cash flows from operating activities:		
Receipts from customers		\$ 2,136,806
Payments to suppliers		(1,773,819)
Payments to employees		<u>( 360,018)</u>
Net cash provided by operating activities		2,969
Cash flows from noncapital financing activities:		
Receipts from property taxes and other operating income		571,045
Cash flows from capital and related financing activities:		
Property additions, including work in progress	\$(3,710,403)	
Principal payments on long-term debt	( 156,900)	
Interest payments on long-term debt	( 111,889)	
Capital processing costs	( 37,845)	
Capital contributions	1,200,000	
Other	<u>77,536</u>	
		(2,739,501)
Cash flows from investing activities:		
Interest income		<u>50,626</u>
Net increase/(decrease) in cash and cash equivalents		(2,114,861)
Cash and cash equivalents:		
Beginning of year		<u>4,445,625</u>
End of year		<u>\$ 2,330,764</u>
Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents		\$ 1,450,985
Restricted - cash and cash equivalents		<u>879,779</u>
		<u>\$ 2,330,764</u>
Noncash investing, capital and financing transactions:		
Receipt of donated capital assets		<u>\$ 1,200,000</u>

See notes to financial statements

SIERRA LAKES COUNTY WATER DISTRICT  
 PROPRIETARY FUND – WATER & SEWER  
 STATEMENT OF CASH FLOWS, continued  
 for the year ended June 30, 2023

Reconciliation of operating income to net cash  
 provided by operating activities:

Operating income (loss) \$( 304,610)

Adjustments to reconcile operating income (loss)  
 to net cash provided by operating activities:

Depreciation \$ 299,621

Changes in operating assets, liabilities, deferred  
 inflows and deferred outflows:

Receivables ( 14,859)

Prepays ( 222)

Payables ( 74,096)

Prepaid water and sewer service fees 129,388

Compensated absences 2,939

Net pension liability 401,673

Total OPEB liability ( 665,428)

Deferred outflows of resources - pension ( 228,003)

Deferred outflows of resources - OPEB 43,530

Deferred inflows of resources - pension ( 186,296)

Deferred inflows of resources - OPEB 599,332

307,579

Net cash provided by operating activities

\$ 2,969

Supplemental information:

Cash paid for interest

\$ 113,000

See notes to financial statements

SIERRA LAKES COUNTY WATER DISTRICT  
FIDUCIARY FUND – ASSESSMENT DISTRICT NO. 2011-1  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2023

ASSETS

Assets:		
Cash – checking		\$ <u>678,567</u>
Total assets		\$ <u>678,567</u>
Liabilities:		\$ <u>        -</u>
Net Position:		
Restricted		\$ <u>678,567</u>

See notes to financial statements

SIERRA LAKES COUNTY WATER DISTRICT  
 FIDUCIARY FUND – ASSESSMENT DISTRICT NO. 2011-1  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 for the year ended June 30, 2023

Additions:		
Assessments from landowners		\$ 364,817
Assessment admin. fee		10,582
Interest income		<u>396</u>
Total additions		\$ 375,795
Deductions:		
Principal and interest payments	\$ 330,107	
Administrative expense	<u>3,740</u>	
		<u>333,847</u>
Change in net position		41,948
Total net position:		
Beginning		<u>636,619</u>
Ending		<u>\$ 678,567</u>

See notes to financial statements

SIERRA LAKES COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
for the year ended June 30, 2023

1. Organization:

Sierra Lakes County Water District (the “District”) was formed in 1961 and provides water service/distribution and sewer collection to residents of the District. The District’s financial and administrative functions are governed by a five member Board of Directors elected by the landowners and residents of the District. The District’s mission statement is to provide quality water treatment/distribution and sewer collection services at the lowest possible cost.

2. Summary of Significant Accounting Policies:

The basic financial statements of Sierra Lakes County Water District have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

Fund Accounting

The fund financial statements provide information about the District’s funds. Separate statements for each fund category – proprietary and fiduciary, are presented.

The District reports the following proprietary fund:

Enterprise Fund – The enterprise fund is used to account for water and sewer operations that are financed and operated in a manner similar to private business enterprises. The intent of the District is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The District also reports the following fiduciary fund:

Custodial Fund – The District has one fiduciary fund that is custodial in nature, Assessment District 2011-1. The custodial fund is used to account for resources held by the District in a custodial capacity that are used to collect property assessments which are used to pay special assessment debt with no government commitment.

SIERRA LAKES COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

2. Summary of Significant Accounting Policies, continued:

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of the fund are included on the balance sheet. Net position is segregated into amounts recorded as net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The records are maintained and the accompanying financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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 operations. The principal operating revenues of the District are charges to customers for water and sewer sales and services. Operating expenses for enterprise funds include source of supply, water treatment, transmission and distribution, customer accounts, collection, disposal, administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Proprietary are reported using the economic resources measurement focus and the accrual basis of accounting. Custodial funds have no measurement focus but utilize the accrual basis of accounting for reporting assets and liabilities.

Depreciation

Property, plant and equipment is recorded on the basis of purchase cost. Assets acquired by contributions are recorded at estimated cost or fair market value at the date of acquisition.

Depreciation is calculated by the straight-line method over the estimated useful lives of the respective assets.

SIERRA LAKES COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

2. Summary of Significant Accounting Policies, continued:

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, including restricted assets. Cash in banks, deposits in the State of California Local Agency Investment Fund (LAIF), Placer County Treasurer's Pooled Investment and deposits with fiscal agents are considered to be cash and cash equivalents.

Compensated Absences

Vested or accumulated vacation and comp. time (non-exempt employees) that is expected to be liquidated with expendable available financial resources is reported as an expense and as a current liability. Sick pay is not vested.

Sewage Processing-Accounting

Contract costs of the service agreement with Donner Summit Public Utility District for processing sewage generated by the District are expensed as incurred; also expensed are the improvement project costs for the wastewater treatment plant. Regular processing costs including prior year adjustments received are recorded as operating expenses; capital processing costs are recorded as non-operating expense.

Budget and Budgetary Accounting

The Board of Directors annually adopts an operating budget. The operating budgets are prepared on the accrual basis.

Use of Estimates

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



SIERRA LAKES COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

2. Summary of Significant Accounting Policies, continued:

Investments

Investments consist of LAIF (State of California pooled investment fund) and Placer County Treasurer's Investment Pool. Investments are stated at fair value. Such investments are within the State statutes and the District's investment policy.

Property Taxes

The District receives property taxes from Placer County. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of September 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on September 1 and due in two installments, on November 1 and March 1. They become delinquent on December 10 and April 10, respectively. Unsecured property taxes are due on July 1, and become delinquent on August 31. The District elected to receive the property taxes from the County under the Teeter Bill Program. Under this Program, the District receives 100% of the levied property taxes in periodic payments, with the County assuming responsibility for delinquencies.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS' Financial Office. 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.

SIERRA LAKES COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

2. Summary of Significant Accounting Policies, continued:

Other Postemployment Benefits (“OPEB”)

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the net position of the District’s OPEB plan and additions to/deductions from the OPEB plan’s net position have been determined on the same basis as they are reported by the plan. For this purpose, the OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Gains and losses related to changes in total OPEB liability and net position are recognized in OPEB expense systematically over time. The amortized amounts are recognized in OPEB expense for the year gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

Deferred Outflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until that future time.

Deferred Inflows of Resources

A deferred inflow of resources represents an acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that future time.

SIERRA LAKES COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2023

2. Summary of Significant Accounting Policies, continued:

Net Position

Net position is classified in the following categories:

Net Investment in capital assets – groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

Restricted – presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – represents the net position of the District, which are not restricted or invested in capital assets net of related debt.

3. Cash and Cash Equivalents:

**Proprietary Fund – Water and Sewer:**

Cash and cash equivalents as of June 30, 2023 consisted of the following:

Cash on hand	\$ 50
Deposits with financial institutions	<u>519,587</u>
Total cash	<u>519,637</u>
Investments in Local Agency Investment Fund (LAIF) – OPEB funds	\$ 879,779
Placer County Treasurer’s Pooled Investment	<u>931,348</u>
Total investments	<u>1,811,127</u>
Total cash and investments	<u>\$2,330,764</u>

SIERRA LAKES COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2023

3. Cash and Cash Equivalents, continued:

Cash and cash equivalents are classified in the accompanying financial statements as follows:

Cash and investments	\$1,450,985
Restricted cash and investments	<u>879,779</u>
	<u>\$2,330,764</u>

At June 30, 2023, the carrying amount of the District's deposits was \$519,587 and the balance in financial institutions was \$521,004. Of the balance in the financial institutions, \$250,000 was covered by federal depository insurance and \$271,004 was collateralized as required by State Law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the District and other agencies, but not in the name of the District.

Investments:

California statutes authorize the District to invest in a variety of credit instruments as provided for in the California Government Code Section 53600, Chapter 4 – Financial Affairs. The Government Code allows investments in obligations of the U.S. Treasury, agencies, and instrumentalities, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, medium-term corporate notes, mutual funds and the State Treasurer's Local Agency Investment Fund (LAIF). The investments at June 30, 2023 consist of:

	<u>Carrying Amount</u>	<u>Maturity - 12 Months or Less</u>
Local Agency Investment Fund (LAIF)	\$ 879,779	\$ 879,779
Placer County Treasurer's Pooled Investment	<u>931,348</u>	<u>931,348</u>
	<u>\$1,811,127</u>	<u>\$1,811,127</u>

SIERRA LAKES COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

3. Cash and Cash Equivalents, continued:

Pursuant to Government Accounting Standards Board Statement 3, the investment in LAIF and Placer County Treasury are not classified in categories of credit risk. The District's funds in LAIF and Placer County Treasurer's Pooled Investment are invested in a diversified portfolio (of underlying investments e.g. U.S. Treasury obligations) such that it considers the risk of material loss to be minimal. The funds held in LAIF and Placer County Treasurer's Pooled Investment can be withdrawn on demand. The District reports its investments in LAIF and Placer County Treasurer's investment pool at fair value.

Restricted Cash:

The District had \$879,779 in cash at June 30, 2023 established for OPEB (Post Employment Benefits) funding. The funds are held in LAIF.

**Fiduciary Fund – Assessment District No. 2011-1:**

Cash is classified in the accompanying fiduciary statement of net position as follows:

Restricted cash	\$ <u>678,567</u>
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At June 30, 2023, the carrying amount of the Assessment District's deposits in the fiduciary fund was \$678,567 and the balance in financial institutions was \$678,567. Of the balance in the financial institutions, \$250,000 was covered by federal depository insurance and \$428,567 was collateralized as required by State Law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the Assessment District and other agencies, but not in the name of the Assessment District.

SIERRA LAKES COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

4. Capital Assets:

At June 30, 2023 changes in capital assets are as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
Water:				
Source of supply	\$ 49,687	\$ -	\$ -	\$ 49,687
Pumping plant	174,278	-	-	174,278
Water treatment	683,796	-	-	683,796
Transmission and distribution	4,730,701	1,279,241	-	6,009,942
General plant	232,794	-	-	232,794
Filter plant	904,122	-	-	904,122
Wells/post chlorination	628,830	-	-	628,830
Arsenic filter installation	95,189	-	-	95,189
Filter plant modification	<u>88,019</u>	<u>-</u>	<u>-</u>	<u>88,019</u>
	<u>7,587,416</u>	<u>1,279,241</u>	<u>-</u>	<u>8,866,657</u>
Sewer:				
Inspection camera	10,427	-	-	10,427
Vehicles	358,123	-	-	358,123
Collection system	1,163,226	1,469,040	-	2,632,266
Filter plant modification	88,019	-	-	88,019
Export line	1,772,116	-	-	1,772,116
Waste disposal utility plant	796,300	-	-	796,300
Parallel sewer force main	217,842	-	-	217,842
Sewage export project	<u>206,448</u>	<u>-</u>	<u>-</u>	<u>206,448</u>
	<u>4,612,501</u>	<u>1,469,040</u>	<u>-</u>	<u>6,081,541</u>
Construction in progress	562,565	2,514,913	2,753,734	323,744
Land	<u>157,035</u>	<u>1,208,735</u>	<u>-</u>	<u>1,365,770</u>
Totals	<u>\$12,919,517</u>	<u>\$6,471,929</u>	<u>\$2,753,734</u>	<u>\$16,637,712</u>

SIERRA LAKES COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2023

5. Long-term Debt:

The following is a summary of the long-term debt activities for the year ended June 30, 2023:

	<u>2022</u>	New Debt <u>Issued</u>	Debt <u>Retired</u>	<u>2023</u>	Current <u>Portion</u>
USDA/Revenue Bond	\$4,109,100	\$ -	\$ 156,900	\$3,952,200	\$ 161,200
Bond Fund	<u>8,004</u>	<u>7,792</u>	<u>-</u>	<u>15,796</u>	<u>358</u>
	<u>\$4,117,104</u>	<u>\$ 7,792</u>	<u>\$ 156,900</u>	<u>\$3,967,996</u>	<u>\$ 161,558</u>

USDA/Revenue Bond

On March 28, 2014 the District issued revenue bonds in the amount of \$5,222,000 for purposes of improving the sewer facility. The bonds bear interest at 2.75% and mature on March 28, 2042. Interest is payable March 28 and September 28 (principal is payable annually commencing March 28, 2015). No debt service reserve is required for the revenue bond.

SIERRA LAKES COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2023

5. Long-term Debt (continued):

Bond Fund

The District acquired two vacant lots with a combined original liability to the Assessment District of \$19,129. This liability is payable through 2053 in annual payments of \$444 (per lot) through 2024 and \$403 through 2053 respectively, including 2.75% interest.

The future annual maturities of all long-term borrowings as of June 30, 2023 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 161,558	\$ 109,134	\$ 270,692
2025	165,968	104,690	270,658
2026	170,578	100,126	270,704
2027	175,188	95,436	270,624
2028	179,998	90,619	270,617
2029-2033	977,262	376,047	1,353,309
2034-2038	1,119,174	234,085	1,353,259
2039-2043	1,011,834	71,500	1,083,334
2044-2048	3,244	786	4,030
2049-2053	<u>3,192</u>	<u>310</u>	<u>3,502</u>
	<u>\$3,967,996</u>	<u>\$1,182,733</u>	<u>\$5,150,729</u>



SIERRA LAKES COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

6. Restricted Net Position:

At June 30, 2023 the District had no accumulated restricted improvement reserves since approximately \$1,800,000 was due the operating fund from future collection of facility fees.

7. Defined Benefit Retirement Plan:

A. *General Information about the Pension Plans*

*Plan Description*

The District contributes to the California Public Employees Retirement System (CalPERS), a cost sharing multiple-employer defined benefit pension plan. The District participates in the miscellaneous 2% at 60 risk pool. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS require agencies with less than 100 active members in the plan to participate in the risk pool. All District permanent employees are eligible to participate in the System. Benefits vest after five years of service. District employees who retire at age 50 to 63 and with over 5 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1.426 to 2.418 percent of their average salary during their last 36 months of employment. A menu of benefits provision as well as other requirements is established by State Statutes within the Public Employees Retirement Law. The plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

SIERRA LAKES COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2023

7. Defined Benefit Retirement Plan, continued:

**Benefits Provided**

Covered employees are required by statute to contribute 7.0 percent of their salary to the plan after a formula to coordinate with Social Security. The District is required by the same statute to contribute the remaining amounts necessary to pay benefits when due. The District is required to contribute at an actuarially determined rate.

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<u>PEPRA</u>
Benefit formula	2% at 62
Benefit vesting schedule	5 years of service.
Benefit payments	monthly for life
Retirement age	55+
Required employee contribution rates	6.75%
Required employer contribution rates	7.470%

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

SIERRA LAKES COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2023

7. Defined Benefit Retirement Plan, continued:

For the year ended June 30, 2023, the District's contributions recognized as part of pension expense were as follows:

Contributions - employer	\$ <u>49,407</u>
--------------------------	------------------

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

As of June 30, 2023, the District reported net pension liability (asset) for its proportionate share of the net pension liability as follows:

Net pension liability (asset)	\$ <u>141,590</u>
-------------------------------	-------------------

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2022 was as follows:

	Miscellaneous <u>Plan</u>
Proportion June 30, 2021	-0.01370%
Proportion June 30, 2022	<u>0.0030 %</u>
Change – Increase/(Decrease)	<u>0.0167 %</u>

For the year ended June 30, 2023, the District recognized pension expense of \$59,891.

SIERRA LAKES COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2023

7. Defined Benefit Retirement Plan, continued:

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 14,509	\$ -
Net difference between projected and actual earnings on investments	25,935	-
Difference between expected and actual experience	2,843	1,905
Differences in proportions	237,540	-
Difference between actual and proportionate share of contributions	-	100,663
Pension contributions subsequent to measurement date	<u>49,407</u>	<u>-</u>
	<u>\$ 330,234</u>	<u>\$ 102,568</u>

\$49,407 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2024	\$ 54,396
2025	62,181
2026	45,819
2027	15,863
2028	-

SIERRA LAKES COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2023

7. Defined Benefit Retirement Plan, continued:

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

	<u>Miscellaneous</u>
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount rate	6.90%
Inflation	2.30%
Payroll Growth	2.75%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	6.90%

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

SIERRA LAKES COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

7. Defined Benefit Retirement Plan, continued:

Long-Term Expected Rate of Return:

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10<sup>1,2</sup></u>
Global equity – cap-weighted	30.00%	4.45%
Global equity – non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	( 5.00)	(0.59)

<sup>1</sup>An expected inflation of 2.30% used for this period.

<sup>2</sup>Figures are based on the 2021-22 Asset Liability Management study.

SIERRA LAKES COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2023

7. Defined Benefit Retirement Plan, continued:

***Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** – The following presents the District’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease Net Pension Liability (Asset)	5.9% \$ 453,289
Current Discount Rate Net Pension Liability (Asset)	6.9% \$ 141,590
1% Increase Net Pension Liability (Asset)	7.9% \$( 114,861)

SIERRA LAKES COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

8. Other Postemployment Benefits "OPEB":

**Plan Description**

In addition to pension benefits, the District provides certain healthcare benefits through CalPERS for retired employees and their survivor dependents, subject to certain conditions. The District's employees become eligible for benefits "after retirement in accordance with regulations prescribed by CalPERS." At June 30, 2022, four retired employees and three active employees (and their eligible spouses, if applicable) met those eligibility requirements. Covered employees are not required to make contributions to receive the benefits.

**Total OPEB Liability**

The District's net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions:

Discount rate	3.54%
Inflation	2.50%
Salary Increase	3.00%
Healthcare Cost Trend Rate	6.7% (increase effective January 1, 2024) fluctuating down to 3.9% for years 2075 and later

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.54%. The discount rate is based on an index of 20-year General Obligation Municipal Bond Index.



SIERRA LAKES COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

8. Other Postemployment Benefits "OPEB", continued:

**Change in Total OPEB Liability as of June 30, 2022**

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Total OPEB Liability</u>
Rollback balance at June 30, 2021	\$ <u>1,532,763</u>	\$ <u>      -</u>	\$ <u>1,532,763</u>
Changes recognized for the measurement period:			
Service cost	69,585	-	69,585
Interest cost	34,179	-	34,179
Differences between expected and actual experience	( 492,956)	-	( 492,956)
Changes of assumptions	( 236,256)	-	( 236,256)
Benefit payments	<u>( 39,980)</u>	<u>      -</u>	<u>( 39,980)</u>
Net changes during July 1, 2021 to June 30, 2022	<u>( 665,428)</u>	<u>      -</u>	<u>( 665,428)</u>
Balance at June 30, 2022 (Measurement Date)	<u>\$ 867,335</u>	<u>\$ <u>      -</u></u>	<u>\$ 867,335</u>

SIERRA LAKES COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2023

8. Other Postemployment Benefits "OPEB", continued:

**Sensitivity of the Total OPEB liability to changes in the discount rate**

The following presents the total OPEB liability with a discount rate 1% higher and 1% lower than assumed in the valuation:

	Discount Rate <u>1% Lower</u>	Valuation Discount Rate 3.54%	Discount Rate <u>1% Higher</u>
Total OPEB liability	\$ <u>1,000,832</u>	\$ <u>867,335</u>	\$ <u>759,078</u>

**Sensitivity of the Total OPEB liability to changes in healthcare cost trend rates**

The following presents the total OPEB liability with a healthcare cost trend rate 1% higher and 1% lower than assumed in the valuation:

	Trend <u>1% Lower</u>	Current <u>Trend</u>	Trend <u>1% Higher</u>
Total OPEB liability	\$ <u>749,934</u>	\$ <u>867,335</u>	\$ <u>1,018,487</u>

SIERRA LAKES COUNTY WATER DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 for the year ended June 30, 2023

8. Other Postemployment Benefits "OPEB", continued:

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of \$43,616. OPEB expense represents the change in the total OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, and actuarial assumptions or methods. At June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 114,072	\$ 199,050
Difference between expected and actual experience	-	439,394
Net difference between projected and actual earnings on investments	-	-
Deferred contributions	<u>36,394</u>	<u>-</u>
Total	<u>\$ 150,466</u>	<u>\$ 638,444</u>

\$36,394 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>For the Fiscal Year Ended June 30</u>	<u>Recognized Net Deferred Outflows (Inflows) of Resources</u>
2024	( 60,148)
2025	( 81,025)
2026	( 113,335)
2027	( 114,837)
2028	( 114,837)
Thereafter	( 40,190)

SIERRA LAKES COUNTY WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS, continued  
for the year ended June 30, 2023

8. Other Postemployment Benefits "OPEB", continued:

**Funding Policy**

The District has no plan assets in a CERBT trust fund. The District did, however, establish a cash reserve fund (requiring board action and two board signatures to access funds). The 2022-23 annual OPEB contribution of \$54,000 was made in September 2023. At June 30, 2023 cash held in OPEB bank account (LAIF) was \$879,779.

9. Risk of Loss:

Sierra Lakes County Water District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; and injuries to employees. During the 2023 fiscal year, the District purchased certain commercial insurance coverages to provide for these risks.

10. Capital Improvement Reserves:

The District currently has 183 vacant lots resulting in potential connection permit fees, as follows:

Sewer connection fees 183 x \$7,800	\$1,427,400
Water connection fees 183 x 1,825	<u>333,975</u>
	<u>\$1,761,375</u>

These fees were established to refund the District's General Fund for expenditures already made during infrastructure construction that included hook ups to the District's water distribution and wastewater export systems. Given that the expenditures were paid by the General Fund, during the infrastructure construction, a reserve would not be appropriate.

11. Subsequent Events:

Management has evaluated subsequent events through September 29, 2023, the date these June 30, 2023 financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

SIERRA LAKES COUNTY WATER DISTRICT  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE TOTAL  
 PENSION LIABILITY AND RELATED RATIOS

As of June 30, 2023  
 Last 10 years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Proportion of the net pension liability	0.003026%	-0.01370%	0.000084%	-0.00009%
Proportionate share of the net pension liability (asset)	\$ 141,590	\$( 260,083)	\$ 35,608	\$( 8,792)
Covered – employee payroll	\$ 261,345	\$ 261,345	\$ 253,749	\$ 249,154
Proportionate share of the net pension liability as percentage of covered-employee payroll	54.18%	-99.517%	14.033%	-3.529%
Plan's fiduciary net position	\$2,144,969	\$2,464,174	\$2,142,134	\$2,091,361
Plan fiduciary net position as a percentage of the total pension liability	93.81%	111.80%	98.36%	100.42%

Changes in assumptions: None

(1) Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only nine years are shown.

(2) In August 2017 the District paid \$487,963 to CalPERS to reduce unfunded net pension liability for both classic and PEPRA plans.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
-0.00019%	0.013117%	0.01301%	0.01255%	0.00625%
\$ ( 17,915)	\$ 517,076 (2)	\$ 452,044	\$ 344,382	\$ 388,716
\$ 211,176	\$ 214,138	\$ 204,488	\$ 209,197	\$ 199,147
-8.483%	241.47%	221.06%	164.620%	195.19%
\$2,043,164	\$1,529,839	\$1,475,762	\$1,535,687	\$1,476,608
100.88%	74.74%	76.55%	81.68%	79.16%

SIERRA LAKES COUNTY WATER DISTRICT  
SCHEDULE OF CONTRIBUTIONS FOR PENSIONS

As of June 30, 2023

Last 10 years (1)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution (actuarially determined)	\$ 49,407	\$ 20,150	\$ 20,812	\$ 18,399
Contributions in relation to the actuarially determined contributions	<u>49,407</u>	<u>20,150</u>	<u>20,812</u>	<u>18,399</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered – employee payroll during fiscal year	\$ 302,931	\$ 261,345	\$ 253,749	\$ 249,154
Contributions as a percentage of covered employee payroll	16.31%	7.71%	8.20%	7.38%
Notes to Schedule:				
Valuation date:	6/30/21	6/30/20	6/30/19	6/30/18

Methods and assumptions used to determine contribution rates:

Amortization method	Entry Age Normal Cost Method
Amortization method/period	For details, see June 30, 2020 Funding Valuation Report, Section 2
Asset valuation method	Market Value with Direct Rate Smoothing
Inflation	2.50%
Salary increases	Varies by Entry Age and Service
Discount rate	6.90% Net of Pension Plan Investment and Admin. Expenses

(1) Fiscal year 2015 was the 1<sup>st</sup> year of implementation, therefore only nine years are shown.



<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 16,436	\$ 15,002	\$ 40,812	\$ 43,307	\$ 26,862
<u>16,436</u>	<u>15,002</u>	<u>40,812</u>	<u>53,204</u>	<u>26,862</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>( 9,897)</u>	\$ <u>-</u>
\$ 211,176	\$ 214,138	\$ 204,488	\$ 209,197	\$ 199,147
7.78%	7.01%	19.96%	25.43%	13.49%
6/30/17	6/30/16	6/30/15	6/30/14	6/30/13

SIERRA LAKES COUNTY WATER DISTRICT  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS  
As of June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB liability:				
Service cost	\$ 69,585	\$ 66,586	\$ 51,827	\$ 45,410
Interest cost	34,179	33,350	42,239	42,700
Differences between expected and actual experience	( 492,956)	-	( 69,198)	-
Changes of assumptions	( 236,256)	11,502	309,266	55,326
Benefit payments	( 39,980)	( 42,245)	( 44,265)	( 55,326)
Net change in total OPEB liability	( 665,428)	69,193	289,869	88,074
Total OPEB liability, beginning	<u>1,532,763</u>	<u>1,463,570</u>	<u>1,173,701</u>	<u>1,085,627</u>
Total OPEB liability, ending	867,335	1,532,763	1,463,570	1,173,701
OPEB Fiduciary net position, beginning and ending	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total OPEB liability	<u>\$ 867,335</u>	<u>\$1,532,763</u>	<u>\$1,463,570</u>	<u>\$1,173,701</u>
Covered-employee payroll	\$ 314,837	\$ 297,439	\$ 284,028	\$ 274,331
Plan total OPEB liability as a percentage of covered-employee payroll	275.49%	515.32%	515.29%	427.84%

Notes to Schedule:

Changes in assumptions: none

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

2019

\$ 24,702  
25,539

214,739  
141,212  
( 38,682)

367,510

718,117

1,085,627

-

\$1,085,627

\$ 252,812

429.42%

SUPPLEMENTAL DATA

SIERRA LAKES COUNTY WATER DISTRICT  
PRINCIPAL OFFICIALS  
for the year ended June 30, 2023

Board of Directors:

Dan Stockton	President
Jon Harvey	Vice President
David Keatley	Director
Jennifer Jackson	Director
Karen Heald	Director

Management:

Shauna Lorance	General Manager
Anna Nickerson	Financial Consultant/ Secretary of the Board

**SIERRA LAKES  
COUNTY WATER DISTRICT**

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**REPORT ON ACCOUNTING CONTROLS  
AND PROCEDURES**

**June 30, 2023**

**ROBERT W. JOHNSON**  
**Certified Public Accountant**



Robert W. Johnson  
*an accountancy corporation*

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6234 Birdcage Street, Citrus Heights, California 95610 | robertwjohncpajob@gmail.com | 916.723.2555  
www.bob-johnson-cpa.com

September 29, 2023

To the Board of Directors  
Sierra Lakes County Water District  
Soda Springs, California

In planning and performing our audit of the financial statements of the business-type activities and the fiduciary fund of Sierra Lakes County Water District as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered Sierra Lakes County Water District's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We have enclosed other recommendations for your consideration.

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

Sincerely,

*Robert W. Johnson, An Accountancy Corporation*

Robert W. Johnson, An Accountancy Corporation  
Citrus Heights, California  
September 29, 2023



1. Operating Results:

	June 30,		Favorable/ (Unfavorable)
	<u>2023</u>	<u>2022</u>	<u>Variance</u>
Operating revenues	\$ 2,145,565	\$ 2,182,170	\$( 36,605)
Operating expenses	<u>2,450,175</u>	<u>2,141,607</u>	( 308,568)
Operating income (loss)	( 304,610)	40,563	( 345,173)
Non-operating revenue, net	549,473	376,526	172,947
Capital contributions	<u>1,200,000</u>	<u>-</u>	<u>1,200,000</u>
Net income (loss)	<u>\$ 1,444,863</u>	<u>\$ 417,089</u>	<u>\$ 1,027,774</u>
Operating cash	<u>\$ 1,450,985</u>	<u>\$ 3,641,447</u>	<u>\$(2,190,462)</u>

Observations:

- Fiscal year 2023 operating income declined slightly.
- Fiscal year 2023 operating expenses increased 14% over 2022.
- Fiscal year 2023 net income was \$1.4M due to recognition of contributed capital from a \$1.2M land donation received in 2023.
- Operating cash declined significantly, by \$2.1M, the District spent over \$2M in 2023 on capital assets.
- The District's operating results would improve by increasing water and sewer sales (i.e. rate increase) and by decreasing operating expenses (i.e. vigilance to budgeting constraints).