TAHOE RESOURCE CONSERVATION DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended
June 30, 2023
(With Comparative Information as of June 30, 2022)

NIGRO & NIGRO PC

TAHOE RESOURCE CONSERVATION DISTRICT
For the Fiscal Year Ended June 30, 2023
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Board of Directors
Tahoe Resource Conservation District
South Lake Tahoe, California

Opinion

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Tahoe Resource Conservation District (District) as of and for the fiscal 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 governmental activities and the General Fund of the District as of June 30, 2023, and the respective changes in financial position thereof for the fiscal 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 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 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 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.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's

liability, and schedule of pension contributions be presented to supplement the basic financial statements. Such information, 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.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a separate report dated March 20, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
March 20, 2024

Management's Discussion and Analysis (MD&A) offers readers of Tahoe Resource Conservation District's financial statements a narrative overview of the District's financial activities for the fiscal year ended June 30, 2022. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased $35,683 or 0.36% as a result of this year's operations.
- Total revenues from all sources increased by 15.42%, or $585,161 from $3,794,928 to $4,380,089, from the prior year, primarily due to an increase in state grant revenue.
- Total expenses for the District's operations increased by 19.34% or $704,091 from $3,640,315 to $4,344,406, from the prior year, primarily due to an increase in material and services.
- The District purchased new capital assets during the year in the amount of $11,474. Depreciation expense was $5,200.

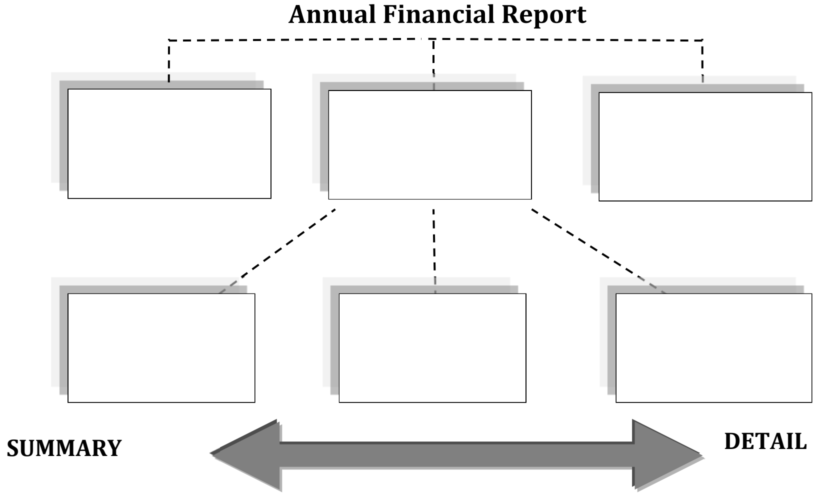
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- *District-wide financial statements* provide both short-term and long-term information about the District's overall financial status.
- *Fund financial statements* focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The *governmental funds* statements tell how basic services were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Tahoe Resource Conservation District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary or fiduciary
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

District-Wide Statements
The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of buildings and other facilities.

- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as resource conservation and grant compliance. Federal, state and local programs finance most of these activities.

Fund Financial Statements
The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by granter requirements.

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION

Analysis of Net Position

Table A-1: Condensed Statement of Net Position

	June 30, 2023	June 30, 2022	Change
Assets:			
Current assets	$ 2,511,539	$ 2,462,034	$ 49,505
Capital assets, net	8,133,074	8,126,800	6,274
Total assets	10,644,613	10,588,834	55,779
Deferred outflows of resources	425,394	242,903	182,491
Liabilities:			
Current liabilities	559,903	611,269	(51,366)
Non-current liabilities	582,306	190,403	391,903
Total liabilities	1,142,209	801,672	340,537
Deferred inflows of resources	7,413	145,363	(137,950)
Net position:			
Investment in capital assets	8,133,074	8,126,800	6,274
Unrestricted	1,787,311	1,757,902	29,409
Total net position	$ 9,920,385	$ 9,884,702	$ 35,683

At the end of fiscal year 2023, the District shows a positive balance in its unrestricted net position of $1,787,311. The decrease of the investment in capital assets represents the amount of capital asset additions over depreciation expense. Unrestricted net position increased because the District's General Fund expenses exceeded its revenues for the fiscal year 2023.

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses

Table A-2: Condensed Statements of Activities

	June 30, 2023	June 30, 2022	Change
Program revenues	$ 4,170,805	$ 3,605,067	$ 565,738
Expenses	(4,344,406)	(3,640,315)	(704,091)
Net program expense	(173,601)	(35,248)	(138,353)
General revenues	209,284	189,861	19,423
Change in net position	35,683	154,613	(118,930)
Net position:			
Beginning of year	9,884,702	9,730,089	154,613
End of year	$ 9,920,385	$ 9,884,702	$ 35,683

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, the operations of the District increased by $35,683.

Table A-3: Total Revenues

	June 30, 2023	June 30, 2022	Increase (Decrease)
Program revenues:			
Operating grants and contributions:			
Federal grants	$ 1,184,448	$ 1,173,275	$ 11,173
State grants	2,763,933	2,192,606	571,327
Other grants	220,311	228,982	(8,671)
Other revenues	2,113	10,204	(8,091)
Total program revenues	4,170,805	3,605,067	565,738
General revenues:			
Property taxes	206,623	187,653	18,970
Investment earnings	2,661	2,208	453
Total general revenues	209,284	189,861	19,423
Total revenues	$ 4,380,089	$ 3,794,928	$ 585,161

Total revenues from all sources increased by 15.42%, or $585,161 from $3,794,928 to $4,380,089, from the prior year, primarily due to an increase in state grant revenue.

FINANCIAL ANALYSIS AND CONDENSED FINANCIAL INFORMATION (continued)

Analysis of Revenues and Expenses (continued)

Table A-4: Total Expenses

	June 30, 2023	June 30, 2022	Increase (Decrease)
Expenses:			
Salaries and wages	$ 2,147,515	$ 1,918,787	$ 228,728
Employee benefits	404,565	181,237	223,328
Materials and services	1,787,126	1,533,389	253,737
Depreciation expense	5,200	6,902	(1,702)
Total expenses	$ 4,344,406	$ 3,640,315	$ 704,091

Total expenses for the District's operations increased by 19.34% or $704,091 from $3,640,315 to $4,344,406, from the prior year, primarily due to an increase in material and services.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a fund balance of $1,904,340, which is more than last year's ending fund balance of $1,870,475. The primary cause of the increased fund balance is due to an increase in revenues.

General Fund Budgetary Highlights

The final budgeted expenditures for the District at year-end were $1,362,939 more than actual. The variance is principally due to a reduction in materials and services expenditures as compared to budget. Actual revenues were less than the anticipated budget by $1,322,093, primarily because of more federal grant revenue.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of the 2022-23 fiscal year the District had invested $11,474 in new capital assets, related to equipment purchases. (More detailed information about capital assets can be found in Note 3 to the financial statements). Total depreciation expense for the year was $5,200.

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Table A-5: Capital Assets at Year End, Net of Depreciation

	Balance June 30, 2023	Balance June 30, 2022
Capital assets:		
Non-depreciable assets	$ 8,104,853	$ 8,093,379
Depreciable assets	155,270	155,270
Accumulated depreciation	(127,049)	(121,849)
Total capital assets, net	$ 8,133,074	$ 8,126,800

FACTORS AFFECTING CURRENT FINANCIAL POSITION

Management is unaware of any item that would affect the District's current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District's basic financial statements are designed to present users with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions about the report or need additional information, please contact the District's Executive Director at the Tahoe Resource Conservation District at 870 Emerald Bay Road, Suite 108, South Lake Tahoe, California 96150 or (530) 543-1501.

TAHOE RESOURCE CONSERVATION DISTRICT

Statement of Net Position

June 30, 2023 (With Comparative Information as of June 30, 2022)

	Governmental Activities	
ASSETS	**2023**	**2022**
Current assets:		
Cash and investments (note 2)	$ 1,018,345	$ 1,136,263
Grants and retentions receivable	1,434,039	1,282,247
Property taxes receivable	4,943	4,458
Other receivables	16,349	1,132
Prepaid items	37,863	37,934
Total current assets	2,511,539	2,462,034
Non-current assets:		
Capital assets – not being depreciated (note 3)	8,104,853	8,093,379
Capital assets, net – being depreciated (note 3)	28,221	33,421
Total non-current assets	8,133,074	8,126,800
Total assets	10,644,613	10,588,834
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts related to net pension liability (note 5)	425,394	242,903
Total deferred outflows of resources	425,394	242,903
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	453,205	515,321
Unearned revenue – advances	68,630	66,756
Compensated absences (note 4)	38,068	29,192
Total current liabilities	559,903	611,269
Noncurrent liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (note 4)	31,147	23,884
Net pension liability (note 5)	551,159	166,519
Total noncurrent liabilities	582,306	190,403
Total liabilities	1,142,209	801,672
DEFERRED INFLOWS OF RESOURCES		
Deferred amounts related to net pension liability (note 5)	7,413	145,363
Total deferred inflows of resources	7,413	145,363
NET POSITION		
Investment in capital assets	8,133,074	8,126,800
Unrestricted	1,787,311	1,757,902
Total net position	$ 9,920,385	$ 9,884,702

TAHOE RESOURCE CONSERVATION DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2023

(With Comparative Information for the Year Ended June 30, 2022)

	Governmental Activities	
	2023	**2022**
Expenses:		
Resource conservation:		
Salaries and wages	$ 2,147,515	$ 1,918,787
Employee benefits	404,565	181,237
Materials and services	1,787,126	1,533,389
Depreciation expense	5,200	6,902
Total expenses	4,344,406	3,640,315
Program revenues:		
Operating grants and contributions:		
Federal grants	1,184,448	1,173,275
State grants	2,763,933	2,192,606
Other grants	220,311	228,982
Total grant revenue	4,168,692	3,594,863
Other revenue	2,113	10,204
Total program revenues	4,170,805	3,605,067
Net program expense	(173,601)	(35,248)
General revenues:		
Property taxes	206,623	187,653
Investment earnings	2,661	2,208
Total general revenues	209,284	189,861
Change in net position	35,683	154,613
Net position:		
Beginning of year	9,884,702	9,730,089
End of year	$ 9,920,385	$ 9,884,702

TAHOE RESOURCE CONSERVATION DISTRICT
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	
ASSETS	**2023**	**2022**
Assets:		
Cash and investments	$ 1,018,345	$ 1,136,263
Grants and retentions receivable	1,434,039	1,282,247
Property taxes receivable	4,943	4,458
Other receivables	16,349	1,132
Prepaid items	37,863	37,934
Total assets	$ 2,511,539	$ 2,462,034
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable and accrued expenses	$ 453,205	$ 515,321
Unearned revenue – advances	68,630	66,756
Total liabilities	521,835	582,077
Deferred inflows of resources:		
Unearned revenue – unavailable	85,364	9,482
Total deferred inflows of resources	85,364	9,482
Fund balance: (note 6)		
Nonspendable	37,863	37,934
Committed	69,215	53,076
Assigned	150,000	150,000
Unassigned	1,647,262	1,629,465
Total fund balance	1,904,340	1,870,475
Total liabilities, deferred inflows of resources and fund balance	$ 2,511,539	$ 2,462,034

TAHOE RESOURCE CONSERVATION DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2023

	2023	2022
Fund Balance of Governmental Funds	$ 1,904,340	$ 1,870,475
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those assets as capital assets.	8,133,074	8,126,800
Deferred outflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred outflows of resources.	425,394	242,903
Certain revenues received after 120 days from the end of the fiscal year are recorded as unearned revenue in the fund financial statements and as revenues in the government-wide statements as follows:		
Unearned revenue – unavailable	85,364	9,482
Long-term liabilities applicable to the District are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:		
Compensated absences	(69,215)	(53,076)
Net pension liability	(551,159)	(166,519)
Deferred inflows of resources used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. However, the statement of net position includes those deferred inflows of resources.	(7,413)	(145,363)
Total adjustments	8,016,045	8,014,227
Net Position of Governmental Activities	$ 9,920,385	$ 9,884,702

TAHOE RESOURCE CONSERVATION DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General Fund	
	2023	**2022**
Revenues:		
Property taxes	$ 206,623	$ 187,653
Operating grants and contributions:		
Federal grants	1,184,448	1,173,275
State grants	2,678,569	2,335,899
Other grants	229,793	229,947
Investment earnings	2,661	2,208
Other revenue	2,113	10,204
Total revenues	4,304,207	3,939,186
Expenditures:		
Current operations:		
Salaries and wages	2,131,376	1,924,065
Employee benefits	340,366	311,381
Materials and services	1,787,126	1,533,389
Capital outlay	11,474	6,259
Total expenditures	4,270,342	3,775,094
Change in fund balance	33,865	164,092
Fund Balance:		
Beginning of year	1,870,475	1,706,383
End of year	$ 1,904,340	$ 1,870,475

TAHOE RESOURCE CONSERVATION DISTRICT

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the Fiscal Year Ended June 30, 2023

	2023	2022
Net Change in Fund Balance – Governmental Funds	$ 33,865	$ 164,092
Amount reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay	11,474	6,259
Depreciation expense	(5,200)	(6,902)
Certain revenues received after 120 days from the end of the fiscal year are recorded as unearned revenue in the fund financial statements and as revenues in the government-wide statements		
Unearned revenue – unavailable	75,882	(144,258)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenses in governmental funds as follows:		
Net change in compensated absences	(16,139)	5,278
Net change in net pension liability and related deferred resources	(64,199)	130,144
Total adjustments	1,818	(9,479)
Change in Net Position of Governmental Activities	$ 35,683	$ 154,613

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Tahoe Resource Conservation District formed in 1974 is a political subdivision of the State of California. The District was created to consist of those parts of the Counties of Placer and El Dorado, California, lying within the Tahoe Basin adjacent to Lake Tahoe. The District is governed by a five-member board of directors. The purpose of the District is to promote the conservation and improvement of Lake Tahoe Basin's soil, water, and related natural resources by providing leadership, information, programs, and technical assistance to all managers, owners, organizations, and residents.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, and agencies that are not legally separate from the District.

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

The District has identified no organizations that are required to be reported as component units.

C. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

Government-Wide Financial Statements
The statement of net position and the statement of activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Major Governmental Funds
The District maintains the following major governmental fund:

General Fund: This fund is used to account for all financial resources of the District except those required to be accounted for in another fund.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation, Basis of Accounting (continued)

2. Measurement Focus, Basis of Accounting

Government-Wide Financial Statements
The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements
Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

3. Revenues - Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

1. Cash and Cash Equivalents
For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Cash deposits are reported at carrying amount, which reasonably estimates fair value.

2. Investments
Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

2. Investments (continued)
In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Capital Assets
Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over $5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets.

Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Buildings and improvements	39 years
Equipment and vehicles	3-10 years

4. Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

5. Compensated Absences

The liability for compensated absences reported in the government-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for employees who currently are eligible to receive termination payments and employees who are expected to become eligible in the future to receive such payments upon termination are included.

6. 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) plan and addition to/deductions from the Plans fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

The following timeframes are used for pension reporting:

Valuation Date June 30, 2021
Measurement Date June 30, 2022
Measurement Period July 1, 2021 to June 30, 2022

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

7. Net Position

Net position is classified into two components: investment in capital assets and unrestricted. These classifications are defined as follows:

- **Investment in capital assets -** This component of net position consists of capital assets, net of accumulated depreciation.

- **Unrestricted net position -** This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

8. Fund Balances

The fund balance for governmental funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

E. Use of 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 expenditures during the reported period. Actual results could differ from those estimates.

F. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1, each year. Secured property taxes are levied on July 1 and are payable in two installments, on December 10 and April 10. The County of El Dorado Assessor's Office assesses all real and personal property within the County each year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one (1%) of countywide assessed valuations. The County of El Dorado Treasurer's Office remits an undisclosed portion of the one (1%) current and delinquent property tax collections to the District throughout the year.

NOTE 2 – CASH AND INVESTMENTS

Cash and investments at June 30, 2023, are reported at fair value and consisted of the following:

Description	Balance
Cash on hand	$ 250
Demand deposits with financial institutions	1,014,146
Deposits with El Dorado County Treasury Pool	3,949
Total cash and investments	$ 1,018,345

Demand Deposits
At June 30, 2023, the carrying amount of the District's demand deposits was $1,014,146 and the financial institutions balances totaled $1,196,330. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items.

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

El Dorado County Treasury Investment Pool (EDCTIP)
The District is a voluntary participant in the El Dorado County Treasury Investment Pool (EDCTIP)pursuant to Government Code Section 53694. The cash flow needs of participants are monitored daily to ensure that sufficient liquidity is maintained to meet the needs of those participants. At the time deposits are made, the El Dorado County Treasurer may require the depositing entity to provide annual cash flow projections or an anticipated withdrawal schedule for deposits in excess of $1 million. Projections are performed no less than semi-annually. In accordance with Government Code Section 27136, all request for withdrawal of funds for the purpose of investing or deposits the funds elsewhere shall be evaluated to ensure the proposed withdrawal will not adversely affect the principal deposits of the other participants. Pool detail may be obtained from the El Dorado County Treasurer's Office – 360 Fair Lane, Placerville, CA 95667.

EDCTIP is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. For financial reporting purposes, the District considers the EDCTIP a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2023, the District held $3,949 in EDCTIP.

NOTE 3 – CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2023, were as follows:

	Balance July 1, 2022	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2023
Non-depreciable capital assets:				
Land	$ 8,083,479	$ -	$ -	$ 8,083,479
Construction-in-progress	9,900	11,474	-	21,374
Total non-depreciable capital assets	8,093,379	11,474	-	8,104,853
Depreciable capital assets:				
Buildings and improvements	22,347	-	-	22,347
Equipment	80,510	-	-	80,510
Vehicles	52,413	-	-	52,413
Total depreciable capital assets	155,270	-	-	155,270
Accumulated depreciation:				
Buildings and improvements	(5,889)	(573)	-	(6,462)
Equipment	(65,233)	(2,941)	-	(68,174)
Vehicles	(50,727)	(1,686)	-	(52,413)
Total accumulated depreciation	(121,849)	(5,200)	-	(127,049)
Total depreciable capital assets, net	33,421	(5,200)	-	28,221
Total capital assets, net	$ 8,126,800	$ 6,274	$ -	$ 8,133,074

NOTE 4 – COMPENSATED ABSENCES

Changes to compensated absences balances for the year ended June 30, 2023, were as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
$ 53,076	$ 111,038	$ (94,899)	$ 69,215

NOTE 5 – NET PENSION LIABILITY AND PENSION PLAN

Summary
The following balances on the balance sheet will be addressed in this footnote as follows:

Description	2023
Pension related deferred outflows	$ 425,394
Net pension liability	551,159
Pension related deferred inflows	7,413

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

A. General Information about the Pension Plan

The Plan
The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.5% to 2.0%	1.0% to 2.0%
Required member contribution rates	7.000%	7.250%
Required employer contribution rates	9.300%	7.760%

Plan Description
The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2022 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

NOTE 5 – NET PENSION LIABILITY AND PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Plan Description (continued)
At June 30, 2022 (Measurement Date), the following members were covered by the benefit terms:

	Miscellaneous Plans		
Plan Members	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Active members	4	20	24
Transferred and terminated members	53	27	80
Retired members and beneficiaries	3	-	3
Total plan members	60	47	107

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and 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.

Benefits Provided
CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for each Plan are applied as specified by the Public Employees' Retirement Law.

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.

NOTE 5 – NET PENSION LIABILITY AND PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Contributions for the year ended June 30, 2023, were as follows:

	Miscellaneous Plans		
Contribution Type	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Contributions – employer	$ 66,171	$ 97,028	$ 163,199
Contributions – members	22,357	87,149	109,506
Total contributions	$ 88,528	$ 184,177	$ 272,705

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

Proportionate Share of Net Pension Liability and Pension Expense

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 proportionate share 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 following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the June 30, 2022, measurement date was as follows:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2023	**Fiscal Year Ending June 30, 2022**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2022	June 30, 2021	
Percentage of Risk Pool Net Pension Liability	0.011779%	0.008770%	0.003009%
Percentage of Plan (PERF C) Net Pension Liability	0.004772%	0.003079%	0.001693%

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

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2021 (Measurement Date)	$ 2,453,648	$ 2,287,129	$ 166,519
Balance as of June 30, 2021 (Measurement Date)	$ 2,857,126	$ 2,305,967	$ 551,159
Change in Plan Net Pension Liability	$ 403,478	$ 18,838	$ 384,640

NOTE 5 – NET PENSION LIABILITY AND PENSION PLAN (continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (continued)
For the year ended June 30, 2023, the District recognized pension expense of $227,398. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 163,199	$ -
Difference between actual and proportionate share of employer contributions	34,166	-
Adjustment due to differences in proportions	59,525	-
Differences between expected and actual experience	11,068	(7,413)
Differences between projected and actual earnings on pension plan investments	100,958	-
Changes in assumptions	56,478	-
Total Deferred Outflows/(Inflows) of Resources	$ 425,394	$ (7,413)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of $163,199 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 ending June 30, 2024.

NOTE 5 – NET PENSION LIABILITY AND PENSION PLAN (continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (continued)
Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2024	$ 91,427
2025	68,272
2026	33,334
2027	61,748
Total	$ 254,781

Actuarial Methods and Assumptions Used to Determine Total Pension Liability
For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021, total pension liability. The June 30, 2022, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds.
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

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

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

NOTE 5 – NET PENSION LIABILITY AND PENSION PLAN (continued)

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

Long-term Expected Rate of Return (continued)
The table below reflects long-term expected real rate of return by asset class.

Investment Type[1]	New Strategic Allocation	Real Return[1,2]
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

[1] An expected inflation of 2.30% used for this period.
[2] Figures are based on the 2021 Asset Liability Management study.

Discount Rate
The discount rate used to measure the total pension liability was 6.90%. 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.

Subsequent Events
There were no subsequent events that would materially affect the results in this disclosure.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate
The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
Plan Type	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Miscellaneous Plan	$ 940,637	$ 551,159	$ 230,716

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

NOTE 5 – NET PENSION LIABILITY AND PENSION PLAN (continued)

C. Payable to the Pension Plans
At June 30, 2023, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2023.

NOTE 6 – FUND BALANCES

At June 30, 2023, fund balances of the District's governmental funds were classified as follows:

Description	General Fund
Nonspendable:	
Prepaid items	$ 37,863
Committed:	
Compensated absences	69,215
Assigned:	
Encumbrances	150,000
Unassigned	1,647,262
Total fund balances	$ 1,904,340

NOTE 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

At June 30, 2023, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of $2,500,000, combined single limit at $2,500,000 per occurrence. The District purchased additional excess coverage layers: $10,000,000 for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.
- Employee dishonesty coverage up to $1,000,000 per loss includes public employee dishonesty, forgery, or alteration and theft, disappearance and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within three years after the loss, otherwise paid on an actual cash value basis, to a combined total of $800 million per occurrence, subject to a $1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to $100 million per occurrence, subject to a $1,000 deductible per occurrence.
- Public officials' personal liability up to $1,000,000 each occurrence, with an annual aggregate of $500,000 per each elected/appointed official to which this coverage applies, subject to the terms.
- Workers' compensation insurance per statutory requirements and Employer's Liability Coverage up to $5.0 million.

NOTE 7 – RISK MANAGEMENT (continued)

The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. Further information about the SDRMA is as follows:

A.	**Entity**	SDRMA
B.	**Purpose**	To pool member contributions and realize the advantages of self-insurance
C.	**Participants**	As of June 30, 2023 – 499 member agencies
D.	**Governing board**	Seven representatives employed by members
E.	**District payments for FY 2023:**	
	Property/Liability policy	$23,937
	Workers' compensation policy	$43,732
F.	**Condensed financial information**	June 30, 2023

Statement of net position:	**June 30, 2023**
Total assets	$ 146,574,993
Deferred outflows	1,664,198
Total liabilities	76,343,471
Deferred inflows	374,517
Net position	$ 71,521,203
Statement of revenues, expenses and changes in net position:	
Total revenues	$ 100,884,445
Total expenses	(96,706,371)
Change in net position	4,178,074
Beginning – net position	66,343,129
Ending – net position	$ 70,521,203

G.	**Member agencies share of year-end financial position**	Not Calculated

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years. There were no reductions in insurance coverage in fiscal year 2023, 2022 and 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2023, 2022 and 2021.

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Operating Lease – Building
Since February 1, 2023, the District has leased office space on a month-to-month basis. The monthly lease payment is $5,093.

Excluded Leases – Short-Term Leases and De Minimis Leases
The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12-months (or less), including any options to extend, regardless of their probability of being exercised.

Also, d*e minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

Grant Awards
Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation
In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 9 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through March 20, 2024, the date which the financial statements were available to be issued.

Required Supplementary Information

TAHOE RESOURCE CONSERVATION DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property taxes	$ 165,000	$ 206,623	$ 41,623
Operating grants and contributions:			
Federal grants	2,101,524	1,184,448	(917,076)
State grants	2,855,911	2,678,569	(177,342)
Other grants	499,365	229,793	(269,572)
Investment earnings	-	2,661	2,661
Other revenue	4,500	2,113	(2,387)
Total revenues	5,626,300	4,304,207	(1,322,093)
Expenditures:			
Current:			
Salaries and wages	2,496,794	2,131,376	365,418
Employee benefits	398,720	340,366	58,354
Materials and services	2,737,767	1,787,126	950,641
Capital outlay	-	11,474	(11,474)
Total expenditures	5,633,281	4,270,342	1,362,939
Excess of revenues over (under) expenditures	$ (6,981)	33,865	$ 40,846
Fund balance:			
Beginning of year		1,870,475	
End of year		$ 1,904,340	

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Miscellaneous Plan's Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.00959%	$ 236,995	$ 870,444	27.23%	79.75%
June 30, 2015	0.00725%	198,816	891,517	22.30%	87.25%
June 30, 2016	0.00760%	263,970	875,189	30.16%	84.00%
June 30, 2017	0.00851%	336,363	979,776	34.33%	78.83%
June 30, 2018	0.00886%	321,767	819,197	39.28%	79.56%
June 30, 2019	0.00956%	382,721	1,076,824	35.54%	79.60%
June 30, 2020	0.01031%	434,850	1,132,969	38.38%	79.70%
June 30, 2021	0.00877%	166,519	1,303,666	12.77%	93.21%
June 30, 2022	0.01178%	551,159	1,301,200	42.36%	80.71%

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
From fiscal year June 30, 2015 and June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:
There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:
There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:
There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:
The discount rate was reduced from 7.15% to 6.90%.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only nine years are shown.

TAHOE RESOURCE CONSERVATION DISTRICT

Schedule of Pension Contributions

For the Fiscal Year Ended June 30, 2023

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	$ 71,807	$ (71,807)	$ -	$ 891,517	8.05%
June 30, 2016	71,878	(71,878)	-	875,189	8.21%
June 30, 2017	74,140	(74,140)	-	979,776	7.57%
June 30, 2018	73,391	(73,391)	-	819,197	8.96%
June 30, 2019	88,885	(88,885)	-	1,076,824	8.25%
June 30, 2020	107,072	(107,072)	-	1,132,969	9.45%
June 30, 2021	125,476	(125,476)	-	1,303,666	9.62%
June 30, 2022	135,180	(135,180)	-	1,301,200	10.39%
June 30, 2023	163,199	(163,199)	-	1,521,442	10.73%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2012	Entry Age	Fair Value	2.75%	7.65%
June 30, 2016	June 30, 2013	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2015	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2016	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.30%	6.90%

Amortization Method	Level percentage of payroll, closed
Salary Increases	Depending on age, service, and type of employment
Investment Rate of Return	Net of pension plan investment expense, including inflation
Retirement Age	50 years (2%@55 and 2%@60), 52 years (2%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the first measurement date year of implementation; therefore, only nine years are shown.

Supplementary Information

TAHOE RESOURCE CONSERVATION DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor Agency/ Pass-through Grantor Agency/ Program Name and/or Title	Federal Financial Assistance	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Program Expenditures
Federal Programs:				
U.S. Department of Interior:				
Bureau of Land Management:				
Southern Nevada Public Land Management Grants:				
BLM NV SNPLMA Hazardous Fuels Reduction Projects Round 16	15.235	L17AC00025	$ 760,429	
SNPLMA Fire Adapted Communities - Lake Tahoe Basin, Project R002, Priority 18-12	15.235	L23AC00025-00	265,394	
Total Southern Nevada Public Land Management Grants				$ 1,025,823
Bureau of Reclamation:				
Upper Truckee River Reaches 1&2 (Johnson Meadow) Restoration Planning Project	15.543	R19AP00052		65,565
Total U.S. Department of Interior				1,091,388
U.S. Department of Agriculture:				
Natural Resources Conservation District:				
Lake Tahoe Landscape Conservation Program	10.902	68-9104-17-040		10,569
USDA, Forest Service:				
Upper Truckee River Johnson Meadow Project	10.699	21-PA-11051900-15		82,491
Total U.S. Department of Agriculture				93,060
Total Expenditures of Federal Awards				**$ 1,184,448**

NOTE 1 – REPORTING ENTITY

The accompanying schedule of expenditures of federal awards presents the activity of all federal awards programs of the District. The District's reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the schedule.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal* Awards (Uniform Guidance) Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 3 – RELATIONSHIP TO FINANCIAL STATEMENTS

The amounts reported in the accompanying schedule of expenditures of federal awards agree, in all material respects, to amounts reported within the District's financial statements with the following exception:

Reconciliation to the District's Financial Statements:	
Statement of Activities:	
Operating grants and contributions:	
Federal grants	$ 1,184,448

Federal award revenues are reported principally in the District's financial statements as federal grant revenues in the District’s statement of activities.

NOTE 4 – LOANS OUTSTANDING WITH A CONTINUING COMPLIANCE REQUIREMENT

No program had federally-funded loans with a continuing compliance requirement outstanding at June 30, 2023.

NOTE 5 – INDIRECT COST RATE

The District elected not to use the 10-percent de-minimus indirect cost rate allowed under the Uniform Guidance.

Other Independent Auditors' Report

NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' 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*

Board of Directors
Tahoe Resource Conservation District
South Lake Tahoe, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and general fund of Tahoe Resource Conservation District
the related notes to the financial statements, which collectively comprise District's basic financial statements, and have issued our report thereon dated March 20, 2024.

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

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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

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

Nigro & Nigro, PC

Murrieta, California
March 20, 2024

NIGRO & NIGRO PC
A Professional Accountancy Corporation

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

Board of Directors
Tahoe Resource Conservation District
South Lake Tahoe, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program
We have audited the Tahoe Resource Conservation District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

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

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

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

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the accompanying financial statements of the governmental activities and the General Fund of the Tahoe Resource Conservation District (District) as of and for the fiscal 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. We issued our report thereon dated March 20, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Nigro & Nigro, PC

Murrieta, California
March 20, 2024

Findings and Questioned Costs

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Federal Awards

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

Federal Financial Assistance	Name of Federal Program or Cluster
15.235	Southern Nevada Public Land Management

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

SECTION II - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards.*

There were no audit findings in 2022-23.

SECTION II - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

There were no audit findings in 2021-22.