GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

This Page Left Intentionally Blank

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

Table of Contents

Page

Independent Auditor's Report 1

Management's Discussion & Analysis 5

Basic Financial Statements

Statement of Net Position – Proprietary Funds 13

Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds 15

Statement of Cash Flows – Proprietary Fund 16

Statement of Fiduciary Net Position 18

Statement of Changes in Fiduciary Net Position 19

Notes to Financial Statements 21

Required Supplemental Information

Schedule of Changes in the Net Pension Liability and Related Ratios – Miscellaneous Plan 47

Schedule of Contributions 48

Schedule of Changes in the Net OPEB Liability and Related Ratios 49

Other Report

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 51

This Page Left Intentionally Blank

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Georgetown Divide Public Utility District
Georgetown, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of each major enterprise fund, and the fiduciary fund of the Georgetown Divide Public Utility District (District), California, 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, respective financial position of each major enterprise fund, and the fiduciary fund of the 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.

Basis for Opinions

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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the 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.

Accountancy Corporation
3478 Buskirk Avenue, Suite 217
Pleasant Hill, CA 94523

T 925.228.2800
E maze@mazeassociates.com
W mazeassociates.com

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 isa 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.

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 87 – *Leases*, which became effective during the year ended June 30, 2022. See Note 5 to the financial statements. The emphasis of this matter does not constitute a modification to our opinions.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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. 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.

Report on Summarized Comparative Information

We have previously audited the District's June 30, 2022 financial statements, and we expressed an unmodified audit opinions on those audited financial statements in our report dated August 16, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Maze + Associates

Pleasant Hill, California
April 16, 2024

This Page Left Intentionally Blank

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Management's Discussion and Analysis
June 30, 2023

As management of the Georgetown Divide Public Utility District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the audited financial statements and accompanying notes that follow this section.

Financial Highlights

Total revenue for the fiscal year ending June 30, 2023 was $7,624,953, an increase of $1,281,420 or 20.20% from the previous fiscal year. Total expenses were $4,321,703, a decrease of $3,766,273 or 46.57% from the previous fiscal year. The increase in net position was $3,303,250 for the fiscal year.

Operating revenue totaled $3,677,974 for the fiscal year ended June 30, 2023, an increase of $162,772 or 4.63% from the previous fiscal year. Operating expenses totaled $4,157,339 a decrease of $3,682,860 or 46.97% from the previous fiscal year.

Non-operating revenue was $3,946,979, an increase of $1,118,648 or 39.55%. Non-operating expenses were $164,364, a decrease of $83,413 or 33.66%. The remaining non-operating revenue supplements operating revenue to cover operating expenses and capital improvements.

Other significant financial activities were:

- Auburn Lake Trails Waste Discharge Requirement
- Distribution System Master Meters
- Sweetwater Treatment Plant Pump Control Valves
- Chimney Flat Treated Water Line Replacement
- Water Systems Conditions Assessment and Water System Reliability Study Update
- Asset Management System
- Annual Canal Lining
- Automated Meter Replace Project

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis, the Basic Financial Statements, and Required Supplementary Information.

The required financial statements are the Statement of Net Position at June 30, 2023; the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds for the fiscal year ended June 30, 2023; and the Statement of Cash Flows – Proprietary Funds for the fiscal year ended June 30, 2023 at the fund level. The final required financial statement is the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The financial statements also include comprehensive notes which summarize the official accounting policies of the District.

The financial statements, except for the cash flow statement, are prepared using the accrual basis of accounting, which means that revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts or payments. The cash flow statement is an exception because that statement shows the receipt and payment of cash for operating activities, non-capital financing activities, capital and related financing activities, and investing activities.

Required Financial Statements

The financial statements of the District report information about the District using accounting methods similar to those used by companies in the private sector. These statements offer short and long-term financial information about its activities. The *Statement of Net Position* includes all the District's assets and liabilities. The statement also provides information about the nature and amounts of investments in assets and obligations to District creditors as liabilities. The statement also provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

All of the current fiscal year's revenues and expenses are accounted for in the *Statement of Revenues, Expenses, and Changes in Net Position.* This statement measures the District's operations over the past fiscal year and can be used to determine whether the District has successfully recovered all of its costs through its rates, fees, and other charges. The District's net position and credit worthiness can also be determined from this statement.

The primary purpose of the *Statement of Cash Flows* is to provide information about the District's cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, and financing activities. It explains where cash came from, cash usage, and the change in the cash balance during the reporting period.

Fiduciary funds are used to account for resources held for the benefit of parties outside and within the District. Since the resources of these funds are not available to support the District's own programs, they are not reflected in the government wide financial statements. *The Statement of Fiduciary Net Position* is found on pages 16-17.

Financial Analysis of the District

Has the financial condition of the District improved or deteriorated as a result of this year's operations? The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position attempts to answer this question. Net position may be a useful indicator over time as to the District's financial position. But there may be other non-economic factors that could cause a change in the District's financial situation.

Statement of Net Position

The Statement of Net Position is a snapshot in time that shows assets, liabilities, and net assets as of June 30, 2023. Net Position increased by $3,303,250 to $22,017,474 in fiscal year 2023. Total assets and deferred outflows increased by $2,314,730 or 5.92%. This increase is attributable to an increase in capital assets, net of accumulated depreciation due to construction projects. Liabilities and deferred inflows decreased by $988,520 to $19,424,284. The majority of the decrease in liabilities is due to the implementation of the new GASB for leases in FY 2021-2022. GASB 68 & OPEB contributions for pension expenses totaled $1,925,358.17 in FY 2021-2022 and now total $1,834,498 in FY 2022-2023. A summary of the District's Statement of Net Position is presented in Table A-1.

Table A-1
Condensed Statement of Net Position

	Fiscal Year 2023	Fiscal Year 2022	Dollar Change	Percent Change
Current Assets	$ 8,912,380	$ 9,043,990	$ (131,610)	-1.46%
Restricted Assets	2,588,477	2,439,038	149,439	6.13%
Capital Assets, Net of Accumulated Depreciation	27,173,875	26,313,397	860,478	3.27%
Total Assets	38,674,732	37,796,425	878,307	2.32%
Deferred Outflows of Resources	2,767,026	1,330,603	1,436,423	107.95%
Total Assets and Deferred Outflows of Resources	41,441,758	39,127,028	2,314,730	5.92%
Current Liabilities	801,272	1,524,148	(722,876)	-47.43%
Long-term Liabilities	16,881,704	14,162,190	2,719,514	19.20%
Total Liabilities	17,682,976	15,686,338	1,996,638	12.73%
Deferred Inflows of Resources	1,741,308	4,726,466	(2,985,158)	-63.16%
Total Liabilities and Deferred Inflows of Resources	19,424,284	20,412,804	(988,520)	-4.84%
Invested in Capital Assets, Net of Related Debt	17,558,422	17,489,692	68,730	0.39%
Restricted Net Position for Facilities	2,585,936	2,542,679	43,257	1.70%
Unrestricted Net Position	1,873,116	(1,318,147)	3,191,263	-242.10%
Total Net Position	$ 22,017,474	$ 18,714,224	$ 3,303,250	17.65%

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position provides information on the nature and source of assets represented on the Statement of Net Position. It also shows that the revenue exceeds expenses by $3,303,250. Ending net position totaled $22,017,474. Total revenues increased by $1,281,420 in 2023 totaling $7,624,953. This increase is attributable to a decrease in operating expenses, current liabilities, and pension related expenses. The Statement of Revenues, Expenses, and Changes in Net Position lists the operating revenues and the non-operating revenues together and compares them to operating and non-operating expenses. Table A-2 depicts total revenues and total expenses and the resulting changes in net position.

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

	Fiscal Year 2023	Fiscal Year 2022	Dollar Change	Percent Change
Operating Revenues	$ 3,677,974	$ 3,515,202	$ 162,772	4.63%
Non-operating Revenues and Contributions	3,946,979	2,828,331	1,118,648	39.55%
Total Revenues	7,624,953	6,343,533	1,281,420	20.20%
Operating Expenses	4,157,339	7,840,199	(3,682,860)	-46.97%
Non-operating Expenses	164,364	247,777	(83,413)	-33.66%
Total Expenses	4,321,703	8,087,976	(3,766,273)	-46.57%
Net Income (Loss)	3,303,250	(1,744,443)	5,047,693	-289.36%
Beginning Net Position	18,714,224	20,458,667	(1,744,443)	-8.53%
Restatements				
Ending Net Position	$ 22,017,474	$ 18,714,224	$ 3,303,250	17.65%

Operating Revenues

In a purely business environment, operating revenues are meant to cover operating expenses. The District's operating revenues are significantly less than operating expenses. Therefore, the District operates on an operating loss and requires non-operating revenue to operate. The District is unique in that it receives a significant amount of non-operating revenue in the form of property taxes. This non-operating revenue is used to offset this operating loss. Operating revenues increased by 4.63 % even though rates have not increased since 2019. Operating revenues are depicted in Table A-3.

Table A-3
Condensed Operating Revenues

	Fiscal Year 2023	Fiscal Year 2022	Dollar Change	Percent Change
Water Sales - Residential (Treated Water)	$3,003,257	$2,873,804	$129,453	4.50%
Water Sales - Commercial	-	-	-	0.00%
Water Sales - Irrigation	326,333.00	388,464	(62,131)	-15.99%
Water Disposal Fees and Charges	226,067	211,263	14,804	7.01%
Penalties	76,936	28,112	48,824	173.68%
Connections	45,381	13,559	31,822	234.69%
Total Operating Revenues	$3,677,974	$3,515,202	$162,772	4.63%

Operating Expenses by Department

Total operating expenses decreased $3,682,860 or 446.97% to $4,157,339. The hydroelectric activities and claims expenses are combined with the administrative activities as they are not material enough to present separately. Operating expenses are depicted in Table A-4.

Table A-4
Operating Expenses by Department

	Fiscal Year 2023	Fiscal Year 2022	Dollar Change	Percent Change
Source of Supply	$ 742,397	$ 428,880	$ 313,517	73.10%
Transmission and Distribution – Raw Water	682,024	642,832	39,192	6.10%
Water Treatment	772,201	765,229	6,972	0.91%
Transmission and Distribution – Treated Water	1,085,621	938,177	147,444	15.72%
Customer Service	226,167	293,999	(67,832)	-23.07%
Administrative, Claims Expense, and Hydroelectric	(628,284)	3,586,049	(4,214,333)	-117.52%
Depreciation and Amortization	901,413	932,036	(30,623)	-3.29%
On-site Wastewater Disposal Zone	375,800	252,997	122,803	48.54%
Total Operating Expenses	$ 4,157,339	$ 7,840,199	$ (3,682,860)	-46.97%

Operating Revenues vs. Operating Expenses

The District's operating loss decreased by $3,791,654 or 87.7% from the prior year. Table A-5 compares operating revenues to operating expenses and depicts the District's reliance on other revenue for operations.

Table A-5
Operating Revenues vs Operating Expenses

	Fiscal Year 2023	Fiscal Year 2022	Dollar Change	Percent Change
Operating Revenues	$ 3,677,974	$ 3,515,202	$ 162,772	4.63%
Operating Expenses	4,157,339	7,840,199	(3,682,860)	-46.97%
Operating Loss	$ (479,365)	$ (4,324,997)	$ 3,845,632	-88.92%

Non-operating Revenues and Expenses

The District's non-operating income is vital to covering operations. Interest income increased this year due to market fluctuations. Property tax revenue increased modestly, Capital Facility Payments and Lease Revenue decreased significantly. There were capital contributions related to grant reimbursements which the District did not receive in 2022. The 2021-2022 SMUD payment was received late in FY 2022-2023 almost doubling the normal payment. Sale of Assets revenue increased from prior years due to surplusage of old outlived equipment. Table A-6 compares non-operating revenues and expenses.

Table A-6
Non-Operating Revenues and Expenses

	Fiscal Year 2023	Fiscal Year 2022	Dollar Change	Percent Change
Property Taxes – General	$ 2,010,456	$ 1,867,047	$ 143,409	7.68%
Surcharge	665,137	663,592	1,545	0
Grant Revenue	567,607	-	567,607	1
Interest Income	176,443	30,679	145,764	5
Lease Revenue	121,062	136,621	(15,559)	(0)
SMUD Payment	241,297	-	241,297	1
Hydroelectric Royalty Payments	36,486	53,074	(16,588)	(0)
Capital Facility Payments	19,864	76,084	(56,220)	(1)
Gain on sale of asset	108,282	-	108,282	1
Other	345	1,234	(889)	(1)
Total Non-Operating Revenues	3,946,979	2,828,331	1,118,648	0
Capital contributions	-	-	-	1
Total Non-operating Expenses	(164,364)	(247,777)	83,413	(0)
Non-operating Income less Non-operating Expense	$ 3,782,615	$ 2,580,554	$1,202,061	46.58%

Capital Assets

The District's investment in capital assets for the fiscal year was $1,774,942, which includes $1,586,049 of capital improvements. The most significant investments in capital assets are:

- Auburn Lake Trails Waste Discharge Requirement - $24,658
- Distribution System Master Meters - $74,751
- Sweetwater Treatment Plant Pump Control Valves - $114,599
- Chimney Flat Treated Water Line Replacement - $57,753
- Water Systems Conditions Assessment and Water System Reliability Study Update - $154,962
- Asset Management System - $23,999
- Annual Canal Lining - $42,828
- Automated Meter Replace Project - $892,406

Additional information about District capital assets can be obtained in Note 4 of the notes to the financial statements.

Long-term Debt and Debt Administration

At June 30, 2023, the District had $17,455,323 in long-term debt, including compensated absences, net pension liability and other postemployment benefits obligations, and loan and capital leases, which is $2,786,168 more than the prior fiscal year. The District continues to perform debt administration functions previously performed by the County on the District's behalf for certain 1915 Act bonds. Additional information about District long-term debt can be obtained in Note 6 of the notes to the financial statements.

CalPERS Pension Plan

Assembly Bill 340 was recently passed by the California Legislature in an effort to reduce CalPERS pension costs in the long run. The District has participated in a CalPERS Pension Plan since February of 1972. There have been amendments to the contract with CalPERS over the years. CalPERS requires the District to be part of a small employer pool and the 2006 contract change which require payments to reduce a side fund. The contribution requirements of the plan members are established by state statute and the employer contribution rate is established and may be amended by CalPERS. The *Governmental Accounting Standards Board Statement No. 68 – Accounting and Financial Reporting by Employers for Pensions* established new accounting rules for reporting pension obligations effective years ending after June 15, 2013. Prior to this pension obligations were not accounted for on the balance sheet. Actuarial valuations are provided by CalPERS that support the calculation of the Net Pension Liability and related Deferred Outflows and Inflows of Resources. Net Pension liability is determined by accounting for the proportionate share of the actuarially determined total pension liability less the proportionate share of the actuarially determined fiduciary net position of the cost-sharing plan. Year over year changes to the actuarial assumptions are amortized over a fixed period and accounted for in Deferred Outflows and Inflows of Resources in order to smooth the otherwise large swings in changes. The net of all annual changes to Net Pension Liability and Deferred Inflows and Outflows of Resources are recognized in Pension Expense. At June 30, 2023, the District reported $6,437,282 in Net Pension liability, an increase of $2,252,744 from the prior year balance of $4,184,538. Deferred Outflows of Resources were $2,767,026, up $1,436,423 from the prior year balance of $1,330,603. Deferred Inflows of Resources were $1,741,308, down $2,985,158 from the prior year balance of $4,726,466. Pension expenses were $1,435,831, a decrease of $756,364 from the prior year's amount of $2,651,272. Additional information about Pensions can be obtained in Note 13 of the notes to the financial statements.

Postemployment Benefits Other Than Pensions

The District has been endeavoring to fund these benefit commitments for many years. On April 11, 2006, the District adopted Ordinance 2006-01 regarding retiree health benefits implementing caps on the amount the District would pay towards these types of benefits. In Fiscal Year 2009-10 the District implemented *Governmental Accounting Standards Board Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* which required the calculation and reporting of the current obligation. Effective fiscal years ending after June 15, 2017 *Government Accounting Standards Board Statement No. 75 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* require municipalities to report a Net OPEB Liability similar to that of Net Pension Liability. A calculation of the future liability for these benefits has been prepared utilizing the alternative measurement method allowed by the statement for small employers with less than 100 participants. The estimated actuarial liability at June 30, 2023 is $1,334,027, a decrease of $260,894 from the prior year balance of $1,594,921. The District has set aside $344,401 for this obligation. As the District administers this plan without a trust, the designated assets set aside for these benefits are not recognized in the notes to the financial statements. Additional information about postemployment benefits other than pensions can be obtained in Note 15 of the notes to the financial statements.

Economic Factors and Rates

The District's customer base continues to grow at a slow rate. The District completed a Water Financial Analysis in October 2017. The last water rate study performed by the District was in 2008, and the last water rate increase was in 2011. The purpose of the Analysis was to ensure the financial strength of the District, expose the need to set reserves aside for future replacement of failing components, allocate shared costs between treated water and irrigation water customers, and identify any other financial deficiencies of the District. This Analysis recommended a new rate structure and higher rates which were adopted by the Board of Directors and went into effect in January 2018. That rate structure included five years of increases that were planned to continue until 2022.

In January 2019, the Board decided to not implement the approved 2019 treated and raw water rates and held rates at the 2018 rate level. This resulted in forgoing the respective 5% and 10% increases in treated and raw water rates that were recommended by the 2017 Water Financial Analysis and adopted by the Board in 2017. Likewise, in 2020 and in 2021, the Board decided to uphold the water rate freeze and did not raise rates. Therefore, District revenues between 2019 and 2022 will never reach the level recommended by the 2017 Water Financial Analysis. Best practice is to review and update rates every three to five years, so the District should have begun reviewing rates again in early 2021.

Requests for Information

This financial report is designed to provide a general overview of the finances of the Georgetown Divide Public Utility District. After the financial report is approved by the Board of Directors, it can be found under the financial section on the District's website (gd-pud.org). Copies of the report are also provided to the El Dorado County libraries in Placerville and Georgetown. A copy will be available for review at the District office, located at 6425 Main St, Georgetown, California 95634. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the General Manager of the District, Georgetown Divide Public Utility District, P.O. Box 4240, Georgetown, California 95634-4240.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE
AS OF JUNE 30, 2023
WITH SUMMARIZED TOTALS AS OF JUNE 30, 2022

		Wastewater	Totals	
ASSETS	Water	Disposal	2023	2022
Assets:				
Current:				
Cash and investments	$7,333,802	$730,646	$8,064,448	$8,092,409
Receivables:				
Accounts	694,791	35,206	729,997	808,463
Assessments receivable				15,575
Accrued interest	53,285	5,769	59,054	13,862
Prepaid expenses	56,061	2,820	58,881	113,681
Total Current Assets	8,137,939	774,441	8,912,380	9,043,990
Noncurrent:				
Restricted:				
Cash and investments	1,774,554	209,026	1,983,580	1,800,709
Assessments receivable				
Lease receivable	604,897		604,897	638,329
Capital assets - net of accumulated depreciation	27,046,452	127,423	27,173,875	26,313,397
Total Noncurrent Assets	29,425,903	336,449	29,762,352	28,752,435
Total Assets	37,563,842	1,110,890	38,674,732	37,796,425
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	2,623,588	143,438	2,767,026	1,330,603
Total Deferred Outflows of Resources	2,623,588	143,438	2,767,026	1,330,603
Total Assets and Deferred Outflows of Resources	40,187,430	1,254,328	41,441,758	39,127,028

(Continued)

See accompanying notes to financial statements

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS - ENTERPRISE
AS OF JUNE 30, 2023
WITH SUMMARIZED TOTALS AS OF JUNE 30, 2022

			Totals	
LIABILITIES	Water	Wastewater Disposal	2023	2022
Current Liabilities:				
Accounts payable	182,722	17,072	199,794	994,716
Accrued liabilities	23,991	2,201	26,192	19,168
Accrued interest	667		667	2,299
Unearned revenues				
Deposits payable	1,000		1,000	1,000
Accrued compensated absences	4,926	449	5,375	6,756
Loans and capital leases	568,244		568,244	500,209
Total Current Liabilities	781,550	19,722	801,272	1,524,148
Noncurrent Liabilities:				
Accrued compensated absences	57,912	5,274	63,186	59,235
Total OPEB liability	1,334,027		1,334,027	1,594,921
Net pension liability	6,130,521	306,761	6,437,282	4,184,538
Loans and capital leases	9,047,209		9,047,209	8,323,496
Total Noncurrent Liabilities	16,569,669	312,035	16,881,704	14,162,190
Total Liabilities	17,351,219	331,757	17,682,976	15,686,338
DEFERRED INFLOWS OF RESOURCES				
Pension related	1,247,764	(82,572)	1,165,192	4,103,407
Lease related	576,116		576,116	623,059
Total Deferred Inflows of Resources	1,823,880	(82,572)	1,741,308	4,726,466
Total Liabilities and Deferred Inflows of Resources	19,175,099	249,185	19,424,284	20,412,804
NET POSITION (Note 1D)				
Net investment in capital assets	17,430,999	127,423	17,558,422	17,489,692
Restricted for new facilities	2,371,901	214,035	2,585,936	2,542,679
Unrestricted	1,209,431	663,685	1,873,116	(1,318,147)
Total Net Position	$21,012,331	$1,005,143	$22,017,474	$18,714,224

See accompanying notes to financial statements

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED TOTALS FOR YEAR ENDED JUNE 30, 2022

		Wastewater	Totals	
	Water	Disposal	2023	2022
OPERATING REVENUES:				
Water Sales:				
Residential	$3,003,257		$3,003,257	$2,873,804
Irrigation	326,333		326,333	388,464
Installations and connections	45,381		45,381	13,559
Waste disposal:				
Zone charges		$208,708	208,708	185,883
Design fees		3,280	3,280	3,280
Escrow Fees		14,079	14,079	22,100
Penalties	76,936		76,936	28,112
Total Operating Revenues	3,451,907	226,067	3,677,974	3,515,202
OPERATING EXPENSES:				
Source of supply	742,397		742,397	428,880
Transmission and distribution - raw water	682,024		682,024	642,832
Water treatment	772,201		772,201	765,229
Transmission and distribution - treated water	1,085,621		1,085,621	938,177
Customer service	226,167		226,167	293,999
Administrative and hydroelectric	1,493,610		1,493,610	1,498,527
On-site wastewater disposal zone		375,800	375,800	252,997
Pension and OPEB Expense	(1,993,924)	(127,970)	(2,121,894)	2,087,522
Depreciation expense	876,814	24,599	901,413	932,036
Total Operating Expenses	3,884,910	272,429	4,157,339	7,840,199
NET OPERATING INCOME (LOSS)	(433,003)	(46,362)	(479,365)	(4,324,997)
NONOPERATING REVENUE (EXPENSE):				
Tax revenue - general	2,010,456		2,010,456	1,867,047
Surcharge	665,137		665,137	663,592
Grant revenue	567,607		567,607	
Interest revenue	153,037	23,406	176,443	30,679
Lease revenue	121,062		121,062	136,621
SMUD payment	241,297		241,297	
Hydroelectric royalty payments	36,486		36,486	53,074
Capital facility charge	19,864		19,864	76,084
Gain (loss) on disposal of capital assets	108,282		108,282	
Other revenue	345		345	1,234
Interest expense	(143,721)		(143,721)	(154,749)
Other expense	(20,643)		(20,643)	(93,028)
Nonoperating Revenue (Expenses), net	3,759,209	23,406	3,782,615	2,580,554
CHANGES IN NET POSITION	3,326,206	(22,956)	3,303,250	(1,744,443)
NET POSITION, BEGINNING OF YEAR	17,686,125	1,028,099	18,714,224	20,458,667
NET POSITION, END OF YEAR	$21,012,331	$1,005,143	$22,017,474	$18,714,224

See accompanying notes to financial statements

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	Water	Wastewater Disposal	Totals 2023	Totals 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	$3,473,481	$223,889	$3,697,370	$3,692,598
Cash paid to suppliers for goods and services	(2,494,117)	(162,054)	(2,656,171)	(1,827,532)
Cash paid to employees for services	(3,515,723)	(196,676)	(3,712,399)	(2,039,710)
Cash Flows from Operating Activities	(2,536,359)	(134,841)	(2,671,200)	(174,644)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Property taxes received	2,010,456		2,010,456	1,867,047
Surcharge	665,137		665,137	663,592
Grant revenue	567,607		567,607	
Assessment receivable payments				15,575
Receipts from capacity charges	19,864		19,864	76,084
SMUD receipts	241,297		241,297	
Hydroelectric royalty receipts	36,486		36,486	53,074
Other revenue	48,737		48,737	1,234
Other expenses	(40,714)		(40,714)	(163,798)
Receipts from cellular antenna rentals	121,062		121,062	136,621
Net Cash Flows from Noncapital Financing Activities	3,669,932		3,669,932	2,649,429
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Additions to utility plant and equipment	(1,773,109)	(1,833)	(1,774,942)	(1,553,036)
Principal payments on long-term debt	(500,208)		(500,208)	(497,683)
Interest paid on long-term debt	(145,353)		(145,353)	(153,783)
Net proceeds from debt issues	1,291,956		1,291,956	
Proceeds from sale of capital assets	108,282		108,282	
Cash Flows from Capital and Related Financing Activities	(1,018,432)	(1,833)	(1,020,265)	(2,204,502)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	153,037	23,406	176,443	30,679
NET CASH FLOWS	268,178	(113,268)	154,910	300,962
Cash and cash equivalents at beginning of year	8,840,178	1,052,940	9,893,118	9,592,156
Cash and cash equivalents at end of year	$9,108,356	$939,672	$10,048,028	$9,893,118

(Continued)

See accompanying notes to financial statements

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS - ENTERPRISE
FOR THE YEAR ENDED JUNE 30, 2023
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	Water	Wastewater Disposal	Totals 2023	Totals 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Operating income (loss)	($433,003)	($46,362)	($479,365)	($4,324,997)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	876,814	24,599	901,413	932,036
(Increase) decrease in accounts receivable	50,355	(2,178)	48,177	156,241
(Increase) decrease in lease receivable	(604,897)		(604,897)	(638,329)
(Increase) decrease in deposits and prepaid expense	55,472		55,472	40,733
(Increase) decrease in deferred outflow - pension	(1,332,903)	(103,520)	(1,436,423)	50,596
Increase (decrease) in accounts payable	(809,563)	14,641	(794,922)	892,511
Increase (decrease) in accrued liabilities	6,426	598	7,024	4,808
Increase (decrease) in compensated absences	740	1,830	2,570	4,330
Increase (decrease) in post-employment benefits	(260,894)		(260,894)	154,367
Increase (decrease) in deferred inflow - pension	(2,732,541)	(205,674)	(2,938,215)	3,749,889
Increase (decrease) in deferred inflow - lease	576,116		576,116	623,059
Increase (decrease) in net pension liability	2,071,519	181,225	2,252,744	(1,815,580)
Increase (decrease) in unearned revenue				(4,308)
Cash Flows from Operating Activities	($2,536,359)	($134,841)	($2,671,200)	($174,644)

SCHEDULE OF NON CASH ACTIVITIES
Adjustment to CIP

See accompanying notes to financial statements

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2023

	Custodial Fund
ASSETS	
Cash and investments	$59,456
Prepaid expense	408
Receivables:	
Assessments	56,055
Accrued interest	280
Total Assets	116,199
LIABILITIES	
Accounts payable	78
Accrued interest	407
Unearned revenues	9,843
Long-term liabilities:	
Due in one year	7,306
Due in more than one year	138,840
Total Liabilities	156,474
NET POSITION (DEFICIT)	
Held in trust for other purposes	(40,275)
Total Net Position	($40,275)

See accompanying notes to basic financial statements

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Fund
ADDITIONS	
Interest and change in fair value of investments	$1,033
Total Additions	1,033
DEDUCTIONS	
Interest expense	6,755
Other Miscellaneous Expense	78
Total Deductions	6,833
Change in net position	(5,800)
NET POSITION	
Beginning of year	(34,475)
End of year	($40,275)

See accompanying notes to basic financial statements

This Page Left Intentionally Blank

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

The reporting entity, the Georgetown Divide Public Utility District (District), was created by the electorate, June 4, 1946, under the California Public Utility District Act of 1921. The District operates under a governing five-member Board of Directors (Board) elected at-large for four-year overlapping terms. The District's management is under the direction of the General Manager, who also serves as Clerk, and ex-officio Secretary of the Board, who is appointed by and serves at the pleasure of the Board.

B. Reporting Entity

The District's basic financial statements include the operations of all organizations for which the District's Board of Directors exercises oversight responsibility. Oversight responsibility is demonstrated by financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

Based upon the aforementioned oversight criteria, there are no component units in this report which met the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statements Nos. 39 and 61.

The basic financial statements include the accounts of two enterprise activities provided by the District: (1) raw and treated water services, and (2) wastewater disposal services in the Auburn Lake Trails (A.L.T.) subdivision.

C. Basis of Presentation

The District's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

The Fund Financial Statements provide information about the District’s funds, including the fiduciary fund. Separate statements for each fund category – proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District maintains one fiduciary fund. The "economic resources" measurement focus and the accrual basis of accounting is used for custodial funds.

D. Major Funds and Fiduciary Fund

GASB Statement No. 34 defines major funds and requires that the District's major proprietary funds are identified and presented separately in the fund financial statements.

Major funds are defined as funds that have assets, liabilities, revenues, or expenses equal to or greater than ten percent of their fund-type total and five percent of all fund-type totals. The District may also select other funds that it believes should be presented as major funds. The District reports all its proprietary funds as major funds.

The District reported the following major proprietary funds:

Water

This fund accounts for the activities of providing raw and treated water services to the customers. Raw water service is also known as irrigation water.

Wastewater Disposal

This fund accounts for the activities of monitoring wastewater disposal of the residents of the Auburn Lake Trails subdivision. The area is also known as the On-Site Wastewater Disposal Zone. The On-Site Wastewater Disposal Zone is comprised of all the lots in the Auburn Lake Trails Subdivision, including the lots connected to the Community Disposal System.

Additionally, the District reports a fiduciary fund to account for the debt service activities for the Stewart Mine Assessment District. The District's administration of this debt is a purely custodial function.

E. Basis of Accounting

The financial statements are reported using the "economic resources' measurement focus and the full 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.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budget and Budgeting

Budget integration is employed as a management control device. Budgets are formally adopted by the Board of Directors and take effect the following July 1. The budgets are used as a management tool and are not a legal requirement.

G. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments (including restricted assets) with a maturity of twelve months or less when purchased to be cash equivalents.

H. Restricted Assets

These assets consist of certificates of deposit, short-term investments, and receivables which are restricted for debt service and other legal obligations.

I. Capital Assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of donation. The District capitalizes capital assets valued over $1,000 and having a useful life of at least three years. Depreciation is recorded using the straight-line method over the estimated useful lives of the capital assets, which range from 30 to 100 years for the plant and pipelines and 3 to 15 years for other equipment.

J. Compensated Absences

Compensated absences including accumulated unpaid vacation, sick pay, and other employee benefits are accounted for as expenses in the year earned.

K. Property Taxes

The District receives property taxes from El Dorado County (County), which has been assigned the responsibility for assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County. The District's property taxes are levied each July 1, on the assessed values as of the prior January 1 for all real and personal property located in the District. Property sold after the assessment date (January 1) is reassessed and the amount of the supplemental property tax levied is prorated. Secured property taxes are due in two installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid by August 31.

The District participates in the County "Teeter Plan" method of property tax distribution and thus receives 100% of the District's apportionment each fiscal year, eliminating the need for an allowance for uncollectibles. The County, in return, receives all penalties and interest on the related delinquent taxes. Under the Teeter Plan, the County remits property taxes to the District based on assessments, not on collections, according to the following schedule: 55 percent in December, 40 percent in April, and 5 percent at the end of the fiscal year.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America, as prescribed by the GASB and the American Institute of Certified Public Accountants (AICPA), 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 could differ from those estimates.

M. Comparative Prior Year Financial Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

N. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

O. Deferred Outflows/Inflows of Resources

Deferred outflows of resources are a consumption of net position that is applicable to a future reporting period and deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period. A deferred outflow of resources has a positive effect on net position, similar to assets, and a deferred inflow of resources has a negative effect on net position, similar to liabilities. The District has certain items, which qualify for reporting as deferred outflows of resources and deferred inflows of resources.

P. Pension Plan

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension, and pension expense, information about the fiduciary net position of the Local Government of 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. 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.

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Other Post-Employment 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 have been determined using the alternative measurement valuation method accepted by GASB Statement No. 75 for plans with fewer than 100 participants (active and inactive). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

R. New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) pronouncements were effective in fiscal year 2022-23:

GASB Statement No. 96 – In May 2020, GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs) was issued. GASB Statement No. 96 (GASB 96) establishes uniform accounting and financial reporting requirements for SBITAs; improves the comparability of government's financial statements; and enhances the understandability, reliability, relevance, and consistency of information about SBITAs. GASB 96 applies to government agencies who are currently using information technology (IT) software such as Office 365, Adobe, Zoom, and others as specified in their contracts. GASB 96 applies to all contracts meeting the definition of a SBITA, unless specifically excluded. As defined in GASB Statement No. 96, paragraph 6, a SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (with underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

NOTE 2 – CASH AND INVESTMENTS

The cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of District debt instruments or District agreements:

Unrestricted cash and investments	$8,064,448
Restricted cash and investments	1,983,580
Cash and Investments, Statement of Net Position	10,048,028
Cash and investments, Statement of Fiduciary Net Position	59,456
Total Cash and Investments	$10,107,484

Cash and investments as of June 30, 2022, consist of the following:

Cash on hand	$450
Deposits with financial institutions	474
Investments	10,106,560
Total Cash and Investments	$10,107,484

A. *Investments Authorized by the California Government Code and the District's Investment Policy*

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency InvestmentFund (LAIF)	N/A	None	$65 million
Money Market Funds (must be Comprised of eligible securities permitted under this policy)	N/A	None	None

NOTE 2 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Money Market Funds	N/A	None	None

Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Deposits and withdrawals in governmental investment pools, such as the State of California Local Agency Investment Fund (LAIF), are made on the basis of one dollar and not fair value. Accordingly, the fair value of the District's proportionate share in this type of investment is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input. Money Market Accounts are nonparticipating interest-bearing savings accounts. They are measured using a cost-based measure, not fair value, and therefore, not subject to fair value hierarchy.

C. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

Investment Type	12 Months or less	Total
Local Agency Investment Fund	$7,557,245	$7,557,245
Money Market Mutual Fund	2,496,699	2,496,699
Held by Bond Trustee:		
Money Market Mutual Fund	52,616	52,616
Total Investments	$10,106,560	$10,106,560

NOTE 2 – CASH AND INVESTMENTS (Continued)

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment Type	Minimum Legal Rating	Total	Not Rated
Local Agency Investment Fund	N/A	$7,557,245	$7,557,245
Money Market Mutual Fund		2,496,699	2,496,699
Held by Bond Trustee			
Money Market Mutual Fund	N/A	52,616	52,616
Total Investments		$10,106,560	$10,106,560

D. Concentration of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. Only investments with LAIF and the Money Market Funds exceed 5% or more of total District investments. The Money Market Funds are collateralized for the amount over the Federal Deposit Insurance Corporation amount or backed by United States obligations.

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: 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 government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2023, $2,246,699 of the District's deposits and investments with financial institutions in excess of federal depository insurance limits were held in collateralized accounts.

NOTE 2 – CASH AND INVESTMENTS (Continued)

F. Investment in State Investment Pool

The District is a voluntary participant in LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Restricted cash and investments are identified by use as follows at June 30, 2023:

	Water	Waste Disposal	Total
Debt Service:			
Kelsey North	$105,104		$105,104
Total Debt Service Cash and investments	105,104		105,104
New Facilties:			
Capital Facility Charges:	529,439		529,439
Water Development	421,057		421,057
Auburn Lake Trails Retrofit Project	718,954		718,954
Replacement and Expansion		$209,026	209,026
Total New Facilities Cash and Investments	1,669,450	209,026	1,878,476
Total Restricted Cash Investments	$1,774,554	$209,026	$1,983,580

NOTE 3 – ASSESSMENTS RECEIVABLE

Assessments receivable to the District are construction obligations of the benefited property owners of the Kelsey North and Stewart Mine Water Assessment Districts. El Dorado County collects the special assessments semi-annually in order to pay the related projects' Department of Water Resources or United States Department of Agriculture construction debts as they mature. The assessments receivable balances at June 30, 2023, were as follows:

Water Restricted Assessments Receivable Fiduciary Assessments Receivable	$56,055
Total Receivables	$56,055

NOTE 4 – CAPITAL ASSETS

Purchased capital assets are recorded at cost when purchased. Donated capital assets are recorded at fair value at the date of donation. Capital assets are depreciated overestimated useful lives ranging from one hundred years (Stumpy Meadows Dam) to three years (small office equipment) using the straight-line method. Capital assets at June 30, 2023, consisted of the following:

	Balance at June 30, 2022	Additions	Deletions	Transfers	Balance at June 30, 2023
Nondepreciable Capital Assets:					
Land and land right	$770,975				$770,975
Construction in progress	2,938,784	$1,586,049		($3,118,444)	1,406,389
Total nondepreciable assets	3,709,759	1,586,049		(3,118,444)	2,177,364
Capital assets, being depreciated:					
General plant equipment and facilities	1,474,311	16,891	($139,440)	452,274	1,804,036
Water treatment	20,315,368	5,131		114,599	20,435,098
Transmission and distribution	14,357,139	117,015		2,313,000	16,787,154
Auburn Lake Trails septic facilities	894,203	1,832			896,035
Source of supply	7,051,463	48,024	(2,500)	238,571	7,335,558
Total capital assets being depreciated	44,092,484	188,893	(141,940)	3,118,444	47,257,881
Less Accumulated Depreciation	(21,488,846)	(901,413)	128,889		(22,261,370)
Net capital assets being depreciated	22,603,638	(712,520)	(13,051)	3,118,444	24,996,511
Total capital assets, net	$26,313,397	$873,529	($13,051)		$27,173,875

Depreciation Allocations

Depreciation expense was charged to each fund based on their usage of the related assets. The amounts allocated to each fund was as follows:

Water	$876,814
Wastewater Disposal	24,599
Total Depreciation Expense	$901,413

NOTE 5 – LEASE RECEIVABLE

The District is a lessor for a noncancellable lease of four cell phone communications site locations. The District recognizes a lease receivable and a deferred inflow of resources.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term. The District recognized a $33,432 in lease revenue.

NOTE 5 – LEASE RECEIVABLE (Continued)

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

A summary of lease activities for the fiscal year ended June 30, 2023, are as follows:

Lessee	Orginal Lease Date	Expiration Date Including Options	Monthly revenue as June 30, 2023	Lease Receivable balance at June 30, 2023	Deferred Inflow of Resources at June 30, 2023
AT&T	8/9/2018	9/1/2042	$1,755	$438,270	$416,173
Cal.net	9/7/2016	9/30/2026	250	9,548	9,457
Comcast	12/1/2010	12/1/2029	7,379	129,700	124,196
PG&E	4/11/2018	7/1/2026	3,006	27,379	26,290
		Total	$12,390	$604,897	$576,116

Changes in the District's lease receivable during the year consists of the following.

	Balance July 01, 2022	Retirements	Balance June 30, 2023
Leases Receivable			
Cell Site Leases	$638,329	$33,432	$604,897
Total leases receivable	$638,329	$33,432	$604,897

NOTE 6 – LONG-TERM DEBT

Long-term liability activity for the fiscal year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Due within one year
Long-term debt:					
1989 Kelsey North Water AD 1989-1 Assessments	$153,421		($25,839)	$127,582	$26,709
2007 Walton Water Treatment Plant Filter Replacement	182,269	$1,291,956	(21,015)	1,453,210	80,898
2020 Auburn Lake Trails Upgrade	8,488,015		(453,354)	8,034,661	460,637
Total long-term debt	$8,823,705	$1,291,956	($500,208)	$9,615,453	$568,244

A. Direct Borrowing Loans Payable

California State Water Resources Control Board (SWRCB) - Three long-term contracts have been entered into with the SWRCB to finance the construction of various water projects:

The Kelsey North Water Assessment District 1989-1 contract of $630,000 is to be repaid by semi-annual payments of $15,398. These payments, due April 1 and October 1, beginning April of 1993 and ending October 1, 2027, include interest on the outstanding note balance at 3.3712%. Payments are made from assessments collected from the Assessment District. The balance of the loan as of June 30, 2023 is $127,582.

The Walton Lake Water Treatment Plant Filter Replacement contract of $400,511 is to be repaid by semi-annual payments of $12,529. These payments, due April 1 and October 1, beginning October 2010 and ending April 1, 2030, include interest on the outstanding note balance at 2.2836%. During the fiscal year ended June 30, 2023, the District drew down on this State Water Resources Control Board Drinking Water State Revolving Fund in the amount of $1,291,956 at an interest rate of 1.2%. These payments are due September 1, beginning September 2023 and ending September 1, 2042. The balance of these loans as of June 30, 2023 is $1,453,210.

The Auburn Lake Trails (ALT) construction loan for the Water Treatment Plant Upgrade was approved for a total contract of up to $10,000,000 is to be repaid by semi-annual payments ranging between $200,000 - $300,000. These payments, due January 1 and July 1, beginning July 2020 and ending January 1, 2039, include interest on the outstanding note balance at 1.6%. The balance of the loan as of June 30, 2023 is $8,034,661.

NOTE 6 – LONG-TERM DEBT (Continued)

Future Minimum debt service requirements for aggregate notes payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	$568,244	$148,116	$716,360
2025	575,803	140,341	716,144
2026	585,458	130,687	716,147
2027	595,291	120,853	716,144
2028	589,902	110,844	700,746
2029-2033	2,936,702	412,870	3,349,572
2034-2038	3,120,809	180,646	3,075,363
2039-2043	643,244	15,100	1,198,641
Total	$9,615,453	$1,259,457	$11,189,117

NOTE 7 – COMPENSATED ABSENCES

District employees accumulate earned but unused vacation benefits which can be converted to cash at termination of employment. It is estimated that up to two weeks per employee might be liquidated with expendable, currently available financial resources in the next year.

Compensated absences activity for the fiscal year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30,	Due Within One year
Water Fund	$62,098	$49,457	($48,717)	$62,838	$4,926
Wastewater Fund	3,893	6,268	(4,438)	5,723	449
Ending Balance	$65,991	$55,725	($53,155)	$68,561	$5,375

NOTE 8 – CUSTODIAL FUND: SPECIAL ASSESSMENT DEBT

The District acts as a custodian for the Stewart Mine Road Water Assessment District 98-1 Bonds, issued on August 24, 1999. This debt was not included in the District's accounting records because the District had no obligation for the payment of these bonds other than in a fiduciary capacity. The principal amount outstanding at June 30, 2023, and June 30, 2022, was $146,146 and $153,160, respectively.

NOTE 9 – ON-SITE WASTEWATER DISPOSAL ZONE (O.S.W.D.Z.)

During the early part of 1984, it became apparent that a proposed sewer assessment district was not going to be approved and that the assimilation alternative of combining certain lots in the Auburn Lake Trails (A.L.T.) subdivision was a possibility. By letter dated April 24, 1984, Trans America Development Corporation (TADCO) and A.L.T. property owners jointly requested the formation of an on-site wastewater disposal zone which would be monitored by the District. The O.S.W.D.Z. was formed pursuant to the authority granted under Sections 6950 et seq. of the Health and Safety Code of the State of California and became operative by board resolution on March 19, 1985. The effective date for accounting for revenues and expenses was April 1, 1985.

The purpose of the O.S.W.D.Z. is to protect the ground and surface water within the Disposal Zone boundaries in compliance with Regional Water Quality Control Board requirements. The District's responsibility is to design and inspect new on-site disposal systems and to monitor the surface and ground water quality and system performance of existing systems.

The O.S.W.D.Z. assessment revenues charged will be restricted to pay the operating costs of the O.S.W.D.Z. No unrestricted District funds can be used to pay expenses of the O.S.W.D.Z. Effective for the fiscal year ended June 30, 1998, the O.S.W.D.Z. Capital Expenditure Reserve was established. The O.S.W.D.Z. Capital Expenditure Reserve fund has had little activity over the years. The fund was inactivated May 13, 2008.

In addition to the O.S.W.D.Z., the District, by contract, has taken over operation of the Community Disposal System (C.D.S.) of 139 lots within the A.L.T. subdivision. These property owners pay additional assessments for operation and maintenance of the C.D.S. The C.D.S. Expansion Benefit Reserve was established July 1, 2000, and currently receives annual transfers in an effort to achieve the reserve level approved by the District in May 2005.

NOTE 10 – RESTRICTED BENEFIT CHARGES

This non-operating revenue is comprised of various benefit charges and interest earned on the corresponding deposits. The implementation of the Capital Facility Charges beginning on July 1, 2008, replaced the previous treatment plant, pipeline, and storage benefit charges. Pursuant to District ordinance, this revenue is restricted in special accounts which are to be used exclusively as follows:

<u>Water development charge funds</u>: To develop alternate sources of raw water to meet long-term District requirements.

<u>Capital Facility Charge Fund</u>: For maintenance and/or improvements of the treatment plants, pipeline facilities, and storage facilities.

<u>O.S.W.D.Z./C.D.S. replacement and expansion benefit charge funds</u>: For maintenance, improvement, and/or expansion of the community disposal system, as well as facilitating improvements in the O.S.W.D.Z.

NOTE 11 – NET POSITION

Net Position is the excess of all the District's assets over all its liabilities, regardless of fund. Net position is divided into three captions under GASB Statement No. 63. These captions apply only to net position, which are determined only at the government-wide level, proprietary funds, and fiduciary funds (trust funds only), and are described below.

Net Investment in Capital Assets

Investment in capital assets describes the portion of net position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted Net Position

Restricted net position consists of constraints placed on net position use through external creditors (such as through debt covenants), grants, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. Net position restricted for new facilities represent the net assets accumulated from restricted benefit charges imposed by District ordinances for the maintenance and expansion of facilities. Net position restricted for debt service is required by the debt agreements.

Unrestricted Net Position

The term "unrestricted" describes the portion of net position which is not restricted as to use.

The Board has designated portions of the unrestricted net position for specific operating purposes in an effort to provide for the prudent operations of the District.

Stumpy Meadows Emergency Reserve: Requirement of the contract entered into with the Department of Reclamation related to the dam at Stumpy Meadows.

Short-lived Asset Replacement: Requirement of the USDA loan for the Auburn Lake Trails Retrofit for the estimate of funds needed to be on hand to replace the existing assets with replacement lies of less than 15 years.

Capital Reserve: To provide for future estimated costs related to the replacement costs of current assets.

EPA: Environmental Protection Agency grant for Auburn Lake Trails Water Treatment Plant Retrofit.

Retiree Health: To provide for the estimated future health insurance benefits of existing retirees and current employees.

Garden Valley: For use in activities specific to the designated area.

Hydroelectric: To provide for the future estimated costs related to activities specific to the hydroelectric plant.

NOTE 11 – NET POSITION (Continued)

Restricted and unrestricted net position is identified by use as follows as of June 30, 2023:

	Water	Water Disposal	Total
Restricted Net Position:			
New Facilities:			
Water Development	$442,559		$442,559
Capital Facility Charges	1,929,342		1,929,342
C.D.S. Replacement		$41,982	41,982
C.D.S. Expansion		172,053	172,053
Total Restricted Net Position	$2,371,901	$214,035	$2,585,936
Unrestricted Net Position:			
Unrestricted Designated Net Position:			
Stumpy Meadows Emergency Reserve	$1,102,250		$1,102,250
Short-lived Asset Replacement	1,191,948		1,191,948
Capital Reserve	4,278,603		4,278,603
EPA	1,118,428		1,118,428
Retiree Health	(984,555)		(984,555)
Garden Health	111,330		111,330
Hydroelectric	952,802		952,802
Total Unrestricted Designated Net Position	7,770,806		2,055,052
Unrestricted undesignated Net Position	(6,561,375)	$663,685	(2,055,052)
Total Unrestricted Net Position	$1,209,431	$663,685	$1,873,116

NOTE 12 – 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. The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (Authority), a public entity risk pool currently operating as a common risk carrier management and insurance program for member agencies. The purpose of the Authority is to spread the adverse effect of losses among the members and to purchase excess insurance as a group, thereby reducing its expenses. The District pays annual premiums to the Authority for its general liability, automobile, property, fidelity coverage, and workers' compensation. The agreement for formation of the Authority provides that the Authority will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $50,000 (property), $100,000 (fidelity), and $5,000,000 (general, automobile and public official's liability) for each insured event, except for workers compensation which will reinsure for claims in excess of $2,000,000. The deductibles for the Authority is in the range from $1,000 to $2,500. Total premiums paid for fiscal year 2023 were $137,950.

The District continues to carry commercial insurance for employee health and life insurance. The District also carries commercial insurance for dental and optical insurance for the employees represented by Stationary Engineers, Local 39, and all new employees hired after July 11, 2006.

NOTE 13 – DEFINED BENEFIT PENSION PLAN

A. General Information About the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Local Government's Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provision under the Plans are established by State statue and Local Government resolution. Cal PERS issues publicly available reports that include a full description of the pension plans regarding benefit provision, 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 non-duty disability benefits after 10 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.

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

The Plans' provisions and benefits in effect at the measurement date, are summarized as follows:

	Miscellaneous Tier I
Hire date	Prior to January 1, 2012
Benefit formula	2.7% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	2.00% to 2.7%
Required employee contribution rates	8.00%
Required employer contribution rates	15.03%

	Miscellaneous Tier II
Hire date	Between January 1, 2012 through December 31, 2012
Benefit formula	2.7% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	2.00% to 2.7%
Required employee contribution rates	8.00%
Required employer contribution rates	13.35%

	Miscellaneous Tier III
Hire date	On or after January 1, 2013
Benefit formula	2% @ 62
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	52 - 67
Monthly benefits, as a % of eligible compensation	1.0% to 2.5%
Required employee contribution rates	6.75%
Required employer contribution rates	7.47%

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2023, the employer contributions recognized as a reduction to the net pension liability for the Plan was $666,368.

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate shares of the net pension liability of the rate Plan of $6,437,282.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, 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 plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the rate Plan as of June 30, 2021, and 2022, was as follows:

	Miscellaneous
Proportion - June 30, 2021	0.07737%
Proportion - June 30, 2022	0.05573%
Change - Increase (Decrease)	-0.02164%

For the year ended June 30, 2023, the District recognized a total pension expense of $1,435,831 for the plan. At June 30, 2023, the District reported deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$686,064	
Changes of assumption	659,634	
Differences between expected and actual experience	129,273	($86,582)
Adjustment due to differences in proportions		(1,078,610)
Difference in actual to proportionate share contribution	112,917	
Net differences between projected and actual earnings on plan investments	1,179,138	
Total	$2,767,026	($1,165,192)

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

The $686,064 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 or deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2024	$98,546
2025	63,115
2026	32,909
2027	721,200
Total	$915,770

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2022, the total pension liability was determined by rolling forward the June 30, 2020, total pension liability. The June 30, 2021, and the June 30, 2022, total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous Tier I, II, and III
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal in accordance with the requirements 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[1]	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.3% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.3% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Change of Assumptions

No changes in assumptions.

NOTE 13 – DEFINED BENEFIT PENSION PLAN (Continued)

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.

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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF C) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 PERF C fund. The expected rate of return was set by calculating the 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.

Asset Class (1)	Assumed Asset 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%	321.00%
Leverage	-5%	-0.59%
Total	100%	

(1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Management Study

NOTE 13 – DEFINED BENEFIT PENSION 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 the Plan, calculated using the discount rate for the 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% point lower or 1% point higher than the current rate:

	Discount Rate -1% 5.90%	Current Discount Rate 6.90%	Discount Rate +1% 7.90%
Risk Pool's Net Pension Liability	$8,943,449	$6,437,282	$4,375,328

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

NOTE 14 – DESCRIPTION OF DEFERRED COMPENSATION PENSION PLANS

The District has two deferred compensation plans. All amounts of compensation deferred under the plans, all property and rights purchased with these amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employees and their beneficiaries. No part of the corpus or income of the trust shall revert to employer or be used for or diverted for purposes other than for the exclusive benefit of participants and their beneficiaries.

Only employee contributions were made to the Internal Revenue Code Section 457 deferred compensation plan or the Internal Revenue Code Section 401(a) defined contribution money purchase plan for the fiscal year ended June 30, 2023. The District does not make contributions on behalf of the employees.

The District is the administrator of the plans. The International City Management Association (ICMA) Retirement Corporation holds the funds in a trust and also advises as to legality, files appropriate plan documentation, and reports the quarterly activities to each plan participant.

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Plan Description

The District provides certain health insurance benefits to retired employees in accordance with a memorandum of understanding with International Union of Operating Engineers, Stationary Engineers, Local No. 39 (Union) and Ordinance 2006-01.

For employees who retire from the District after at least twenty (20) years of service with the District and who continue health insurance through a District-sponsored health insurance plan until the age of 65, the District will contribute up to $435 per month of the health insurance premium for the retiree and/or the retiree's spouse. At the age of 65, the retiree is required to enroll in Medicare and the District will continue to contribute up to $435 per month to a Medicare supplemental plan of the retiree's or retiree spouse's choice.

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Effective February 7, 2006, the District extended the benefit described above to all new employees, as well as the employees who are part of the Union. However, the District administers a wide variety of other retirement benefits based on the plans in place when various long-term employees retired and in conjunction with Ordinance 2006-01. The benefits for the few unrepresented and management employees as of April 11, 2006, are dictated by Ordinance 2006-01 as well. None of the previous arrangements are being extended to any new employees of the District.

Employees Covered

As of the June 30, 2023, alternative measurement method valuation, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	22
Inactive employees or beneficiaries currently receiving benefit payments	15
Total	37

Contributions

The plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the District and the bargaining units. The annual contribution is based on the actuarially determined contribution. For the measurement date ended June 30, 2023, the District's cash contributions were $260,894, which were recognized as a reduction to the OPEB Liability.

Total OPEB Liability

The District's Total OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the total OPEB liability was determined by an alternate measurement method valuation dated June 30, 2022, that was used to determine the June 30, 2023, total OPEB liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Contribution Policy	No pre-funding
Discount Rate	6.80%
Inflation	2.30%
Overall payroll growth	2.80%
Wage inflation	2.80%
Healthcare Trend	5.10%

Notes:
(1) Pre-retirement mortality information was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017 and post-retirement mortality information was derived from the 2007 to 2011 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website ***www.calpers.ca.gov*** under Forms and Publications.

(2) The pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website ***www.calpers.ca.gov*** under Forms and Publications.

NOTE 15 – POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.80 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. The District does not participate in a trust fiduciary fund.

Changes in the OPEB Liability

The changes in the Total OPEB liability for the plan are as follows:

	Increase (Decrease) Total OPEB Liability
Balance at 6/30/2022	$1,594,921
Changes Recognized for the Measurement Period:	
Service cost	18,722
Interest on the total OPEB liability	(220,257)
Benefit payments	(59,359)
Net changes	(260,894)
Balance at 6/30/2023	$1,334,027

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

The following presents the total OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2023:

	Net OPEB Liability/(Asset)	
Discount Rate -1% (5.80%)	Current Discount Rate (6.80%)	Discount Rate +1% (7.80%)
$1,506,532	$1,334,027	$1,190,788

Expense Related to OPEB

For the fiscal year ended June 30, 2023, the District recognized OPEB expense of $260,894.

NOTE 16 – REVENUE LIMITATION IMPOSED BY CALIFORNIA PROPOSITION 218

Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend taxes and assessments. Any new, increase, or extended taxes and assessments subject to the provisions of Proposition 218 requires the voters' approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative process and may be rescinded in the future years by the voters.

The proposition also provides for a customer protest process when fees for services benefiting a property are proposed to be increased. The District follows this process when changes are contemplated for water sales and waste disposal zone charges.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

A. Construction Commitments

The District is contingently liable in connection with claims and contracts arising in the normal course of its activities. District management is of the opinion that the ultimate outcome of such matters will not have a significant effect on the financial position of the District.

B. Contingencies

The District has received State and Federal funds for specific purposes that are subject to review and audit by the grantor Agencies. Although such audits could generate expenditure disallowances under the term of the grants, it is believed that any required reimbursements will be immaterial.

In 2010, the District was sued over its' rights to replace a key piece of infrastructure serving the public. Both Trial and Appellate Courts have ruled in the District's favor in this lawsuit; and the California Supreme Court rejected the plaintiff's petition to hear the case. The decision upholds the District's right and obligation to maintain public infrastructure.

Compliance Order #01-09-04CO-002 was issued by the CA Dept. of Public Health on February 23, 2004, which required the District to provide surface water treatment that effectively reduces giardia cysts and viruses by 3 and 4 logs respectively, through filtration and disinfection at its Auburn Lake Trails Water Treatment Plant. Since then, regulations have added the requirement for the ALTWTP to effectively reduce cryptosporidium cysts by 2 logs. This later requirement is considered achieved when treatment requirements for giardia and viruses are being met. As of the date of these financial statements, the District is not in compliance with the Compliance Order. The ramifications of this non-compliance have not been determined but may include possible fines and penalties.

This Page Left Intentionally Blank

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Miscellaneous Plan - Cost Sharing Multiple Employer Defined Pension Plan
Last 10 Years*

Measurement Date	2014	2015	2016 (1)	2017
Proportion of the Net Pension Liability	0.16244%	0.06977%	0.06244%	0.05959%
Proportionate Share of the Net Pension Liability	$4,014,865	$4,788,730	$5,403,038	$5,909,716
Covered Payroll	$870,074	$896,800	$1,057,557	$1,190,555
Proportionate Share of the net pension liability as a percentage of covered payroll	461.44%	533.98%	510.90%	496.38%
Plan's Proportionate Share of Fiduciary Net Position as a Percentage of the Total Pension Liability	74.48%	78.40%	74.06%	73.31%

Measurement Date	2018 (2)	2019	2020	2021
Proportion of the Net Pension Liability	0.05929%	0.05736%	0.12229%	0.07737%
Proportionate Share of the Net Pension Liability	$5,712,996	$5,877,722	$6,000,118	$4,184,538
Covered Payroll	$1,281,439	$1,501,528	$1,488,996	$1,506,934
Proportionate Share of the net pension liability as a percentage of covered payroll	445.83%	391.45%	402.96%	277.69%
Plan's Proportionate Share of Fiduciary Net Position as a Percentage of the Total Pension Liability	75.26%	75.26%	75.10%	90.49%

Measurement Date	2022
Proportion of the Net Pension Liability	0.05573%
Proportionate Share of the Net Pension Liability	$6,437,282
Covered Payroll	$1,680,239
Proportionate Share of the net pension liability as a percentage of covered payroll	383.12%
Plan's Proportionate Share of Fiduciary Net Position as a Percentage of the Total Pension Liability	78.19%

(1) Discount rate changed from 7.5 percent to 7.65 percent.
(2) Discount rate changed from 7.65 percent to 7.15 percent.

Note: Historical information is required only for measurement periods for which GASB 68 is applicable.
Future years' information will be displayed up to 10 years as information becomes available.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
SCHEDULE OF CONTRIBUTIONS
Miscellaneous Plan - Cost Sharing Multiple Employer Defined Pension Plan
Last 10 Years*

Fiscal Year Ended June 30	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	$316,796	$484,729	$532,748	$574,408	$645,301	$690,964	$618,175	$666,368	$686,064
Contributions in relation to the actuarially determined contributions	(316,796)	(484,729)	(532,748)	(574,408)	(645,301)	(690,964)	(618,175)	(666,368)	(686,064)
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Covered payroll	$896,800	$1,057,557	$1,190,555	$1,281,439	$1,501,528	$1,488,996	$1,420,519	$1,379,643	$1,573,019
Contributions as a percentage of covered payroll	35.33%	45.83%	44.75%	44.83%	42.98%	46.40%	43.52%	48.30%	43.61%
Notes to Schedule:									
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Investment rate of return	6.90%
Mortality	Derived using CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

* Fiscal year 2015 was the 1st year of implementation.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
For the measurement year ending June 30
Last 10 fiscal years*

Measurement Date - June 30,	2018	2019	2020	2021	2022
Total OPEB Liability					
Service Cost	$19,623	$20,960	$16,297	$21,653	$22,500
Interest on total OPEB liability	33,857	139,866	103,453	112,086	344,401
Benefit payments	(76,948)	(102,248)	(86,643)	(87,181)	(212,534)
Net change in total OPEB liability	(23,468)	58,578	33,107	46,558	154,367
Total OPEB liability - beginning	1,325,779	1,302,311	1,360,889	1,393,996	1,440,554
Total OPEB liability - ending	$1,302,311	$1,360,889	$1,393,996	$1,440,554	$1,594,921
Total OPEB liability	$1,302,311	$1,360,889	$1,393,996	$1,440,554	$1,594,921
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	$1,390,335	$1,468,293	$1,364,272	$1,474,325	$1,928,410
Total OPEB liability as a percentage of covered-employee payroll	93.67%	92.69%	102.18%	97.71%	82.71%

Measurement Date - June 30,	2023
Total OPEB Liability	
Interest on total OPEB liability	($220,257)
Benefit payments	(59,359)
Net change in total OPEB liability	(260,894)
Total OPEB liability - beginning	1,594,921
Total OPEB liability - ending	$1,334,027
Total OPEB liability	$1,334,027
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%
Covered-employee payroll	$1,834,498
Total OPEB liability as a percentage of covered-employee payroll	72.72%

Note to Schedule: * Fiscal year 2018 was the first year of implementation.

This Page Left Intentionally Blank

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

To the Board of Directors of the
Georgetown Divide Public Utility District
Georgetown, 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 basic financial statements of Georgetown Divide Public Utility District (District), California, as of and for the year ended April 16, 2024, and have issued our report thereon dated April 16, 2024.

Report on 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control that we consider to be material weaknesses as listed on the Schedule of Material Weaknesses included as part of our separately issued Memorandum on Internal Control dated April 16, 2024, which is an integral part of our audit and should be read in conjunction with this report.

Report on Compliance and Other Matters

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

Accountancy Corporation
3478 Buskirk Avenue, Suite 217
Pleasant Hill, CA 94523

T 925.228.2800
E maze@mazeassociates.com
W mazeassociates.com

We have also issued a separate Memorandum on Internal Control dated April 16, 2024, which is an integral part of our audit and should be read in conjunction with this report.

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.

Maze + Associates

Pleasant Hill, California
April 16, 2024

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED
JUNE 30, 2023

This Page Left Intentionally Blank

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
REQUIRED COMMUNICATIONS

For the Year Ended June 30, 2023

Table of Contents

	Page
Required Communications	1
Significant Audit Matters:	
Qualitative Aspects of Accounting Practices	1
Difficulties Encountered in Performing the Audit	2
Corrected and Uncorrected Misstatements	2
Disagreements with Management	2
Management Representations	2
Management Consultations with Other Independent Accountants	2
Other Audit Findings or Issues	2
Other Matters	3

This Page Left Intentionally Blank

REQUIRED COMMUNICATIONS

To the Board of Directors
Georgetown Divide Public Utility District
Georgetown, California

We have audited the basic financial statements of the Georgetown Divide Public Utility District (District), California, for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in writing in our letter dated September 21, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Accounting Policies - Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted.

Unusual Transactions, Controversial or Emerging Areas - We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> *Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 13 to the financial statements and are based on accounting valuations determined by the California Public Employees Retirement System, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.
>
> *Estimated Net OPEB Liabilities:* Management's estimate of the net OPEB liabilities are disclosed in Note 15 to the financial statements and are based on the alternative measurement valuation method accepted by GASB Statement No. 75 for plans with fewer than 100 employees (active and inactive). We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Accountancy Corporation
3478 Buskirk Avenue, Suite 217
Pleasant Hill, CA 94523

T 925.228.2800
E maze@mazeassociates.com
W mazeassociates.com

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 1I to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the District Board.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in a management representation letter dated April 16, 2024.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

******

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

Maze + Associates

Pleasant Hill, California
April 16, 2024

This Page Left Intentionally Blank

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

MEMORANDUM ON INTERNAL CONTROL

FOR THE YEAR ENDED JUNE 30, 2023

This Page Left Intentionally Blank

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

MEMORANDUM ON INTERNAL CONTROL

FOR THE YEAR ENDED JUNE 30, 2023

Table of Contents

	Page
Memorandum on Internal Control	1
Schedule of Significant Deficiencies	3
Schedule of Other Matters	5

This Page Left Intentionally Blank

MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors
Georgetown Divide Public Utility District
Georgetown, California

In planning and performing our audit of the basic financial statements of the Georgetown Divide Public Utility District (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 the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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 or significant deficiencies and, therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be a material weakness.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the deficiencies in internal control included on the Schedule of Significant Deficiencies to be significant deficiencies.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Government Auditing Standards require the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedules. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Accountancy Corporation
3478 Buskirk Avenue, Suite 217
Pleasant Hill, CA 94523

T 925.228.2800
E maze@mazeassociates.com
W mazeassociates.com

This communication is intended solely for the information and use of management, District Board, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
April 16, 2024

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF SIGNIFICANT DEFICIENCIES

2023-01: **Audit Trail of Review and Approval**

Criteria: Journal entries are an important transaction cycle that affects all aspects of accounting and financial reporting. Prudent internal control concepts dictate that no single employee should process a transaction without the involvement of another employee. For journal entries, this typically takes the form of a second employee performing a review and approving the proposed entry prior to posting. The review and approval should be documented by a reviewers signing and dating that their review has been completed and the entry is approved.

Condition: During the audit, we selected 25 journal entries. We noted that one of the selected entries were booked by the Finance Manager without a second review.

Cause: Staffing levels have been a challenge and the Finance Manager booked the entries without a second review.

Effect: Without proper approval of journal entries the likelihood of error, improper accounting treatments, and potential fraud increase.

Recommendation: We recommend that the District set up a control structure in which all journal entries are reviewed by a second person.

This Page Left Intentionally Blank

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

2023:02: NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect in the next few years. We have cited them here to keep you informed of developments:

EFFECTIVE FISCAL YEAR 2023/24:

GASB 100 – *Accounting for Changes and Error Corrections*

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2025:

GASB 101 – *Compensated Absences*

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Recognition And Measurement

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

Notes To Financial Statements

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB 101 – *Compensated Absences (Continued)*

How the Changes in this Statement Will Improve Financial Reporting

The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

This Page Left Intentionally Blank