

TRUCKEE SANITARY DISTRICT
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEARS ENDED
JUNE 30, 2025 and 2024

JAMES MARTA & COMPANY
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TRUCKEE SANITARY DISTRICT

BOARD OF DIRECTORS

JUNE 30, 2025

<u>Name</u>	<u>Office</u>	<u>Term Expires November</u>
Jerry Gilmore	Board President, Finance Committee	2026
Catherine Hansford	Vice President, Finance Committee	2028
Marcus Waters	Director	2026
Brian Kent Smart	Director, Finance Committee	2028
Michael Salmon	Director	2026

MANAGEMENT STAFF

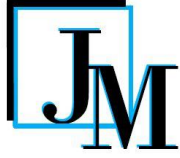
General Manager	Sanna Schlosser, PE, PMP
District Engineer	Sarah Bergeron, PE
O & M Superintendent	Rene Lopez
Human Resources and Risk Manager	Brynnen Lopez
Finance & Administration Services Manager	Mark J. Wasley

TRUCKEE SANITARY DISTRICT

TABLE OF CONTENTS

JUNE 30, 2025 AND 2024

	<u>PAGE</u>
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Position	15
Statement of Revenues, Expenses and Changes in Net Position	17
Statement of Cash Flows	18
Notes to the Basic Financial Statements	20
Required Supplementary Information	
Schedule of OPEB Contributions	47
Schedule of Changes in the District’s Net OPEB Liability and Related Ratios	48
Schedule of the District’s Proportionate Share of the Net Pension Liability	49
Schedule of Pension Contributions	50
Notes to Required Supplementary Information	51
Supplementary Information	
Statement of Revenues and Expenses – Budget and Actual	52
Other Independent Auditor’s Report	
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	55



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Truckee Sanitary District
Truckee, California

Report on the Audit of the Financial Statements

Opinions

We have audited the Statement of Net Position of Truckee Sanitary District (the District), as of and for the fiscal years ended June 30, 2025 and 2024, and the related Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows and notes to the financial statements, which collectively comprise the Truckee Sanitary District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Truckee Sanitary District, as of June 30, 2025 and 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the years 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of OPEB Contributions, Schedule of Changes in the District's Net OPEB Liability and Related Ratios, Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of Pension Contributions information on 47-51 be presented to supplement the basic financial statements and Notes to Required Supplementary Information. 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

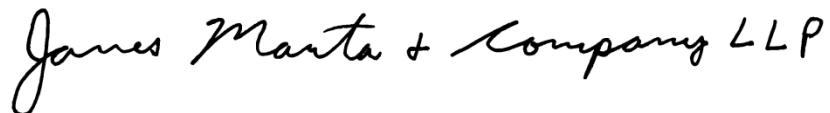
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Statement of Revenues and Expenses – Budget and Actual, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Statement of Revenues and Expenses – Budget and Actual, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Statement of Revenues and Expenses – Budget and Actual, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025, on our consideration of the Truckee Sanitary District's internal control over financial reporting and 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 Truckee Sanitary 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 Truckee Sanitary District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 9, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

TRUCKEE SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

The management of Truckee Sanitary District (District) presents this discussion in compliance with the requirements of Governmental Accounting Standards Board Statement 34 (GASB 34). The intent of this document is to provide an easy-to-read summary of the District's finances to supplement the information presented in the District's financial statements for the period July 1, 2024 through June 30, 2025 (FY 2024-25). Please direct questions regarding this document or the accompanying financial statements to Sanna Schlosser, General Manager, at:

Mail: 12304 Joerger Drive, Truckee, CA 96161
Phone: 530-587-3804
Email: sschlosser@truckeesan.org

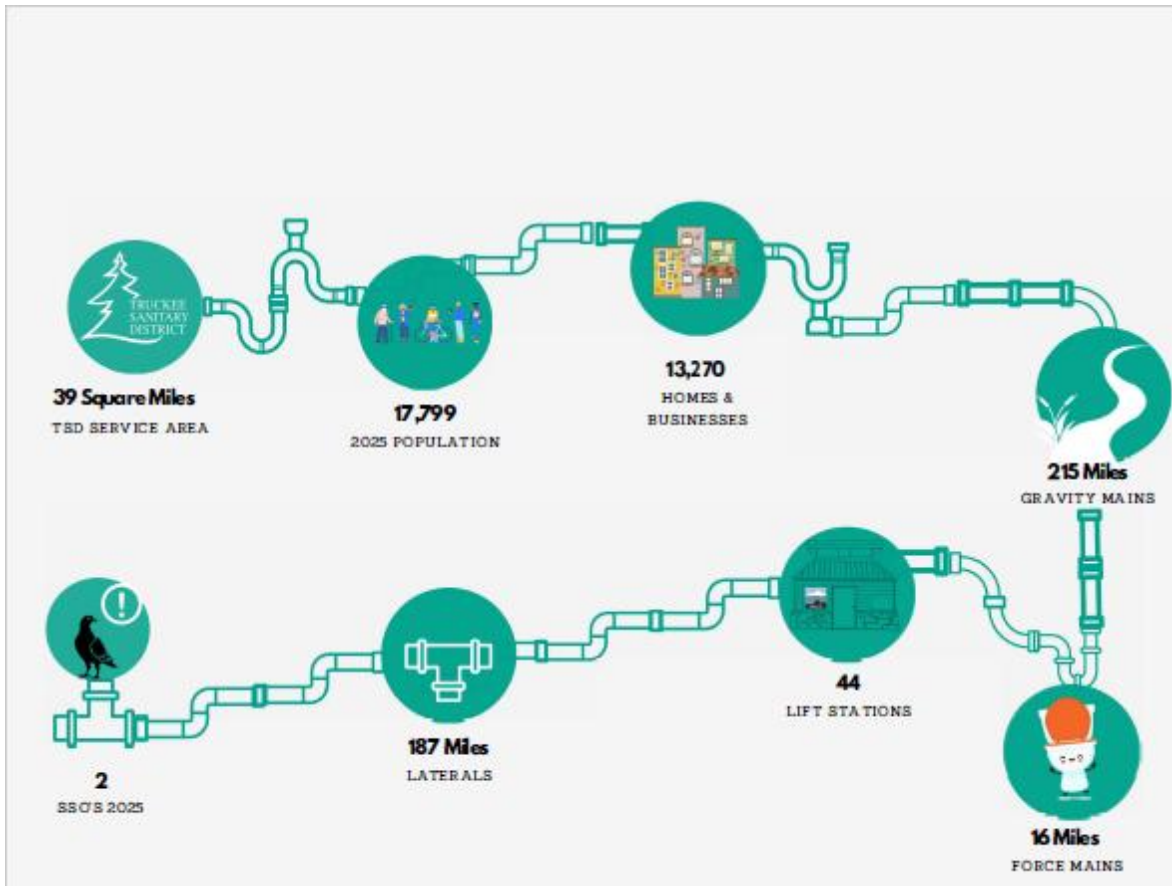
ORGANIZATION AND BUSINESS

The District was formed in 1906, making it one of the oldest special districts in California. Initial wastewater collection and treatment facilities serving portions of Truckee were constructed in 1908. Collection and treatment facilities expanded over time to keep up with the growth in the Truckee area and the need to replace failing on-site treatment systems. In 1978, the Tahoe-Truckee Sanitation Agency (T-TSA) completed construction of a regional wastewater reclamation plant, enabling the decommissioning of the District's pond treatment system. Today, the District's wastewater continues to be conveyed to the T-TSA plant for treatment and reclamation. The District's sole business function is the collection and conveyance of wastewater generated within the service area to the regional treatment facility.

The District's boundaries encompass an area of approximately 39 square miles. The District serves about 12,691 residential units and approximately 579 commercial accounts. Service is provided through approximately 215 miles of gravity mains, 16 miles of force mains, 187 miles of laterals, and 44 lift stations.

TRUCKEE SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

GRAPH 1
TRUCKEE SANITARY DISTRICT BY THE NUMBERS



The District is governed by a publicly-elected, five-member Board of Directors serving staggered four-year terms. The Board of Directors set District policy, which is then administered by the General Manager and District staff. The Board of Directors adopts the annual budget for revenues and expenditures, approves the setting rates and charges, and directs the investment of District funds through the District's Investment Policy.

The General Manager serves as District Secretary and District Treasurer. District management sets financial policies and administrative procedures. The District had 38 full-time employees on June 30, 2025. District staff provides the Board with budget-to-actual and cash status reports monthly. Additionally, the Board's Finance Committee meets bi-weekly with District staff to review accounts payable and payments, receive staff financial updates and consider matters to be brought to the full Board.

TRUCKEE SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

FINANCIAL HIGHLIGHTS

District Operating Revenue (comprised primarily of Service Charges) decreased by \$6,000 when compared to FY2023-24.

District Non-Operating Revenue (comprised primarily of Property Taxes) increased by 6.82% (\$0.63 million) when compared to FY2023-24.

District Operating Expenses before depreciation decreased by 5.12% (\$0.56 million) when compared to FY2023-24.

The District's Total Net Position increased by 3.78% (\$2.55 million) from the prior fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

The District's annual report includes the Independent Auditor's Report, this Management's Discussion and Analysis (MD&A) section, and the audited financial statements (statements). The statements contain short-term and long-term financial information about the District and are followed by notes that explain many of the District's accounting policies and other disclosures as a supplement to the statements. The independent auditor assisted the District with preparation of the statements and footnotes.

The remaining pages of this MD&A summarize the District's Statements of Net Position, Revenues, Expenses, Changes in Net Position, and Cash Flows for FY 2024-25. An overview of the District's capital and operating activity follows the summary statements. These sections provide relevant details regarding significant or notable events. The last section of the MD&A discusses economic factors that provide context for the reader's consideration in evaluating the District's financial condition.

FINANCIAL STATEMENTS

Net Position:

The District's Total Net Position (see page 7, Table 1, Net Position section) is the sum of: 1) Net Investment in Capital Assets, 2) Restricted Assets, and 3) Unrestricted Assets. The total Net Position at June 30, 2025 is \$69.9 million.

The District's Capital Assets include sewer pipelines, pump stations, operations and maintenance facilities, administrative facilities, equipment, and rolling stock. Net Capital Assets of \$45.4 million represents the net book value (cost less accumulated depreciation) of assets having an initial cost greater than \$15,000, and an estimated useful life of five or more years.

The portion of Net Position subject to legal restrictions is presented as Restricted Assets. Restricted Assets include: 1) funds designated for the maintenance of original improvements to Sewer Assessment District 5 (Armstrong Tract), 2) capacity expansion which is funded by connection fees, 3) funds held in a Section 115 pension prefunding trust. The total Restricted Net Position at fiscal year-end 2024-25 is \$4.10 million. At 6/30/2025, Sewer Assessment District 5 funds were fully depleted.

TRUCKEE SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

FINANCIAL STATEMENTS (Continued)

Unrestricted Assets are not legally restricted for specific uses. The Board has, by policy, designated uses of some of these assets as discussed in Note 1(O) of the financial statements. Unrestricted Assets include reserve for cash flow, major capital improvements, and emergency contingency. The total Unrestricted Net Position at fiscal year-end 2024-25 is \$20.4 million.

The following Condensed Statement of Net Position shows the District's current financial position and compares resources and obligations at June 30, 2025 and 2024.

TABLE 1

	Fiscal Year	Fiscal Year	Difference	Difference
	2025	2024	\$	%
Current Assets	\$ 20,741,000	\$ 18,513,000	\$ 2,228,000	12.03%
Restricted Assets	4,097,000	2,823,000	1,274,000	45.13%
Net Capital Assets	45,390,000	46,740,000	(1,350,000)	-2.89%
Deferred Pension Outflows (Note 5)	3,249,000	6,514,000	(3,265,000)	-50.12%
Deferred OPEB Outflows (Note 6)	3,762,000	1,449,000	2,313,000	159.63%
Total Assets & Deferred Outflows of Resources	<u>77,239,000</u>	<u>76,039,000</u>	<u>1,200,000</u>	<u>1.58%</u>
Current Liabilities (payable from Current Assets)	1,811,000	1,887,000	(76,000)	-4.03%
Long-Term Liabilities	2,503,000	3,116,000	(613,000)	-19.67%
Deferred Pension Inflows (Note 5)	2,048,000	2,589,000	(541,000)	-20.90%
Deferred OPEB Inflows (Note 6)	1,001,000	1,118,000	(117,000)	-10.47%
Total Liabilities & Deferred Inflows of Resources	<u>7,363,000</u>	<u>8,710,000</u>	<u>(1,347,000)</u>	<u>-15.46%</u>
Net Capital Assets	45,391,000	46,740,000	(1,349,000)	-2.89%
Restricted	4,096,000	2,752,000	1,344,000	48.84%
Unrestricted	20,389,000	17,837,000	2,552,000	14.31%
Total Net Position	<u>\$ 69,876,000</u>	<u>\$ 67,329,000</u>	<u>\$ 2,547,000</u>	<u>3.78%</u>

TRUCKEE SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

FINANCIAL STATEMENTS (Continued)

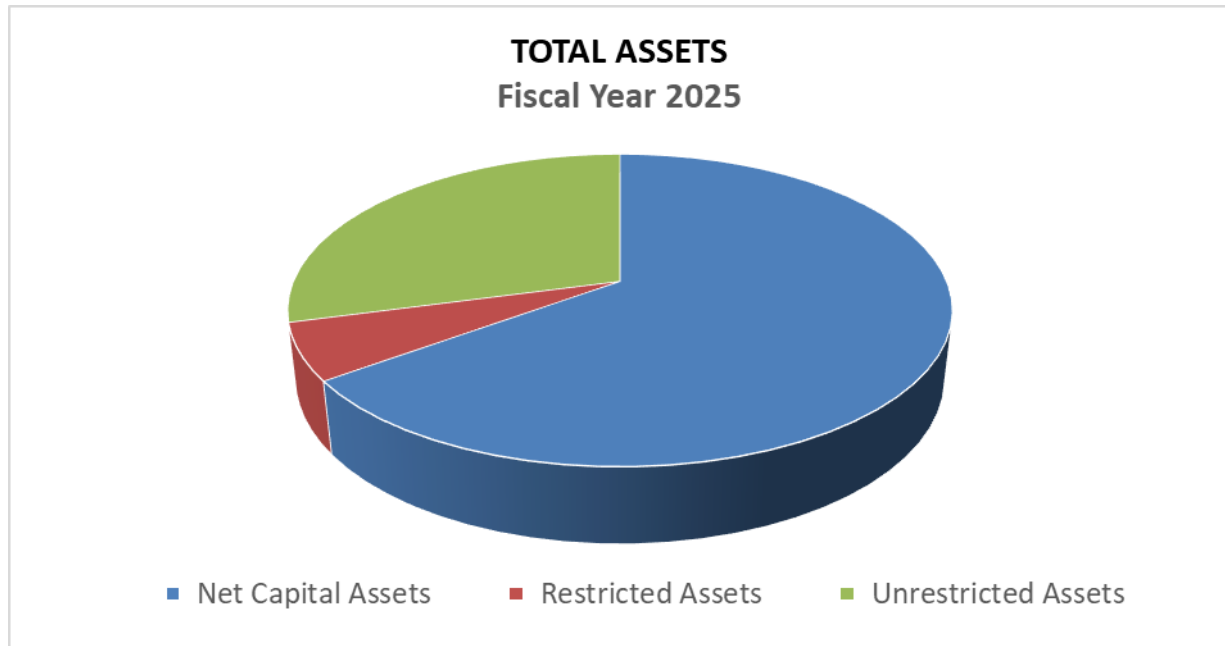


Table 1 shows the District's Total Net Position was approximately \$69.9 million as of June 30, 2025. This represents a 3.9% increase (\$2.6 million) from the close of the previous fiscal year. The majority of this net increase is attributed to increases in reserves due to increases in property tax revenue and investment gains, and decreases in operating expenses.

Revenues, Expenses and Changes in Net Position:

The Condensed Statement of Revenues, Expenses, and Change in Net Position (Table 2) shows the change in Net Position between FY 2024-25 and FY 2023-24.

TRUCKEE SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

FINANCIAL STATEMENTS (Continued)

TABLE 2

			Difference \$	
	Fiscal Year 2025	Fiscal Year 2024	June 30, 2024 to June 30, 2025	Difference %
Operating Revenues (a)	\$ 4,620,000	\$ 4,627,000	\$ (7,000)	-0.15%
Non-operating Revenues (b)	9,937,000	9,441,000	496,000	5.25%
Total Revenues (a+b)	<u>14,557,000</u>	<u>14,068,000</u>	<u>489,000</u>	<u>3.48%</u>
Operating Expenses before Depreciation (c)	10,443,000	11,145,000	(702,000)	-6.30%
Operating Loss before Depreciation (a-c)	(5,823,000)	(6,518,000)	695,000	-10.66%
Depreciation (d)	2,063,000	2,085,000	(22,000)	-1.06%
Operating Loss (a-c-d)	<u>(7,886,000)</u>	<u>(8,603,000)</u>	<u>717,000</u>	<u>-8.33%</u>
Net Loss before Contributions (a+b-c-d)	2,051,000	838,000	1,213,000	144.75%
Capital Contributions (e)	<u>496,000</u>	<u>515,000</u>	<u>(19,000)</u>	<u>-3.69%</u>
Change in Net Position (a+b-c-d+e)	<u>2,547,000</u>	<u>1,353,000</u>	<u>1,194,000</u>	<u>88.25%</u>
Net Position, Beginning of Year (f)	<u>67,329,000</u>	<u>65,976,000</u>	<u>1,353,000</u>	<u>2.05%</u>
Ending Net Position (a+b-c-d+e+f)	<u>\$ 69,876,000</u>	<u>\$ 67,329,000</u>	<u>\$ 2,547,000</u>	<u>3.78%</u>

District revenues are broken down into two categories. Operating Revenues include service charges, inspection fees, and revenue from other services. Non-Operating Revenues include property taxes, investment earnings, interest, rents and leases, disposal of capital assets, and other revenue.

Service charges account for most, 98.2%, of the District's Operating Revenues and 31.2% of the Total Revenues. In FY 2024-25, the District received \$4.5 million in service charge revenue, up 1.3% from FY 2023-24. The change in service charge revenue is attributed to additional connections being served.

District's non-operating revenue increased by 6.82% (\$0.63 million) when compared to FY 2023-24. Non-operating revenue consists primarily of property taxes which increased by 5.34% or \$0.44 million while investment gains grew by \$0.23 million, an increase of 24.42%. The increased property tax revenue is primarily attributed to a healthy real estate market including increased sales of existing homes as well as new construction. Continued strategic investing by the District helped boost investment earnings to \$1.2 million in FY 2024-25. Strategies included investing in U.S. Treasury Securities and maintaining operating funds in an interest bearing investment pool, CalClass, at an annualized rate as of June 30, 2025 of 4.39%. These investment strategies, coupled with investment gains in the District's Pension Trust Fund (CEPPT) resulted in solid investment gains in FY 2024-25.

TRUCKEE SANITARY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

FINANCIAL STATEMENTS (Continued)

Total Operating Expenses in FY 2024-25 were \$12.5 million, decreasing \$0.59 million from prior year. Approximately 16.5% (\$2.1 million) of the Operating Expenses is due to depreciation of capital assets (a non-cash expense).

Statement of Cash Flows:

The Condensed Statement of Cash Flows for the fiscal year ended June 30, 2025 (Table 3) describes cash flow activities from operations, capital and non-capital purchases, and investments.

TABLE 3

	Fiscal Year 2025	Fiscal Year 2024	Difference \$	Difference %
Net Cash Used by Operating Activities	\$ (6,216,000)	\$ (6,934,000)	\$ 718,000	-10.35%
Net Cash Provided by Non-Capital Financing Activities	8,659,000	8,454,000	205,000	2.42%
Net Cash Used by Capital & Related Financing Activities	(150,000)	(863,000)	713,000	-82.62%
Net Cash Provided by Investing Activities	1,182,000	921,000	261,000	28.34%
Net increase (Decrease) in Cash and Cash Equivalents	3,475,000	1,578,000	1,897,000	120.22%
Cash and Cash Equivalents, Beginning of Year	20,247,000	18,669,000	1,578,000	8.45%
Cash and Cash Equivalents, End of Year	<u>\$ 23,722,000</u>	<u>\$ 20,247,000</u>	<u>\$ 3,475,000</u>	<u>17.16%</u>

Table 3 shows the District’s cash position increased 17.2% (\$3.47 million) from the beginning of the year to the end of FY2024-25. Property taxes and investment income increased by a combined \$0.67 million, during which time payments to suppliers decreased by \$0.69 million. This decrease in supplier payments is mainly attributable to costlier major capital improvement projects in FY2023-24 compared to F2024-25 by approximately \$0.50 million. Funding approximately \$0.50 million more major capital improvement projects in FY 2023-24 than in FY 2024-25.

The District participates in CalPERS defined benefit pension plans and is committed to reducing its pension liability for employees and retirees. The District funded the Public Employees’ Retirement Fund (“PERF”) with Normal Cost payments (% of payroll) totaling \$0.62 million and required payment to the District’s Unfunded Accrued Liability (UAL) totaling \$0.085 million in FY 2024-25. This overall strategy has proven successful as the District’s required payment to the Unfunded Accrued Liability (UAL) as noted previously was a low \$85,000 in FY 2024-25. Additionally, the District contribution \$1.0 million to the California Employers’ Pension Prefunding Trust (“CEPPT”) in FY 2024-25. The CEPPT is an IRC Section115 trust restricted for funding CalPERS pension obligations. See further information on the District’s Defined Benefit Pension Plan at Note 5 of the financial statements.

TRUCKEE SANITARY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

FINANCIAL STATEMENTS (Continued)

The District elects to pay retiree health premiums and fund a retirement health trust. In FY 2024-25, the District paid \$0.50 million in retiree health premiums, coupled with an additional \$1.0 million contribution into the District’s California Employers’ Retiree Benefit Trust (“CERBT”) account. The plan’s assets were valued at \$9.50 million on June 30, 2025. As of the latest GASB 75 Other Post-Employment Benefit Report (“OPEB”), with a valuation date of June 30, 2024, the District was 81.5% funded, down from a 95.7% status from a year ago and falling short of the 90% funding status goal set by the District’s Board of Directors’ Reserve Fund Policy. Most of the slide was attributable to experience losses as shown in the OPEB report. Some examples of experience losses include higher than expected healthcare premiums, demographic changes, lower than expected investment returns. Given that the District contributed an additional \$1.0 million into the CERBT as noted above, we anticipate a rebound in the funding status close to or exceeding the District’s goal of 90% for next fiscal year. See further information on the District’s Other Post-Employment Benefit at Note 6 of the financial statements.

Cash flows from Non-Capital Financing Activities increased by 4.1% during FY 2024-25 from FY 2023-24. This \$0.34 million increase is primarily attributed to a \$0.44 million increase in property tax receipts.

During FY 2024-25 cash used for capital acquisitions included the following:

- Compact Jetter Truck;
- Donner Lake Lift Station Controls Upgrade;
- Full Size SUV;
- Backup Data Recovery Server.

Cash provided from investments totaled \$1.2 million in FY 2024-25. CalClass interest earned totaled \$0.41 million with a June, 2025 effective yield of 4.39%, a decrease of \$0.04 million compared to FY 2023-24. Investments in U.S. Treasury Securities earned \$0.43 million in investment income with a weighted average for the year of 4.19%, an increase of \$0.10 million compared to prior year.

For information regarding carrying vs. market values for U.S. Treasuries, CalClass and LAIF see Note 2B of the financial statements.

The District ended the fiscal year with \$23.7 million in Cash and Cash Equivalents.

TRUCKEE SANITARY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

CAPITAL ASSETS

Fixed assets, net of depreciation on a historic cost basis for the year ending June 30, 2025 total \$45.4 million compared to \$46.7 million at June 30, 2024, a decrease of \$1.35 million.

Additions of capital assets of \$0.72 million included \$0.13 million in dedicated sewer pipes, \$0.24 million for the Donner Lake lift station control upgrade, \$0.11 million for the Union Pacific railroad crossing upgrade, \$0.082 million for a security camera upgrade, and \$0.29 million for a compact jetter truck and a full size SUV.

Depreciation for fiscal year ending June 30, 2025 totaled \$2.10 million.

Further information regarding capital assets can be found in Note 4 of the financial statements.

DEBT ADMINISTRATION

The District remains debt free, thus no debt-related activities are included in the accompanying financial statements.

BUDGET ANALYSIS

The District prepares an annual budget for operating and capital activities each year. The final budget for FY 2024-25 was approved by the Board of Directors on June 20, 2024.

Table 4 summarizes the budget and actual revenues and expenses for FY 2023-24:

TABLE 4

Summary of Fiscal Year 2025 Budget

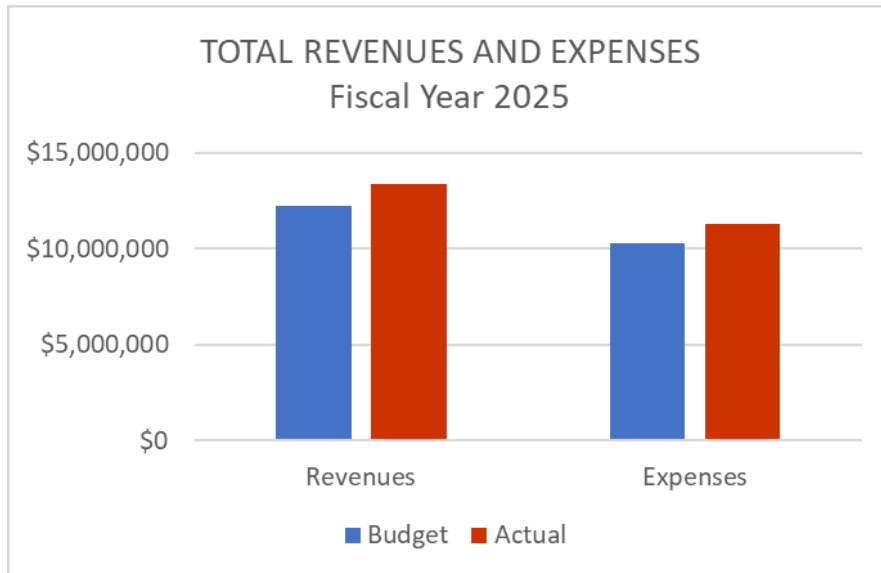
	FY25 Budget	FY25 Actual	Budget to Actual	
			\$	%
Revenues	14,600,000	14,925,000	325,000	2.18%
Expenses	11,062,500	11,389,000	(326,500)	-2.87%
Excess Revenue over Expenses	3,537,500	3,536,000	(1,500)	-0.04%

District revenues exceeded budgeted revenues by \$0.33 million (2.2%) for FY 2024-25. The primary sources of additional revenue came from higher than anticipated property tax revenues received from Nevada and Placer Counties and higher than anticipated investment earnings.

District expenses were \$0.33 million (2.9%) over budgeted expenses for FY 2024-25. The primary source of expense overages were for an unbudgeted and board-approved \$1.0 million CERBT contribution at the end of FY2024-25.

TRUCKEE SANITARY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS



One other source of District revenue includes connection fees. A hydraulic model for capacity analysis and planning completed in 2019 along with a connection fee study completed in 2021 underscored the necessity for future capital projects which resulted in the District increasing connection fees effective January 1, 2022 and again on January 1 2023. Connection fees increased from \$1,440 per equivalent dwelling unit (EDU) to \$1,650 per EDU effective January 1, 2023, and continues to remain at the \$1,650 per EDU rate. The District does not anticipate any capital projects in the immediate future that would strain District reserves.

The District concluded a five-year increase in sewer rates in FY 2021-22 which allowed for rates to adequately and equitably fund the operating (O&M) and capital needs of the District over the following 20 years. These rate increases, alongside increased user fee revenues resulting from new home construction resulted in no user fee rate increases in FY 2024-25.

The District’s overall financial outlook continues to be positive. The District services an area that continues to be an attractive place for primary and second-home construction and purchases providing both increased user fees and property taxes, the two main sources of District revenue. In fact, the majority of the District’s operating revenues are collected as part of the property tax assessments. As such, the District is somewhat insulated from the immediate impacts of economic downturns such as recession or pandemic influences. Consistent with County and Town planning, and barring a real-estate downturn, staff expects continued but limited residential and commercial growth within the District into the near future.

TRUCKEE SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS (Continued)

The District's operating expenses are primarily labor and labor-related costs. These expenses are anticipated to rise in the future, but with the turnover in staff from Classic to PEPRA employees, the rate of increase is anticipated to slow relative to prior years. In contrast with this anticipated pension savings/slowdown from the 2013 CalPERS PEPRA employee re-classification is the challenge of overall pension plan funding given that the valuation of the pension plan in any given year can result in increased (or decreased) District pension liabilities, depending on financial market fluctuations. The District anticipates experiencing an increase in funded status for the CalPERS pension in FY 2025-26 due to the preliminary information provided by CalPERS for the FY 2024-25 valuation. There are several economic and demographic assumptions that can also influence the District's total pension assets and corresponding liabilities. The District Board has historically shown a strong commitment to making additional discretionary payments to reduce the District's long-term pension liability.

Another long-term labor-related budgetary consideration is the funding of retiree health premiums. While retiree health premiums continue to climb, the District has diligently funded the CERBT retiree trust fund and anticipates paying a portion of the retiree health premiums out of the CERBT trust fund beginning in FY 2025/26.

The District's success in continuing to invest in U.S. Treasury Securities and in CalClass, a Joint Powers Authority, resulted in strong investment earnings in FY 2024-25. The District plans on continuing with these two investment approaches, while remaining flexible to alternative strategies that may arise in future fiscal years.

BASIC FINANCIAL STATEMENTS

TRUCKEE SANITARY DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Unrestricted Assets:		
Cash, cash equivalents, and investments	\$ 19,641,648	\$ 17,433,821
Accounts receivable	309,203	363,795
Interest receivable	13,682	36,560
Property taxes receivable	450,814	450,092
Fuel inventory	12,503	7,752
Prepaid expense	313,591	220,817
Total Unrestricted Assets	<u>20,741,441</u>	<u>18,512,837</u>
Restricted Assets:		
Cash, cash equivalents, and investments	4,082,049	2,813,930
Accounts receivable	14,223	3,080
Interest receivable	280	5,725
Total Restricted Assets	<u>4,096,552</u>	<u>2,822,735</u>
Non-Current Assets		
Capital assets, net of accumulated depreciation	45,390,509	46,740,118
Total Assets	<u>70,228,502</u>	<u>68,075,690</u>
Deferred Outflow of Resources:		
Pension related	3,248,581	6,513,785
OPEB related	3,761,801	1,448,936
Total Deferred Outflows of Resources	<u>7,010,382</u>	<u>7,962,721</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 77,238,884</u>	<u>\$ 76,038,411</u>

TRUCKEE SANITARY DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current Liabilities		
Unrestricted Liabilities:		
Accounts payable	\$ 307,891	\$ 155,896
Accrued Payroll	249,969	240,910
Compensated absences payable	840,400	1,025,800
Customer deposit	412,683	464,732
Total Unrestricted Liabilities	<u>1,810,943</u>	<u>1,887,338</u>
Long-term liabilities:		
Trust fund payable - sewer assessment district maintenance fund	-	70,949
Net pension liability/ (asset)	808,483	2,744,232
Net OPEB liability/ (asset)	1,694,213	300,443
Total Long-term Liabilities	<u>2,502,696</u>	<u>3,115,624</u>
Total Liabilities	<u>4,313,639</u>	<u>5,002,962</u>
Deferred Inflows of Resources:		
Pension related	2,047,645	2,588,680
OPEB related	1,001,379	1,118,216
Total Deferred Inflows	<u>3,049,024</u>	<u>3,706,896</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,362,663</u>	<u>8,709,858</u>
Net Position:		
Net invested in capital assets	45,390,509	46,740,118
Restricted for capital expansion	3,044,323	2,751,786
Restricted for pension expenditures	1,052,229	-
Unrestricted	20,389,160	17,836,649
Total Net Position	<u>69,876,221</u>	<u>67,328,553</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 77,238,884</u>	<u>\$ 76,038,411</u>

TRUCKEE SANITARY DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
<u>Operating Revenues:</u>		
Service charges	\$ 4,536,877	\$ 4,479,691
Inspection fees	83,560	147,053
Total operating revenues	4,620,437	4,626,744
<u>Operating Expenses:</u>		
Operations and maintenance	6,895,464	7,646,686
General and administration	3,547,885	3,359,089
Depreciation	2,062,928	2,085,345
Total operating expenses	12,506,277	13,091,120
Total operating income/(loss)	(7,885,840)	(8,464,376)
<u>Non-operating Revenues:</u>		
Property Taxes	8,662,252	8,222,937
Investment income, net	1,153,800	927,323
Rents and leases	5,574	4,718
Gain on sale of assets	-	30,000
Other income	115,383	117,074
Total non-operating revenues	9,937,009	9,302,052
Total income/(loss) before contributions	2,051,169	837,676
<u>Capital Contributions:</u>		
Dedicated land and improvements	128,645	224,420
Connection fees	367,854	290,639
Total capital contributions	496,499	515,059
Change in net position	2,547,668	1,352,735
Net Position, July 1,	67,328,553	65,975,818
Net Position, June 30,	\$ 69,876,221	\$ 67,328,553

TRUCKEE SANITARY DISTRICT**STATEMENT OF CASH FLOWS****FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash receipts from customers	\$ 4,675,029	\$ 4,646,021
Payments to suppliers	(6,018,198)	(6,638,057)
Payments to employees	(4,824,843)	(4,763,709)
Other payments	(37,955)	(39,060)
Net cash provided (used) by operating activities	<u>(6,205,967)</u>	<u>(6,794,805)</u>
Cash flows from noncapital financing activities:		
Receipt of property taxes	8,661,530	8,273,157
Customer deposits	(52,049)	(21,943)
Other non-operating revenues	120,957	121,792
Decrease in trust payable	(70,949)	(58,260)
Net cash provided by noncapital financing activities	<u>8,659,489</u>	<u>8,314,746</u>
Cash flows from capital and related financing activities:		
Capital contributions	356,711	293,399
Acquisition of capital assets	(516,410)	(1,185,968)
Proceeds from sale of capital assets	-	30,000
Net cash provided (used) by capital and related financing activities	<u>(159,699)</u>	<u>(862,569)</u>
Cash flows from investing activities:		
Investment income received	1,182,123	921,216
Net cash provided (used) by investing activities	<u>1,182,123</u>	<u>921,216</u>
Increase (decrease) in cash and cash equivalents	3,475,946	1,578,588
Beginning cash and cash equivalents	20,247,751	18,669,163
Ending cash and cash equivalents	<u>\$ 23,723,697</u>	<u>\$ 20,247,751</u>
Cash and cash equivalents classified in the statement of net position:		
Cash and cash equivalents		
Unrestricted	19,641,648	\$ 17,433,821
Restricted	4,082,049	2,813,930
Total cash and cash equivalents	<u>\$ 23,723,697</u>	<u>\$ 20,247,751</u>

TRUCKEE SANITARY DISTRICT

STATEMENT OF CASH FLOWS

FOR THE FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of operating income (loss) to net cash provided (used)		
by operating activities:		
Operating income (loss)	\$ (7,885,840)	\$ (8,464,376)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	2,062,928	2,085,345
Decrease (increase) in:		
Accounts receivable	54,592	19,277
Inventory	(4,751)	3,060
Prepaid expenses	(92,774)	(31,887)
Deferred outflows of resources	952,339	1,310,241
Non-cash expense of prior year CIP	9,900	-
Increase (decrease) in:		
Accounts payable	73,831	(148,824)
Compensated absences	(185,400)	(91,700)
Wages Payable	9,059	9,277
Deferred inflows of resources	(657,872)	963,507
Net pension liability	(1,935,749)	(1,719,384)
Net OPEB liability	1,393,770	(729,341)
Net cash provided (used) by operating activities	<u>\$ (6,205,967)</u>	<u>\$ (6,794,805)</u>
Schedule of noncash transactions:		
Capital contributed by developers		
Contributions of capital to the District	\$ 485,356	\$ 517,819
Less - contributions of land and improvements	(128,645)	(224,420)
Cash provided by contributions	<u>\$ 356,711</u>	<u>\$ 293,399</u>
Capital asset acquisitions		
Acquisition of capital assets	\$ (594,574)	\$ (1,225,746)
Increase in payables	78,164	39,778
Cash used for capital asset acquisition	<u>\$ (516,410)</u>	<u>\$ (1,185,968)</u>
Increase (decrease) in Fair Market Value of Investments	<u>\$ 682,301</u>	<u>\$ 427,580</u>

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION:

The accounting policies of the Truckee Sanitary District conform to generally accepted accounting principles as applied to governmental units. The following is a summary of significant policies:

A. DESCRIPTION OF THE DISTRICT AND ORGANIZATION:

The Truckee Sanitary District (District) was formed in 1906 and has provided sanitary services to the community of Truckee since 1908. The District operates under the Sanitary District Act of 1923 and is governed by rules and laws set forth in the Health and Safety Code of the State of California.

B. DESCRIPTION OF THE REPORTING ENTITY:

A five-member publicly elected Board of Directors governs the District. The Board is responsible for setting policy for the District. The General Manager of the District administers the policies and procedures set by the Board.

C. ACCOUNTING POLICIES:

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting.

The Enterprise fund applies all GASB pronouncements that apply to the District.

D. FINANCIAL STATEMENT PRESENTATION:

Governmental Accounting Standards Board Statement No. 34 "*Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*" established standards for external financial reporting for all state and local governmental entities which includes a statement of net position, a statement of activities and changes in net position and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investments in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds. The District had no related debt of as of June 30, 2025 and 2024.

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION
(Continued):

D. **FINANCIAL STATEMENT PRESENTATION (Continued):**

- Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - This component of net position consists of equity that does not meet the definition of "restricted" or "net investment in capital assets."

E. **BUDGETARY CONTROL:**

The Board adopts an operating budget prior to the beginning of each fiscal year. District staff provides a monthly Fund and Cash report to the Board each month and reviews the report at each Board meeting.

F. **USE OF ESTIMATES:**

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

G. **CASH, CASH EQUIVALENTS, AND INVESTMENTS:**

Deposits of the District are located at various financial institutions within the state and are recorded at cost. (See Note 2A for additional disclosure of District deposits.) For purposes of the statement of cash flows, the District considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents. Investments in external investment pools are valued on the basis of \$1 in the statement of net position.

H. **ACCOUNTS RECEIVABLE:**

The accounts receivable consists of charges for service and connection fees. User fees and delinquent connection fees are sent to the respective counties annually to be placed on the tax rolls for collection. Therefore, no allowance for uncollectible fees is provided.

I. **INVENTORIES:**

Inventories are stated at the lower of cost (using the first-in first-out basis) or market value. Market value is determined by comparison with recent purchases or realizable value.

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION
(Continued):**

J. CAPITAL ASSETS:

Capital assets are defined by the District as assets with an initial, individual cost exceeding \$15,000 with an estimated useful life of five years or greater. Capital assets are stated at cost, less accumulated depreciation and amortization computed by the straight-line method. Estimated useful lives are as follows:

Land and Easements	N/A
Construction in Progress	N/A
General and Administrative:	
Office Equipment, Furnishings	5 - 10
Office Building	30
Sewage Collection Facilities:	
Automotive	5 - 10
Instruments	5 - 10
Other Equipment	5 - 10
Trunk Lines, Manholes, Meters	50
Outfall Lines	75
Structures	40
Pump Stations	20
Lift Stations	30
Maintenance Building	50

Depreciation on the cost or value of contributed assets is included in operating expenses in arriving at net income.

Repairs and Maintenance - Repairs and maintenance expenditures are charged to expense as incurred and major renewals and betterments are capitalized.

K. COMPENSATED ABSENCES:

The District accrues a liability for unpaid vacation, compensatory time and sick pay. Accumulated vacation leave is recorded as an expense and liability as the benefits accrue to employees. The District recognizes all sick pay benefits as they accrue to employees rather than only recognizing the accrued and vested balances. As of June 30, 2025 and 2024, accrued vacation and sick leave benefits totaled \$840,400 and \$1,025,800, respectively.

L. REVENUE RECOGNITION – PROPERTY TAXES:

Property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied and due on the following November 1 and February 1. Property tax revenues are recognized in the fiscal period for which they are levied and in which they become available.

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION
(Continued):

M. **OPERATING/NON-OPERATING REVENUE AND EXPENSES:**

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

N. **RESTRICTED ASSETS:**

Legally segregated assets are recorded as restricted. The District has the following restricted assets:

- Capacity Reserve Fund - This reserve consists of connection fees and the earnings thereon and is restricted for the acquisition and/or construction of sewer infrastructure, facilities, and other costs necessary to increase the District's capacity for service.
- Sewer Assessment District (SAD) 5 Fund - This fund is required to segregate the assessments collected for retirement of Sewer Assessment District 5 bonds. These funds were transferred from Nevada County to the District in 1990 to be used for maintenance of the original improvements within SAD 5. As trust funds, they are carried as a noncurrent liability. The SAD 5 Funds are fully depleted as of June 30, 2025.

Section 115 Pension Trust – In FY 2020, the District's Board of Directors approved funding into the California Employers' Pension Prefunding Trust ("CEPPT"), an IRC Section 115 pension trust, to mitigate future budget impacts of rising pension contributions to CalPERS. For FY 2025, \$1,000,000 was invested into the Trust, with no distribution made into the PERF. The Section 115 pension trust assets are classified as restricted assets on the Statement of Net Position since their use is limited in scope to funding the District's CalPERS pension plan expenditures. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to apply to restricted net assets first.

O. **BOARD – DESIGNATED NET POSITION:**

The District has designated a portion of the unrestricted net position for the following:

- Repair/Replacement/Upgrade - Reserve Fund - This reserve was established to segregate excess administrative, maintenance, and operation funds to be used for capital maintenance and the construction and acquisition of capital assets.

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION
(Continued):**

O. BOARD – DESIGNATED NET POSITION (Continued):

The balance of the reserve as of June 30, 2025 and 2024 was \$6,473,260 and \$5,919,299, respectively.

- Cash Flow Reserves - This reserve provides a cash flow safeguard and is required to support an unanticipated loss or delay of revenues from the counties, significant one-time expenditures or decreases in revenues, unfunded mandates, and unforeseen increases in expenses. The reserve can be used at any time to meet the cash flow requirements of the District's operations. Authority to use these funds will be consistent with the District's purchasing policy. During the annual budgeting process the District will ensure that a minimum balance of seven months of average budgeted operating expenses is available on July 1 of each year to cover expenses paid from the general operating fund.

- Contingency Reserve Fund - This fund is to maintain a minimum emergency reserve balance to support unforeseen or emergency events. This reserve will ensure the District's ability to provide for unbudgeted emergency situations independent of revenue cash flows and insurance proceeds. Use of these funds requires direction and approval by the Board of Directors. Typically, General Fund reserves would be used initially with subsequent reimbursements from this fund as directed by the Board of Directors. The Board of Directors had established a target contingency reserve balance of \$5,000,000.

As of June 30, 2025 and 2024 the amount available in the unrestricted fund balance was \$13,134,081 and \$11,321,049, respectively.

P. PENSION PLAN:

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's 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. For information about the pension plan, see Note 5.

Q. OTHER POST EMPLOYMENT BENEFITS PLAN:

The District sponsors a prefunding benefit plan for other post-employment benefits (OPEB). The plan covers all eligible full-time and part-time employees. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. For information about the OPEB plan, see Note 6.

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION
(Continued):**

R. MEDICAL BENEFITS:

The District contracts with CalPERS for medical and prescription coverage to provide active and retiree health benefit services. The plan rules are in accordance with the Board of Directors' resolutions and subject to the Public Employees' Medical and Hospital Care Act (PEMHCA).

S. RECLASSIFICATION:

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentations in the current year financial statements.

T. DEFERRED OUTFLOW/DEFERRED INFLOW OF RESOURCES – PENSION:

In addition to assets, the financial statements report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of resources that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of resources that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to the District's pension plan after the measurement date but before the fiscal year-end are reconciled as a deferred outflow of resources. Additional factors involved in the calculation of the District's pension expense and net pension liability include the differences between expected and actual experience, changes of assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between the District's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 5 for further details related to these pension deferred outflows and inflows.

U. DEFERRED OUTFLOW/DEFERRED INFLOW OF RESOURCES – OPEB:

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. See Note 6 for further details related to these OPEB deferred outflows and inflows.

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS:

A. DEPOSITS AND CUSTODIAL CREDIT RISK:

As of June 30, 2025 and 2024 the carrying amounts of the District’s deposits were \$137,977 and \$88,187, respectively. The bank balances were \$347,653 and \$204,165, respectively. As of June 30, 2025 and 2024, federal depository insurance (FDIC) covered \$250,000. As such, the District’s cash balances did not exceed the FDIC limits as of June 30, 2025 and 2024, with no exposure to custodian credit risk with deposits uninsured and collateralized with securities held by the pledging financial institution in accordance with Government Code 53651 et seq.

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 requires California banks, and savings and loans to 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. The market value of pledged securities in the collateral pool must equal at least 110% of the District’s carrying value of the deposits (demand deposits and certificates of deposit).

The California Employers’ Prefunding Pension Trust (“CEPPT”) had a balance of \$1,052,229 and \$0 as of June 30, 2025 and 2024, respectively. This restricted fund balance is included in the restricted cash and cash equivalent balance of the Statement of Net Position.

B. INVESTMENTS:

Investment Policy – The District’s primary investment policy objectives, in priority order, are safety, liquidity and yield.

Statutes authorize the District to invest in obligations of the U.S. Treasury, agencies and instrumentalities within the State, State Treasury, bankers’ acceptances, and commercial paper of the highest ranking provided by Moody’s Investors Service, Inc., or Standard & Poor’s Corporation, repurchase or reverse repurchase agreements, shares issued by a Joint Powers Authority, and the State’s Local Agency Investment Fund (LAIF).

The District’s Investment Policy, set by the Board of Directors of the District is more conservative than that set by state statute. The policy allows the District’s Treasurer to invest in U.S. Treasury Securities, California Cooperative Liquid Assets Securities System Local Agency (CalClass), Certificate of Deposits (FDIC-insured), Savings Accounts (FDIC-insured), Local Agency Investment Fund (LAIF), County Treasurer Investment Pool (Placer or Nevada), the Investment Trust of California (CalTRUST), California Employers’ Retiree Benefit Trust (CERBT), and California Employers’ Pension Prefunding Trust (CEPPT).

Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As of June 30, 2025 and 2024, the District had the following investments:

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued):

B. INVESTMENTS (Continued):

	2025		2024	
	Carrying Amount	Market Value	Carrying Amount	Market Value
CalCLASS	\$ 10,506,035	\$ 10,505,858	\$ 10,739,050	\$ 10,738,112
Zions Bank	11,928,571	12,025,392	9,523,366	9,419,249
LAIF	1,741	1,741	1,664	1,653
CEPPT	1,052,229	1,052,229	-	-
Total	\$ 23,488,576	\$ 23,585,220	\$ 20,264,080	\$ 20,159,014

California Class

The District is a voluntary participant in the California Cooperative Liquid Assets Securities System (California CLASS) a Joint Powers Authority investment pool as set forth in Sect. 53601(p) of the California Government Code. The objective of the investment policy is security, liquidity and yield. The District invests in the California CLASS Prime Fund. The 30 day yield at June 30, 2025 was 4.3433% and the weighted average maturity was 40 days.

Local Agency Investment Fund (LAIF)

The District participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), regulated by California Government Code Section 16429 under the oversight of the Treasurer of the state of California and the Pooled Money Investment Board. The State Treasurer’s office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District’s investment in this pool is reported in the accompanying financial statements 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 monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within a twenty-four hours notice. Included in LAIF’s investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations.

LAIF is administered by the State Treasurer. This fund bore an average annual yield of approximately 4.411% for the fiscal year ended June 30, 2025. LAIF is currently unrated and has an average life of 248 days. Investments are audited annually by the Pooled Money Investment Board and the State Controller’s Office. Copies of this audit may be obtained from the State Treasurer’s Office; 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized.

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued):

Structured notes and asset-backed securities comprised 3.81% and 3.00% of LAIF’s total portfolio for all investors as of June 30, 2025 and 2024, respectively. Fair value of a pool share was \$1.001198310 and \$0.996316042 for those same periods. The cost value of a pool share was constant at \$1.00.

U.S. Securities:

Under provision of the District’s investment policy, and per Board approval, the District’s market value of U.S. Treasury Securities invested in fiscal year 2024-25 was \$12.03 million, using a 5 year/6 month ladder approach.

Interest Rate Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment.

Credit Risk - 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. The District’s investment in LAIF has not been rated by a nationally recognized statistical organization.

C. CLASSIFICATION:

	2025	2024
Summary of Cash and Investment:		
Cash on hand	\$ 500	\$ 550
Cash in Bank	137,977	88,187
Total Cash	138,477	88,737
Investment - CalCLASS	10,506,033	10,739,047
FMV Adjustment - CalCLASS	(175)	(935)
Investment - US Treasury Securities	11,928,571	9,523,366
FMV Adjustment - US Treasury Securities	96,821	(104,117)
Investment - LAIF	1,741	1,664
FMV Adjustment - LAIF	-	(11)
Investment in CEPPT	1,052,229	-
Total Cash Equivalents and Investments	23,585,220	20,159,014
	\$ 23,723,697	\$ 20,247,751
Balance Sheet Classification:		
Cash and cash equivalent:		
Unrestricted	\$ 19,641,648	\$ 17,433,821
Restricted	4,082,049	2,813,930
Total Cash Equivalents and Investments	\$ 23,723,697	\$ 20,247,751

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

3. RESTRICTED ASSETS AND LIABILITIES:

Restricted and designated assets and liabilities as of June 30, 2025 are identified by use as follows:

	Sewer Assessment District 5 Maintenance	Capital Expenditures	CEPPT	Total
Restricted Assets:				
Cash and cash equivalent	\$ -	\$ 3,029,820	1,052,229	\$ 4,082,049
Interest receivable	-	280	-	280
Accounts receivable	-	14,223	-	14,223
Total Restricted Assets	-	3,044,323	1,052,229	4,096,552
Restricted Liabilities:				
Trust fund payable - sewer assessment	-	-	-	-
Total Restricted Liabilities	-	-	-	-
Total Restricted Fund Balances	\$ -	\$ 3,044,323	\$ 1,052,229	\$ 4,096,552

Restricted and designated assets as of June 30, 2024 are identified by use as follows:

	Sewer Assessment District 5 Maintenance	Capital Expenditures	CEPPT	Total
Restricted Assets:				
Cash and cash equivalent	\$ 70,447	\$ 2,743,483	\$ -	\$ 2,813,930
Interest receivable	502	5,223	-	5,725
Accounts receivable	-	3,080	-	3,080
Total Restricted Assets	70,949	2,751,786	-	2,822,735
Restricted Liabilities:				
Trust fund payable - sewer assessment	70,949	-	-	70,949
Total Restricted Liabilities	70,949	-	-	70,949
Total Restricted Fund Balances	\$ -	\$ 2,751,786	\$ -	\$ 2,751,786

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

4. CAPITAL ASSETS:

Capital asset activity for the fiscal year ended June 30, 2025 was as follows:

	Balance July 1, 2024	Transfers	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated:					
Land and easements	\$ 754,428	\$ -	\$ -	\$ -	\$ 754,428
Construction in progress	170,013	(160,113)	-	(9,900)	-
Total capital assets not being depreciated	<u>924,441</u>	<u>(160,113)</u>	<u>-</u>	<u>(9,900)</u>	<u>754,428</u>
Capital assets being depreciated:					
Sewage collection facilities	82,693,406	160,113	319,533	-	83,173,052
Administrative facilities	10,491,614	-	81,650	-	10,573,264
General plant and administrative equipment	6,408,012	-	322,037	-	6,730,049
Total capital assets being depreciated	<u>99,593,032</u>	<u>160,113</u>	<u>723,220</u>	<u>-</u>	<u>100,476,365</u>
Less accumulated depreciation:					
Sewage collection facilities	42,819,513	-	1,512,290	-	44,331,803
Administrative facilities	6,356,812	-	271,790	-	6,628,602
General plant and administrative equipment	4,601,030	-	278,849	-	4,879,879
Total accumulated depreciation	<u>53,777,355</u>	<u>-</u>	<u>2,062,929</u>	<u>-</u>	<u>55,840,284</u>
Total capital assets, net of depreciation	<u>\$46,740,118</u>	<u>\$ -</u>	<u>\$ (1,339,709)</u>	<u>\$ (9,900)</u>	<u>\$45,390,509</u>

Capital asset activity for the fiscal year ended June 30, 2024 was as follows:

	Balance July 1, 2023	Transfers	Additions	Deletions	Balance June 30, 2024
Capital assets not being depreciated:					
Land and easements	\$ 754,428	\$ -	\$ -	\$ -	\$ 754,428
Construction in progress	11,769	(11,769)	170,013	-	170,013
Total capital assets not being depreciated	<u>766,197</u>	<u>(11,769)</u>	<u>170,013</u>	<u>-</u>	<u>924,441</u>
Capital assets being depreciated:					
Sewage collection facilities	82,241,166	11,769	440,471	-	82,693,406
Administrative facilities	10,355,548	-	136,066	-	10,491,614
General plant and administrative equipment	5,801,146	-	703,615	(96,749)	6,601,510
Total capital assets being depreciated	<u>98,397,860</u>	<u>11,769</u>	<u>1,280,152</u>	<u>(96,749)</u>	<u>99,786,530</u>
Less accumulated depreciation:					
Sewage collection facilities	41,305,527	-	1,513,986	-	42,819,513
Administrative facilities	6,054,668	-	302,144	-	6,356,812
General plant and administrative equipment	4,428,564	-	269,215	(96,749)	4,794,528
Total accumulated depreciation	<u>51,788,759</u>	<u>-</u>	<u>2,085,345</u>	<u>(96,749)</u>	<u>53,970,853</u>
Total capital assets, net of depreciation	<u>\$47,375,298</u>	<u>\$ -</u>	<u>\$ (635,180)</u>	<u>\$ -</u>	<u>\$46,740,118</u>

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

5. DEFINED BENEFIT PENSION PLAN:

General Information about the Pension Plan:

Plan Description - All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees’ Retirement System (CalPERS). The Plan’s benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Annual Comprehensive Financial Report, which is available online at www.calpers.ca.gov.

The Plan consists of a miscellaneous pool and a safety pool (referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the District. The District’s employer rate plans in the miscellaneous risk pool include the Miscellaneous plan (Miscellaneous) and the PEPRM Miscellaneous plan (PEPRM Miscellaneous). The District does not have any rate plans in the safety risk pool.

Benefits Provided - The Plan 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. Classic members and PEPRM Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRM Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect as of June 30, 2025 and 2024 are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates:		
June 30, 2025	8.000%	7.750%
June 30, 2024	8.000%	7.750%
Required employer contribution rates:		
June 30, 2025	15.240%	7.870%
June 30, 2024	15.170%	7.680%

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

5. DEFINED BENEFIT PENSION PLAN (Continued):

Contribution Description - Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS’ annual actuarial valuation process. Each employer rate plan’s actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan’s allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The District’s contributions to the risk pool in the Plan for the fiscal years ended June 30, 2025 and 2024 were as follows:

	Miscellaneous	
	2025	2024
Miscellaneous Risk Pool	\$ 566,772	\$ 2,025,431

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions - As of June 30, 2025 and 2024 the Truckee Sanitary District reported net pension liabilities for its proportionate share of the net pension liability of \$808,483 and \$2,744,232 respectively.

Truckee Sanitary District’s net pension liability/ (asset) for the Plan is measured as the proportionate share of the net pension liability/ (asset). The net pension liability of the Plan is measured as of June 30, 2025, and the total pension liability/ (asset) for the Plan used to calculate the net pension liability/ (asset) was determined by an actuarial valuation as of **June 30, 2023** rolled forward to **June 30, 2024** using standard update procedures. Truckee Sanitary District’s proportion of the net pension liability/ (asset) 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/ (asset) for the Plan as of June 30, 2024 was as follows:

Proportion - June 30, 2023 (Measurement Date)	0.01672%
Proportion - June 30, 2024 (Measurement Date)	0.05488%
Change - Increase (Decrease)	0.03816%

The District’s proportionate share of the net pension liability/ (asset) for the Plan as of June 30, 2023 was as follows:

Proportion - June 30, 2022 (Measurement Date)	0.09539%
Proportion - June 30, 2023 (Measurement Date)	0.05488%
Change - Increase (Decrease)	-0.04051%

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

5. DEFINED BENEFIT PENSION PLAN (Continued):

For the fiscal years ended June 30, 2025 and 2024, the District recognized pension expense of \$788,420 and \$170,587, respectively.

As of June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 566,772	\$ -
Difference between expected and actual experience	752,675	(29,078)
Changes in assumptions	221,545	-
Differences between employer contributions and proportionate share of contributions	1,098,611	(186,188)
Change in employer's proportion	128,280	(1,832,379)
Differences between projected and actual investment earnings	480,698	-
Total	\$ 3,248,581	\$ (2,047,645)

It should be noted that a deferred outflow of \$566,772 was related to contributions subsequent to the measurement date, and the entire amount will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts (i.e. amounts other than contributions subsequent to the measurement date) reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflow/(Inflows) of Resources
2026	\$ 97,673
2027	898,080
2028	(149,890)
2029	(211,699)
Total	\$ 634,164

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

5. DEFINED BENEFIT PENSION PLAN (Continued):

As of June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,025,431	\$ -
Difference between expected and actual experience	455,848	(70,620)
Changes in assumptions	538,041	-
Differences between employer contributions and	1,568,398	(452,172)
Change in employer's proportion	311,538	(2,065,888)
Differences between projected and actual investment		
earnings	1,614,529	-
Total	\$ 6,513,785	\$ (2,588,680)

It should be noted that a deferred outflow of \$2,025,431 was related to contributions subsequent to the measurement date, and the entire amount will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts (i.e. amounts other than contributions subsequent to the measurement date) reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	Deferred Outflow/(Inflows) of Resources
2025	\$ 461,289
2026	294,165
2027	1,094,572
2028	49,648
2029	-
Thereafter	-
Total	\$ 1,899,674

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

5. DEFINED BENEFIT PENSION PLAN (Continued):

Actuarial Assumptions - In the actuarial valuations for measurement periods June 30, 2024 and 2023, the total pension liabilities were determined using the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase ⁽¹⁾	Varies by Entry Age and Service
Investment Rate of Return ⁽²⁾	6.80%
Mortality Rate Table	Derived using CalERS' Membership Data for all Funds

⁽¹⁾ Depending on age, service and type of employment.

⁽²⁾ Net of pension plan investment expenses.

All other actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the fiscal years 2000 to 2019, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate - The discount rate used to measure the total pension liability was 6.90% for the plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 6.90 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 6.80% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed 10 basis points. An investment return excluding administrative expenses would have been 6.90%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

5. DEFINED BENEFIT PENSION PLAN (Continued):

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts.

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

In determining the long-term expected rate of return, CalPERS took into account both short- term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan’s asset classes, expected compound (geometric) returns were calculated over the short term (first 11 years) and the long-term (60 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 the Plan. 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10 (1,2)</u>
Global Equity - cap-weighted	30.0%	4.54%
Global Equity - non-cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%

(1) An expected inflation of 2.30% used for this period

(2) Figures are based on the 2021-22 Asset Liability Management Study

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

5. DEFINED BENEFIT PENSION PLAN (Continued):

Sensitivity of the District’s 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 of each risk pool as of the measurement date, calculated using the discount rate, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage point higher than the current rate.

As of June 30, 2025, the discount rate comparison was the following:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
Plan's Net Pension Liability/ (Assets)	\$ 6,678,209	\$ 808,483	\$ (4,023,216)

As of June 30, 2024, the discount rate comparison was the following:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
Plan's Net Pension Liability/ (Assets)	\$ 8,229,460	\$ 2,744,232	\$ (1,770,581)

Payable to the Pension Plan – The District had no outstanding amount of contributions to the pension plan required for the fiscal years ended June 30, 2025 and 2024.

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

Plan Description - The Plan provides other post-employment benefits to qualified employees and elected officials as well as their eligible survivors and dependents. The District contracts with CalPERS for medical coverage (see Note 1 R). The California Employers’ Retiree Benefit Trust (CERBT) is part of the Public District portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administrated by CalPERS, which acts as a common investment and administrative agent for participating public employees with the State of California. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS’ annual financial report may be obtained from the CalPERS Executive Office - 400 Q Street - Sacramento, CA 95811.

Benefits Provided - The District provides for a medical coverage vesting benefit in accordance with Government Code 22893 to receive retiree medical coverage benefits. Employees retiring with at least 10 years of CalPERS service and at least five years of CalPERS service with the District qualify for medical coverage vesting. The vesting schedule provides 50% of the Region 1 PERS Gold rate to the retiree and eligible survivors and dependents after 10 years of CalPERS service with an additional 5% each year thereafter, up to a maximum of 100% with 20 years of CalPERS service. The District also provides for the medical coverage benefits to be continued under the CalPERS health plan to eligible family members upon the death of an employee prior to retirement. CalPERS survivor benefits have complex eligibility requirements and are determined by CalPERS. The District provides for health and welfare benefits for elected officials and eligible dependents.

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued):

Active elected officials, officials retiring with at least 12 years of service on the District Board, and their eligible dependents receive 100% of the medical premium paid by the District up to a maximum of the Region 1 PERS Gold premium rate. In addition, contributions of \$20 per month are deposited on behalf of its elected officials into the District sponsored 457 plan as is required to satisfy the non-PERS employer definition of a contracting District under Government Code Section 229020(b).

Employees Covered - As of the June 30, 2024 actuarial valuation, the following current and former employees were covered by the benefit terms under the Plan:

Inactive employees or beneficiaries currently receiving benefit payment	30
Inactive employees entitles to but not yet receiving benefit payments	-
Active employees	42
	<u>72</u>

Contributions - The annual contribution is based on an ad-hoc basis, but in the amount sufficient to fully fund the obligation over the period not to exceed 30 years. For the fiscal years ended June 30, 2025 and 2024 the District's contribution was \$1,494,490 and \$341,300, respectively. Of the \$1,494,490, \$1,000,000 was a contribution to the CERBT trust. Employees are not required to contribute to the Plan.

Net OPEB Liability - The District's net OPEB liability was measured as of June 30, 2024, and 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of those dates.

Actuarial Assumptions - The District's total OPEB liability was measured as of June 30, 2024 and 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by the actuarial valuation dated June 30, 2024. In the actuarial valuation for the measurement periods June 30, 2024 and 2023, the total OPEB liabilities were determined based on the following actuarial methods and assumptions:

TRUCKEE SANITARY DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued):

Valuation Date	June 30, 2024
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age
Discount Rate	6.75%
Inflation	2.50% per year
Trend	4.00% per year
Payroll Growth	2.75% per year
Investment Rate of Return ¹	6.75% per year net of expenses
Mortality Rate Table	2021 CalPERS Mortality for Miscellaneous and Schools Employees
Pre-Retirement Turnover	2021 CalPERS Turnover for Miscellaneous Employees

¹ Net of expenses: Based on long-term return on plan assets assuming 100% funding through CERBT

All the actuarial assumptions, including updates to salary increases, mortality, and retirement rates, used in the June 30, 2023 valuation were based on the results of an actuarial experience study issued by the CalPERS Actuarial Office on January 2014 covering the 14-year period from 1997 to 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major class included in the OPEB plan's target asset allocation as of June 30, 2025 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
All Equities	49%	7.25%
All Fixed Income	23%	4.25%
Real Estate Investment Trusts	20%	7.25%
All Commodities	3%	7.25%
Treasury Inflation-Protected Securities	5%	3.00%
Total	<u>100%</u>	

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued):

Discount Rate - The discount rate used to measure the total OPEB liability was 6.75%. The discount rate is based on assumed long-term expected rate of return on plan assets assuming 100% funding through CERBT. The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of 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, historic 30-year real rates were used for each asset class, along with assumed long-term inflation assumptions. The expected investment returns were offset by investment expenses of 50 basis points.

Changes in the OPEB Liability - The changes in the net OPEB liability for the Plan are as follows for measurement periods ended June 30, 2023 and 2024:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/ (Asset)
	(a)	(b)	(a) - (b)
Balances at June 30, 2023 (Measurement Date)	\$ 7,057,656	\$ 6,757,213	\$ 300,443
Changes for the year:			
Service cost	245,609	-	245,609
Interest	474,003	-	474,003
Expected Investment Income	-	456,038	(456,038)
Employer Contributions to Trust	-	(2,203)	2,203
Employer Contributions as Benefit Payments	-	341,300	(341,300)
Actual Benefit Payments from Trust		-	-
Actual Benefit Payments from Employer	(341,300)	(341,300)	-
Expected Minus Actual Benefit Payments	24,923	-	24,923
Administrative expense	-	-	-
Experience Gains/Losses	1,730,104	-	1,730,104
Changes in Assumption	-	-	-
Investment Gains/Losses	-	285,734	(285,734)
Net changes	2,133,339	739,569	1,393,770
Balances at June 30, 2024 (Measurement Date)	\$ 9,190,995	\$ 7,496,782	\$ 1,694,213

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued):

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/ (Asset)
	(a)	(b)	(a) - (b)
Balances at June 30, 2022 (Measurement Date)	\$ 7,095,046	\$ 6,065,262	\$ 1,029,784
Changes for the year:			
Service cost	242,819	-	242,819
Interest	476,729	-	476,729
Expected Investment Income	-	419,470	(419,470)
Employer Contributions to Trust	-	300,000	(300,000)
Employer Contributions as Benefit Payments	-	263,071	(263,071)
Actual Benefit Payments from Trust		-	-
Actual Benefit Payments from Employer	(263,071)	(263,071)	-
Expected Minus Actual Benefit Payments	(44,548)	-	(44,548)
Administrative expense	-	(1,776)	1,776
Experience Gains/Losses	(286,995)	-	(286,995)
Changes in Assumption	(162,324)	-	(162,324)
Investment Gains/Losses	-	(25,743)	25,743
Net changes	(37,390)	691,951	(729,341)
Balances at June 30, 2023 (Measurement Date)	\$ 7,057,656	\$ 6,757,213	\$ 300,443

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net 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 periods ended June 30, 2024 and 2023:

	June 30, 2024 (Measurement Date)		
	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability/ (asset)	\$ 2,778,506	\$ 1,694,213	\$ 790,422

	June 30, 2023 (Measurement Date)		
	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability/ (asset)	\$ 1,212,254	\$ 300,443	\$ (451,388)

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued):

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the net OPEB liability of the District if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates for measurement periods ended June 30, 2024 and 2023:

	June 30, 2024 (Measurement Date)		
	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (6.00%)
Net OPEB liability/ (asset)	\$ 660,107	\$ 1,694,213	\$ 2,956,043
	June 30, 2023 (Measurement Date)		
	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (6.00%)
Net OPEB liability/ (asset)	\$ (564,555)	\$ 300,443	\$ 1,367,327

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued plan financial report issued by CalPERS and located on its website.

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB - The District recognized OPEB expense of (\$1,035,932) and (\$4,390) for the fiscal years ended June 30, 2025 and 2024, respectively. OPEB expense is comprised of various elements including service cost, interest on total OPEB liability, changes in benefit terms, recognized actuarial gains and losses, investment income, recognized investment gains and losses, and administrative expense, which are all factors used by the actuaries in the calculation of the net OPEB liability.

As of fiscal year ended June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 1,494,490	\$ -
Experience gains/loss	1,552,436	(435,754)
Changes in Assumption	144,738	(116,598)
Net difference between projected and actual earnings on OPEB plan investments	570,137	(449,027)
Total	<u>\$ 3,761,801</u>	<u>\$ (1,001,379)</u>

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued):

The amounts 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 fiscal year ended June 30, 2026. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

Year ended June 30	Total Deferred Outflows/(Inflows) of Resources
2026	\$ 158,633
2027	370,682
2028	87,775
2029	84,785
2030	148,913
Thereafter	415,144
Total	\$ 1,265,932

As of fiscal year ended June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 341,300	\$ -
Experience gains/loss	33,541	(537,872)
Changes in Assumption	187,310	(139,461)
Net difference between projected and actual earnings on OPEB plan investments	886,785	(440,883)
Total	\$ 1,448,936	\$ (1,118,216)

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

6. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued):

The amounts 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 fiscal year ended June 30, 2025. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30</u>	<u>Total Deferred Outflows/(Inflows) of Resources</u>
2025	\$ 27,772
2026	(6,376)
2027	205,673
2028	(77,234)
2029	(80,225)
Thereafter	(80,190)
Total	<u>\$ (10,580)</u>

Payable to the OPEB Plan – The District had no outstanding amount of contributions to the plan required for the fiscal year ended June 30, 2025.

7. VOTER LEGISLATION:

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

8. COMMITMENTS AND CONTIGENCIES:

The District did not enter into any new construction commitments for the fiscal year ended June 30, 2025. The District has no potential claim outstanding as of June 30, 2025.

9. RELATED PARTY TRANSACTIONS:

The District is a member of the California Sanitation Risk Management Authority (CSRMA), a Joint Powers Authority formed under the laws of the California Government Code to participate in a Workers’ Compensation Insurance Program. For the fiscal years ended June 30, 2025 and 2024, the District paid \$80,021 and \$81,934, respectively, for insurance coverage under this agreement.

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

10. RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District purchases commercial property insurance for real and personal property damage owned by the District with coverage up to a maximum of \$29,963,334. The limit for both loss of income and extra expense coverage is \$1,000,000, with a wildfire loss limit of \$10,000,000 per occurrence. There are various policy sub-limits based upon the value of individual properties. In addition, the District maintains a separate earthquake insurance policy providing coverage up to a maximum of \$10,000,000, subject to a 5% deductible per building. The District also purchases property insurance covering \$100,000 for unscheduled contractor's equipment, \$122,494 for scheduled equipment, and \$100,000 for rented, leased or borrowed equipment.

The District purchases general liability and management liability insurance coverage up to policy term aggregate limits of \$10,000,000 each subject to various sub-policy limits, generally \$1,000,000 for various activities such as personal and advertising injury or fire damage. The District also maintains insurance coverage related to employee dishonesty and crime. Finally, the District maintains commercial automobile insurance for bodily injury in addition to vehicle related property damage with coverage up to a maximum of \$1,000,000 and commercial umbrella insurance or excess liability coverage up to a maximum of \$10,000,000. The umbrella coverage is in addition to the general liability, automobile liability, and management liability underlying coverages.

11. PROPERTY TAXES:

The District has a gross assessed valuation of \$9,610 and \$8,828 billion for the fiscal years ended June 30, 2025 and 2024. The tax rate for the administrative expenses of the District was computed by the counties under Proposition 13. The tax rates assessed were within legal limits as allowed by law.

12. LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS:

The District is responsible for a closed solid waste disposal site that exists on land owned by the District at Truckee River Regional Park.

In accordance with the Operations, Maintenance and Monitoring Plan, the District has an obligation for the protection and maintenance of the site and files an annual report detailing inspections and maintenance activities at the site with the Department of Toxic Substances Control (DTSC). The Operations, Maintenance, and Monitoring Annual Report for 2023, submitted to DTSC in January 2024, found the vegetative cap, asphalt pavement, storm water damage, and monitoring wells associated with the site to be functioning as designed with a recommendation to reseal the asphalt cap cracks. The District funds the annual costs for its consultant through its operations and maintenance budget. For the fiscal years ended June 30, 2025 and 2024, the budgeted cost were \$8,000 and \$8,000, and the actual cost incurred were \$31,978 and \$6,659, respectively.

TRUCKEE SANITARY DISTRICT

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

13. SUBSEQUENT EVENTS REVIEW:

District management has evaluated its June 30, 2025 financial statement for subsequent events through December 9, 2025, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

TRUCKEE SANITARY DISTRICT
SCHEDULE OF OPEB CONTRIBUTIONS

JUNE 30, 2025

LAST TEN YEARS*

	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024	Fiscal Year 2025
Actuarially determined contribution	\$ **	\$ **	\$ **	\$ **	\$ **	\$ **	\$ **	\$ **
Contributions in relation to the actuarially required contribution	(303,054)	(440,289)	(331,260)	(239,636)	(351,012)	(563,071)	(341,300)	(1,494,490)
Contribution deficiency (excess)	<u>\$ (303,054)</u>	<u>\$ (440,289)</u>	<u>\$ (331,260)</u>	<u>\$ (239,636)</u>	<u>\$ (351,012)</u>	<u>\$ (563,071)</u>	<u>\$ (341,300)</u>	<u>\$ (1,494,490)</u>
Covered-employee payroll	\$ 3,601,983	\$ 3,662,494	\$ 3,978,542	\$ 4,120,774	\$ 4,273,238	\$ 4,797,455	\$ 4,616,205	\$ 4,502,095
Contributions as a percentage of covered-employee payroll	8.41%	12.02%	8.33%	5.82%	8.21%	11.74%	7.39%	33.20%

* Fiscal Year 2018 was the first year of implementation, therefore only eight years are shown.

** Contribution not provided by Actuary

TRUCKEE SANITARY DISTRICT

**SCHEDULE OF CHANGES IN THE DISTRICT'S
NET OPEB LIABILITY AND RELATED RATIOS**

JUNE 30, 2025

LAST TEN YEARS*

	Measurement Date June 30, 2017	Measurement Date June 30, 2018	Measurement Date June 30, 2019	Measurement Date June 30, 2020	Measurement Date June 30, 2021	Measurement Date June 30, 2022	Measurement Date June 30, 2023	Measurement Date June 30, 2024
Total OPEB liability								
Service cost	\$ 155,203	\$ 159,471	\$ 163,856	\$ 182,360	\$ 187,375	\$ 236,320	\$ 242,819	\$ 245,609
Interest	341,686	362,147	384,114	414,661	448,524	449,832	476,729	474,003
Differences between expected and actual experience	-	-	1,692	(276)	(9,499)	-	-	-
Changes of assumptions	-	-	-	-	315,026	-	(162,324)	-
Experience gains/losses	-	-	101,729	-	(332,085)	-	(286,995)	1,730,104
Benefit payments, including refunds of member contributions	(211,340)	(206,384)	(215,289)	(231,260)	(239,636)	(274,256)	(307,619)	(316,377)
Net change in total OPEB liability	285,549	315,234	436,102	365,485	369,705	411,896	(37,390)	2,133,339
Total OPEB liability - beginning	4,911,435	5,196,984	5,512,218	5,948,320	6,313,805	6,683,150	7,095,046	7,057,656
Total OPEB liability - ending (a)	\$ 5,196,984	\$ 5,512,218	\$ 5,948,320	\$ 6,313,805	\$ 6,683,510	\$ 7,095,046	\$ 7,057,656	\$ 9,190,995
Plan fiduciary net position								
Employer Contributions to Trust	\$ 274,038	\$ 100,000	\$ 225,000	\$ 100,000	\$ -	\$ 200,000	\$ 300,000	\$ -
Employer Contributions as Benefit Payment	211,340	206,384	215,289	231,260	184,996	206,012	263,071	341,300
Actual Investment Income	379,263	-	-	-	-	-	-	-
Investment Gains/Losses	-	36,594	(36,436)	(170,755)	1,102,212	(1,386,736)	(25,743)	285,734
Expected Investment Income	-	293,460	327,635	359,272	373,885	464,935	419,470	456,038
Benefit Payments from Employer	(211,340)	(206,384)	(215,289)	(231,260)	(184,996)	(206,012)	(263,071)	(341,300)
Administrative expense	(1,924)	(7,699)	(983)	(2,493)	(2,032)	(1,728)	(1,776)	(2,203)
Net change in plan fiduciary net position	651,377	422,355	515,216	286,024	1,474,065	(723,529)	691,951	739,569
Plan fiduciary net position - beginning	3,494,754	4,146,131	4,568,486	5,083,702	5,369,726	6,788,791	6,065,262	6,757,213
Plan fiduciary net position - ending (b)	\$ 4,146,131	\$ 4,568,486	\$ 5,083,702	\$ 5,369,726	\$ 6,843,791	\$ 6,065,262	\$ 6,757,213	\$ 7,496,782
District's net OPEB liability/ (asset) - ending (a) - (b)	\$ 1,050,853	\$ 943,732	\$ 864,618	\$ 944,079	\$ (160,281)	\$ 1,029,784	\$ 300,443	\$ 1,694,213
Plan fiduciary net position as a percentage of the total OPEB liability/ (asset)	79.8%	82.9%	85.5%	85.0%	102.4%	85.5%	95.7%	81.6%
Covered-employee payroll	\$ 3,421,184	\$ 3,601,983	\$ 3,662,494	\$ 3,978,542	\$ 4,120,774	\$ 4,273,238	\$ 4,797,455	\$ 4,616,205
District's net OPEB liability as a percentage of covered-employee payroll	30.7%	26.2%	23.6%	23.7%	-3.9%	24.1%	6.3%	36.7%

* Fiscal Year 2018 was the first year of implementation, therefore only eight years are shown.

TRUCKEE SANITARY DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

JUNE 30, 2025

	Measurement Date	Measurement Date	Measurement Date	Measurement Date	Measurement Date	Measurement Date	Measurement Date	Measurement Date	Measurement Date	Measurement Date
	June 30, 2015 ⁽¹⁾	June 30, 2016 ⁽¹⁾	June 30, 2017 ⁽¹⁾	June 30, 2018 ⁽¹⁾	June 30, 2019 ⁽¹⁾	June 30, 2020 ⁽¹⁾	June 30, 2021 ⁽¹⁾	June 30, 2022 ⁽¹⁾	June 30, 2023 ⁽¹⁾	June 30, 2024 ⁽¹⁾
Plan's proportion of the net pension liability/ (asset)	0.065840%	0.068380%	0.069770%	0.059159%	0.051745%	0.04983%	-0.02810%	0.01672%	0.05488%	0.00667%
Proportionate share of the net pension liability/ (asset)	\$ 4,519,215	\$ 5,916,852	\$ 6,918,883	\$ 5,700,713	\$ 5,302,332	\$ 5,422,053	\$ (1,519,627)	\$ 4,463,616	\$ 2,744,232	\$ 808,483
Covered-employee payroll	\$ 3,032,804	\$ 2,978,692	\$ 3,421,184	\$ 3,601,983	\$ 3,662,494	\$ 3,978,542	\$ 4,120,774	\$ 4,273,238	\$ 4,797,455	\$ 4,616,205
Proportionate share of the net pension liability as percentage of covered-employee payroll	149.01%	198.64%	202.24%	158.27%	144.77%	136.28%	-36.88%	104.46%	57.20%	17.51%
Plans fiduciary net position as a percentage of the total pension liability/ (asset)	79.46%	75.92%	74.94%	80.52%	83.13%	83.75%	104.31%	90.49%	93.23%	98.14%

Notes to Schedule:

Changes of benefit terms – There were no changes to benefit terms that applied to all members of the Public Agency Pool during the measurement period of June 30, 2023. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting two years additional service credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

Changes of assumption: None

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

TRUCKEE SANITARY DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS

JUNE 30, 2025

	Fiscal Year 2015-16⁽¹⁾	Fiscal Year 2016-17⁽¹⁾	Fiscal Year 2017-18⁽¹⁾	Fiscal Year 2018-19⁽¹⁾	Fiscal Year 2019-20⁽¹⁾	Fiscal Year 2020-21⁽¹⁾	Fiscal Year 2021-22⁽¹⁾	Fiscal Year 2022-23⁽¹⁾	Fiscal Year 2023-24⁽¹⁾	Fiscal Year 2024-25⁽¹⁾
Actuarially determined contribution	\$ (549,492)	\$ 581,849	\$ 642,177	\$ 713,094	\$ 826,897	\$ 852,069	\$ 767,244	\$ 3,275,367	\$ 2,025,431	\$ 566,772
Contributions in relation to the actuarially determined contributions	549,492	(581,849)	(1,642,177)	(1,713,094)	(1,326,897)	(3,102,069)	(767,244)	(3,275,367)	(2,025,431)	(566,772)
Contribution deficiency (excess)	\$ -	\$ -	\$ (1,000,000)	\$ (1,000,000)	\$ (500,000)	\$ (2,250,000)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 2,978,692	\$ 3,421,184	\$ 3,601,983	\$ 3,662,494	\$ 3,978,542	\$ 4,120,774	\$ 4,273,235	\$ 4,797,455	\$ 4,616,205	\$ 4,502,095
Contributions as a percentage of covered-employee payroll	18.45%	17.01%	45.59%	46.77%	33.35%	75.28%	17.95%	68.27%	43.88%	12.59%

⁽¹⁾ Historical information is required only for measurement periods for which GASB 68 is applicable.

TRUCKEE SANITARY DISTRICT

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

PURPOSE OF SCHEDULES

1. Schedule of OPEB Contribution

If an actuarially determined contribution is calculated for a single or agent employer, the employer is required to present in required supplementary information a schedule covering each of the 10 most recent fiscal years that includes information about the actuarially determined contribution, contributions to the OPEB plan, and related ratios. If a single or agent employer does not have information about an actuarially determined contribution but has a contribution requirement that is established by statute or contract, the employer is required to present a schedule covering each of the 10 most recent fiscal years that includes information about the statutorily or contractually required contribution rates, contributions to the OPEB plan, and related ratios.

2. Schedule of Changes in the District's Net OPEB Liability/ (Asset) and Related Ratios

GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability. However, since this is the eighth year of implementation, only eight years are currently available.

3. Schedule of District's Proportionate Share of Net Pension Liability/ (Asset)

This schedule presents information on the District's proportionate share of the net pension liability/asset (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

4. Schedule of Pension Contribution

If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements, the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

SUPPLEMENTARY INFORMATION

TRUCKEE SANITARY DISTRICT

**STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Account	Budget Original and Final	Actual	Favorable/ (Unfavorable)
REVENUES			
Service Charges	\$ 4,525,000	\$ 4,536,900	\$ 11,900
Property Taxes	8,750,000	8,662,300	(87,700)
Connection Fees	220,000	367,900	147,900
Inspection Fees	100,000	83,600	(16,400)
Investment Gain / (Loss)	805,000	1,153,800	348,800
Rents & Leases	5,000	5,600	600
Gain on Sale of Assets	100,000	-	(100,000)
Other	95,000	115,400	20,400
Total Revenues	14,600,000	14,925,500	325,500
EXPENSES			
Operations & Maintenance			
Salaries & Wages	3,479,800	3,093,700	386,100
Pension Benefits	960,300	1,267,900	(307,600)
Health & Other Benefits	903,700	758,300	145,400
Payroll Burden	353,100	308,200	44,900
Retiree Health/OPEB	179,700	1,012,900	(833,200)
Repairs & Maintenance	400,000	299,900	100,100
Utilities & Phone Services	215,300	202,600	12,700
Supplies - Operating & Safety	86,000	96,500	(10,500)
Fuel Expense	74,000	59,000	15,000
Outside Services	247,500	138,700	108,800
Travel/Training/Mtgs: Gen-Safety-EE Relations	66,900	35,400	31,500
Info Tech & Office Expenses	215,000	96,500	118,500
Dues, Subscriptions & Memberships	15,600	14,900	700
Uniforms, Linen & Safety Boots	21,700	31,400	(9,700)
Environmental Permits & Fees	40,500	23,100	17,400
Misc-Current YR	900	-	900
Total Operations & Maintenance Expenses	7,260,000	7,439,000	(179,000)

TRUCKEE SANITARY DISTRICT

**STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Account	Budget Original and Final	Actual	Favorable/ (Unfavorable)
General and Administrative			
Salaries & Wages	1,693,200	1,592,800	100,400
Pension Benefits	407,200	553,700	(146,500)
Health & Other Benefits	537,500	489,400	48,100
Payroll Burden	122,100	128,100	(6,000)
Retiree Health/OPEB	85,300	481,600	(396,300)
Liability Insurance	300,000	283,400	16,600
Repairs & Maintenance	5,000	4,500	500
Utilities & Phone Services	22,000	27,500	(5,500)
Ad Valorem & Sewer Svc Billing Fees to Counties	165,000	11,300	153,700
Supplies - Operating & Safety	5,000	24,500	(19,500)
Fuel Expense	2,000	900	1,100
Outside Services	100,000	71,700	28,300
Legal Fees	100,000	98,900	1,100
Travel/Training/Mtgs: Gen-Safety-EE Relations	170,000	103,200	66,800
Info Tech & Office Expenses	15,000	-	15,000
Dues, Subscriptions & Memberships	35,000	29,500	5,500
Uniforms, Linen & Safety Boots	-	2,300	(2,300)
LAFCO Expenses	12,000	11,400	600
Printing & Publications	25,000	35,100	(10,100)
Misc-Current YR	1,200	-	1,200
Total General & Administrative Expenses	3,802,500	3,949,800	(147,300)
Total Expenses	11,062,500	11,388,800	(326,300)
Excess Revenues Over Expenses	\$ 3,537,500	\$ 3,536,700	\$ (800)

TRUCKEE SANITARY DISTRICT

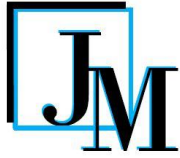
**STATEMENT OF REVENUES AND EXPENSES
BUDGET AND ACTUAL**

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Expenses as shown on Statement of Revenues, Expenses and Changes in Net Position			
	<u>Operations & Maintenance</u>	<u>General and Administrative</u>	<u>Total</u>
Total Expenses per Schedule	7,439,000	3,949,800	11,388,800
Adjustments			
Pension Expense due to GASB 68 Rollforward	534,200	254,200	788,400
OPEB Expense due to GASB 75 Rollforward	(702,000)	(333,900)	(1,035,900)
California Employers Pension Prefunding Trust	(677,800)	(322,200)	(1,000,000)
Project Management & Administration Allocati	(50,000)	-	(50,000)
Total Adjustmetns	<u>(895,600)</u>	<u>(401,900)</u>	<u>(1,297,500)</u>
Total Fund 1 Expense	6,543,400	3,547,900	10,091,300
Fund 4 Expense	-	-	-
Fund 5 Expense	425,400	-	425,400
Fund 10 Expense	<u>(73,300)</u>	-	<u>(73,300)</u>
Total Expense	<u><u>6,895,500</u></u>	<u><u>3,547,900</u></u>	<u><u>10,443,400</u></u>

* The amounts on the actual column are rounded to the nearest 100th.

OTHER INDEPENDENT AUDITOR'S REPORT



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**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**

Independent Auditor's Report

Board of Directors
Truckee Sanitary District
Truckee, California

We have audited, 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 (*Government Auditing Standards*), the financial statements of the Truckee Sanitary District (the "District"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 9, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Truckee Sanitary 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 Truckee Sanitary District's internal control. Accordingly, we do not express an opinion on the effectiveness of Truckee Sanitary District's internal control.

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

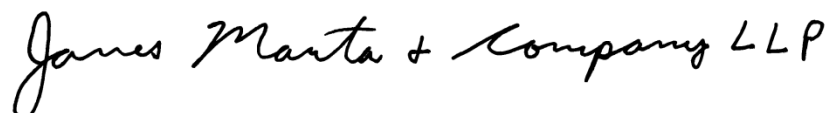
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Truckee Sanitary 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP
Certified Public Accountants
Sacramento, California
December 9, 2025