

SOUTH FEATHER WATER AND POWER AGENCY

Audited Financial Statements
and Compliance Report

December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
South Feather Water and Power Agency
Oroville, California

Opinion

We have audited the accompanying financial statements of the South Feather Water and Power Agency (the Agency), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2024, and the changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Correction of Errors

As discussed in Note N to the financial statements, the Agency corrected errors in cash and cash equivalents, accounts receivable and investments in the December 31, 2023 financial statements. Our opinion is not modified with respect to this matter.

Emphasis of Matters

As discussed in Note L to the financial statements, the Agency expenses distributions of net power revenues to North Yuba Water District when paid rather than accruing a liability each year end. Our opinion is not modified with respect to this matter.

As discussed in Note N to the financial statements, the Agency implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
South Feather Water and Power Agency

Prior Period Financial Statements

The financial statements of the Agency as of December 31, 2023, were audited by other auditors whose report dated May 30, 2024, expressed an unmodified opinion on those statements. The opinion was provided before the restatements noted in Note N to the financial statements were made.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 Agency's ability to continue as a going concern for a reasonable period of time.

To the Board of Directors
South Feather Water and Power Agency

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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 June 19, 2025 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Richardson & Company, LLP

June 19, 2025

South Feather Water and Power Agency
Management's Discussion and Analysis
For the Year Ended December 31, 2024
With Comparative Amounts as of December 31, 2023

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the South Feather Water and Power Agency (Agency) provides an introduction to the financial statements of the Agency for the year ended December 31, 2024 (with comparative information for the year ended December 31, 2023). We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2024, the Agency's net position decreased by 1.78% or \$108,034,938 to \$106,112,449.
- In 2024, the Agency's operating revenues decreased by 7.81% or \$31,093,020 to \$28,665,788.
- In 2024, the Agency's non-operating revenues increased by 23.81% or \$2,633,910 to \$3,261,112.
- In 2024, the Agency's operating expenses increased by 34.95% or \$24,927,656 to \$33,639,010.
- In 2024, the Agency's non-operating expenses increased by 57.65% or \$768,989 to \$1,212,281.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows provide information about the activities and performance of the Agency using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the Agency's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), deferred inflows of resources, and net position. It also provides the basis for computing a rate of return, evaluating the capital structure of the Agency, and assessing the liquidity and financial flexibility of the Agency. All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the success of the Agency's operations over the past year and can be used to determine if the Agency has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the Agency's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities, and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the Agency

One of the most important question asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Agency in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

Financial Analysis of the Agency, continued

These two statements report the Agency's *net position* and changes in it. You can think of the Agency's net position – the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources – as one way to measure the Agency's financial health, or *financial position*. Over time, *increases or decreases* in the Agency's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, and new or changed government regulations, such as changes in Federal and State dam safety requirements and water quality standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found on pages 9 through 37.

Statements of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources for a total net position of \$106,112,449 as of December 31, 2024.

Condensed Statements of Net Position

	2024	2023	Change
Assets:			
Current assets	\$ 56,358,945	\$ 54,244,562	\$ 2,114,383
Non-current assets	\$ 101,818,632	\$ 104,628,419	\$ (2,809,787)
Total Assets	\$ 158,177,577	\$ 158,872,981	\$ (695,404)
Deferred outflows of resources	\$ 5,229,864	\$ 7,883,313	\$ (2,653,449)
Liabilities:			
Current liabilities	\$ 3,837,116	\$ 3,673,132	\$ 163,984
Non-current liabilities	\$ 48,408,478	\$ 51,300,702	\$ (2,892,224)
Total Liabilities	\$ 52,245,594	\$ 54,973,834	\$ (2,728,240)
Deferred inflows of resources	\$ 5,049,398	\$ 3,747,522	\$ 1,301,876
Net Position:			
Net investment in capital assets	\$ 78,543,311	\$ 81,147,405	\$ (2,604,094)
Restricted for capacity expansion	\$ 1,543,672	\$ 549,106	\$ 994,566
Unrestricted	\$ 26,025,466	\$ 26,338,427	\$ (312,961)
Total net position	\$ 106,112,449	\$ 108,034,938	\$ (1,922,489)

A portion of the Agency's net position, 74.02% as of December 31, 2024, reflects the Agency's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Agency uses these capital assets to provide services to customers within the Agency's service area; consequently, these assets are *not* available for future spending.

As of December 31, 2024, the Agency showed a positive balance in its unrestricted net position of \$26,025,466. See note E for further discussion.

Statements of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position show how the Agency's net position changed during the years. In the case of the Agency, net position decreased 1.78% or \$108,034,938 to \$106,112,449.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	2024	2023	Change
Revenues:			
Operating revenues	\$ 28,665,788	\$ 31,093,020	\$ (2,427,232)
Non-operating revenues	\$ 3,261,112	\$ 2,633,910	\$ 627,202
Total revenues	<u>\$ 31,926,900</u>	<u>\$ 33,726,930</u>	<u>\$ (1,800,030)</u>
Expenses:			
Operating expenses	\$ 29,203,438	\$ 20,659,632	\$ 8,543,806
Depreciation expense	\$ 4,435,572	\$ 4,268,024	\$ 167,548
Non-operating expenses	\$ 1,212,281	\$ 768,989	\$ 443,292
Total expenses	<u>\$ 34,851,291</u>	<u>\$ 25,696,645</u>	<u>\$ 9,154,646</u>
Net income before capital contributions	\$ (2,924,391)	\$ 8,030,285	\$ (10,954,676)
Capital contributions			
Capital grants:			
Federal	\$ 7,336	\$ -	\$ 7,336
System Capacity Charges	\$ 994,566	\$ 61,082	\$ 933,484
Total capital contributions	<u>\$ 1,001,902</u>	<u>\$ 61,082</u>	<u>\$ 940,820</u>
Changes in net position	\$ (1,922,489)	\$ 8,091,367	\$ (10,013,856)
Net position, beginning of year	\$ 108,034,938	\$ 100,076,276	\$ 7,958,662
Restatement - Note N		\$ (132,705)	\$ 132,705
Net position at beginning - as restated	<u>\$ 108,034,938</u>	<u>\$ 99,943,571</u>	<u>\$ 8,091,367</u>
Net position, end of year	<u>\$ 106,112,449</u>	<u>\$ 108,034,938</u>	<u>\$ (1,922,489)</u>

Statements of Revenues, Expenses, and Changes in Net Position, continued

A closer examination of the sources of changes in net position reveals that:

In 2024, the Agency's operating revenues decreased 7.81% to \$28,665,778 due primarily to decreases of \$2,483,660 in sale of electricity.

In 2024, the Agency's non-operating revenues increased 23.81% to \$3,261,112 due primarily to an increase of \$651,376 in investment earnings and an increase of \$20,903 in insurance refunds.

In 2024, the Agency's operating expenses increased by 34.95% to \$33,639,010 due primarily to the increase of \$7,073,262 in NYWD net revenue distributions, an increase of \$459,193 in Regulatory Compliance outside services, and an increase of \$649,176 in legal and consulting fees.

In 2024, the Agency's non-operating expenses increased by 57.65% to \$1,212,281 due primarily to a \$463,537 loss on disposal of capital assets due to revisions in the fixed asset policy.

Capital Asset Administration

As of December 31, 2024, the Agency's capital assets (net of accumulated depreciation) amounted to \$101,818,632. Capital assets (net of accumulated depreciation) include land, hydroelectric power generation facilities, water distribution and treatment plant, dams and reservoirs, buildings and structures, equipment, vehicles, and construction-in-process. See note A for further discussion.

Change in capital asset amounts for 2024 was as follows:

	Balance at January 1, 2024	Additions	Disposals/ Transfers	Balance at December 31, 2024
Capital assets:				
Non-depreciable assets	\$ 8,397,372	\$ 99,540	\$ (45,103)	\$ 8,451,809
Depreciable assets	\$ 226,217,690	\$ 1,989,929	\$ (1,139,586)	\$ 227,068,033
Accumulated depreciation	\$ (129,987,157)	\$ (4,435,572)	\$ 721,152	<u>\$ (133,701,577)</u>
 Total capital assets, net				<u><u>\$ 101,818,265</u></u>

Debt Administration

For the year ended December 31, 2024, long-term debt decreased by \$675,000 due a principal payment in 2024. See note D for further discussion.

Change in long-term debt amounts for 2024 was as follows:

	Balance 2023	Additions/ Deletions	Principal Payment	Balance 2024
Long-term debt:				
2016 Certificates of participation	\$ 23,105,000	\$ -	\$ 675,000	\$ 22,430,000
Less: current portion				<u>\$ 695,000</u>
Non-current portion				<u>\$ 21,735,000</u>

Economic Factors and Other Conditions Affecting Current Financial Position

Management is unaware of any other conditions which could have a significant impact on the Agency's current financial position, net position, or operating results in terms of past, present, and future.

Requests for Information

This financial report is designed to provide the Agency's funding sources, customers, stakeholders, and other interested parties with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency's General Manager or Finance Manager at 2310 Oro-Quincy Highway, Oroville, California 95966 or by phone (530) 533-4578.

SOUTH FEATHER WATER AND POWER AGENCY

STATEMENTS OF NET POSITION

December 31, 2024 and 2023

	2024	2023 (As Restated)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 40,535,150	\$ 38,961,016
Investments	10,514,727	10,556,935
Accounts receivable	289,494	353,314
Due from other governments	2,232,680	1,722,437
Accrued interest receivable	439,969	356,052
Property taxes receivable	417,781	439,683
Prepaid expenses	614,694	499,089
Inventory	1,314,450	1,356,036
TOTAL CURRENT ASSETS	<u>56,358,945</u>	<u>54,244,562</u>
NONCURRENT ASSETS		
Restricted cash and cash equivalents	367	514
Capital assets:		
Not being depreciated	8,451,809	8,397,372
Being depreciated, net	93,366,456	96,230,533
Total Capital Assets, Net	<u>101,818,265</u>	<u>104,627,905</u>
TOTAL NONCURRENT ASSETS	<u>101,818,632</u>	<u>104,628,419</u>
TOTAL ASSETS	<u>158,177,577</u>	<u>158,872,981</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension plan	2,650,939	4,073,370
OPEB plan	2,578,925	3,799,476
Deferred loss on bond refunding		10,467
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,229,864</u>	<u>7,883,313</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	762,959	624,652
Accrued payroll and benefits	216,501	188,708
Accrued interest payable	189,377	192,381
Due to North Yuba Water District	177,250	
Deposits	45,324	78,709
Current portion of long-term liabilities	2,445,705	2,588,682
TOTAL CURRENT LIABILITIES	<u>3,837,116</u>	<u>3,673,132</u>
NONCURRENT LIABILITIES		
Long-term liabilities, noncurrent	22,339,078	22,815,967
Net pension liability	8,557,008	8,641,378
Net OPEB liability	17,512,392	19,843,357
TOTAL NONCURRENT LIABILITIES	<u>48,408,478</u>	<u>51,300,702</u>
TOTAL LIABILITIES	<u>52,245,594</u>	<u>54,973,834</u>
DEFERRED INFLOWS OF RESOURCES		
Pension plan	341,867	462,448
OPEB plan	4,707,531	3,285,074
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,049,398</u>	<u>3,747,522</u>
NET POSITION		
Net investment in capital assets	78,543,311	81,147,405
Restricted for capacity expansion	1,543,672	549,106
Unrestricted	26,025,466	26,338,427
TOTAL NET POSITION	<u>\$ 106,112,449</u>	<u>\$ 108,034,938</u>

The notes to the financial statements are an integral part of this statement.

SOUTH FEATHER WATER AND POWER AGENCY

STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the years ended December 31, 2024 and 2023

	2024	2023 (As Restated)
OPERATING REVENUES		
Domestic water sales	\$ 2,544,034	\$ 2,468,136
Irrigation water sales	279,770	265,333
Sale of electricity	22,814,837	25,298,497
Other services	3,027,147	3,061,054
TOTAL OPERATING REVENUES	28,665,788	31,093,020
OPERATING EXPENSES		
Source of supply	17,595	17,189
Water treatment	2,106,901	2,028,097
Environmental health and safety	734,193	701,896
Transmission and distribution	2,372,396	2,275,764
Customer accounts	1,165,653	1,075,201
Plant operations	16,646,815	9,088,796
General and administrative	6,081,005	5,432,276
Other operating expenses	78,880	40,413
Depreciation	4,435,572	4,268,024
TOTAL OPERATING EXPENSES	33,639,010	24,927,656
NET INCOME (LOSS) FROM OPERATIONS	(4,973,222)	6,165,364
NON-OPERATING REVENUE (EXPENSES)		
Property taxes	831,456	846,097
Investment earnings	2,376,037	1,724,661
Insurance reimbursements	20,903	
Gain on disposal of capital assets	(463,537)	63,152
Miscellaneous non-operating revenue	32,716	
Interest expense	(748,744)	(768,989)
TOTAL NON-OPERATING REVENUES (EXPENSES)	2,048,831	1,864,921
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(2,924,391)	8,030,285
CAPITAL CONTRIBUTIONS		
Capital grants:		
Federal	7,336	
System capacity charges	994,566	61,082
TOTAL CAPITAL CONTRIBUTIONS	1,001,902	61,082
CHANGE IN NET POSITION	(1,922,489)	8,091,367
Net position at beginning of year	108,034,938	100,076,276
Restatement - Note N		(132,705)
Net position at beginning of year - as restated	108,034,938	99,943,571
NET POSITION AT END OF YEAR	\$ 106,112,449	\$ 108,034,938

The notes to the financial statements are an integral part of this statement.

SOUTH FEATHER WATER AND POWER AGENCY

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2024 and 2023

	2024	2023 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 28,185,980	\$ 31,160,660
Cash paid to suppliers for goods and services	(17,729,347)	(7,393,932)
Cash paid to employees for services	(10,053,640)	(9,041,520)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>402,993</u>	<u>14,725,208</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes received	853,358	833,978
Other nonoperating (expense) revenue	32,716	312,784
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>886,074</u>	<u>1,146,762</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital grants received	7,336	
System capacity charges received	994,566	
Acquisition of capital assets	(1,639,029)	(2,180,567)
Proceeds from sale of capital assets		63,152
Proceeds from capital contributions		61,082
Proceeds from insurance refund	20,903	
Principal paid on bonds payable	(675,000)	(655,000)
Interest paid	(758,184)	(778,218)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,049,408)</u>	<u>(3,489,551)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings received	2,336,849	1,698,781
Purchases of investments	(3,796,000)	(5,487,375)
Proceeds from sales and maturities of investments	3,793,479	1,802,010
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>2,334,328</u>	<u>(1,986,584)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,573,987	10,395,835
Cash and cash equivalents at beginning of year, as restated - Note N	38,961,530	28,565,695
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 40,535,517</u>	<u>\$ 38,961,530</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENTS OF NET POSITION		
Cash and cash equivalents	\$ 40,535,150	\$ 38,961,016
Restricted cash and cash equivalents	367	514
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 40,535,517</u>	<u>\$ 38,961,530</u>
RECONCILIATION OF NET INCOME (LOSS) FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net income (loss) from operations	\$ (4,973,222)	\$ 8,091,367
Adjustments to reconcile net income (loss) from operations to net cash provided (used) by operating activities:		
Depreciation and amortization	4,435,572	4,268,024
Other non-operating revenues, net		(1,926,003)
Changes in operating assets and liabilities:		
Accounts receivable	63,820	1,593,090
Due from other governments	(510,243)	(1,548,676)
Prepaid expenses	(115,605)	175,682
Inventory	41,586	3,429
Deferred outflows related to pension plan	1,422,431	42,710
Deferred outflows related to OPEB plan	1,220,551	(1,510,675)
Accounts payable and accrued expenses	(312,133)	(15,068)
Accrued payroll and benefits	27,793	28,130
Due to North Yuba Water District	177,250	
Deposits	(33,385)	23,226
Compensated absences	72,037	46,257
Net pension liability	(84,370)	1,002,721
Net OPEB liability	(2,330,965)	3,754,140
Deferred inflows related to pension plan	(120,581)	(216,081)
Deferred inflows related to OPEB plan	1,422,457	912,935
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 402,993</u>	<u>\$ 14,725,208</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Amortization of bond premiums and discounts	\$ (16,903)	\$ (16,904)
Change in fair value of investments	\$ (44,729)	\$ 472,641
Change in capital asset purchases included in liabilities	\$ 450,440	

The notes to the financial statements are an integral part of this statement.

SOUTH FEATHER WATER AND POWER AGENCY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the South Feather Water and Power Agency (the Agency) have been prepared in conformity with generally accepted accounting principles (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 more significant of the Agency's accounting policies are described below.

Reporting Entity: The South Feather Water and Power Agency (formerly known as Oroville-Wyandotte Irrigation District) was formed November 18, 1919, under Irrigation Law, Division II, of the California Water Code. The Agency presently includes approximately 54,000 acres in southeastern Butte County and encompasses the unincorporated areas adjacent to the City of Oroville, as well as the unincorporated communities of Kelly Ridge, Bangor, and Palermo. The Agency's area has a population of approximately 17,500 and currently provides water services to approximately 7,000 residential customers (domestic water) and 600 irrigation customers (raw water). The Agency is governed by an elected five-member Board of Directors.

The Agency has water rights from the South Fork of the Feather River and certain tributaries for hydroelectric generation purposes, which water may also be diverted by the Agency each year for consumptive uses. The Agency owns certain hydroelectric facilities that generate power, which is sold to Northern California Power Agency.

In April 1995, the Agency approved the formation of the Oroville-Wyandotte Irrigation District Financing Corporation, now known as the South Feather Water and Power Agency Financing Corporation (the Corporation). This corporation is a nonprofit public benefit corporation and is organized under the Nonprofit Public Benefit Corporation Law (commencing at Section 5110 of the California Corporations Code). The purpose of the Corporation is to provide assistance to public agencies in the State of California, in the financing, acquiring, constructing, rehabilitating or financing various public facilities, land and equipment for the use, benefit and enjoyment of the public.

Although the Agency and Corporation are legally separate entities, the Agency exercises oversight responsibility over the Corporation. The Corporation is reported as if it were part of the primary government because it shares a common Board of Directors with the Agency and its sole purpose is to provide financing to the Agency under the debt issuance documents of the Agency. Debt issued by the Corporation is reflected as debt of the Agency in these financial statements. The Corporation has no other transactions and does not issue separate financial statements.

Basis of Presentation: The Agency's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges, or where the governing body has decided that period determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

inflows associated with the operation of the fund are included on the statement of net position. Net position is segregated into the net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net assets.

In the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position, business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services.

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

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the Agency may fund certain programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net position are available to finance program expenses. The Agency's policy is to first apply restricted grant resources to such programs, followed by general revenues, if necessary.

When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Cash Equivalents: For the purposes of the Statement of Cash Flows, the Agency's cash and cash equivalents include restricted and unrestricted cash on hand, bank deposits and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the California Local Agency Investment Fund (LAIF).

The Agency has adopted a formal investment policy as required by Section 53600 et seq., of the California Government Code. The Agency Treasurer has responsibility for selecting depositories and investing idle funds in accordance with the adopted investment policy. See Note B for additional information on the Agency's cash and investments.

Restricted Cash and Cash Equivalents: Restricted cash and cash equivalents represent fiscal agent accounts limited for the use specified by the related debt covenant and capacity fees that are restricted to certain improvements to facilities.

Receivables and Payables: Receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts, if applicable, and estimated refunds due. Delinquent water charges are submitted to the County Tax Assessor annually to be encumbered on the secured property tax bills. Therefore, no allowance was deemed necessary at December 31, 2024 and 2023. Activities between combining units that are

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of the interfund loans) or "advances to/from other funds" (i.e. the non-current portion of the interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." These internal transactions are eliminated for reporting in the Agency's single enterprise fund.

Property Taxes: Property tax revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Butte levies, bills and collects property taxes and special assessments for the Agency. Under the County's "Teeter Plan", the County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. These taxes are secured by liens on the property being taxed. Property tax revenues are recognized by the Agency in the fiscal year they are assessed.

Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on July 1. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

Inventory and Prepaid Expenses: The Agency's inventory consists of primarily water pipe and pipe fittings for maintenance of the Agency's water and treatment and distribution system and its hydroelectric power generation facilities, which are valued at average cost using the first-in, first out method. Inventory items are charged to expense at the time the items are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

Capital Assets: Capital assets, which include property, plant, equipment, and infrastructure assets, are reported on the Statement of Net Position. Capital assets are currently defined by the Agency as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are valued at historical cost. Donated capital assets are recorded at the acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest was capitalized on assets acquired with debt. The amount of interest to be capitalized is offset by interest earned in invested debt proceeds over the construction period. Depreciation is provided over the useful lives of assets using the straight-line method. Estimated useful lives of all depreciable assets are as follows:

Dams, powerhouses and treatment plants	40 - 50 years
Pipelines	50 years
Other general assets	3 - 10 years
Other power-related assets	5 - 50 years

Compensated Absences: The Agency's policy allows employees to accumulate earned but unused vacation and sick leave. Vacation leave is fully paid to employees upon separation from the Agency's service and a portion of sick leave is paid at separation. Under GASB Statement No. 101, the Agency accrues 100% of vacation and the portion of sick leave expected to be used for time-off or be paid at separation in future periods. The cost of vacation and sick leave is recognized in the period earned.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Long-Term Liabilities: Long-term liabilities and other long-term obligations are reported on the Statement of Net Position. Initial issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Amortization of bond premiums or discounts and deferred amounts on refunding is included in interest expense. The cost of issuing debt is expensed as incurred.

Lease and Subscription Liabilities: Lease liabilities represent the Agency's obligation to make lease payments arising from leases. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The lease payments are discounted at the rate inherent in the lease agreement or, if not determinable, at an estimated incremental borrowing rate. The Agency had no material lease agreements meeting the recognition criteria under GASB Statement No. 87.

Subscription liabilities represent the Agency's obligation to make subscription payments arising from subscription contracts. Subscription liabilities are recognized at the subscription commencement date based on the present value of the future subscription payments expected to be made during the subscription term. The subscription payments are discounted at the rate inherent in the lease agreement or, if not determinable, at an estimated incremental borrowing rate. The Agency had no material subscription agreements meeting the recognition criteria under GASB Statement No. 96.

Pension Plan: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to the pension plan, and pension expense, information about the fiduciary net position of the Agency's California Public Employee's 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.

Other Postemployment Benefits Plan (OPEB): For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources and OPEB expense, information about the fiduciary net position of the plan held by CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments, if applicable, are reported at fair value.

Deferred Inflows and Outflows: The statement of net position includes a separate section for deferred outflows and deferred inflows of resources. *Deferred outflows of resources* represent a consumption of net position by the government that is applicable to a future reporting period. *Deferred inflows of resources* represent an acquisition of net position that is applicable to a future reporting period. These amounts will not be recognized as an outflow of resources (expenditures/expense) or an inflow of resources (revenue) until the earnings process is complete. Deferred outflows and inflows of resources include amounts deferred related to the Agency's pension plan as described in Note F and OPEB Plan as described in Note G.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Net Position: The net position amount is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net investment in capital assets is capital assets, less accumulated depreciation and any outstanding debt and other payables related to the acquisition, construction or improvement of those assets excluding unspent debt proceeds. Net position is reported as restricted when there are legal limitations imposed on their use by the Agency or external restrictions by other governments, creditors or grantors.

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

Reclassifications: Certain reclassifications were made to 2023 cash and investments, receivables, net position, revenues and expenses in addition to the restatements described in Note N to the financial statements to conform to the current presentation. These reclassifications had no effect on 2023 total assets, liabilities, net position or change in net position.

New Pronouncements: In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections, an Amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for each type of accounting change, including changes in accounting principles, changes in accounting estimates and changes to or within the financial reporting entity, and error corrections. This Statement requires changes in accounting principles and error corrections to be reported retroactively by restating prior periods; requires changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period; and requires changes in accounting estimates to be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of new pronouncements in absence of specific transition provisions in the new pronouncement. This Statement also requires the aggregate amount of adjustments to and restatements of beginning net position, fund balance or fund net position, as applicable, to be displayed by reporting unit in the financial statements. Furthermore, this Statement requires information presented in required supplementary information or supplementary information to be restated for error corrections, if practicable, but not for changes in accounting principles. The provisions of this Statement were implemented during the year ended December 31, 2024 and affected the format of Note N to the financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This statement requires that liabilities for compensated absences be recognized for leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or paid in cash or settled through noncash means and leave that has been used but not paid in cash or settled through noncash means. Leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in the liability for compensated absences. This Statement requires that a liability for certain types of compensated absences, including parental leave, military leave and jury duty leave, not be recognized until the leave commences. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. Governments are allowed to disclose the net change in the liability if identified as such in the footnotes to the financial statements.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

This Statement was implemented during the year ended December 31, 2024. The effects of the implementation of this Statement are disclosed in Note N to the financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes a primary government, or reporting unit that reports a liability for revenue debt, vulnerable to the risk of a substantial impact and to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to occur within 12 months of the date the financial statements are issued. If the criteria in the Statement have been met for a concentration or constraint, the government should disclose information in notes to financial statements in sufficient detail to enable users of financial statements understand the nature of the circumstances disclosed and the government’s vulnerability to the risk of a substantial impact. The provisions of this Statement are effective for years beginning after June 15, 2024.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability, including 1) certain topics and disclosures in management’s discussion and analysis; 2) requiring the display of inflows and outflows of unusual and infrequent items to be reported separately as the last presented flow(s) of resources prior to the net change in resources flows in the government-wide, governmental fund, and proprietary fund statement of resources flows; 3) changing the definition of proprietary fund nonoperating revenues and expenses to include subsidies received and provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory and investment income and expenses and defines operating revenues and expenses as revenue and expenses other than nonoperating revenue and expenses; 4) requires major component units to be presented separately in the reporting entity’s statement of net position and statement of activities if it does not reduce the readability of the statements; and 5) requires budgetary comparison schedules to be reported as Required Supplementary Information (RSI), requires the presentation of variances between original and final budget amounts and final budget and actual amounts in the RSI and requires the explanation of significant variances to be reported in notes to the RSI. The provisions of this Statement are effective for years beginning after June 15, 2025.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires lease assets recognized in accordance with GASB Statement No. 87, *Leases*, right-to-use assets recognized in accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, subscription assets recognized in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and other intangible assets to be disclosed separately in capital assets footnote disclosures. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should disclose the ending historical cost and accumulated depreciation by major class of asset and the carrying amount of debt for which the assets are pledged as collateral by major class of asset held for sale under this Statement. The provisions of this Statement are effective for fiscal years beginning after June 15, 2025. The District will fully analyze the impact of these new Statements prior to the effective dates listed above.

The Agency is currently analyzing the impact of the required implementation of these new statements.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE B – CASH AND INVESTMENTS

Cash and investments were classified in the financial statements as shown below at December 31:

	2024	2023
Cash and cash equivalents	\$ 40,535,150	\$ 38,961,016
Investments	10,514,727	10,556,935
Restricted cash and cash equivalents	367	514
Total cash and investments	\$ 51,050,244	\$ 49,518,465

Cash and investments were comprised of the following at December 31:

	2024	2023
Cash on hand	\$ 2,417	\$ 2,168
Deposits with financial institutions	5,449,778	7,036,045
Total cash	5,452,195	7,038,213
Money market mutual funds	599,515	90,416
Local Agency Investment Fund (LAIF)	32,993,140	30,399,780
Certificates of deposit	9,283,789	9,097,019
U.S. Treasury notes		259,390
U.S. government agency securities	1,230,938	1,200,525
Investment Trust of California (CalTRUST)	1,490,667	1,433,122
Total investments	45,598,049	42,480,252
Total cash and investments	\$ 51,050,244	\$ 49,518,465

The table below identifies the investment types that are authorized by the Agency's investment policy:

Authorized Investment Type	Maximum Maturity	Maximum Total of Portfolio	Maximum Investment in One Issuer
Bonds issued by the Agency	None	None	None
U.S. Treasury obligations	None	None	None
State of California obligations	None	None	None
Local Agency Investment Fund (LAIF)	N/A	\$40,000,000	None
Banker's acceptances	270 days	40%	30%
Commercial paper - U.S. companies	180 days	15%	10%
Certificates of deposit	None	30%	None
Repurchase agreements	1 year	None	None
Medium term notes	5 years	30%	None
Money market mutual funds	N/A	15%	None
Mortgage obligations	5 years	30%	None
Other investments as permitted by the California Government Code	N/A	Per Government Code	Per Government Code

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE B – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements: Investments held by the bond/COP fiscal agents (trustees) are governed by the provisions of the various debt indenture agreements rather than the general provisions of the Agency's investments policy or the California Government Code.

Disclosures relating to Interest Rate Risk and Credit Risk: Interest rate risk is the risk in the market rate changes that could adversely affect the fair values of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for Agency operations.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Information about the sensitivity of the fair values of the Agency's investments (including investments held by the bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity, as well as the credit ratings, as applicable from Standard & Poor's or Moody's as of December 31:

	Credit Rating	Remaining Maturity			Fair Value
		12 months or less	Over 12 to 24 Months	Over 24 to 60 Months	
<u>December 31, 2024</u>					
Money market mutual funds	Not Rated	\$ 599,515			\$ 599,515
LAIF	Not Rated	32,993,140			32,993,140
Certificates of deposits	Not Rated	1,712,998	\$ 4,741,678	\$ 2,829,113	9,283,789
U.S. government agency securities	AA+	990,971	239,967		1,230,938
CalTRUST	AAf	441		1,490,226	1,490,667
		<u>\$ 36,297,065</u>	<u>\$ 4,981,645</u>	<u>\$ 4,319,339</u>	<u>\$ 45,598,049</u>

	Credit Rating	Remaining Maturity			Fair Value
		12 months or less	Over 12 to 24 Months	Over 24 to 60 Months	
<u>December 31, 2023</u>					
Money market mutual funds	Not Rated	\$ 90,416			\$ 90,416
LAIF	Not Rated	30,399,780			30,399,780
Certificates of deposits	Not Rated	3,958,913	\$ 2,656,803	\$ 2,481,303	9,097,019
U.S. Treasury note	AA+		259,390		259,390
U.S. government agency securities	AA+		969,192	231,333	1,200,525
CalTRUST	AAf	1,433,122			1,433,122
		<u>\$ 35,882,231</u>	<u>\$ 3,885,385</u>	<u>\$ 2,712,636</u>	<u>\$ 42,480,252</u>

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE B – CASH AND INVESTMENTS (Continued)

All securities classified in Level 2 are valued using pricing models that are based on market data, such as matrix or model pricing, which use standard inputs, which include benchmark yields, reported trades, broker/dealer quotes, issue spreads, two sided markets, benchmark securities, bids, offers and reference data including market research publications.

Concentration of Credit Risk: The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of December 31, 2024 and 2023 there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represented 5% or more of the total Agency investments.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure of custodial risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must be equal to at least 100% of the total amount deposited by public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of December 31, 2024 and 2023, the carrying amount of the Agency's bank deposits totaled \$5,449,778 and \$7,036,045 and the bank balances totaled \$5,721,130 and \$7,035,795, respectively. At December 31, 2024 and 2023, \$500,000 was covered by federal depository insurance and the remaining amounts were collateralized by securities held by the pledging financial institution, but not in the name of the Agency. Negotiable certificates of deposit, all of which are below the federal depository insurance limit, are excluded from the amounts above.

U.S. Treasury and U.S. government agency securities in the amount of \$1,230,938 and \$1,459,915 as of December 31, 2024 and 2023, respectively, were held by the same broker-dealer (counterparty) that was used to buy the securities.

Investment in LAIF: The Agency is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. LAIF is managed by the State Treasurer. Of the amount invested in LAIF, 3.69% and 2.05% at December 31, 2024 and 2023 was invested in structured notes and asset-backed instruments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the amount provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE B – CASH AND INVESTMENTS (Continued)

Investment in Investment Trust of California (CalTRUST): The Agency is a voluntary participant in the Investment Trust of California (CalTRUST), which is a Joint Powers Authority governed by a Board of Trustees made up of local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST and selects and supervises the activities of the Investment Manager and other agents. The Agency invests in CalTRUST’s short-term and medium-term pools. Amounts that may be withdrawn from the short-term and medium-term pools are based on the net asset value per share and the number of shares held by participants in each pool.

NOTE C – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance at January 1, 2024	Additions	Disposals	Transfers	Balance at December 31, 2024
Capital assets, not being depreciated:					
Land, land rights and water rights	\$ 2,365,983				\$ 2,365,983
Construction in progress	315,082	\$ 99,540		\$ (45,103)	369,519
FERC relicensing in progress	5,716,307				5,716,307
Total capital assets, not being depreciated	<u>8,397,372</u>	<u>99,540</u>		<u>(45,103)</u>	<u>8,451,809</u>
Capital assets, being depreciated:					
Source of supply	150,439,213	774,445	\$ (321,638)	45,103	150,937,123
Pumping plant	362,296				362,296
Transmission and distribution	57,618,478	471,318	(136,353)		57,953,443
General plant and yard	14,230,337	744,166	(726,698)		14,247,805
Tailwater depression system	124,445				124,445
Photovoltaic system	2,258,931				2,258,931
Recreational facilities	1,183,990				1,183,990
Total capital assets being depreciated	<u>226,217,690</u>	<u>1,989,929</u>	<u>(1,184,689)</u>	<u>45,103</u>	<u>227,068,033</u>
Less: accumulated depreciation:					
Source of supply	(90,934,211)	(2,023,818)	112,752		(92,845,277)
Pumping plant	(346,340)	(4,255)			(350,595)
Transmission and distribution	(25,938,519)	(1,290,682)	121,797		(27,107,404)
General plant and yard	(10,522,646)	(1,026,611)	486,603		(11,062,654)
Tail water depression system	(124,445)				(124,445)
Photovoltaic system	(1,064,968)	(59,379)			(1,124,347)
Recreational facilities	(1,056,028)	(30,827)			(1,086,855)
Total accumulated depreciation	<u>(129,987,157)</u>	<u>(4,435,572)</u>	<u>721,152</u>		<u>(133,701,577)</u>
Total capital assets being depreciated, net	<u>96,230,533</u>	<u>(2,445,643)</u>	<u>(463,537)</u>	<u>45,103</u>	<u>93,366,456</u>
CAPITAL ASSETS, NET	<u>\$ 104,627,905</u>	<u>\$ (2,346,103)</u>	<u>\$ (463,537)</u>	<u>\$ -</u>	<u>\$ 101,818,265</u>

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE C – CAPITAL ASSETS (Continued)

Capital asset activity for the year ended December 31, 2023 was as follows:

	Balance at January 1, 2023	Additions	Disposals	Transfers	Balance at December 31, 2023
Capital assets, not being depreciated					
Land, land rights and water rights	\$ 2,138,103	\$ 227,880			\$ 2,365,983
Construction in progress	75,098	405,306	\$ (165,322)		315,082
FERC relicensing in progress	5,716,307				5,716,307
Total capital assets, not being depreciated	<u>7,929,508</u>	<u>633,186</u>	<u>(165,322)</u>		<u>8,397,372</u>
Capital assets, being depreciated					
Source of supply	149,899,771	611,154	(71,712)		150,439,213
Pumping plant	362,296				362,296
Treatment and distribution	57,500,661	134,061	(16,244)		57,618,478
General plant and yard	13,897,905	863,248	(530,816)		14,230,337
Tailwater depression system	124,445				124,445
Photovoltaic system	2,258,931				2,258,931
Recreational facilities	1,183,990				1,183,990
Total capital assets being depreciated	<u>225,227,999</u>	<u>1,608,463</u>	<u>(618,772)</u>		<u>226,217,690</u>
Less: accumulated depreciation					
Source of supply	(88,775,323)	(2,068,664)		\$ (90,224)	(90,934,211)
Pumping plant	(342,085)	(4,255)			(346,340)
Treatment and distribution	(24,724,125)	(1,304,618)		90,224	(25,938,519)
General plant and yard	(10,130,266)	(802,608)	410,228		(10,522,646)
Tailwater depression system	(124,445)				(124,445)
Photovoltaic system	(1,005,589)	(59,379)			(1,064,968)
Recreational facilities	(1,027,528)	(28,500)			(1,056,028)
Total accumulated depreciation	<u>(126,129,361)</u>	<u>(4,268,024)</u>	<u>410,228</u>		<u>(129,987,157)</u>
Total capital assets being depreciated, net	<u>99,098,638</u>	<u>(2,659,561)</u>	<u>(208,544)</u>		<u>96,230,533</u>
CAPITAL ASSETS, NET	<u>\$ 107,028,146</u>	<u>\$ (2,026,375)</u>	<u>\$ (373,866)</u>	<u>\$ -</u>	<u>\$ 104,627,905</u>

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE D – LONG-TERM LIABILITIES

Changes in long-term liabilities were as follows for the years ended December 31:

	January 1, 2024			December 31, 2024	Due Within One Year	Due After One Year
	<u>As Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>As Restated</u>	<u>As Restated</u>	<u>As Restated</u>
2016 Certificates of Participation	\$ 23,105,000		\$ (675,000)	\$ 22,430,000	\$ 695,000	\$ 21,735,000
Unamortized premiums	385,967		(16,903)	369,064		369,064
Total long-term debt	<u>23,490,967</u>		<u>(691,903)</u>	<u>22,799,064</u>	<u>695,000</u>	<u>22,104,064</u>
Compensated absences	<u>1,913,682</u>	<u>\$ 72,037</u>		<u>1,985,719</u>	<u>1,750,705</u>	<u>235,014</u>
Total Long-Term Liabilities	<u>\$ 25,404,649</u>	<u>\$ 72,037</u>	<u>\$ (691,903)</u>	<u>\$ 24,784,783</u>	<u>\$ 2,445,705</u>	<u>\$ 22,339,078</u>

	January 1, 2023			December 31, 2023	Due Within One Year	Due After One Year
	<u>As Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>As Restated</u>	<u>As Restated</u>	<u>As Restated</u>
2016 Certificates of Participation	\$ 23,760,000		\$ (655,000)	\$ 23,105,000	\$ 675,000	\$ 22,430,000
Unamortized premiums	402,871		(16,904)	385,967		385,967
Total Debt and Loans	<u>24,162,871</u>		<u>(671,904)</u>	<u>23,490,967</u>	<u>675,000</u>	<u>22,815,967</u>
Compensated absences	<u>1,867,425</u>	<u>\$ 46,257</u>		<u>1,913,682</u>	<u>1,913,682</u>	
Total Long-Term Liabilities	<u>\$ 26,030,296</u>	<u>\$ 46,257</u>	<u>\$ (671,904)</u>	<u>\$ 25,404,649</u>	<u>\$ 2,588,682</u>	<u>\$ 22,815,967</u>

The changes in compensated absences above represents additions net of reductions.

A description of the long-term liabilities is as follows:

2016 Certificates of Participation: In October 2016, the Agency issued \$27,010,000 of Certificates of Participation (Certificates). The 2016 Certificates were issued to refund the 2012 Revenue Refunding Bonds and finance the Miners Ranch Water Treatment Plant Improvement Project. The 2012 Revenue Refunding Bonds were issued to refund the remaining balance of the 1980 Miners Ranch Domestic Revenue Bonds and 2003 Certificates of Participation. The Agency is required to collect rates, fees, and charges that will be sufficient to yield net water system and hydroelectric system revenues equal to 125% of debt service payments on outstanding debt and any future parity debt issued. Annual principal payments, ranging from \$570,000 to \$1,395,000, are due on April 1 through April 1, 2046 and semi-annual interest payments ranging from \$45,338 to \$436,738 are due on April 1 and October 1 through April 1, 2046 at 2% to 4%. In the event of default, the remaining balance will immediately be due and payable. The default interest rate would be the JPMorgan Chase Bank Prime Rate plus 3%.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE D – LONG-TERM LIABILITIES (Continued)

Future minimum payments on long-term liabilities will be as follows as of December 31:

Year ended December 31,	2016 Certificates of Participation						
	2024			2023			
	Principal	Interest	Totals	Principal	Interest	Totals	
				2024	\$ 675,000	\$ 769,525	\$ 1,444,525
2025	\$ 695,000	\$ 749,275	\$ 1,444,275	2025	695,000	749,275	1,444,275
2026	720,000	721,475	1,441,475	2026	720,000	721,475	1,441,475
2027	750,000	692,675	1,442,675	2027	750,000	692,675	1,442,675
2028	780,000	662,675	1,442,675	2028	780,000	662,675	1,442,675
2029	810,000	631,475	1,441,475	2029-2033	4,370,000	2,846,425	7,216,425
2030-2034	4,520,000	2,698,775	7,218,775	2034-2038	5,095,000	2,119,800	7,214,800
2035-2039	5,250,000	1,961,625	7,211,625	2039-2043	5,960,000	1,253,363	7,213,363
2040-2044	6,155,000	1,059,663	7,214,663	2044-2046	4,060,000	266,663	4,326,663
2045-2046	2,750,000	134,713	2,884,713				
Total	<u>\$ 22,430,000</u>	<u>\$ 9,312,351</u>	<u>\$ 31,742,351</u>		<u>\$ 23,105,000</u>	<u>\$ 10,081,876</u>	<u>\$ 33,186,876</u>

Pledged Revenue: The Agency pledged future water system and hydroelectric system revenues, net of specified expenses, to repay the 2016 Certificates in the original amounts of \$27,010,000. The purpose of the Certificates is described above. The certificates are payable solely from net water system and hydroelectric system revenues (net revenues) and are payable through April 2046. Annual principal and interest payments on the Certificates are expected to require less than 50% of net revenues. Total principal and interest remaining to be paid on the Certificates was \$31,742,351 and \$33,186,876 at December 31, 2024 and 2023, respectively. Total principal and interest paid on the Certificates from net revenues was \$1,444,675 and \$1,442,075 in 2024 and 2023, respectively, and total principal and interest paid on the Installment Purchase Agreement was \$1,444,525 and \$1,444,175 in 2024 and 2023, respectively. The total net revenues were \$2,723,462 and \$13,004,146 for the years ended December 31, 2024 and 2023, respectively. For the years ended December 31, 2024 and 2023, the District's net revenues were 189% and 900%, respectively, of cash basis debt service payments on the Certificates.

NOTE E – NET POSITION

Restrictions: Restricted net position consists of constraints placed on net position use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position for capacity expansion represents system capacity fees to be used to construct new capital facilities to benefit existing Agency customers.

Designations: Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action. The Agency currently has no approved designations of net position.

SOUTH FEATHER WATER AND POWER AGENCY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE F – PENSION PLANS AND DEFERRED COMPENSATION PLANS

The Agency has a defined benefit pension plan and defined contribution pension plans as follows.

Defined Benefit Plan Description: All qualified permanent and probationary employees are eligible to participate in the Agency’s cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). The Board participates in the CalPERS Miscellaneous Risk Pool and the following rate plans:

- Miscellaneous Rate Plan
- PEPRA Miscellaneous Rate Plan

Benefit provisions under the Plan are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Rate Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the Optional Settlement 2W Death Benefit. The cost of living adjustments are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at December 31, 2024 and 2023, are summarized as follows:

Hire date	Miscellaneous Rate Plan (Prior to January 1, 2013)	PEPRA Miscellaneous Rate Plan (On or after January 1, 2013)
Benefit formula (at full retirement)	3.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 60	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	1.0% to 2.5%
Required employer contribution rates:		
July 1 to December 31, 2024	16.510%	7.870%
January 1 to June 30, 2024	16.440%	7.680%
July 1 to December 31, 2023	16.440%	7.680%
January 1 to June 30, 2023	14.530%	7.470%
Required employee contribution rates:		
July 1 to December 31, 2024	8.000%	7.750%
January 1 to June 30, 2024	8.000%	6.750%
July 1 to December 31, 2023	8.000%	6.750%
January 1 to June 30, 2023	7.810%	6.750%

SOUTH FEATHER WATER AND POWER AGENCY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE F – PENSION PLANS AND DEFERRED COMPENSATION PLANS (Continued)

The Miscellaneous Rate Plan is closed to new members that are not already CalPERS eligible participants.

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

For the years ended December 31, 2024 and 2023, the actuarially required contributions made to the Plan were \$1,329,532 and \$1,513,417, respectively.

Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources: As of December 31, 2024 and 2023, the Agency reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$8,557,008 and \$8,641,378, respectively.

The Agency’s net pension liability for the Plan is measured as the proportionate share of the net pension liability of the Miscellaneous Risk Pool. The net pension liability of the Plan is measured as of June 30, 2024 and 2023, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2023 and 2022 rolled forward to June 30, 2024 and 2023, respectively, using standard update procedures. The Agency’s proportion of the net pension liability was based on a projection of the Agency’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Agency’s proportionate share of the net pension liability for the Plan as of December 31, 2024 and 2023 was as follows:

Proportion - December 31, 2023	0.17281%
Proportion - December 31, 2024	<u>0.17692%</u>
Change - Increase (Decrease)	0.00411%
Proportion - December 31, 2022	0.16325%
Proportion - December 31, 2023	<u>0.17281%</u>
Change - Increase (Decrease)	0.00956%

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE F – PENSION PLANS AND DEFERRED COMPENSATION PLANS (Continued)

For the years ended December 31, 2024 and 2023, the Agency recognized pension expense of \$1,849,450 and \$1,694,535, respectively. At December 31, the Agency reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 631,970		\$ 865,184	
Differences between actual and expected experience	739,832	\$ (28,868)	372,969	
Changes in assumptions	219,933		521,719	
Differences between the employer's contribution and the employer's proportionate share of contributions		(313,000)		\$ (462,448)
Change in employer's proportion	566,588		914,381	
Net differences between projected and actual earnings on plan investments	492,617		1,399,117	
Total	<u>\$ 2,650,940</u>	<u>\$ (341,868)</u>	<u>\$ 4,073,370</u>	<u>\$ (462,448)</u>

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 following year. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense over the 3.8-year average service life of participants as follows:

Year Ended December 31	2024	2023
2024		\$ 954,803
2025	\$ 691,933	662,228
2026	1,131,993	1,088,561
2027	21,991	40,146
2028	(168,815)	
	<u>\$ 1,677,102</u>	<u>\$ 2,745,738</u>

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE F – PENSION PLANS AND DEFERRED COMPENSATION PLANS (Continued)

Actuarial Assumptions: The total pension liability in the June 30, 2024 and 2023 actuarial valuation for the Plan was determined using the following actuarial assumptions:

	2024	2023
Valuation date	June 30, 2022	June 30, 2021
Measurement date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Amortization method	Level percentage of payroll	Level percentage of payroll
Asset valuation method	Market value	Market value
Actuarial assumptions:		
Discount rate	6.90%	6.90%
Inflation	2.30%	2.30%
Payroll growth	2.80%	2.80%
Projected salary increase	0.20% - 7.64% (1)	0.20% - 7.64% (1)
Investment rate of return	6.90%(2)	6.90%(2)
Mortality	Derived using CalPERS Membership Data for all Funds	Derived using CalPERS Membership Data for all Funds

(1) Depending on entry age and service

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2024 and 2023 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate: The discount rate used to measure the total pension liability was 6.90% in the June 30, 2024 and 2023 valuations. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan it administers, CalPERS stress tested plans 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 plans run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.90% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 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 each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE F – PENSION PLANS AND DEFERRED COMPENSATION PLANS (Continued)

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

Asset Class	2024		2023	
	New Strategic Allocation	Real Return Years 1 - 10(a)	New Strategic Allocation	Real Return Years 1 - 10(a)
Global equity - cap-weighted	30.0%	4.54%	30.0%	4.45%
Global equity - non-cap-weighted	12.0%	3.84%	12.0%	3.84%
Private equity	13.0%	7.28%	13.0%	7.28%
Treasury	5.0%	0.27%	5.0%	0.27%
Mortgage-backed securities	5.0%	0.50%	5.0%	0.50%
Investment grade corporates	10.0%	1.56%	10.0%	1.56%
High yield	5.0%	2.27%	5.0%	2.27%
Emerging market debt	5.0%	2.48%	5.0%	2.48%
Private debt	5.0%	3.57%	5.0%	3.57%
Real assets	15.0%	3.21%	15.0%	3.21%
Leverage	-5.0%	-0.59%	-5.0%	-0.59%
Total	<u>100.0%</u>		<u>100.0%</u>	

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

(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the Agency’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Agency’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:

	2024	2023
1% Decrease	5.90%	5.90%
Net Pension Liability	\$ 14,850,799	\$ 14,461,146
Current Discount Rate	6.90%	6.90%
Net Pension Liability	\$ 8,557,008	\$ 8,641,378
1% Increase	7.90%	7.90%
Net Pension Liability	\$ 3,376,292	\$ 3,851,210

Pension Plan Fiduciary Net Position: Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan: At December 31, 2024 and 2023, the Agency reported payables for the outstanding amount of contributions payable to the Plan of \$36,869 and \$36,890, respectively.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE F – PENSION PLANS AND DEFERRED COMPENSATION PLANS (Continued)

Deferred Compensation Plans and Defined Contribution Pension Plans:

Deferred Compensation Plans: The Agency offers two Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans, the South Feather Water & Power Agency 457 Deferred Compensation Plan administered by Empower and a second plan administered by MissionSquare Retirement. Employees are eligible to participate in the 457 Plans at their hire date. Benefit terms, including contribution requirements, to the 457 Plans are established and may be amended by the Board of Directors subject to the requirements of the Agency's Memorandum's of Understanding with bargaining units. The Agency does not contribute to the 457 Plans and employees may voluntarily contribute to the 457 Plans up to IRC limits. Employee contributions during the years ended December 31, 2024 and 2023 were \$89,041 and \$76,721, respectively.

Defined Contribution Pension Plans: The Agency offers two defined contribution retirement plans organized under IRC Section 401(a) to its employees. The first defined contribution retirement plan is a Governmental Volume Submitter Money Purchase Plan offered through Massachusetts Mutual Life Insurance Company called the South Feather Water & Power 401(a) Plan (the Plan). The second defined contribution retirement plan is a Governmental Defined Contribution Volume Submitter Plan offered through Lincoln Retirement Services Company. Employees are eligible for both plans after 30 days of service. The Plans are administered by the Agency.

Benefit terms, including contribution requirements, to the Plans are established and may be amended by the Board of Directors subject to the requirements of the Agency's Memorandum's of Understanding with bargaining units. The Agency is currently not required to contribute to the Plans and has not made any contributions since 2010. Employees may make voluntary contributions to the Plans up to 25% of their pay as defined in the Plan Documents. Employees immediately vest in their contributions and Agency contributions. No contributions were made to the Plan by employees or the Agency during the years ended December 31, 2024 or 2023.

NOTE G – OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN

Plan Description: The Agency's single employer defined benefit OPEB plan, South Feather Water and Power Agency Retiree Benefits Plan (the Plan), provides OPEB benefits for all permanent full-time employees of the Agency. Benefits are set by the Memoranda of Understandings with the applicable employee bargaining units and may be amended by agreement between the Agency and the bargaining units. The Plan is administered by the Agency. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided: The Plan provides healthcare, dental and vision insurance benefits to all permanent full-time employees who retire directly from the Agency, at a minimum age of 55, with a minimum of ten years of service. Eligible employees' surviving spouses are also eligible for benefits. The Agency participates in the Public Employees' Medical and Hospital Care Act (PEMHCA) provided through the California Public Employees' Retirement System (CalPERS). Employees may choose one of five medical options: Anthem Blue Cross HMO, Blue Shield HMO, PERSCheck PPO, PERSSelect PPO and PERSCare PPO. The maximum monthly contribution is based on the rate equal to the average of the premiums for all CalPERS plans available, excluding the plan with the lowest premium and the plan with the highest premium. In addition, dental and vision insurance are provided to employees and spouses through the Association of California Water Agencies Joint Power Insurance Authority (ACWA-JPIA).

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE G – OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN (Continued)

Employees Covered by Benefit Terms: At December 31, 2024 and 2023, the following current and former employees were covered by the benefit terms under the Plan:

	2024	2023
Inactive employees or beneficiaries currently receiving benefit payments	54	54
Active employees	55	55
Total	109	109

Contributions: The Agency currently finances health insurance premiums on a pay-as-you-go basis. Total health insurance premiums paid, including implicit rate subsidies, during the years ended December 31, 2024 and 2023 were \$785,926 and \$666,265, respectively, including the implicit subsidy.

Total OPEB Liability: The Agency's total OPEB liability as of December 31, 2024 and 2023 was measured as of the same date, and was determined by an actuarial valuation as of December 31, 2023.

Actuarial Assumptions and Other Inputs: The total OPEB liability at December 31, 2024 and 2023 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2024	2023
Actuarial assumptions:		
Valuation Date	December 31, 2023	December 31, 2023
Measurement date	December 31, 2024	December 31, 2023
Actuarial cost method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Inflation	2.50%	2.50%
Salary increases	2.75%	2.75%
Discount rate	4.08% net of expenses	3.26% net of expenses
Pre-retirement mortality	2021 CalPERS Mortality	2021 CalPERS Mortality
Pre-retirement turnover	2021 CalPERS Turnover	2021 CalPERS Turnover
Mortality improvement	2021 CalPERS Retiree Mortality	2021 CalPERS Retiree Mortality
Healthcare trend rate	Medical, dental and vision 4% annually	Medical, dental and vision 4% annually

The discount rate was based on the Bond Buyer 20-bond General Obligation Index at December 31, 2024 and 2023. Mortality information was based on the 2021 CalPERS Mortality for Miscellaneous and Schools Employees. The experience study report may be accessed on the CalPERS website at <https://www.calpers.ca.gov>.

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE G – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Total OPEB Liability

	2024			2023		
	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability	Total OPEB Liability	Total OPEB Liability	Net OPEB Liability
Balance at January 1	\$ 19,843,357		\$ 19,843,357	\$ 16,089,217		\$ 16,089,217
Changes in the year:						
Service cost	791,285		791,285	601,235		601,235
Interest	646,981		646,981	597,309		597,309
Employer contributions		\$ (785,926)	(785,926)		\$ (666,265)	(666,265)
Differences between expected and actual experience				558,048		558,048
Changes of assumptions	(2,983,305)		(2,983,305)	2,663,813		2,663,813
Benefit payments	(785,926)	785,926		(666,265)	666,265	
Net changes	(2,330,965)		(2,330,965)	3,754,140		3,754,140
Balance at December 31	\$ 17,512,392	\$ -	\$ 17,512,392	\$ 19,843,357	\$ -	\$ 19,843,357

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB 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 discount rate:

	2024			2023		
	Current Discount Rate			Current Discount Rate		
	1% Decrease 3.08%	4.08%	1% Increase 5.08%	1% Decrease 2.26%	3.26%	1% Increase 4.26%
Net OPEB liability	\$ 19,888,265	\$ 17,512,392	\$ 15,630,775	\$ 22,640,591	\$ 19,843,357	\$ 17,548,544

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be 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:

	2024			2023		
	Current Healthcare Cost Trend Rates			Current Healthcare Cost Trend Rates		
	1% Decrease	Initial	1% Increase	1% Decrease	Initial	1% Increase
Net OPEB liability	\$ 15,549,064	\$ 17,512,392	\$ 20,363,140	\$ 17,192,750	\$ 19,843,357	\$ 23,149,140

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the years ended December 31, 2024 and 2023, the Agency recognized OPEB expense of \$1,056,317 and \$1,113,783, respectively. The Agency had deferred inflows related to the OPEB plan from the following sources at December 31:

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE G – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 818,100		\$ 1,251,489	
Changes in assumptions	<u>1,760,825</u>	<u>\$ (4,707,531)</u>	<u>2,547,987</u>	<u>\$ (3,285,074)</u>
Total	<u>\$ 2,578,925</u>	<u>\$ (4,707,531)</u>	<u>\$ 3,799,476</u>	<u>\$ (3,285,074)</u>

Amortization of deferred inflows and outflows were as follows at December 31:

Year Ended June 30	2024	2023
2024		\$ 165,348
2025	\$ (693,894)	(188,249)
2026	(709,718)	(204,073)
2027	(255,735)	249,910
2028	(14,179)	491,466
2029	<u>(455,080)</u>	
	<u>\$ (2,128,606)</u>	<u>\$ 514,402</u>

NOTE H – COMMITMENTS AND CONTINGENCIES

Various claims have been filed against the Agency. In the opinion of the Agency’s management and legal counsel, the claims will not have a material impact on the basic financial statements.

In 2012, the Agency was sued by the State Water Contractors (SWC) alleging the Agency’s activities have a negative effect on the temperature of the Feather River. The SWC, through the Department of Water Resources (DWR), agreed as part of their renewal of the FERC license to operate the Oroville facilities to maintain water temperature standards in the Feather River. The SWC’s lawsuit claimed the Agency’s water discharge from the Kelly Ridge Powerhouse affects DWR’s ability to meet the temperature requirements. The Agency reached a settlement with the SWC resulting in the dismissal of the lawsuit. As part of the agreement, DWR may request the Agency to discharge water in Lake Oroville instead of through the Kelly Ridge Powerhouse for periods of seven to twenty-one days. As a result, the Agency would lose the capability to generate power, but would be reimbursed by DWR for the lost power revenue.

The Agency has on file before the California State Water Resource Control Board (SWRCB) petitions to extend its currently held water rights permits on the South Fork of the Feather River. These water rights permits, which otherwise were due to expire in December 2004, are the subject of an administrative process before the SWRCB. The Agency has taken all steps required to extend the permits, including making the necessary filings, providing the appropriate environmental documentation, as well as required agreements with the other entity using the same water supply, the North Yuba Water District. No adverse comments, protests, or requests for hearings were filed by any party in connection with this application.

SOUTH FEATHER WATER AND POWER AGENCY
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE H – COMMITMENTS AND CONTINGENCIES (Continued)

In January 2009, the SWRCB’s staff issued an order denying the extension. The result of such order would require the Agency to limit its consumptive demand to current use, to license those quantities, and would require it, at substantial expense, to file a new application for new rights to accommodate growth. The Agency has sought rehearing of that order. No action has been taken. The Agency has also sought to engage the SWRCB in discussion but have received no response. If the staff decision is upheld by the SWRCB, the Agency will consider an appeal to the court. The order limits the water rights to current consumptive use and would impact potential, future consumptive use only. The order does not apply to water used for power generation.

In June 2021 NYWD filed a lawsuit against the Agency asserting breach of contract and breach of fiduciary duty and access to accounting records associated with the Agency’s calculation of net power revenue distribution, among other claims. The lawsuit claims NYWD is owed of \$2,129,453 in net unpaid distributions for the years 2017-2023, and \$1,725,011 in interest.

NOTE I – ECONOMIC DEPENDENCY

During 2024 and 2023, the Agency received approximately 70% and 75%, respectively, of its total operating, nonoperating and capital revenue from Northern California Power Authority for power generated from the Agency’s power plants. A loss of this revenue source would have a significant impact on the Agency’s operations.

NOTE J – RISK MANAGEMENT

The Agency participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), a public entity risk pool of California water agencies, for general and auto liability, public officials’ liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group-purchased commercial excess insurance is obtained. The Agency pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The Agency’s deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible
General and Auto Liability (Includes public officials liability)	\$ 5,000,000	\$ 55,000,000	None
Property Damage	10,000,000	150,000,000	\$ 1,000 to 100,000
Fidelity	100,000	1,000,000	100,000
Workers' Compensation Liability	2,000,000	Statutory	None
Employers Liability	2,000,000	2,000,000	None
Crime	100,000	1,000,000	1,000 to 100,000
Cyber Liability		3,000,000	50,000 to 100,000

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE J – RISK MANAGEMENT

The Agency continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the Agency is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE K – AGREEMENT WITH NORTHERN CALIFORNIA POWER AGENCY

On December 6, 2021, the Agency entered into a power purchase agreement with Northern California Power Agency for sale of output from Forbestown, Kelly Ridge, Sly Creek, and Woodleaf powerhouses. The agreement is through December 31, 2031. Revenue to the Agency from this agreement is a combination of variable, market-based payments and a fixed monthly payment. Operations of the facilities are the responsibility of the Agency. Total sale of electricity revenue under the agreement during the years ended December 31, 2024 and 2023 were \$22,814,837 and \$25,298,497, respectively.

NOTE L – AGREEMENT WITH NORTH YUBA WATER DISTRICT

In May of 2005, an agreement was reached with North Yuba Water District (NYWD), previously known as the Yuba County Water District, which defines the settlement of water rights and the disposition of net power revenues from certain facilities specified in the agreement beginning July 1, 2010. The Agency accounts for the activities of the at issue facilities in a Joint Facilities, sub-fund that is reported as supplementary information to the financial statements (see table of contents to the financial statements).

The agreement allows for quarterly distributions totaling \$709,000 under certain conditions to NYWD and its General Fund, sub-fund each quarter as transfers out (see supplementary information). The agreement also provides for distribution of additional net power revenues available to be distributed to NYWD and the General Fund, sub-fund by July 1 each year. The agreement does not precisely define how to compute net power revenues. As a result, the Agency interprets the terms of the agreement and exercises significant judgement and discretion to determine the additional distributions due by July 1 each year, which is subject to change. The Agency has determined a tentative approach to determine additional net power revenues available for distribution using the prior year financial results and consideration of events that occurred after the prior year end and up to the date of the distribution and has made tentative distributions of net power revenues, excluding quarterly distributions, from the Joint Facilities, sub-fund to NYWD and the General Fund, sub-fund during the years ended December 31, 2024 and 2023 of \$8,778,760 and \$1,705,498 each.

NYWD has challenged the tentative approach used by the Agency to determine net power revenues in a lawsuit, as discussed in Note H to the financial statements. Because the Agency believes it may consider the prior year financial results and events that occur up to the date of the distributions, as well as other factors, and because the approach used is subject to change and is tentative due to the lawsuit and other factors, the Agency does not consider the distributions to be estimable until determined immediately prior to the distribution. As a result, the distributions are expensed when made rather than accruing a liability for the distributions at year-end.. When to expense the distributions could be interpreted differently.

NOTE M – RELICENSING

The Agency has been preparing for the relicensing of its Power Projects as required by the Federal Energy Regulatory Commission (FERC). In connection with the relicensing, the Agency has incurred expenses, entered into service contracts, and established cash reserves to pay for anticipated costs. Initial

SOUTH FEATHER WATER AND POWER AGENCY
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE M – RELICENSING (Continued)

costs incurred for the relicensing are being capitalized and will be amortized over the life of the new license once it has been issued by FERC. Total costs capitalized as of December 31, 2024 and 2023 amounted to \$5,716,307. Current costs in the relicensing process are minimal and are being expensed. The relicensing process is nearing its completion. The current FERC license expired on March 31, 2009. Until the relicensing process is completed, operations continue under the current FERC license conditions.

NOTE N – RESTATEMENTS

Correction of Errors: During the year ended December 31, 2024, the Agency corrected an error to eliminate differences between the utility billing receivable aging report and general ledger due to receivables not being relieved when received totaling \$115,387 at December 31, 2023. In addition, \$975,048 of certificates of deposit with original maturities over 90 days that were reported as part of cash and cash equivalents, but meet the definition of investments, were reclassified as investments in the statement of cash flows as of December 31, 2023.

Change of Accounting Principle: The Agency implemented GASB Statement No. 101, *Compensated Absences*, during the year ended December 31, 2024, which resulted in additional sick leave payable being accrued for expected payments for time used for illnesses in addition to termination payments previously recognized as part of the compensated absences liability. As a result of this change of accounting principle, the compensated absences liability increased at December 31, 2023 and 2022 by \$643,964 and \$132,705, respectively, which affected various expense categories disclosed below.

The effects on the beginning net position as of January 1, 2023 and changes in net position for the year ended December 31, 2023 due to these restatements were as follows:

	As Previously Reported	Change in Accounting Principle for GASB 101	Correction of Errors	Total Restatement	As Restated
Net Position as of January 1, 2023	\$ 100,076,276	\$ (132,705)	\$ -	\$ (132,705)	\$ 99,943,571
As of December 31, 2023:					
Accounts receivable	\$ 468,701 *		\$ (115,387)	\$ (115,387)	\$ 353,314
Current portion of compensated absences	454,805	\$ 1,458,877		1,458,877	1,913,682
Noncurrent portion of compensated absences	682,208	(682,208)		(682,208)	
For the year ended December 31, 2023:					
Domestic water sales revenue	2,583,523		(115,387)	(115,387)	2,352,749
Water treatment expense	(1,956,909)	(71,188)		(71,188)	(2,028,097)
Environmental health and safety expense	(656,013)	(45,883)		(45,883)	(701,896)
Transmission and distribution expense	(2,185,418)	(90,346)		(90,346)	(2,275,764)
Customer accounts expense	(1,037,009)	(38,192)		(38,192)	(1,075,201)
Plant operations expense	(8,646,920)	(441,876)		(441,876)	(9,088,796)
General and administrative expenses	(5,475,797)	43,521		43,521	(5,432,276)
Change in net position for the year ended December 31, 2023	\$ 8,850,718	\$ (643,964)	\$ (115,387)	\$ (759,351)	\$ 8,091,367

* Amount is after a reclassification of \$1,548,676 from accounts receivable due to other governments.

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REQUIRED SUPPLEMENTARY INFORMATION

SOUTH FEATHER WATER AND POWER AGENCY

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY

Last Ten Years

	Year Ended December 31:									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.176920%	0.172810%	0.066130%	0.036320%	0.140835%	0.130820%	0.121640%	0.120450%	0.111181%	0.101384%
Proportionate share of the net pension liability	\$ 8,557,008	\$ 8,641,378	\$ 7,638,657	\$ 1,964,172	\$ 5,940,529	\$ 5,238,532	\$ 4,584,129	\$ 4,748,058	\$ 3,862,276	\$ 2,781,438
Covered payroll - measurement period	\$ 6,126,028	\$ 5,932,858	\$ 5,569,081	\$ 5,574,207	\$ 5,949,907	\$ 5,867,873	\$ 5,952,396	\$ 5,627,825	\$ 5,570,519	\$ 5,746,942
Proportionate share of the net pension liability as a percentage of covered payroll	139.68%	145.65%	137.16%	35.24%	99.84%	89.27%	77.01%	84.37%	69.33%	48.40%
Plan fiduciary net position as a percentage of the total pension liability	81.64%	81.64%	81.64%	81.64%	81.64%	82.26%	83.29%	81.13%	74.06%	78.40%

Notes to Schedule:

Change in Benefit Terms: None.

Changes in assumptions:

Changes in discount rate	6.90%	6.90%	7.15%	7.15%	7.15%	7.15%	7.15%	7.65%	7.65%	7.50%
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SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - MISCELLANEOUS PLAN

Last 10 Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution employer calendar year	\$ 1,329,532	\$ 1,513,417	\$ 1,440,631	\$ 1,110,616	\$ 1,064,159	\$ 970,912	\$ 861,704	\$ 801,403	\$ 596,806	\$ 729,747
Contributions in relation to the contractually required contributions	(1,329,532)	(1,513,417)	(1,440,631)	(1,110,616)	(1,064,159)	(970,912)	(861,704)	(801,403)	(596,806)	(729,747)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll - calendar year	\$ 7,528,265	\$ 4,907,811	\$ 6,058,398	\$ 5,745,226	\$ 5,896,357	\$ 6,012,159	\$ 5,897,229	\$ 5,843,236	\$ 5,374,903	\$ 5,527,640
Contributions as a percentage of covered - employee payroll	17.66%	30.84%	23.78%	19.33%	18.05%	16.15%	14.61%	13.72%	11.10%	7.57%
Date contributions were computed:										
July 1 to December 31 - June 30	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
January 1 to June 30 - June 30	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Valuation date - June 30	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Measurement date - June 30	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014

Methods and assumptions used to determine contribution rates:

Actuarial method					Entry age normal cost method					
Amortization method					Level percentage of payroll, closed					
Remaining amortization period					Varies by rate and plan					
Asset valuation method					Market Value					
Inflation	2.300%	2.500%	2.500%	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases					Varies by entry age and service					
Investment rate of return	6.80%	7.00%	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age			50-67 years. Probabilities of retirement are based on most recent CalPERS Experience Study.							
Mortality					Most recent CalPERS Experience Study					

SOUTH FEATHER WATER AND POWER AGENCY

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
Last Ten Years

	Year Ended December 31:							
	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability								
Service cost	\$ 791,285	\$ 601,235	\$ 861,840	\$ 679,864	\$ 660,062	\$ 591,746	\$ 574,511	\$ 557,075
Interest	646,981	597,309	403,477	388,005	446,009	366,632	421,918	404,270
Differences between expected and actual experience		558,048	(3,998,299)	1,732,722	89,656	(372,399)		
Changes of assumptions	(2,983,305)	2,663,813		(1,042,819)	1,678,351	2,453,153	(1,034,125)	
Benefit payments	(785,926)	(666,265)	(666,265)	(462,951)	(506,488)	(400,584)	(379,032)	(298,629)
Net change in total OPEB liability	(2,330,965)	3,754,140	(3,399,247)	1,294,821	2,367,590	2,638,548	(416,728)	662,716
Total OPEB liability - beginning	19,843,357	16,089,217	19,488,464	18,193,643	15,826,053	13,187,505	13,604,233	12,941,517
Total OPEB liability - ending	<u>\$ 17,512,392</u>	<u>\$ 19,843,357</u>	<u>\$ 16,089,217</u>	<u>\$ 19,488,464</u>	<u>\$ 18,193,643</u>	<u>\$ 15,826,053</u>	<u>\$ 13,187,505</u>	<u>\$ 13,604,233</u>
Covered-employee payroll - measurement period	<u>\$ 7,528,265</u>	<u>\$ 4,907,811</u>	<u>\$ 6,058,398</u>	<u>\$ 5,745,226</u>	<u>\$ 6,721,463</u>	<u>\$ 6,525,692</u>	<u>\$ 6,288,405</u>	<u>\$ 5,843,236</u>
Total OPEB liability as percentage of covered-employee payroll	<u>232.62%</u>	<u>404.32%</u>	<u>265.57%</u>	<u>339.21%</u>	<u>270.68%</u>	<u>242.52%</u>	<u>209.71%</u>	<u>232.82%</u>
Notes to schedule:								
Valuation date - December 31	2023	2022	2021	2020	2019	2019	2017	2017
Measurement period - calendar year ended December 31	2024	2023	2022	2021	2020	2019	2018	2017
Discount Rate	4.08%	3.26%	3.72%	2.06%	2.12%	2.74%	3.71%	3.16%

Note: No assets are accumulated in a trust that meets the criteria in GASB Statement 75, paragraph 4, to pay related benefits.

Benefit changes. None since December 31, 2017.

Changes of assumptions. The discount rate changes listed above represent a change of assumptions.

Omitted years: GASB Statement No. 75 was implemented during the year ended December 31, 2017. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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SUPPLEMENTARY INFORMATION

SOUTH FEATHER WATER AND POWER AGENCY

DESCRIPTION OF COMBINING SUB-FUNDS

December 31, 2024 and 2023

Fund 01 - General Fund: This sub-fund is used to account for the Agency's general operations, as well as activities related to the Sly Creek Power Project.

Fund 07 - Joint Facilities Fund: This sub-fund is used to account for revenues and expenses in accordance with the Agency's 2005 agreement with North Yuba Water District.

SOUTH FEATHER WATER AND POWER AGENCY

COMBINING SCHEDULE OF NET POSITION

December 31, 2024

	General Fund	Joint Facilities	Total	Eliminating Entries	Final
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 9,778,996	\$ 30,756,154	\$ 40,535,150		\$ 40,535,150
Investments	1,919,266	8,595,461	10,514,727		10,514,727
Accounts receivable	289,494		289,494		289,494
Due from other governments	177,597	2,055,083	2,232,680		2,232,680
Accrued interest receivable	439,969		439,969		439,969
Property taxes receivable	417,781		417,781		417,781
Prepaid expenses	341,745	272,949	614,694		614,694
Inventory	674,879	639,571	1,314,450		1,314,450
Due from other funds	502,885		502,885	\$ (502,885)	
TOTAL CURRENT ASSETS	<u>14,542,612</u>	<u>42,319,218</u>	<u>56,861,830</u>	<u>(502,885)</u>	<u>56,358,945</u>
NONCURRENT ASSETS					
Restricted cash and cash equivalents	367		367		367
Capital assets:					
Not being depreciated	1,069,605	7,382,204	8,451,809		8,451,809
Being depreciated, net	35,727,343	57,639,113	93,366,456		93,366,456
Total Capital Assets, Net	<u>36,796,948</u>	<u>65,021,317</u>	<u>101,818,265</u>		<u>101,818,265</u>
TOTAL NONCURRENT ASSETS	<u>36,797,315</u>	<u>65,021,317</u>	<u>101,818,632</u>		<u>101,818,632</u>
TOTAL ASSETS	<u>51,339,927</u>	<u>107,340,535</u>	<u>158,680,462</u>	<u>(502,885)</u>	<u>158,177,577</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	1,670,092	980,847	2,650,939		2,650,939
OPEB plan	1,495,777	1,083,148	2,578,925		2,578,925
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,165,869</u>	<u>2,063,995</u>	<u>5,229,864</u>		<u>5,229,864</u>
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	459,144	303,815	762,959		762,959
Accrued payroll and benefits	216,501		216,501		216,501
Accrued interest payable	189,377		189,377		189,377
Due to North Yuba Water District		177,250	177,250		177,250
Deposits	45,324		45,324		45,324
Due to other funds		502,885	502,885	(502,885)	
Current portion of long-term liabilities	1,694,468	751,237	2,445,705		2,445,705
TOTAL CURRENT LIABILITIES	<u>2,604,814</u>	<u>1,735,187</u>	<u>4,340,001</u>	<u>(502,885)</u>	<u>3,837,116</u>
NONCURRENT LIABILITIES					
Long-term liabilities, noncurrent	22,104,064	235,014	22,339,078		22,339,078
Net pension liability	5,390,915	3,166,093	8,557,008		8,557,008
Net OPEB liability	10,157,187	7,355,205	17,512,392		17,512,392
TOTAL NONCURRENT LIABILITIES	<u>37,652,166</u>	<u>10,756,312</u>	<u>48,408,478</u>		<u>48,408,478</u>
TOTAL LIABILITIES	<u>40,256,980</u>	<u>12,491,499</u>	<u>52,748,479</u>	<u>(502,885)</u>	<u>52,245,594</u>
DEFERRED INFLOWS OF RESOURCES					
Pension plan	215,376	126,491	341,867		341,867
OPEB plan	2,730,368	1,977,163	4,707,531		4,707,531
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,945,744</u>	<u>2,103,654</u>	<u>5,049,398</u>		<u>5,049,398</u>
NET POSITION					
Net investment in capital assets	13,672,748	64,870,563	78,543,311		78,543,311
Restricted for capacity expansion	1,543,672		1,543,672		1,543,672
Unrestricted	(3,913,348)	29,938,814	26,025,466		26,025,466
TOTAL NET POSITION	<u>\$ 11,303,072</u>	<u>\$ 94,809,377</u>	<u>\$ 106,112,449</u>	<u>\$ -</u>	<u>\$ 106,112,449</u>

SOUTH FEATHER WATER AND POWER AGENCY

COMBINING SCHEDULE OF NET POSITION

December 31, 2023

	General Fund	Joint Facilities	Total	Eliminating Entries	Final (As Restated)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 4,206,481	\$ 34,754,535	\$ 38,961,016		\$ 38,961,016
Investments	350,779	10,206,156	10,556,935		10,556,935
Accounts receivable	306,506	46,808	353,314		353,314
Due from other governments	127,097	1,595,340	1,722,437		1,722,437
Accrued interest receivable	356,052		356,052		356,052
Property taxes receivable	439,683		439,683		439,683
Prepaid expenses	260,683	238,406	499,089		499,089
Inventory	716,201	639,835	1,356,036		1,356,036
TOTAL CURRENT ASSETS	6,763,482	47,481,080	54,244,562		54,244,562
NONCURRENT ASSETS					
Restricted cash and cash equivalents	514		514		514
Capital assets:					
Not being depreciated	1,102,051	7,295,321	8,397,372		8,397,372
Being depreciated, net	36,824,814	59,405,719	96,230,533		96,230,533
Total Capital Assets, Net	37,926,865	66,701,040	104,627,905		104,627,905
TOTAL NONCURRENT ASSETS	37,927,379	66,701,040	104,628,419		104,628,419
TOTAL ASSETS	44,690,861	114,182,120	158,872,981		158,872,981
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	2,689,968	1,383,402	4,073,370		4,073,370
OPEB Plan	2,217,921	1,581,555	3,799,476		3,799,476
Deferred loss on bond refunding	10,467		10,467		10,467
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,918,356	2,964,957	7,883,313		7,883,313
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	223,543	401,109	624,652		624,652
Accrued payroll and benefits	188,708		188,708		188,708
Accrued interest payable	192,381		192,381		192,381
Deposits	78,709		78,709		78,709
Current portion of long-term liabilities	1,639,533	949,149	2,588,682		2,588,682
TOTAL CURRENT LIABILITIES	2,322,874	1,350,258	3,673,132		3,673,132
NONCURRENT LIABILITIES					
Long-term liabilities, noncurrent	22,815,967		22,815,967		22,815,967
Net pension liability	5,031,343	3,610,035	8,641,378		8,641,378
Net OPEB liability	11,588,957	8,254,400	19,843,357		19,843,357
TOTAL NONCURRENT LIABILITIES	39,436,267	11,864,435	51,300,702		51,300,702
TOTAL LIABILITIES	41,759,141	13,214,693	54,973,834		54,973,834
DEFERRED INFLOWS OF RESOURCES					
Pension plan	244,625	217,823	462,448		462,448
OPEB	2,108,471	1,176,603	3,285,074		3,285,074
TOTAL DEFERRED INFLOWS OF RESOURCES	2,353,096	1,394,426	3,747,522		3,747,522
NET POSITION					
Net investment in capital assets	14,446,365	66,701,040	81,147,405		81,147,405
Restricted for capacity expansion	549,106		549,106		549,106
Unrestricted	(9,498,491)	35,836,918	26,338,427		26,338,427
TOTAL NET POSITION	\$ 5,496,980	\$ 102,537,958	\$ 108,034,938	\$ -	\$ 108,034,938

SOUTH FEATHER WATER AND POWER AGENCY

COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION

For the year ended December 31, 2024

	General Fund	Joint Facilities	Total	Eliminating Entries	Final
OPERATING REVENUE					
Domestic water sales	\$ 2,544,034		\$ 2,544,034		\$ 2,544,034
Irrigation water sales	279,770		279,770		279,770
Sale of electricity	2,310,718	\$ 20,504,119	22,814,837		22,814,837
Other services	616,427	2,410,720	3,027,147		3,027,147
TOTAL OPERATING REVENUE	<u>5,750,949</u>	<u>22,914,839</u>	<u>28,665,788</u>		<u>28,665,788</u>
OPERATING EXPENSES					
Source of supply	17,595		17,595		17,595
Water treatment	2,106,901		2,106,901		2,106,901
Environmental health and safety	252,731	481,462	734,193		734,193
Transmission and distribution	2,372,396		2,372,396		2,372,396
Customer accounts	1,165,653		1,165,653		1,165,653
Plant operations	1,345,076	15,301,739	16,646,815		16,646,815
General and administrative	2,617,581	3,463,424	6,081,005		6,081,005
Other operating expenses	78,880		78,880		78,880
Depreciation	1,897,216	2,538,356	4,435,572		4,435,572
TOTAL OPERATING EXPENSES	<u>11,854,029</u>	<u>21,784,981</u>	<u>33,639,010</u>		<u>33,639,010</u>
NET INCOME (LOSS) FROM OPERATIONS	(6,103,080)	1,129,858	(4,973,222)		(4,973,222)
NON-OPERATING REVENUES (EXPENSES)					
Property taxes	831,456		831,456		831,456
Investment earnings	409,217	1,966,820	2,376,037		2,376,037
Insurance refund		20,903	20,903		20,903
Gain (loss) on disposal of capital assets	(61,175)	(402,362)	(463,537)		(463,537)
Miscellaneous non-operating revenue	32,716		32,716		32,716
Interest expense	(748,744)		(748,744)		(748,744)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>463,470</u>	<u>1,585,361</u>	<u>2,048,831</u>		<u>2,048,831</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(5,639,610)	2,715,219	(2,924,391)		(2,924,391)
CAPITAL CONTRIBUTIONS					
Capital grants:					
Federal		7,336	7,336		7,336
System capacity charges	994,566		994,566		994,566
TOTAL CAPITAL CONTRIBUTIONS	<u>994,566</u>	<u>7,336</u>	<u>1,001,902</u>		<u>1,001,902</u>
TRANSFERS					
Transfers in	10,451,136		10,451,136	\$ (10,451,136)	
Transfers out		(10,451,136)	(10,451,136)	10,451,136	
TOTAL TRANSFERS	<u>10,451,136</u>	<u>(10,451,136)</u>			
CHANGE IN NET POSITION	5,806,092	(7,728,581)	(1,922,489)		(1,922,489)
Net position at beginning of year	5,496,980	102,537,958	108,034,938		108,034,938
NET POSITION AT END OF YEAR	<u>\$ 11,303,072</u>	<u>\$ 94,809,377</u>	<u>\$ 106,112,449</u>	<u>\$ -</u>	<u>\$ 106,112,449</u>

SOUTH FEATHER WATER AND POWER AGENCY
 COMBINING SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION

For the year ended December 31, 2023

	General Fund	Joint Facilities	Total	Eliminating Entries	Final (As Restated)
OPERATING REVENUE					
Domestic water sales	\$ 2,468,136		\$ 2,468,136		\$ 2,468,136
Irrigation water sales	265,333		265,333		265,333
Sale of electricity	2,633,117	\$ 22,665,380	25,298,497		25,298,497
Other services	694,974	2,366,080	3,061,054		3,061,054
TOTAL OPERATING REVENUE	<u>6,061,560</u>	<u>25,031,460</u>	<u>31,093,020</u>		<u>31,093,020</u>
OPERATING EXPENSES					
Source of supply	17,189		17,189		17,189
Water treatment	2,028,097		2,028,097		2,028,097
Environmental health and safety	262,764	439,132	701,896		701,896
Transmission and distribution	2,275,764		2,275,764		2,275,764
Customer accounts	1,075,201		1,075,201		1,075,201
Plant operations	1,318,213	7,770,583	9,088,796		9,088,796
General and administrative	2,614,938	2,817,338	5,432,276		5,432,276
Other operating expenses	40,413		40,413		40,413
Depreciation	1,890,527	2,377,497	4,268,024		4,268,024
TOTAL OPERATING EXPENSES	<u>11,523,106</u>	<u>13,404,550</u>	<u>24,927,656</u>		<u>24,927,656</u>
NET INCOME (LOSS) FROM OPERATIONS	(5,461,546)	11,626,910	6,165,364		6,165,364
NON-OPERATING REVENUES (EXPENSES)					
Property taxes	846,097		846,097		846,097
Investment earnings	66,512	1,658,149	1,724,661		1,724,661
Gain on disposal of capital assets	22,921	40,231	63,152		63,152
Miscellaneous non-operating revenue					
Interest expense	(768,989)		(768,989)		(768,989)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>166,541</u>	<u>1,698,380</u>	<u>1,864,921</u>		<u>1,864,921</u>
NET INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(5,295,005)	13,325,290	8,030,285		8,030,285
CAPITAL CONTRIBUTIONS					
System capacity charges	61,082		61,082		61,082
TOTAL CAPITAL CONTRIBUTIONS	<u>61,082</u>		<u>61,082</u>		<u>61,082</u>
TRANSFERS					
Transfers in	2,976,223		2,976,223	\$ (2,976,223)	
Transfers out		(2,976,223)	(2,976,223)	2,976,223	
TOTAL TRANSFERS	<u>2,976,223</u>	<u>(2,976,223)</u>			
CHANGE IN NET POSITION	(2,257,700)	10,349,067	8,091,367		8,091,367
Net position, beginning of year, as previously reported	7,822,205	92,254,071	100,076,276		100,076,276
Restatement - Note M	(67,525)	(65,180)	(132,705)		(132,705)
Net position at beginning of year, as restated	<u>7,754,680</u>	<u>92,188,891</u>	<u>99,943,571</u>		<u>99,943,571</u>
NET POSITION AT END OF YEAR	<u>\$ 5,496,980</u>	<u>\$ 102,537,958</u>	<u>\$ 108,034,938</u>	<u>\$ -</u>	<u>\$ 108,034,938</u>

SOUTH FEATHER WATER AND POWER AGENCY

OTHER SUPPLEMENTARY INFORMATION
DEBT SERVICE COVERAGE RATIOS

For the Years Ended December 31, 2024 and 2023

	2024	2023 (As Restated)
REVENUES		
Operating revenues	\$ 28,665,788	\$ 31,093,020
Property taxes	831,456	846,097
Investment earnings	2,376,037	1,724,661
Insurance reimbursements	20,903	
Other non-operating revenue	32,716	
TOTAL REVENUES	<u>31,926,900</u>	<u>33,663,778</u>
EXPENSES		
Total operating expenses	33,639,010	24,927,656
Less: Depreciation	(4,435,572)	(4,268,024)
TOTAL EXPENSES	<u>29,203,438</u>	<u>20,659,632</u>
NET REVENUES	2,723,462	13,004,146
ACTUAL DEBT SERVICE PAYMENTS (CASH BASIS)		
2016 Certificates of Participation - principal	675,000	655,000
2016 Certificates of Participation - interest	769,525	789,175
TOTAL ACTUAL DEBT SERVICE PAYMENTS	<u>1,444,525</u>	<u>1,444,175</u>
Debt Coverage Ratio - Actual	<u>1.89</u>	<u>9.00</u>
Required Ratio	<u>1.25</u>	<u>1.25</u>

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
South Feather Water and Power Agency
Oroville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the South Feather Water and Power Agency (the Agency) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon date June 19, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency'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

To the Board of Directors
South Feather Water and Power Agency

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*.

The Agency's Responses to Finding

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

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 result of that testing, and not to provide an opinion on the effectiveness of the Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Richardson & Company, LLP

June 19, 2025

SOUTH FEATHER WATER AND POWER AGENCY

SCHEDULE OF FINDINGS AND RESPONSES

December 31, 2024

INTERNAL CONTROL OVER FINANCIAL REPORTING

CURRENT YEAR FINDINGS

FINDING 2024-001 – MATERIAL WEAKNESS

Criteria: Management is responsible for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported.

Condition: Thirteen adjustments and closing entries were posted during the audit that were not identified by the Agency’s closing procedures and certain accounts were not reconciled to subsidiary records. In addition, a number of adjustments were posted after the general ledger was provided for the audit that resulted in the need to reimport the general ledger.

Effect: The adjustments and closing entries delay completion of the audit, result in the audit taking more hours to complete and compresses the time available to complete the audit by the June Board meeting than if the general ledger was final at the start of the audit. It also increases the risk that an error exists that was not identified during the audit.

Cause: The Agency’s closing process did not identify all entries necessary to record the Agency’s financial activity in accordance with generally accepted accounting principles prior to the start of the audit.

Recommendation: We recommend the Agency add additional review procedures necessary to ensure general ledger accounts are reconciled to subsidiary records and updated prior to the start of the audit in the future. A complete closing checklist that includes all accounts where adjustments were posted during the 2024 audit may be helpful to identify accounts that need to be reconciled in the closing process. Audit adjustments should be posted, and net position should be reconciled to the prior year audited financial statements to ensure net position rolls forward. The Agency should review the audit adjustments provided to management to ensure additional controls are put in place to identify and record the transactions prior to the start of the audit.

Management’s Response: The Agency will implement the recommendations prior to the December 31, 2025 audit.

PRIOR YEAR FINDINGS

None

COMPLIANCE AND OTHER MATTERS

CURRENT YEAR FINDINGS

None

PRIOR YEAR FINDINGS

None