South Feather Water and Power Agency

Annual Financial Report

December 31, 2023 and 2022

Our Mission Statement

"To deliver a dependable supply of safe, quality drinking water to its customers, and a dependable supply of water for agricultural users, in an economical, efficient, and publicly responsible manner".

South Feather Water and Power Agency

Board of Directors as of December 31, 2023

Name	Division	Title	Current Term
Brad Hemstalk	1	Director	12/22 to 12/26
Rick Wulbern	2	President	12/20 to 12/24
Mark Grover	3	Director	12/22 to 12/26
Ruth Duncan	4	Vice President	12/22 to 12/24
John Starr	5	Director	12/22 to 12/26

South Feather Water and Power Agency
Rath Moseley, General Manager
2310 Oro Quincy Highway
Oroville, California 95966
(530) 533-4578 – www.southfeather.com

South Feather Water and Power Agency
Annual Financial Report
For the Year Ended December 31, 2023 and 2022

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Financial Section

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the South Feather Water and Power Agency (Agency), which comprises the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position for the year then ended, 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 respective financial position of the South Feather Water and Power Agency as of December 31, 2023 and 2022, and the respective changes in net position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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.

Independent Auditor's Report, continued

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 on pages 4 through 8, and the required supplementary information on pages 42 through 45, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Independent Auditor's Report, continued

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 combining and individual nonmajor fund financial statements on pages 46 through 51, and the debt service coverage ratios on page 52, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are 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 May 30, 2024, 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 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. This report can be found on pages 53 and 54.

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
May 30, 2024

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, 2023 and 2022. 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

- The Agency's net position increased 8.84% or $8,850,718 to $108,926,994. In 2022, the Agency's net position decreased 2.63% or $2,703,910 to $100,076,276.
- The Agency's operating revenues increased 35.33% or $8,098,339 to $31,017,086. In 2022, the Agency's operating revenues decreased 18.90% or $5,340,352 to $22,918,747.
- The Agency's non-operating revenues increased 310.61% or $2,106,604 to $2,784,818. In 2022, the Agency's non-operating revenues decreased 26.91% or $249,691 to $678,214.
- The Agency's operating expenses decreased 7.13% or $1,533,576 to $19,975,255. In 2022, the Agency's operating expenses increased 50.46% or $7,213,041 to $21,508,831.
- The Agency's non-operating expenses decreased 18.33% or $172,622 to $768,989. In 2022, the Agency's non-operating expenses decreased 9.90% or $103,489 to $941,611.

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 cash came 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 questions 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 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 14 through 41.

Statement 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 by $108,926,994 and $100,076,276 as of December 31, 2023 and 2022, respectively.

Condensed Statements of Net Position

	2023	2022	Change	2021	Change
Assets:					
Current assets	$ 48,021,832	35,960,175	12,061,657	40,242,108	(4,281,933)
Non-current assets	110,966,536	113,459,990	(2,493,454)	114,457,454	(997,464)
Total assets	158,988,368	149,420,165	9,568,203	154,699,562	(5,279,397)
Deferred outflows of resources	7,883,313	6,427,936	1,455,377	4,681,037	1,746,899
Liabilities:					
Current liabilities	2,214,255	2,401,963	(187,708)	3,879,538	(1,477,575)
Non-current liabilities	51,982,910	48,276,577	3,706,333	48,943,560	(666,983)
Total liabilities	54,197,165	50,678,540	3,518,625	52,823,098	(2,144,558)
Deferred inflows of resources	3,747,522	5,093,285	(1,345,763)	3,777,315	1,315,970
Net position:					
Net investment in capital assets	81,147,405	82,888,330	(1,740,925)	80,252,150	2,636,180
Unrestricted	27,779,589	17,187,946	10,591,643	22,528,036	(5,340,090)
Total net position	$ 108,926,994	100,076,276	8,850,718	102,780,186	(2,703,910)

A portion of the Agency's net position, 74.50% and 82.83% as of December 31, 2023 and 2022, respectively, 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, 2023 and 2022, the Agency showed a positive balance in its unrestricted net position of $27,779,589 and $17,187,946, respectively. See note 10 for further discussion.

Statement of Revenues, Expenses, and Changes in Net Position

The statements 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 increased 8.84% or $8,850,718 from $100,076,276 to $108,926,994, as a result of ongoing operations for the year ended December 31, 2023. In 2022, the Agency's net position decreased 2.63% or $2,703,910 from $102,780,186 to $100,076,276, as a result of ongoing operations

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

	2023	2022	Change	2021	Change
Revenues:					
Operating revenues	$ 31,017,086	22,918,747	8,098,339	28,259,099	(5,340,352)
Non-operating revenues	2,784,818	678,214	2,106,604	927,905	(249,691)
Total revenues	33,801,904	23,596,961	10,204,943	29,187,004	(5,590,043)
Expenses:					
Operating expenses	19,975,255	21,508,831	(1,533,576)	14,295,790	7,213,041
Depreciation expense	4,268,024	4,017,290	250,734	3,888,836	128,454
Non-operating expenses	768,989	941,611	(172,622)	1,045,100	(103,489)
Total expenses	25,012,268	26,467,732	(1,455,464)	19,229,726	7,238,006
Net income (loss) before capital contributions	8,789,636	(2,870,771)	11,660,407	9,957,278	(12,828,049)
Capital contributions	61,082	166,861	(105,779)	228,569	(61,708)
Changes in net position	8,850,718	(2,703,910)	11,554,628	10,185,847	(12,889,757)
Net position, beginning of year	100,076,276	102,780,186	(2,703,910)	92,594,339	10,185,847
Net position, end of year	$ 108,926,994	100,076,276	8,850,718	102,780,186	(2,703,910)

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

In 2023, the Agency's operating revenues increased 35.33% or $8,098,339, due primarily to a increases of $5,614,151 in sale of electricity and $2,351,925 in outside water sales. In 2022, the Agency's operating revenues decreased 18.90% or $5,340,352, due primarily to a decreases of $5,591,562 in outside water sales and $108,664 in domestic water sales; which was offset by an increase of $336,206 in the sale of electricity.

In 2023, the Agency's non-operating revenues increased 310.61% or $2,106,604, due primarily to an increase of $1,648,817 in investment returns, and $436,322 in unrealized gain on investments. In 2022, the Agency's non-operating revenues decreased 26.91% or $249,691, due primarily to a decrease of $451,866 in investment earnings, which was offset by increases of $112,274 in unrealized gain on investments, and $62,946 in property taxes.

In 2023, the Agency's operating expenses decreased 7.13% or $1,533,576, due primarily to a decreases of $1,560,530 in plant operations. In 2022, the Agency's operating expenses increased 50.46% or $7,213,041, due primarily to increases of $3,966,357 in plant operations, $2,636,256 in general and administrative (as a result of an increase non-cash CalPERS pension actuarial adjustments), $233,566 in water treatment and $226,314 in customer account.

In 2023, the Agency's non-operating expenses decreased 18.33% or $172,622, due primarily to a decrease in interest expense. In 2022, the Agency's non-operating expenses decreased 9.90% or $103,489, due primarily to a decrease in interest expense.

Capital Asset Administration

As of December 31, 2023 and 2022, the Agency's capital assets (net of accumulated depreciation) amounted to $104,627,906 and $107,028,146, respectively. 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 4 for further discussion.

Change in capital asset amounts for 2023 was as follows:

	Balance 2022	Additions	Transfers/ Deletions	Balance 2023
Capital assets:				
Non-depreciable assets	$ 7,929,508	633,186	(165,322)	8,397,372
Depreciable assets	225,227,999	1,608,463	(618,772)	226,217,690
Accumulated depreciation	(126,129,361)	(4,268,024)	410,228	(129,987,157)
Total capital assets, net	$ 107,028,146	(2,026,375)	(373,866)	104,627,905

Change in capital asset amounts for 2022 was as follows:

	Balance 2021	Additions	Transfers/ Deletions	Balance 2022
Capital assets:				
Non-depreciable assets	$ 7,890,401	458,609	(419,502)	7,929,508
Depreciable assets	223,478,298	1,772,792	(23,091)	225,227,999
Accumulated depreciation	(122,135,162)	(4,017,290)	23,091	(126,129,361)
Total capital assets, net	$ 109,233,537	(1,785,889)	(419,502)	107,028,146

Debt Administration

Change in long-term debt amounts for 2023 was as follows:

	Balance 2022	Additions/ Deletions	Principal Payments	Balance 2023
Long-term debt:				
Certificate of participation	$ 24,162,871	-	(671,904)	23,490,967
Total long-term debt	24,162,871	-	(671,904)	23,490,967
Less: current portion	(655,000)			(675,000)
Non-current portion	$ 23,507,871			22,815,967

In 2023, long-term debt decreased by $671.904, due primarily to principal payments of the certificate of participation.

Debt Administration, continued

Change in long-term debt amounts for 2022 was as follows:

		Balance 2021	Additions/ Deletions	Principal Payments	Balance 2022
Long-term debt:					
Certificate of participation	$	24,814,775	-	(651,904)	24,162,871
Loans payable		4,202,255	-	(4,202,255)	-
Total long-term debt		29,017,030	-	(4,854,159)	24,162,871
Less: current portion		(2,256,967)			(655,000)
Non-current portion	$	26,760,063			23,507,871

In 2022, long-term debt decreased by $4,854,159, due primarily to $651,904 and $4,202,255 in principal payments of the certificate of participation and loans payable, respectively.

See note 6 for further discussion.

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.

Basic Financial Statements

South Feather Water and Power Agency
Statements of Net Position
December 31, 2023 and 2022

		2023	2022
Current assets:			
Cash and cash equivalents (note 2)	$	39,936,578	28,565,695
Investments (note 2)		3,243,256	2,657,111
Accounts receivable (note 3)		2,017,377	1,946,404
Due from other government agencies		173,761	173,761
Property tax receivable		439,683	427,564
Accrued interest receivable		356,052	155,404
Prepaid expenses and other deposits		499,089	674,771
Materials and supplies inventory		1,356,036	1,359,465
Total current assets		48,021,832	35,960,175
Non-current assets:			
Investments (note 2)		6,338,631	6,431,844
Capital assets – not being depreciated (note 4)		8,397,372	7,929,508
Capital assets – being depreciated, net (note 4)		96,230,533	99,098,638
Total non-current assets		110,966,536	113,459,990
Total assets		158,988,368	149,420,165
Deferred outflows of resources:			
Deferred pension outflows (note 7)		4,073,370	4,116,080
Deferred OPEB outflows (note 8)		3,799,476	2,288,801
Deferred loss on defeasance of debt (note 6)		10,467	23,055
Total deferred outflows of resources	$	7,883,313	6,427,936

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See accompanying notes to the basic financial statements

South Feather Water and Power Agency
Statements of Net Position, continued
December 31, 2023 and 2022

		2023	2022
Current liabilities:			
Accounts payable and accrued expenses	$	624,652	639,720
Accrued payroll and employee benefits		188,708	160,578
Accrued interest payable		192,381	197,294
Customer deposits		78,709	55,483
Long-term liabilities – due in one year:			
Compensated absences (note 5)		454,805	693,888
Certificate-of-participation (note 6)		675,000	655,000
Total current liabilities		2,214,255	2,401,963
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 5)		682,208	1,040,832
Certificate-of-participation (note 6)		22,815,967	23,507,871
Net pension liability (note 7)		8,641,378	7,638,657
Other post-employment benefit liability (note 8)		19,843,357	16,089,217
Total non-current liabilities		51,982,910	48,276,577
Total liabilities		54,197,165	50,678,540
Deferred inflows of resources:			
Deferred pension inflows (note 7)		462,448	678,529
Deferred OPEB inflows (note 8)		3,285,074	4,414,756
Total deferred inflows of resources		3,747,522	5,093,285
Net position: (note 10)			
Net investment in capital assets		81,147,405	82,888,330
Unrestricted		27,779,589	17,187,946
Total net position	$	108,926,994	100,076,276

See accompanying notes to the basic financial statements

South Feather Water and Power Agency
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

		2023	2022
Operating revenues:			
Domestic water sales	$	2,583,523	2,498,469
Irrigation water sales		265,333	285,814
Outside water sales		2,559,578	207,653
Sale of electricity		25,298,497	19,684,346
Miscellaneous charges		310,155	242,465
Total operating revenues		31,017,086	22,918,747
Operating expenses:			
Source of supply		17,189	16,536
Water treatment		1,956,909	2,013,276
Transmission and distribution		2,185,418	2,224,457
Customer account		1,037,009	1,186,876
Environmental health and safety		656,013	581,183
Plant operations		8,646,920	10,207,450
General and administrative		5,475,797	5,279,053
Total operating expenses		19,975,255	21,508,831
Operating income before depreciation expense		11,041,831	1,409,916
Depreciation expense		(4,268,024)	(4,017,290)
Operating income (loss)		6,773,807	(2,607,374)
Non-operating revenues (expenses):			
Property taxes		846,097	781,134
Investment returns		1,252,020	(396,797)
Unrealized gain on investments		472,641	36,319
Gain from sale of capital assets		63,152	1,000
Interest expense – long-term debt		(768,989)	(941,611)
Other non-operating revenues, net		150,908	256,558
Total non-operating expenses, net		2,015,829	(263,397)
Net income (loss) before capital contributions		8,789,636	(2,870,771)
Capital contributions:			
Capital grants:			
Federal		-	3,276
System capacity charges		61,082	163,585
Total capital contributions		61,082	166,861
Changes in net position		8,850,718	(2,703,910)
Net position, beginning of year		100,076,276	102,780,186
Net position, end of year	$	108,926,994	100,076,276

See accompanying notes to the basic financial statements

South Feather Water and Power Agency
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

		2023	2022
Cash flows from operating activities:			
Cash receipts from customers	$	30,969,339	23,052,516
Payments to vendors for materials and services		(10,755,903)	(13,228,021)
Payments to employees for salaries and wages		(7,530,845)	(6,308,826)
Net cash provided by operating activities		12,682,591	3,515,669
Cash flows from non-capital financing activities:			
Proceeds from property taxes		833,978	713,293
Net cash provided by non-capital financing activities		833,978	713,293
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets		(1,867,783)	(1,811,899)
Proceeds from the sale of capital assets		63,152	1,000
Proceeds from capital contributions		61,082	166,861
Principal paid on long-term debt		(671,904)	(4,854,159)
Interest paid on long-term debt		(761,314)	(983,688)
Net cash used in capital and related financing activities		(3,176,767)	(7,481,885)
Cash flows from investing activities:			
Interest and investment earnings		1,524,013	(502,218)
Purchase of investments		(4,219,000)	(3,445,272)
Proceeds from maturities and called investments		3,726,068	1,802,010
Net cash provided by (used in) investing activities		1,031,081	(2,145,480)
Net increase (decrease) in cash and cash equivalents		11,370,883	(5,398,403)
Cash and cash equivalents, beginning of year		28,565,695	33,964,098
Cash and cash equivalents, end of year	$	39,936,578	28,565,695

Continued on next page

See accompanying notes to the basic financial statements

South Feather Water and Power Agency
Statement of Cash Flows, continued
For the Years Ended December 31, 2023 and 2022

		2023	2022
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	$	6,773,807	(2,607,374)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense		4,268,024	4,017,290
Other non-operating revenues, net		150,908	256,558
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase) decrease in assets:			
Accounts receivable		(70,973)	310,527
Prepaid expenses and other deposits		175,682	(284,883)
Materials and supplies inventory		3,429	(497,198)
(Increase) decrease in deferred outflows of resources:			
Deferred pension outflows		42,710	(2,924,596)
Deferred OPEB outflows		(1,510,675)	1,165,109
Increase (decrease) in liabilities:			
Accounts payable and accrued expenses		(15,068)	174,379
Accrued payroll and employee benefits		28,130	(25,211)
Customer deposits		23,226	(176,758)
Compensated absences		(597,707)	516,618
Net pension liability		1,002,721	5,674,485
Other post-employment benefit liability		3,754,140	(3,399,247)
Increase (decrease) in deferred inflows of resources:			
Deferred pension inflows		(216,081)	(1,552,646)
Deferred OPEB inflows		(1,129,682)	2,868,616
Total adjustments		5,908,784	6,123,043
Net cash provided by operating activities	$	12,682,591	3,515,669
Non-cash investing, capital, and financing transaction:			
Change in fair value of investments	$	472,641	36,319

See accompanying notes to the basic financial statements

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The South Feather Water and Power Agency (Agency) was formed on November 18, 1919, under Irrigation Law, Division II, of the California Water Code. Formerly known as Oroville-Wyandotte Irrigation District, 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 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 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, the power from which was sold to Pacific Gas and Electric Company (PG&E). Effective December 19, 2021, the power has been sold to Northern California Power Agency.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity*. The Agency is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a local election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Agency is financially accountable if it appoints a voting majority of the organization's governing body and 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

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. The Corporation is included in the Agency's reporting entity as a blended component unit because the Board of Directors of the Agency serves as the Board of Directors of the Corporation, the Corporation is fiscally dependent on the Agency, and the ability of the Agency to impose its will on the Corporation. The Corporation does not issue separate financial statements.

The Agency is a special district governed by an elected five-member Board of Directors. As required by accounting principles generally accepted in the United States of America, these financial statements represent the Agency and its component unit.

B. Basis of Accounting and Measurement Focus

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), sale of electricity, capital grants, and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Operating revenues and expenses, such as water sales, sale of electricity and cost of sales and services, result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

C. Financial Reporting

The Agency's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the Agency's proprietary fund.

The Agency has adopted the following GASB pronouncements in the current year:

In March 2020, the GASB issued Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction.

Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

In May 2020, the GASB issued Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

In June 2020, the GASB issued Statement No. 97 *– Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 41 and No. 84, and a supersession of GASB Statement No. 32.* The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosures of contingent assets, deferred outflows of resources, liabilities, and deferred inflows of resources at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially all of the Agency's cash is invested in interest bearing accounts. The Agency considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

3. Investments and Investment Policy

The Agency has adopted a formal investment policy as required by Section 53600et 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.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

4. Fair Value Measurement

The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset as follows:

- **Level 1** – Valuation is based on quoted prices in active markets for identical assets.
- **Level 2** – Valuation is based on directly observable and indirectly observable inputs. These inputs are derived principally from or corroborated by observable market data through correlation or market-corroborated inputs. The concept of market-corroborated inputs incorporates observable market data such as interest rates and yield curves that are observable at commonly quoted intervals.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

4. Fair Value Measurement, continued

- **Level 3** – Valuation is based on unobservable inputs where assumptions are made based on factors such as prepayment rates, probability of defaults, loss severity, and other assumptions that are internally generated and cannot be observed in the market.

The Agency's investment in LAIF is valued at amortized cost and is not subject to the fair value measurement criteria.

5. Accounts Receivable and Allowance for Uncollectible Accounts

The Agency extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the Agency uses the allowance method for the reservation and write-off of those accounts when material.

6. Property Taxes and Assessments

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. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

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. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

7. Materials and Supplies

Materials and supplies consist primarily of water pipe and pipefittings for construction and repair to the Agency's water treatment and distribution system and for the maintenance of its hydroelectric power generation facilities. Materials and supplies are valued at average cost basis using the first-in, first out method. Material and supply items are charged to expense at the time the items are consumed.

8. 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. Donated assets are recorded at estimated fair market value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

8. Capital Assets, continued

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets 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

9. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources applicable to future periods.

10. Compensated Absences

The Agency's policy allows employees to accumulate earned but unused vacation leave, up to the maximum allowance provided for in the memoranda of understanding, which will be paid to employees upon separation from the Agency's service. Upon separation from the Agency, employees can also elect to be paid one-half of their unused accumulated sick leave time. The cost of this annual vacation and sick leave time is recognized in the period earned.

11. 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.

12. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources applicable to future periods.

13. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pension and pension expense, information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plans (Plans) and addition to/deduction from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

- Valuation Dates: June 30, 2022 and 2021
- Measurement Dates: June 30, 2023 and 2022
- Measurement Periods: July 1, 2022 to June 30, 2023 and July 1, 2021 to June 30, 2022

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position, continued

14. 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, except for money market investments and participating interest-earning investment contracts that have a maturity at purchase of one year or less, which are reported at cost.

15. Interfund Transactions

Transactions between combining units of the Agency are recorded as interfund transfers on the Combining Schedule of Revenues, Expenses and Changes in Net Position. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds. These amounts are eliminated for reporting in the enterprise fund financial statements.

16. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net investment in capital assets component of net position** – consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- **Restricted component of net position** – consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets.

- **Unrestricted component of net position** – the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted components of net position.

17. Budgetary Principles

The Agency adopts an annual budget, typically in December each year, to take effect January 1 the following year. The budget is subject to supplemental appropriations throughout its term in order to provide flexibility to meet changing needs and conditions. The Board approves all budget addition appropriations. Budget integration is employed as a management control device.

(2) Cash and Investments

Cash and investments as of December 31 are classified in the accompanying financial statements as follows:

		2023	2022
Cash and cash equivalents	$	39,936,578	28,565,695
Investments, current		3,243,256	2,657,111
Investments, non-current		6,338,631	6,431,844
Total	$	49,518,465	37,654,650

(2) Cash and Investments, continued

Cash and investments as of December 31 consist of the following:

		2023	2022
Cash on hand	$	2,168	700
Cash with fiscal agent		514	14,514
Deposits with financial institutions		7,035,531	3,111,704
Investments		42,480,252	34,527,732
Total	$	49,518,465	37,654,650

Investments Authorized by the California Government Code and the Agency's Investment Policy

The following table identifies the investment types that are authorized by the Agency in accordance with the California Government Code (or the Agency's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the Agency; rather, the table addresses the general provisions of the California Government Code or 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	No Limit	None
U.S. Treasury obligations	None	No Limit	None
State of California obligations	None	No Limit	None
Local Agency Investment Fund (LAIF)	N/A	$40,000,000	None
Banker's acceptances	180 days	40%	30%
Commercial paper - U.S. companies	270 days	25%	10%
Certificates of deposit	None	30%	None
Repurchase agreements	None	Per Government Code	
Medium term notes	5 years	30%	None
Money Market Mutual Funds	N/A	15%	None
Mortgage obligations	5 years	20%	None
Other investments as permitted by the California Government Code	N/A	Per Government Code	

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The custodial credit risk for *investments* is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

(2) Cash and Investments, continued

Custodial Credit Risk, continued

The California Government Code and the Agency's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% 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, 2023 and 2022, bank balances are federally insured up to $250,000. The remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Agency's name.

Investment in State Investment Pool

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

The pool portfolio is invested in a manner that meets the maturity, quality, diversification, and liquidity requirements set forth by GASB 79 for external investments pools that elect to measure, for financial reporting purposes, investments at amortized cost. LAIF does not have any legally binding guarantees of share values. LAIF does not impose liquidity fees or redemption gates on participant withdrawals.

Interest Rate Risk

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

As of December 31, 2023, the Agency's investments are scheduled to mature as follows:

		Remaining Maturity		
Investment Type	**Amount**	**12 Months or Less**	**13 to 24 Months**	**25-60 Months**
Local Agency Investment Fund	$ 30,399,780	30,399,780	-	-
Money market deposit account	90,416	90,416	-	-
Certificates of deposit	9,097,019	3,958,913	2,656,803	2,481,303
CalTrust Term Investment Funds	1,433,122	1,433,122		
U.S. Government bonds	1,200,525	-	969,192	231,333
U.S. Treasury securities	259,390	259,390	-	-
Total	$ 42,480,252	36,141,621	3,625,995	2,712,636

(2) Cash and Investments, continued

Interest Rate Risk, continued

As of December 31, 2022, the Agency's investments are scheduled to mature as follows:

		Remaining Maturity		
Investment Type	**Amount**	**12 Months or Less**	**13 to 24 Months**	**25-60 Months**
Local Agency Investment Fund	$ 22,924,117	22,924,117	-	-
Money market deposit account	210,844	210,844	-	-
Certificates of deposit	8,373,384	3,353,476	3,372,773	1,647,135
CalTrust Term Investment Funds	1,369,076	1,369,076		
U.S. Government bonds	1,401,830	238,375	-	1,163,455
U.S. Treasury securities	248,481	-	248,481	-
Total	$ 34,527,732	28,095,888	3,621,254	2,810,590

Credit Risk

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

Credit ratings as of December 31, 2023, were as follows:

Investment Type	**Amount**	**Minimum Legal Rating**	**Recognized Statistical Rating**
Local Agency Investment Fund	$ 30,399,780	N/A	N/A
Money market deposit account	90,416	N/A	N/A
Certificates of deposit	9,097,019 [1]	N/A	N/A
CalTrust Term Investment Funds	1,433,122	N/A	N/A
U.S. Government bonds	1,200,525	AA	AA+
U.S. Treasury securities	259,390	AAA	Aaa
Total	$ 42,480,252		

[1] No minimum legal rating exists for certificate of deposits if the investment is insured by the FDIC or fully collateralized.

(2) Cash and Investments, continued

Credit ratings as of December 31, 2022, were as follows:

Investment Type	Amount	Minimum Legal Rating	Recognized Statistical Rating
Local Agency Investment Fund	$ 22,924,117	N/A	N/A
Money market deposit account	210,844	N/A	N/A
Certificates of deposit	8,373,384 [1]	N/A	N/A
CalTrust Term Investment Funds	1,369,076	N/A	N/A
U.S. Government bonds	1,401,830	AA	AA+
U.S. Treasury securities	248,481	AAA	Aaa
Total	$ 34,527,732		

[1] No minimum legal rating exists for certificate of deposits if the investment is insured by the FDIC or fully collateralized.

Fair Value Hierarchy

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at December 31, 2023, are as follows:

		Fair Value Measurement at Reporting Date Using:		
Description	**December 31, 2023**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Certificates of deposit	$ 9,097,019	-	9,097,019	-
CalTrust Term Investment Funds	1,433,122	-	1,433,122	-
U.S. Government Bonds	1,200,525	-	1,200,525	-
U.S. Treasury Securities	259,390	-	259,390	-
Total investments measured at fair value	11,990,056	-	11,990,056	-
Local Agency Investment Fund	30,399,780			
Money market deposit account	90,416			
Total investments	$ 42,480,252			

(2) Cash and Investments, continued

Assets measured at fair value on a recurring basis, based on their fair value hierarchy at December 31, 2022, are as follows:

		Fair Value Measurement at Reporting Date Using:		
Description	**December 31, 2023**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Certificates of deposit	$ 8,373,384	-	8,373,384	-
CalTrust Term Investment Funds	1,369,076	-	1,369,076	-
U.S. Government Bonds	1,401,830	-	1,401,830	-
U.S. Treasury Securities	248,481	-	248,481	-
Total investments measured at fair value	11,392,771	-	11,392,771	-
Local Agency Investment Fund	22,924,117			
Money market deposit account	210,844			
Total investments	$ 34,527,732			

(3) Accounts Receivable

As of December 31, accounts receivable consists of the following:

	2023	2022
Water sales	$ 548,990	475,814
Sale of electricity	1,468,387	1,470,590
Total	$ 2,017,377	1,946,404

(4) Capital Assets

Changes in capital assets for 2023 were as follows:

	Balance 2022	Additions/ Transfers	Deletions/ Transfers	Balance 2023
Non-depreciable assets:				
Land, land rights and water rights	$ 2,138,103	227,880	-	2,365,983
Construction-in-process	75,098	405,306	(165,322)	315,082
FERC Relicensing	5,716,307	-	-	5,716,307
Total non-depreciable assets	7,929,508	633,186	(165,322)	8,397,372
Depreciable assets:				
Source of supply	149,899,771	611,154	(71,712)	150,439,213
Pumping plant	362,296	-	-	362,296
Transmission 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	124,445	-	-	124,445
Photovoltaic system	2,258,931	-	-	2,258,931
Recreational facilities	1,183,990	-	-	1,183,990
Total depreciable assets	225,227,999	1,608,463	(618,772)	226,217,690
Accumulated depreciation:				
Source of supply	(88,775,323)	(2,068,664)	(90,224)	(90,934,211)
Pumping plant	(342,085)	(4,255)	-	(346,340)
Transmission 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	(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	(126,129,361)	(4,268,024)	410,228	(129,987,157)
Total depreciable assets, net	99,098,638	(2,659,561)	(208,544)	96,230,533
Total capital assets, net	$ 107,028,146	(2,026,375)	(373,866)	104,627,905

Major depreciable capital asset additions during the year include additions to source of supply, transmission and distribution, and general plant and yard.

Depreciation expense for the year ended December 31, 2023, amounted to $4,268,024. Total depreciation expense was charged to the Agency's general fund and joint facilities fund amounting to $1,890,527 and $2,377,497, respectively.

(4) Capital Assets, continued

Changes in capital assets for 2022 were as follows:

	Balance 2021	Additions/ Transfers	Deletions/ Transfers	Balance 2022
Non-depreciable assets:				
Land, land rights and water rights	$ 2,138,103	-	-	2,138,103
Construction-in-process	35,991	458,609	(419,502)	75,098
FERC Relicensing	5,716,307	-	-	5,716,307
Total non-depreciable assets	7,890,401	458,609	(419,502)	7,929,508
Depreciable assets:				
Source of supply	149,423,665	476,106	-	149,899,771
Pumping plant	362,296	-	-	362,296
Transmission and distribution	57,447,190	53,471	-	57,500,661
General plant and yard	12,677,781	1,243,215	(23,091)	13,897,905
Tailwater depression	124,445	-	-	124,445
Photovoltaic system	2,258,931	-	-	2,258,931
Recreational facilities	1,183,990	-	-	1,183,990
Total depreciable assets	223,478,298	1,772,792	(23,091)	225,227,999
Accumulated depreciation:				
Source of supply	(86,849,728)	(1,925,595)	-	(88,775,323)
Pumping plant	(337,830)	(4,255)	-	(342,085)
Transmission and distribution	(23,325,021)	(1,399,104)	-	(24,724,125)
General plant and yard	(9,551,737)	(601,620)	23,091	(10,130,266)
Tailwater depression	(124,445)	-	-	(124,445)
Photovoltaic system	(946,210)	(59,379)	-	(1,005,589)
Recreational facilities	(1,000,191)	(27,337)	-	(1,027,528)
Total accumulated depreciation	(122,135,162)	(4,017,290)	23,091	(126,129,361)
Total depreciable assets, net	101,343,136	(2,244,498)	-	99,098,638
Total capital assets, net	$ 109,233,537	(1,785,889)	(419,502)	107,028,146

Major depreciable capital asset additions during the year include additions to source of supply, transmission and distribution, and general plant and yard.

Depreciation expense for the year ended December 31, 2022, amounted to $4,017,290. Total depreciation expense was charged to the Agency's general fund and joint facilities fund amounting to $1,898,692 and $2,118,598, respectively.

(5) Compensated Absences

Compensated absences comprise unpaid paid time off that accrues when benefits are fully vested and are determined annually. Compensated absences turn-over each year, therefore, the compensated absence balance of the Agency is recorded as a liability on the Statement of Net Position.

Changes in compensated absences for 2023 were as follows:

Balance 2022	Earned	Taken	Balance 2023	Current Portion	Long-term Portion
$ 1,734,720	156,471	(754,178)	1,137,013	454,805	682,208

Changes in compensated absences for 2022 were as follows:

Balance 2021	Earned	Taken	Balance 2022	Current Portion	Long-term Portion
$ 1,218,102	740,475	(223,857)	1,734,720	693,888	1,040,832

(6) Long-term Debt

The change in long-term debt for 2023 was as follows:

	Balance 2022	Additions/ Deletions	Principal Payments	Balance 2023	Current Portion	Long-term Portion
Certificate-of-participation:						
2016 Certificate of Participation	$ 23,760,000	-	(655,000)	23,105,000	675,000	22,430,000
Add: Unamortized premium	402,871	-	(16,904)	385,967	-	385,967
Total certificate-of-participation	24,162,871	-	(671,904)	23,490,967	675,000	22,815,967
Total long-term debt	24,162,871	-	(671,904)	23,490,967	675,000	22,815,967
Current portion	(655,000)			(675,000)		
Non-current portion	$ 23,507,871			22,815,967		

The change in long-term debt for 2022 was as follows:

	Balance 2021	Additions/ Deletions	Principal Payments	Balance 2022	Current Portion	Long-term Portion
Certificate-of-participation:						
2016 Certificate of Participation	$ 24,395,000	-	(635,000)	23,760,000	655,000	23,105,000
Add: Unamortized premium	419,775	-	(16,904)	402,871	-	402,871
Total certificate-of-participation	24,814,775	-	(651,904)	24,162,871	655,000	23,507,871
Loans payable:						
2019 Installment Purchase Agreement	4,202,255	-	(4,202,255)	-	-	-
Total loans payable	4,202,255	-	(4,202,255)	-	-	-
Total long-term debt	29,017,030	-	(4,854,159)	24,162,871	655,000	23,507,871
Current portion	(2,256,967)			(655,000)		
Non-current portion	$ 26,760,063			23,507,871		

(6) Long-term Debt, continued

2016 Certificate 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 remaining defeased bond refunding amount recorded as part of deferred outflows of resources of $23,055 in the statement of net position will be amortized over the remaining life of the 2016 Certificate of Participation debt. 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.

The loan bears interest ranging from 2% to 4%, with principal and interest payments due annually on April 1 of each year and matures on April 1, 2046.

Annual debt service requirements for the certificate-of-participation are as follows:

Year	Principal	Interest	Total
2024	$ 675,000	769,525	1,444,525
2025	695,000	749,275	1,444,275
2026	720,000	721,475	1,441,475
2027	750,000	692,675	1,442,675
2028	780,000	662,675	1,442,675
2029-2033	4,370,000	2,846,425	7,216,425
2034-2038	5,095,000	2,119,800	7,214,800
2039-2043	5,960,000	1,253,363	7,213,363
2044-2046	4,060,000	266,663	4,326,663
Total	23,105,000	10,081,876	33,186,876
Premium	385,967		
Current	(675,000)		
Non-current	$ 22,815,967		

2019 Installment Purchase Agreement

In May 2019, the Agency obtained a loan in the amount of $8,000,000 from a finance company to fund repayment of a loan from PG&E for the Sly Creek Dam Crest Modification and Lost Creek Dam Crest Modification projects. 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. The loan bears interest of 4.75%, with principal and interest payments due semi-annually on October 1 and April 1 of each year and matures on April 1, 2024. In 2022, the Agency paid the loan in full.

(7) Defined Benefit Pension Plan

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the Agency's 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 or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustment for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the Agency's CalPERS 3.0% at 60 and 2.0% at 60 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the Agency's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The Agency participates in the Plan's miscellaneous risk pool. The provisions and benefits for the Plan's miscellaneous pool in effect at December 31 2023, are summarized as follows:

	Classic	**PEPRA**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	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 employee contribution rates		
July 1 to December 31, 2023	7.81%	7.75%
January 1 to June 30, 2023	7.81%	6.75%
Required employer contribution rates		
July 1 to December 31, 2023	16.44%	7.68%
January 1 to June 30, 2023	14.53%	7.47%

(7) Defined Benefit Pension Plan, continued

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 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, 2023, the contributions recognized as part of pension expense for the Plan were as follows:

	2023
Contributions – employer	$ 1,513,417

As of December 31, 2023 and 2022, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	2023	2022
Proportionate share of net pension liability	$ 8,641,378	7,638,657

Net Pension Liability

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of December 31, 2023, the net pension liability of the Plan is measured as of June 30, 2023 (the measurement date). The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 (the valuation date), rolled forward to June 30, 2023, 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's miscellaneous risk pool as of the measurement dates June 30, 2023, was as follows:

	Proportionate Share
Proportion – June 30, 2021	0.03632 %
Increase in proportion	0.02981
Proportion – June 30, 2022	0.06613
Increase in proportion	0.00314
Proportion – June 30, 2023	0.06927 %

(7) Defined Benefit Pension Plan, continued

Deferred Outflows(Inflows) of Resources Related to Pensions

As of December 31, 2023 and 2022, the Agency reported $865,184, and $627,362, as deferred outflows of resources related to contributions subsequent to the measurement dates. Pension contributions subsequent to the measurement date for the year ended December 31, 2023 and 2022, will be recognized as a reduction of the net pension liability for the year ended December 31, 2024 and 2023, respectively.

As of December 31, 2023, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending December 31,	Deferred Net Outflows(Inflows) of Resources
2024	$ 954,803
2025	662,228
2026	1,088,561
2027	40,146

For the year ended December 31, 2023 and 2022, the Agency recognized pension expense of $1,694,535 and $1,197,242, respectively.

As of December 31, 2023, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
Description	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Pension contributions subsequent to the measurement date	$ 865,184	-	627,362	-
Differences between actual and expected experience	372,969	-	50,659	-
Changes in assumptions	521,719	-	782,740	-
Difference between actual contribution and proportionate share of contribution	-	(462,448)	-	(678,529)
Net difference between projected and actual earnings on plan investments	1,399,117	-	1,399,199	-
Net adjustment due to difference in proportions of net pension liability	914,381	-	1,256,120	-
Total	$ 4,073,370	(462,448)	4,116,080	(678,529)

(7) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 and 2022 actuarial valuations were determined using the following actuarial assumptions and methods:

Valuation Dates	June 30 2021 and 2022
Measurement Dates	June 30 2022 and 2023
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

* The mortality table was developed based on CalPERS specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to 2021 experience study report that can be found on the CalPERS website.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 42 through 44 for the Required Supplementary Information.

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. This discount rate is not adjusted for administrative expenses.

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

(7) Defined Benefit Pension Plan, continued

Discount Rate, continued

The table below reflects the expected real rates of return by asset class.

Asset Class	Assumed Asset Classification	Real Return 1-10[1,2]
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

[1] An expected inflation of 2.30% used for this period.

[2] Figures are based on the 2021-22 Asset Liability Management Study.

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 one-percentage point lower or one-percentage point higher than the current rate.

As of December 31, 2023, the Agency's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
District's net pension liability	$ 14,461,146	8,641,378	3,851,210

As of December 31, 2022, the Agency's net pension liability at the current discount rate, using a discount rate that is one-percentage point lower, and using a discount rate that is one-percentage point higher, are as follows:

	Discount Rate - 1% 5.90%	Current Discount Rate 6.90%	Discount Rate + 1% 7.90%
District's net pension liability	$ 13,083,744	7,638,657	3,158,701

(8) Other Post-Employment Benefits

General Information about the 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 and CalPERS, 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, PERSChoice 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).

Employee covered by benefit terms – On December 31, the following employees were covered by the benefit terms under the Plan:

	2023	2022
Participating active employees	55	54
Inactive employees or beneficiaries currently receiving benefit payments	54	48
Total plan membership	109	102

Contributions – The contribution requirements of Plan members and the Agency are established and may be amended by the Agency's Board of Directors. The Board establishes rates based on an actuarially determined rate. For the year ended December 31, 2023, the Agency's "pay as you go" cost of providing retiree health benefits amounted to $666,265.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Deferred Net Outflows/ (Inflows) of Resources
2024	$ 165,348
2025	(188,249)
2026	(204,073)
2027	249,910
2028	491,466
Remaining	-

(8) Other Post-Employment Benefits, continued

OPEB Expense and Deferred Outflows (Inflows) of Resources Related to OPEB

For the year ended December 31, 2023 and 2022, the Agency recognized OPEB expense of $1,113,783 and $634,478, respectively.

At December 31, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		2023		2022	
Description		**Deferred Outflows of Resources**	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$	1,251,489	-	1,126,833	(74,479)
Changes in assumptions		2,547,987	(3,285,074)	1,161,968	(4,340,277)
Total	$	3,799,476	(3,285,074)	2,288,801	(4,414,756)

Net OPEB Liability

The Agency's net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023.

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	December 31, 2023
Measurement Date	December 31, 2023
Actuarial cost method	Entry Age Normal cost method in accordance with the requirements of GASB Statement No. 75
Inflation	2.50% per annum
Salary increases	2.75% per annum
Healthcare trend rate	4.00% per annum
Discount rate	3.26% per year net of expenses, based on the Bond Buyer 20 Bond Index

Discount rate – In 2023 and 2022, The discount rate used to measure the total OPEB liability was 3.26% and 3.72%, net of expenses, respectively, which reflects the Agency's expectation of the long-term return on trust assets as of the measurement date. The projection of cash flows used to determine the discount rate assumed that liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

(8) Other Post-Employment Benefits, continued

Changes in the Net OPEB Liability

For the year ended December 31, 2023, the Agency's changes in the net OPEB liability are as follows:

		Increase (Decrease)	
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at beginning of year	$ 16,089,217	-	16,089,217
Changes during the year:			
Service cost	601,235	-	601,235
Interest	597,309	-	597,309
Contributions - employer	-	666,265	(666,265)
Experience (Gains)/Losses	558,048	-	558,048
Changes in assumptions	2,663,813	-	2,663,813
Benefit payments	(666,265)	(666,265)	-
Net changes	3,754,140	-	3,754,140
Balance at end of year	$ 19,843,357	-	19,843,357

Sensitivity of the net OPEB liability to changes in the discount rate

As of December 31, 2023, the following presents the net OPEB liability of the Agency, as well as what the Agency's net 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:

	Discount Rate - 1% 2.26%	Current Discount Rate 3.26%	Discount Rate + 1% 4.26%
District's net OPEB liability	$ 22,640,591	19,843,357	17,548,544

As of December 31, 2022, the following presents the net OPEB liability of the Agency, as well as what the Agency's net 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:

	Discount Rate - 1% 2.72%	Current Discount Rate 3.72%	Discount Rate + 1% 4.72%
District's net OPEB liability	$ 18,416,084	16,089,217	14,501,494

(8) Other Post-Employment Benefits, continued

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

As of December 31, 2023, the following presents the net OPEB liability of the Agency, as well as what the Agency's net 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:

		1% Decrease Healthcare Cost Trend 3.00%	Current Healthcare Cost Trend 4.00%	1% Increase Healthcare Cost Trend 5.00%
District's net OPEB liability	$	17,192,750	19,843,357	23,149,140

As of December 31, 2022, the following presents the net OPEB liability of the Agency, as well as what the Agency's net 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:

		1% Decrease Healthcare Cost Trend 3.00%	Current Healthcare Cost Trend 4.00%	1% Increase Healthcare Cost Trend 5.00%
District's net OPEB liability	$	13,878,432	16,089,217	18,649,064

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CalPERS financial report for CERBT.

Payable to the OPEB Plan

At December 31, 2023, the Agency reported no amounts outstanding as required contributions to CERBT.

(9) Deferred Compensation Savings Plan

For the benefit of its employees, the Agency participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the Agency is in compliance with this legislation. Therefore, these assets are not the legal property of the Agency and are not subject to claims of the Agency's general creditors. The Agency has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the Agency has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statements of net position. As of December 31, 2023 and 2022, the assets of all Agency deferred compensation savings plan totaled $8,513,041 and $7,769,370, respectively.

(10) Net Position

The balance at December 31, consists of the following:

	2023	2022
Net investment in capital assets:		
Capital assets, net	$ 104,627,905	107,028,146
Certificate-of-participation, current	(675,000)	(655,000)
Certificate-of-participation, non-current	(22,815,967)	(23,507,871)
Deferred loss on defeasance of debt	10,467	23,055
Total investment in capital assets	81,147,405	82,888,330
Unrestricted net position:		
Non-spendable net position:		
Prepaid expenses and other deposits	499,089	674,771
Materials and supplies inventory	1,356,036	1,359,465
Total non-spendable net position	1,855,125	2,034,236
Undesignated	25,924,464	15,153,710
Total unrestricted net position	27,779,589	17,187,946
Total net position	$ 108,926,994	100,076,276

(11) Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is a founding member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase the appropriate amount of insurance coverage. At December 31, 2023, the Agency participated in the liability and property programs of the ACWA/JPIA as follows:

- General liability: The general liability coverage is through ACWA/JPIA who purchases specific occurrence excess insurance from commercial excess, reinsurance carriers, or other pooling agencies. The arrangement with ACWA/JPIA is in substance a transfer of pooling (sharing) of risks among the participants in the ACWA/JPIA's programs. The Agency carries coverage of $5,000,000 for any one occurrence arising out of bodily injury, property damage, errors and omissions, personal injury, employment practices or any combination thereof.

(11) Risk Management

- Property: The property insurance coverage is as follows: 1) Buildings, personal property, fixed equipment, and unscheduled vehicle on premises with a deductible of $10,000; 2) Mobile equipment and vehicle with a deductible of $1,000; and 3) Boiler and machinery accidental breakdown with a 30-day deductible for turbine units and associated equipment, electrical generators, and electrical power distribution. ACWA/JPIA will reimburse the Agency for losses to scheduled property that is insured by the terms and conditions of the purchased insurance or reinsurance, less any applicable deductible. Business interruption coverage of $20,000,000 is carried by the Agency.
- Crime: Crime coverage includes public employee theft, depositor forgery or alteration, computer and funds transfer fraud up to $100,000 subject to a deductible of $1,000; Excess crime coverage include public employee dishonesty, forgery or alteration, computer fraud, faithful performance of duty, pension plans including ERISA, and impersonation fraud (sublimit of $250,000) up to $1,000,000, subject to a deductible of $100,000.

Coverage for workers' compensation is provided by the ACWA/JPIA. The Agency's coverage is as follows:

- Workers' compensation insurance coverage up to $2,000,000 per occurrence.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Agency's insurance coverage during the years ended December 31, 2023, 2022, and 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated, net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of December 31, 2023, 2022, and 2021.

(12) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the report date, that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 99

In April 2022, the GASB issued Statement No. 99 – *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied.

The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(12) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 100

In June 2022, the GASB issued Statement No. 100 – *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

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

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 101

In June 2022, the GASB issued Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

(12) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 102

In December 2023, the GASB issued Statement No. 102 – Certain Risk Disclosures. The primary objective of this Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

(13) Commitments and Contingencies

Grant Awards

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

Litigation

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

(14) Subsequent Events

Events occurring after December 31, 2023, have been evaluated for possible adjustment to the financial statements or disclosure as of May 30, 2024, which is the date the financial statements were available to be issued. The Agency is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

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Required Supplementary Information

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South Feather Water and Power Agency
Schedules of the Agency's Proportionate Share of the Net Pension Liability
As of December 31, 2023
Last Ten Years*

Description		Measurement Dates									
		6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's proportion of the net pension liability		0.06927%	0.06613%	0.03632%	0.05460%	0.05112%	0.04757%	0.04788%	0.04463%	0.04052%	0.04483%
District's proportionate share of the net pension liability	$	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	2,720,542
District's covered payroll	$	5,932,858	5,569,081	5,574,207	5,817,335	5,756,862	5,435,238	5,375,280	5,472,215	5,298,805	5,281,473
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll		145.65%	137.16%	35.24%	102.12%	91.00%	84.34%	88.33%	70.58%	52.49%	51.51%
Plan's fiduciary net position as a percentage of the total pension liability		76.21%	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	80.43%

Notes to the Schedules of the Agency's Proportionate Share of the Net Pension Liability

Changes in Benefit Terms

There were no changes to benefit terms that applied to all members of the Public Agency Pool. Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Change of Assumptions and Methods

In fiscal year 2023, there were no changes to actuarial assumptions or methods.

In fiscal year 2022, the accounting discount rate was reduced from 7.15% to 6.90%.

In fiscal year 2021, there were no changes to actuarial assumptions or methods.

The CalPERS Board of Administration adopted a new amortization policy effective with the June 30, 2019, actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. In fiscal year 2020, no changes have occurred to the actuarial assumptions in relation to financial reporting.

In fiscal year 2020, CalPERS implemented a new actuarial valuation software system for the June 30, 2018 valuation. This new system has refined and improved calculation methodology.

Notes to the Schedules of the Agency's Proportionate Share of the Net Pension Liability

Change of Assumptions and Methods, continued

In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period, and remained adjusted for administrative expenses.

* The Agency has presented information for those years for which information is available until a full 10- year trend is compiled.

South Feather Water and Power Agency
Schedules of Pension Plan Contributions
As of December 31, 2023
Last Ten Years*

Description		Year Ended									
		12/31/2023	12/31/2022	12/31/2021	12/31/2020	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
Actuarially determined contribution	$	1,513,417	1,440,631	1,110,616	1,064,159	970,912	861,704	801,403	596,806	729,747	431,342
Contributions in relation to the actuarially determined contribution		(1,513,417)	(1,440,631)	(1,110,616)	(1,064,159)	(970,912)	(861,704)	(801,403)	(596,806)	(729,747)	(431,342)
Contribution deficiency (excess)	$	-	-	-	-	-	-	-	-	-	-
District's covered payroll	$	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	5,382,338
Contribution's as a percentage of covered-employee payroll		30.84%	23.78%	19.33%	18.05%	16.15%	14.61%	13.72%	11.10%	13.20%	8.01%

Notes to the Schedules of Pension Plan Contributions

* The Agency has presented information for those years for which information is available until a full 10-year trend is compiled.

South Feather Water and Power Agency
Schedules of Changes in Net OPEB Liability and Related Ratios
As of December 31, 2023
Last Ten Years*

	2023	2023	2022	2021	2020	2019
Total OPEB Liability						
Service cost	$ 601,235	861,840	679,864	660,062	591,746	574,511
Interest	597,309	403,477	388,005	446,009	366,632	421,918
Differences between expected and actual experience	558,048	(3,998,299)	1,732,722	89,656	(372,399)	-
Changes of assumptions	2,663,813	-	(1,042,819)	1,678,351	2,453,153	(1,034,125)
Benefit payments	(666,265)	(666,265)	(462,951)	(506,488)	(400,584)	(379,032)
Net change in total OPEB liability	3,754,140	(3,399,247)	1,294,821	2,367,590	2,638,548	(416,728)
Total OPEB liability, beginning of year	16,089,217	19,488,464	18,193,643	15,826,053	13,187,505	13,604,233
Total OPEB liability, end of year (a)	$ 19,843,357	16,089,217	19,488,464	18,193,643	15,826,053	13,187,505
Plan fiduciary net position						
Contributions - employer	$ 666,265	666,265	462,951	506,488	400,584	379,032
Benefit payments	(666,265)	(666,265)	(462,951)	(506,488)	(400,584)	(379,032)
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position, beginning of year	-	-	-	-	-	-
Plan fiduciary net position, end of year (b)	-	-	-	-	-	-
Net OPEB liability - ending (a) - (b)	$ 19,843,357	16,089,217	19,488,464	18,193,643	15,826,053	13,187,505
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered - payroll	4,907,811	6,058,398	5,745,226	5,896,357	6,012,159	5,897,229
Net OPEB liability as a percentage of covered-payroll	404.32%	265.57%	339.21%	308.56%	263.23%	223.62%

Notes to the Schedules of Changes in Net OPEB Liability and Related Ratios

The Agency contributes on an ad hoc basis, but in amount sufficient to fully fund the obligation over a period not to exceed 25 years.

* The Agency has presented information for those years for which information is available until a full 10-year trend is compiled

Supplemental Information

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South Feather Water and Power Agency
Combining Schedule of Net Position
December 31, 2023

		General Fund	Joint Facilities Operating Fund	Total
Current assets:				
Cash and cash equivalents	$	75,959	39,860,619	39,936,578
Investments		2,210,082	1,033,174	3,243,256
Accounts receivable		548,990	1,468,387	2,017,377
Due from other government agencies		-	173,761	173,761
Property tax receivable		439,683	-	439,683
Accrued interest receivable		356,052	-	356,052
Prepaid expenses and other deposits		260,683	238,406	499,089
Materials and supplies inventory		716,201	639,835	1,356,036
Total current assets		4,607,650	43,414,182	48,021,832
Non-current assets:				
Investments		2,271,733	4,066,898	6,338,631
Capital assets – not being depreciated		1,102,051	7,295,321	8,397,372
Capital assets – being depreciated, net		36,824,814	59,405,719	96,230,533
Total non-current assets		40,198,598	70,767,938	110,966,536
Total assets		44,806,248	114,182,120	158,988,368
Deferred outflows of resources:				
Deferred pension outflows		2,689,968	1,383,402	4,073,370
Deferred OPEB outflows		2,217,921	1,581,555	3,799,476
Deferred loss on defeasance of debt		10,467	-	10,467
Total deferred outflows of resources	$	4,918,356	2,964,957	7,883,313

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South Feather Water and Power Agency
Combining Schedule of Net Position, continued
December 31, 2023

	General Fund	Joint Facilities Operating Fund	Total
Current liabilities:			
Accounts payable and accrued expenses	$ 223,543	401,109	624,652
Accrued payroll and employee benefits	188,708	-	188,708
Accrued interest payable	192,381	-	192,381
Customer deposits	78,709	-	78,709
Long-term liabilities – due in one year:			
Compensated absences	246,445	208,360	454,805
Certificate-of-participation	675,000	-	675,000
Total current liabilities	1,604,786	609,469	2,214,255
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences	369,668	312,540	682,208
Certificate-of-participation	22,815,967	-	22,815,967
Net pension liability	5,031,343	3,610,035	8,641,378
Other post-employment benefit liability	11,588,957	8,254,400	19,843,357
Total non-current liabilities	39,805,935	12,176,975	51,982,910
Total liabilities	41,410,721	12,786,444	54,197,165
Deferred inflows of resources:			
Deferred pension inflows	244,625	217,823	462,448
Deferred OPEB inflows	2,108,471	1,176,603	3,285,074
Total deferred inflows of resources	2,353,096	1,394,426	3,747,522
Net position:			
Net investment in capital assets	14,446,365	66,701,040	81,147,405
Unrestricted	(8,485,578)	36,265,167	27,779,589
Total net position	$ 5,960,787	102,966,207	108,926,994

South Feather Water and Power Agency
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2023

	General Fund	Joint Facilities Operating Fund	Total
Operating revenues:			
Domestic water sales	$ 2,583,523	-	2,583,523
Irrigation water sales	265,333	-	265,333
Outside water sales	217,778	2,341,800	2,559,578
Sale of electricity	2,633,117	22,665,380	25,298,497
Miscellaneous charges	291,874	18,281	310,155
Total operating revenues	5,991,625	25,025,461	31,017,086
Operating expenses:			
Source of supply	17,189	-	17,189
Water treatment	1,956,909	-	1,956,909
Transmission and distribution	2,185,418	-	2,185,418
Customer account	1,037,009	-	1,037,009
Environmental health and safety	257,931	398,082	656,013
Plant operations	1,276,073	7,370,847	8,646,920
General and administrative	2,580,742	2,895,055	5,475,797
Total operating expenses	9,311,271	10,663,984	19,975,255
Operating (loss) income before depreciation expense	(3,319,646)	14,361,477	11,041,831
Depreciation expense	(1,890,527)	(2,377,497)	(4,268,024)
Operating (loss) income	(5,210,173)	11,983,980	6,773,807
Non-operating revenues(expenses), net:			
Property taxes	846,097	-	846,097
Investment earnings	66,512	1,185,508	1,252,020
Unrealized gain on investments	-	472,641	472,641
Gain from sale of capital assets	22,921	40,231	63,152
Interest expense – long-term debt	(768,989)	-	(768,989)
Transfers in (out)	2,976,223	(2,976,223)	-
Other non-operating revenues, net	144,909	5,999	150,908
Total non-operating revenues (expenses), net	3,287,673	(1,271,844)	2,015,829
Net (loss) income before capital contributions	(1,922,500)	10,712,136	8,789,636
Capital contributions:			
Capital grants:			
System capacity charges	61,082	-	61,082
Total capital contributions	61,082	-	61,082
Changes in net position	(1,861,418)	10,712,136	8,850,718
Net position, beginning of the year	7,822,205	92,254,071	100,076,276
Net position, end of year	$ 5,960,787	102,966,207	108,926,994

South Feather Water and Power Agency
Combining Schedule of Net Position
December 31, 2022

	General Fund	Joint Facilities Operating Fund	Total
Current assets:			
Cash and cash equivalents	$ 330,409	28,235,286	28,565,695
Investments	2,026,413	630,698	2,657,111
Accounts receivable	475,814	1,470,590	1,946,404
Due from other government agencies	-	173,761	173,761
Property tax receivable	427,564	-	427,564
Accrued interest receivable	155,404	-	155,404
Prepaid expenses and other deposits	498,312	176,459	674,771
Materials and supplies inventory	719,402	640,063	1,359,465
Total current assets	4,633,318	31,326,857	35,960,175
Non-current assets:			
Investments	2,233,958	4,197,886	6,431,844
Capital assets – not being depreciated	1,068,501	6,861,007	7,929,508
Capital assets – being depreciated, net	38,311,222	60,787,416	99,098,638
Total non-current assets	41,613,681	71,846,309	113,459,990
Total assets	46,246,999	103,173,166	149,420,165
Deferred outflows of resources:			
Deferred pension outflows	2,717,303	1,398,777	4,116,080
Deferred OPEB outflows	1,251,089	1,037,712	2,288,801
Deferred loss on defeasance of debt	23,055	-	23,055
Total deferred outflows of resources	$ 3,991,447	2,436,489	6,427,936

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South Feather Water and Power Agency
Combining Schedule of Net Position, continued
December 31, 2022

		General Fund	Joint Facilities Operating Fund	Total
Current liabilities:				
Accounts payable and accrued expenses	$	232,412	407,308	639,720
Accrued payroll and employee benefits		97,758	62,820	160,578
Accrued interest payable		197,294	-	197,294
Customer deposits		52,913	2,570	55,483
Long-term liabilities – due in one year:				
Compensated absences		353,080	340,808	693,888
Certificate-of-participation		655,000	-	655,000
Loans payable		-	-	-
Total current liabilities		1,588,457	813,506	2,401,963
Non-current liabilities:				
Long-term liabilities – due in more than one year:				
Compensated absences		529,620	511,212	1,040,832
Certificate-of-participation		23,507,871	-	23,507,871
Net pension liability		4,389,602	3,249,055	7,638,657
Other post-employment benefit liability		9,186,307	6,902,910	16,089,217
Total non-current liabilities		37,613,400	10,663,177	48,276,577
Total liabilities		39,201,857	11,476,683	50,678,540
Deferred inflows of resources:				
Deferred pension inflows		382,917	295,612	678,529
Deferred OPEB inflows		2,831,467	1,583,289	4,414,756
Total deferred inflows of resources		3,214,384	1,878,901	5,093,285
Net position:				
Net investment in capital assets		15,239,907	67,648,423	82,888,330
Unrestricted		(7,417,702)	24,605,648	17,187,946
Total net position	$	7,822,205	92,254,071	100,076,276

South Feather Water and Power Agency
Combining Schedule of Revenues, Expenses, and Changes in Net Position
December 31, 2022

	General Fund	Joint Facilities Operating Fund	Total
Operating revenues:			
Domestic water sales	$ 2,498,469	-	2,498,469
Irrigation water sales	285,814	-	285,814
Outside water sales	207,653	-	207,653
Sale of electricity	1,961,433	17,722,913	19,684,346
Miscellaneous charges	188,377	54,088	242,465
Total operating revenues	5,141,746	17,777,001	22,918,747
Operating expenses:			
Source of supply	16,536	-	16,536
Water treatment	2,013,276	-	2,013,276
Transmission and distribution	2,224,457	-	2,224,457
Customer account	1,186,876	-	1,186,876
Environmental health and safety	232,698	348,485	581,183
Plant operations	1,323,635	8,883,815	10,207,450
General and administrative	2,515,301	2,763,752	5,279,053
Total operating expenses	9,512,779	11,996,052	21,508,831
Operating (loss) income before depreciation expense	(4,371,033)	5,780,949	1,409,916
Depreciation expense	(1,898,692)	(2,118,598)	(4,017,290)
Operating (loss) income	(6,269,725)	3,662,351	(2,607,374)
Non-operating revenues(expenses), net:			
Property taxes	781,134	-	781,134
Investment earnings	(396,797)	-	(396,797)
Unrealized gain on investments	-	36,319	36,319
Gain from sale of capital assets	-	1,000	1,000
Interest expense – long-term debt	(789,686)	(151,925)	(941,611)
Transfers in (out)	7,257,518	(7,257,518)	-
Other non-operating revenues, net	176,377	80,181	256,558
Total non-operating revenues (expenses), net	7,028,546	(7,291,943)	(263,397)
Net income (loss) before capital contributions	758,821	(3,629,592)	(2,870,771)
Capital contributions:			
Capital grants:			
Federal	-	3,276	3,276
System capacity charges	163,585	-	163,585
Total capital contributions	163,585	3,276	166,861
Changes in net position	922,406	(3,626,316)	(2,703,910)
Net position, beginning of the year	6,899,799	95,880,387	102,780,186
Net position, end of year	$ 7,822,205	92,254,071	100,076,276

South Feather Water and Power Agency
Debt Service Coverage Ratios
Years Ended December 31, 2023 and 2022

		2023	2022
Revenues:			
Operating revenues	$	31,017,086	22,918,747
Investment returns		1,252,020	(396,797)
Property taxes		846,097	781,134
Gain from sale of capital assets		63,152	1,000
Miscellaneous revenues		191,323	357,547
Total revenues		33,369,678	23,661,631
Expenses			
Source of supply		17,189	16,536
Water treatment		1,956,909	2,013,276
Transmission and distribution		2,185,418	2,224,457
Customer account		1,037,009	1,186,876
Environmental health and safety		656,013	581,183
Plant operations		8,646,920	10,207,450
General and administrative		3,291,943	3,182,031
Miscellaneous expenses		40,413	100,988
Total expenses		17,831,814	19,512,797
Net revenues available for debt service		15,537,864	4,148,834
Actual Debt Service Payments			
2016 Certificates of Participation, principal		655,000	635,000
2016 Certificates of Participation, interest		789,175	808,225
Total Actual Debt Service Payments	$	1,444,175	1,443,225
Debt Service Coverage Ratio		**10.76**	**2.87**
Required Debt Service Ratio Greater Than		**1.25**	**1.25**

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Report on Internal Controls and Compliance

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C.J. Brown & Company CPAs
An Accountancy Corporation

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the South Feather Water and Power Agency (Agency), which comprise the statements of net position as of December 31, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated May 30, 2024.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Agency's internal control over financial reporting (internal control) to determine the audit 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. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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*.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on the Audits of Financial Statements Performed in Accordance with *Government Auditing Standards,* continued

Purpose of this Report

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

C.J. Brown & Company, CPAs

C.J. Brown & Company, CPAs
Cypress, California
May 30, 2024