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MILLVIEW COUNTY WATER DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

MILLVIEW COUNTY WATER DISTRICT  
FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

TABLE OF CONTENTS

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Independent Auditor's Report	3
Financial Statements	
Statement of Net Position	5
Statement of Activities And Changes in Net Position	7
Statement of Cash Flows	8
Notes to the Financial Statements	10

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Board of Directors

Millview County Water District

Ukiah, CA 95482

**Independent Auditor's Report**

**Qualified Opinions**

I have audited the accompanying financial statements of the business-type activities Millview County Water District as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Millview County Water District's basic financial statements as listed in the table of contents.

In my opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Millview County Water District as of June 30, 2024 and 2023 and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Qualified Opinion**

Management has not adopted GASB Statement 68 "Accounting and Financial Reporting of Pension Plans," and amendments to GASB 68". Accounting principles generally accepted in the United States of America require that Deferred Inflows/Outflows and Adjusted Pension Expense be recorded currently which would increase the assets and liabilities and change the pension expense. The effect on Deferred Inflows/Outflows and payroll and employee benefits expenses has not been determined. See Footnote 4 for more detail.

**Basis for Opinions**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Millview County Water District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

**Responsibilities of Management for the Financial Statements**

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my 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, I:

- 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 Millview County Water District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Millview County Water District's ability to continue as a going concern for a reasonable period of time.

I am 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**

The District has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. My opinions on the basic financial statements are not affected by this missing information.



Michael A Celentano  
Certified Public Accountant

October 7, 2024

MILLVIEW COUNTY WATER DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2024 AND 2023

ASSETS

	<u>2024</u>	<u>2023</u>
<u>Current Assets</u>		
Cash in bank - Note 2	\$ 36,553	\$ 440,894
Accounts receivable	157,375	173,651
Investments - Note 2	3,351,536	3,142,020
Inventory - meters	84,530	
Prepaid expenses	<u>1,601</u>	<u>2,621</u>
Total Current Assets	3,631,595	3,759,186
<u>Non Current Assets</u>		
Restricted for capital improvements and loan reserves		
Cash in banks - Note 2	885,222	2,303,580
Investments - Note 2	1,033,055	103,376
Intangible assets - Note 3	<u>1,530,989</u>	<u>1,556,197</u>
Total Non Current Assets	3,449,266	3,963,153
<u>Capital Assets - Note 5</u>	<u>8,630,997</u>	<u>8,153,161</u>
Total Assets	<u>\$ 15,711,858</u>	<u>\$ 15,875,500</u>

The accompanying notes are an integral part of these statements

MILLVIEW COUNTY WATER DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2024 AND 2023

<u>LIABILITIES</u>	<u>2024</u>	<u>2023</u>
<u>Current Liabilities</u>		
Accounts payable	\$ 109,877	\$ 95,702
Refundable customer deposits	54,994	54,659
Interest Payable	21,307	21,735
Current portion of long term debt	<u>58,000</u>	<u>57,000</u>
Total Current Liabilities	<u>244,178</u>	<u>229,096</u>
Long Term Liabilities		
Loan Payable - Note 6	2,841,000	2,898,000
Less: current portion shown above	(58,000)	(57,000)
Net Pension Liabilities - Note 7	<u>286,982</u>	<u>259,165</u>
Total Long Term Liabilities	<u>3,069,982</u>	<u>3,100,165</u>
Total Liabilities	<u>3,314,160</u>	<u>3,329,261</u>
<u>Net Position</u>		
Net investment in capital assets	5,789,997	5,255,161
Restricted for capital improvements - non expendable	1,818,387	2,245,313
Loan reserves	99,890	99,890
Unrestricted	<u>4,689,424</u>	<u>4,945,875</u>
Total Net Position	<u>\$ 12,397,698</u>	<u>\$ 12,546,239</u>

The accompanying notes are an integral part of these statements

MILLVIEW COUNTY WATER DISTRICT  
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Operating Revenues</u>		
Water sales	\$ 1,239,755	\$ 1,235,336
Other operating income	55,021	26,679
Connection fees	<u>-</u>	<u>-</u>
Total Operating Revenue	1,294,776	1,262,015
<u>Operating Expenses</u>		
Source of supply	295,124	201,038
Water treatment	323,930	212,591
Transmission and distribution	120,236	79,944
Customer accounts	19,278	13,862
Administration and general	710,552	693,961
Depreciation and amortization	<u>324,446</u>	<u>300,903</u>
Total Operating Expenses	1,793,566	1,502,299
Operating Income	(498,790)	(240,284)
<u>Non-Operating Revenues (Expenses)</u>		
Interest income	140,371	75,477
Capital improvement assessments	445,103	418,419
Other non operating revenue	16,526	102,817
Change in actuarial assumptions/interest expense	(41,707)	(166,603)
(Loss) on disposition if capital asset	(167,429)	
Interest expense	<u>(42,615)</u>	<u>(43,470)</u>
Total Non-Operating Revenues (Expenses)	350,249	386,640
Net Income	(148,541)	146,356
<u>Net Assets, Beginning of Year</u>	<u>12,546,239</u>	<u>12,399,883</u>
<u>Net Assets, Ending of Year</u>	<u>\$ 12,397,698</u>	<u>\$ 12,546,239</u>

The accompanying notes are an integral part of these statements

MILLVIEW COUNTY WATER DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Cash Flows From Operating Activities</u>		
Cash received from customers	\$ 1,311,052	\$ 1,258,808
Payments to suppliers for goods and services	(979,683)	(663,579)
Payments to employees and related items	<u>(558,772)</u>	<u>(536,174)</u>
Net Cash Provided by Operating Activities	(227,403)	59,055
<u>Cash Flows From Non-Capital Financing Activities</u>		
Increase in customer deposits	335	611
Other non operating revenue	<u>16,526</u>	<u>102,817</u>
Net Cash Provided (Used) From Non-Capital Financing Activities	16,861	103,428
<u>Cash Flows From Capital Financing Activities</u>		
Capital improvement assessments	445,103	418,419
Principal payments	(57,000)	(57,000)
Interest payments	(43,043)	(43,890)
Payments for property and equipment	<u>(944,503)</u>	<u>(79,145)</u>
Net Cash Provided (Used) From Capital Financing Activities	(599,443)	238,384
<u>Cash Flows From Investing Activities</u>		
Short-term investments, net	(1,139,195)	(74,254)
Interest received	140,371	75,477
Payment of unfunded pension liability	<u>(13,890)</u>	<u>(27,667)</u>
Net Cash Provided (Used) From Investing Activities	<u>(1,012,714)</u>	<u>(26,444)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,822,699)	374,423
<u>Cash - Beginning of Year</u>	<u>2,744,474</u>	<u>2,370,051</u>
<u>Cash - Ending of Year</u>	<u>\$ 921,775</u>	<u>\$ 2,744,474</u>
<u>Interest Paid</u>	<u>\$ 44,043</u>	<u>\$ 43,890</u>

The accompanying notes are an integral part of these statements



MILLVIEW COUNTY WATER DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

Reconciliation of Operating Income to Net

<u>Cash Provided by Operating Activities</u>	<u>2024</u>	<u>2023</u>
Operating income (loss)	\$ (498,790)	\$ (240,284)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	299,238	275,751
Amortization	25,208	25,152
(Increase) decrease in current assets:		
Accounts receivable	16,276	(3,207)
Inventory - meters	(84,530)	
Prepaid expenses	1,020	(1,781)
Increase (decrease) in current liabilities		
Accounts payable	14,175	3,424
Net Cash Provided by Operating Activities	<u>\$ (227,403)</u>	<u>\$ 59,055</u>

The accompanying notes are an integral part of these statements

MILLVIEW COUNTY WATER DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The District was formed in 1956 under the provisions of the Water Code for the State of California. The District operates under a board of directors' form of government and is considered an independent local government unit. Members of the Board of Directors are elected officials.

The District provides water services to residents and businesses within the District boundaries. The District's boundaries include a significant portion of the northerly part of the Ukiah Valley which is located in the County of Mendocino. The District's financial statements include the accounts of all District operations.

Accounting Policies

The District's accounting and reporting policies conform to the generally accepted accounting principles accepted in the United States of America (GAAP) as applicable to proprietary funds of government agencies

The following is a summary of the more significant policies:

Basis of Presentation

The statement of Net Position and Statement of Activities display information about the reporting District as a whole.

The District is comprised of only one fund, the Enterprise Fund. Enterprise funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flows. All assets and liabilities are included on the Statement of Net Position.

Basis of Accounting

The District Statement of Net Position and Statement of Activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, asset and liabilities resulting from an exchange are recognized when the exchange takes place.

When an expense is incurred for the purpose for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

#### Budget

The annual budget is prepared in accordance with the basis of accounting utilized by the District. The budget is amended from time-to-time as the need arises and is approved by the Board of Directors. The budget is not legally required and therefore budget to actual information has not been presented.

#### Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers operating and restricted cash balances purchased with maturities of less than ninety days to be cash and cash equivalents.

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments are stated at fair value, based on quoted market values.

#### Deposits and Investments

It is the District's policy for deposits and investments to either be insured by the FDIC or collateralized. The District's deposits and investments are categorized to give an indication of the level of risk assumed by the District as of June 30, 2024 and 2023. The categories are described as follows:

- Category 1     Insured, registered or collateralized, with securities held by the entity or its agent in the entity's name.
- Category 2     Uninsured and unregistered or collateralized, with securities held by the counter party's trust department or agent in the entity's name.
- Category 3     Uninsured and unregistered, or uncollateralized, with securities held by the counter party, or its trust department or agent but not held in the entity's name.

Deposits and investments as of June 30, 2024 and 2023 consisted of Category 1 type only.

#### Accounts Receivables

Accounts receivable represent amounts owed the District by its customers. The District has adopted stringent collection and water shut-off policies which

minimize uncollectible accounts. No allowance for doubtful accounts is made because management believes almost all accounts are collectible and any allowance would be immaterial for financial statement presentation. Accounts deemed uncollectible are expensed when recognized and assigned to a collection agency for potential recovery.

#### Investment Policy

It is the policy of the District to invest funds in a manner that will provide the highest return with maximum security while still meeting the daily cash flow demands of the District. All investments must conform to the requirements of California Government Code Sections 5921 and 53601. All investments are in the form of Inactive Public Deposits or Certificates of Deposit and the balances indicated on the balance sheet as investments, restricted and unrestricted, approximate market value.

#### Investments

Surplus funds are invested by the District in a pooled money investment account held with the State of California in the Local Agency Investment Fund (LAIF). The funds held at LAIF are invested in accordance with Government Code Section 16430 and 16480. The LAIF account is internally allocated between restricted funds and funds reserved by the District for special purposes and general operations.

#### Estimates

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

#### Risk Management

The District is exposed to various risks of loss related to torts, theft to, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District carries insurance for all risks. Settled claims resulting from these risks have not exceeded insurance coverage in the past three years.

#### Capital Assets

Capital assets are valued at historical cost or at an estimate of their historical cost, if actual historical cost is not available. Donated assets are valued to their estimated fair value on the date donated. Assets with a value of \$1,000 or less are expensed in the year acquired.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation of all exhaustible fixed assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported on Proprietary Fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Building and improvements	10-25 years
Transmission and distribution	3-50 years
General plant assets	5-10 years

#### Proprietary Fund Financial Statements

The District has a sole fund which is considered a proprietary fund.

Proprietary Fund Financial Statements include a Statement of Net Position, A Statement of Activities and Changes in Net Position, and a Statement of Cash Flows for each proprietary fund.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Activities and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

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

#### Net Position

Net Position are classified into three components: 1) invested in capital assets, 2) restricted for debt services, and 3) unrestricted. These classifications are defined as follows:

Net invested in capital assets– This component of net position consists of

capital assets, net of accumulated depreciation and reduced by outstanding debt related to financing the acquisition of capital assets.

Restricted for debt service -- This component of net position consists of cash and investments that are restricted for debt service pursuant to debt service covenants.

Unrestricted net position -- This component of net position consists of net position that does not meet the definitions of "restricted for debt service" or "invested in capital assets."

Note 2 - Cash

As of June 30, 2024 and 2023 cash consisted as follows:

	<u>2024</u>	<u>2023</u>
Cash		
General operations	\$ 36,303	\$ 440,894
Savings & certificates of deposit	<u>885,222</u>	<u>2,303,580</u>
	921,525	2,744,474
Allocated to restricted assets	<u>885,222</u>	<u>2,303,580</u>
Total Cash	<u>\$ 36,303</u>	<u>\$ 440,894</u>
Investments		
LAIF	\$ 4,384,841	\$3,245,396
Allocated to restricted assets	<u>1,033,055</u>	<u>103,376</u>
Total Investments	<u>\$ 3,351,536</u>	<u>\$3,142,020</u>

As of June 30, 2024 and 2023, the District's deposits with financial institutions were \$662,737 and \$2,475,450 in excess of federal depository insurance limits, respectively. The deposits approximate fair market value.

State law requires uninsured deposits of public agencies to be secured by certain state approved investment securities. The District's deposits are secured as part of an undivided collateral pool covering all public deposits with the financial institution. The market value of the pool must be equal to at least 110% of the total public deposits held by the financial institutions.

The District participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. The account is similar to a money market account. The funds deposited in LAIF are invested in accordance with Government Code Sections 16430 and 16480, the stated investment

authority for the pooled money investment account. LAIF has stated that it has not invested in, nor will it invest in, derivative products as defined in general accounting definitions #1 and #2. LAIF issues a separate comprehensive annual financial report. Copies of LAIF's annual report may be obtained from the Local Agency Investment Fund, P.O. Box 942809, Sacramento, CA 94209-0001.

The District's investments have a risk category of "uncategorized" which represents investments in pools where the District's investments are not evidenced by specific identifiable securities.

Note 3 - Intangible Assets

The following is a summary of intangible assets for the fiscal year ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Water Rights – Hill – Gomes (Negotiations in progress)	\$1,530,989	\$1,530,989
Water Master Plan – Net of amortization	<u>0</u>	<u>25,208</u>
	<u>\$1,530,989</u>	<u>\$1,556,197</u>

Amortization expense of \$25,208 and \$25,182 were recorded operating expense for the years ended June 30, 2024 and 2023, respectively.

Note 4 - Restricted Assets

The District has established a separate bank account and an allocation of its investment account to hold funds it has collected for capital improvement projects and resulting debt payments. These funds are restricted and not considered available for normal operations. The sources of these funds are from: ongoing monthly assessments to its customers, facility reserve fees, loan reserve and interest income. The monthly assessments or capital improvement assessments are equal to \$1.50 per 1,000 gallons of water sold to all customers except Calpella County Water District. Facility reserve fees, as required under regulations, are to be used only for facility improvements and are assessed to new water hook-ups. Each capital improvement project is approved by the Board of Directors along with the source of funding being from either operating or restricted funds.

The loan reserve is for the USDA Rural Loan Service which is equal to one year's loan payment including interest.

Note 5 - Capital Assets

The following is a summary of the changes in capital assets for the fiscal year:

	Balance <u>7/1/23</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6/30/24</u>
Land & land rights	\$ 3,366,807	\$		\$ 3,366,807
Office building and improvements	3,061			3,061
Treatment plant	2,371,905			2,371,905
Distribution system	8,550,840	962,763		9,513,603
Equipment and vehicles	50,000			50,000
Construction in progress	<u>216,379</u>	<u>30,799</u>	<u>(216,488)</u>	<u>30,690</u>
Total cost	14,558,992	993,562	(216,488)	15,336,066
Less accumulated depreciation	<u>(6,405,831)</u>	<u>(299,238)</u>		<u>(6,705,069)</u>
Net Book Value	<u>\$ 8,153,161</u>	<u>\$ 694,324</u>	<u>\$(216,488)</u>	<u>\$ 8,630,997</u>

  

	Balance <u>7/1/22</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6/30/23</u>
Land & land rights	\$ 3,366,807	\$		\$ 3,366,807
Office building and improvements	3,061			3,061
Treatment plant	2,371,905			2,371,905
Distribution system	8,490,597	60,243		8,550,840
Equipment and vehicles	50,000			50,000
Construction in progress	<u>197,477</u>	<u>18,902</u>	<u>0</u>	<u>216,379</u>
Total cost	14,479,847	79,145	0	14,558,992
Less accumulated depreciation	<u>(6,130,080)</u>	<u>(275,751)</u>		<u>(6,405,831)</u>
Net Book Value	<u>\$ 8,349,767</u>	<u>\$ ( 196,606)</u>	<u>\$ 0</u>	<u>\$ 8,153,161</u>

Depreciation expense of \$299,238 and \$275,751 were recorded as operating expense for the years ended June 30, 2024 and 2023, respectively.



Note 6 - Loan Payable – Rural Utility Service

The Loan payable is from the 2000 Water System Improvement Project funds which is a service of the USDA Rural Utility Service. The original loan was for \$3,000,000. Interest at the rate of 1.5% per annum is payable each year on the first day of January and the first day of July. Principal is due on the first day of July.

The District must establish a separate debt service reserve in the amount at least equal to the average annual loan installment (\$99,890). This reserve will be accumulated at the rate of at least one-tenth of that average installment each year until the required level is reached. This reserve shall be maintained at least at the required level for life of the loan.

Future loan service requirements are as follows:

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>
6/30/25	\$ 58,000	\$ 42,180
6/30/26	59,000	41,303
6/30/27	60,000	40,410
6/30/28	61,000	39,503
6/30/29	62,000	38,580
6/30/30-34	321,000	178,658
6/30/35-39	345,000	153,713
6/30/40-44	375,000	126,713
6/30/45-49	403,000	97,583
6/30/50-54	433,000	66,233
6/30/55-59	467,000	32,483
6/30/60-61	<u>197,000</u>	<u>2,963</u>
Totals	<u>\$ 2,841,000</u>	<u>\$ 860,322</u>

Interest expense of \$42,615 and \$43,470 was incurred and recorded as a non-operating expense for the year ended June 30, 2024 and 2023, respectively

Note 7 - Changes in Long Term Debt

The following is a summary of long term debt for the year ended June 30, 2024:

Type of Debt	Balance 07/01/23	Additions	Reductions	Balance 06/30/24	Due Within One Year
USDA- RUS	\$ 2,898,000	\$ 0	\$ 57,000	\$ 2,841,000	\$ 58,000
	<u>\$ 2,898,000</u>	<u>\$ 0</u>	<u>\$ 57,000</u>	<u>\$ 2,841,000</u>	<u>\$ 58,000</u>

Note 8 - Defined Benefit Pension Plan (Unaudited)

The District in prior years participated in a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). The District no longer has employees, it contracts with another District to supply all its labor needs. Due to an unfunded liability with CalPERS, the District is required to make payments to lower this liability based on an Annual Actuarial Valuation Report. As of June 30, 2024 the Districts unfunded liability is \$ 286,982 which is based on the June 30, 2023 Annual Actuarial Valuation Report and has been recorded as a liability as required by GASB 68 . The District made a payment of \$ 13,890 to CalPERS to lower this unfunded liability during the current year and this payment is reflected as a reduction in net pension liability. This report is a publicly available valuation report that can be obtained at CalPERS' website under Forms and Publications.

Note 9 - Joint Powers Agreement

The District participates in a joint venture under a joint power agreement (JPA) with the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) for insurance purposes. ACWA/JPIA is a joint powers agency formed pursuant to Section 6500 et. Seq., California Government Code, is comprised of California special districts, and agencies including such districts. The relationship between the District and JPA is such that the JPA is not a component unit of the District for financial reporting purposes. Separate financial statements of the JPA can be obtained by writing to them directly at ACWA Joint Powers Insurance Authority, 5620 Birdcage Street, Suite 200, Citrus Heights, CA 95610-7632. ACWA/JPIA's purpose is to jointly fund and develop programs to provide comprehensive and economical risk financing for water districts. These

programs are provided through collective self-insurance; the purchase of insurance coverage's; or a combination thereof.

The District participates in a joint venture under a joint powers (JPA) with the Upper Russian River Water Agency (URRWA) in order to provide more effective and economical services to their customers and to respond in union to water issues in the Upper Russian River Watershed. URRWA is a joint powers agency formed pursuant to Section 6500 et. Seq., California Government Code, is comprised presently of four California special districts. The relationship between the District and JPA is such that the JPA is not a component unit of the District for financial reporting purposes. Additional information can be obtained by writing to them directly at URRWA, 151 Laws Avenue, Ukiah CA 95482.

Note 10 - Master Service Agreement

The District no longer maintains a distinctly separate work force. As part of a long term plan leading toward political consolidation with Redwood Valley CWD, Calpella CWD and Willow CWD, the District entered into a "Master Service Agreement" with Willow CWD in October 2015 to provide and supervise field and office staffing.

Note 11 - Subsequent Events

Subsequent events are those events or transactions that occur subsequent to the effective date of the financial statements, but prior to the issuance of the final reports, which may have a material effect on the financial statement or disclosures therein.

There are no subsequent events that have occurred through October 7, 2024 that meet the above definition.

**MICHAEL A. CELENTANO**

Certified Public Accountant

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To the Management and  
The Board of Directors of  
Millview County Water District

I have audited the financial statements of the business-type activities of Millview County Water District for the year ended June 30, 2024. Professional standards require that I provide you with information about my responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of my audit. I have communicated such information in my letter to you dated October 7, 2024. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Millview County Water District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. I noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

There were no significant estimates affecting the financial statement during the current year.

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

*Difficulties Encountered in Performing the Audit*

I encountered no significant difficulties in dealing with management in performing and completing my audit.

*Corrected and Uncorrected Misstatements*

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

### *Disagreements with Management*

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

### *Management Representations*

I have requested certain representations from management that are included in the management representation letter dated October 7, 2024.

### *Management Consultations with Other Independent Accountants*

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

### *Other Audit Findings or Issues*

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael A. Celentano", with a stylized flourish at the end.

Michael A Celentano  
Certified Public Accountant

October 7, 2024