

UPPER RUSSIAN RIVER WATER AGENCY

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

UPPER RUSSIAN RIVER WATER AGENCY  
FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

TABLE OF CONTENTS

Independent Auditor's Report	3
Financial Statements	
Statement of Net Position	5
Statement of Activities And Changes in Net Position	6
Statement of Cash Flows	7
Notes to the Financial Statements	8

**MICHAEL A. CELENTANO**

Certified Public Accountant

7518 Wight Way

Kelseyville CA 95451

707-367-9729

[maccpa@pacific.net](mailto:maccpa@pacific.net)

Board of Directors  
Upper Russian River Water Agency  
Ukiah, CA 95482

Independent Auditor's Report

**Opinions**

I have audited the accompanying financial statements of the business-type activities Upper Russian River Water Agency as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Upper Russian River Water Agency's basic financial statements as listed in the table of contents. In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Upper Russian River Water Agency as of June 30, 2024 and 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**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 Upper Russian River Water Agency 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 Upper Russian River Water Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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 Upper Russian River Water 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Upper Russian River Water Agency'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 State has determined is necessary to supplement, although not required to be part of the basic financial statements.



Michael A Celentano  
Certified Public Accountant

September 14, 2024

UPPER RUSSIAN RIVER WATER AGENCY  
STATEMENT OF NET POSITION  
JUNE 30, 2024 AND 2023

<u>ASSETS</u>	<u>2024</u>	<u>2023</u>
<u>Current Assets</u>		
Cash in bank - Note 2	<u>17,438</u>	<u>12,758</u>
Total Current Assets	<u>17,438</u>	<u>12,758</u>
Total Assets	<u>\$ 17,438</u>	<u>\$ 12,758</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ -	\$ -
Total Current Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>
<u>NET POSITION</u>		
<u>Net Position</u>		
Unrestricted	<u>17,438</u>	<u>12,758</u>
Total Net Position	<u>\$ 17,438</u>	<u>\$ 12,758</u>

UPPER RUSSIAN RIVER WATER AGENCY  
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>		
Dues	\$ 6,000	\$ 6,000
Reimbursements	<u>\$ 98,750</u>	<u>\$ 68,750</u>
Total Operating Revenue	104,750	74,750
<u>Operating Expenses</u>		
Legal and other professional services	500	5,000
Dues	<u>\$ 99,570</u>	<u>\$ 69,545</u>
Total Operating Expenses	<u>100,070</u>	<u>74,545</u>
Operating Income (Loss)	<u>4,680</u>	<u>205</u>
Net Income (Loss)	4,680	205
<u>Net Assets, Beginning of Year</u>	<u>12,758</u>	<u>12,553</u>
<u>Net Assets, Ending of Year</u>	<u>\$ 17,438</u>	<u>\$ 12,758</u>

The accompanying notes are an integral part of these statements

UPPER RUSSIAN RIVER WATER AGENCY  
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	\$ 104,750	\$ 74,750
Payments to suppliers for goods and services	<u>(100,070)</u>	<u>(74,545)</u>
Net Cash Provided by Operating Activities	4,680	205
<u>Cash Flows From Capital and Related Financing Activities</u>		
Net Cash Flows Provided by Capital and Related Financing Activities	-	-
<u>Cash Flows From Investing Activities</u>		
Net Cash Flows Provided by Investing Activities	<u>-</u>	<u>-</u>
Net Change in Cash and Cash Equivalents	4,680	205
<u>Cash and Cash Equivalents, Beginning of Year</u>	<u>12,758</u>	<u>12,553</u>
<u>Cash and Cash Equivalents, Ending of Year</u>	<u>\$ 17,438</u>	<u>\$ 12,758</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash (Used) by Operating Activities</u>		
Operating income (loss)	\$ 4,680	\$ 205
Adjustments to reconcile operating income to net cash from operating activities:		
(Increase) decrease in current assets:		
Accounts receivable	-	-
Increase (decrease) in current liabilities		
Accounts payable	<u>-</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u>\$ 4,680</u>	<u>\$ 205</u>

UPPER RUSSIAN RIVER WATER AGENCY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Upper Russian River Water Agency (The JPA) was formed in 2014 pursuant to chapter 5 of Division 7 of title I of the California Government code (Sections 6500, et seq. – The joint Powers Law). The JPA operates under a Board of Directors appointed by the participating Districts.

The JPA was formed to respond to common water and sewer related issues with a consolidated approach and eventually through a single District for the unincorporated areas of the Ukiah valley. The JPA's financial statements include the accounts of all District operations.

Accounting Policies

The JPA'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 JPA 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 JPA 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, assets 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 JPA'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 JPA. 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 JPA considers both 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 JPA's policy for deposits and investments to either be insured by the FDIC or collateralized. The JPA's deposits and investments are categorized to give an indication of the level of risk assumed by the JPA 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.

#### 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.

#### Proprietary Fund Financial Statements

The JPA 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 is classified into one component: 1) unrestricted. This classification is defined as follows:

Unrestricted net position – This component of net position consists of net position that does not meet the definitions of “restricted ” of which the JPA does not have nor “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	<u>\$ 17,438</u>	<u>\$ 12,758</u>
Total Cash	<u>\$ 17,438</u>	<u>\$ 12,758</u>

All above deposits are either insured or collateralized. The deposits approximate fair market value.

State law requires uninsured deposits of public agencies to be secured by certain state approved investment securities. The JPA’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.

Note 3 - 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 September 14, 2024 that meet the above definition.