

CALPELLA COUNTY WATER DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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

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Board of Directors
Calpella County Water District
Ukiah, CA 95482

Independent Auditor's Report

Opinions

I have audited the accompanying financial statements of the business-type activities Calpella 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 Calpella County Water District'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 Calpella County Water District 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 Calpella 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 the Calpella 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 Calpella 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 Calpella 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.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Calpella County Water District's basic financial statements. The combining fund financial statement is presented for the purposes of additional analysis and is not a required part of the basic financial statements.

The combining fund financial statement 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. Such 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 my opinion, the combining fund financial statement is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink, appearing to read 'Michael A. Celentano', with a stylized, cursive script.

Michael A Celentano
Certified Public Accountant

September 14, 2024

CALPELLA COUNTY WATER DISTRICT
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	\$ 165,466	\$ 198,224
Accounts receivable	36,520	35,664
Taxes receivable	2,057	1,878
Prepaid expenses	572	1,709
Total Current Assets	204,615	237,475
<u>Capital Assets - Note 3</u>	<u>742,978</u>	<u>784,055</u>
Total Assets	<u>\$ 947,593</u>	<u>\$ 1,021,530</u>
<u>LIABILITIES</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 26,234	\$ 27,991
Refundable customer deposits	<u>4,896</u>	<u>4,846</u>
Total Current Liabilities	<u>31,130</u>	<u>32,837</u>
Total Liabilities	<u>\$ 31,130</u>	<u>\$ 32,837</u>
<u>Net Position</u>		
Net investment in capital assets	\$ 742,978	\$ 784,055
Unrestricted	<u>173,485</u>	<u>204,638</u>
Net Position	<u>\$ 916,463</u>	<u>\$ 988,693</u>

The accompanying notes are an integral part of these statements

CALPELLA 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>		
Sales	\$ 303,840	\$ 274,479
Total Operating Revenue	303,840	274,479
<u>Operating Expenses</u>		
Contract/Personnel services	123,510	138,534
Purchased water	44,536	31,480
Supplies	8,316	10,614
Repairs and maintenance	30,075	18,965
Utilities	50,403	36,607
Directors fees	1,440	1,440
Permits and fees	37,142	34,166
Insurance	3,412	3,895
Office expense	2,265	865
Professional fees	32,258	10,162
Licenses and fees	5,450	4,521
Testing	16,029	17,315
Postage	1,480	1,068
Merchant fees	1,807	1,501
Elections	-	332
Depreciation	41,077	41,077
Total Operating Expenses	399,200	352,542
Operating Income (Loss)	(95,360)	(78,063)
<u>Non-Operating Revenues (Expenses)</u>		
Interest income	138	211
Tax revenue	22,992	21,973
Miscellaneous income (expense)	-	-
Total Non-Operating Revenues (Expenses)	23,130	22,184
Net Income (Loss)	(72,230)	(55,879)
Net Position, Beginning of Year	988,693	1,044,572
Net Position, Ending of Year	<u>\$ 916,463</u>	<u>\$ 988,693</u>

The accompanying notes are an integral part of these statements

CALPELLA 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	\$ 302,984	\$ 296,265
Payments to suppliers for goods and services	(232,275)	(171,337)
Payments to employees and related items	<u>(126,418)</u>	<u>(138,927)</u>
Net Cash Provided (Used) by Operating Activities	(55,709)	(13,999)
<u>Cash Flows From Non-Capital Financing Activities</u>		
Tax revenues received	22,813	21,700
Other non operating revenue (expense)	<u>-</u>	<u>-</u>
Net Cash Provided From Non-Capital Financing Activities	22,813	21,700
<u>Cash Flows From Capital Financing Activities</u>		
Payments for capital assets	<u>-</u>	<u>-</u>
Net Cash Provided (Used) by Capital Financing Activities	-	-
<u>Cash Flows From Investing Activities</u>		
Interest received	<u>138</u>	<u>211</u>
Net Cash Provided From Investing Activities	<u>138</u>	<u>211</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(32,758)	7,912
<u>Cash - Beginning of Year</u>	<u>198,224</u>	<u>190,312</u>
<u>Cash - Ending of Year</u>	<u>\$ 165,466</u>	<u>\$ 198,224</u>

The accompanying notes are an integral part of these statements

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

Reconciliation of Operating Income

to Net Cash Provided by Operating Activities

	<u>2024</u>	<u>2023</u>
Operating income (loss)	\$ (95,360)	\$ (78,063)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	41,077	41,077
(Increase) decrease in current assets:		
Accounts receivable	(856)	21,786
Prepaid expenses	1,137	83
Increase (decrease) in current liabilities		
Accounts payable	(1,757)	1,112
Customer deposits	<u>50</u>	<u>6</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (55,709)</u>	<u>\$ (13,999)</u>

The accompanying notes are an integral part of these statements

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

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Calpella County Water District (District) is an independent political subdivision of the State of California that provides water and sewer services to the community of Calpella, California. The reporting entity is comprised of the District as the oversight and only component unit. The criteria used to determine the scope of the reporting entity includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

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 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 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. As of June 30, 2024 and 2023, two Board members represented 15% and 20% of the total accounts receivables, respectively

Property Taxes

Property taxes received by Calpella County Water District consist of general taxes. General property taxes represent the portion of Ad Valorem taxes received by Calpella County Water District as determined by their tax allocation factor. This tax revenue is available for general District use.

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.

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:

Treatment facilities and distribution system	10-40 years
Office equipment	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 two components: 1) net amount invested in capital assets and 2) 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.

Unrestricted net position – This component of net position consists of net position that does not meet the definitions of “restricted ” of which the District does not have 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	\$ 161,211	\$ 89,047
Money market account	4,005	108,927
Petty cash	<u>250</u>	<u>250</u>
Total Cash	<u>\$ 165,466</u>	<u>\$ 198,224</u>

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

Note 3 - Capital Assets

The following is a summary of the changes in capital assets for the fiscal years ended June 30, 2024:

	<u>Balance 7/1/23</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/24</u>
Land	\$ 11,538	\$	\$	\$ 11,538
Treatment facilities and distribution system	2,709,811			2,709,811
Office equipment	560			560
Construction in progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total cost	2,721,909	0	0	2,721,909
Less accumulated depreciation	<u>(1,937,854.)</u>	<u>(41,077)</u>	<u>0</u>	<u>(1,978,931)</u>
Net Book Value	<u>\$ 784,055</u>	<u>\$ (41,077)</u>	<u>\$ 0</u>	<u>\$ 742,978</u>

The following is a summary of the changes in property, plant, and equipment for the fiscal year ended June 30, 2023:

	<u>Balance 7/1/22</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 6/30/23</u>
Land	\$ 11,538	\$	\$	\$ 11,538
Treatment facilities and distribution system	2,709,811			2,709,811
Office equipment	560			560
Construction in progress	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total cost	2,721,909	0	0	2,721,909
Less accumulated depreciation	<u>(1,896,777)</u>	<u>(41,077)</u>	<u>0</u>	<u>(1,937,854)</u>
Net Book Value	<u>\$ 825,132</u>	<u>\$ (41,077)</u>	<u>\$ 0</u>	<u>\$ 784,055</u>

Depreciation expense of \$41,077 and \$41,077 were recorded as operating expense for the years ended June 30, 2024 and 2023 respectively

Note 4 - Joint Powers Agreements

The District participates in a joint venture under a joint powers (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.

During the year the District joined and will participate in the future 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 5 - 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.

SUPPLEMENTARY INFORMATION

CALPELLA COUNTY WATER DISTRICT
COMBINING STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

			Totals	
	Sewer	Water	2024	2023
<u>Operating Revenues</u>				
Sales	\$ 143,654	\$ 160,186	\$ 303,840	\$ 274,479
Total Operating Revenue	143,654	160,186	303,840	274,479
<u>Operating Expenses</u>				
Contract/Personnel services	61,755	61,755	123,510	138,534
Purchased water		44,536	44,536	31,480
Supplies	8,316	-	8,316	10,614
Repairs and maintenance	12,404	17,671	30,075	18,965
Utilities	20,362	30,041	50,403	36,607
Directors fees	720	720	1,440	1,440
Permits and fees	27,385	9,757	37,142	34,166
Insurance	2,281	1,131	3,412	3,895
Office expense	333	1,932	2,265	865
Professional fees	16,129	16,129	32,258	10,162
Licenses and fees	3,592	1,858	5,450	4,521
Testing	14,764	1,265	16,029	17,315
Postage	559	921	1,480	1,068
Merchant fees	-	1,807	1,807	1,501
Elections	-	-	-	332
Depreciation	20,538	20,539	41,077	41,077
Total Operating Expenses	189,138	210,062	399,200	352,542
Operating Income (Loss)	(45,484)	(49,876)	(95,360)	(78,063)
<u>Non-Operating Revenues (Expenses)</u>				
Interest income	69	69	138	211
Tax revenue	22,992		22,992	21,973
Miscellaneous income (expense)	-	-	-	-
Total Non-Operating Revenues (Expenses)	23,061	69	23,130	22,184
Net Income (Loss)	\$ (22,423)	\$ (49,807)	\$ (72,230)	\$ (55,879)

The accompanying notes are an integral part of these statements