



**Redwood Valley County Water District
Regular Meeting
AGENDA**

151 Laws Avenue ♦ Ukiah, CA 95482

To participate or view the virtual meeting, go to the following link: <https://us06web.zoom.us/j/81967367611>

Alternatively, you may view the meeting (without participating) by clicking on the date and name of the meeting at www.cityofukiah.com/meetings, then go to the media tab.

January 16, 2025 - 6:00 PM

1. CALL TO ORDER AND ROLL CALL

1.a. Directors: Gaska, Schoeneman, Todd, Klotter, Taaning, and GM Walker

Recommended Action:

Attachments: None

2. AUDIENCE COMMENTS ON NON-AGENDA ITEMS

The Ukiah Valley Water Authority (UVWA) - Redwood Valley County Water District members welcome input from the audience. In order for everyone to be heard, please limit your comments to three (3) minutes per person and not more than ten (10) minutes per subject. The Brown Act regulations do not allow action to be taken on audience comments on non-agenda items. If you wish to submit written comments, please provide information to the UVWA-Redwood Valley, located at 151 Laws Avenue, Ukiah, CA, 95482.

3. APPROVAL OF MINUTES

3.a. 12.19.24 Redwood Valley Minutes

4. FINANCIAL REPORTS

5. ADMINISTRATIVE AND OPERATIONAL REPORTS

6. UNFINISHED BUSINESS

Water Supply Updates: Eel Russian Project Authority (ERPA): Small Community Drought Relief Grant Project: Ukiah Valley Water Authority (UVWA): Annexation Efforts with Russian River Flood Control District:

7. NEW BUSINESS

7.a. 2024-2025 Fiscal Audit

Attachments:

1. 2024-2025 Audit Report Redwood Valley

7.b. Consideration of Board President and other Committee Representatives

7.c. Consideration of Additional Fencing Around Water Treatment Plant Facility

8. COMMITTEE MEMBER ANNOUNCEMENTS AND REPORTS

9. SET NEXT MEETING DATE

9.a. Discussion and Action to Schedule Next Regular Meeting Date of February 20, 2025.

10. ADJOURNMENT

Please be advised that the Ukiah Valley Water Authority (UVWA)-Redwood Valley County Water District (RVCWD) needs to be notified 24 hours in advance of a meeting if any specific accommodations or interpreter services are needed in order for you to attend. UVWA-RVCWD complies with ADA requirements and will attempt to reasonably accommodate individuals with disabilities upon request. Materials related to an item on this Agenda submitted to the UVWA-RVCWD Board Members after distribution of the agenda packet are available for public inspection at the front counter at the Ukiah Civic Center, 300 Seminary Avenue, Ukiah, CA 95482, during normal business hours, Monday through Friday, 8:00 am to 5:00 pm. Any handouts or presentation materials from the public must be submitted to the clerk 48 hours in advance of the meeting; for handouts, please include 10 copies.

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted on the bulletin board at the main entrance of the City of Ukiah City Hall, located at 300 Seminary Avenue, Ukiah, California; and at 2370 Webb Ranch Road, Redwood Valley, California; not less than 24 hours prior to the meeting set forth on this agenda.

Kim Saylor, District Clerk

Dated: 1/10/25

REDWOOD VALLEY COUNTY WATER DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

REDWOOD VALLEY COUNTY WATER DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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Board of Directors

Redwood Valley County Water District

Ukiah, CA 95482

Independent Auditor's Report

Opinions

I have audited the accompanying financial statements of the business-type activities Redwood Valley 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 Redwood Valley 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 Redwood Valley 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 Redwood Valley 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 Redwood Valley 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 Redwood Valley 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 Redwood Valley 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

December 31, 2024

REDWOOD VALLEY 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	\$ 567,187	\$ 425,899
Accounts receivable	183,891	168,083
Grants receivable	322,175	
Interest receivable	1,888	2,040
Insurance receivable	-	81,557
Investments - Note 2	119,739	259,831
Prepaid expenses	<u>1,818</u>	<u>3,632</u>
Total Current Assets	1,196,698	941,042
 <u>Capital Assets - Note 3</u>	 <u>2,888,675</u>	 <u>3,103,066</u>
Total Assets	<u>\$ 4,085,373</u>	<u>\$ 4,044,108</u>

The accompanying notes are an integral part of these statements

REDWOOD VALLEY 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	\$ 161,297	\$ 112,189
Refundable customer deposits	25,298	24,000
Compensated absences payable	7,044	12,293
Current portion of long term debt	<u>-</u>	<u>-</u>
Total Current Liabilities	193,639	148,482
 Long Term Liabilities		
Loan Payable - Note 4	8,691,722	8,691,722
Less: current portion shown above	<u>-</u>	<u>-</u>
Total Long Term Liabilities	<u>8,691,722</u>	<u>8,691,722</u>
Total Liabilities	<u>8,885,361</u>	<u>8,840,204</u>
 <u>Net Position - Note 7</u>		
Net investment in capital assets	2,888,675	3,103,066
Unrestricted (deficiency)	<u>(7,688,663)</u>	<u>(7,899,162)</u>
Total Net Position	<u>\$ (4,799,988)</u>	<u>\$ (4,796,096)</u>

REDWOOD VALLEY 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		
Domestic	\$ 791,604	\$ 674,236
Irrigation	113,013	59,072
Meter fees		
Domestic	348,762	348,917
Irrigation	237,342	237,245
Other operating income	<u>50,916</u>	<u>41,099</u>
 Total Operating Revenue	 1,541,637	 1,360,569
<u>Operating Expenses</u>		
Source of supply	193,533	222,244
Pumping	334,741	246,004
Water treatment	245,261	146,326
Transmission and distribution	320,144	300,744
Customer accounts	52,580	32,843
Administration and general	181,476	293,246
Depreciation	<u>352,173</u>	<u>347,479</u>
 Total Operating Expenses	 <u>1,679,908</u>	 <u>1,588,886</u>
 Operating Income (Loss)	 (138,271)	 (228,317)
<u>Non-Operating Revenues (Expenses)</u>		
Property taxes	35,846	33,453
Interest income	10,018	6,653
Other income	27,084	
Grant income	342,502	
Grant expense	(194,362)	
Interest expense	-	(65)
Potter Valley project	(55,000)	-
Consolidation expense	<u>(31,709)</u>	<u>(22,400)</u>
 Total Non-Operating Revenues (Expenses)	 <u>134,379</u>	 <u>17,641</u>
 Net Income	 (3,892)	 (210,676)
<u>Net Assets, Beginning of Year (Deficiency)</u>	<u>(4,796,096)</u>	<u>(4,585,420)</u>
 <u>Net Assets, Ending of Year (Deficiency)</u>	 <u>\$ (4,799,988)</u>	 <u>\$ (4,796,096)</u>

The accompanying notes are an integral part of these statements

REDWOOD VALLEY 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	\$ 1,526,777	\$ 1,306,363
Payments to suppliers for goods and services	(1,208,705)	(1,151,940)
Payments to employees and related items	<u>(113,901)</u>	<u>(65,686)</u>
Net Cash Provided(Used) by Operating Activities	204,171	88,737
<u>Cash Flows From Non-Capital Financing Activities</u>		
Property taxes and other nonoperating income	34,898	32,943
Increase in customer deposits	1,298	(1,024)
Grant income	20,327	
Grant expense	(153,818)	
Other expenses	(86,709)	(22,400)
Reimbursable receivable	108,641	(74,256)
Voiding of old checks from prior years	<u>-</u>	<u>12,043</u>
Net Cash Provided (Used) From Non-Capital Financing Activities	(75,363)	(52,694)
<u>Cash Flows From Capital Financing Activities</u>		
Payments for property and equipment	(137,782)	(129,636)
Principal payments	-	(2,677)
Interest payments	<u>-</u>	<u>(65)</u>
Net Cash Provided (Used) From Capital Financing Activities	(137,782)	(132,378)
<u>Cash Flows From Investing Activities</u>		
Interest received	<u>10,170</u>	<u>5,091</u>
Net Cash Provided (Used) From Investing Activities	<u>10,170</u>	<u>5,091</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,196	(91,244)
<u>Cash - Beginning of Year</u>	<u>685,730</u>	<u>776,974</u>
<u>Cash - Ending of Year</u>	<u>\$ 686,926</u>	<u>\$ 685,730</u>
<u>Interest Paid</u>	<u>\$ -</u>	<u>\$ 65</u>

The accompanying notes are an integral part of these statements

REDWOOD VALLEY 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)	\$ (138,271)	\$ (228,317)
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation	352,173	347,479
(Increase) decrease in current assets:		
Accounts receivable	(14,860)	(54,206)
Prepaid expenses	1,814	440
Increase (decrease) in current liabilities		
Accounts payable	8,564	22,717
Compensated absences	(5,249)	624
Net Cash Provided by Operating Activities	<u>\$ 204,171</u>	<u>\$ 88,737</u>

The accompanying notes are an integral part of these statements

REDWOOD VALLEY 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 on January 16, 1964 under the provisions of the Water Code for the State of California. The Mendocino County Board of Supervisors approved the formation in Resolution 63-367 on January 14, 1964. 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 irrigation and frost protection water of which most of whom grow wine grapes within the District boundaries. 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 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.

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	20-50 years
Pumping, treatment & transmission	10-50 years
General plant assets	5-30 years

Property Taxes

The District receives property taxes from Mendocino County. Property taxes become a lien on the first day of the year they are levied. They become delinquent on December 10 and April 1, respectively. Unsecured property taxes are levied on July 1, and become delinquent on August 31. The District elected to receive property taxes from the County under the "Teeter Bill Program", under this program, the District receives 100% of the levied taxes in periodic payments with the County assuming responsibility for delinquencies.

Compensated Absences

Vested or accumulated vacation and sick leave (vested at 50%) that is expected to be liquidated with expendable available financial resources is reported as an expense and as a current liability.

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	\$ 388,025	\$ 246,814
Money market accounts	<u>179,162</u>	<u>179,085</u>
	567,187	425,899
Investments		
LAIF	<u>\$ 119,739</u>	<u>\$ 259,831</u>
Total Cash and Investments	<u>\$ 686,926</u>	<u>\$ 685,730</u>

As of June 30, 2024 and 2023, the District's deposits with financial institutions were \$343,817 and 185,418 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 - Capital Assets

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

	Balance <u>7/1/23</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6/30/24</u>
Land	\$ 62,925	\$	\$	\$ 62,925
Buildings	191,987			191,987
Pumping plant	2,317,464			2,317,464
Treatment plant	2,340,458			2,340,458
Transmission & distribution	10,481,402	129,020		10,610,422
Equipment	254,006	8,762		262,768
Construction in progress	<u>0</u>	<u></u>	<u>0</u>	<u>0</u>
Total cost	15,648,242	137,782	0	15,786,024
Less accumulated depreciation	<u>(12,545,176)</u>	<u>(352,173)</u>	<u></u>	<u>(12,897,349)</u>
Net Book Value	<u>\$ 3,103,066</u>	<u>\$ (214,391)</u>	<u>\$ 0</u>	<u>\$ 2,888,675</u>
	Balance <u>7/1/22</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6/30/23</u>
Land	\$ 62,925	\$	\$	\$ 62,925
Buildings	191,987			191,987
Pumping plant	2,317,464			2,317,464
Treatment plant	2,233,491	106,967		2,340,458
Transmission & distribution	10,458,733	22,669		10,481,402
Equipment	254,006			254,006
Construction in progress	<u>0</u>	<u></u>	<u>0</u>	<u>0</u>
Total cost	15,518,606	129,636	0	15,648,242

Less accumulated depreciation	<u>(12,197,697)</u>	<u>(347,479)</u>	<u> </u>	<u>(12,545,176)</u>
Net Book Value	<u>\$ 3,320,909</u>	<u>\$ (217,843)</u>	<u>\$ 0</u>	<u>\$ 3,103,066</u>

Depreciation expense of \$352,173 and \$347,479 were recorded as operating expense for the years ended June 30, 2024 and 2023, respectively.

Note 4 - 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
US Reclamation	\$7,255,000	\$ 0	\$ 0	\$7,255,000	\$ 0
Accrued interest (see note)	<u>1,436,722</u>	<u>0</u>	<u>0</u>	<u>1,436,722</u>	<u>0</u>
	<u>\$8,691,722</u>	<u>0</u>	<u>\$ 0</u>	<u>\$8,691,722</u>	<u>\$ 0</u>

U.S. Bureau of Reclamation

The district received a loan from the United States Bureau of Reclamation in the original amount of \$7,313,000. The loan was to be repaid by the district in 35 annual payment beginning on January 1, 1983.

Following the original principal payment of \$58,000, the District postponed further payments on the loan. In June 2008, the district paid \$360,000 for the successful completion of a consulting services agreement towards loan postponement legislation. That legislation allows the district to enter into such additional non-federal obligations as are necessary to finance procurement of dedicated water rights and improvements necessary to store and convey those rights to provide for the District's water needs.

Per the legislation, the Secretary of the Interior shall reschedule the payments due under the loan, and said payments shall commence when such additional obligations have been financially satisfied by the District.

The date of the initial payment owed by the District to the United States upon the rescheduling shall be regarded as the start of the District's repayment period and the time upon which any interest shall first be computed and assessed.

Amounts presented as accrued interest of \$ 1,436,722 includes interest and penalties that had been accrued through June 30, 1988. These amounts are unchanged from the amounts presented in the June 30, 1988 audited financial statements. Due to the uncertainty of the financial resolution of this accrued interest, these amounts have been adjusted from current liabilities to long term liabilities.

Future loan service requirements are as follows:

<u>Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>
Undetermined	<u>8,691,722</u>	<u>0</u>
Totals	<u>\$ 8,694,722</u>	<u>\$ 0</u>

Interest expense of \$ 0 and \$ 65 was incurred and recorded as a non-operating expense for the year ended June 30, 2024 and 2023, respectively..

Note 5 - Water Supply

The District is currently under a court order moratorium for domestic connections and a Board initiated moratorium for irrigation connections. The domestic moratorium is a result of a lack of a firm water right. The irrigation moratorium, in addition to the lack of water rights, is the result of irrigation water distribution deficiencies.

The district diverts water from Lake Mendocino under permit 17593 from November through the end of March when permit conditions of water storage and river flows are met. When conditions are not met and outside of the season of diversion, the District relies primarily on surplus water available under the terms of the Stipulated Judgement with the Mendocino County Russian River Flood Control and Water Improvement District(Flood Control). Upon notification by Flood Control that no water supply is available, the District has in the past purchased surplus water from the Sonoma County Water District(SCWA). That contract with SCWA expired in 2011 and has not been renewed by SCWA.

During late 2014, the District constructed an intertie pump station to receive addition water from Millview County Water District, wheeled through Calpella County Water District. Since 2015 the District has received the majority of its domestic water through the intertie. Any Water available from Flood Control has been delivered, untreated to irrigation customers. The District operates the treatment plant to produce drinking water when demand exceeds the capacity of the intertie

Note 6 - Defined Compensation Plan

The District offers its employees a deferred compensation plan under the provisions of the Internal Revenue Code section 457. Under this plan, employees may elect to defer a portion of their salaries and any related income taxes until the funds are withdrawn. After five years of employment, the District matches the employee's contribution to the plan. Funds may be withdrawn only upon termination, retirement, death or unforeseeable emergency.

The District's share of the expense for fiscal year ended June 30, 2024 and 2023 were \$7,800 and \$7,800, respectively..

Note 7 - Net Position (Deficiency)

	<u>2024</u>	<u>2023</u>
Net investment of capital assets	\$ 2,888,675	\$ 3,103,066
Unrestricted		
Board designated sinking fund	22,336	22,336
Undesignated	<u>(7,710,999)</u>	<u>(7,921,498)</u>
	<u><u>\$(4,799,988)</u></u>	<u><u>\$(4,796,096)</u></u>

Note 8 - 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.

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 9 - 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 Millview 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 10 - 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.

The District has recently joined the newly formed Ukiah Valley Water Authority (UVWA) along with the City of Ukiah, Millview County Water District and Willow County Water District. The UVWA was created to share resources amongst the other agencies and to solidify water security in the Greater Ukiah Valley. .